



BEHEREND BEPERK • HOLDINGS LIMITED

**NWK HOLDINGS LIMITED**  
(Incorporated in the Republic of South Africa)  
Registration Number: 1998/007243/06  
4AX Share Code: 4ANWKH  
ISIN: ZAE400000028  
  
(“NWK Holdings”)

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## **SUBSTANTIAL TRANSACTION ANNOUNCEMENT RELATING TO THE OFFER BY NWK HOLDINGS TO ACQUIRE ALL THE REMAINING ISSUED NWK SHARES WHICH IT DOES NOT ALREADY OWN FROM NWK SHAREHOLDERS**

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### **1. INTRODUCTION**

- 1.1. Shareholders of NWK Holdings (“**NWK Holdings Shareholders**”) are referred to the detailed joint firm intention announcement (“**FIA**”) published by NWK Holdings and NWK Limited (“**NWK**”) dated 08 June 2020, relating to NWK Holdings’ firm intention to make an offer (“**Offer**”) to acquire all the remaining issued ordinary shares of NWK (“**NWK Shares**”), which it does not already own, from the holders of NWK Shares other than NWK Holdings itself (“**NWK Shareholders**”).
- 1.2. The Offer to acquire all the remaining issued NWK Shares which NWK Holdings does not already own from NWK Shareholders, will be effected by way of:
  - 1.2.1. initially, a scheme of arrangement (“**Scheme**”) in terms of section 114(1)(c) of the Companies Act 71 of 2008 (“**Companies Act**”), proposed by the board of directors of NWK (“**NWK Board**”) (on recommendation of the NWK Independent Board (as defined in the FIA)) between NWK and the NWK Shareholders in terms of which, if successfully implemented, NWK Holdings will acquire all of the NWK Shares which it does not already own, with a resultant delisting of all NWK Shares from the official list of 4 Africa Exchange Proprietary Limited (“**4AX**”) and NWK becoming an unlisted wholly-owned subsidiary of NWK Holdings; or
  - 1.2.2. subsequently and if, *inter alia*, after the Scheme is proposed, the NWK special general meeting to consider and vote on the Scheme is cancelled by NWK or is not held for any reason, or court approval is required but not obtained, or any condition precedent to the Scheme is not fulfilled and, where applicable, not waived, or the Scheme otherwise fails, then a general offer by NWK Holdings to NWK Shareholders (“**General Offer**”) as contemplated in section 117(1)(c)(v) of the Companies Act, in terms of which NWK Holdings acquires the NWK Shares at the Offer Consideration (as defined in the FIA) and upon the terms and subject to the conditions set out in the combined offer circular sent to NWK Shareholders. Following the General Offer and subject to the passing of a delisting resolution, NWK will be delisted from 4AX and become an unlisted subsidiary of NWK Holdings,collectively referred to as the proposed transaction (“**the Proposed Transaction**”).
- 1.3. The purpose of this announcement is to set out brief details of the general nature of the Proposed Transaction, in compliance with the listing requirements (“**4AX Listing Requirements**”) of the exchange operated by 4AX.

### **2. RATIONALE FOR THE PROPOSED TRANSACTION**

The board of directors of NWK Holdings (“**NWK Holdings Board**”) seeks to implement the Proposed Transaction for, *inter alia*, the following reasons and/or to achieve the following objectives:

- 2.1. the Proposed Transaction, if implemented, will realise NWK Holdings’ stated intent and commitment to move closer to its founding objectives, one of which is to strengthen the contingent bone fide commercial agricultural producer (“**BFCAP**”) shareholders within NWK Holdings and its subsidiaries (“**NWK Group**”);

- 2.2. the successful implementation of the Scheme (or the General Offer, should the Scheme fail, and subject to the conditions precedent relating to the General Offer being fulfilled) will result in the collapse of the current double organisational structure between NWK Holdings and NWK, resulting in a simplified group structure, a substantial decrease of administrative costs associated with, and the corporate burden of management time being spent on, the management of the double organisational structure; and
- 2.3. the successful implementation of the Proposed Transaction will result in only the issued ordinary shares of NWK Holdings ("**NWK Holdings Shares**") being listed on the exchange operated by 4AX.

