# ALLIED ELECTRONICS CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
Share code: AEL ISIN: ZAE000191342
Share code: AEN ISIN: ZAE000191359
**("Altron"** or **"the Company")**

*The definitions and interpretations commencing on page 6 apply, mutatis mutandis, throughout the Circular, including the front cover.*

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## Circular to Shareholders

*Relating to:*

- **The Restructure of Altron, to be effected by way of:**
  - **a scheme of arrangement in terms of section 114 of the Companies Act between the Company and N Shareholders pursuant to which, if implemented, the Company will repurchase all the issued N Shares for the Repurchase Scheme Consideration (being 9 A Shares for every 10 N Shares held on the Repurchase Scheme Record Date);**
  - **the MoI Amendments comprising:**
    - **the conversion of the A Shares having a par value to A Shares having no par value;**
    - **the increase in authorised A Share capital by the creation of an additional 252 500 000 A Shares; and**
    - **the creation of the New High Voting Share;**
  - **a specific issue of 54 421 768 A Shares for cash to VCP for the VCP Subscription Consideration (being R400 million);**
  - **a specific issue of the New High Voting Share to the Venter Family Entity replacing a very high voting share with a lower high voting share; and**
  - **the implementation of the Appointments to the Board.**

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*including:*

- **a notice of N Shareholder Meeting;**
- **a notice of Special General Meeting;**
- **a Form of Proxy (*grey*) in respect of the N Shareholder Meeting for use by Certificated N Shareholders and "Own Name" Dematerialised N Shareholders only;**
- **a Form of Proxy (*blue*) in respect of the Special General Meeting for use by Certificated Shareholders and "Own Name" Dematerialised Shareholders only; and**
- **a Form of Surrender (*pink*) for use by Certificated N Shareholders only in respect of the Repurchase Scheme.**

**Date of issue: Thursday, 9 February 2017**

**Joint financial adviser**

RMB
A division of FirstRand Bank Limited
Traditional values. Innovative ideas.

**Joint financial adviser and sponsor**

Investec
Specialist Bank

**Independent expert**

BDO

**Legal adviser to VCP**

DLA PIPER

**Legal adviser to Altron**

ENSAFRICA

**Legal adviser to the Venter Family**

LAPIN ATTORNEYS

# CORPORATE INFORMATION AND ADVISERS

**Company secretary and registered office**

WK Groenewald *(Interim Company Secretary)*
Altron Management Services Proprietary Limited
Altron House
4 Sherborne Road
Parktown
2193
(PO Box 981, Houghton, 2041)

**Joint financial adviser and sponsor**

Investec Bank Limited
(Registration number 1969/004763/06)
2nd Floor
100 Grayston Drive
Sandton
2196
(PO Box 785700, Sandton, 2146)

**Legal adviser**

Edward Nathan Sonnenbergs Incorporated
(Registration number 2006/018200/21)
150 West Street
Sandton
2196
(PO Box 783347, Sandton, 2146)

**Independent expert**

BDO Corporate Finance Proprietary Limited
(Registration number 1983/002903/07)
22 Wellington Road
Parktown
2193
(Private Bag X60500, Houghton, 2041)

**Legal adviser to VCP**

DLA Piper South Africa Services Proprietary Limited
(Registration number 2015/222271/07)
Grayston Office Park
2 Sandton Drive, Sandton, 2196
(Private Bag X17, Benmore, 2010)

**Legal adviser to the Venter Family**

Lapin Attorneys
Fussell House
48 Athol-Oaklands Road
Melrose North
2196
(PO Box 55580, Northlands, 2116)

**Joint financial adviser**

Rand Merchant Bank (A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
(PO Box 786273, Sandton, 2146)

**Transfer Secretaries**

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

**Date of incorporation**

13 February 1947

**Place of Incorporation**

Republic of South Africa

**This Circular is available in English only. A copy of the Circular will be made available for inspection by Shareholders during normal office hours from 09:00 to 17:00 from the date of posting of this Circular on Thursday, 9 February 2017 up to and including the date of the Meetings on Thursday, 9 March 2017, at the registered office of the Company and at the office of the Transfer Secretaries. The Circular will also be made available on the Company's website, www.altron.com.**

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## ACTION REQUIRED BY SHAREHOLDERS

**This Circular is important and requires your immediate attention. The action you need to take is set out below. The definitions and interpretations commencing on page 6 of this Circular have been used in this Action Required by Shareholders section.**

**If you are in any doubt as to what action to take, you should consult your CSDP, Broker, attorney or other professional adviser immediately.**

**If you have Dematerialised your Altron Shares without "Own Name" Registration:**

(a) Voting at the Meetings

(i) Your CSDP or Broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP or Broker to ascertain how you wish to cast your vote at the Meetings and thereafter to cast your vote in accordance with your instructions.

(ii) If you have not been contacted, it would be advisable for you to contact your CSDP or Broker and furnish it with your voting instructions.

(iii) If your CSDP or Broker does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the agreement concluded between you and your CSDP or Broker.

(iv) You must **not** complete the attached Form of Proxy (*grey* in the case of the Form of Proxy for the N Shareholder Meeting, *blue* in the case of the Form of Proxy for the Special General Meeting).

(b) Attendance and representation at the Meetings

In accordance with the agreement between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend the Meetings in person or if you wish to send a proxy to represent you at the Meetings and your CSDP or Broker will issue the necessary letter of representation for you or your proxy to attend the Meetings.

**If you have not Dematerialised your Altron Shares or you have Dematerialised your Altron Shares with "Own Name" Registration:**

(a) Voting, attendance and representation at the Meetings

(i) You may attend and vote at the Meetings.

(ii) Alternatively, you may appoint a proxy to represent you at the Meetings by completing the attached Form of Proxy (*grey* in the case of the Form of Proxy for the N Shareholder Meeting, *blue* in the case of the Form of Proxy for the Special General Meeting) in accordance with the instructions it contains and returning it to the registered office of the Company or to the Transfer Secretaries so as to be received by no later than 10:00 on Tuesday, 7 March 2017, in the case of the Form of Proxy for the N Shareholder Meeting and by no later than 10:30 on Tuesday, 7 March 2017, in the case of the Form of Proxy for the Special General Meeting.

**If you wish to Dematerialise your Altron Shares, please contact your Broker. If you have disposed of your Altron Shares on or before Friday, 3 February 2017, this Circular, together with the attached Form of Proxy (*grey* in the case of the Form of Proxy for the N Shareholder Meeting, *blue* in the case of the Form of Proxy for the Special General Meeting), should be handed to the purchaser of such Altron Shares or the Broker or other agent who disposed of your Altron Shares for you.**

## SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Circular have been used in the following table of Salient Dates and Times:

| | **2017** |
|---|---|
| Record date to determine which Altron Shareholders are eligible to receive the Circular notice of N Shareholder Meeting and Special General Meeting | Friday, 3 February |
| Circular posted to Altron Shareholders and notice convening the Meetings published on SENS on | Thursday, 9 February |
| Notice convening the Meetings published in the South African press on | Friday, 10 February |
| Last day to trade in order to be eligible to attend and vote at the Meetings | Tuesday, 28 February |
| Record date in order to be eligible to attend and vote at the Meetings | Friday, 3 March |
| Last day to lodge Forms of Proxy for the N Shareholder Meeting by 10:00 on | Tuesday, 7 March |
| Last day to lodge Forms of Proxy for the Special General Meeting by 10:30 on | Tuesday, 7 March |
| N Shareholder Meeting to be held at 10:00 in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on | Thursday, 9 March |
| Special General Meeting to be held at 10:30 (or so soon thereafter as the N Shareholder Meeting is concluded) in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on | Thursday, 9 March |
| Results of the Meetings published on SENS on | Thursday, 9 March |
| Results of the Meetings published in the South African press on | Friday, 10 March |
| Notice of adoption of the Repurchase Scheme Special Resolution approving the Repurchase Scheme sent to Dissenting Shareholders in terms of section 164(4) of the Companies Act on | Friday, 10 March |
| Notice of adoption of New High Voting Share Special Resolution approving the New High Voting Share MoI Amendment sent to Dissenting Shareholders in terms of section 164(4) of the Companies Act on | Friday, 10 March |
| Last day for Altron Shareholders who voted against the Repurchase Scheme Special Resolution to require Altron to seek court approval for the Repurchase Scheme in terms of section 115(3)(a) of the Companies Act | Thursday, 16 March |
| Last day for Altron Shareholders who voted against the Repurchase Scheme to apply to court for leave to apply for a review of the Repurchase Scheme in terms of section 115(3)(b) of the Companies Act | Friday, 24 March |
| Last day for Dissenting Shareholders, by reason of the adoption of the Repurchase Scheme Special Resolution, to make a demand to Altron that Altron pay such Dissenting Shareholders the fair value of all Shares held by them, in terms of section 164(7) of the Companies Act | Monday, 10 April |
| Last day for Dissenting Shareholders, by reason of the adoption of the New High Voting Share Special Resolution, to make a demand to Altron that Altron pay such Dissenting Shareholders the fair value of all Shares held by them, in terms of section 164(7) of the Companies Act | Monday, 10 April |
| CIPC filing and acceptance of the MoI Amendments to be confirmed on | Monday, 10 April |
| Compliance certificate to be received from the TRP on | Tuesday, 11 April |
| Finalisation announcement published on SENS on | Wednesday, 12 April |
| Finalisation announcement published in the South African press on | Thursday, 13 April |
| Delisting application in respect of the N Shares lodged with the JSE on | Thursday, 30 March |
| Last day to trade in the N Shares in order to be recorded in the Register on the Repurchase Scheme Record Date | Monday, 24 April |
| N Shares suspended from trading on the JSE with effect from the commencement of business on | Tuesday, 25 April |
| Announcement released on SENS in respect of the cash payment applicable to fractional entitlements to the Repurchase Scheme Consideration, based on the VWAP of an A Share traded on the JSE on Tuesday, 25 April 2017, discounted by 10%, on | Wednesday, 26 April |
| Repurchase Scheme Record Date | Friday, 28 April |
| Dematerialised N Shareholders' accounts with their CSDP or Broker credited with the Repurchase Scheme Consideration on the Repurchase Scheme Operative Date on or about | Tuesday, 2 May |

| | 2017 |
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| Certificated N Shareholders' Repurchase Scheme Consideration posted by registered post at the risk of Certificated N Shareholders on the Repurchase Scheme Operative Date on or about | Tuesday, 2 May |
| Subscription Shares issued to VCP and the New High Voting Share issued to the Venter Family Entity with effect from the commencement of business on | Tuesday, 2 May |
| N Shares delisted from the JSE with effect from the commencement of business on | Wednesday, 3 May |

**Notes:**

1. Shareholders will be notified of any amendments to these Salient Dates and Times on SENS and in the South African press.
2. All dates and times indicated above are South African standard dates and times.
3. If the Special General Meeting and/or N Shareholder Meeting is adjourned or postponed, Forms of Proxy submitted for the original will remain valid in respect of any such adjournment or postponement.
4. Shareholders are advised that there may be no re-materialisation or dematerialisation of the N Shares after Monday, 24 April 2017.

## DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless the context indicates otherwise, the words in the first column shall have the meanings assigned to them in the second column, the singular includes the plural and *vice versa*, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and *vice versa*, and cognate expressions shall bear corresponding meanings.

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| "A Shares" | ordinary "A" class Shares with a par value of 2 cents each in the share capital of Altron; |
| "A Shareholders" | registered holders of A Shares; |
| "Altron" or "the Company" | Allied Electronics Corporation Limited (Registration number 1947/024583/06), a public company duly registered and incorporated in accordance with the laws of South Africa and the Shares of which are listed on the Main Board of the JSE; |
| "Altron Shareholders" or "Shareholders" | registered holders of Altron Shares; |
| "Altron Shares" or "Shares" | A Shares and/or N Shares, as the case may be; |
| "Appointments to the Board" | the appointment of each of Antony Ball and Samuel Sithole to the Board as non-executive directors, pursuant to implementation of the Restructure, as set out in section D of this Circular; |
| "Appraisal Rights" | rights afforded to Shareholders in terms of section 164 of the Companies Act, an extract of which is set out in **Annexure 5** to this Circular; |
| "Appraisal Rights Offer" | an offer made by the Company to a Dissenting Shareholder in terms of section 164(11) of the Companies Act; |
| "Associate" | an associate in relation to either an individual or to a company, as the case may be, and as contemplated and defined in the Listings Requirements; |
| "Biltron" | Biltron Proprietary Limited (Registration number 1983/012768/07), a private company duly registered and incorporated in accordance with the laws of South Africa and an Associate of the Venter Family; |
| "Board" or "Directors" | the Board of Directors of Altron, elected as such from time to time; |
| "Broker" | any person registered as a "broking member (equities)" in accordance with the provisions of the Financial Markets Act; |
| "Business Day" | any day other than a Saturday, Sunday or an official public holiday in South Africa; |
| "Certificated Shares" | Shares that have not been Dematerialised and are represented by share certificates or other physical Documents of Title; |
| "Certificated Shareholders" | Shareholders who hold Certificated Shares; |
| "Certificated A Shareholders" | Shareholders who hold Certificated A Shares; |
| "Certificated N Shareholders" | Shareholders who hold Certificated N Shares; |
| "Changes to the Board" | the reconstitution of the Board by way of the Appointments to the Board and the amendments to the Board, as set out in section D of this Circular; |
| "CIPC" | Companies and Intellectual Property Commission; |
| "Circular" | this bound document, dated Thursday, 9 February 2017, including its annexures and attachments, where applicable; |
| "Common Monetary Area" | South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland; |
| "Companies Act" | the Companies Act, No. 71 of 2008, as amended; |

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| "Companies Regulations" | the regulations promulgated in terms of section 223 of the Companies Act, published under Government Notice R351 in Government Gazette 34239 of 26 April 2011, as amended; |
| "Conversion" | the conversion of the A Shares having a par value of 2 cents each to A Shares having no par value, as set out in section B of this Circular; |
| "CSDP" | Central Securities Depository Participant, being a "participant" as defined in section 1 of the Financial Markets Act; |
| "Dematerialise" or "Dematerialisation" | the process by which securities held by Certificated Shareholders are converted or held in an electronic form as uncertificated securities and recorded in a sub-register of security holders maintained by a CSDP or Broker; |
| "Dematerialised Shares" | Shares that have been Dematerialised or have been issued in Dematerialised form; |
| "Dematerialised Shareholders" | Shareholders who hold Altron Shares which have been dematerialised in terms of the requirements of Strate; |
| "Dematerialised N Shareholder" | Shareholders who hold Dematerialised N Shares; |
| "Dissenting Shareholders" | Shareholders who exercise Appraisal Rights in terms of section 164(9)(a) or (b) of the Companies Act and in respect of whom none of the events set out in section 164(9)(a) or (b) of the Companies Act has occurred; |
| "DLA" | DLA Piper South Africa Services Proprietary Limited (Registration number 2015/222271/07), a private company duly registered and incorporated in accordance with the laws of South Africa and the legal adviser to VCP; |
| "Documents of Title" | valid share certificates, certified transfer deeds, balance receipts or any other proof of ownership of Altron Shares, reasonably acceptable to Altron; |
| "Dr Venter" | Dr William Peter Venter; |
| "ENS" | Edward Nathan Sonnenbergs Incorporated (Registration number 2006/018200/21), a personal liability company duly registered and incorporated in accordance with the laws of South Africa and the legal adviser to the Company; |
| "Exchange Control Regulations" | Exchange Control Regulations, 1961, as amended, issued under section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended; |
| "Existing Company MoI" | the current Memorandum of Incorporation of the Company, approved by Shareholders on 20 July 2012*;* |
| "Financial Markets Act" | the Financial Markets Act, No. 19 of 2012, as amended; |
| "Form of Proxy" | in the case of the N Shareholder Meeting, the grey Form of Proxy attached to and forming part of this Circular, where applicable and, in the case of the Special General Meeting, the blue Form of Proxy attached to and forming part of this Circular, where applicable; |
| "Form of Surrender" | the form of surrender and transfer attached to and forming part of this Circular, for use only by Certificated N Shareholders who wish to surrender their N Shares in terms of the Repurchase Scheme; |
| "Group" | Altron and its subsidiaries; |
| "Independent Board Sub-Committee" | the Independent Sub-Committee of the Board constituted in order to consider the terms and conditions of the Repurchase Scheme in accordance with regulation 108(8) of the Companies Regulations and comprised of independent Directors, MJ Leeming, GG Gelink and SN Susman*;* |
| "Independent Expert" | BDO Corporate Finance Proprietary Limited (Registration number 1983/002903/07), a private company duly registered and incorporated in terms of the laws of South Africa, appointed by the Independent Board Sub-Committee in terms of the Companies Regulations; |
| "Income Tax Act" | the Income Tax Act, No. 58 of 1962, as amended; |

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| "Increase in Authorised A Share Capital" | the increase in the Company's authorised A Share capital from 247 500 000 A Shares to 500 000 000 A Shares by the creation of an additional 252 500 000 A Shares, as set out in section B of this Circular; |
| "Investec" | Investec Bank Limited (Registration number 1969/004763/06), a public company duly registered and incorporated in accordance with the laws of South Africa and the joint financial adviser and sponsor to the Company; |
| "IT" | Information Technology; |
| "JSE" | the Johannesburg Stock Exchange, operated by JSE Limited (Registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa and listed on the Main Board of the JSE, licensed as an exchange under the Financial Markets Act; |
| "Last Practicable Date" | Monday, 6 February 2017, being the last practicable date prior to the finalisation of this Circular; |
| "Listings Requirements" | the Listings Requirements of the JSE, as amended from time to time; |
| "Meetings" | the N Shareholder Meeting and/or the Special General Meeting, as the case may be; |
| "MoI Amendments" | the Conversion, the Increase in Authorised A Share Capital and the New High Voting Share MoI Amendment, pursuant to the implementation of the Restructure, as set out in section B of this Circular; |
| "N Shareholders" | registered holders of N Shares; |
| "N Shareholder Meeting" | the special general meeting of N Shareholders to be held at 10:00 in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017 for the purposes of considering and, if deemed fit, passing the Repurchase Scheme Resolutions; |
| "N Shares" | ordinary "N" class Shares with a par value of 0.01 cent in the share capital of Altron; |
| "Newco" | Kinbase Investments Proprietary Limited (Registration number 2016/497073/07), a private company duly registered and incorporated in accordance with laws of South Africa, the entire issued share capital of which is held by Dr Venter; |
| "New Company MoI" | the new Memorandum of Incorporation to be adopted by Shareholders pursuant to Special Resolution Number 9 to the notice of Special General Meeting, a copy of which is attached as **Annexure 3** to this Circular; |
| "New High Voting Share" | the unlisted share to be created in the authorised share capital of the Company having the preferences, rights, limitations and other terms set out in the New Company MoI, pursuant to the Restructure, as set out in section B of this Circular; |
| "New High Voting Share MoI Amendment" | the amendment to the Company's authorised share capital by the creation of the New High Voting Share; |
| "New High Voting Share Special Resolution" | Special Resolution Number 3 to the notice of Special General Meeting, required to be passed by the relevant Shareholders in order to implement and give effect to the New High Voting Share Amendment; |
| "Ordinary Resolutions" | Ordinary Resolutions Numbered 1 to 7 to the notice of Special General Meeting, required to be passed by the relevant Shareholders in order to implement and give effect to the Restructure; |
| "Own Name Registration" | the status of Dematerialised Shareholders who have instructed their CSDP to hold their Dematerialised Shares in their own name on the sub-register (the list of Shareholders maintained by the CSDP and forming part of the Register); |
| "Rand" or "R" | South African Rand, the official currency of South Africa; |

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| "Register" | Altron's securities register maintained by the Transfer Secretaries in accordance with sections 50(1) and section 50(3) of the Companies Act, including Altron's Dematerialised sub-registers maintained by the CSDPs; |
| "Repurchase" | the Repurchase of all the issued N Shares from the N Shareholders pursuant to the Repurchase Scheme, in terms of section 48(8) and section 114 (1) of the Companies Act and paragraph 5.69 of the Listings Requirements; |
| "Repurchase Scheme" | the scheme of arrangement in terms of section 114(1) of the Companies Act, proposed by the Board between the Company and N Shareholders, in terms of which, if the Repurchase Scheme becomes operative, the Company will acquire all the issued N Shares held by N Shareholders, and N Shareholders shall be obliged to transfer their rights, title and interest in and to the N Shares to the Company, for the Repurchase Scheme Consideration, subject to Shareholder's Appraisal Rights and pursuant to implementation of the Restructure, as set out in section A of this Circular; |
| "Repurchase Scheme Conditions" | the conditions to which the Repurchase Scheme is subject, as set out in section A of this Circular; |
| "Repurchase Scheme Consideration" | Nine A Shares for every 10 N Shares held by N Shareholders on the Repurchase Scheme Record Date, in terms of the Repurchase Scheme; |
| "Repurchase Scheme Operative Date" | the date on which the Repurchase Scheme becomes operative and N Shareholders receive the Repurchase Scheme Consideration in exchange for the Company repurchasing their N Shares, being the first Business Day immediately after the Repurchase Scheme Record Date, being Tuesday, 2 May 2017; |
| "Repurchase Scheme Record Date" | the date on which an N Shareholder must be recorded in the Register in order to be eligible to receive the Repurchase Scheme Consideration, being Friday, 28 April 2017; |
| "Repurchase Scheme Resolutions" | the Repurchase Scheme Special Resolution and Ordinary Resolution Number 1 to the notice of N Shareholder Meeting, required to be passed by the N Shareholders in order to implement and give effect to the Repurchase Scheme; |
| "Repurchase Scheme Special Resolution" | Special Resolution Number 1 to the notice of N Shareholder Meeting, required to be passed by the N Shareholders in order implement and give effect to the Repurchase Scheme; |
| "Restructure" | the Repurchase Scheme, MoI Amendments, Appointments to the Board and the Subscriptions, as set out in paragraph 3 of this Circular; |
| "RMB" | Rand Merchant Bank (A division of FirstRand Bank Limited) (Registration number 1929/001225/06), a public company duly registered and incorporated in accordance with the laws of South Africa and the joint financial adviser to the Company; |
| "SENS" | the Stock Exchange News Service of the JSE; |
| "Share Plan" | the Altron 2009 Share Plan, as amended and approved by Shareholders on 20 July 2015; |
| "Share Plan Participants" or "Participants" | participants in the Share Plan as defined in paragraph 1.1.44 of the Share Plan; |
| "South Africa" | the Republic of South Africa; |
| "Special General Meeting" | the special general meeting of Altron Shareholders to be held at 10:30, or so soon thereafter as the N Shareholder Meeting is concluded, in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017 for the purposes of considering and, if deemed fit, passing, *inter alia,* the Special Resolutions and the Ordinary Resolutions; |
| "Special Resolutions" | Special Resolutions Numbered 1 to 9 to the notice of Special General Meeting, required to be passed by the relevant Shareholders in order to implement and give effect to the Restructure; |

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| "Specific Issue" | the specific issue of the Subscription Shares and the New High Voting Share pursuant to the VCP Subscription and the Venter Family Subscription, respectively, in terms of paragraph 5.51 of the Listings Requirements; |
| "Strate" | Strate Proprietary Limited (Registration number 1998/022242/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a registered central securities depository in terms of the Financial Markets Act; |
| "Subscriptions" | the VCP Subscription and the Venter Family Subscription, pursuant to implementation of the Restructure, as set out in section C of this Circular; |
| "Subscription Shares" | 54 421 768 A Shares issued to VCP in terms of the VCP Subscription, representing 14.7% of the issued A Share capital on implementation of the Restructure, net of Treasury Shares; |
| "Trading Day" | any day on which trading takes place through the usual trading systems on the JSE; |
| "Transfer Secretaries" or "Computershare" | Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa and the transfer secretaries to Altron; |
| "TRP" | the Takeover Regulation Panel, established in terms of section 196 of the Companies Act; |
| "Treasury Shares" | Altron Shares held by a subsidiary of the Company and/or held by an entity where the Shares are controlled by Altron from a voting perspective; |
| "VAT" | Value Added Tax, levied in terms of the provisions of the Value Added Tax Act, No. 89 of 1991, as amended; |
| "VCP" | Value Capital Partners Proprietary Limited (Registration number 2016/242305/07), a private company duly registered and incorporated under the laws of South Africa, jointly owned by family trusts of Samuel Sithole and Antony Ball; |
| "VCP Subscription" | the subscription by VCP for the Subscription Shares, in terms of the VCP Subscription Agreement; |
| "VCP Subscription Agreement" | the written subscription agreement entered into between the Company and VCP on 23 January 2017 in terms of which VCP will subscribe for the Subscription Shares at the VCP Subscription Consideration, on the further terms and conditions contained therein; |
| "VCP Subscription Consideration" | R7.35 per Subscription Share, representing the VWAP of an A Share traded on the JSE over 30 Trading Days up to 25 November 2016, being the date on which the terms of the VCP Subscription were determined and agreed between VCP and the Company as reflected in the VCP Subscription Agreement; |
| "Venter Family" | collectively or individually, depending on the context, Dr Venter and Dr Venter's estate/successor/successors in title upon the demise of Dr Venter, Biltron, the Venter Family Trusts and the Venter Family Entity; |
| "Venter Family Entity" | Newco, as nominee for the Venter Family; |
| "Venter Family Subscription" | the subscription by the Venter Family Entity for the New High Voting Share, in terms of the Venter Family Subscription Agreement; |
| "Venter Family Subscription Agreement" | the written subscription agreement entered into between the Company and the Venter Family Entity on 23 January 2017 in terms of which the Venter Family Entity will subscribe for the New High Voting Share at the Venter Family Subscription Consideration, on the further terms and conditions contained therein; |
| "Venter Family Subscription Consideration" | an aggregate of R10 000.00; |

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| "Venter Family Trust" | the trusts listed as follows: The WP Venter Family Trust (IT144/86), The Robert Eben Venter Trust (IT1972/90), The Craig Gordon Venter Trust (IT1974/90), The Leanne Venter Trust (IT1971/90), The Blane William Venter Trust (IT180/88), The Marc Peter Venter Trust (IT179/88); |
| "VWAP" | volume weighted average price, being the weighted average traded price of the Altron Shares traded, divided by the total number of Altron Shares traded over a particular period of time; and |
| "Written Indication of Support" | a written letter in terms of which the Shareholder signing the letter communicates to the Company its in-principle support for the terms of the Restructure, without creating binding obligations upon the Shareholder. |

# ALLIED ELECTRONICS CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
Share code: AEL ISIN: ZAE000191342
Share code: AEN ISIN: ZAE000191359
**("Altron"** or **"the Company")**

**Directors of Altron**

**Executive directors**

RE Venter *(Chief Executive)*
AMR Smith *(Chief Financial Officer)#*

**Non-executive directors**

Dr WP Venter *(Non-Executive Chairman)*
MJ Leeming *(Lead Independent Director)*
MC Berzack
GG Gelink*
Dr PM Maduna*
JRD Modise*
DNM Mokhobo*
SN Susman*

**Independent*
*#British*

## INTRODUCTION AND RATIONALE

### 1. INTRODUCTION

1.1 Shareholders are referred to the announcement released on SENS on 6 December 2016 in which they were advised that, in accordance with the Company's stated intention to reposition the Group from a family controlled and managed business to one that is independently managed, the Company intends to implement the Restructure, which will be effected by way of the Repurchase, the MoI Amendments, the Subscriptions and the Appointments to the Board.

1.2 Shareholders are advised that the Venter Family and its Associates will not vote on any of the special and ordinary resolutions contained in the notice convening the Meetings (including, the Repurchase Scheme Resolutions, the Special Resolutions or the Ordinary Resolutions) required to be passed in order to implement and give effect to the Restructure.

### 2. RATIONALE FOR THE RESTRUCTURE

2.1 The Repurchase will simplify the Company's historical dual share capital structure and remove the Venter Family's absolute voting control over the Company.

2.2 The MoI Amendments are required to facilitate the issue of the Subscription Shares and the New High Voting Share, as required under the Subscriptions, and to settle the Repurchase Scheme Consideration, as required in terms of the Repurchase Scheme, as well as any future issues under the Share Plan and potential future share-based transactions.

2.3 The subscription by the Venter Family Entity for the New High Voting Share is considered critical to retain the Venter Family's significant institutional knowledge and deep understanding of the Group, which is essential for the successful continuation of the business and its relationships. As a consequence of the Restructure, the Venter Family will forfeit absolute control over the Company and will only be able to block the passing of special resolutions and certain ordinary resolutions that require 75% approval in terms of the Listings Requirements. The effect of the Restructure is to significantly reduce the Venter Family's voting influence and control over the Company whilst enhancing their alignment with Shareholders by effectively replacing a very high voting share with a lower high voting share.

2.4 The VCP Subscription will introduce VCP as a new strategic partner, which is expected to be a catalyst to drive Shareholder value creation by accelerating the Company's growth initiatives in its core IT operations.

2.5 The Appointments to the Board will enhance the Board's accountability to Shareholders and is consistent with the Company's stated intention to reposition the Group from a family controlled and managed business to one that is independently managed and IT-focused.

2.6 Overall, the Restructure will enhance Altron's free-float, thereby increasing trading liquidity, enhancing the Company's index weighting potential and its marketability.

## 3. RESTRUCTURE STEPS

3.1 It is proposed that the Restructure will be effected by way of the following inter-conditional steps:

- the Repurchase Scheme, in terms of which the Company will repurchase all the issued N Shares from N Shareholders for the Repurchase Scheme Consideration, in order to simplify Altron's Share capital structure, as set out in section A of this Circular;
- the adoption of the MoI Amendments, in terms of which, as set out in section B of this Circular:
  - the Company's A Shares will be converted from Shares with a par value of 2 cents each to Shares with no par value, in terms of regulation 31(6) of the Companies Regulations in order to facilitate the Increase in Authorised A Share Capital;
  - the Company's authorised A Share capital will be increased from 247 500 000 A Shares to 500 000 000 A Shares by the creation of an additional 252 500 000 A Shares, in order to create sufficient authorised A Share capital to provide for the issue of the Subscription Shares to VCP and the issue of the A Shares in settlement of the Repurchase Scheme Consideration, as well as for future issues of A Shares pursuant to the Share Plan and for potential future share-based transactions;
  - the Company's authorised Share capital will be amended by the creation of the New High Voting Share, to be issued to the Venter Family Entity, in order to retain the Venter Family's significant institutional knowledge and deep understanding of Altron, while reducing its voting influence and control over the Company;
  - the VCP Subscription, in terms of which the Company will effect a Specific Issue of the Subscription Shares to VCP, in return for an injection of R400 million of fresh capital and a new strategic partner, as set out in section C of this Circular;
  - the Venter Family Subscription, in terms of which the Company will effect a Specific Issue of the New High Voting Share to the Venter Family Entity at the Venter Family Subscription Consideration, as set out in section C of this Circular; and
  - the Appointments to the Board, in terms of which Antony Ball and Samuel Sithole will be appointed to the Board as non-executive directors.

All the proposed Restructure steps outlined above are inextricably linked, each of which is conditional on the others and none of which shall occur without the others. Accordingly, the various steps should be viewed as indivisible and part of a single Restructure mechanism.

## 4. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to provide Altron Shareholders with information pertaining to the Restructure and to convene the Meetings at which Altron Shareholders will be requested to consider and, if deemed fit, to pass the Special Resolutions and the Ordinary Resolutions on the one hand and the Repurchase Scheme Resolutions on the other hand as necessary to approve and implement the Restructure.

# THE REPURCHASE SCHEME

## 5. INTRODUCTION

5.1 Altron has two classes of Shares listed on the JSE, namely ordinary A Shares and ordinary N Shares. The N Shares have a par value of 0.01 cent per share while the A Shares have a par value of 2 cents per share. The A Shares and N Shares rank *pari passu* for earnings and dividends, but not in respect of voting rights or on liquidation of the Company (upon liquidation, the N Shares rank preferent in terms of capital repayment). In terms of the Existing Company MoI, the A Shares carry 1 vote per A Share and the N Shares effectively carry 1/200th of a vote per N Share.

5.2 N Shareholders may attend Shareholder meetings of the Company, but may only vote in limited circumstances. In such circumstances, N Shareholders are entitled to that proportion of the total votes of Altron which the aggregate of the nominal value of the N Shares held bears in relation to the aggregate amount of the nominal value of all issued Shares.

5.3 The N Shares were originally created and classified as participating preference Shares in order to assist in maintaining a control structure for the Venter Family. The participating preference Shares were re-designated as N Shares in 2014, as a result of global trends to increasingly recognise participating preference Shares as hybrid or debt instruments instead of as equity instruments (which is how the Altron participating preference Shares were classified) and also the general negative perceptions regarding participating preference Shares among investors.

## 6. RATIONALE FOR THE REPURCHASE SCHEME

The Venter Family currently exercises 57.3% of the voting rights in the Company and has a 19.4% economic interest in Altron, through the Company's current dual share capital structure comprising A Shares and low voting N Shares. The Restructure envisages a more efficient Share capital structure comprising a single class of voting Shares having no par value, in terms of which Altron's existing low voting N Share structure will be dismantled in terms of the Repurchase Scheme. Implementation of the Repurchase Scheme will provide investors with a single entry point into the Company, thereby enhancing the Company's free-float, allowing for a more transparent share register, increasing trading liquidity and enhancing the Company's index potential and its marketability.

## 7. TERMS OF THE REPURCHASE SCHEME

7.1 In terms of section 114(1) of the Companies Act, the Repurchase Scheme is proposed between the Company and N Shareholders on the basis set out in this section A.

7.2 In terms of the Repurchase Scheme, the Company will effect the compulsory repurchase of all the N Shares from the N Shareholders for the Repurchase Scheme Consideration.

## 8. MECHANICS OF THE REPURCHASE SCHEME

8.1 If the Repurchase Scheme becomes operative:

8.1.1 N Shareholders, whether they voted in favour of the Repurchase Scheme Special Resolution to approve the Repurchase Scheme or not, or abstained or refrained from voting, shall be deemed to have disposed of (or shall be deemed to have undertaken to transfer) all of their N Shares, free of any encumbrances, to the Company in exchange for the Repurchase Scheme Consideration and the Company shall be deemed to have repurchased all such N Shares in exchange for the Repurchase Scheme Consideration;

8.1.2 the disposal and transfer by each N Shareholder of their N Shares to the Company and the repurchase of those N Shares by the Company pursuant to the Repurchase Scheme shall, subject to the fulfilment or waiver (where capable of waiver) of the Repurchase Scheme Conditions, be effective from the Repurchase Scheme Operative Date;

8.1.3 each N Shareholder shall be deemed to have transferred to the Company all their rights, title and interest in and to the N Shares, without any further act or instrument being required;

8.1.4 N Shareholders shall be entitled to receive the Repurchase Scheme Consideration, subject to the remaining provisions of this section A;

8.1.5 in terms of the Repurchase Scheme, each N Shareholder irrevocably and *in rem suam* authorises the Company, as agent, with full power of substitution, to cause the N Shares disposed of by N Shareholders in terms of the Repurchase Scheme to be transferred to the Company on the Repurchase Scheme Operative Date and to do all such things and to take all such steps (including the signing of any transfer form or the giving of written instructions to every CSDP or its nominee concerned) as may be necessary or expedient in order to effect the transfer;

8.1.6 the Repurchase Scheme Consideration will be settled in full in accordance with the terms of the Repurchase Scheme without regard to any lien, right of set-off, counter-claim or other analogous right to which the Company may otherwise, or claim to be, entitled against an N Shareholder unless otherwise agreed to by the Company and the N Shareholder concerned;

8.1.7 the rights of the N Shareholders to receive the Repurchase Scheme Consideration will be rights enforceable by them against the Company only;

8.1.8 the effect of the Repurchase Scheme will be, *inter alia*, that the Company will, with effect from the Repurchase Scheme Operative Date, repurchase all the N Shares from N Shareholders, which N Shares shall be cancelled; and

8.1.9 as a consequence of the Repurchase Scheme, an application will be made to the JSE for the delisting of the N Shares.

8.2 If the Repurchase Scheme Conditions fail to be fulfilled or waived (where capable of waiver), the Repurchase Scheme will not be implemented. As a consequence, because the various steps comprising the Restructure (one of which is the Repurchase Scheme becoming unconditional) are inter-conditional, the Restructure will not be implemented.

8.3 The Company and the Independent Board Sub-Committee undertake that, upon the Repurchase Scheme becoming operative, they will give effect to the terms and conditions of the Repurchase Scheme and will take all actions and sign all documents necessary to give effect to the Repurchase Scheme.

## 9. CONDITIONS PRECEDENT TO THE REPURCHASE SCHEME

9.1 The Repurchase Scheme is subject to the fulfilment or waiver (where capable of waiver) of the following conditions precedent by no later than 17:00 on 31 May 2017, or such later date as the Company in its discretion determines:

9.1.1 the VCP Subscription Agreement becomes unconditional in accordance with its terms, save for any condition therein requiring that the Repurchase Scheme becomes unconditional;

9.1.2 the Venter Family Subscription Agreement becomes unconditional in accordance with its terms, save for any condition therein requiring that the Repurchase Scheme becomes unconditional;

9.1.3 all of the Special Resolutions and the Ordinary Resolutions (save for Special Resolutions Numbered 10, 11 and 12 and Ordinary Resolution Number 3 contained in the notice of Special General Meeting) and the Repurchase Scheme Resolutions (save for Special Resolution Number 2 contained in the notice of N Shareholder Meeting) are passed by the relevant Shareholders;

9.1.4 the New Company MoI is filed at CIPC and CIPC confirms that the New Company MoI has been accepted and placed on file;

9.1.5 the Repurchase Scheme Resolutions are passed by N Shareholders and, in the event of the provisions of section 115(2)(c) of the Companies Act becoming applicable:

9.1.5.1 the High Court of South Africa approves the Repurchase Scheme Special Resolution; and

9.1.5.2 Altron does not treat the Repurchase Scheme Special Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act*;*

9.1.6 Shareholders, holding more than 5% of all of the issued Shares, having given notice objecting to the Repurchase Scheme and having voted against the Repurchase Scheme Special Resolution, do not proceed to give valid demands to the Company in terms of

section 164(5) to 164(8) within the prescribed time period or if no Shareholders proceed to exercise their Appraisal Rights or Shareholders, holding 5% or less of all of the issued Shares, proceed to exercise their Appraisal Rights by giving notice objecting to the Repurchase Scheme and having voted against the Repurchase Scheme. This condition can be waived by the Company; and

9.1.7 the receipt of the compliance certificate to be issued by the TRP in terms of section 121(b) of the Companies Act.

## 10. THE REPURCHASE SCHEME CONSIDERATION

In terms of the Repurchase Scheme, the Company will repurchase all the N Shares from N Shareholders and in consideration therefor will issue nine A Shares for every 10 N Shares held by the N Shareholders on the Repurchase Scheme Record Date.

## 11. SETTLEMENT OF THE REPURCHASE SCHEME CONSIDERATION

11.1 Subject to paragraph 11.3 below, in the event that the Repurchase Scheme becomes operative on the Repurchase Scheme Operative Date, N Shareholders will be entitled to receive the Repurchase Scheme Consideration on the Repurchase Scheme Operative Date.

11.2 Altron will either itself and/or through the Transfer Secretaries, administer and procure the settlement of the Repurchase Scheme Consideration.

11.3 The settlement of the Repurchase Scheme Consideration is subject to Exchange Control Regulations. Shareholders who are not resident in South Africa, or who have registered addresses outside South Africa, must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the Repurchase Scheme Consideration, including obtaining any required governmental or other consents, observing any other required formalities and paying any issue, transfer or other taxes due in that jurisdiction. If any Shareholders are in any doubt, they should consult their professional advisers.

11.4 Certificated N Shareholders:

11.4.1 who have submitted their Documents of Title and completed Forms of Surrender to the Transfer Secretaries on or before 12:00 on the Repurchase Scheme Record Date, will have the Repurchase Scheme Consideration posted to them by registered mail on the Repurchase Scheme Operative Date, at their own risk, to the address reflected in the Register;

11.4.2 who submit their Documents of Title and completed Forms of Surrender after 12:00 on the Repurchase Scheme Record Date, will have the Repurchase Scheme Consideration posted to them by registered mail on the Repurchase Scheme Operative Date, at their own risk, to the address reflected in the Register within five Business Days of the Transfer Secretaries having received their Documents of Title and completed Forms of Surrender, unless such N Shareholders were Dissenting Shareholders who have subsequently become entitled to participate in the Repurchase Scheme as envisaged in paragraph 12.5 below, in which case such N Shareholders will still need to submit their Documents of Title and completed Forms of Surrender to the Transfer Secretaries and the Repurchase Scheme Consideration will only be posted to them on the date set out in paragraph 12.5.2 below; or

11.4.3 in the event that an N Shareholder who holds Certificated N Shares fails to submit its Documents of Title and completed Form of Surrender to the Transfer Secretaries or, in respect of a Dissenting Shareholder who subsequently becomes entitled to participate in the Repurchase Scheme as envisaged in paragraph 12.5 below, the Repurchase Scheme Consideration due to such N Shareholder will be held in trust by the Company (or a third party nominated by it for this purpose) for the benefit of the N Shareholder concerned until lawfully claimed by such N Shareholder.

11.5 Dematerialised N Shareholders:

11.5.1 will have their accounts at their CSDPs credited in electronic form with the Repurchase Scheme Consideration and debited with the N Shares on the Repurchase Scheme Operative Date or, in the case of Dissenting Shareholders who subsequently become entitled to participate in the Repurchase Scheme as envisaged in paragraph 12.5 below, on the date contemplated in 12.5.2 below; and

11.5.2 will not have the Repurchase Scheme Consideration posted to them.

12. **DISSENTING SHAREHOLDERS**

12.1 Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act. A copy of section 164 of the Companies Act is attached as **Annexure 5** to this Circular.

12.2 In terms of 164(2), Shareholders are entitled to the Appraisal Rights provided for in section 164 of the Companies Act as a result of the Company giving notice to convene the N Shareholder Meeting to consider adopting the Repurchase Scheme Special Resolution.

12.3 Shareholders who wish to exercise their Appraisal Rights in terms of section 164 of the Companies Act are required, before the Repurchase Scheme Special Resolution to approve the Repurchase Scheme is voted on at the N Shareholder Meeting, to give notice to the Company, in writing, objecting to the Repurchase Scheme Special Resolution in terms of section 164(3) of the Companies Act and must vote against the Repurchase Scheme Special Resolution at the N Shareholder Meeting.

12.4 Any Dissenting Shareholder that, pursuant to the exercise of its Appraisal Rights, has accepted an Appraisal Rights Offer and transferred its N Shares to the Company pursuant to section 164(13), section 164(15) or section 164(15A) of the Companies Act shall not participate in the Repurchase Scheme.

12.5 In the event that any of the circumstances contemplated in section 164(9)(a) or (b) of the Companies Act occur and a Dissenting Shareholder has not exercised its rights in terms of section 164(14) of the Companies Act then:

12.5.1 on or prior to the Repurchase Scheme Record Date, an N Shareholder who was, up until that time, a Dissenting Shareholder, will participate in the Repurchase Scheme and will be subject to the provisions of the Repurchase Scheme; and

12.5.2 after the Repurchase Scheme Record Date, an N Shareholder who was, up until that time, a Dissenting Shareholder shall be deemed to participate in and be subject to the provisions of the Repurchase Scheme and to have transferred its N Shares to the Company, provided that the settlement of the Repurchase Scheme Consideration shall take place on the later of: (i) the Repurchase Scheme Operative Date or (ii) the date which is five Business Days after that Dissenting Shareholder so withdrew its demand or allowed the Appraisal Rights Offer to lapse, as the case may be, without exercising its rights in terms of section 164(14) of the Companies Act or (iii) if that Dissenting Shareholder is a Certificated N Shareholder, the date which is five Business Days after that Dissenting Shareholder shall have submitted its Documents of Title and completed Form of Surrender to the Transfer Secretaries.

12.6 For the sake of clarity, except where expressly provided otherwise, all provisions applicable to the N Shareholders in respect of the Repurchase Scheme shall apply equally to any Dissenting Shareholders who subsequently become entitled or obliged to participate in the Repurchase Scheme as a result of such Dissenting Shareholders rights to their N Shares being reinstated in terms of section 164(10) of the Companies Act, or pursuant to a final court order.

12.7 If the Repurchase Scheme does not become unconditional as a result of non-fulfilment or waiver (where capable of waiver) of the Repurchase Scheme Conditions Precedent referred to in paragraphs 9.1.6 above, the Repurchase Scheme Special Resolution shall be revoked by virtue of the passing of Special Resolution Number 2 as set out in the notice convening the N Shareholder Meeting. As a consequence, Dissenting Shareholders shall have no further rights under section 164 of the Companies Act by virtue of the circumstance contemplated in section 164(9)(c) of the Companies Act.

12.8 Any Shareholder who is in doubt as to what action to take should consult their legal or professional advisers in this regard.

12.9 Before exercising their Appraisal Rights, Shareholders should have regard to the following factors relating to the Repurchase Scheme: (i) the report of the Independent Expert set out in **Annexure 1** to this Circular which concludes that the terms of the Repurchase Scheme are fair and reasonable to Shareholders, and (ii) the court is empowered to grant a cost order in favour of, or against, a Dissenting Shareholder, as applicable.

13. **FRACTIONS**

13.1 Where an N Shareholder's entitlement to A Shares issued in terms of the Repurchase Scheme Consideration, calculated on the basis of nine A Shares for every 10 N Shares held on the Repurchase

Scheme Record Date, results in a fractional Share entitlement, such fraction of an A Share will be rounded down to the nearest whole number, resulting in allocations of whole A Shares and a cash payment will be made to the N Shareholder for the fraction.

13.2 The applicable cash payment will be determined with reference to the VWAP of an A Share traded on the JSE on Tuesday, 25 April 2017, (being the day on which Altron A Shares begin trading "*ex*" the entitlement to receive the Repurchase Scheme Consideration), discounted by 10%. The basis for the applicable cash payment will be announced on SENS on Wednesday, 26 April 2017.

13.3 For illustrative purposes, this Circular assumes the VWAP of an Altron Share traded on the JSE on Tuesday, 25 April 2017 to be 866 cents. The basis for the applicable cash payment would therefore be 779 cents (866 cents discounted by 10%).

13.4 Example of fractional entitlement:

This example assumes that an N Shareholder holds 125 N Shares at the close of business on the Repurchase Scheme Record Date.

A Share entitlement = 125 x 90% (being the Repurchase Scheme Consideration ratio of the issue of nine A Shares for every 10 N Shares held on the Repurchase Scheme Record Date)

= 112.5 A Shares. The rounding provision described above is then applied and the Shareholder will receive:

112 A Shares in respect of the 125 N Shares held and a cash payment for the fractional entitlement based on the 779 cents noted above of 779 x 0.5 = 390 cents.

## 14. TAX CONSEQUENCES FOR SHAREHOLDERS

The tax implications of the Repurchase Scheme on Shareholders will depend on the individual tax circumstances of each Shareholder. Shareholders should seek advice from appropriate professional advisers if they are in any doubt whatsoever about their tax position. As the Repurchase Scheme Consideration constitutes Shares in Altron the Repurchase Scheme Consideration does not constitute a dividend as defined in section 1 of the Income Tax Act, consequently no dividend tax arises on the Repurchase Scheme. However, this does not preclude the possibility of capital gains tax and income tax arising on the Repurchase Scheme.

## 15. ECONOMIC CONSEQUENCES FOR SHAREHOLDERS

15.1 The implementation of the Restructure and Subscriptions is expected to have the following impact on the voting and economic rights of Shareholders (share percentages are expressed net of Treasury Shares):

| Share class | Voting rights | | | Economic rights | | |
|---|---|---|---|---|---|---|
| | *Before* | *Post Repurchase* | *Post Subscriptions* | *Before* | *Post Repurchase* | *Post Subscriptions* |
| N Shares | 1.1% | 67.5% | 53.2% | 69.8% | 67.5% | 57.6% |
| Venter Family | 0.0% | 1.8% | 2.2% | 1.9% | 1.8% | 1.6% |
| VCP | 0.0% | 0.2% | 0.2% | 0.2% | 0.2% | 0.2% |
| Other | 1.1% | 65.5% | 50.8% | 67.7% | 65.5% | 55.8% |
| A Shares | 98.9% | 32.5% | 46.8% | 30.2% | 32.5% | 42.4% |
| Venter Family | 57.3% | 18.8% | 22.8% | 17.5% | 18.8% | 16.0% |
| VCP | 0.0% | 0.0% | 13.4% | 0.0% | 0.0% | 14.7% |
| Other | 41.6% | 13.7% | 10.6% | 12.7% | 13.7% | 11.7% |

**Note:**
1. The table does not depict the N Shares in issue post implementation of the Restructure, but rather the expected position of holders of N Shares, post implementation of the Restructure.

15.2 The dilution to the economic rights of N Shareholders is a consequence of the Repurchase Scheme Consideration ratio, being nine A Shares issued for every 10 N Shares held on the Repurchase Scheme Record Date. N Shareholders are compensated for this dilution by the increase in their voting rights on receipt of the Repurchase Scheme Consideration. The level of economic dilution for the N Shareholders on implementation of the Repurchase Scheme is consistent with the discount at which the N Shares have historically traded to the A Shares, of between 3% and 5%. It is expected

that the substantial increase in the number of issued A Shares following implementation of the Restructure will enhance trading liquidity.

15.3 Shareholders are referred to the report of the Independent Expert, attached as **Annexure 1** to this Circular, for further analysis in this regard.

## 16. CONSEQUENCES FOR SHARE PLAN PARTICIPANTS

16.1 In terms of paragraph 26.1 of the Share Plan, where the Company undertakes any corporate action affecting the rights of N Shareholders, the Board must effect the necessary adjustments to the rights of Share Plan Participants as it deems to be fair and reasonable to the Participants concerned, provided that any such adjustments are confirmed by the auditors of the Company as being in accordance with the provisions of the Share Plan.

16.2 The Board is of the view that an adjustment to the awards, grants and allocations made to Share Plan Participants in the ratio of nine A Shares to 10 N Shares awarded, granted or allocated is fair and reasonable to Participants, as contemplated in paragraph 26.1 of the Share Plan.

16.3 Shareholders will be required to approve the adjustments to the Share Plan to and authorise the Board to effect the adjustments, by way of a "super" ordinary resolution requiring support from Shareholders holding at least 75% of the total number of votes exercised by Shareholders present and eligible to vote on such resolution at the Special General Meeting.

## 17. INDEPENDENT EXPERT REPORT

The report of the Independent Expert, a copy of which is attached as **Annexure 1** to this Circular, opines on the fairness and reasonableness of the Repurchase Scheme in accordance with section 48(8)(b), read with section 114(3), of the Companies Act and regulation 90 of the Companies Regulations.

## 18. INDEPENDENT BOARD

18.1 Altron has constituted an Independent Board Sub-Committee to consider the Repurchase Scheme. The members of the Independent Board Sub-Committee are independent Directors MJ Leeming, GG Gelink and SN Susman.

18.2 The Independent Board Sub-Committee, having considered the terms and conditions of the Repurchase Scheme and having taken into account the fair and reasonable opinion prepared by the Independent Expert, is of the opinion that the Repurchase Scheme is fair and reasonable insofar as Altron Shareholders are concerned.

18.3 The Independent Board Sub-Committee therefore recommends that Shareholders vote in favour of all of the Special Resolutions and Ordinary Resolutions and the Repurchase Scheme Resolutions at the Meetings required in order to implement the Restructure.

18.4 Each of the members of the Independent Board Sub-Committee who hold Shares (and who are eligible to vote), as set out in section E of this Circular, intends to vote in favour of the Special Resolutions and Ordinary Resolutions and the Repurchase Scheme Resolutions at the Meetings (where permissible) required in order to implement the Restructure.

## 19. ADEQUACY OF CAPITAL

19.1 The Directors of Altron have considered the impact of the Repurchase and are of the opinion that, following implementation of the Repurchase Scheme, the:

19.1.1 Company and the Group will be able in the ordinary course of business to pay their debts, immediately after implementing the Repurchase Scheme and for a period of 12 months thereafter;

19.1.2 assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, immediately after completing the Repurchase Scheme and for a period of 12 months thereafter. For this purpose, the assets and liabilities were recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Company;

19.1.3 share capital of the Company and the Group will be adequate for ordinary business purposes, immediately after completing the Repurchase Scheme and for a period of 12 months thereafter; and

19.1.4 working capital of the Company and the Group will be adequate for ordinary business purposes, immediately after completing the Repurchase Scheme and for a period of 12 months thereafter.

19.2 In addition, in terms of section 46(1) of the Companies Act, it is confirmed as follows:

19.2.1 the Independent Board Sub-Committee has authorised the Repurchase by resolution; and

19.2.2 the Board has, by resolution, acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Companies Act and has reasonably concluded that the Company and the Group will satisfy the solvency and liquidity test immediately after completing the Repurchase.

## 20. SOURCE OF FUNDS

20.1 If the Repurchase Scheme becomes unconditional, the Company will be liable for securities transfer tax on the transfer of the Repurchase Scheme Consideration.

20.2 This and other costs associated with the Repurchase Scheme, including the expected Restructure expenses amounting to R5 669 492 (as set out in section E of this Circular) will be funded out of Altron's existing cash reserves.

## 21. IMPACT ON THE FINANCIAL INFORMATION

21.1 The Repurchase Scheme is not expected to have any effect on the financial statements of Altron as the repurchase of the N Share equity instruments is being effected through the issue of new A Share equity instruments. Shareholders' equity will remain the same before and after the Repurchase Scheme and there will be no impact on profit or loss, other than minor transaction costs, as set out in paragraph 57 of this Circular. Given the Conversion to no par value instruments, share capital and share premium will be reclassified as Stated Capital.

21.2 The Repurchase Scheme does not constitute a share-based payment transaction, as envisaged by IFRS2, as no "goods or services" are received by the Company in return for the issue of the Repurchase Scheme Consideration. Likewise, IAS32 has no application to the Repurchase Scheme on the basis that the Repurchase Scheme Consideration (in the ratio of nine A Shares to 10 N Shares) has been determined on a particular date in order that a fixed number of A Shares will be issued. The obligation to settle the Repurchase Scheme Consideration is therefore an equity instrument and not a "financial liability" as defined in IAS 32. As a result, Altron will record the Repurchase Scheme in equity.

## 22. CANCELLATION AND DELISTING

Following the fulfilment or waiver (where capable of waiver) of the Repurchase Scheme Conditions, the issued N Shares will be delisted, cancelled as issued N Shares and reinstated as authorised but unissued N Shares. By virtue of the passing of Special Resolution Number 12 and the filing thereof with CIPC, after the Repurchase Scheme Operative Date, all of the authorised and unissued N Shares will be cancelled.

## 23. COURT APPROVAL

23.1 Shareholders are advised that, in terms of section 115(3) of the Companies Act, Altron may in certain circumstances not proceed to implement the Repurchase Scheme, despite the requisite resolutions being adopted at the Meetings, without the approval of the court.

23.2 A copy of section 115 of the Companies Act is set out in **Annexure 5** to this Circular.

## 24. EXCHANGE CONTROL REGULATIONS

In the hands of an N Shareholder, the transition from holding an N Share to an A Share is effectively a switch transaction (namely, the Shareholder's investment moves from one listed share to another listed share). This transition is accommodated by the Exchange Control Regulations and is an administrative function to be fulfilled by the Shareholder's CSDP. Shareholders whose registered address is outside the

Common Monetary Area will need to comply with Exchange Control Regulations. If Shareholders are in any doubt as to what action to take, they should consult their professional advisers.

25. **GENERAL INFORMATION**

Shareholders are referred to section E of this Circular for general disclosures pertaining to the Company and required in terms of the Listings Requirements regulating specific repurchases of Shares.

# MOI AMENDMENTS

## 26. INTRODUCTION

26.1 In order to implement the Restructure, the MoI Amendments set out in this section B will need to be effected.

26.2 In order to give effect to the MoI Amendments, Shareholders will need to pass certain of the Special Resolutions at the Special General Meeting.

26.3 In addition to the MoI Amendments, the Company also proposes to make a change to the article titled *"NOTICES AND ELECTRONIC COMMUNICATION"* in the Existing Company MoI in order to align the aforesaid article dealing with the delivery, publishing and providing of notices, documents, records and/or statements with the Companies Act and the Companies Regulations. This amendment is unrelated to the Restructure and is being proposed for practical reasons.

26.4 If approved by Shareholders, the MoI Amendments will become effective on the date on which the notice of amendment in respect of the New Company MoI is filed with the CIPC and the CIPC has confirmed that the New Company MoI has been accepted and placed on file.

## 27. CONVERSION TO NO PAR VALUE SHARES

27.1 The current authorised and issued A Share capital of the Company comprises ordinary "A" class Shares with a par value of 2 cents each which were created and issued in terms of the Companies Act, 1973 (Act 61 of 1973), as amended. The Companies Act, which came into force on 1 May 2011, changed the share capital regime in South Africa in that, *inter alia*, any new Shares to be created will no longer have a par value. Although a company with par value Shares is not required to convert their par value Shares into no par value Shares before they are issued, in terms of regulation 31(2) of the Companies Regulations, if a company wishes to issue that number of Shares which is in excess of it authorised share capital, it will first have to convert all of the authorised and issued par value Shares before being entitled to increase the authorised share capital to allow for future issues of Shares.

27.2 Accordingly, in order to enable Altron to increase its authorised A Share capital for the purposes of issuing the Subscription Shares and settling the Repurchase Scheme Consideration, the Board is required to first convert the Company's authorised and issued A Shares having par value into no par value A Shares, which A Shares will have the same rights and privileges as those currently attaching to the par value A Shares.

27.3 In terms of regulation 31(7) of the Companies Regulations (an extract of which is set out in paragraph 27.4 below), the Company must publish a report in respect of the proposed resolution required to be put to Shareholders in order to approve the Conversion. The report on the Conversion is set out in paragraph 27.5 below.

27.4 The following is an extract of regulation 31(7) of the Companies Regulations:

"*The Board must cause a report to be prepared in respect of a proposed resolution to convert any nominal or par value Shares in terms of sub-regulation (6), which must at a minimum:*

*(a) state all information relevant to the value of the securities affected by the proposed conversion;*

*(b) identify holders of the company's securities affected by the proposed conversion;*

*(c) describe the material effects that the proposed conversion will have on the rights of the holders of the company's securities affected by the proposed conversion; and*

*(d) evaluate any material adverse effects of the proposed arrangement against the compensation that any of those persons will receive in terms of the arrangement."*

27.5 Report on the Conversion

*Information in relation to the value of the securities affected by the Conversion*

The rights attaching to the A Shares after the Conversion will be identical to the rights attaching to the A Shares prior to the Conversion. Accordingly, the Board is of the opinion that the Conversion will not affect the value of the A Shares.

*Shareholders affected by the Conversion*

Altron has two classes of Shares listed on the JSE, namely ordinary A Shares and ordinary N Shares. Given that the N Share structure will be dismantled pursuant to the Restructure and N Shareholders are to receive A Shares in consideration for their N Shares in terms of the Repurchase Scheme, all Shareholders will be affected equally by the Conversion and on the same terms and conditions.

*Material effects that the Conversion will have on the rights of the Shareholders affected by the Conversion*

The rights attaching to the A Shares will, upon their conversion from par value to no par value, be identical to the rights currently attaching to the current par value A Shares. Accordingly, the Conversion will not have any material effects on the rights of Shareholders.

*Material adverse effects of the Conversion against the compensation that any of those persons will receive in terms of the arrangement*

The Conversion will not have any material adverse effect on any of the Shareholders and no Shareholders will receive any compensation pursuant to the Conversion.

*Certificated Shareholders*

Notwithstanding the Conversion, Certificated Shareholders are not required to return their share certificates to the Company, and may retain such share certificates which will evidence their title to the no par value A Shares held by them resulting from the Conversion, notwithstanding that such share certificates make reference to A Shares having a par value. Certificated Shareholders are, however, reminded that they will not be able to trade such no par value A Shares on the JSE until these A Shares have been dematerialised, which may take between 1 (one) and 10 (ten) days, depending on the volumes being processed by Strate at the time.

27.6 The Conversion will have no impact on Altron's financial statements as it is merely a legal consequence of the Companies Act and does not result in any change in value for Shareholders. Any existing share capital and share premium will be disclosed as stated capital on implementation of the Conversion.

## 28. INCREASE IN AUTHORISED A SHARE CAPITAL

In order to create sufficient authorised A Share capital to provide for the issue of the Subscription Shares and the issue of the new A Shares in terms of the Repurchase Scheme, as well as for possible issues of A Shares pursuant to the Share Plan and for potential future share-based transactions as and when required, the Board proposes, pursuant to the Conversion, an increase in the Company's authorised A Share capital from 247 500 000 A Shares to 500 000 000 A Shares by the creation of an additional 252 500 000 A Shares.

## 29. CREATION OF NEW HIGH VOTING SHARE

29.1 As one of the inter-conditional steps to the Restructure, it is proposed that the Company's authorised share capital be amended by the creation of the New High Voting Share, which will have the preferences, rights, limitations and other terms set out in the New Company MoI and which are summarised in paragraph 29.3 below. The New High Voting Share will be issued to the Venter Family Entity at the Venter Family Subscription Consideration, in terms of the Venter Family Subscription Agreement.

29.2 The subscription by the Venter Family Entity for the New High Voting Share is considered critical to retain the Venter Family's significant institutional knowledge and deep understanding of the Group, which is essential for the successful continuation of the business and its relationships. As a consequence of the Restructure, the Venter Family will forfeit absolute control over the Company and will only be able to block the passing of special resolutions and certain ordinary resolutions that require 75% approval in terms of the Listings Requirements. The effect of the Restructure is to significantly reduce the Venter Family's voting influence and control over the Company whilst enhancing their alignment with Shareholders by effectively replacing a very high voting share with a lower high voting share.

29.3 The New High Voting Share shall:

29.3.1 not have any economic participation rights beyond the rights to have the Venter Family Subscription Consideration repaid on a winding-up or other return of capital;

29.3.2 for as long as the Venter Family holds directly or indirectly at least 10% of the A Shares, carry the number of voting rights required to ensure that, when aggregated with the total voting rights attaching to all of the A Shares held by the Venter Family, will entitle the Venter Family to exercise 25% plus one vote at any Shareholders' meeting. By way of example, if at any Shareholders' meeting the total voting rights attaching to the A Shares held by the Venter Family is 15%, the voting rights attaching to the New High Voting Share will be 10% plus one vote;

29.3.3 be non-transferable (in other words, the Venter Family will not be able to monetise the New High Voting Share);

29.3.4 be unlisted; and

29.3.5 automatically cease to carry any voting rights if, at any point in time the number of A Shares directly or indirectly held by the Venter Family falls below the aforesaid threshold of at least 10%. In such an event, the New High Voting Share held by the Venter Family Entity will be redeemed by Altron for an amount equal to the Venter Family Subscription Consideration.

29.4 The issue of the New High Voting Share is inconsistent with paragraph 4.18(b) read with paragraph 4.20 of the Listings Requirements, which provide that the JSE will not allow an existing listed company to issue any low or high voting security. A high voting security is described as a security that confers on its holder, both at the time of listing of the security and subsequently, enhanced voting rights in comparison with the voting rights of the holders of equity securities of the issuer already listed. The voting rights may be enhanced either with respect to the number of votes per security or with respect to the matters on which the holders of the securities may vote or otherwise.

29.5 Application has been made to the JSE for dispensation from compliance with the relevant provisions of the Listings Requirements in relation to the creation and issue of the New High Voting Share. As at the Last Practicable Date, the JSE has granted the Company the required dispensation in relation to the creation and issue of the New High Voting Share.

## 30. DISSENTING SHAREHOLDERS

30.1 Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act. A copy of section 164 of the Companies Act is attached as **Annexure 5** to this Circular.

30.2 In terms of 164(2), Shareholders are entitled to the Appraisal Rights provided for in section 164 of the Companies Act as a result of the amendment to the Existing Company MoI relating to the creation of the New High Voting Share.

30.3 Shareholders who wish to exercise their Appraisal Rights in terms of section 164 of the Companies Act are required, before the New High Voting Share Special Resolution to approve the New High Voting Share MoI Amendment is voted on at the Special General Meeting, to give notice to the Company, in writing, objecting to the New High Voting Share Special Resolution under section 164(3) of the Companies Act and must vote against the New High Voting Share Special Resolution at the Special General Meeting.

30.4 If the New High Voting Share MoI Amendment does not become effective and, as a consequence, the Venter Family Subscription Agreement does not become unconditional as result of non-fulfilment of the condition precedent referred to in paragraph 37.2.3 below, the Restructure will not be implemented, given that the Restructure steps (one of which is that the Venter Family Subscription Agreement becomes unconditional and is implemented) are inter-conditional.

30.5 In the circumstance contemplated in paragraph 30.4 above, the New High Voting Share Special Resolution shall be revoked by virtue of the passing of Special Resolution Number 11 as set out in the notice convening the Special General Meeting. As a consequence, Dissenting Shareholders shall have no further rights under section 164 of the Companies Act by virtue of the circumstance contemplated in section 164(9)(c) of the Companies Act.

30.6 In the event that any of the circumstances contemplated in section 164(9)(a) or (b) of the Companies Act occurs and a Dissenting Shareholder has not exercised its rights in terms of section 164(14) of the Companies Act, then the New High Voting Share MoI Amendment will be given effect to. For the sake of clarity, except where expressly provided otherwise, all rights attaching to the Shares held by the Dissenting Shareholders shall be reinstated in terms of section 164(10) of the Companies Act.

30.7 Any Shareholder who is in doubt as to what action to take should consult their legal or professional advisers in this regard.

30.8 Before exercising their Appraisal Rights, Shareholders should have regard to the fact that the court is empowered to grant a cost order in favour of, or against, a Dissenting Shareholder, as applicable.

**Shareholders are referred to Annexure 3 to this Circular which contains the New Company MoI.**

# SUBSCRIPTIONS

## 31. INTRODUCTION

31.1 In terms of the VCP Subscription Agreement, Altron will issue the Subscription Shares to VCP for the VCP Subscription Consideration. The VCP Subscription constitutes a specific issue of A Shares for cash in terms of the Listings Requirements. The Subscription Shares represent 14.9% of the issued A Share capital of Altron on implementation of the Restructure, net of Treasury Shares, at the VCP Subscription Consideration (being R7.35 (after implementation of the Repurchase Scheme) per Subscription Share.

31.2 In terms of the Venter Family Subscription Agreement, the Company will issue the New High Voting Share to the Venter Family Entity for the Venter Family Subscription Consideration. The Venter Family Subscription constitutes a specific issue of Shares for cash in terms of the Listings Requirements.

## 32. OVERVIEW OF VCP

VCP is an investment company founded by Antony Ball and Samuel Sithole (former Chief Executive Officer and Chief Financial Officer, respectively, of Brait SE). VCP's investment strategy deploys the best of private equity principles in the listed equity environment. Its philosophy is to undertake long-term investments in businesses with an attractive business model trading significantly below intrinsic value and which lend themselves to material value unlock for all stakeholders. VCP intends to be an engaged shareholder in Altron and seeks to actively assist with the implementation of the Company's strategies so as to maximise returns for all Altron Shareholders. VCP is fully committed to assisting the Company in achieving its strategic growth objectives over the long-term.

## 33. RATIONALE FOR THE SPECIFIC ISSUE TO VCP

33.1 The VCP Subscription will result in the injection of R400 million fresh capital into the Company, facilitating the acceleration of Altron's growth initiatives in its core IT operations and furthermore aligning the interests of VCP with those of other Altron Shareholders. The VCP Subscription is a significant vote of confidence in Altron and its future growth prospects and will:

- provide the Group with added flexibility to implement its growth strategy in the Group's core information technology businesses, to exit its non-core manufacturing assets, and to create capacity for acquisitive growth; and
- allow Altron to be strengthened by a strategic partner with the ability to support the Company both strategically and financially.

33.2 The proceeds of the VCP Subscription Consideration will be applied to the Group's ongoing operations and to further its strategic objectives.

## 34. TERMS OF THE VCP SUBSCRIPTION

34.1 In terms of the VCP Subscription Agreement, VCP will subscribe for the Subscription Shares at the Subscription Consideration, pursuant to which VCP will hold approximately 14.9% of the issued A Share capital of Altron net of Treasury Shares.

34.2 The Subscription Consideration equates to R7.35 (after implementation of the Repurchase Scheme) per Subscription Share, which equates to an issue price of R6.84 before the Restructure, representing the VWAP of an A Share traded on the JSE over 30 Trading Days to 25 November 2016.

34.3 The Specific Issue is an issue to a public Shareholder and not to a non-public Shareholder or to a related party, as contemplated in the Listings Requirements.

35. **CONDITIONS PRECEDENT TO THE VCP SUBSCRIPTION**

35.1 The VCP Subscription Agreement is subject to the fulfilment or waiver (where capable of waiver as provided for in the said agreement) of the following key conditions precedent by no later than 31 May 2017, or such later date as the Company and VCP may agree:

35.1.1 the Venter Family Subscription Agreement becomes unconditional in accordance with its terms, save for any condition therein requiring that the VCP Subscription Agreement becomes unconditional;

35.1.2 all of the (i) Special Resolutions and Ordinary Resolutions (save for Special Resolutions Numbers 10, 11 and 12 and Ordinary Resolution Number 3 contained in the notice of the Special General Meeting), and (ii) Repurchase Scheme Resolutions (save for Special Resolution Number 2 contained in the notice of the N Shareholder Meeting), are passed;

35.1.3 the New Company MoI being adopted by Shareholders, filed with the CIPC and the CIPC confirming that the New Company MoI has been accepted and placed on file;

35.1.4 the Repurchase Scheme becomes unconditional in accordance with its terms, save for any condition requiring that the VCP Subscription Agreement becomes unconditional; and

35.1.5 the JSE grants approval for the listing of the Subscription Shares.

36. **RATIONALE FOR THE SPECIFIC ISSUE TO THE VENTER FAMILY**

The Venter Family Subscription is considered critical to retain the Venter Family's significant institutional knowledge and deep understanding of the Group, which is essential for the successful continuation of the business and its relationships.

37. **TERMS OF THE VENTER FAMILY SUBSCRIPTION**

37.1 In terms of the Venter Family Subscription Agreement, the Venter Family Entity will subscribe for the New High Voting Share, at the Venter Family Subscription Consideration.