### 3. PURCHASE CONSIDERATION

- 3.1. NWK Holdings currently holds approximately 79.45% of the NWK Shares and intends, subject to the fulfilment or waiver of certain conditions precedent, to acquire, pursuant to the Offer, the remaining 20.55% (approximately 29 390 985 NWK Shares) of the NWK Shares for an approximate aggregate consideration value of R176,345,910 ("**Purchase Consideration**"), which will be settled by way of newly issued NWK Holdings Shares and cash as disclosed in paragraphs 3.2.1 and 3.2.2 below, respectively.
- 3.2. The Purchase Consideration will comprise of a share-for-share offer to NWK Shareholders in terms whereof the NWK Shareholders will exchange their existing NWK Shares for newly issued NWK Holdings Shares. However, due to the BFCAP eligibility requirements applicable to the NWK Holdings Shares (as set in NWK Holdings' memorandum of incorporation), only such NWK Shareholders complying with the BFCAP eligibility requirements will be able to receive NWK Holdings Shares in terms of paragraph 3.2.1. NWK Shareholders not meeting the BFCAP eligibility requirements will receive an alternative and equivalent cash consideration in terms of paragraph 3.2.2. Accordingly:
  - 3.2.1. those NWK Shareholders who satisfy the BFCAP eligibility requirements ("**BFCAP Participants**") and who will therefore receive the shares only consideration of the Purchase Consideration, will each receive 1.2419 NWK Holdings Shares for every 1 NWK Share disposed of by such BFCAP Participant to NWK Holdings in terms of the Offer ("**Shares Only Consideration**"); and
  - 3.2.2. those NWK Shareholders who do not satisfy the BFCAP eligibility requirements ("**Non-BFCAP Participants**"), will each receive the cash only consideration of the Purchase Consideration, being an amount of R6.00 per NWK Share ("**Cash Only Consideration**").
- 3.3. The Purchase Consideration was negotiated between the NWK Holdings Board and the NWK Board, after considering the valuation report conducted by a professional independent expert, BDO Corporate Finance Incorporated.

### 4. SHARE CAPITAL

- 4.1. As at the date of this announcement, NWK Holdings' authorised and issued ordinary share capital were as follows:

**AUTHORISED SHARE CAPITAL**

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170 000 000 ordinary no par value shares

**ISSUED SHARE CAPITAL**

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84 680 920 ordinary no par value shares

8 468 089 NWK Holdings Shares held in treasury, being NWK's beneficial holding in NWK Holdings

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- 4.2. Should the Proposed Transaction be implemented, based on the assumption that the maximum number of NWK Holdings Shares are issued in terms of the Shares Only Consideration, NWK Holdings' authorised and issued ordinary share capital shall be as follows:

**AUTHORISED SHARE CAPITAL**

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170 000 000 ordinary no par value shares

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**ISSUED SHARE CAPITAL**

116 635 493 ordinary no par value shares<sup>1</sup>

8 468 089 NWK Holdings Shares held in treasury, being NWK's beneficial holding in NWK Holdings

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**Note:**

1. *Based on the assumption that approximately 87.55% of the 29 390 985 NWK Shares are held by BFCAP Participants, thus issuing 31 954 573 NWK Holdings Shares in respect of the Shares Only Consideration per paragraph 3.2.1 above.*

**5. FINANCIAL INFORMATION**

NWK Holdings Shareholders are referred to the FIA for the *pro forma* effects of the Proposed Transaction on earnings, assets and liabilities of NWK Holdings.

**6. CLASSIFICATION OF THE PROPOSED TRANSACTION**

The Proposed Transaction, pursuant to being aggregated with the acquisition of NWK Shares from Grindrod Trading Holdings Proprietary Limited (as announced on 02 September 2019 on the 4AX news service), collectively constitute a "*Substantial Transaction*" in terms of the 4AX Listing Requirements, requiring NWK Holdings Shareholder approval. A circular convening a special general meeting and providing further information on the Proposed Transaction will be sent to NWK Holdings Shareholders in due course.

Lichtenburg

08 June 2020

**TRANSACTION ADVISOR AND 4AX EXTERNAL ISSUER AGENT:**

Pallidus Capital Proprietary Limited

**LEGAL ADVISORS TO THE NWK GROUP:**

Cliffe Dekker Hofmeyr Inc.