37.2 The Venter Family Subscription is subject to the fulfilment or waiver (where capable of waiver as provided for in the said agreement) of the following key conditions precedent by no later than 31 May 2017, or such later date as the Company and Venter Family Entity may agree:

37.2.1 the VCP Subscription Agreement becomes unconditional in accordance with its terms, save for any condition therein requiring that the Venter Family Subscription Agreement becomes unconditional;

37.2.2 all of the (i) Special Resolutions and Ordinary Resolutions (save for Special Resolutions Numbered 10, 11 and 12 and Ordinary Resolution Number 3 contained in the notice of Special General Meeting), and (ii) Repurchase Scheme Resolutions (save for Special Resolution Number 2 contained in the notice of the N Shareholder Meeting), are passed;

37.2.3 if Shareholders, holding more than 5% of all of the issued Shares, having given notice objecting to the New High Voting Share Special Resolution and having voted against the New High Voting Share Special Resolution, do not proceed to give valid demands to the Company in terms of section 164(5) to 164(8) of the Companies Act within the prescribed time period or if no Shareholders proceed to exercise their Appraisal Rights or Shareholders, holding 5% or less of all of the issued Shares, proceed to exercise their Appraisal Rights, by giving notice objecting to the New High Voting Share Special Resolution and having voted against the New High Voting Share Special Resolution;

37.2.4 the Repurchase Scheme becomes unconditional in accordance with its terms, save for any condition requiring that the Venter Family Subscription Agreement becomes unconditional; and

37.2.5 the TRP having issued a compliance certificate with respect to the Repurchase Scheme.

## 38. THE SUBSCRIPTIONS IN RELATION TO ALTRON'S DIRECTORS

38.1 There will be no variation in the full names, business addresses and functions in the Group of Altron Directors, as a direct consequence of the implementation of the Subscriptions. In terms of the Restructure, VCP may nominate Antony Ball and Samuel Sithole as non-executive directors to the Board, subject to Altron Shareholder approval, as detailed more fully in section D of this Circular.

38.2 There will be no variation in the remuneration to be received by any of the Altron Directors as a direct consequence of the Subscriptions. Furthermore, the remuneration of the Board following implementation of the Changes to the Board has not yet been determined, but will be in line with the Company's formal remuneration policy.

## 39. IMPACT ON THE FINANCIAL INFORMATION

39.1 The Specific Issue to VCP will result in both Stated Capital and Cash and Cash Equivalents in Altron's Group financial statements increasing by R400 million. Profit or loss will be impacted by the various transaction costs, as set out in paragraph 57 of this Circular (once-off) as well as interest earned on the cash injection, net of any taxes (ongoing).

39.2 The New High Voting Share is redeemable in the event of the beneficial interest of the Venter Family in the A Shares falling below 10%. In theory, this will result in the classification of the High Voting Share as a financial liability. However, as the redemption amount of R10,000.00 is nominal and not material to the Altron financial statements, classification as equity is not precluded.

## 40. GENERAL INFORMATION

Shareholders are referred to section E: of this Circular for general disclosures pertaining to the Company and required in terms of the Listings Requirements regulating specific issues of Shares.

# CHANGES TO THE BOARD

## 41. INTRODUCTION

41.1 As part of the Restructure, the Appointments to the Board set out in paragraphs 42 and 43 of this section D will need to be effected. At an appropriate time, and following successful implementation of the Restructure, it is proposed that the amendments to the Board as set out in paragraphs 44 and 45 of this section D will be effected.

41.2 One of the inter-conditional steps in the Restructure is that Antony Ball and Samuel Sithole are appointed as non-executive directors to the Board. In order to give effect to the Appointments to the Board, it will be necessary for Altron Shareholders to approve the appointment of Antony Ball and Sam Sithole as non-executive directors to the Board, by way of separate ordinary resolutions requiring support from Altron Shareholders holding more than 50% of the total number of votes exercised by Altron Shareholders present and eligible to vote on such resolutions at the Special General Meeting.

## 42. APPOINTMENT OF ANTONY BALL

42.1 Antony Ball will be nominated for appointment as a non-executive director of the Board, with effect from the date of implementation of the Restructure.

42.2 A brief *curriculum vitae* for Mr Ball appears below:

**Antony Ball (Age 58) MPhil (Management Studies), Oxford University (Rhodes Scholar), BCom (Hons), UCT**

Antony Ball co-founded Capital Partners, South Africa's first independent private equity firm. In 1998, Capital Partners merged with the investment banking interests of Capital Alliance Holdings Limited to form Brait SE. Mr Ball served as Brait's Chief Executive Officer for nine years, during which time he played a key role in the raising, management and organisation of Brait's private equity funds and led numerous investments covering industrial services, technology, manufacturing, media, agricultural services and chemicals.

## 43. APPOINTMENT OF SAMUEL SITHOLE

43.1 In terms of the Restructure Agreement, Samuel Sithole will be nominated for appointment as a non-executive director of the Board, with effect from the date of implementation of the Restructure.

43.2 A brief *curriculum vitae* for Mr Sithole appears below:

**Samuel Sithole (Age 43) BAcc (Hons), Institution, CA(SA), ACA, CA(Z)**

Samuel Sithole served as Group Financial Director of Brait SE from 2008 until 2016. Mr Sithole was responsible for providing strategic direction for Brait on all financial-related matters including Group reporting and systems integrity, treasury and cash management, tax strategy, compliance and corporate governance matters as well as overseeing the investor relations program. He has previously served on the Boards of Brait SE and Pepkor Holdings Limited, among others.

Mr. Sithole, a Chartered Accountant by training, was a former Deloitte audit partner and group leader of the Financial Services Audit practice in Johannesburg prior to joining Brait.

## 44. RETIREMENT OF DR BILL VENTER

Altron's Chairman has decided to retire as Non-Executive Chairman of the Board at an appropriate time after Altron's current financial year to 28 February 2017 and following successful implementation of the Restructure. Having regard to his role as founder of the Altron Group some 50 years ago, and his position as one of South Africa's leading entrepreneurs, Dr Venter has agreed to remain on the Board as a non-executive director of the Company and will assume the title of Chairman Emeritus. A new independent Chairman will be appointed from within the Board's ranks at the appropriate time.

45. **RESIGNATION OF ROBBIE VENTER**

45.1 Altron's current Chief Executive, Robbie Venter, indicated in early 2016 his intention to step down as Chief Executive and the process of appointing a suitable replacement for Mr Venter is underway. Given his 27 years with the Group and the wealth of knowledge and experience he brings to the Board, Mr Venter has agreed to remain on the Board as a non-executive director once an appropriate replacement for the role of Chief Executive has been made following successful implementation of the Restructure.

45.2 In addition, it is envisaged that Mr Venter will make himself reasonably available to the Company in order to support the management of key relationships and to support the transition to a new Chief Executive.

46. **APPOINTMENT OF NON-EXECUTIVE IT DIRECTOR**

Consideration is also being given to the appointment of a leading IT expert to the Board in a non-executive capacity, at an appropriate time and following successful implementation of the Restructure.

# GENERAL INFORMATION

## 47. DESCRIPTION OF THE BUSINESS OF ALTRON

Altron is an investment holding company. Its principal subsidiaries, Altron TMT Holdings Proprietary Limited (incorporating Allied Technologies ("Altech") and Bytes Technology Group) and Power Technologies Proprietary Limited ("Powertech"), are invested in the power electronics, telecommunications, multi-media and information technology industries. Altron is in the process of refocusing its business into the telecommunications and IT industries through the disposal of its businesses in the power electronics and multi-media industries.

## 48. PROSPECTS

48.1 The Company has made good progress in refocusing the Altron Group in line with its stated strategy and, as a result, has been able to significantly reduce the debt levels of the Group to sustainable levels. Nevertheless, the disposal of the remaining non-core assets remains the Company's main priority in order to release capital to further strengthen the balance sheet and enable further investment into the core businesses. The Restructure is an acknowledgement of this progress and will enable the Group to accelerate the investment into the core businesses in a disciplined and focused manner.

48.2 The core telecommunications and IT businesses are operating in difficult and uncertain local economic conditions, but have shown their resilience and will continue to do so. While the Board does not anticipate any significant change in the local environment, with conditions likely to remain challenging, it will be looking to invest in higher growth areas in these industries while continuing to work on the efficiencies in some of Altron's more mature businesses. The Company's main offshore presence in the UK continues to demonstrate its ability to grow in its chosen markets, although the weaker Pound will impact the contribution from these operations to the Group's results going forward. As the Group reduces in size it will continue with the process of rationalising head office and corporate costs.

## 49. HISTORICAL FINANCIAL INFORMATION

Extracts from the audited historical financial information of Altron for the years ended 29 February 2016, 28 February 2015, 28 February 2014 and extracts from the unaudited interim results for the six months ended 31 August 2016 are included in **Annexure 2** to this Circular.

## 50. MARKET VALUE OF SECURITIES

A table of the aggregate volumes and values of Altron Shares traded on the JSE, and the highest and lowest prices traded, for each month over the 12 months prior to the Last Practicable Date and for each day over the 30 Trading Days prior to the Last Practicable Date is included in **Annexure 4** to this Circular.

## 51. MAJOR BENEFICIAL SHAREHOLDERS

### 51.1 Major beneficial Shareholders as at the Last Practicable Date

Insofar as it is known to the Directors, the following Shareholders, other than Directors, have a direct, beneficial interest in 5% or more of the issued ordinary A Share capital of the Company and hold no indirect beneficial interests in the issued ordinary A Share capital of Altron, as at the Last Practicable Date:

| Shareholder | Number of A Shares held | % of issued A Share capital (gross of Treasury Shares) | % of issued A Share capital (net of Treasury Shares) |
|---|---|---|---|
| Biltron Proprietary Limited[1] | 50 614 827 | 47.9 | 49.4 |
| Sanlam Investment Management Proprietary Limited | 8 573 499 | 8.1 | 8.4 |
| Altron Finance Proprietary Limited[2] | 3 246 469 | 3.1 | n/a |
| **Total** | **62 434 795** | **59.1** | **57.8** |

**Notes:**

1. A portion of Venter Family's ownership of A Shares is held through Biltron.
2. Treasury Shares – Altron Finance Proprietary Limited is a wholly-owned subsidiary of Altron. Its holding is less than 5%, but is disclosed for completeness.

Insofar as it is known to the Directors, the following Shareholders, other than Directors, have a direct, beneficial interest in 5% or more of the issued ordinary N Share capital of the Company and hold no indirect beneficial interests in the issued ordinary N Share capital of Altron, as at the Last Practicable Date:

| Shareholder | Number of N Shares held | % of issued N Share capital (gross of Treasury Shares) | % of issued N Share capital (net of Treasury Shares) |
|---|---|---|---|
| Sanlam | 52 807 727 | 20.0 | 22.3 |
| Coronation Fund Managers | 36 533 065 | 13.8 | 15.4 |
| Altron Finance Proprietary Limited[1] | 27 704 013 | 10.5 | n/a |
| **Total** | **117 044 805** | **44.3** | **37.7** |

**Note:**

1. Treasury Shares – Altron Finance Proprietary Limited is a wholly-owned subsidiary of Altron.

51.2 **Major beneficial Shareholders on implementation of the Restructure**

Insofar as it is known to the Directors, the following Shareholders, other than Directors, will have a direct, beneficial interest in 5% or more of the issued ordinary A Share capital of the Company and will hold no indirect beneficial interests in the issued ordinary A Share capital of Altron, on implementation of the Restructure:

| Shareholder | Number of A Shares held | % of issued A Share capital (gross of Treasury Shares) | % of issued A Share capital (net of Treasury Shares) |
|---|---|---|---|
| Biltron Proprietary Limited | 56 192 243 | 14.1 | 15.2 |
| Sanlam Investment Management Proprietary | 56 100 453 | 14.1 | 15.2 |
| VCP | 55 013 724 | 13.8 | 14.9 |
| Coronation Fund Managers | 35 043 713 | 8.8 | 9.5 |
| Altron Finance Proprietary Limited[1] | 28 180 080 | 7.1 | n/a |
| **Total** | **230 530 213** | **57.9** | **54.8** |

**Note:**

1. Treasury Shares – Altron Finance Proprietary Limited is a wholly-owned subsidiary of Altron.

On implementation of the Restructure, the N Shares, having been repurchased, cancelled and delisted from the JSE, will no longer be in issue and will be restored to authorised but unissued N Share capital. On implementation of the Restructure, the New Company MoI will provide that N Shares may only be issued in the future subject to the requisite Shareholder approvals, as may be required in terms of the New Company MoI, the Companies Act and the Listings Requirements.

By virtue of the passing of Special Resolution Number 12 and the filing thereof with CIPC, after the Repurchase Scheme Operative Date the authorised and unissued N Shares will be cancelled.

## 52. DIRECTORS' INTERESTS IN SHARES

### 52.1 Directors' interests in Altron Shares as at the Last Practicable Date

The direct and indirect beneficial interests of the Directors and their Associates, including Directors having resigned in the last 18 months, in the ordinary A Share capital of Altron as at the Last Practicable Date are set out below:

| | Direct beneficial interest | | Indirect beneficial interest | | Total | |
|---|---|---|---|---|---|---|
| | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| Dr WP Venter | 8 709 770 | 8.2 | 31 247 827 | 29.6 | 39 957 597 | 37.8 |
| RJ Abraham | 105 809 | 0.1 | – | – | 105 809 | 0.1 |
| MJ Leeming | 2 500 | – | 2 500 | – | 5 000 | – |
| MC Berzack | – | – | 1 357 | – | 1 357 | – |
| **Total** | **8 818 079** | **8.3** | **31 251 684** | **29.6** | **40 069 763** | **37.9** |

**Notes:**

1. Dr WP Venter and the Venter Family are the controlling shareholders of the Company as at Last Practicable Date.
2. The table in the Directors' interests between 29 February 2016 and the Last Practicable Date. The Last Practicable Date in this instance was 30 December 2016, being the date of the latest shareholder register obtained by Altron.
3. RJ Abraham retired from the Board with effect from 29 February 2016.
4. Disclosed as a percentage of A Shares in issue, gross of Treasury Shares.

The direct and indirect beneficial interests of the Directors and their Associates, including Directors having resigned in the last 18 months, in the ordinary N Share capital of Altron as at the Last Practicable Date are set out below:

| | Direct beneficial interest | | Indirect beneficial interest | | Total | |
|---|---|---|---|---|---|---|
| | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| MC Berzack | 238 946 | 0.1 | – | – | 238 946 | 0.1 |
| RE Venter | 186 997 | 0.1 | – | – | 186 997 | 0.1 |
| AMR Smith | 53 952 | – | – | – | 53 952 | – |
| SN Susman | – | – | 35 000 | – | 35 000 | – |
| Dr WP Venter | 34 055 | – | – | – | 34 055 | – |
| MJ Leeming | – | – | 21 307 | – | 21 307 | – |
| **Total** | **513 950** | **0.2** | **56 307** | **–** | **570 257** | **0.2** |

**Notes:**

1. Dr WP Venter and the Venter Family are the controlling shareholders of the Company as at Last Practicable Date.
2. The table captures changes in the directors' interests between 29 February 2016 and the Last Practicable Date.
3. Disclosed as a percentage of N Shares in issue, gross of Treasury Shares.

### 52.2 Directors' interests in Altron Shares on implementation of the Restructure

The direct and indirect beneficial interests of the Directors and their Associates, including Directors having resigned in the last 18 months, in the ordinary A Share capital of Altron on implementation of the Restructure are set out below:

| | Direct beneficial interest | | Indirect beneficial interest | | Total | |
|---|---|---|---|---|---|---|
| | **Number** | **%** | **Number** | **%** | **Number** | **%** |
| Dr WP Venter | 8 740 419 | 2.2 | 31 247 927 | 7.9 | 39 988 247 | 10 |
| MC Berzack | 215 051 | 0.1 | 1 357 | – | 216 408 | 0.1 |
| RE Venter | 168 297 | – | – | – | 168 297 | – |
| RJ Abraham | 105 809 | – | – | – | 105 809 | – |
| AMR Smith | 48 556 | – | – | – | 48 556 | – |
| SN Susman | – | – | 31 500 | – | 31 500 | – |
| MJ Leeming | 2 500 | – | 21 676 | – | 24 176 | – |
| **Total** | **9 280 632** | **2.3** | **31 302 360** | **–** | **40 582 922** | **10.1** |

**Notes:**

1. Dr WP Venter and the Venter Family will no longer be the controlling shareholders of the Company on the implementation of the Restructure.
2. The table captures changes in the directors' interests between 28 February 2016 and the Last Practicable Date.
3. RJ Abraham retired from the Board with effect from 29 February 2016.
4. On implementation of the Restructure, the N Shares, having been repurchased, cancelled and delisted from the JSE, will no longer be in issue and will be restored to authorised but unissued N Share capital.
5. On implementation of the Restructure, holders of N Shares at the Last Practicable Date will receive nine A Shares for every 10 N Shares held on the Repurchase Scheme Record Date.
6. Percentages are disclosed gross of Treasury Shares.

On implementation of the Restructure, and in terms of the Venter Family Subscription Agreement, Newco, as nominee for the Venter Family, will subscribe for the New High Voting Share. Dr WP Venter and RE Venter will accordingly hold an indirect ,beneficial interest in the New High Voting Share, through Newco.

## 53. ALTRON SHARE CAPITAL

53.1 The table below set out the authorised and issued share capital of Altron at the Last Practicable Date.

| | **R'000** |
|---|---|
| ***Authorised*** | |
| 247 500 000 ordinary A Shares of 2 cents each | 4 950 |
| 500 000 000 ordinary N Shares of 0.01 cent each | 50 |
| ***Issued*** | |
| 105 669 131 ordinary A Shares of 2 cents each | 2 113 |
| 264 313 630 ordinary N Shares of 0.01 cent each | 26 |
| ***Issued net of Treasury Shares*** | |
| 102 422 662 ordinary A Shares of 2 cents each | 2 048 |
| 236 609 617 ordinary N Shares of 0.01 cent each | 23 |

The table below set out the authorised and issued share capital of Altron on implementation of the Restructure.

| | **R'000** |
|---|---|
| ***Authorised after the MoI Amendments*** | |
| 500 000 000 ordinary A Shares of no par value | – |
| 500 000 000 ordinary N Shares of 0.01 cent each | 50 |
| 1 New High Voting Share | – |
| ***Issued after the MoI Amendments and the Repurchase Scheme*** | |
| 343 551 397 ordinary A Shares of no par value | 2 746 854 |
| Nil ordinary N Shares of 0.01 cent each | – |
| 1 New High Voting Share | 10 |
| ***Issued net of Treasury Shares after the MoI Amendments and the Repurchase Scheme*** | |
| 315 371 317 ordinary A Shares of no par value | 2 447 618 |
| Nil ordinary N Shares of 0.01 cent each | – |
| 1 New High Voting Share | 10 |
| ***Issued after the MoI Amendments, the Repurchase Scheme and the Subscription*** | |
| 397 973 165 ordinary A Shares of no par value | 3 146 854 |
| Nil ordinary N Shares of 0.01 cent each | – |
| 1 New High Voting Share | 10 |
| ***Issued net of Treasury Shares after the MoI Amendments, the Repurchase Scheme and the Subscription*** | |
| 369 793 085 ordinary A Shares of no par value | 2 847 619 |
| Nil ordinary N Shares of 0.01 cent each | – |
| 1 New High Voting Share | 10 |

## 54. ISSUES OF SHARES IN THE LAST THREE YEARS

The table below sets out the salient details of Shares issued by Altron in the three years preceding the Last Practicable Date:

| Recipient | Date of issue | Number of Shares Issued | Issue price per Share |
|---|---|---|---|
| Non-controlling interest | April 2014 | 3 500 000 | 23.9 |
| Non-controlling interest | July 2014 | 8 000 000 | 25.9 |

**Notes:**

1. All shares issued were ordinary N Shares
2. Excludes share options that were exercised.

## 55. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Altron or the Group since the publication of the Company's unaudited interim financial results for the six months ended 31 August 2016 and the Last Practicable Date.

## 56. THE MEETINGS AND WRITTEN INDICATIONS OF SUPPORT

56.1 The notice convening the N Shareholder Meeting at which N Shareholders will be requested to consider and, if deemed fit, to pass the Repurchase Scheme Resolutions necessary to approve and implement the Repurchase Scheme is attached to this Circular. The N Shareholder Meeting will be held at 10:00, in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017.

56.2 The notice convening the Special General Meeting at which Altron Shareholders will be requested to consider and, if deemed fit, to pass the Special Resolutions and Ordinary Resolutions necessary to approve and implement the Restructure is attached to this Circular. The Special General Meeting will be held at 10:30 (or as soon thereafter as the N Shareholders' Meeting in concluded), in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017.

56.3 Altron has received Written Indications of Support from the Company's Shareholders as follows:

| Shareholder | Number of N Shares held | % of issued N Share capital (net of treasury Shares) |
|---|---|---|
| **Held by the Venter Family Entity and the Venter Family** | | |
| Biltron Proprietary Limited | 6 197 129 | 2.6 |
| Dr WP Venter | 34 055 | – |
| RE Venter | 186 997 | 0.1 |
| **Total** | **6 418 181** | **2.7** |
| **Shareholders excluding the aforementioned** | | |
| Sanlam | 67 970 571 | 28.7 |
| Coronation Fund Management | 87 637 843 | 37.0 |
| Absa Asset Management | 1 812 775 | 0.8 |
| Kagiso Asset Management | 16 890 695 | 7.1 |
| Regarding Capital Management | 1 610 023 | 0.7 |
| Prudential Investment Management | 4 729 269 | 2.0 |
| Westbrooke Capital Management | 2 220 197 | 0.9 |
| Absa Capital | 1 107 365 | 0.5 |
| Centaur Asset Management | 9 008 623 | 3.8 |
| **Total[1]** | **192 987 361** | **81.5** |

Excluding Shares held by the Venter Family, the Company has procured Written Indications of Support for the Restructure from Shareholders holding 83.8% of the N Shares. Including Shares held by the Venter Family, the Company has procured Written Indications of Support for the Restructure from Shareholders holding 84.3% of the N Shares.

Altron has received Written Indications of Support from the Company's A Shareholders as follows:

| Shareholder | Number of A Shares held | % of issued A Share capital (net of treasury Shares) |
|---|---|---|
| **Held by the Venter Family Entity and the Venter Family** | | |
| Biltron Proprietary Limited | 50 614 827 | 49.4 |
| Dr WP Venter | 8 709 770 | 8.5 |
| **Total** | **59 324 597** | **57.9** |
| **Shareholders excluding the aforementioned** | | |
| Sanlam | 10 841 529 | 10.6 |
| Coronation Fund Management | 8 885 374 | 8.7 |
| Absa Asset Management | 6 218 932 | 6.1 |
| Kagiso Asset Management | 1 918 159 | 1.9 |
| Regarding Capital Management | 1 792 516 | 1.8 |
| Prudential Investment Management | 1 400 706 | 1.4 |
| Westbrooke Capital Management | 1 210 551 | 1.2 |
| Absa Capital | 847 271 | 0.8 |
| Centaur Asset Management | 526 157 | 0.5 |
| **Total[1]** | **33 641 195** | **33.0** |

**Notes:**

1. Altron has obtained a written indication of support for the Restructure from the Public Investment Corporation SOC Limited, so as to avoid the possibility of double counting with other asset managers.

Excluding Shares held by the Venter Family, the Company has procured Written Indications of Support for the Restructure from Shareholders holding 78.1% of the A Shares. Including Shares held by the Venter Family, the Company has procured Written Indications of Support for the Restructure from Shareholders holding 90.8% of the A Shares.

## 57. DIRECTOR'S RESPONSIBILITY STATEMENT

### 57.1 Board of Directors

The Directors, whose names are set out on page 12 above, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular in relation to Altron and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

### 57.2 Independent Board Sub-Committee

The Independent Board Sub-Committee, whose members are named in section A above, collectively and individually, accept full responsibility for the accuracy of the information given in this Circular in relation to Altron and certify that, to the best of their knowledge and belief, no material facts have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

## 58. EXPENSES

58.1 There have been no preliminary expenses relating to the Restructure incurred by Altron in the three years immediately preceding the date of this Circular.

58.2 The expenses relating to the Restructure (exclusive of VAT) are expected to be:

| Expense | Payable to | R |
|---|---|---|
| Independent Expert fees | BDO | 225 000 |
| Joint financial adviser and sponsor[1] | Investec | 2 000 000 |
| Joint financial adviser | RMB | 2 000 000 |
| Legal adviser to Altron | ENS | 850 000 |
| TRP inspection fees | TRP | 200 000 |
| JSE documentation fees | JSE | 63 042 |
| JSE listing fees | JSE | 139 400 |
| Printing and posting costs | Ince | 192 050 |
| **Total** | | 5 669 492 |

**Note:**

1. Acting under one mandate.

## 59. CONSENTS

59.1 The Company's advisers, whose names appear in the "Corporate Information and Advisers" section of this Circular have given and have not, prior to the Last Practicable date, withdrawn their written consent to the inclusion of their names in the form and context in which they appear in this Circular.

59.2 The Independent Expert has, in addition, given and has not withdrawn its consent to the issue of this Circular with its report in the form and context in which it is included.

## 60. DOCUMENTS AVAILABLE FOR INSPECTION

60.1 The following documents or copies thereof, will be available for inspection by Shareholders during normal office hours, from 09:00 to 17:00, from the date of posting of this Circular on Thursday, 9 February 2017 up to and including the date of the Meetings on Thursday, 9 March 2017, at the registered offices of the Company and at the offices of the Transfer Secretaries.

- the Existing Company MoI;
- the New Company MoI;
- the signed VCP Subscription Agreement;
- the signed Venter Family Subscription Agreement;
- the Share Plan;
- the published, audited annual financial statements of Altron for each of the three years ended 29 February 2016 and the published, unaudited interim financial statements for the six months ended 31 August 2016;
- the signed consents letters referred to in paragraph 59 above;
- a signed copy of this Circular;
- the TRP approval letter;
- the Written Indications of Support referred to in paragraph 56 above; and
- the signed Independent Expert's report attached as **Annexure 1** to this Circular.

Signed on behalf of the Board

**WK Groenewald**
*Interim Company Secretary*

3 February 2017

Signed on behalf of the Independent Sub-Committee of the Board

**MJ Leeming**
*Chairman of the Independent Board*

3 February 2017

# REPORT OF THE INDEPENDENT EXPERT

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Parktown, 2193
Private Bag X60500
Houghton, 2041
South Africa

The Independent Board Sub-Committee
Allied Electronics Corporation Limited
4 Sherborne Road
Parktown
2193

9 February 2017

Dear Sirs

**REPORT OF THE INDEPENDENT EXPERT TO ALLIED ELECTRONICS CORPORATION LIMITED REGARDING A SCHEME OF ARRANGEMENT IN TERMS OF SECTION 114 OF THE COMPANIES ACT BETWEEN THE COMPANY AND N SHAREHOLDERS PURSUANT TO WHICH, IF IMPLEMENTED, THE COMPANY WILL REPURCHASE ALL THE ISSUED N SHARES FOR THE REPURCHASE SCHEME CONSIDERATION (BEING NINE A SHARES FOR EVERY 10 N SHARES HELD)**

## INTRODUCTION

In an announcement published by Allied Electronics Corporation Limited ("Altron", or the "Company") on the Stock Exchange News Service of the JSE Limited ("JSE") ("SENS") on 6 December 2016, the Company advised registered holders of ordinary "A" class Shares with a par value of 2 cents each in the share capital of Altron ("A Shares") ("A Shareholders") and ordinary "N" class Shares with a par value of 0.01 cent ("N Shares") ("N Shareholders") ("Altron Shareholders" or "Shareholders") of the Company's intention to reposition Altron and its subsidiaries ("the Group") from a family controlled and managed business to one that is independently managed, to be effected by way of:

- a scheme of arrangement in terms of section 114(1) of the Companies Act, No. 71 of 2008, as amended ("Companies Act"), proposed by the Board of Directors of Altron ("Board" or "Directors") between the Company and N Shareholders, in terms of which, the Company will acquire all the issued N Shares held by N Shareholders, and N Shareholders shall be obliged to transfer their rights, title and interest in and to the N Shares to the Company, for nine A Shares for every 10 N Shares held by N Shareholders ("the Exchange Ratio" or "the Repurchase Scheme Consideration") ("Repurchase Scheme");
- the conversion of the A Shares having a par value of 2 cents each to A Shares having no par value ("Conversion"), the increase in the Company's authorised A Share capital from 247 500 000 A Shares to 500 000 000 A Shares by the creation of an additional 252 500 000 A Shares ("Increase in Authorised A Share Capital") and the creation of an unlisted class of share in the authorised share capital of the Company having the preferences, rights, limitations and other terms set out in the new MoI to be adopted by Shareholders pursuant to a special resolution ("New Company MoI Amendment") ("New High Voting Share") ("MoI Amendments");
- a specific issue of 54 421 768 A Shares ("Subscription Share") for cash to Venture Capital Partners Proprietary Limited ("VCP") for R7.35 per Subscription Share ("VCP Subscription Consideration"), representing the volume weighted average price ("VWAP") of an A Share traded on the JSE over 30 trading days to 25 November 2016, being the date on which the terms of the VCP Subscription was determined and agreed in writing between VCP and the Company, amounting to an aggregate subscription consideration of R400 million; and
- the reconstitution of the Board ("Changes to the Board") together, (the "Restructure").

As at the date of this opinion, the share capital of the Company comprises:

- Authorised share capital comprising:
  - 247 500 000 A Shares;
  - 500 000 000 N Shares;
- Issued share capital comprising:
  - 102 422 662 A Shares (net of 3 426 469 A Shares held by a subsidiary of the Company and/or held by an entity where the Shares are controlled by Altron from a voting perspective ("Treasury Shares")); and
  - 236 609 617 N Shares (net of 27 704 013 N Shares held as Treasury Shares).

Full details of the Restructure are contained in the Circular to be dated on or about 9 February 2017, which will include a copy of this letter ("Circular").

Copies of sections 115 and 164 of the Companies Act are set out in **Annexure 5** of the Circular and are incorporated herein by reference for purposes of section 114(3)(g) of the Companies Act.

**FAIR AND REASONABLE OPINION REQUIRED IN RESPECT OF THE REPURCHASE SCHEME**

The Repurchase Scheme is an affected transaction as defined in section 117(1)(c) of the Companies Act. In terms of section 114(2) of the Companies Act, as read with Regulation 90 and 110 of the Companies Regulations, the independent Board of Directors of Altron ("Independent Board Sub-Committee") is required to retain an independent expert to provide an independent expert report (in the form of a fair and reasonable opinion) in terms of section 114(3) of the Companies Act and Regulation 90 and 110 of the Companies Regulations ("the Opinion" or "Fair and Reasonable Opinion").

BDO Corporate Finance Proprietary Limited ("BDO Corporate Finance") has been appointed as the independent expert by the Independent Board Sub Committee to assess the Repurchase Scheme as required in terms of section 114 of the Companies Act and Regulation 90 and 110 of the Companies Regulations, in respect of the Restructure, and this report is provided for the sole purpose of assisting the Independent Board Sub-Committee in forming and expressing an opinion on the Repurchase Scheme for the benefit of N Shareholders.

**RESPONSIBILITY**

Compliance with the JSE Listings Requirements, the Companies Act and the Companies Regulations is the responsibility of the Board and Independent Board Sub-Committee. Our responsibility is to opine on whether the terms and conditions of the Repurchase Scheme are fair and reasonable to N Shareholders, in respect of the Restructure.

The Independent Board Sub-Committee has not instructed BDO Corporate Finance to prepare a formal valuation of the Company or any of its securities or assets and the Opinion shall not be construed as such. BDO Corporate Finance has, however, conducted such analyses as it considered necessary in the circumstances to prepare and deliver the Opinion.

**DEFINITION OF THE TERMS "FAIR" AND "REASONABLE" APPLY IN THE CONTEXT OF THE REPURCHASE SCHEME**

The Board appointed the Independent Board Sub-Committee to, among other things, consider and make recommendations to the Board and Shareholders as to the appropriate exchange ratio and terms contemplated by the Repurchase Scheme.

The Independent Board Sub-Committee has requested that we prepare our Opinion as to the fairness, from a financial point of view, of the Exchange Ratio to N Shareholders and the reasonableness of the Exchange Ratio, based on qualitative factors.

**DETAIL AND SOURCES OF INFORMATION**

In arriving at our opinion we have relied upon the following principal sources of information:

- an understanding of the terms and conditions of the Restructure;
- audited financial statements of Altron for the years ended 28 February 2015 to 2016;
- unaudited interim results of Altron for the six months ended 31 August 2016;
- Altron forecast model containing:
  - Historical financial information, on a consolidated basis and by division, for the years ended February 2015 and 2016;
  - Actual results, on a consolidated basis and by division, for the period ended 31 October 2016;
  - Forecast financial information, on a consolidated basis and by division, for the years ending February 2017 – 2020;

- discussions with Directors and management regarding the historical and forecast financial information;
- discussions with Directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
- share price information of Altron;
- various studies regarding the value of voting rights;
- publicly available information relating to Altron that we deemed to be relevant, including company announcements and media articles; and
- publicly available information relating to the markets in which the Company operates.

The information above was secured from:

- Directors and management of Altron and their advisors; and
- third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Altron.

**PROCEDURES AND METHODS**

In arriving at our opinion we have undertaken the following procedures and employed the following methods in evaluating the fairness and reasonableness of the Restructure:

- reviewed the terms and conditions of the Restructure;
- held discussions with Directors and senior management of Altron and considered such other matters as we consider necessary, including assessing the prevailing economic and market conditions and trends;
- reviewed the audited and unaudited financial information of Altron;
- reviewed and obtained an understanding from management as to the forecast financial information of Altron and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data;
- held discussions with members of the Independent Board Sub-Committee;
- considered the rationale for the Restructure;
- assessed the long-term potential of Altron;
- evaluated the relative risks associated with Altron and the industry in which it operates;
- reviewed publicly available information regarding the Shares trading history of the Shares of the Company;
- reviewed public information with respect to other transactions of a comparable nature considered by us to be relevant, including transactions involving multiple classes of Shares;
- considered various empirical studies and research publications which compare public companies which have differential voting class share structures to public companies which have a single class of ordinary Shares which were considered relevant;
- considered publicly available information pertaining to the listed securities of companies with a capital structure including multiple classes or more than one class of Shares or Shares with different voting rights or restricted voting rights;
- considered various studies regarding the value of voting rights;
- reviewed certain publicly available information relating to Altron and the sector in which the Company operates that we deemed to be relevant, including Company announcements and media articles;
- where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which Altron operates, and to analyse external factors that could influence the business of Altron;
- performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the industries in which Altron operates; and
- held discussions with the directors and management of Altron regarding the past and current business operations, regulatory requirements, financial condition and future prospects of the Company and such other matters as we have deemed relevant to our inquiry.

**MATERIAL ASSUMPTIONS**

We arrived at our opinion based on the following material assumptions:

- that all agreements that have been entered into in terms of the Restructure will be legally enforceable;
- that the Restructure will have the legal, accounting and taxation consequences described in the Circular and in discussions with, and materials furnished to us by representatives and advisors of Altron; and
- that reliance can be placed on the audited and unaudited financial information of Altron.

**LIMITING CONDITIONS**

This opinion is provided in connection with and for the purposes of the Repurchase Scheme. The Opinion does not purport to cater for each individual N Shareholder's perspective, but rather for the rights and interests of the general body of N Shareholders.

Individual N Shareholders' decisions regarding the Repurchase Scheme may be influenced by such N Shareholders' particular circumstances and accordingly individual N Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the Repurchase Scheme.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

Where relevant, forward-looking information of Altron relates to future events and is based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Altron will correspond to those projected. We have, however, compared the forecast financial information to past trends as well as discussing the assumptions inherent therein with management.

We have also assumed that the Repurchase Scheme will have the legal consequences described in the Circular and in discussions with, and materials furnished to us by representatives and advisors of Altron and we express no opinion on such consequences.

Our opinion is based on current information and takes into account current economic, regulatory, market and other conditions. Subsequent developments or changes to these conditions may affect the opinion, however, we are under no obligation to update, review or re-affirm our opinion based on such developments or changes.

**INDEPENDENCE, COMPETENCE AND FEES**

We confirm that neither we nor any related person with us have a direct or indirect interest in the N Shares or the Repurchase Scheme nor any relationship as contemplated in section 114(2)(b) of the Companies Act, and specifically declare, as required by Regulation 90(6)(i) and Regulation 90(3)(a) of the Companies Regulations, that we are independent in relation to the Repurchase Scheme and will reasonably be perceived to be independent taking into account other existing relationships and appointments. We also confirm that we have the necessary competence to provide the Fair and Reasonable Opinion on the Repurchase Scheme and meet the criteria set out in section 114(2)(a) of the Companies Act.

Furthermore, we confirm that our professional fees of R225 000 (excluding VAT) are payable in cash and are not contingent upon the success of the Repurchase Scheme.

**APPROACH TO FAIRNESS AND REASONABLENESS**

*Fairness of the Exchange Ratio*

In assessing the fairness of the Exchange Ratio from a financial point of view, BDO Corporate Finance considered the following:

- the context under which the N Shares were created;
- the legal attributes and voting rights of each class of Shares; and
- the net benefits that accrue to each class of Shares as a result of the Restructure (i.e. the economic and voting rights before and after the Restructure).

BDO Corporate Finance reviewed and considered precedent dual class share collapse transactions in numerous jurisdictions and the historical relative trading values of classes of Shares with different voting rights.

The following factors, *inter alia*, were considered:

- the impact of the dual class share structure was designed to confer control to the Venter Family. The Venter Family currently exercises 57.3% of the voting rights in the Company, disproportionate to its 19.3% economic interest in Altron, through the Company's current dual share capital structure;
- the A Shares and N Shares rank *pari passu* with regards to earnings and dividends, but not in respect of voting rights or on liquidation of the Company. Upon liquidation, the N Shares rank preferent in terms of capital repayment;
- subsequent to the implementation of the Restructure there will only be one class of share in issue and as a result, the earnings and dividends for each share in issue will be the same before and after the Repurchase Scheme; and

- the range of studies considered indicate that where superior vote shareholders gave up their superior voting status (all Shares became "one share one vote") these shareholders received (in most cases) compensation in the form of additional Shares. This is applicable particularly in instances where majority shareholders transfer control to the market. Unifications are essentially intracompany transactions of the exchange of voting rights for economic rights, and provide observations of the intracompany-assessed price of voting rights as perceived by the majority shareholders ("PVR"). In terms of the Repurchase Scheme, the premium in excess of economic interest attributable to A Shares is 2.3% (increase in economic rights from 30.2% of book equity to 32.5% of book equity) and the loss in voting power for A Shares is 66.4% (decrease in voting rights from 98.9% to 32.5% excluding the effects of the New High Voting Share), which yields a PVR estimate of 0.03, which implies the price of vote in respect of the Repurchase Scheme is 0.03% of firm equity per 1% of vote. The PVR implied by the Exchange Ratio in respect of the Repurchase Scheme is consistent with market ranges.

*Reasonableness of the Exchange Ratio*

In assessing the reasonableness of the Exchange Ratio we note the following:

- Altron is expected to benefit from improved Corporate Governance, simplification of the share structure and improved trading liquidity. These benefits are expected to accrue to both classes of Shareholders as evidenced by the performance of both classes of Shares since the initial announcement of the Restructure.

**RESULTS**

In undertaking the exercise above, we determined a fair Exchange Ratio range of 5.1 A Shares for every 10 N Shares held by N Shareholders to nine A Shares for every 10 N Shares held by N Shareholders with a most likely Exchange Ratio of 7.6 A Shares for every 10 N Shares held by N Shareholders.

Based on the above ranges the Exchange Ratio of nine A Shares for every 10 N Shares held by N Shareholders falls at the upper end of the suggested range calculated from our analysis.

The range above is provided solely in respect of this fair and reasonable opinion and should not be used for any other purposes.

**OPINION**

BDO Corporate Finance has considered the proposed terms and conditions of the Repurchase Scheme, based upon and subject to the conditions set out herein, and is of the opinion that the Exchange Ratio, based on quantitative considerations, is fair to N Shareholders. Based on qualitative factors, we are of the opinion that the Exchange Ratio is reasonable from the perspective of N Shareholders.

Our opinion is necessarily based upon the information available to us up to 9 February 2017, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the Repurchase Scheme have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

**CONSENT**

We hereby consent to the inclusion of this Fair and Reasonable Opinion, in whole or in part and references thereto in the Circular and in any required regulatory announcement or documentation.

BDO Corporate Finance Proprietary Limited

**N Lazanakis**
*Director*

22 Wellington Road
Parktown
2193

# EXTRACT OF AUDITED HISTORICAL FINANCIAL INFORMATION OF ALTRON FOR THE YEARS ENDED 29 FEBRUARY 2016, 28 FEBRUARY 2015, 28 FEBRUARY 2014 AND EXTRACT FROM THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2016

A complete set of the Altron financial statements are available on the Altron website, www.altron.com

**SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| R millions | **2016 (Audited)** | 2015 (Audited) | 2014 (Audited) |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | | |
| **Revenue** | **14 357** | 12 014 | 27 772 |
| Earnings before interest, tax, depreciation, amortisation and capital items (EBITDA before capital items) | **888** | 993 | 1 788 |
| Depreciation and amortisation | **(186)** | (166) | (446) |
| **Operating profit before capital items** | **702** | 827 | 1 342 |
| Capital items | **(69)** | 23 | (38) |
| **Result from operating activities** | **633** | 850 | 1 304 |
| Finance income | **149** | 79 | 103 |
| Finance expense | **(310)** | (212) | (363) |
| Share of profit of equity-accounted investees, net of taxation | **2** | 1 | 14 |
| **Profit before taxation** | **474** | 718 | 1 058 |
| Taxation | **(114)** | (222) | (326) |
| **Profit for the year from continuing operations** | **360** | 496 | 732 |
| **DISCONTINUED OPERATIONS** | | | |
| **Revenue** | **12 235** | 15 609 | – |
| EBITDA before capital items | **(512)** | 390 | – |
| Depreciation and amortisation | **(264)** | (390) | – |
| **Operating loss before capital items** | **(776)** | – | – |
| Capital items | **(439)** | (423) | 43 |
| **Result from operating activities** | **(1 215)** | (423) | 43 |
| Finance income | **44** | 34 | – |
| Finance expense | **(375)** | (299) | – |
| Share of profit of equity-accounted investees, net of taxation | **16** | 14 | – |
| **(Loss)/profit before taxation** | **(1 530)** | (674) | 43 |
| Taxation | **70** | 118 | – |
| **(Loss)/profit for the year from discontinued operations** | **(1 460)** | (556) | 43 |
| **(Loss)/profit for the year from total operations** | **(1 100)** | (60) | 775 |

| R millions | 2016 (Audited) | 2015 (Audited) | 2014 (Audited) |
|---|---|---|---|
| **Other comprehensive income** | | | |
| **Items that will never be reclassified to profit or loss** | | | |
| Remeasurement of net defined benefit asset | **60** | – | 192 |
| Taxation on items that will never be reclassified to profit or loss | **–** | – | (3) |
| **Items that are or may be reclassified subsequently to profit or loss** | | | |
| Foreign currency translation differences in respect of foreign operations | **100** | (10) | 164 |
| Realisation of foreign currency translation reserve on disposal | **(13)** | (3) | – |
| Effective portion of changes in the fair value of cash flow hedges | **4** | (3) | – |
| Fair value adjustment on available-for-sale investment | – | – | 13 |
| **Other comprehensive income for the year, net of taxation** | **151** | (16) | 366 |
| **Total comprehensive income for the year** | **(949)** | (76) | 1 141 |
| **(Loss)/profit attributable to:** | | | |
| Non-controlling interests | **(227)** | (51) | 160 |
| Non-controlling interests from continuing operations | **6** | 35 | – |
| Non-controlling interests from discontinued operations | **(233)** | (86) | – |
| Altron equity holders | **(873)** | (9) | 615 |
| Altron equity holders from continuing operations | **354** | 461 | 572 |
| Altron equity holders from discontinued operations | **(1 227)** | (470) | 43 |
| **(Loss)/profit for the year from total operations** | **(1 100)** | (60) | 775 |
| **Total comprehensive income attributable to:** | | | |
| Non-controlling interests | **(229)** | (51) | 174 |
| Non-controlling interests from continuing operations | **6** | 35 | |
| Non-controlling interests from discontinued operations | **(235)** | (86) | |
| Altron equity holders | **(720)** | (25) | 967 |
| Altron equity holders from continuing operations | **469** | 469 | 924 |
| Altron equity holders from discontinued operations | **(1 189)** | (494) | 43 |
| **Total comprehensive income for the year** | **(949)** | (76) | 1 141 |
| **Basic earnings per share from continuing operations (cents)** | **105** | 139 | 179 |
| **Diluted basic earnings per share from continuing operations (cents)** | **104** | 137 | 175 |
| **Basic (loss)/earnings per share from discontinued operations (cents)** | **(364)** | (141) | 13 |
| **Diluted basic (loss)/earnings per share from discontinued operations (cents)** | **(359)** | (140) | 13 |
| **Basic (loss)/earnings per share from total operations (cents)** | **(259)** | (3) | 192 |
| **Diluted basic (loss)/earnings per share from total operations (cents)** | **(256)** | (3) | 188 |
| **Dividends per share declared (cents)** | **–** | 31 | 80 |

## SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| R millions | **2016 (Audited)** | 2015 (Audited) | 2014 (Audited) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | **2 804** | 4 496 | 5 496 |
| Property, plant and equipment | **618** | 1 888 | 2 028 |
| Intangible assets, including goodwill | **1 042** | 1 405 | 1 725 |
| Equity-accounted investments | **4** | 229 | 243 |
| Other investments | **199** | 183 | 181 |
| Rental finance advances | **129** | 93 | 68 |
| Non-current receivables and other assets | **345** | 303 | 921 |
| Defined benefit asset | **211** | 190 | 180 |
| Deferred taxation | **256** | 205 | 150 |
| **Current assets** | **11 643** | 10 686 | 10 620 |
| Inventories | **1 152** | 2 920 | 3 116 |
| Trade and other receivables, including derivatives | **4 004** | 5 222 | 5 805 |
| Assets classified as held-for-sale | **4 996** | 1 149 | 214 |
| Taxation receivable | **–** | 54 | 74 |
| Cash and cash equivalents | **1 491** | 1 341 | 1 411 |
| **Total assets** | **14 447** | 15 182 | 16 116 |
| **Equity and liabilities** | | | |
| **Total equity** | **2 736** | 3 762 | 4 514 |
| **Non-current liabilities** | **2 714** | 3 260 | 495 |
| Loans | **2 675** | 3 191 | 283 |
| Provisions | **5** | 29 | 36 |
| Deferred taxation | **34** | 40 | 176 |
| **Current liabilities** | **8 997** | 8 160 | 11 107 |
| Loans | **1 003** | 634 | 2 649 |
| Empowerment funding obligation | – | – | 17 |
| Bank overdraft | **1 285** | 1 050 | 1 777 |
| Trade and other payables, including derivatives | **4 504** | 5 638 | 6 374 |
| Provisions | **2** | 51 | 59 |
| Liabilities classified as held-for-sale | **2 058** | 608 | 84 |
| Taxation payable | **145** | 179 | 147 |
| **Total equity and liabilities** | **14 447** | 15 182 | 16 116 |
| **Net asset value per share (cents)** | **845** | 1 080 | 1 311 |

**SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (*continued*)**

Attributable to Altron equity holders

| R millions | Share capital and premium | Treasury shares | Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 28 February 2013 (Restated)** | 2 254 | (299) | (770) | 3 555 | **4 740** | 489 | **5 229** |
| **Total comprehensive income for the year** | | | | | | | |
| Profit for the year | – | – | – | 615 | **615** | 160 | **775** |
| **Other comprehensive income** | | | | | | | |
| Foreign currency translation differences in respect of foreign operations | – | – | 163 | – | **163** | 1 | **164** |
| Fair value adjustments on available-for-sale investments | – | – | – | – | **–** | 13 | **13** |
| Remeasurement of net defined before benefit assets/obligations | – | – | 189 | – | **189** | – | **189** |
| **Total other comprehensive income** | – | – | 352 | – | **352** | 14 | **366** |
| **Total comprehensive income for the year** | – | – | 352 | 615 | **967** | 174 | **1 141** |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issue of share capital | 15 | – | (15) | – | **–** | – | **–** |
| Dividends to equity holders | – | – | – | (190) | **(190)** | (42) | **(232)** |
| Share-based payment transactions | – | – | 30 | – | **30** | 3 | **33** |
| **Total contributions by and distributions to owners** | 15 | – | 15 | (190) | **(160)** | (39) | **(199)** |
| **Changes in ownership interests in subsidiaries** | | | | | | | |
| Buy-back of non-controlling interest | 158 | – | (1 449) | – | **(1 291)** | (355) | **(1 646)** |
| Disposal of subsidiary | – | – | – | – | **–** | (11) | **(11)** |
| **Total changes in ownership interests in subsidiaries** | 158 | – | (1 449) | – | **(1 291)** | (366) | **(1 657)** |
| **Total transactions with owners** | 173 | – | (1 434) | (190) | **(1 451)** | (405) | **(1 856)** |
| **Balance at 28 February 2014 (Audited)** | 2 427 | (299) | (1 852) | 3 980 | **4 256** | 258 | **4 514** |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | – | – | – | (9) | **(9)** | (51) | **(60)** |
| **Other comprehensive income** | | | | | | | |

**SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (*continued*)**

Attributable to Altron equity holders

| R millions | Share capital and premium | Treasury shares | Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| Foreign currency translation differences in respect of foreign operations | – | – | (10) | – | **(10)** | – | **(10)** |
| Realisation of foreign currency translation reserve on disposal | – | – | (3) | – | **(3)** | – | **(3)** |
| Effective portion of changes in the fair value of cash flow hedges | – | – | (3) | – | **(3)** | – | **(3)** |
| **Total other comprehensive income** | – | – | (16) | – | **(16)** | – | **(16)** |
| **Total comprehensive income for the year** | – | – | (16) | (9) | **(25)** | (51) | **(76)** |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | |
| Issue of share capital | 17 | – | (17) | – | **–** | – | **–** |
| Dividends to equity holders | – | – | – | (263) | **(263)** | (13) | **(276)** |
| Share-based payment transactions | – | – | 34 | – | **34** | 1 | **35** |
| **Total contributions by and distributions to owners** | 17 | – | 17 | (263) | **(229)** | (12) | **(241)** |
| **Changes in ownership interests in subsidiaries** | | | | | | | |
| Buy-back of non-controlling interest | 291 | – | (393) | – | **(102)** | (356) | **(458)** |
| Introduction of non-controlling interest | – | – | (261) | – | **(261)** | 284 | **23** |
| **Total changes in ownership interests in subsidiaries** | 291 | – | (654) | – | **(363)** | (72) | **(435)** |
| **Total transactions with owners** | 308 | – | (637) | (263) | **(592)** | (84) | **(676)** |
| **Balance at 28 February 2015 (Audited)** | 2 735 | (299) | (2 505) | 3 708 | **3 639** | 123 | **3 762** |
| **Total comprehensive income for the year** | | | | | | | |
| Loss for the year | – | – | – | (873) | **(873)** | (227) | **(1 100)** |
| **Other comprehensive income** | | | | | | | |

**SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (*continued*)**

Attributable to Altron equity holders

| R millions | Share capital and premium | Treasury shares | Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| Foreign currency translation differences in respect of foreign operations | – | – | 102 | – | **102** | (2) | **100** |
| Realisation of foreign currency translation reserve on disposal of subsidiary | – | – | (13) | – | **(13)** | – | **(13)** |
| Remeasurement on net defined benefit asset | – | – | 60 | – | **60** | – | **60** |
| Effective portion of changes in the fair value of cash flow hedges | – | – | 4 | – | **4** | – | **4** |
| **Total other comprehensive income** | – | – | 153 | – | **153** | (2) | **151** |
| **Total comprehensive income for the year** | – | – | 153 | (873) | **(720)** | (229) | **(949)** |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends to equity holders | – | – | – | (104) | **(104)** | (3) | **(107)** |
| Share-based payment transactions | – | – | 32 | – | **32** | 1 | **33** |
| **Total contributions by and distributions to owners** | – | – | 32 | (104) | **(72)** | (2) | **(74)** |
| **Changes in ownership interests in subsidiaries** | | | | | | | |
| Buy-back of non-controlling interest | – | – | – | – | **–** | (3) | **(3)** |
| **Total changes in ownership interests in subsidiaries** | – | – | – | – | **–** | (3) | **(3)** |
| **Total transactions with owners** | – | – | 32 | (104) | **(72)** | (5) | **(77)** |
| **Balance at 29 February 2016 (Audited)** | 2 735 | (299) | (2 320) | 2 731 | **2 847** | (111) | **2 736** |

## SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

| R millions | **2016 (Audited)** | 2015 (Audited) | 2014 (Audited) |
|---|---|---|---|
| **Cash flows from operating activities** | **1 253** | 1 169 | 762 |
| Cash generated by operations | **528** | 1 703 | 2 019 |
| Net finance expense paid | **(459)** | (335) | (242) |
| Changes in working capital | **1 443** | 330 | (513) |
| Taxation paid | **(152)** | (253) | (270) |
| **Cash available from operating activities** | **1 360** | 1 445 | 994 |
| Dividends paid, including to non-controlling interests | **(107)** | (276) | (232) |
| **Cash flows from investing activities** | **(1 121)** | (1 018) | (2 866) |
| **Cash flows from financing activities** | **(117)** | 453 | 989 |
| **Cash flows on disposal of discontinued operations** | **–** | – | (63) |
| **Net increase/(decrease) in cash and cash equivalents** | **15** | 604 | (1 178) |
| **Net cash and cash equivalents at the beginning of the year** | **291** | (314) | 840 |
| **Effect of exchange rate fluctuations on cash held** | **20** | 1 | 24 |
| **Cash classified as held-for-sale** | **(120)** | – | (52) |
| **Net cash and cash equivalents at the end of the year** | **206** | 291 | (366) |

**FOR THE SIX MONTHS ENDED 31 AUGUST 2016**
**SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| R millions | % change | Six months ended 31 August 2016 (Unaudited) |
|---|---|---|
| **CONTINUING OPERATIONS** | | |
| **Revenue** | 10 | **7 537** |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | 18 | **445** |
| Depreciation and amortisation | | **(108)** |
| **Operating profit before capital items** | 16 | **337** |
| Capital items (note 1) | | **(1)** |
| **Result from operating activities** | | **336** |
| Finance income | | **111** |
| Finance expense | | **(194)** |
| Share of profit of equity accounted investees, net of taxation | | **–** |
| **Profit before taxation** | | **253** |
| Taxation | | **(66)** |
| **Profit for the period from continuing operations** | | **187** |
| **DISCONTINUED OPERATIONS** | | |
| **Revenue** | | **3 890** |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) | | **(65)** |
| Depreciation and amortisation | | **–** |
| **Operating loss before capital items** | | **(65)** |
| Capital items (note 1) | | **(107)** |
| **Result from operating activities** | | **(172)** |
| Finance income | | **9** |
| Finance expense | | **(96)** |
| Share of profit of equity accounted investees, net of taxation | | **17** |
| **Loss before taxation** | | **(242)** |
| Taxation | | **18** |
| **Loss for the period from discontinued operations** | | **(224)** |
| **Loss for the period from total operations** | | **(37)** |

**SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (*continued*)**

| R millions | Six months ended 31 August 2016 (Unaudited) |
|---|---|
| **Other comprehensive income** | |
| **Items that will never be reclassified to profit or loss** | |
| Remeasurement of net defined benefit asset/obligation | **–** |
| **Items that are or may be reclassified subsequently to profit or loss** | |
| Foreign currency translation differences in respect of foreign operations | **(28)** |
| Realisation of foreign currency translation reserve on disposal | **(132)** |
| Effective portion of changes in the fair value of cash flow hedges | **–** |
| **Other comprehensive income for the period, net of taxation** | **(160)** |
| **Total comprehensive income for the period** | **(197)** |
| **Net loss attributable to:** | |
| Non-controlling interests | **(57)** |
| Non-controlling interests from continuing operations | **5** |
| Non-controlling interests from discontinued operations | **(62)** |
| Altron equity holders | **20** |
| Altron equity holders from continuing operations | **182** |
| Altron equity holders from discontinued operations | **(162)** |
| **Net loss for the period** | **(37)** |
| **Total comprehensive income attributable to:** | |
| Non-controlling interests | **(56)** |
| Non-controlling interests from continuing operations | **5** |
| Non-controlling interests from discontinued operations | **(61)** |
| Altron equity holders | **(141)** |
| Altron equity holders from continuing operations | **141** |
| Altron equity holders from discontinued operations | **(282)** |
| **Total comprehensive income for the period** | **(197)** |
| **Basic earnings per share from continuing operations (cents)** | **54** |
| **Diluted basic earnings per share from continuing operations (cents)** | **53** |
| **Basic loss per share from discontinued operations (cents)** | **(48)** |
| **Diluted basic loss per share from discontinued operations (cents)** | **(47)** |
| **Basic earnings per share from total operations (cents)** | **6** |
| **Diluted basic earnings per share from total operations (cents)** | **6** |

## SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| R millions | 31 August 2016 (Unaudited) |
|---|---|
| **Assets** | |
| **Non-current assets** | **2 907** |
| Property, plant and equipment | **591** |
| Intangible assets including goodwill | **1 055** |
| Equity-accounted investments | **5** |
| Other investments | **321** |
| Rental finance advances | **128** |
| Non-current receivables and other assets | **383** |
| Defined benefit asset | **192** |
| Deferred taxation | **232** |
| **Current assets** | **7 624** |
| Inventories | **899** |
| Trade and other receivables, including derivatives | **2 874** |
| Assets classified as held for sale | **2 399** |
| Taxation receivable | **3** |
| Cash and cash equivalents | **1 449** |
| **Total assets** | **10 531** |
| **Equity and liabilities** | |
| **Total equity** | **2 352** |
| Equity holders of Altron | **2 729** |
| Non-controlling interests | **(377)** |
| **Non-current liabilities** | **198** |
| Loans | **159** |
| Provisions | **5** |
| Deferred taxation | **34** |
| **Current liabilities** | **7 981** |
| Loans | **2 017** |
| Bank overdraft | **1 217** |
| Trade and other payables, including derivatives | **3 426** |
| Provisions | **7** |
| Liabilities classified as held for sale | **1 189** |
| Taxation payable | **125** |
| **Total equity and liabilities** | **10 531** |
| **Net asset value per share (cents)** | **807** |

**SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

Attributable to Altron equity holders

| R millions | Share capital and premium | Treasury Shares | Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| **Balance at 28 February 2015 (Audited)** | 2 735 | (299) | (2 505) | 3 708 | **3 639** | 123 | **3 762** |
| **Total comprehensive income for the period** | | | | | | | |
| Loss for the period | – | – | – | (510) | **(510)** | (108) | **(618)** |
| *Other comprehensive income* | | | | | | | |
| Foreign currency translation differences in respect of foreign operations | – | – | 48 | – | **48** | (2) | **46** |
| Effective portion of changes in the fair value of cash flow hedges | – | – | 3 | – | **3** | – | **3** |
| **Total other comprehensive income** | – | – | 51 | – | **51** | (2) | **49** |
| **Total comprehensive income for the period** | – | – | 51 | (510) | **(459)** | (110) | **(569)** |
| **Transactions with owners, recorded directly in equity** | | | | | | | |
| *Contributions by and distributions to owners* | | | | | | | |
| Dividends to equity holders | – | – | – | (104) | **(104)** | (3) | **(107)** |
| Share-based payment transactions | – | – | 24 | – | **24** | 1 | **25** |
| **Total contributions by and distributions to owners** | – | – | 24 | (104) | **(80)** | (2) | **(82)** |
| **Total transactions with owners** | – | – | 24 | (104) | **(80)** | (2) | **(82)** |
| **Balance at 31 August 2015 (unaudited)** | **2 735** | **(299)** | **(2 430)** | **3 094** | **3 100** | **11** | **3 111** |
| *Total comprehensive income for the period* | | | | | | | |
| Loss for the period | – | – | – | (363) | **(363)** | (119) | **(482)** |
| *Other comprehensive income* | | | | | | | |
| Foreign currency translation differences in respect of foreign operations | – | – | 54 | – | **54** | – | **54** |
| Remeasurement of defined benefit obligation | – | – | 60 | – | **60** | – | **60** |
| Realisation of foreign currency translation reserve on disposal | – | – | (13) | – | **(13)** | – | **(13)** |
| Effective portion of changes in the fair value of cash flow hedges | – | – | 1 | – | **1** | – | **1** |
| **Total other comprehensive income** | – | – | 102 | – | **102** | – | **102** |
| **Total comprehensive income for the period** | – | – | 102 | (363) | **(261)** | (119) | **(380)** |
| *Transactions with owners, recorded directly in equity* | | | | | | | |
| *Contributions by and distributions to owners* | | | | | | | |
| Share-based payment transactions | – | – | 8 | – | **8** | – | **8** |
| **Total contributions by and distributions to owners** | – | – | 8 | – | **8** | – | **8** |
| *Changes in ownership interests in subsidiaries* | | | | | | | |
| Buy-back of non-controlling interest | – | – | – | – | **–** | (3) | **(3)** |
| **Total changes in ownership interests in subsidiaries** | – | – | – | – | **–** | (3) | **(3)** |
| **Total transactions with owners** | – | – | 8 | – | **8** | (3) | **5** |
| **Balance at 29 February 2016 (Audited)** | **2 735** | **(299)** | **(2 320)** | **2 731** | **2 847** | **(111)** | **2 736** |

**SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (*continued*)**

Attributable to Altron equity holders

| R millions | Share capital and premium | Treasury Shares | Reserves | Retained earnings | Total | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|
| *Total comprehensive income for the period* | | | | | | | |
| Profit for the period | – | – | – | 20 | **20** | (57) | **(37)** |
| *Other comprehensive income* | | | | | | | |
| Foreign currency translation differences in respect of foreign operations | – | – | (29) | – | **(29)** | 1 | **(28)** |
| Realisation of foreign currency translation reserve on disposal | – | – | (132) | – | **(132)** | – | **(132)** |
| Transfer between reserves | – | – | 190 | (190) | **–** | – | **–** |
| Total other comprehensive income | – | – | 29 | (190) | **(161)** | 1 | **(160)** |
| Total comprehensive income for the period | – | – | 29 | (170) | **(141)** | (56) | **(197)** |
| *Transactions with owners, recorded directly in equity* | | | | | | | |
| *Contributions by and distributions to owners* | | | | | | | |
| Dividends to equity holders | – | – | – | – | **–** | (4) | **(4)** |
| Share-based payment transactions | – | – | 16 | – | **16** | 1 | **17** |
| Issue of share capital | 7 | – | – | – | **7** | – | **7** |
| Disposal of non-controlling interest | – | – | – | – | **–** | (207) | **(207)** |
| Total contributions by and distributions to owners | 7 | – | 16 | – | **23** | (210) | **(187)** |
| Total transactions with owners | 7 | – | 16 | – | **23** | (210) | **(187)** |
| **Balance at 31 August 2016 (unaudited)** | **2 742** | **(299)** | **(2 275)** | **2 561** | **2 729** | **(377)** | **2 352** |

## SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS

| R millions | Six months ended 31 August 2016 (Unaudited) |
|---|---|
| **Cash flows utilised in operating activities** | **(279)** |
| Cash generated by operations | **569** |
| Changes in working capital | **(646)** |
| Net finance expense | **(144)** |
| Taxation paid | **(54)** |
| **Cash available from operating activities** | **(275)** |
| Dividends paid, including to non-controlling interests | **(4)** |
| **Cash flows from investing activities** | **1 773** |
| **Cash flows utilised in financing activities** | **(1 594)** |
| **Net (decrease)/increase in cash and cash equivalents** | **(100)** |
| Net cash and cash equivalents at the beginning of the period | **326** |
| Cash and cash equivalents at the beginning of the period | **206** |
| Cash previously classified as held for sale | **120** |
| Effect of exchange rate fluctuations on cash held | **(50)** |
| Cash classified as held for sale | **56** |
| **Net cash and cash equivalents at the end of the period** | **232** |

# MOI AMENDMENTS

This amended Memorandum of Incorporation which will be proposed for approval and adoption by way of a special resolution at the Altron Special General Meeting of shareholders to be held on 9 March 2017.

**MEMORANDUM OF INCORPORATION**
**OF**
**ALLIED ELECTRONICS CORPORATION LIMITED**
**A PUBLIC COMPANY**
(Registration number 1947/024583/06)
Registration Date: 13 February 1947

# INDEX

1. **DEFINITIONS AND INTERPRETATION**

1.1 **Definitions**

In this Memorandum of Incorporation, unless clearly inconsistent with or otherwise indicated by the context:

1.1.1 "**Act**" means the Companies Act, No. 71 of 2008, as amended, re-enacted or replaced from time to time, and includes all schedules and the Regulations to such Act;

1.1.2 "**Altron**" means Allied Electronics Corporation Limited or such other name as designated to the Company from time to time, duly incorporated under the Registration number recorded on the first page of this Memorandum of Incorporation;

1.1.3 "**Altron Group**" means Altron and its subsidiaries and Associates;

1.1.4 "**Associate**" means any person in respect of which the company, by virtue of ownership, right of appointment, management agreement or other agreement of any kind, has the ability to control or direct, directly or indirectly, the appointment of the Board or the majority of any other executive body, or to control or direct, directly or indirectly any decision-making process or the management of such person;

1.1.5 "**Board**" means the Board of Directors from time to time of the company;

1.1.6 "**Central Securities Depository**" has the meaning set out in section 1 of the Financial Markets Act;

1.1.7 "**Certificated Securities**" means Securities issued by the company that are not Uncertificated Securities;

1.1.8 "**Commission**" means the Companies and Intellectual Property Commission established by section 185 of the Act;

1.1.9 "**company**" means Altron;

1.1.10 "**Dr Venter**" means Dr William Peter Venter;

1.1.11 "**ECT Act**" means the Electronic Communications and Transactions Act, No. 25 of 2002, as amended, re-enacted or replaced from time to time;

1.1.12 "**EFT**" means electronic funds transfer;

1.1.13 "**Electronic Communication**" has the meaning set out in section 1 of the ECT Act;

1.1.14 "**Financial Markets Act**" means the Financial Markets Act, No.19 of 2012, as amended, re-enacted or replaced from time to time;

1.1.15 "**Financial Statements**" includes the annual financial statements of the company unless the context indicates otherwise;

1.1.16 "**General Meeting**" includes the annual general meeting, any general meeting and any special general meeting of the company unless the context indicates otherwise;

1.1.17 "**High Voting Share**" means the share to be created in the Company's authorised share capital pursuant to article 5.2 having the preferences, rights, limitations and other terms set out in **Annexure A**;

1.1.18 "**JSE**" means the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (Registration number 2005/022939/06), a public company duly incorporated in the Republic;

1.1.19 "**Listings Requirements**" means the JSE Listings Requirements, as applicable from time to time;

1.1.20 "**Memorandum of Incorporation**" means this memorandum of incorporation as may be amended from time to time;

1.1.21 "**Newco**" means for Kinbase Investments Proprietary Limited (registration number 2016/497073/07), a private company duly registered and incorporated in accordance with company laws of South Africa, the entire issued share capital of which is held by Dr Venter;

1.1.22 "**Participant**" has the meaning set out in section 1 of the Financial Markets Act;

1.1.23 "**Regulations**" means the regulations published in terms of the Act, from time to time;

1.1.24 "**Republic**" means the Republic of South Africa;

1.1.25 "**Securities**" means any instrument falling within the meaning of "securities" as set out in section 1 of the Financial Markets Act irrespective of their form or title, issued or authorised to be issued, by the Company;

1.1.26 "**Securities Register**" means the register of issued Securities of the company required to be established in terms of section 50(1) of the Act;

1.1.27 "**Solvency and Liquidity Test**" has the meaning attributed thereto in section 4 of the Act;

1.1.28 "**STRATE Regulations**" means all regulations relating to Uncertificated Securities, from time to time published by Strate Limited;

1.1.29 "**Uncertificated Securities**" means any "securities" defined as such in section 1 of the Financial Markets Act; and

1.1.30 "**Uncertificated Securities Register**" means the record of Uncertificated Securities administered and maintained by a Participant or Central Securities Depository, as determined in accordance with the rules of the Central Securities Depository;

1.1.31 "**Venter Family**" means, collectively or individually, depending on the context, Dr Venter and his estate/successor/successors in title upon his demise, Biltron Proprietary Limited (Registration No. 1983/01276/07), the Venter Family Trusts and the Venter Family Entity;

1.1.32 "**Venter Family Entity**" means Newco as the nominee for the Venter Family;

1.1.33 "**Venter Family Trusts**" means The WP Venter Family Trust (IT No. 144/86), The Robert Eben Venter Trust (IT No. 1972/90), The Craig Gordon Venter Trust (IT No. 1974/90), The Leanne Venter Trust (IT No. 1971/90), The Blane William Venter Trust (IT No. 180/88) and The Marc Peter Venter Trust (IT No. 179/88).

1.2 **Interpretation**

1.2.1 In this Memorandum of Incorporation, unless clearly inconsistent with or otherwise indicated by the context:

1.2.1.1 words and expressions defined in the Act and which are not defined herein, shall have the meanings given to them in the Act;

1.2.1.2 a reference to an article by number refers to a corresponding provision of this Memorandum of Incorporation;

1.2.1.3 any reference to the singular includes the plural and *vice versa,* any reference to natural persons includes legal persons and *vice versa* and any reference to a gender includes the other gender.

1.2.2 The headings in this Memorandum of Incorporation have been inserted for convenience only and shall not be taken into account in its interpretation.

1.2.3 Words and expressions defined in any article shall, for the purposes of the article, bear the meanings assigned to such words and expressions in that article.

1.2.4 Any reference to a notice shall be construed as a reference to a written notice, and shall include a notice which is transmitted electronically in a manner or form permitted in terms of the Act and/or the ECT Act.

1.2.5 Any reference in this Memorandum of Incorporation to:

1.2.5.1 "**days**" means a calendar day, unless qualified by the word "business", in which instance a "business day" will be any day other than a Saturday, Sunday or public holiday as gazetted by the government of the Republic from time to time;

1.2.5.2 "**writing**" means legible writing and in English and includes printing, typewriting, lithography or other mechanical process, as well as any electronic communication in a manner and a form permitted in terms of the Act.

1.2.6 The use of the words "**include**" and "**including**" in this Memorandum of Incorporation followed by a specific example or examples shall not be construed or interpreted as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording and/or such specific example or examples and the words "**other**" or "**otherwise**" shall not be construed *eiusdem generis* with any preceding words where a wider construction is possible.

2. **JURISTIC PERSONALITY**

2.1 The company is a public company as contemplated in section 8(2)(d) of the Act, and this Memorandum of Incorporation replaces and supersedes the existing Memorandum of Incorporation of the company applicable immediately prior to the filing hereof.

2.2 The company is incorporated in accordance with and governed by:

2.2.1 the unalterable provisions of the Act and the Listings Requirements;

2.2.2 the alterable provisions of the Act and the Listings Requirements, subject to the limitation, extensions, variations or substitutions set out in this Memorandum of Incorporation; and

2.2.3 the provisions of this Memorandum of Incorporation.

3. **POWERS OF THE COMPANY**

3.1 The company has all of the legal powers and capacity contemplated in the Act, and no provision contained in this Memorandum of Incorporation should be interpreted or construed as negating, limiting or restricting those powers in any way whatsoever.

3.2 The legal powers and capacity of the company are not subject to any restrictions, limitations or qualifications, as contemplated in section 19(1)(b)(ii) of the Act.

4. **SPECIAL CONDITIONS**

This Memorandum of Incorporation does not contain any special conditions applicable to the Company, as contemplated in sections 15(2)(b) or (c) of the Act.

5. **ISSUE OF SHARES AND VARIATION OF RIGHTS**

5.1 The company is authorised to issue:

5.1.1 500 000 000 (five hundred million) A ordinary shares having no par value, and of the same class, each of which rank *pari passu* in respect of all rights and shall entitle the holder thereof to the following rights:

5.1.2 to vote on any matter to be decided by the shareholders of the company on the basis of 1 (one) vote per A ordinary share held;

5.1.3 to participate proportionally in any distribution made by the Company; and

5.1.4 to receive proportionally the net assets of the company upon its liquidation.

5.2 The company is authorised to issue 1 (one) high voting share having the preferences, rights, limitations and other terms set out in **Annexure A**.

5.3 The company is authorised to issued 500 000 000 (five hundred million) N ordinary Shares with a par value of 0.01 cents each, having the associated preferences, rights, limitations or other terms as may be determined by the Board from time to time in terms of section 36(d) of the Act.

5.4 The Board shall not have the power to:

5.4.1 increase or decrease the number of authorised shares of any class of the Company's Shares;

5.4.2 consolidate and reduce the number of the Company's issued and authorised shares of any class;

5.4.3 subdivide its shares of any class by increasing the number of its issued and authorised shares of that clause, without an increase of its capital;

5.4.4 reclassify any classified shares that have been authorised but not issued;

5.4.5 classify any unclassified shares that have been authorised but not issued; or

5.4.6 determine the associated preferences, rights, limitations or other terms of any of the N ordinary Shares referred to in article 5.3 above,

and such powers shall only be capable of being exercised by all the shareholders by way of a special resolution.

5.5 All or any of the preferences, rights, limitations or other terms of any shares in the share capital (other than the A ordinary shares and the High Voting Share) of the company (unless otherwise provided by the terms of issue of the shares of that class) whether or not the company is being wound up, may be varied in any manner with the consent by the shareholders of that class by way of a special resolution at a separate General Meeting of the shareholders of that class. The provisions of this Memorandum of Incorporation relating to a General Meeting shall, *mutatis mutandis*, apply to any such separate General Meeting except that:

5.5.1 the necessary quorum shall be 3 (three) shareholders entitled to attend and vote and present in person and, in addition, shareholders of the class present in person, or represented by proxy and holding at least 51% (fifty one per cent) of the capital paid or credited as paid on the issued Shares of that class; and

5.5.2 if at any adjourned General Meeting of such holders, a quorum as above defined is not present, those shareholders who are present shall constitute a quorum.

5.6 The preferences, rights, limitations or other terms of any class of Shares may not be varied in response to any objectively ascertainable fact or facts.

5.7 Subject to the provisions of the Act and this Memorandum of Incorporation, authorised but unissued shares in the share capital of the company shall be offered for subscription to existing shareholders of the company in proportion to their existing shareholding, except where such Shares are issued:

5.7.1 in consideration for the acquisition of assets, or for cash as contemplated in and in accordance with the provisions of the Listings Requirements; or

5.7.2 pursuant to an approved share-based incentive scheme for executive directors or employees of the Altron Group, in accordance with the provisions of the Listings Requirements.

5.8 Shareholders in General Meeting may authorise the Board to issue unissued Securities or grant options to subscribe for unissued Securities as the Board deems fit, provided that such transaction/s have been approved by the JSE and are subject to the Listings Requirements.

5.9 The Board may resolve to issue shares of the company at any time, but:

5.9.1 only within the classes, and to the extent that those shares have been authorised by, or in terms of, this Memorandum of Incorporation; and

5.9.2 only to the extent that such issue has been approved by the Shareholders in General Meeting, either by way of a general authority (which may be either conditional or unconditional) to issue shares in its discretion, or a specific authority in respect of any particular issue of shares, provided that, if such approval is in the form of a general authority to the Board, it shall be valid only until the next annual general meeting of the company and it may be varied or revoked by any General Meeting of the shareholders, prior to such annual general meeting.

5.10 All issues of shares for cash and options and convertible securities for cash must, at a minimum, be in accordance with the Listings Requirements, or any greater onus imposed by this Memorandum of Incorporation.

5.11 All Securities of the company for which a listing is sought on the JSE and all Securities of the same class as Securities of the company which are listed on the JSE must, notwithstanding the provisions of section 40(5) of the Act, but unless otherwise required by statute, only be issued after the company has received the consideration (in cash or in kind) approved by the Board for the issuance of such Securities.

5.12 Subject to any preferences, rights or limitations under which any Securities are held, the preferences, rights or limitations attached to all or any Securities of any class may be amended, varied, cancelled or expanded by a special resolution of shareholders at a General Meeting. Without limiting the generality of the foregoing, the rights attaching to shares (unless the terms attaching to the shares specifically provide otherwise) shall be deemed to be amended by the creation or issue of any other shares ranking *pari passu* or in priority to any shares already authorised by the Company. No such amendment, variation, cancellation or expansion, which directly or indirectly adversely affects those special rights or restrictions, shall be effected without a special resolution, taken by the holders of shares in that class, at a separate meeting. No resolution of shareholders of the company shall be proposed or passed, unless a special resolution of the holders of the shares of that class, approved the amendment.

## 6. CERTIFICATED AND UNCERTIFICATED SECURITIES

6.1 Securities of the company are to be issued in certificated or uncertificated form, as the Board may determine from time to time, subject to the rules as defined in the STRATE Regulations, in respect of shares in uncertificated form.

6.2 If a share certificate is lost or destroyed, it may be replaced on such terms as the Board may determine.

6.3 Except to the extent otherwise provided in the Act or in this Memorandum of Incorporation, the rights and obligations of Securities holders shall not be different solely on the basis of their Securities being Certificated Securities or Uncertificated Securities and each provision of this Memorandum of Incorporation applies with respect to any Uncertificated Securities in the same manner as it applies to Certificated Securities, unless otherwise stated or indicated by the context.

6.4 Any Certificated Securities may cease to be evidenced by certificates and thereafter become Uncertificated Securities.

6.5 Any Uncertificated Securities may be withdrawn from the Uncertificated Securities Register, and certificates issued evidencing those Securities at the election of the holder of those Uncertificated Securities. A holder of Uncertificated Securities, who elects to withdraw all or part of the Uncertificated Securities held by it in an Uncertificated Securities Register, and obtain a certificate in respect of those withdrawn Securities, may so notify the relevant Participant or Central Securities Depository as required by the rules of the Central Securities Depository.

6.6 After receiving notice from a Participant or Central Securities Depository, as the case may be, that the holder of Uncertificated Securities wishes to withdraw all or part of the Uncertificated Securities held by it in an Uncertificated Securities Register, and obtain a certificate in respect thereof, the company shall:

6.6.1 immediately enter the relevant Security holder's name and details of its holding of Securities in the Securities Register and indicate on the Securities Register that the Securities so withdrawn are no longer held in uncertificated form; and

6.6.2 within 10 (ten) business days (or 20 (twenty) business days in the case of a holder of Securities who is not resident within the Republic) prepare and deliver to the relevant person, a certificate in respect of the Securities and notify the Central Securities Depository that the Securities are no longer held in uncertificated form.

6.7 The company may charge a shareholder of its Securities a reasonable fee to cover the actual cost of issuing any certificate as contemplated in this article 6.

## 7. TRANSFER OF SECURITIES

7.1 The instrument of transfer of any Certificated Securities shall be signed by both the transferor and the transferee and the transferor shall be deemed to remain the holder of such Certificated Securities until the name of the transferee is entered in the Securities Register. The Board may, however, in their discretion in such cases as they deem fit, dispense with requiring the signature of the transferee on the instrument of transfer.

7.2 The transfer of Uncertificated Securities may be effected only:

7.2.1 by a Participant or Central Securities Depository;

7.2.2 on receipt of an instruction to transfer, sent and properly authenticated in terms of the rules of a Central Securities Depository or an order of court; and

7.2.3 in accordance with section 53 of the Act and the rules of the Central Securities Depository.

7.3 Transfer of ownership in any Uncertificated Securities must be effected by debiting the account in the Uncertificated Securities Register from which the transfer is effected and crediting the account in the Uncertificated Securities Register to which the transfer is effected, in accordance with the rules of the Central Securities Depository.

7.4 Securities transfer tax and other legal costs payable in respect of any transfer of Securities pursuant to this Memorandum of Incorporation will be paid by the company to the extent that the company is liable therefor in law, but shall, to that extent, be recoverable from the person acquiring such Securities.

7.5 Subject to such restrictions as may be applicable, (whether by virtue of the preferences, rights, limitations or other terms associated with the Securities in question, including as set out in article 5), any shareholder or holder of other Securities may transfer all or any of its Certificated Securities by instrument in writing in any usual or common form or any other form which the Board may approve.

7.6 Every instrument of transfer of a share shall be left at the offices of the transfer secretaries of the company or such other place as the company may designate from time to time.

7.7 Every instrument of transfer of a Security shall be accompanied by:

7.7.1 the certificate issued in respect of the Certificated Securities to be transferred; and/or

7.7.2 such other proof as the company may require to evidence the title of the transferor of his right to transfer the Securities.

7.8 Any authority to sign transfer deeds or other instruments of transfer granted by a shareholder for the purpose of transferring Securities, when lodged, produced or exhibited to or with the Company, shall be deemed to remain in full force and effect, and the company may allow it to be acted upon, until such time as written notice of the revocation thereof is lodged at the offices of the transfer secretaries of the Company. Even after the lodging of such notice of revocation, the company may give effect to any instrument of transfer signed under the authority to sign and certified (before the lodging of such notice) by any officer of the Company, as being in order.

7.9 All instruments of transfer, when registered, shall either be retained by the company or disposed of in such manner as the Board shall from time to time decide. Any instrument of transfer which the Board may decline to register shall (unless the Board shall resolve otherwise) be returned on demand to the person who lodged it.

7.10 The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Securities Register in respect thereof.

7.11 The Board, upon evidence of good cause, may, in its sole discretion, record in the Securities Register that any share is held in trust or by a nominee, and the name of the beneficial shareholder.

7.12 The Board may decline to register any transfer of Securities to a minor or to a person of unsound mind or to any trustee, curator, administrator, or other person in any representative capacity of any Securities.

7.13 The company shall not be bound to allow the exercise of any act or matter by any agent of a shareholder unless a duly certified copy of such agent's authority is produced to and filed with the transfer secretaries of the Company.

## 8. TRANSMISSION OF SECURITIES

8.1 The executor of the estate of a deceased holder of a Security, or the trustee of an insolvent estate, or the curator of any insane or prodigal shareholder, or any person appointed by a competent authority to represent or act on behalf of a shareholder, shall be the only person recognised by the company as having title to such Security. In the case of a Security registered in the names of 2 (two) or more holders, the survivor or survivors, or the executor of the estate of any deceased shareholders, as determined by the Board, shall be the person recognised by the company as having title to the Security.

8.2 Any person who submits proof of his appointment as the executor, administrator, trustee, curator or guardian in respect of the estate of a deceased shareholder or holder of other Securities ("**Security Holder**") of the Company, or of a Security Holder whose estate has been sequestrated or of a Security Holder who is otherwise under a disability, or as the liquidator of anybody corporate which is a Security Holder, shall be entered in the Securities Register *nomine officii,* and shall thereafter, for all purposes, be deemed to be a Security Holder.

8.3 Subject to the provisions of articles 8.1 and 8.2, any person becoming entitled to any Security by virtue of death of a Security Holder shall, upon producing such evidence that he has such title or rights as the Board thinks sufficient, have the right either to have such Security transferred to himself or to make such other transfer of the Security as such Security Holder could have made, provided that in respect of a transfer other than to himself:

8.3.1 the Board shall have the same right to refuse or suspend registration as they would have had in the case of a proposed transfer of such Security by such Security Holder before his death; and

8.3.2 a person becoming entitled to any Security shall not, unless and until he is himself registered as a Security Holder in respect of such Security, be entitled to exercise any voting or other right attaching to such Security or any other right relating to dividends and/or General Meetings of the Company.

## 9. FRACTIONS OF SHARES

9.1 To the extent that a fractional entitlement arises, all allocations of Securities will be dealt with in accordance with the provisions of the Listings Requirements from time to time and for the time being or such other law, statute, regulation, directive or guideline as may be applicable from time to time.

## 10. JOINT HOLDERS OF SHARES

Where 2 (two) or more persons are registered as the holders of any shares, they shall be deemed to hold those shares jointly, and:

10.1 notwithstanding anything to the contrary in this Memorandum of Incorporation, on the death, sequestration, liquidation or legal disability of any one of such joint holders, the remaining joint holders may be recognised, at the discretion of the Board, as the only person/s having title to such share;

10.2 any one of such joint holders may give effectual receipts for any dividends, bonuses or returns of share capital or other accruals or distributions payable to such joint holders;

10.3 only the joint holder whose name has been entered first into the Securities Register shall be entitled to delivery of the share certificate relating to that share, or to receive any notices from the company (and each notice shall be deemed to be notice to all such joint holders); and

10.4 any one of the joint holders of any share conferring a right to vote may vote either personally or by proxy at any General Meeting in respect of such shares as if he were solely entitled thereto, and if more than 1 (one) of such joint holders are present at the General Meeting, either personally or by proxy, the joint holder who tenders a vote and whose name has been entered in the Securities Register before the other joint holders who are present in person or by proxy, shall be entitled to vote in respect of that share.

## 11. NO LIEN

The company does not have the power to claim a lien upon any of its issued Securities which shall be freely transferable.

## 12. BENEFICIAL INTERESTS IN SECURITIES

The Company's issued Securities may be held by, and registered in the name of, one or several persons for the beneficial interest of another person, as set out in section 56(1) of the Act.

## 13. FINANCIAL ASSISTANCE

the Board may authorise the company to provide financial assistance including, without limitation, by way of loan, guarantee, the provision of security, or otherwise to any person for the purpose of, or in connection with, the subscription of any option, or any Securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of such Securities of the Company, as set out in section 44 of the Act, and the authority of the Board in this regard, is not limited or restricted by this Memorandum of Incorporation.

## 14. CAPITALISATION SHARES

14.1 The Board shall have the power and authority, in terms of section 47 of the Act, to:

14.1.1 approve the issuing of any authorised shares, as capitalisation shares on a *pro rata* basis to the shareholders of one or more classes of shares;

14.1.2 issue shares of one class as capitalisation shares in respect of shares of another class; or

14.1.3 resolve to permit shareholders to elect to receive a cash payment *in lieu* of a capitalisation share,

provided that:

14.1.4 such power or authority has been authorised by the shareholders by means of an ordinary resolution; and

14.1.5 such transaction(s), to the extent necessary, has/have been approved by the JSE (and the Listings Requirements have been complied with).

14.2 The Board may not resolve to offer a cash payment *in lieu* of a capitalisation share, unless the Board:

14.2.1 has considered the Solvency and Liquidity Test, as required by section 46 of the Act, on the assumption the every shareholder would elect to receive cash; and

14.2.2 is satisfied that the company would satisfy the Solvency and Liquidity Test immediately upon the completion of the distribution.

## 15. DEBT INSTRUMENTS

15.1 The authority of the Board to authorise the company to issue secured or unsecured debt instruments, as set out in section 43(2) of the Act is not limited or restricted by this Memorandum of Incorporation.

15.2 The Board shall not be entitled to:

15.2.1 issue debt instruments convertible into A ordinary shares;

15.2.2 grant special privileges regarding:

15.2.2.1 attending and voting at General Meetings and the appointment of directors; or

15.2.2.2 allotment of Securities, redemption by the Company, or substitution of the debt instrument for shares of the company and, for the avoidance of doubt, no debt instruments shall carry voting rights which affect the control position of the A ordinary shares.

## 16. RECORD DATE FOR EXERCISE OF SHAREHOLDER RIGHTS

16.1 The record date for the purpose of determining which shareholders are entitled to:

16.1.1 receive notice of a General Meeting;

16.1.2 participate and vote at a General Meeting;

16.1.3 decide any matter by written consent or by Electronic Communication;

16.1.4 receive a distribution; or

16.1.5 be allotted or exercise other rights,

shall be determined by the Board in accordance with the Act, provided that, for as long as the Listings Requirements apply to the Company, such record date shall be the record date as required by the Listings Requirements, to the extent determined by the Listings Requirements.

16.2 Such record date must be published to the shareholders in a manner that satisfies the JSE Listings Requirements and any other prescribed requirements.

## 17. DISTRIBUTIONS

17.1 Subject to the provisions of the Act, and this Memorandum of Incorporation, and particularly section 46 of the Act, the company may make a proposed distribution if such distribution:

17.1.1 is pursuant to an existing legal obligation of the company or a court order; or

17.1.2 is authorised by resolution of the Board, in compliance with the Listings Requirements.

17.2 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the shares in respect of which such distribution is payable.

17.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the company may be chargeable.

17.4 The Board may from time to time declare and pay to the shareholders such dividends as the Board considers to be appropriate.

17.5 No larger distribution shall be declared by the company in General Meeting than is recommended by the Board, but the company in General Meeting may declare a smaller dividend.

17.6 All unclaimed monies, including but not limited to dividends, that are due to any shareholder/s shall be held by the company in trust subject to the laws of prescription, where after such unclaimed monies may be declared forfeited by the Board for the benefit of the Company. The Board may at any time annul such forfeiture upon such conditions (if any) as it thinks fit.

17.7 Notwithstanding anything to the contrary contained herein, if any shareholder is entitled to an aggregate dividend of R30.00 (thirty Rand) or less in respect of all Certificated Securities held by such shareholder on the record date, then the Board shall be entitled to direct that such shareholder's dividend (unless such shareholder delivers a written notice to the contrary prior to the date of payment of the dividend) be paid to a charitable organisation nominated by the Board from time to time.

17.8 Subject to articles 17.6 and 17.7, any dividend, distribution, interest or other sum payable in cash to the holder of a share shall be paid by EFT and, unless otherwise requested by a shareholder in writing, shall not be paid by cheque. Any unclaimed dividends or distributions shall be suppressed and be retained in the Company's unclaimed dividend account, where after it may be claimed by a shareholder upon written request to the company in a form prescribed by the Board from time to time.

17.9 Every cheque or EFT shall be paid at the risk of the shareholder or joint holders.

17.10 A holder or any one of two or more joint holders, or his or their agent duly appointed in writing, may give valid receipts for any distributions or other moneys paid in respect of a share held by such holder or joint holders.

17.11 When such EFT is paid, it shall discharge the company of any further liability in respect of the amount concerned.

17.12 A distribution may also be paid in any other way determined by the Board, and if the directives of the Board in that regard are complied with, the company shall not be liable for any loss or damage which a shareholder may suffer as a result thereof.

17.13 Without detracting from the ability of the company to issue capitalisation Shares, any distribution may be paid wholly or in part:

17.13.1 by the distribution of specific assets; or

17.13.2 by the issue of Securities or of shares, debentures or securities of any other company; or

17.13.3 in cash; or

17.13.4 in any other way, which the Board or the company in General Meeting may at the time of declaring the distribution determine.

17.14 Where any difficulty arises in regard to such distribution, the Board may settle that difficulty as it thinks expedient, and in particular may fix the value which shall be placed on such specific assets on distribution.

17.15 The Board may:

17.15.1 determine that cash payments shall be made to any shareholder on the basis of the value so fixed in order to secure equality of distribution; and

17.15.2 vest any such assets in trustees upon such trusts for the benefit of the persons entitled to the distribution as the Board deems expedient.

17.16 Any distribution must be made payable to shareholders registered as at a record date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

18. **PAYMENTS TO SECURITIES HOLDERS**

Payments to Securities holders shall be effected in accordance with the Listings Requirements.

19. **ACCESS TO COMPANY RECORDS**

19.1 Each person who holds or has a beneficial interest in any Securities issued by the company is entitled to inspect and copy, without any charge for such inspection or upon payment of no more than the prescribed minimum charge for any such copy, the information contained in section 26(1) of the Act, being:

19.1.1 this Memorandum of Incorporation, and any amendments or alterations thereof;

19.1.2 a record of the directors, including the details of any person who has served as a director for a period of 7 (seven) years after that person has ceased to serve as a director, and any information relating to such persons referred to in section 24(5) of the Act;

19.1.3 all:

19.1.3.1 reports presented at the annual general meeting of the Company, for a period of 7 (seven) years after the date of any such annual general meeting; and

19.1.3.2 Financial Statements required by the Act, for a period of 7 (seven) years after the date on which each particular statements were issued;

19.1.4 notices and minutes of General Meetings, including:

19.1.4.1 all resolutions adopted by them, for 7 (seven) years after the date each such resolution was adopted; and

19.1.4.2 any document that was made available by the company to the holders of Securities in relation to each such resolution;

19.1.5 any written communications sent generally by the company to all holders of any class of the Company's Securities, for a period of 7 (seven) years after the date on which each of such communications were issued; and

19.1.6 the Securities Register.

20. **GENERAL MEETINGS OF SHAREHOLDERS**

20.1 The company is not required to hold any General Meetings other than those specifically required by the Act and the Listings Requirements.

20.2 The right of shareholders to requisition a General Meeting, as set out in section 61(3) of the Act, may be exercised by the holders of at least 10% (ten per cent) of the voting rights in relation to the matter to be considered at the General Meeting, as provided for in section 61(3) of the Act.

20.3 Subject to the provisions of section 60 of the Act dealing with the passing of resolutions of shareholders otherwise than at a General Meeting of the Company, the company shall hold a General Meeting:

20.3.1 at any time that the Board is required by the Act, the Listings Requirements or this Memorandum of Incorporation to refer a matter to shareholders for decision;

20.3.2 whenever required in terms of the Act to fill a vacancy on the Board; or

20.3.3 when required in terms of article 20.1.

20.4 The authority of the Board to determine the location of any General Meeting, and the authority of the company to hold any such General Meeting in the Republic or in any foreign country, as set out in section 61(9) of the Act is not limited or restricted by this Memorandum of Incorporation.

20.5 The minimum number of days for the company to deliver a notice of a General Meeting to shareholders as required by section 62 of the Act is as provided for in section 62(1) of the Act, being 15 (fifteen) business days before the General Meeting is to begin.

20.6 Every General Meeting shall be reasonably accessible within the Republic for electronic participation by shareholders, irrespective of whether the General Meeting itself is held in the Republic or elsewhere.

20.7 The quorum for a General Meeting to begin or for a matter to be considered, shall be at least 3 (three) shareholders entitled to attend and vote and present in person. In addition:

20.7.1 a General Meeting may not begin until sufficient persons are present at the General Meeting in person or represented by proxy to exercise, in aggregate, at least 25% (twenty five per cent) of the voting rights that are to be entitled to be exercised in respect of at least one matter to be decided at the General Meeting; and

20.7.2 a matter to be decided at a General Meeting may not begin to be considered unless sufficient persons are present at the General Meeting in person or represented by proxy to exercise, in aggregate 25% (twenty five per cent) of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

20.8 The time periods allowed in section 64(4) of the Act and section 64(5) of the Act apply to the company without variation.

20.9 The company shall not be required to give further notice of a General Meeting that has been postponed or adjourned unless the location for the General Meeting is different from:

20.9.1 the location of the postponed or adjourned General Meeting; or

20.9.2 the location announced at the time of adjournment, in the case in an adjourned General Meeting.

20.10 A General Meeting may not be adjourned beyond the earlier of:

20.10.1 the date that is 120 (one hundred and twenty) days after the record date determined in accordance with section 59 of the Act or the Listings Requirements to the extent that the Listings Requirements prescribe a record date; or

20.10.2 the date that is 60 (sixty) business days after the date on which the adjournment occurred.

20.11 The accidental omission to give notice of any General Meeting to any particular shareholder or shareholders shall not invalidate any resolution passed at any such General Meeting.

20.12 After a quorum has been established for a General Meeting, or for a matter to be considered at a General Meeting, all the shareholders forming part of the quorum must be present at the General Meeting for the matter to be considered at the General Meeting.

20.13 The chairman of the Board shall act as the chairman of each General Meeting, provided that, if no chairman is present and willing to act, or he/she is not present within 15 (fifteen) minutes after the time appointed for the General Meeting, the shareholders present shall elect one of the non-executive directors or, if no non-executive director is present and/or willing to act, or if such non-executive director is not present within 15 (fifteen) minutes after the time appointed for the General Meeting, one of the shareholders present, to be the chairman of that General Meeting.

20.14 The chairman of the General Meeting may:

20.14.1 appoint any firm or persons to act, as scrutineers for the purpose of checking any powers of attorney received and for counting the votes at the General Meeting;

20.14.2 act on a certificate given by any such scrutineers without requiring production at the General Meeting of the forms of proxy or himself counting the votes.

20.15 Each annual general meeting of the company shall provide for at least the following business to be transacted:

20.15.1 the presentation of the directors' report, audited annual financial statements for the immediately preceding financial year of the company and an audit committee report;

20.15.2 the election or re-election of directors as the case may be, to the extent required by the Act and this Memorandum of Incorporation;

20.15.3 the appointment of an external auditor and an audit committee for the company for the following year; and

20.15.4 any other matter required from time to time by the Act and/or the Listings Requirements.

20.16 The business of a General Meeting may include the power to sanction or declare dividends.

20.17 No business shall be transacted at the resumption of any adjourned General Meeting other than the business left unfinished at the General Meeting from which the adjournment took place.

20.18 Subject to any special rights or restrictions as to voting attached to any Security by or in accordance with this Memorandum of Incorporation, at a General Meeting:

20.18.1 every shareholder who is present at the General Meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the Securities held by that shareholder as reflected in the Memorandum of Incorporation; and

20.18.2 the holders of any Securities, other than shares, shall not be entitled to vote on any resolution at a General Meeting.

20.19 At any General Meeting, a resolution put to vote shall be decided by a poll in accordance with the provisions of the Act.

20.20 At a General Meeting:

20.20.1 the voting, if for the election or re-election of a chairman, as the case may be, or an adjournment, shall take place immediately and in such manner as the General Meeting determines and, if for any other matter, shall take place at such time and in such manner as the chairman of the General Meeting directs;

20.20.2 only votes exercised by shareholders shall be counted and abstentions shall be ignored for the purposes determining the result of the poll; and

20.20.3 the chairman shall appoint scrutineers to count the votes and shall himself declare the result of the poll and such declaration shall be deemed to be the resolution of the General Meeting.

20.21 If any votes were counted which ought to not have been counted or if any votes were not counted which ought to have been counted, the error shall not vitiate the resolution, unless:

20.21.1 it is brought to the attention of the chairman at the General Meeting; and

20.21.2 in the opinion of the chairman of the General Meeting, it is of sufficient magnitude to vitiate the resolution.

20.22 Any objection to the admissibility of any vote shall be raised:

20.22.1 at the General Meeting or adjourned General Meeting at which the vote objected to was recorded; or

20.22.2 at the General Meeting or adjourned General Meeting at which the result of the poll was announced;

and every vote not then disallowed shall be valid for all purposes. Any objection made timeously shall be referred to the chairman of the General Meeting, whose decision shall be final and conclusive.

20.23 Even if he is not an A ordinary shareholder:

20.23.1 any director of the Company; or

20.23.2 the Company's attorney or external auditor (or where the Company's attorney or external auditor is a firm, any partner or director thereof),

may attend and speak at any General Meeting, but may not vote, unless he is a shareholder or the proxy or representative of a shareholder and entitled to vote thereat in accordance with the rights attaching to shares in article 5.1 of this Memorandum of Incorporation.

20.24 Any person entitled to a share in terms of article 8 by virtue of being an executor of a deceased holder of a Security, or the trustee of an insolvent estate, or the curator of any insane or prodigal shareholder or any person appointed by a competent authority to represent or act on behalf of a shareholder, may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such share, provided that (save where the directors have already accepted his right to vote in respect of that share) at least 48 (forty eight) hours prior to the holding of the General Meeting at which he proposes to vote, he shall have satisfied the Board that he is entitled to exercise the right referred to in article 8.

20.25 Any notice of any General Meeting shall inform shareholders of the ability to participate by way of Electronic Communication and shall provide the necessary information to enable shareholders or their proxies to access the available medium or means of Electronic Communication, provided that such access shall be at the expense of the Company. If a shareholder/s wishes to participate in a General Meeting by way of Electronic Communication, then the shareholder/s concerned shall notify the company thereof in writing in the manner provided for in the notice convening a meeting, provided that the company receives such notice by not later than 48 (forty eight) hours prior to the date of the General Meeting in question. If the company receives no notice at least 48 (forty eight) hours prior to the date of the General Meeting in question, then access to the medium or means of Electronic Communication for purposes of participating in the General Meeting shall not be made available to the shareholder/s or its/their proxies.

## 21. PROXIES

21.1 The right of a shareholder of the company to appoint persons concurrently as proxies, as set out in section 58(3)(a) of the Act is not limited, restricted or varied by this Memorandum of Incorporation.

21.2 A proxy may not delegate its authority to act on behalf of the shareholder on whose behalf such proxy is held to another person, other than to the chairman of the General Meeting.

21.3 A proxy is not entitled to exercise, or abstain from exercising, any voting right of the shareholder on whose behalf such proxy is held, without direction from the shareholder, unless the appointed proxy is the chairman of the General Meeting.

21.4 The requirement that a shareholder must deliver to the Company, a copy of the instrument appointing a proxy before that proxy may exercise the shareholder's rights at a General Meeting, as set out in section 58(3)(c) of the Act is not limited or restricted by this Memorandum of Incorporation. Subject to the provisions of the Act, a proxy form shall be handed in at the office of the transfer secretaries of the company not less than 24 (twenty four) hours before the time (excluding Saturdays, Sundays and public holidays) appointed for the holding of the General Meeting or resumption of an adjourned General Meeting at which the person named therein proposes to vote.

## 22. NOTICES AND ELECTRONIC COMMUNICATION

22.1 For the purposes of this article 22 "**delivered**" shall have the meaning ascribed thereto in the Act.

22.2 All notices and other documentation which are required to be delivered to a holder of Securities in terms of the Act and/or the Listings Requirements shall be delivered by the Company, in accordance with any one of the delivery mechanisms authorised by the Act, to each beneficial shareholder of the company holding Certificated Securities and also to each beneficial shareholder holding Uncertificated Securities ("**Uncertificated Shareholder**"), but only if such Uncertificated Shareholder has elected to receive notices and documents in terms of a custody agreement with a broker or Participant, as at the record date and reflected in the Securities Register or Uncertificated Securities Register, and simultaneously to the JSE. All notices shall, in addition to the above, be released through SENS where required by the Listings Requirements provided that, in the event that any Securities are not listed on the JSE, all provisions of this Memorandum of Incorporation relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the Act.

22.3 Each shareholder of the Company:

22.3.1 shall notify the company in writing of an address, which address may be a physical, postal, facsimile or email address ("**Address**"), which Address shall be his registered address for the purposes of delivery of notices and other documentation and, if he has not named such an Address, he shall be deemed to have waived his right to be so served with notices and other documentation until such time as he provides an Address; and

22.3.2 accepts and acknowledges, pursuant to the provisions of the Act, that when the company is obliged to publish or provide or deliver any document, record or statement to the shareholder, the company may do so by:

22.3.2.1 providing or publishing an electronic original or reproduction of that document, record or statement by Electronic Communication in a manner and form such that the document, record or statement can conveniently be printed by the recipient within a reasonable time and at a reasonable cost; or

22.3.2.2 delivering a notice of the availability of that document, record or statement, summarising its content and satisfying any prescribed requirements, to each intended recipient of the document, record or statement, together with instructions for receiving the complete document, record or statement.

22.3.3 If the Address elected by the shareholder is an email address or facsimile number, then having done so, the shareholder shall be deemed to have agreed to receiving by Electronic Communication, notices and other documents from the company at his email address or facsimile number and the company may satisfy its obligation to send him any notice or other document by:

22.3.3.1 publishing such notice or other document on a website; and

22.3.3.2 notifying him by email or fax to that email or facsimile address that such notice or document has been so published, specifying the address of the website on which it has been published, the place on the website where such notice may be accessed, how it may be accessed and, if the notice relates to a General Meeting, stating:

22.3.3.2.1 that the notice concerns a notice of a General Meeting served in accordance with the Act;

22.3.3.2.2 the place, date and time of the General Meeting;

22.3.3.2.3 whether the meeting is to be an annual or a General Meeting; and

22.3.3.2.4 such other information as the Act may prescribe.

22.4 Any amendment of the shareholder's address referred to in article 22.3 shall only take effect if notified to the company in writing, signed by the shareholder and on actual receipt by the transfer secretaries of the company thereof.

22.5 An Electronic Communication shall not be treated as received by the company if it is rejected by computer virus protection arrangements.

22.6 A document is treated as having been sent to a shareholder not less than 15 (fifteen) business days before the date of a General Meeting if the documents have been published on a website throughout the period commencing 15 (fifteen) business days before the General Meeting and ending with the conclusion of the General Meeting and notification of that publication on the website has been sent to the shareholder not less than 15 (fifteen) business days before the date of the General Meeting. The provisions of this article 22 shall apply, *mutatis mutandis*, to any other time period specified in the Act.

22.7 Proceedings at a General Meeting will not be invalidated if documents have not been published for the entire period stated in article 22.6 and where failure to publish the documents throughout the entire period is attributable to circumstances which it would have been unreasonable to have expected the company to avoid.

22.8 A shareholder may give notice to the company of the appointment of a proxy by Electronic Communication sent to such Address as notified by the company for that purpose, provided that, notwithstanding anything to the contrary contained herein, no proxy forms shall be sent or accepted by Electronic Communication, without the prior approval of the Board, which approval, the Board may at any time, in its sole discretion withdraw.

22.9 Notice of annual and General Meetings shall be delivered to each shareholder in accordance with article 22.1.

22.10 Shareholders may register with the company an Address in the Republic or anywhere in the world. Any shareholder whose Address in the Securities Register, is an Address not within the Republic, shall be entitled to have notices delivered to him at such Address.

22.11 In the case of joint holders of Securities, all notice shall, unless such holders request otherwise in writing, and the Board agrees, be given to that shareholder whose name appears first in the Securities Register and a notice so given shall be deemed sufficient notice to all the joint holders.

22.12 Any notice sent by any means permitted in the Act or Table CR3 annexed to the Regulations, shall be deemed to have been delivered as provided for in that method of delivery in such Table.

22.13 Every person, who by operation of law, transfer or other means whatsoever, becomes entitled to any Security, shall be bound by every notice in respect of that Security which, previous to his name and Address being entered in the Securities Register, was given to the person from which he derives his title to such Security.

22.14 Any notice or document delivered or sent by Electronic Communication, post to, or left at, the registered address of any shareholder in pursuance of this Memorandum of Incorporation shall, notwithstanding that such shareholder was then deceased, and whether or not the company has notice of his death, be deemed to have been duly delivered in respect of any Securities, whether held solely or jointly with other persons by such shareholder, until some other person is registered in his stead as the sole or joint holder of such Security, and such delivery shall, for all purposes of this Memorandum of Incorporation, be deemed a sufficient delivery of such notice or document on his heirs, executors or administrators and all persons (if any) jointly interested with him in any such Securities.

## 23. SHAREHOLDERS' RESOLUTIONS

23.1 Save for where the Listings Requirements require a 75% (seventy five per cent) majority, for an ordinary resolution to be adopted at a General Meeting, it must be supported by the holders of more than 50% (fifty per cent) of the voting rights exercised on the resolution, as provided for in section 65(7) of the Act.

23.2 For a special resolution to be adopted at a General Meeting, it must be supported by the holders of at least 75% (seventy five per cent) of the voting rights exercised on the resolution, as provided for in section 65(9) of the Act.

## 24. SHAREHOLDERS ACTING OTHER THAN AT A MEETING

24.1 In accordance with the provisions of section 60 of the Act, but subject to article 24.5, a resolution that could be voted on at a General Meeting may instead be:

24.1.1 submitted by the Board for consideration to the shareholders entitled to exercise the voting rights in relation to the resolution; and

24.1.2 voted on in writing by such shareholders within a period of 20 (twenty) business days after the resolution was submitted to them,

24.2 If the company elects to follow the procedure in article 24.1, then notice of the proposed written resolutions must, in addition to being delivered to shareholders in terms of article 22, be released through SENS in accordance with the provisions of the Listings Requirements.

24.3 A resolution contemplated in article 24.1:

24.3.1 will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary or special resolution, as the case may be, at a properly constituted General Meeting; and

24.3.2 if adopted, will have the same effect as if it had been approved by voting at a General Meeting.

24.4 In accordance with the provisions of the Listings Requirements, the company must release an announcement on SENS providing details of the voting results in respect of the resolutions passed by written resolution. Within 10 (ten) business days after adopting a resolution in accordance with the procedures provided for in this article 24, the company shall deliver a statement describing the results of the vote, consent process or election to every shareholder who was entitled to vote on or consent to the resolution.

24.5 The provisions of this article 24 shall not apply to any General Meetings that are called for in terms of the Listings Requirements (save in respect of those matters set out below) or the passing of any resolution for the election or re-election of directors or as provided for in this Memorandum of Incorporation or to any annual general meeting of the Company. The following matters which require a General Meeting to be convened in terms of the Listings Requirements may, that fact notwithstanding and notwithstanding anything contained in this Memorandum of Incorporation to the contrary, be proposed as written resolutions, namely:

24.5.1 a change of name of the Company;

24.5.2 odd lot offers;

24.5.3 an increase in the authorised share capital of the Company;

24.5.4 the approval of amendments to the Memorandum of Incorporation.

## 25. COMPOSITION AND POWERS OF THE BOARD

25.1 The Board shall comprise of not less than 4 (four) directors, to be elected by the shareholders, as contemplated in section 68 of the Act.

25.2 In addition to the elected directors, there are no shareholder appointed or *ex officio* directors of the Company, as contemplated in section 66(4) of the Act.

25.3 Subject to the provisions of article 25.4, any shareholder of the company is entitled to nominate 1 (one) or more directors, provided that no such shareholder is entitled to appoint or remove any director/s other than as provided for in the Act. If a shareholder intends to nominate a director/s, then such shareholder must notify the company in writing of the nomination by no later than 60 (sixty) days before the date of the annual general meeting of the company and such nomination will be referred to the nomination committee for consideration. If the nomination committee regards the nominated director to be appropriate, then it may recommend such person to the Board, subject to the approval of the shareholders as provided in article 25.4.

25.4 The manner of electing directors is as set out in section 68(2) of the Act. All directors shall be elected by ordinary resolutions of the shareholders at a General Meeting or annual general meeting of the company and no appointment by shareholders of a director in accordance with a resolution passed by way of a round robin resolution in terms of section 60 of the Act shall be competent.

25.5 The authority of the Board to fill a vacancy on the Board on a temporary basis, as set out in section 68(3) of the Act is not limited or restricted by this Memorandum of Incorporation provided that such directors must be elected by the shareholders at the next annual general meeting of the Company.

25.6 In any election or re-election of directors:

25.6.1 the election or re-election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with a series of votes continuing until all vacancies on the Board have been filled; and

25.6.2 in each vote to fill a vacancy:

25.6.2.1 each vote entitled to be exercised may be exercised once; and

25.6.2.2 the vacancy is filled only if a majority of votes exercised support the candidate.

25.7 In addition to satisfying the qualification and eligibility requirements set out in section 69 of the Act, in order to become or remain a director or a prescribed officer of the Company, unless the Board otherwise resolves, a person must be, and remain, independent from any competitor of the company as determined by the Board from time to time.

25.8 The Company, at the annual general meeting at which the director retires, or at any other General Meeting, may fill the vacancy by electing a person thereto, provided that the company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with article 24.

25.9 If the number of directors falls below the minimum number of directors required, the remaining director(s) shall, as soon as possible and in any event not later than 3 (three) months from the date that the number of directors fell below the minimum, fill the vacancies, provided that such director are elected by the shareholders at the next annual general meeting or call a General Meeting for the purpose of filling the vacancy/ies.

25.10 The failure by the company to have the minimum number of directors during the 3 (three) month period referred to in article 25.9 does not limit or negate the authority of the Board.

25.11 After the expiry of the 3 (three) month period referred to in article 25.9, the remaining directors may act only to:

25.11.1 increase the number of directors to the required minimum in terms of article 25.9; or

25.11.2 summon a General Meeting for that purpose, provided that if there is no director able or willing to act, then any shareholder may convene a General Meeting for that purpose.

25.12 The authority of the Board to consider a matter other than at a Board meeting, as set out in section 74 of the Act is not limited or restricted by this Memorandum of Incorporation, provided that each director has received notice of the matter to be decided, and any such resolution signed by the majority of the directors and inserted in the minute book shall be as valid and effective as if it had been passed at a Board meeting. Any such resolution may consist of several documents and shall be deemed to have been passed on the date appearing on such resolution.

25.13 In addition to the right of the company secretary to convene Board and committee meetings as contemplated in article 35.4, the right of the directors to requisition a Board meeting, as set out in section 73(1) of the Act may be exercised by any director, the chairman of the Board or the chief executive of the Company, despite the provisions of that section of the Act.

25.14 The Board may appoint a chairman and a lead independent director who are non-executive directors of the Board and determine the period for which each is to hold office. At any Board meeting the chairman of the Board, or if he is not present or willing to act as such, the lead independent director or other most senior independent non-executive director present and willing to act as such, shall act as chairman. If no chairman or lead independent director has been elected or if the most senior independent non-executive director is present and willing to act as such, the directors present at any Board meeting shall choose one of their number to be chairman of the Board meeting.

25.15 In the case of a tied vote the chairman may not have a second or deciding vote, and the resolution being voted on fails.

25.16 No director, in terms of their or any contracts of service, shall be appointed for life or for an indefinite period.

25.17 With effect from the annual general meeting of the company and subject to the provisions relating to the disqualification of directors, at least 1/3 (one-third) of the directors or, if their number is not (3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one-third), but not less than 1/3 (one-third) then holding that position, shall retire. The directors who are to retire are, firstly those who have been appointed to fill a casual vacancy or as an addition to the Board, and secondly, those who have held their position for the longest period since their last election, but as between persons who became directors on the same day, the determination shall be made by ballot, unless otherwise agreed amongst themselves, provided that, notwithstanding the aforegoing, if, at the date of any annual general meeting, any director will have:

25.17.1 held office for a period of 3 (three) years since his last election or appointment;

25.17.2 reached the age of 70 (seventy) years or older; and/or

25.17.3 held office for an aggregate period of 9 (nine) years since his first election or appointment,

then such director shall retire at such annual general meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. The provisions of this article 25.17.3 shall not apply to any director employed by the company in an executive position, i.e. such directors shall not be required to retire annually even if the provisions of article 25.17.3 apply but shall still be subject to retirement by rotation.

25.18 A retiring director shall act as a director throughout the annual general meeting at which he retires.

25.19 The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of articles 25.5 and 25.33, be computed from the date of his last election or appointment.

25.20 If at any General Meeting at which an election of directors ought to take place, the offices of the retiring directors are not filled, unless it is expressly resolved not to fill such vacancies, the General Meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation and the Act will apply, *mutatis mutandis*, to such adjournment, and if at such adjourned General Meeting the vacancies are not filled, the retiring directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned General Meeting.

25.21 A retiring director shall be eligible for election or re-election if nominated by the Company's nomination committee. If elected or re-elected he shall be deemed not to have vacated his office.

25.22 The Board shall, through its nomination committee, provide the shareholders with a recommendation in the notice of the General Meeting (which notice shall be delivered in accordance with the provisions of article 20.5) or the explanatory notes at which the election or re-election of a retiring director is proposed, as to which retiring directors are eligible for election or re-election, taking into account that director's past performance and contribution. Directors may be elected or re-elected at a General Meeting, provided such General Meeting is not conducted in terms of section 60 of the Act.

25.23 The Board may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Board may from time to time think fit. Any such appointment may, if the Board thinks fit, be made in favour of the Company, the shareholders, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Board. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Board thinks fit. Any such attorneys or agents as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in it.

25.24 All acts performed by the Board or by a committee of the Board or by any person acting as a director or a member of a committee, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the directors or persons acting as aforesaid, or that any one of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director or member of such committee.

25.25 The proposal of any resolution to shareholders in terms of sections 20(2) and 20(6) of the Act which would lead to the ratification of an act that is contrary to the Listings Requirements is prohibited, unless otherwise agreed with the JSE.

25.26 A director may hold any other employment, office or place of profit under the company or any subsidiary of the company (except that of auditor) in conjunction with the office of director, for such period and on such remuneration (in addition to the remuneration to which he may be entitled as a director) and otherwise as the remuneration committee or a disinterested quorum of the Board may determine from time to time.

25.27 Each director and each alternate director, prescribed officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) of the Act and the qualifications contained in section 75(3) of the Act, comply with all of the provisions of section 75 of the Act in the event that they (or any person who is a related person to them) has a personal financial interest in any matter to be considered by the Board.

25.28 A director may not vote on any resolution pertaining to any matter in which he has a personal financial interest as contemplated by section 75 of the Act. However, notwithstanding his interest in any matter, such director may be counted for purposes of determining a quorum for a Board meeting.

25.29 The Board may authorise the payment of such donations by the company to such religious, charitable, public or other bodies, clubs, funds, associations or persons as may seem desirable in the interests of the Company, provided that any donations to any political parties or associations shall require the prior approval of shareholders in General Meeting.

25.30 The authority of the Board to:

25.30.1 manage and direct the business and affairs of the Company, as set out in section 66(1) of the Act;

25.30.2 conduct a Board meeting entirely by Electronic Communication, or to provide for participation in a Board meeting by Electronic Communication, as set out in section 73(3) of the Act;

25.30.3 determine the manner and form of providing notice of its Board meetings, as set out in section 73(4) of the Act; and

25.30.4 proceed with a Board meeting despite failure or defect in giving notice of the Board meeting, as set out in section 73(5) of the Act,

is not limited or restricted by this Memorandum of Incorporation.

25.31 The quorum requirement for a Board meeting to begin, the voting rights at such a Board meeting and the requirements for approval of a resolution at such a Board meeting shall be the majority of

the directors present at such Board meeting in person or by proxy, provided that at least ½ (half) of such aforesaid quorum shall constitute non-executive directors.

25.32 A director shall cease to hold office as such:

25.32.1 if he becomes insolvent, or assigns his estate for the benefit of his creditors, or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or

25.32.2 if he becomes of unsound mind; or

25.32.3 if his employment relationship with the company is terminated for whatsoever reason, including but not limited to, resignation, retirement, misconduct or otherwise; or

25.32.4 if he is absent from 2 (two) consecutive Board meetings or 3 (three) Board meetings in the aggregate during any 1 (one) calendar year and has failed to obtain the prior leave of absence from the chairman of the Board; or

25.32.5 if he is removed under article 25.33; or

25.32.6 if he has been given notice, signed by shareholders holding in aggregate more than 50% (fifty per cent) of the total voting rights of all shareholders entitled to vote at a General Meeting, of the termination of his appointment; or

25.32.7 if he resigns his office by notice in writing to the Company; or

25.32.8 if he is required to do so in terms of section 69 of the Act;

25.32.9 if he Board resolves to remove him in accordance with section 71(3) of the Act; and/or

25.32.10 if he is required to do so in terms of the Listings Requirements.

25.33 The company may by ordinary resolution in accordance with article 25.32.6 remove any director before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following annual general meeting of the company and shall then retire and be eligible for re-election.

25.34 For the avoidance of doubt, the powers of the Board contained in this article 25 are in addition to any other powers conferred on the Board in this Memorandum of Incorporation or the Act.

## 26. ALTERNATE DIRECTORS

26.1 Every director may, by notice to the Company:

26.1.1 nominate any person or persons (including any of his co-directors) to be his alternate director to act in his place and stead subject to the approval by the majority of the other directors of that alternate director;

26.1.2 at any time terminate any such appointment.

26.2 The appointment of an alternate director shall terminate when the director to whom he is an alternate director:

26.2.1 ceases to be a director; or

26.2.2 terminates his appointment.

26.3 An alternate director shall be entitled to vote at any Board Meeting if the director to whom he is an alternate director is not present, provided that:

26.3.1 he may attend a Board meeting at which the director to whom he is an alternate is present;

26.3.2 any person attending any Board meeting as a director in his own right and/or as an alternate director for one or more directors shall have one vote in respect of each director whom he represents, over and above his vote if he is a director;

26.3.3 he may sign a resolution passed otherwise than at a Board meeting if the director to whom he is an alternate is then absent from the country in which the registered office of the company is situate, or incapacitated;

26.3.4 subject to the aforegoing, the alternate director is generally entitled to exercise all the rights of the director to whom he is alternate in the absence or incapacity of that director;

26.3.5 in all respects be subject to the terms and conditions attached to the appointment, rights, duties and the holding of office of the director to whom he is an alternate, but shall not have any claim of any nature whatever against the company for any remuneration of any nature whatsoever.

## 27. MANAGING DIRECTOR AND EXECUTIVE DIRECTORS

27.1 The Board may from time to time appoint one or more of the directors as executive directors or the managing director of the Company, on such terms and conditions as to remuneration and otherwise as may be determined from time to time by the remuneration committee or the Board.

27.2 Any executive or managing director appointed in terms of article 27.1 is subject to the same provisions regarding retirement by rotation and dismissal as any other director of the company provided that the provisions of article 25.17.3 shall not apply to any executive or managing director i.e. such director shall not be required to retire on an annual basis if he has held office for an aggregate period of 9 (nine) years since his first election or appointment and, should he cease to be an employee, he shall *ipso facto* cease to be a managing director or executive director without prejudice to any claim he may have for damages as a result thereof.

27.3 The remuneration payable to an executive or managing director appointed in terms of article 27.1 for services as a director:

27.3.1 shall be determined by the shareholders in General Meeting on recommendation by the remuneration committee of the Company;

27.3.2 accrues to him, over and above or *in lieu* of the normal remuneration he may receive as an employee of the Company, as the Board may determine; and/or

27.3.3 his remuneration as an employee of the company may consist of salary or a commission calculated on the profits or dividends of the Company, or both as the Board may determine.

27.4 The Board may:

27.4.1 grant from time to time to an executive or managing director appointed in terms of article 27.1 all or any of the powers which in terms of this Memorandum of Incorporation and the Altron Board charter in force from time to time, may be exercised by the Board;

27.4.2 grant such powers for such period to be exercised for such purposes and subject to such conditions and restrictions as the Board may deem fit;

27.4.3 grant such powers with retention of or with the exclusion of or *in lieu* of any of the powers of the Board; and

27.4.4 from time to time revoke, withdraw or amend any of such powers as they deem fit.

## 28. DIRECTORS' REMUNERATION AND FINANCIAL ASSISTANCE

28.1 The authority of the company to pay remuneration to the directors for their services as directors, in accordance with a special resolution approved by the shareholders within the previous 2 (two) years, as set out in sections 66(9) and (10) of the Act is not limited or restricted by this Memorandum of Incorporation.

28.2 The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the Company, (including in relation to attending Board meeting or of committees thereof). If any director is required to perform extra services or to reside abroad or shall be specifically occupied about the Company's business, he shall be entitled to receive such remuneration, which may be either in addition to or in substitution for any other remuneration, as is determined by a disinterested quorum of the Board.

28.3 The authority of the Board, as set out in section 45 of the Act, to authorise the company to provide financial assistance to a director, prescribed officer, company, corporation or other person referred to in section 45(2) of the Act is not limited or restricted by this Memorandum of Incorporation.

29. **QUALIFYING SHARES**

No director shall be obliged to hold any qualifying shares.

30. **INDEMNIFICATION OF DIRECTORS**

30.1 The company may:

30.1.1 advance expenses to a director or directly or indirectly indemnify a director in respect of the defense of legal proceedings, as set out in section 78(4) of the Act;

30.1.2 indemnify a director in respect of liability as set out in section 78(5) of the Act; and/or

30.1.3 purchase insurance to protect the company or a director as set out in section 78(7) of the Act,

and the power of the company in this regard is not limited, restricted or extended by this Memorandum of Incorporation.

30.2 The provisions of article 30.1 shall apply *mutatis mutandis* in respect of any former director, prescribed officer, manager, company secretary or member of any committee of the Board, including without limitation, the audit committee.

31. **BORROWING POWERS**

31.1 The Board may from time to time and in accordance with the Act exercise all of the powers of the Company, to:

31.1.1 borrow for the purposes of the company and/or any member company of the Altron Group, such sums as they think fit; and/or

31.1.2 enter into any credit or like agreement for the company and/or any member company of the Altron Group; and/or

31.1.3 secure the payment or repayment of any such sums or any other sum, as they think fit, whether by the creation and issue of Securities, the conclusion of letters of comfort, guarantees, the creation of a mortgage or charge upon all or any of the property or assets of the company and/or any member company of the Altron Group.

31.2 For the purposes of article 31.1, the borrowing powers of the company shall be unlimited both as to quantum and as to instrument used.

32. **COMMISSION**

The company may pay commission at a rate not exceeding 10% (ten per cent) of the issue price of a Security to any person in consideration for his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any Securities of the company or for procuring or agreeing to procure, whether absolutely or conditionally, subscriptions for any Securities of the Company.

33. **COMMITTEES OF THE BOARD**

33.1 If and for so long as it is required to do so in terms of the Act and, unless the company is exempted from doing so by the Tribunal in terms of section 72(5) of the Act, the Shareholders of the Company, on recommendation of the Board, must appoint a social and ethics committee and an audit committee, having the powers and functions prescribed in sections 72 and 94 of the Act respectively, it being recorded that at least 1/3 (one third) of the members of the audit committee at any particular time must have academic qualifications or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resources management.

33.2 If and for so long as any of the Company's Securities are listed on the JSE, the Board shall appoint such Board committees as are required by the Listings Requirements having regard to such functions and powers as are prescribed by or in terms of the Listings Requirements. In addition, the Board may appoint any number of committees and delegate to such committees any authority of the Board as provided for in section 72(1) of the Act.

33.3 The authority of a committee appointed by the Board, as set out in sections 72(2)(b) and (c) of the Act is not limited or restricted by this Memorandum of Incorporation.

34. **COMPANY RULES**

The Board is prohibited from making any rules as contemplated in section 15(3) of the Act and the Board's capacity to make such rules is hereby excluded.

35. **COMPANY SECRETARY**

35.1 The Board must appoint a company secretary and shall be the sole body in whom is vested the power to remove and/or replace such company secretary by giving written notice to such effect to the company secretary. The company secretary may not be a director of the company and shall at all times maintain an arm's-length relationship with the Board as required by the Listings Requirements.

35.2 The company secretary must have the requisite knowledge of, and experience with, relevant laws and be a permanent resident of the Republic and remain so while serving in that capacity.

35.3 The Board must fill any vacancy in the office of company secretary within 60 (sixty) business days after such vacancy arises.

35.4 The company secretary shall have such obligations as placed on the company secretary by the Act and the Listings Requirements. Specifically and without limiting the aforegoing, the company secretary shall be entitled to convene such Board and committee meetings as agreed annually in advance with the chairman and managing director of the Company.

36. **BRANCH REGISTER**

The company shall be entitled to cause a branch Securities Register to be kept in any foreign country and the Board may make such provisions as they see fit in respect of such branch Securities Register.

37. **REGULATORY APPROVAL**

In the event that the lawful implementation of the sale of any equity ("**Affected Equity**") in terms of this Memorandum of Incorporation requires the approval of the Competition Commission, the Competition Tribunal or the Competition Appeal Court, whichever has jurisdiction for the purposes of such sale, in terms of the Competition Act, No. 89 of 1998, as amended, or requires the approval of the Takeover Regulation Panel (established by section 196 of the Act) any other regulator or regulatory authority (such approvals being referred to as "**Regulatory Approval**"), then, notwithstanding anything to the contrary contained or implied herein, the entire sale in respect of the Affected Equity shall be subject to the fulfilment of the suspensive condition that the requisite Regulatory Approval is granted, either unconditionally, or on terms and conditions acceptable to the seller and purchaser of the Affected Equity, which suspensive condition must be fulfilled within such period as may be agreed between all the parties to the sale. A party shall act reasonably in deciding whether or not such terms and conditions are acceptable to it.

38. **COPIES OF FINANCIAL STATEMENTS AND REPORTS TO BE SENT TO THE JSE AND OTHER STOCK EXCHANGES**

The Board shall send the requisite number of copies of the Financial Statements of the Company, and if the company has subsidiaries, of the Altron Group Financial Statements, together with the external auditor's reports, as is required for proper submission to a General Meeting, to the shareholders simultaneously with the notice of the General Meeting at which the Financial Statements and reports are to be considered, as well as to the JSE and any other recognised stock exchange on which the Shares of the company are listed from time to time, in accordance with the requirements of the JSE and such stock exchange.

39. **SHARE TRANSACTIONS TOTALLY ELECTRONIC (STRATE)**

Notwithstanding anything contained to the contrary in the aforementioned provisions of this Memorandum of Incorporation, but subject to the Act and the Listings Requirements and any other exchange on which the shares of the company are quoted or listed from time to time, all share transactions may be concluded totally electronically.

40. **ACQUISITION BY THE COMPANY OR ITS SUBSIDIARIES OF THE COMPANY'S SHARES**

40.1 Subject to the Listings Requirements, the provisions of section 48 of the Act and the further provisions of this article 40:

40.1.1 the Board may determine that the company acquire a number of its own shares; and

40.1.2 the Board of any subsidiary of the company may determine that such subsidiary acquire shares of the Company, but:

40.1.2.1 not more than 10% (ten per cent), in aggregate, of the number of issued shares of any class may be held by, or for the benefit of, all the subsidiaries of the company taken together; and

40.1.2.2 no voting rights attached to those shares acquired in terms of article 40.1.2.1 may be exercised while the shares are held by that subsidiary and it remains a subsidiary of the Company.

40.2 Any decision by the company or its subsidiaries to acquire its or its holding company's shares must satisfy the Listings Requirements and the requirements of section 48 of the Act and, accordingly, the company or its subsidiaries may not acquire the aforesaid Shares unless:

40.2.1 for as long as it is required in terms of the Listings Requirements, the acquisition has been approved by a special resolution of the shareholders, whether in respect of a particular repurchase or generally approved by shareholders and unless such acquisition otherwise complies with paragraphs 5.67 to 5.69 of the Listings Requirements (or such other paragraphs as may be applicable from time to time);

40.2.2 the acquisition:

40.2.2.1 is pursuant to an existing legal obligation of the company or a court order; or

40.2.2.2 has been authorised by the Board;

40.2.3 it reasonably appears that the company will satisfy the Solvency and Liquidity Test immediately after completing the proposed acquisition; and

40.2.4 the Board, by resolution, has acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that the company will satisfy the Solvency and Liquidity Test for a period of 12 (twelve) months immediately after completing the proposed acquisition.

40.3 A decision of the Board referred to in article 40.1.1:

40.3.1 must be approved by a special resolution of the shareholders if any shares are to be acquired by the company from a director or prescribed officer of the Company, or a person related to a director or prescribed officer of the Company; or

40.3.2 is subject to the requirements of sections 114 and 115 of the Act if considered alone, or together with other transactions in an integrated series of transactions, it involves the acquisition by the company of more than 5% (five per cent) of the issued shares of any particular class of the Company's shares.

40.4 Notwithstanding any other provision of this Memorandum of Incorporation, the company may not acquire its own shares, and no subsidiary of the company may acquire shares of the company if, as a result of that acquisition, there would no longer be any shares of the company in issue other than:

40.4.1 shares held by one or more subsidiaries of the Company; or

40.4.2 convertible or redeemable Shares.

## 41. ODD-LOT OFFER

In implementing any odd-lot offer made by the company in accordance with the Listings Requirements, the company shall, in respect of shareholders holding less than 100 (one hundred) shares in the issued share capital of the company or such higher number of shares as determined and/or agreed by the JSE as amounting to an odd-lot in the company ("**Odd-Lots**") and who did not elect to retain their Odd-Lots or increase their Odd-Lot holdings, cause the Odd-Lots to be sold on such terms as the Board may determine and the company shall account to the shareholders concerned for the proceeds attributable to the sales, provided that the Odd-Lot offer has been approved by shareholders in a General Meeting or by a written resolution of the shareholders adopted in terms of section 60 of the Act as contemplated in article 24 of this Memorandum of Incorporation.

## 42. AMENDMENT OF MEMORANDUM OF INCORPORATION

42.1 This Memorandum of Incorporation may be altered or amended in the manner set out in sections 16, 17 or 152(6)(b) of the Act, subject to the provisions contemplated in section 16(1)(c) of the Act, provided that:

42.1.1 any amendment must be submitted to the JSE for approval before such amendments are submitted to all the shareholders for approval; and

42.1.2 any amendment to this Memorandum of Incorporation must be approved by a special resolution of all the shareholders, save if such an amendment is ordered by a court in terms of section 16(1)(a) of the Act. Amendment, for the avoidance of doubt shall include, but not be limited to:

42.1.2.1 the creation of any new class of shares;

42.1.2.2 the variation of any preferences, rights, limitation and other share terms attaching to any class of shares;

42.1.2.3 the conversion of one class of shares into one or more other classes;

42.1.2.4 the increase of the number of authorised shares;

42.1.2.5 consolidation of Securities;

42.1.2.6 sub-division of Securities;

42.1.2.7 the change of the name of the Company; or

42.1.2.8 the conversion of shares from par value to no par value.

42.2 An amendment of this Memorandum of Incorporation will take effect from the later of:

42.2.1 the date on, and time at, which the Commission accepts the filing of the notice of amendment contemplated in section 16(7) of the Act; or

42.2.2 the date, if any, set out in the said notice of amendment, save in the case of an amendment that changes the name of the company which will take effect from the date set out in the amended registration certificate issued by the Commission.

# HIGH VOTING SHARE TERMS

| | | |
|---|---|---|
| **Subscription price** | : | R10 000.00 |
| **Economic rights** | : | No economic rights beyond the right to have the subscription price repaid on a winding-up or other return of capital. |
| **Voting rights** | : | • For so long as members of the Venter Family are the ultimate beneficial owners of at least 10% of the A ordinary Shares, carry the number of voting rights required to ensure that, when aggregated with the total voting rights attaching to all of the A ordinary Shares held by the Venter Family, will entitle the Venter Family Entity to exercise 25% plus one vote at any shareholders meeting of the Company. By way of example, if at any shareholders meeting the total voting rights attaching to the A ordinary Shares held by the Venter Family is 15%, the voting rights attaching to the High Voting Share will be 10% plus one vote.<br>• Will automatically cease to carry any voting rights at any point in time in the event of the number of A Shares, directly or indirectly held by the Venter Family, falling below the aforesaid 10% threshold. In such an event, the High Voting Share held by the Venter Family Entity shall be redeemed by the Company for an amount equal to the subscription price of R10 000.00. |
| **Transferability** | : | • Non-transferrable (in other words the Venter Family Entity will not be able to monetise the High Voting Share in any way).<br>• Will be unlisted. |

# MARKET VALUE OF SECURITIES

The table below sets out the aggregate volumes and values of Altron A Shares traded on the JSE, and the highest and lowest prices traded, for each month over the 12 months prior to the Last Practicable Date and for each day over the 30 Trading Days prior to the Last Practicable Date.

| | High (Cents) | Low (Cents) | Volume (Shares) | Value (Rand) |
|---|---|---|---|---|
| *Highest and lowest prices for each month and monthly aggregated volumes and values* | | | | |
| **2016** | | | | |
| January | 628 | 504 | 2 451 378 | 13 582 948 |
| February | 610 | 457 | 4 727 428 | 26 006 048 |
| March | 540 | 463 | 503 877 | 2 436 839 |
| April | 588 | 480 | 3 397 382 | 17 559 730 |
| May | 675 | 550 | 1 330 531 | 7 785 111 |
| June | 630 | 561 | 262 684 | 1 538 971 |
| July | 625 | 471 | 517 813 | 3 087 965 |
| August | 620 | 530 | 3 542 596 | 21 486 582 |
| September | 675 | 550 | 2 363 213 | 13 687 644 |
| October | 750 | 567 | 1 370 553 | 9 089 335 |
| November | 730 | 636 | 307 839 | 2 153 653 |
| December | 951 | 676 | 869 507 | 7 437 602 |
| **2017** | | | | |
| January | | | | |
| *Highest and lowest daily prices and daily aggregated volumes and values* | | | | |
| **2016** | | | | |
| 22 December | 899 | 861 | 27 724 | 239 513 |
| 23 December | 889 | 861 | 120 875 | 1 041 854 |
| 28 December | 899 | 861 | 36 294 | 314 316 |
| 29 December | 869 | 865 | 19 239 | 166 460 |
| 30 December | 898 | 865 | 5 050 | 43 699 |
| **2017** | | | | |
| 3 January | 897 | 865 | 8 289 | 71 822 |
| 4 January | 897 | 870 | 12 010 | 104 869 |
| 5 January | 895 | 871 | 28 062 | 244 426 |
| 6 January | 895 | 870 | 8 043 | 70 033 |
| 9 January | 898 | 871 | 38 450 | 342 986 |
| 10 January | 896 | 870 | 10 987 | 96 478 |
| 11 January | 924 | 870 | 46 902 | 416 518 |
| 12 January | 950 | 920 | 14 804 | 137 518 |

| | High (Cents) | Low (Cents) | Volume (Shares) | Value (Rand) |
|---|---|---|---|---|
| 13 January | 932 | 920 | 43 256 | 400 896 |
| 16 January | 950 | 920 | 27 129 | 256 910 |
| 17 January | 965 | 954 | 132 179 | 1 270 374 |
| 18 January | 1 045 | 970 | 80 300 | 800 158 |
| 19 January | 1 025 | 1 000 | 37 616 | 382 410 |
| 20 January | 1 198 | 1 020 | 53 450 | 604 453 |
| 23 January | 1 198 | 1 020 | 109 260 | 1 205 736 |
| 24 January | 1 100 | 1 090 | 4 688 | 51 488 |
| 25 January | 1 100 | 1 050 | 5 910 | 62 329 |
| 26 January | 1 060 | 1 059 | 16 736 | 177 331 |
| 27 January | – | – | – | – |
| 30 January | 980 | 980 | 14 579 | 142 874 |
| 31 January | 1 069 | 980 | 21 328 | 215 125 |
| 1 February | 1 055 | 980 | 25 334 | 248 470 |
| 2 February | 1 060 | 1 055 | 5 310 | 56 279 |
| 3 February | 1 059 | 980 | 21 375 | 212 849 |
| 6 February* | 1 025 | 980 | 172 043 | 1 687 141 |

**Last Practicable Date* *Source: iNet*

The table below sets out the aggregate volumes and values of Altron N Shares traded on the JSE, and the highest and lowest prices traded, for each month over the 12 months prior to the Last Practicable Date and for each day over the 30 Trading Days prior to the Last Practicable Date.

| | High (Cents) | Low (Cents) | Volume (Shares) | Value (Rand) |
|---|---|---|---|---|
| *Highest and lowest prices for each month and monthly aggregated volumes and values* | | | | |
| **2016** | | | | |
| January | 600 | 105 | 3 131 393 | 17 352 433 |
| February | 590 | 201 | 9 070 308 | 49 661 704 |
| March | 530 | 459 | 16 144 614 | 76 481 702 |
| April | 589 | 470 | 9 950 790 | 51 975 010 |
| May | 620 | 553 | 6 508 549 | 38 195 366 |
| June | 590 | 560 | 1 892 766 | 11 004 783 |
| July | 605 | 568 | 4 550 487 | 26 597 018 |
| August | 580 | 525 | 5 250 930 | 28 887 373 |
| September | 600 | 560 | 9 146 123 | 53 588 910 |
| October | 824 | 550 | 11 082 615 | 73 699 789 |
| November | 750 | 646 | 9 618 051 | 66 144 740 |
| December | 875 | 680 | 2 336 185 | 18 065 798 |
| **2017** | | | | |
| January | | | | |

| | High (Cents) | Low (Cents) | Volume (Shares) | Value (Rand) |
|---|---|---|---|---|
| *Highest and lowest daily prices and daily aggregated volumes and values* | | | | |
| **2016** | | | | |
| 22 December | 850 | 820 | 45 339 | 371 932 |
| 23 December | 850 | 820 | 66 601 | 548 734 |
| 28 December | 850 | 815 | 308 170 | 2 515 719 |
| 29 December | 850 | 815 | 260 798 | 2 200 856 |
| 30 December | 820 | 820 | 120 | 984 |
| **2017** | | | | |
| 3 January | 850 | 820 | 77 385 | 634 721 |
| 4 January | 825 | 825 | 19 350 | 159 638 |
| 5 January | 850 | 820 | 949 | 7 819 |
| 6 January | 840 | 830 | 8 222 | 69 040 |
| 9 January | 850 | 820 | 84 183 | 692 103 |
| 10 January | 840 | 820 | 35 328 | 289 762 |
| 11 January | 820 | 815 | 399 673 | 3 277 193 |
| 12 January | 820 | 815 | 9 836 | 80 570 |
| 13 January | 815 | 815 | 49 882 | 406 538 |
| 16 January | 835 | 835 | 550 | 45 925 |
| 17 January | 850 | 835 | 50 000 | 424 943 |
| 18 January | 927 | 850 | 3 516 937 | 29 958 464 |
| 19 January | 910 | 900 | 1 490 825 | 13 418 607 |
| 20 January | 955 | 910 | 630 807 | 5 806 121 |
| 23 January | 955 | 940 | 1 873 477 | 17 623 594 |
| 24 January | 949 | 904 | 196 493 | 1 847 036 |
| 25 January | 950 | 925 | 32 851 | 309 444 |
| 26 January | 930 | 925 | 75 464 | 698 905 |
| 27 January | 936 | 925 | 22 749 | 211 575 |
| 30 January | 931 | 923 | 1 654 887 | 15 295 466 |
| 31 January | 925 | 923 | 206 693 | 1 911 581 |
| 1 February | 975 | 920 | 23 994 | 223 754 |
| 2 February | 940 | 920 | 78 614 | 723 260 |
| 3 February | 940 | 935 | 305 457 | 2 868 496 |
| 6 February* | 984 | 940 | 93 601 | 895 334 |

**Last Practicable Date* *Source: iNet*

# RELEVANT SECTIONS FROM THE COMPANIES ACT

**115. Required approval for transactions contemplated in Part**.

(11) Despite section 65, and any provision of a company's Memorandum of Incorporation, or any resolution adopted by its Board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:

(a) the disposal, amalgamation or merger, or scheme of arrangement:

(i) has been approved in terms of this section; or

(ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and

(b) to the extent that Parts B and C of this Chapter, and the Takeover Regulations, apply to a company that proposes to:

(i) dispose of all or the greater part of its assets or undertaking;

(ii) amalgamate or merge with another company; or

(iii) implement a scheme of arrangement,

the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4) (b), or exempted the transaction in terms of section 119 (6).

(2) A proposed transaction contemplated in subsection (1) must be approved:

(a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company's Memorandum of Incorporation, as contemplated in section 64 (2); and

(b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company's holding company if any, if:

(i) the holding company is a company or an external company;

(ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and

(iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and

(c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).

(3) Despite a resolution having been adopted as contemplated in subsections (2) (a) and (b), a company may not proceed to implement that resolution without the approval of a court if:

(a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or

(b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

(4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:

(a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or

(b) required to be voted in support of a resolution, or actually voted in support of the resolution.

(5) If a resolution requires approval by a court as contemplated in terms of subsection (3) (a), the company must either:

(a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or

(b) treat the resolution as a nullity.

(6) On an application contemplated in subsection (3) (b), the court may grant leave only if it is satisfied that the applicant:

(a) is acting in good faith;

(b) appears prepared and able to sustain the proceedings; and

(c) has alleged facts which, if proved, would support an order in terms of subsection (7).

(7) On reviewing a resolution that is the subject of an application in terms of subsection (5) (a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:

(a) the resolution is manifestly unfair to any class of holders of the company's securities; or

(b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.

(8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:

(a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and

(b) was present at the meeting and voted against that special resolution.

(9) If a transaction contemplated in this part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:

(a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;

(b) the allotment and appropriation of any Shares or similar interests to be allotted or appropriated as a consequence of the transaction;

(c) the transfer of Shares from one person to another;

(d) the dissolution, without winding-up, of a company, as contemplated in the transaction;

(e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or

(f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.

**164. Dissenting shareholder's appraisal rights**

(1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.

(2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to:

(a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its Shares in any manner materially adverse to the rights or interests of holders of that class of Shares, as contemplated in section 37(8); or

(b) enter into a transaction contemplated in sections 112, 113, or 114, that notice must include a statement informing shareholders of their rights under this section.

(3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.

(4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:

(a) gave the company a written notice of objection in terms of subsection (3); and

(b) has neither:

(i) withdrawn that notice; or

(ii) voted in support of the resolution.

(5) A shareholder may demand that the company pay the shareholder the fair value for all of the Shares of the company held by that person if:

(a) the shareholder:

(i) sent the company a notice of objection, subject to subsection (6); and

(ii) in the case of an amendment to the company's Memorandum of Incorporation, holds Shares of a class that is materially and adversely effected by the amendment;

(b) the company has adopted the resolution contemplated in subsection (2); and

(c) the shareholder:

(i) voted against that resolution; and

(ii) has complied with all of the procedural requirements of this section.

(6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholder's rights under this section.

(7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:

(a) 20 business days after receiving a notice under subsection (4); or

(b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.

(8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:

(a) the shareholder's name and address;

(b) the number and class of Shares in respect of which the shareholder seeks payment; and

(c) a demand for payment of the fair value of those Shares.

(9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those Shares, other than to be paid their fair value, unless:

(a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

(b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

(c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.

(10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the Shares are reinstated without interruption.

(11) Within five business days after the later of:

(a) the day on which the action approved by the resolution is effective;

(b) the last day for the receipt of demands in terms of subsection (7)(a); or

(c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant Shares, subject to subsection (16), accompanied by a statement showing how that value was determined.

(12) Every offer made under subsection (11):

(a) in respect of Shares of the same class or series must be on the same terms; and

(b) lapses if it has not been accepted within 30 business days after it was made.

(13) If a shareholder accepts an offer made under subsection (12):

(a) the shareholder must either in the case of:

(i) Shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or

(ii) uncertificated Shares, take the steps required in terms of section 53 to direct the transfer of those Shares to the company or the company's transfer agent; and

(b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:

(i) tendered the share certificates; or

(ii) directed the transfer to the company of uncertificated Shares.

(14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the Shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:

(a) failed to make an offer under subsection (11); or

(b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.

(15) On an application to the court under subsection (14):

(a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;

(b) the company must notify each effected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and

(c) the court:

(i) may determine whether any other person is a dissenting shareholder who should be joined as a party;

(ii) must determine a fair value in respect of the Shares of all dissenting shareholders, subject to subsection (16);

(iii) in its discretion, may:

(aa) appoint one or more appraisers to assist it in determining the fair value in respect of the Shares; or

(bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

(iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and

(v) must make an order requiring:

(aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their Shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

(15A) At any time before the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:

(a) that shareholder must comply with the requirements of subsection 13(a); and

(b) the company must comply with the requirements of subsection 13(b).

(16) The fair value in respect of any Shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.

(17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pays its debts as they fall due and payable for the ensuing 12 months:

(a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and

(b) the court may make an order that:

(i) is just and equitable, having regard to the financial circumstances of the company; and

(ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.

(18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose Shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.

(19) For greater certainty, the making of a demand, tendering of Shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its Shares by the company within the meaning of section 48, and therefore are not subject to:

(a) the provisions of that section; or

(b) the application by the company of the solvency and liquidity test set out in section 4.

(20) Except to the extent:

(a) expressly provided in this section; or

(b) that the Panel rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person.

**ALLIED ELECTRONICS CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
Share code: AEL ISIN: ZAE000191342
Share code: AEN ISIN: ZAE000191359
**("Altron"** or **"the Company")**

# NOTICE OF N SHAREHOLDER MEETING

**THE ATTENTION OF N SHAREHOLDERS IS DRAWN TO ANNEXURE 5 OF THE CIRCULAR TO WHICH THIS NOTICE OF N SHAREHOLDER MEETING IS ATTACHED, WHICH SETS OUT THE PROVISIONS OF SECTIONS 115 AND 164 OF THE COMPANIES ACT.**

All the terms defined in the Circular, to which this notice of N Shareholder Meeting is attached, shall bear the same meaning when used in this notice of N Shareholder Meeting.

Notice is hereby given that a general meeting of the N Shareholders will be held (subject to any adjournment, postponement or cancellation) at 10:00 in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017, for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions contained in this notice of N Shareholder Meeting.

| **Important dates to note** | **2017** |
|---|---|
| Last day to trade in order to be eligible to vote at the N Shareholder Meeting | Tuesday, 28 February |
| Record date in order to be eligible to attend and vote at the N Shareholder Meeting | Friday, 3 March |
| Forms of Proxy to be received by no later than 10:00 on | Tuesday, 7 March |
| N Shareholder Meeting to be held at 10:00 on | Thursday, 9 March |

## ATTENDANCE AND VOTING AT THE N SHAREHOLDER MEETING

In terms of section 62(3)(e) of the Companies Act:

- An N Shareholder who is entitled to attend and vote at the N Shareholder Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate in and vote at the N Shareholder Meeting in the place of the N Shareholder, by completing the Form of Proxy in accordance with the instructions set out therein; and
- A proxy need not be a Shareholder of Altron.

In terms of section 63(1) of the Companies Act:

- N Shareholders recorded in the Register on the record date in order to be eligible to attend and vote at the N Shareholder Meeting (being Friday, 3 March 2017), including N Shareholders and their proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in or vote at the N Shareholder Meeting. Acceptable forms of identification include valid identity documents, driver's licenses and passports.

## VOTING BY VENTER FAMILY

The Venter Family shall not vote on any of the special and ordinary resolutions set out herein.

## INTER-CONDITIONALITY OF RESOLUTIONS

All of the special and ordinary resolutions set out in the notice of Special General Meeting and the special and ordinary resolutions set out in this notice of N Shareholder Meeting are inter-conditional, save that the aforesaid special and ordinary resolutions are not conditional on Special Resolution Numbers 10, 11 and 12 and Ordinary Resolution Number 3 set out in the notice convening the Special General Meeting and Special Resolution Number 2 contained herein being passed, but Special Resolution Numbers 10, 11 and 12 and Ordinary Resolution Number 3 set out in the notice convening the Special General Meeting and Special Resolution Number 2 contained herein are conditional on all of the aforesaid special and ordinary resolutions

being passed. Accordingly, the failure to pass any one of the said special and ordinary resolutions shall cause each of the other inter-conditional resolutions to fail, notwithstanding that the particular resolution/s may have been passed by the requisite majority of Shareholders.

**ELECTRONIC PARTICIPATION**

In terms of section 61(10) of the Companies Act, N Shareholders or their proxies may participate in (but not vote at) the N Shareholder Meeting by way of a teleconference call and, if they wish to do so:

- must contact the Interim Company Secretary by email at wgroenewald@altron.com by no later than Tuesday, 7 March 2017 in order to obtain a pin and dial-in details for the teleconference call:
  - will be required to provide reasonably satisfactory identification; and
  - will be billed separately by their own telephone service providers for their telephone call to participate in the N Shareholder Meeting.

**SPECIAL RESOLUTION NUMBER 1 – APPROVAL OF THE SCHEME OF ARRANGEMENT AND REPURCHASE OF MORE THAN 5% OF ALL OF THE N SHARES IN ISSUE AS AT THE LAST PRACTICABLE DATE**

"**RESOLVED THAT** the Repurchase Scheme (as more fully described in section A of the Circular to which the notice of N Shareholder Meeting is attached) in terms of section 114 and section 48(8)(b) of the Companies Act proposed between the Company and the N Shareholders and more fully described in the Circular (of which this notice of N Shareholder Meeting forms part), be and is hereby approved as a special resolution in terms of section 115(2)(a) of the Companies Act on the basis that if the Repurchase Scheme becomes operative, the Company will acquire all of the issued N Shares from the N Shareholders and the N Shares will subsequently be delisted and cancelled."

In order for Special Resolution Number 1 to be passed the support of at least 75% of all of the voting rights exercised on the resolution by the N Shareholders (eligible to vote) present in person or represented by proxy at the N Shareholder Meeting, excluding an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them (as contemplated in section 115(4) of the Companies Act), is required. There are no persons which are deemed to be an acquiring party in terms of section 115(4) of the Companies Act as at the Last Practicable Date. Save as contemplated in this notice convening the N Shareholder Meeting, there are no voting exclusions on this Special Resolution Number 1.

**Explanatory note**

Special Resolution Number 1 is required to approve the Repurchase Scheme by the requisite percentage of voting rights pursuant to which all of the N Shares will be acquired from the N Shareholders (whether they voted in favour of this Special Resolution Number 1 or not, or abstained or refrained from voting) to facilitate the winding-up of the Company's dual share capital structure and because the repurchase constitutes the repurchase of more than 5% of all of the N Shares in issue as at the Last Practicable Date as contemplated in section 48(8)(b) of the Companies Act. The N Shares, once acquired, will be cancelled as issued share capital and restored to the status of authorised, but unissued, share capital of the Company and will subsequently be delisted and cancelled.

**SPECIAL RESOLUTION NUMBER 2 – REVOCATION OF THE REPURCHASE SCHEME SPECIAL RESOLUTION**

"**RESOLVED THAT,** subject to the Repurchase Scheme Special Resolution being approved and in the event, that the Restructure does not become unconditional within the time period stipulated therefor, then Special Resolution Number 1 be and is revoked retrospectively with effect from the date of the passing of this Special Resolution Number 2."

In order for Special Resolution Number 2 to be passed the support of at least 75% of the voting rights exercised on the resolution by the N Shareholders (eligible to vote) present in person or represented by proxy at the N Shareholder Meeting, is required. Save as contemplated in this notice convening the N Shareholder Meeting, there are no other voting exclusions on this Special Resolution Number 2.

**Explanatory note**

Special Resolution Number 2 is required because the Repurchase Scheme will not be given effect to if the Restructure does not become unconditional within the time period stipulated therefor because all of the transaction steps forming part of the Restructure are inter-conditional.

**ORDINARY RESOLUTION NUMBER 1 – DIRECTORS AUTHORISED TO ACT**

**"RESOLVED THAT** any one Director or the Interim Company Secretary be and are hereby authorised to do all things, take all such actions, sign all such documents (including company statutory forms) and generally do anything necessary or desirable to give effect to and to implement the special and ordinary resolution contained in this notice of N Shareholder Meeting and all such actions taken prior hereto be and hereby are ratified."

In order for Ordinary Resolution Number 1 to be passed the support of more than 50% of all of the voting rights exercised on the resolution by the N Shareholders (eligible to vote) present in person or represented by proxy at the N Shareholder Meeting, is required. Save as contemplated in this notice convening the N Shareholder Meeting, there are no voting exclusions on this Ordinary Resolution Number 1.

**QUORUM**

The N Shareholder Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the N Shareholder Meeting to exercise, in aggregate, at least 51% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the N Shareholder Meeting. A matter to be decided at the N Shareholder Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 51% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three N Shareholders personally present or represented by proxy (and if the N Shareholder is a body corporate, it must be represented) and entitled to vote at the N Shareholder Meeting on matters to be decided by N Shareholders.

**FORM OF PROXY**

Attached to the Form of Proxy (*grey*) is an extract of section 58 of the Companies Act, to which N Shareholders are referred.

**APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Companies Act, at any time before Special Resolution Number 1 as set out in this notice is voted on, a Dissenting Shareholder may give the Company a written notice objecting to Special Resolution Number 1. Such notification must be delivered to the Interim Company Secretary by electronic mail on wgroenewald@altron.com or to the Company's registered office.

Any such Dissenting Shareholder must also vote against Special Resolution Number 1 at the N Shareholder Meeting.

By no later than 10 Business Days after the Special Resolution Number 1 has been adopted, the Company must send a notice to the Dissenting Shareholders that Special Resolution Number 1 has been adopted.

A Shareholder may demand that the Company pay the Shareholder the fair value for all the Shares held by that person if:

- the Shareholder has sent the Company a notice of objection in terms of section 164(3) of the Companies Act;
- Special Resolution Number 1 has been passed; and
- The Dissenting Shareholder voted against Special Resolution Number 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in **Annexure 5** of the Circular.

By order of the Board

**WK Groenewald**
*Interim Company Secretary*

3 February 2017

**ALLIED ELECTRONICS CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
Share code: AEL ISIN: ZAE000191342
Share code: AEN ISIN: ZAE000191359
**("Altron"** or **"the Company")**

# FORM OF PROXY

All the terms defined in the Circular, to which this Form of Proxy is attached, shall bear the same meaning when used in this Form of Proxy.

This Form of Proxy is for use only by Certificated N Shareholders or N Shareholders who have Dematerialised their Shares with "Own Name" Registration and who are unable to attend the N Shareholder Meeting to be held at 10:00 in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017.

Dematerialised N Shareholders are advised to contact their CSDP or Broker with their voting instructions in respect of the N Shareholder Meeting. Dematerialised Shareholders who wish to attend the N Shareholder Meeting should obtain a letter of representation from their CSDP or Broker.

An N Shareholder is entitled to appoint one or more proxies (none of whom need to be a Shareholder of the Company) to attend, participate in, speak and vote or abstain from voting in the place of that N Shareholder at the N Shareholder Meeting.

I/We _____

(Full name in BLOCK LETTERS)

of (address) _____

Telephone number _____ Cellphone number _____

email address _____

being the holder of [ ] N Shares in the capital of the Company, do hereby appoint (see notes):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairman of the N Shareholder Meeting

as my/our proxy to attend and speak for me/us and on my/our behalf at the N Shareholder Meeting and at any adjournment thereof and to vote or abstain from voting as indicated on the resolutions to be considered at the N Shareholder Meeting :

| | **For** | **Against** | **Abstain** |
|---|---|---|---|
| **Special resolution number 1 –** Approval of the Repurchase Scheme | | | |
| **Special resolution number 2 –** Revocation of the repurchase scheme special resolution | | | |
| **Ordinary resolution number 1 –** Authorisation of directors | | | |

**Note:** Please indicate with an "X" or the number of Shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his discretion.

Every person present and entitled to vote at the N Shareholder Meeting shall, on a show of hands, have one vote for every ordinary N Share held or represented.

Please read the notes appearing on the reverse hereof.

Signed at on

Signature/s

Name in block letters (full name if signing in representative capacity – see note 6)

Assisted by (where applicable) (state capacity and full name)

**Instructions for signing and lodging this Form of Proxy**

1. This Form of Proxy should only be used by Certificated N Shareholders or N Shareholders who have Dematerialised their Shares with "Own Name" Registration.
2. All other N Shareholders who have Dematerialised their Shares through a CSDP or Broker and wish to attend the N Shareholder Meeting, 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. An N Shareholder may insert the name/s of one or more proxies, none of whom need be a Shareholder of the Company, in the space provided, with or without deleting "the Chairman of the N Shareholder Meeting". The person whose name appears first on the Form of Proxy and who is present at the N Shareholder Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairman of the N Shareholder Meeting.
4. An N Shareholder's instructions on the Form of Proxy must be indicated by the insertion of an "X" or the number of Shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the Chairman of the N Shareholder Meeting, if the Chairman is the authorised proxy, to vote in favour of the resolutions at the N Shareholder Meeting, or any other proxy to vote or to abstain from voting at the N Shareholder Meeting as he/she deems fit in respect of all of the N Shareholder's votes exercisable thereat. An N Shareholder or his/her proxy is not obliged to use all the votes exercisable by the N Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the N Shareholder or by his/her proxy.
5. In order to be effective, completed Forms of Proxy must reach the registered office of the Company or the Transfer Secretaries by 10:00 on Tuesday, 7 March 2017.
6. The completion and lodging of this Form of Proxy shall in no way preclude the N Shareholder from attending, speaking and voting in person at the N Shareholder Meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this Form of Proxy not be completed and/or received in accordance with these notes, the Chairman may accept or reject it, provided that in the case of acceptance, the Chairman is satisfied as to the manner in which the N Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the Chairman of the N Shareholder Meeting.
9. The Chairman shall be entitled to reject the authority of a person signing the Form of Proxy:

   9.1 under a power of attorney; or

   9.2 on behalf of a company,

   unless that person's power of attorney or authority is deposited at the registered office of the Company or the Transfer Secretaries not less than 48 hours before the meeting.
10. Where Shares are held jointly, all joint holders are required to sign the Form of Proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
12. Any alteration of or correction to this Form of Proxy must be initialled by the signatory/ies.
13. On a show of hands, every N Shareholder present in person or represented by proxy shall have one vote for every N Share he/she holds or represents.
14. On a poll, every N Shareholder present in person or represented by proxy shall have 1/200th of a vote for every share held by such N Shareholder.
15. A resolution put to the vote at the N Shareholder Meeting shall be decided by way of poll.

## SUMMARY OF RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act, 2008 (as amended) ("Act"):

1. A Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' N Shareholder Meeting on behalf of such shareholder (section 58(1)(b));
2. a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy ("proxy instrument") (section 58(3)(b)) (but see note 16);
3. irrespective of the form of instrument used to appoint a proxy:

   3.1 the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5) (section 58(4)(a));

   3.2 any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise (section 58(4)(b)); and

3.3 if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).

4. a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the Company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (section 58(7)) (see note 3);
5. the revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 1.3.3 above (section 58(5));
6. if the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Act or the Company's memorandum of incorporation to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b));
7. if the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a Form of Proxy instrument:

7.1 the invitation must be sent to every shareholder entitled to notice of the N Shareholder Meeting at which the proxy is intended to be exercised (section 58(8(a)); and

7.2 the invitation or Form of Proxy instrument supplied by the Company must:

7.3 bear a reasonably prominent summary of the rights established in section 58 of the Act (section 58(8)(b)(i));

7.4 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and

7.5 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the N Shareholder Meeting , or is to abstain from voting (section 58(8)(b)(iii));

8. the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
9. the proxy appointment remains valid only until the end of the N Shareholder Meeting at which it was intended to be used, subject to the above.

**Notes:**

1. Each N Shareholder is entitled to appoint one (or more) proxies (none of whom need be a Shareholder of Altron) to attend, speak and vote in place of that shareholder at the N Shareholder Meeting.
2. An N Shareholder may insert the name of a proxy or the names of two alternative proxies of the N Shareholder's choice in the space/s provided with or without deleting "the Chairman of the N Shareholder meeting" but the N Shareholder must initial any such deletion. The person whose name stands first on this Form of Proxy and who is present at the N Shareholder Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. An N Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the N Shareholder in the appropriate space provided.
4. Failure to comply with the above will be deemed to authorise and direct the Chairman of the N Shareholder Meeting, if the Chairman is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the N Shareholder Meeting as he/she deems fit, in respect of all the N Shareholder's votes exercisable at the N Shareholder Meeting.
5. Completed Forms of Proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received by no later than 48 hours before the commencement of the N Shareholder Meeting (or any adjournment or postponement of the N Shareholder Meeting) or handed to the Chairman of the N Shareholder Meeting at any time before the appointed proxy/ies exercise/s any of the relevant N Shareholder's rights at the N Shareholder Meeting (or any adjournment or postponement of the N Shareholder Meeting), provided that should an N Shareholder lodge a Form of Proxy with the Transfer Secretaries at either of the above addresses less than 48 hours before the N Shareholder Meeting, such N Shareholder will also be required to furnish a copy of such Form of Proxy to the Chairman of the N Shareholder Meeting before the appointed proxy exercises any of such N Shareholder's rights at the N Shareholder Meeting (or any adjournment of the N Shareholder Meeting).
6. The completion and lodging of this Form of Proxy will not preclude the relevant N Shareholder from attending the N Shareholder Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such N Shareholder wish to do so.
7. The Chairman of the N Shareholder Meeting may accept or reject any Form of Proxy not completed and/or received in accordance with these notes or with the Existing Company MoI.
8. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
9. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by Altron or the Transfer Secretaries.
10. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been registered by Altron or the Transfer Secretaries or waived by the Chairman of the N Shareholder Meeting.
11. Where Shares are held jointly, all joint holders are required to sign this Form of Proxy.
12. An N Shareholder who is a minor must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Altron or the Transfer Secretaries.

13. Dematerialised N Shareholders who do not own Shares in "Own-Name" Dematerialised form and who wish to attend the N Shareholder Meeting, or to vote by way of proxy, must contact their CSDP, Broker or nominee who will furnish them with the necessary letter of representation to attend the N Shareholder Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the N Shareholder and his/her CSDP, Broker or nominee.
14. This Form of Proxy shall be valid at any resumption of an adjourned or postponed N Shareholder Meeting to which it relates, although this Form of Proxy shall not be used at the resumption of an adjourned or postponed N Shareholder Meeting if it could not have been used at the N Shareholder Meeting from which it was adjourned or postponed for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This Form of Proxy shall, in addition to the authority conferred by the Act except insofar as it provides otherwise, be deemed to confer the power to act at the N Shareholder Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.
15. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the meeting or adjourned meeting at which the proxy is used.
16. Any proxy appointed pursuant to this Form of Proxy may not delegate his/her authority to act on behalf of the relevant N Shareholder.
17. In terms of section 58 of the Act, unless revoked, an appointment of a proxy pursuant to this Form of Proxy remains valid only until the end of the N Shareholder Meeting or any adjournment or postponement of the N Shareholder Meeting.

**ALLIED ELECTRONICS CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
Share code: AEL ISIN: ZAE000191342
Share code: AEN ISIN: ZAE000191359
**("Altron"** or **"the Company")**

# NOTICE OF SPECIAL GENERAL MEETING

**THE ATTENTION OF SHAREHOLDERS IS DRAWN TO ANNEXURE 5 OF THE CIRCULAR TO WHICH THIS NOTICE OF SPECIAL GENERAL MEETING IS ATTACHED, WHICH SETS OUT THE PROVISIONS OF SECTION 164 OF THE COMPANIES ACT.**

All the terms defined in the Circular, to which this notice of Special General Meeting is attached, shall bear the same meaning when used in this notice of Special General Meeting.

Notice is hereby given that a Special General Meeting of the Shareholders will be held (subject to any adjournment, postponement or cancellation) at 10:30, or so soon thereafter as the N Shareholder Meeting is concluded, in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017, for the purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions contained in this notice of Special General Meeting.

| **Important dates to note** | **2017** |
|---|---|
| Last day to trade in order to be eligible to vote at the Special General Meeting | Tuesday, 28 February |
| Record date in order to be eligible to attend and vote at the Special General Meeting | Friday, 3 March |
| Forms of Proxy to be received by no later than 10:30 on | Tuesday, 7 March |
| Special General Meeting to be held at 10:30, or so soon thereafter as the N Shareholder Meeting is concluded, on | Thursday, 9 March |

**ATTENDANCE AND VOTING AT THE SPECIAL GENERAL MEETING**

In terms of section 62(3)(e) of the Companies Act:

- A Shareholder who is entitled to attend and vote at the Special General Meeting is entitled to appoint a proxy, or two or more proxies, to attend and participate in and vote at the Special General Meeting in the place of the Shareholder, by completing the Form of Proxy in accordance with the instructions set out therein; and
- A proxy need not be a Shareholder of Altron.

In terms of section 63(1) of the Companies Act:

- Shareholders recorded in the Register on the record date in order to be eligible to attend and vote at the Special General Meeting (being Friday, 3 March 2017), including Shareholders and their proxies, are required to provide reasonably satisfactory identification before being entitled to attend or participate in or vote at the Special General Meeting. Acceptable forms of identification include valid identity documents, driver's licenses and passports.
- Voting at the Special General Meeting will be on a poll.

**ELECTRONIC PARTICIPATION**

In terms of section 61(10) of the Companies Act, Shareholders or their proxies may participate in (but not vote at) the Special General Meeting by way of a teleconference call and, if they wish to do so:

- must contact the Interim Company Secretary by email at wgroenewald@altron.com by no later than Tuesday, 7 March 2017 in order to obtain a pin and dial-in details for the teleconference call:
  - will be required to provide reasonably satisfactory identification; and
  - will be billed separately by their own telephone service providers for their telephone call to participate in the Special General Meeting.

**VOTING BY VENTER FAMILY**

The Venter Family shall not vote on any of the special and ordinary resolutions set out herein.

**INTER-CONDITIONALITY OF RESOLUTIONS**

All of the special and ordinary resolutions set out in this notice of Special General Meeting and special and ordinary resolutions set out in the notice of N Shareholder Meeting are inter-conditional, save that the aforesaid special and ordinary resolutions are not conditional on Special Resolution Numbers 10, 11 and 12 and Ordinary Resolution Number 3 set out herein and Special Resolution Number 2 contained in the notice of N Shareholder Meeting being passed, but Special Resolution Numbers 10, 11 and 12 and Ordinary Resolution Number 3 set out herein and Special Resolution Number 2 contained in the notice of N Shareholder Meeting are conditional on all of the aforesaid special and ordinary resolutions being passed. Accordingly, the failure to pass any one of the said special and ordinary resolutions shall cause each of the other inter-conditional resolutions to fail, notwithstanding that the particular resolution/s may have been passed by the requisite majority of Shareholders.

**SPECIAL RESOLUTION NUMBER 1 – CONVERSION OF A SHARES FROM PAR VALUE SHARES TO NO PAR VALUE SHARES**

"**RESOLVED THAT**, in terms of Regulation 31(6) of the Companies Regulations, all of the authorised and issued A Shares having a par value of 2 cents each be and are hereby converted to A Shares having no par value on the basis that each A Share having no par value shall have the same rights and privileges as those currently attaching to the A Shares having a par value immediately prior to the passing of this Special Resolution Number 1 and that the Existing Company MoI be and is hereby amended to provide for the aforesaid conversion."

In order for Special Resolution Number 1 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Special Resolution Number 1. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 1.

**Explanatory note**

The Companies Act limits the Company's ability to restructure its par value Shares and the Company cannot create additional authorised ordinary par value A Shares and thereafter issue such newly created A Shares. Accordingly, to increase the Company's authorised A Share capital so as to facilitate the settlement of the Repurchase Scheme Consideration and to facilitate the issue of the Subscription Shares, Special Resolution Number 1 is required to be approved to enable the Company to first convert all of its authorised and issued ordinary par value A Shares into ordinary no par value A Shares.

*Shareholders are referred to the report prepared by the Board as set out in section B of the Circular, which has been prepared in respect of the Conversion, in accordance with regulation 31(5) of the Companies Regulations.*

*In terms of Regulation 31(8)(b) of the Companies Regulations, a copy of this notice of Special General Meeting and, specifically, notice of this Special Resolution Number 1, together with the report by the Board contemplated in Regulation 31(7) of the Companies Regulations, as set out in section B of the Circular, will be filed with the South African Revenue Service on the date of this notice of Special General Meeting.*

**SPECIAL RESOLUTION NUMBER 2 – INCREASE IN AUTHORISED A SHARE CAPITAL**

"**RESOLVED THAT**, in terms of section 36(2)(a) of the Companies Act, the authorised A Share capital of the Company, comprising 247 500 000 ordinary no par value A Shares, be and is hereby increased to 500 000 000, by the creation of 252 500 000 additional ordinary no par value A Shares and that the Existing Company MoI be and is hereby amended to provide for the aforesaid increase in the authorised A Share capital of the Company."

In order for Special Resolution Number 2 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 2.

**Explanatory note**

Special resolution number 2 is required to be approved in order to enable the Company to increase the authorised A Share capital so as to create sufficient authorised A Shares to facilitate the issue by the Company of the Subscription Shares and to facilitate the settlement of the Repurchase Scheme Consideration, as well as potential future share-based transactions (subject to compliance, where required, with the Companies Act and the Listings Requirements in relation to the issue of any Shares pursuant to such share-based transactions) as and when required.

**SPECIAL RESOLUTION NUMBER 3 – CREATION OF NEW HIGH VOTING SHARE**

"**RESOLVED THAT**, in terms of section 36(2)(a) of the Companies Act, the authorised share capital of the Company be and is hereby amended by the creation of one New High Voting Share having the preferences, rights, limitations and other terms as more fully set out in **Annexure A** of the New Company MoI (adopted pursuant to the passing of Special Resolution Number 9) and that the Existing Company MoI be and is hereby amended accordingly."

In order for Special Resolution Number 3 to be passed the support of at least 75% of all of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. Save as otherwise stated in this notice of Special General Meeting, there are no other voting exclusions on this Special Resolution Number 3.

**Explanatory note**

Special resolution number 3 is required to be approved in order to enable the creation of the New High Voting Share for its issue and allotment to the Venter Family pursuant to the Restructure.

**SPECIAL RESOLUTION NUMBER 4 – ISSUE OF SHARES TO A PERSON RELATED OR INTER-RELATED TO A DIRECTOR**

"**RESOLVED THAT**, to the extent required in terms of section 41(1)(b) of the Companies Act, the issue of up to a maximum of 54 421 768 A Shares (having no par value) in the authorised, but unissued, share capital of the Company to VCP, be and is hereby approved and authorised."

In order for Special Resolution Number 4 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Special Resolution Number 4. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 4.

**Explanatory note**

Special resolution number 4 is required to be approved because Altron intends, pursuant to the Subscription, to issue A Shares to VCP, being an entity that may be related or inter-related to Antony Ball and Samuel Sithole who may both have been appointed as Altron Directors prior to the implementation of the Subscription.

**SPECIAL RESOLUTION NUMBER 5 – AUTHORITY TO ISSUE SHARES IN EXCESS OF 30% OF THE VOTING POWER**

"**RESOLVED THAT**, in accordance with section 41(3) of the Companies Act, the Directors be and are hereby authorised to issue A Shares (having no par value) in the authorised, but unissued, share capital of the Company, up to a maximum of **292 304 034** A Shares, representing more than 30% of the voting power of all A Shares in issue as at the Last Practicable Date, pursuant to settlement of the Repurchase Scheme Consideration and the issue of the Subscription Shares."

In order for Special Resolution Number 5 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, N Shareholders are not entitled to vote on this Special Resolution Number 5. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 5.

**Explanatory note**

Special resolution number 5 is required to be approved because Altron will, pursuant to the implementation of the VCP Subscription Agreement and the Repurchase Scheme, be issuing A Shares representing more than 30% of the voting power of all A Shares in issue as at the Last Practicable Date.

**SPECIAL RESOLUTION NUMBER 6 – SPECIFIC REPURCHASE OF N SHARES IN TERMS OF PARAGRAPH 5.69 OF THE LISTINGS REQUIREMENTS**

"**RESOLVED THAT**, in terms of paragraph 5.69 of the Listings Requirements and the Existing Company MoI, the repurchase by the Company of all of the N Shares from all of the N Shareholders in terms of the Repurchase, be and is hereby approved and authorised."

In order for Special Resolution Number 6 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, excluding the votes attaching to the A Shares held by the N Shareholders and their Associates and the votes attaching to the A Shares held by their related parties (as defined in section 10 of the Listings Requirements), is required. Save as otherwise stated in this notice of Special General Meeting, there are no other voting exclusions on this Special Resolution Number 6.

**Explanatory note**

Special resolution number 6 is required to be approved in terms of paragraph 5.69 of the Listings Requirements and the Existing Company MoI. The effect of Special Resolution Number 6 is that the Company will repurchase all of the N Shares held by the N Shareholders thereby dismantling the Company's dual share capital structure. The N Shares, once repurchased, will be cancelled as issued share capital and restored to the status of authorised, but unissued, share capital of the Company and will subsequently be delisted.

*Shareholders are referred to section B and section E of the Circular for relevant disclosure relating to the Repurchase in terms of the Listings Requirements.*

**SPECIAL RESOLUTION NUMBER 7 – THE ACQUISITION FROM A DIRECTOR OR A PRESCRIBED OFFICER OR A PERSON RELATED TO A DIRECTOR OR PRESCRIBED OFFICER**

"**RESOLVED THAT**, in terms of section 48(8)(a) of the Companies Act, the repurchase of the N Shares from the N Shareholders in terms of the Repurchase Scheme which includes certain Directors or prescribed officers of the Company or from persons related to such Directors or prescribed officers, being MC Berzack, RE Venter, AMR Smith, SN Susman, Dr WP Venter and MJ Leeming, be and is hereby approved and authorised."

In order for Special Resolution Number 7 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 7.

**Explanatory note**

Special resolution number 7 is required to be approved in order to authorise the Company to repurchase the N Shares held by MC Berzack, RE Venter, AMR Smith, SN Susman, Dr WP Venter and MJ Leeming, who are Directors or prescribed officers of the Company or persons related to such Directors or prescribed officers in terms of section 48(8)(a) of the Companies Act. The N Shares, once repurchased, will be cancelled as issued share capital and restored to the status of authorised, but unissued, share capital of the Company and will subsequently be delisted.

**SPECIAL RESOLUTION NUMBER 8 – ISSUE AND ALLOTMENT OF THE NEW HIGH VOTING SHARE**

"**RESOLVED THAT**, in terms of section 41(1) of the Companies Act, the Directors be and are hereby authorised to issue and allot one New High Voting Share to the Venter Family Entity in terms of the Venter Family Subscription Agreement for an aggregate consideration of R10 000.00, which the Board has determined to be adequate consideration."

In order for Special Resolution Number 8 to be passed, in terms of section 41(1) the support of at least 75% of all of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 8.

**Explanatory note**

Special resolution number 8 is required to be approved in order to enable the Company to issue and allot the New High Voting Share to the Venter Family Entity in terms of section 41(1) of the Companies Act (the Venter Family being a person related or inter-related to the Company by virtue of the fact that the Venter Family is as at the Last Practicable Date able to exercise 57.3% of the total voting rights).

**SPECIAL RESOLUTION NUMBER 9 – REPLACEMENT OF THE COMPANY'S MEMORANDUM OF INCORPORATION**

"**RESOLVED THAT**, in terms of section 16(5)(a) of the Companies Act (read with sections 16(1)(a) and 36(2)(a) of the Companies Act), the Existing Company MoI be and is hereby substituted in its entirety by the New Company MoI in terms of which, *inter alia*:

- the A Shares having a par value are converted into A Shares having no par value pursuant to the passing of Special Resolution Number 1;
- the authorised A Share capital of the Company, comprising 247 500 00 A Shares (having a no par value) are increased to 500 000 000 by the creation of 252 000 000 additional A Shares (having no par value) pursuant to the passing of Special Resolution Number 2;
- the authorised share capital of the Company is amended by the creation of the New High Voting Share pursuant to the passing of Special Resolution Number 3;
- to make consequential amendments to the Existing Company MoI as a result of the abovementioned corporate actions and the cancellation of the issue N Shares and restoration of thereof as authorised, but unissued share capital pursuant to the Repurchase Scheme; and
- the notices and electronic communication article dealing with the delivery, publishing and providing of notices, documents, records and/or statements is amended in line with the Companies Act and the Companies Regulations,

which New Company MoI is tabled at the Special General Meeting and initialled by the Chairman for the purposes of identification.

In order for Special Resolution Number 9 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 9.

**Explanatory note**

Special resolution number 9 is required to be approved in order to adopt the New Company MoI so as to *inter alia*: (i) provide for the Conversion, (ii) increase the Company's authorised A Share capital so as to create sufficient authorised A Shares to facilitate the issue by the Company of the Subscription Shares and to facilitate the settlement of the Repurchase Scheme Consideration, as well as potential future share-based transactions (subject to compliance, where required, with the Companies Act and the Listings Requirements in relation to the issue of any Shares pursuant to such share-based transactions) as and when required; (iii) to amend the Company's issued share capital by the creation of the New High Voting Share and (iv) to make consequential amendments to the Existing Company MoI as a result of the corporate actions referred to in (i) to (iii) above and the cancellation of the issued N Shares and restoration thereof as authorised, but unissued, share capital pursuant to the Repurchase Scheme.

**SPECIAL RESOLUTION NUMBER 10 – REVOCATION OF SPECIAL RESOLUTION NUMBER 1**

"**RESOLVED THAT,** subject to Special Resolution Number 1 being approved, in the event that the Restructure does not become unconditional, within the time stipulated therefor, then Special Resolution Number 1 be and is hereby revoked retrospectively with effect from the date of the passing of this Special Resolution Number 10."

In order for Special Resolution Number 10 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. The N Shareholders are not entitled to vote on this Special Resolution Number 10 because they did not vote on Special Resolution Number 1. Save as otherwise stated in this notice of Special General Meeting, there are no other voting exclusions on this Special Resolution Number 10.

**Explanatory note**

Special resolution number 10 will be required because none of the MoI Amendments will be required to be given effect to if the Restructure does not become unconditional within the time stipulated therefor because all of the transaction steps forming part of the Restructure are inter-conditional. To the extent that the New Company MoI has been filed at CIPC, the New Company MoI will need to be substituted with the Existing Company MoI so that the *status quo ante* is restored.

**SPECIAL RESOLUTION NUMBER 11 –REVOCATION OF SPECIAL RESOLUTIONS NUMBERED 2, 3, 9 AND 12**

"**RESOLVED THAT,** subject to Special Resolution Numbered 2, 3, 9 and 12 being approved, in the event that the Restructure does not become unconditional, within the time stipulated therefor, then Special Resolutions Number 2, 3, 9 and 12 be and are hereby revoked retrospectively with effect from the date of the passing of this Special Resolution Number 11."

In order for Special Resolution Number 11 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 11.

**Explanatory note**

Special resolution number 11 will be required because none of the MoI Amendments will be required to be given effect to if the Restructure does not become unconditional within the time stipulated therefor because all of the transaction steps forming part of the Restructure are inter-conditional. To the extent that the New Company MoI has been filed at CIPC, the New Company MoI will need to be substituted with the Existing Company MoI so that the *status quo ante* is restored.

**SPECIAL RESOLUTION NUMBER 12 – CANCELLATION OF N SHARE CAPITAL**

"**RESOLVED THAT**, subject to the Repurchase becoming unconditional and being implemented in accordance with its terms, all of the authorised "N" class ordinary Shares having a par value of 0.01 cent each be and are hereby cancelled with effect from the first day after the date on which the Repurchase Scheme becomes operative and that the New Company MoI be and is hereby amended by the deletion of article 5.3 and article 5.4.6 in their entirety.

In order for Special Resolution Number 12 to be passed the support of at least 75% of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in terms

or represented by proxy at the Special General Meeting, is required. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Special Resolution Number 12.

**Explanatory note**

Special resolution number 12 is required to be approved in order to amend the New Company MoI in order to give effect to the cancellation of the authorised "N" class share capital.

**ORDINARY RESOLUTION NUMBER 1 – APPOINTMENT OF ANTONY BALL AS NON-EXECUTIVE DIRECTOR**

"**RESOLVED THAT**, Antony Ball be and hereby is appointed to the Board as a Non-Executive Director of the Company."

In order for Ordinary Resolution Number 1 to be passed the support of more than 50% of all of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Ordinary Resolution Number 1. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Ordinary Resolution Number 1.

*Shareholders are referred to section B of the Circular for a brief curriculum vitae of Antony Ball.*

**ORDINARY RESOLUTION NUMBER 2 – APPOINTMENT OF SAMUEL SITHOLE AS NON-EXECUTIVE DIRECTOR**

"**RESOLVED THAT**, Samuel Sithole be and hereby is appointed to the Board as a Non-Executive Director of the Company."

In order for Ordinary Resolution Number 2 to be passed the support of more than 50% of all of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Ordinary Resolution Number 2. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Ordinary Resolution Number 2.

*Shareholders are referred to section B of the Circular for a brief curriculum vitae of Samuel Sithole.*

**ORDINARY RESOLUTION NUMBER 3 – ADJUSTMENTS TO THE SHARE PLAN**

"**RESOLVED THAT**, in terms of paragraph 26.1 of the Share Plan, the Directors be and are hereby authorised to effect such adjustments to the Share Plan so as to ensure that Participants are placed in the same or similar position that they are currently in pursuant to the implementation of the Restructure including, but not limited to, such adjusted as the Board considers necessary to provide that the awards, grants and allocations made to Participants to reflect the Repurchase Scheme Consideration ratio of 9 A Shares to 10 N Shares, with the intent and purpose that the Participants should continue to derive the same benefit in respect thereof insofar as is possible. Accordingly, the Share Plan will be amended to provide for the substitution of N Shares with A Shares in clause 1.1.53 of the Share Plan, which amended be and is hereby approved."

In order for Ordinary Resolution Number 3 to be passed the support of at least 75% of all of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Ordinary Resolution Number 3. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Ordinary Resolution Number 3.

**ORDINARY RESOLUTION NUMBER 4 – SPECIFIC AUTHORITY TO ISSUE SHARES FOR CASH TO VCP**

**"RESOLVED THAT**, in terms of paragraph 5.51(g) of the Listings Requirements, the Directors be and are hereby authorised to allot and issue 54 421 768 A Shares (ranking *pari passu* with the existing issued A Shares) to VCP in terms of the VCP Subscription Agreement at an issue price of R7.35 per A Share (which price per A Share has been calculated on the assumption that all of the N Shares have been repurchased) for an aggregate consideration of R400 000 000, which the Board has determined to be adequate consideration, and that all of the aforesaid A Shares be and are hereby placed under the control of the Board for the specific issue as described herein."

In order for Ordinary Resolution Number 4 to be passed, in terms of paragraph 5.51(g) of the Listings Requirements, the support of at least 75% of all of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Ordinary Resolution Number 4. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Ordinary Resolution Number 4.

*Shareholders are referred to section C of the Circular for relevant disclosure relating to the specific issue in terms of the Listings Requirements.*

**ORDINARY RESOLUTION NUMBER 5 – BOARD AUTHORITY TO ALLOT AND ISSUE THE A SHARES**

**"RESOLVED THAT**, the Directors be and are hereby authorised to allot and issue 237 882 266 A Shares (being the number of A Shares required settle the Repurchase Scheme Consideration) pursuant to the Repurchase Scheme, and that such number of A Shares be and is hereby placed under the control of the Board for the issue as described herein."

In order for Ordinary Resolution Number 5 to be passed the support of at least 75% of all of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Ordinary Resolution Number 5. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Ordinary Resolution Number 5.

**ORDINARY RESOLUTION NUMBER 6 – SPECIFIC AUTHORITY TO ISSUE THE NEW HIGH VOTING SHARE FOR CASH TO THE VENTER FAMILY ENTITY**

"**RESOLVED THAT**, in terms of paragraph 5.51(g) of the Listings Requirements, the Directors be and are hereby authorised to allot and issue 1 New High Voting Share to the Venter Family Entity in terms of the Venter Family Subscription Agreement for an aggregate consideration of R10 000.00, which the Board has determined to be adequate consideration, and that the New High Voting Share be and is hereby placed under the control of the Board for the specific issue described herein."

In order for Ordinary Resolution Number 6 to be passed, in terms of paragraph 5.51(g) of the Listings Requirements, the support of at least 75% of all of the voting rights exercised on the resolution by the A Shareholders and the N Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. Save as as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Ordinary Resolution Number 6.

Shareholders are referred to section C of the Circular for relevant disclosure relating to the specific issue in terms of the Listings Requirements.

**ORDINARY RESOLUTION NUMBER 7 – DIRECTORS AUTHORISED TO ACT**

**"RESOLVED THAT** any one Director or the Interim Company Secretary be and are hereby authorised to do all things, take all such actions, sign all such documents (including company statutory forms) and generally do anything necessary or desirable to give effect to and to implement the special and ordinary resolutions contained in this notice of Special General Meeting and all such actions taken prior hereto be and hereby are ratified."

In order for Ordinary Resolution Number 7 to be passed the support of more than 50% of all of the voting rights exercised on the resolution by the A Shareholders (eligible to vote) present in person or represented by proxy at the Special General Meeting, is required. In terms of the Existing Company MoI, the N Shareholders are not entitled to vote on this Ordinary Resolution Number 7. Save as otherwise stated in this notice of Special General Meeting, there are no voting exclusions on this Ordinary Resolution Number 7.

**QUORUM**

The Special General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the Special General Meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the Special General Meeting. A matter to be decided at the Special General Meeting may not begin to be considered unless sufficient persons are present at the meeting (in person or represented by proxy) to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three Shareholders personally present or represented by proxy (and if the Shareholder is a body corporate, it must be represented) and entitled to vote at the Special General Meeting on matters to be decided by Shareholders.

**FORM OF PROXY**

Attached to the Form of Proxy (*blue*) is an extract of section 58 of the Companies Act, to which Shareholders are referred.

**APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS**

In terms of section 164 of the Companies Act, at any time before Special Resolution Number 3 as set out in this notice is voted on, a Dissenting Shareholder may give the Company a written notice objecting to Special Resolution Number 3. Such notification must be delivered to the Interim Company Secretary by electronic mail on wgroenewald@altron.com or to the Company's registered office.

Any such Dissenting Shareholder must also vote against Special Resolution Number 3 at the Special General Meeting.

By no later than 10 Business Days after the Special Resolution Number 3 has been adopted, the Company must send a notice to the Dissenting Shareholders that Special Resolution Number 3 has been adopted.

A Shareholder may demand that the Company pay the Shareholder the fair value for all the Shares held by that person if:

- the Shareholder has sent the Company a notice of objection in terms of section 164(3) of the Companies Act;
- Special resolution number 3 has been passed; and
- the Dissenting Shareholder voted against Special Resolution Number 3 and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in **Annexure 5** of the Circular.

By order of the Board

**WK Groenewald**
*Interim Company Secretary*

3 February 2017


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**ALLIED ELECTRONICS CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
Share code: AEL ISIN: ZAE000191342
Share code: AEN ISIN: ZAE000191359
**("Altron"** or **"the Company")**

# FORM OF PROXY

All the terms defined in the Circular, to which this Form of Proxy is attached, shall bear the same meaning when used in this Form of Proxy.

This Form of Proxy is for use only by Certificated Shareholders or Shareholders who have Dematerialised their Shares with "Own Name" Registration and who are unable to attend the Special General Meeting to be held at 10:30, or so soon thereafter as the N Shareholder Meeting is concluded, in the Altron Boardroom, 5 Winchester Road, Parktown, Johannesburg on Thursday, 9 March 2017.

Dematerialised Shareholders are advised to contact their CSDP or Broker with their voting instructions in respect of the Special General Meeting. Dematerialised Shareholders who wish to attend the Special General Meeting should obtain a letter of representation from their CSDP or Broker.

A Shareholder is entitled to appoint one or more proxies (none of whom need to be a Shareholder of the Company) to attend, participate in, speak and vote or abstain from voting in the place of that Shareholder at the Special General Meeting.

I/We _____

(Full name in BLOCK LETTERS)

of (address) _____

Telephone number _____ Cellphone number _____

email address _____

being the holder of ☐ Shares in the capital of the Company, do hereby appoint (see notes):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairman of the Special General Meeting

as my/our proxy to attend and speak for me/us and on my/our behalf at the Special General Meeting and at any adjournment thereof and to vote or abstain from voting as indicated on the resolutions to be considered at the Special General Meeting:

| | For | Against | Abstain |
|---|---|---|---|
| **Special Resolution Number 1 –** Conversion of A Shares from par value Shares to no par value Shares | | | |
| **Special Resolution Number 2 –** Increase in authorised A Share capital | | | |
| **Special Resolution Number 3 –** Creation of New High Voting Share | | | |
| **Special Resolution Number 4 –** Issue of Shares to a person related or inter-related to a Director | | | |
| **Special Resolution Number 5 –** Issue of Shares equal to or in excess of 30% of voting power | | | |

| | For | Against | Abstain |
|---|---|---|---|
| **Special Resolution Number 6 –** Specific Repurchase of N Shares | | | |
| **Special Resolution Number 7 –** Repurchase of more than 5% and repurchase from a Director or a prescribed officer or a person related thereto | | | |
| **Special Resolution Number 8 –** Issue and allotment of the New High Voting Share | | | |
| **Special Resolution Number 9 –** Replacement of the Company's Memorandum of Incorporation | | | |
| **Special Resolution Number 10 –** Revocation of Special Resolution Number 1 | | | |
| **Special Resolution Number 11 –** Revocation of Special Resolutions Numbered 2, 3, 9 and 12 | | | |
| **Special Resolution Number 12 –** Cancellation of N Shares | | | |
| **Ordinary Resolution Number 1 –** Appointment of Antony Ball as non-executive director | | | |
| **Ordinary Resolution Number 2 –** Appointment of Sam Sithole as non-executive director | | | |
| **Ordinary Resolution Number 3 –** Adjustments to the Share Plan | | | |
| **Ordinary Resolution Number 4 –** Specific authority to issue Shares for cash to VCP | | | |
| **Ordinary Resolution Number 5 –** Board authority to allot and issue the A Shares Entity | | | |
| **Ordinary Resolution Number 6 –** Specific authority to issue the New High Voting Share for cash to the Venter Family Entity | | | |
| **Ordinary Resolution Number 7 –** Directors authorised to act | | | |

**Note:** Please indicate with an "X" or the number of Shares in the spaces above how you wish your votes to be cast. If no indication is given, the proxy will vote or abstain in his discretion.

Every A Shareholders present in person or represented by proxy and entitled to vote at the Special General Meeting shall, on a show of hands, have one vote only, and on a poll, shall have one vote for every ordinary A Share held or represented. On a show of hands, every N Shareholder present in person or represented by proxy and entitled to vote at the Special General Meeting shall have only 1/200th of a vote, irrespective of the number of N Shares he/she holds or represents and, on a poll, shall have 1/200th of a vote for every share held by such N Shareholder.

Please read the notes appearing on the reverse hereof.

Signed at on

Signature/s

Name in block letters (full name if signing in representative capacity – see note 6)

Assisted by (where applicable) (state capacity and full name)

**Instructions for signing and lodging this Form of Proxy**

1. This Form of Proxy should only be used by Certificated Shareholders or Shareholders who have Dematerialised their Shares with "Own Name" Registration.
2. All other Shareholders who have Dematerialised their Shares through a CSDP or Broker and wish to attend the Special General Meeting, 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 may insert the name/s of one or more proxies, none of whom need be a Shareholder of the Company, in the space provided, with or without deleting "the Chairman of the Special General Meeting". The person whose name appears first on the Form of Proxy and who is present at the Special General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the Chairman of the Special General Meeting.

4. A Shareholder's instructions on the Form of Proxy must be indicated by the insertion of an "X" or the number of Shares in the appropriate space provided. Failure to comply with the above will be deemed to authorise the Chairman of the Special General Meeting, if the Chairman is the authorised proxy, to vote in favour of the resolutions at the Special General Meeting, or any other proxy to vote or to abstain from voting at the Special General Meeting as he/she deems fit in respect of all of the Shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his/her proxy.
5. In order to be effective, completed Forms of Proxy must reach the registered office of the Company or the Transfer Secretaries by 10:30 on Tuesday, 7 March 2017.
6. The completion and lodging of this Form of Proxy shall in no way preclude the Shareholder from attending, speaking and voting in person at the Special General Meeting to the exclusion of any proxy appointed in terms hereof.
7. Should this Form of Proxy not be completed and/or received in accordance with these notes, the Chairman may accept or reject it, provided that in the case of acceptance, the Chairman is satisfied as to the manner in which the Shareholder wishes to vote.
8. Documentary evidence establishing the authority of the person signing this Form of Proxy in a representative or other legal capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the Chairman of the Special General Meeting.
9. The Chairman shall be entitled to reject the authority of a person signing the Form of Proxy:
   9.1 under a power of attorney; or
   9.2 on behalf of the Company,

   unless that person's power of attorney or authority is deposited at the registered office of the Company or the Transfer Secretaries not less than 48 hours before the Special General Meeting.
10. Where Shares are held jointly, all joint holders are required to sign the Form of Proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
12. Any alteration of or correction to this Form of Proxy must be initialled by the signatory/ies.
13. On a show of hands, every Shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of Shares he/she holds or represents.
14. On a poll, every Shareholder present in person or represented by proxy shall have one vote for every share held by such Shareholder.
15. A resolution put to the vote shall be decided by a show of hands, unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the Special General Meeting.
16. A resolution out to the vote at the Special General Meeting shall be decided by way of a poll.

## SUMMARY OF RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act, 2008 (as amended) ("Act"):

1. a Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' Special General Meeting on behalf of such shareholder (section 58(1)(b));
2. a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy ("proxy instrument") (section 58(3)(b)) (but see note 16);
3. irrespective of the form of instrument used to appoint a proxy:
   3.1 the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5) (section 58(4)(a));
   3.2 any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise (section 58(4)(b)); and
   3.3 if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
4. a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the Company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (section 58(7)) (see note 3).
5. the revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 1.3.3 above (section 58(5));
6. if the proxy instrument has been delivered to a company, as long as that appointment remains in effect, any notice required by the Act or the Company's memorandum of incorporation to be delivered by the Company to the shareholder must be delivered by the Company to the shareholder (section 58(6)(a)), or the proxy or proxies, if the shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b));

7. if the Company issues an invitation to shareholders to appoint one or more persons named by the Company as a proxy, or supplies a Form of Proxy instrument:

   7.1 the invitation must be sent to every shareholder entitled to notice of the Special General Meeting at which the proxy is intended to be exercised (section 58(8(a)); and

   7.2 the invitation or Form of Proxy instrument supplied by the Company must:

   7.3 bear a reasonably prominent summary of the rights established in section 58 of the Act (section 58(8)(b)(i));

   7.4 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a shareholder to write the name, and if desired, an alternative name of a proxy chosen by the shareholder (section 58(8)(b)(ii)); and

   7.5 provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the Special General Meeting , or is to abstain from voting (section 58(8)(b)(iii));

8. the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and

9. the proxy appointment remains valid only until the end of the Special General Meeting at which it was intended to be used, subject to the above.

**Notes:**

1. Each Shareholder is entitled to appoint one (or more) proxies (none of whom need be a Shareholder of Altron) to attend, speak and vote in place of that shareholder at the Special General Meeting.
2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided with or without deleting "the Chairman of the Special General Meeting" but the Shareholder must initial any such deletion. The person whose name stands first on this Form of Proxy and who is present at the Special General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholder in the appropriate space provided.
4. Failure to comply with the above will be deemed to authorise and direct the Chairman of the Special General Meeting, if the Chairman is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the Special General Meeting as he/she deems fit, in respect of all the Shareholder's votes exercisable at the Special General Meeting.
5. Completed Forms of Proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown, 2107) to be received by no later than 48 hours before the commencement of the Special General Meeting (or any adjournment or postponement of the Special General Meeting) or handed to the Chairman of the Special General Meeting at any time before the appointed proxy/ies exercise/s any of the relevant Shareholder's rights at the Special General Meeting (or any adjournment or postponement of the Special General Meeting), provided that should a Shareholder lodge a Form of Proxy with the Transfer Secretaries at either of the above addresses less than 48 hours before the Special General Meeting, such Shareholder will also be required to furnish a copy of such Form of Proxy to the Chairman of the Special General Meeting before the appointed proxy exercises any of such Shareholder's rights at the Special General Meeting (or any adjournment of the Special General Meeting).
6. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the Special General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
7. The Chairman of the Special General Meeting may accept or reject any Form of Proxy not completed and/or received in accordance with these notes or with the Existing Company MoI.
8. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
9. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by Altron or the Transfer Secretaries.
10. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been registered by Altron or the Transfer Secretaries or waived by the Chairman of the Special General Meeting.
11. Where Shares are held jointly, all joint holders are required to sign this Form of Proxy.
12. A Shareholder who is a minor must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Altron or the Transfer Secretaries.
13. Dematerialised Shareholders who do not own Shares in "Own-Name" Dematerialised form and who wish to attend the Special General Meeting, or to vote by way of proxy, must contact their CSDP, Broker or nominee who will furnish them with the necessary letter of representation to attend the Special General Meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the Shareholder and his/her CSDP, Broker or nominee.
14. This Form of Proxy shall be valid at any resumption of an adjourned or postponed Special General Meeting to which it relates, although this Form of Proxy shall not be used at the resumption of an adjourned or postponed Special General Meeting if it could not have been used at the Special General Meeting from which it was adjourned or postponed for any reason other than it was not lodged timeously for the meeting from which the adjournment took place. This Form of Proxy shall, in addition to the authority conferred by the Act except insofar as it provides otherwise, be deemed to confer the power to act at the Special General Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.
15. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretaries before the commencement of the Special General Meeting or adjourned Special General Meeting at which the proxy is used.
16. Any proxy appointed pursuant to this Form of Proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
17. In terms of section 58 of the Act, unless revoked, an appointment of a proxy pursuant to this Form of Proxy remains valid only until the end of the Special General Meeting or any adjournment or postponement of the Special General Meeting.

**ALLIED ELECTRONICS CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number 1947/024583/06)
Share code: AEL ISIN: ZAE000191342
Share code: AEN ISIN: ZAE000191359
**("Altron"** or **"the Company")**

# FORM OF SURRENDER OF DOCUMENTS OF TITLE FOR USE BY CERTIFICATED N SHAREHOLDERS ONLY IN TERMS OF THE REPURCHASE SCHEME

**INSTRUCTIONS:**

**HOLDERS OF DEMATERIALISED ALTRON N SHARES MUST NOT COMPLETE THIS FORM OF SURRENDER**

All the terms defined in the Circular, to which this Form of Surrender is attached, shall bear the same meaning when used in this Form of Surrender.

1. This Form of Surrender is only for use in respect of the Repurchase Scheme.
2. Full details of the Repurchase Scheme are contained in the Circular to Shareholders of Altron, dated **Thursday, 9 February 2017**, to which Circular this Form of Surrender is attached and forms part.
3. This Form of Surrender is attached for the convenience of Certificated Altron N Shareholders who may wish to surrender their Documents of Title in terms of the Repurchase Scheme.
4. The Form of Surrender is for use only by Certificated N Shareholders recorded in the Register on the Repurchase Scheme Record Date.
5. A separate Form of Surrender is required for each Certificated Altron N Shareholder.
6. Part A must be completed by all N Shareholders who return this form.
7. Part B must be completed by all N Shareholders who are emigrants from the Common Monetary Area.
8. If this Form of Surrender is returned with the relevant Document(s) of Title to N Shares, it will be treated as a conditional surrender which is made subject to the Repurchase Scheme becoming unconditional and operative on the Repurchase Scheme Operative Date. In the event of the Repurchase Scheme not becoming unconditional for any reason whatsoever, Computershare Investor Services Proprietary Limited will, by no later than five Business Days after the date upon which it becomes known that the Repurchase Scheme will not be operative, return the Documents of Title to the N Shareholders concerned, by registered mail, at the risk of such N Shareholders.
9. Persons who have acquired N Shares after the date of the issue of the Circular to which this Form of Surrender is attached can obtain copies of the Form of Surrender and the Circular, from Computershare Investor Services Proprietary Limited, to be sent electronically upon request.
10. The Repurchase Scheme Consideration will not be posted to Certificated N Shareholders recorded in the Register of Documents of title on the Repurchase Scheme Record Date unless and until Documents of Title in respect of the relevant N Shares have been surrendered to **Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61763, Marshalltown, 2107).**
11. If an N Shareholder fails to complete the Form of Surrender in respect of all the N Shares held by such N Shareholder or, if the election by the N Shareholder in respect of any Altron N Shares held by such N Shareholder is unclear, that N Shareholder will be deemed to have elected to receive the Repurchase Scheme Consideration in respect of such N Shares.

To: **Transfer Secretaries**
**Computershare Investor Services Proprietary Limited**
**(Registration number 2004/003647/07)**
**Rosebank Towers**
**15 Biermann Avenue**
**Rosebank, 2196**
**(PO Box 61763, Marshalltown, 2107)**

Dear Sirs

**PART A: To be completed by ALL N SHAREHOLDERS HOLDING CERTIFICATED N SHARES who are recorded in the Register on the Repurchase Scheme Record Date and who return this Form of Surrender.**

I/We hereby surrender the Altron N Share certificate(s) and/or other Documents of Title attached hereto, representing Altron N Shares, registered in the name of the person mentioned below and authorise the Transfer Secretaries, conditional upon the Repurchase Scheme becoming unconditional and implemented on the Repurchase Scheme Operative Date, to Register the transfer of these N Shares to Altron:

| **Name of N Shareholder** | **Certificate number(s)** | **Number of N Shares covered by each certificate(s) enclosed** |
|---|---|---|
| | | |
| | | |
| | **Total** | |

Surname or name of corporate body:

First name(s) in full

Title (Mr, Mrs, Miss, Ms, etc.)

Address to which the Repurchase Scheme Consideration should be posted (if different from registered address)

Telephone work ( ) Telephone home ( )

Cellphone number Email address

**Note:**

| **Signature of Altron N Shareholder** | **Name and address of agent lodging this Form of Surrender (if any)** |
|---|---|
| Assisted by me (if applicable) | |
| (State full name and capacity) | |
| Date | |
| Telephone number (Home) ( ) | |
| Telephone number (Work) ( ) | |
| Cellphone number | |

**PART B: To be completed by emigrants of the Common Monetary Area.**

Nominated authorised dealer in the case of a N Shareholder who is an emigrant from the Common Monetary Area (see note 2 below). **NB: PART A must also be completed.**

| Name of dealer | Account number |
|---|---|
| Address | |
| | |

**Instructions**:

1. No receipts will be issued for Documents of Title lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this Form of Surrender.
2. Persons who are emigrants from the Common Monetary Area should nominate the authorised dealer in foreign exchange in South Africa which has control of their blocked assets in Part B of this form. Failing such nomination, the Repurchase Scheme Consideration due to such N Shareholders in accordance with the provisions of the Repurchase Scheme will be held by Altron, pending instructions from the N Shareholders concerned.
3. Any alteration to this Form of Surrender must be signed in full and not initialled.
4. If this Form of Surrender is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this Form of Surrender for noting (unless it has already been noted by Altron or the Transfer Secretaries). This does not apply in the event of this form bearing a JSE broker's stamp.
5. Where the N Shareholder is a company or a close corporation, unless it has already been registered with Altron or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this Form of Surrender must be submitted if so requested by Altron.
6. If this Form of Surrender is not signed by the N Shareholder, the N Shareholder will be deemed to have irrevocably appointed the Transfer Secretaries to implement the N Shareholder's obligations under the Repurchase Scheme on his or her behalf.
7. Where there are any joint holders of any N Shares, only that holder whose name stands first in the Register in respect of such Shares need sign this Form of Surrender.
8. A minor must be assisted by his or her parent or guardian, unless the relevant Documents of Title establishing his or her legal capacity are produced or have been registered by the Transfer Secretaries.

| **FORM B:** | **DIRECT CREDIT – BANK ACCOUNT DETAILS FORM** |
|---|---|
| **FOR COMPLETION ONLY BY CERTIFICATED SHAREHOLDERS OF ALTRON WHO HAVE NOT PREVIOUSLY PROVIDED THE TRANSFER SECRETARIES WITH THEIR LATEST BANKING DETAILS** | |

| Full name of registered shareholder |
|---|

| Identity number of person signing this form | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

| | |
|---|---|
| Your shareholder number (if known) | |
| Email address | |
| Cellphone number | |
| Office phone number | |
| Home phone number | |
| Fax number | |

**REQUEST FOR DIRECT CREDITING OF PAYMENTS – BANK ACCOUNT DETAILS**
**PLEASE NOTE: We cannot accept banking details in the name of a third party**

| | | | | |
|---|---|---|---|---|
| Name of bank account holder | | | | |
| Name of South African Bank | | | | |
| Name of bank branch | Bank account number | | | |
| Bank branch code | Account type | Cheque | Transmission | Savings |

I/We hereby authorise Computershare Investor Services Proprietary Limited and/or Altron to act in accordance with my/our instructions set out above. I/We acknowledge that these instructions supersede and have priority over all previous instructions relating to payments to which I/we am/are entitled to be paid in cash, but do not override any previous reinvestment instructions.

| Signature of shareholder | Day | Month | Year |
|---|---|---|---|
| | | | |

| If you are signing this form in a representative capacity, please indicate which capacity (see over) | |
|---|---|

| BANK VERIFICATION<br>I/We confirm that the above information about the abovementioned shareholders account at this Bank is correct | BANK STAMP HERE |
|---|---|
| Signed on behalf of Bank<br>*THIS MUST BE COMPLETED BY YOUR BANK* | |
| | |

**THIS FORM MUST BE SIGNED AND ACCOMPANIED BY AN ORIGINAL CERTIFIED COPY OF YOUR IDENTITY DOCUMENT. (COPIES OF CERTIFIED COPIES WILL NOT BE ACCEPTED).**

**PLEASE BE ADVISED THAT FACSIMILE/ELECTRONIC COPIES WILL NOT BE ACCEPTED.**

***HOW TO COMPLETE THIS FORM***

**Request for Direct Crediting of payments**

**IMPORTANT: Do not use the number quoted on your credit or debit card.**

This form must be completed in full if you wish your **cash dividend/distribution payments (wording to be adjusted by type of event)** to be paid directly into your nominated South African bank account. Until cancelled in writing by you, all future cash payments will be paid into the nominated account.

**By signing this form you:**

- Confirm that the details are true and correct.
- Understand that neither Altron nor Computershare Investor Services Proprietary Limited is obliged to post you a ***dividend*** cheque in the event that we are unable to transfer the funds due to you electronically and any decision to do so will be at the sole and absolute discretion of Altron on a case by case basis.
- Agree that if Atron determines that a cheque will be sent to you by post, it will be at your own risk.
- Understand and agree that neither Altron nor Computershare Investor Services Proprietary Limited shall be responsible in any way for any loss you may suffer as a result of transfer/deposits being made in accordance with the information provided on this form.
- Understand and agree that any such deposit shall constitute a full and sufficient discharge of Altron and/or Computershare Investor Services Proprietary Limited obligation to make such payments to me/us.
- Understand and agree that this payment instruction will be applied to all future cash payments.

This instruction only applies to the specific holding identified by the holder number and the name appearing on the front of this form.

**NOTE: We cannot accept banking details in the name of a third party.**

| **IF YOU ARE SIGNING THIS FORM IN A REPRESENTATIVE CAPACITY, COMPUTERSHARE INVESTOR SERVICES PROPRIETARY LIMITED REQUIRES THE FOLLOWING DOCUMENTATION IN ADDITION TO AN ORIGINAL CERTIFIED COPY OF YOUR IDENTITY DOCUMENT.** | |
|---|---|
| Joint holding: | Where the holding is in more than one name, the signature of the first mentioned shareholder is required. |
| Power of attorney: | To sign under a Power of Attorney, you must have already lodged the Power of Attorney with Computershare Investor Services Proprietary Limited. Alternatively, please attach an original certified copy of the Power of Attorney to this form when you return it together with an original certified copy of the registered holder's identity document. |
| Trusts: | The form must be signed by the authorised trustee. If you have not already done so, please attach an original certified copy of the Trustee Resolution/Power of Attorney authorising you to act on behalf of the trust, together with original certified copies of the Letters of Authority issued by the Master of the High Court and the Trust Deed. |
| Companies/Closed Corporations/Funds: | Any authorised company official/member may sign on behalf of the company/closed corporation/fund. Please indicate the office held when signing the form. If you have not already done so, please provide Computershare Investor Services Proprietary Limited with an original certified copy of your authorisation to act on behalf of the company/closed corporation/fund in the form of an original certified copy of the board minute/resolution detailing the authorised signatories including specimen signatures and a company letterhead for noting in our records. In addition, Computershare Investor Services Proprietary Limited requires an original certified copy of the Certificate of Incorporation/CK1 Founding Statement/Constitution. |
| Minors: | If the shares are registered in the name of a minor, the form must be completed by the natural guardian, stating the capacity in which he/she is signing or in the case of a legal guardian attach an original certified copy of the Letters of Guardianship (if not previously provided). The guardian must attach an original certified copy of his/her identity document together with an original certified copy of the birth certificate of the minor. |
| Deceased shareholders: | This form must be signed by the Executor/s of the Deceased Estate. If you have not already done so, please provide Computershare Investor Services Proprietary Limited with an original certified copy of the Letters of Executorship together with an original certified copy of the Executor's identity document. |
| Shareholder under Curatorship: | The form must be signed by the Curator Bonis appointed by the Master of the High Court. If you have not already done so, please provide Computershare Investor Services Proprietary Limited with an original certified copy of the Letters of Curatorship together with an original certified copy of the Curator's identity document. |
| Shareholder under Liquidation: | The form must be signed by the liquidator appointed by the Master of the High Court. If you have not already done so, please provide Computershare Investor Services Proprietary Limited with an original certified copy of your Letter of Appointment together with an original certified copy of the shareholder's identity document. |