



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

("NWK Holdings" or "Company")

NOTICE OF 2021 ANNUAL GENERAL MEETING OF NWK HOLDINGS SHAREHOLDERS, ODD-LOT OFFER DECLARATION ANNOUNCEMENT AND DISTRIBUTION OF CIRCULAR TO SHAREHOLDERS

1. NOTICE OF 2021 ANNUAL GENERAL MEETING OF NWK HOLDINGS SHAREHOLDERS:

- 1.1. Shareholders of NWK Holdings ("**Shareholders**") are hereby advised that the notice of annual general meeting, incorporating the abridged financial statements for the year ended 30 April 2021 (compiled from the audited annual financial statements published on the 4AX News Service on Friday, 23 July 2021), was dispatched to Shareholders on Tuesday, 10 August 2021 (the "**2021 Annual Report**"). The 2021 Annual Report, as well as the full audited annual financial statements for the year ended 30 April 2021 are also available for download from the Company's website (www.nwk.co.za).
- 1.2. Further to the distribution of the 2021 Annual Report, notice is hereby given to the Shareholders that the 2021 annual general meeting ("**AGM**") of the Shareholders of NWK Holdings will be held at the NWK Limited Training Centre, situated on the corner of Nelson Mandela Avenue and Daniël Street, Lichtenburg, North West on Friday, 10 September 2021, at 09:00 (or at any adjournment or postponement thereof), for purposes of transacting the formal business as set out in the notice of annual general meeting agenda forming part of the 2021 Annual Report.
- 1.3. The date on which Shareholders must be recorded as such in the share register of the Company to be eligible to receive the 2021 Annual Report and notice of annual general meeting was Friday, 06 August 2021, being the notice record date set by the NWK Holdings board of directors ("**Board**") in terms of section 59 of the Companies Act, No 71 of 2008, as amended (the "**Companies Act**").
- 1.4. The date on which Shareholders must be recorded as such in the share register of the Company to be eligible to attend and vote at the annual general meeting is Friday, 03 September 2021, being the voting record date set by the Board in terms of section 59 of the Companies Act.

2. ODD-LOT OFFER DECLARATION ANNOUNCEMENT AND DISTRIBUTION OF CIRCULAR TO SHAREHOLDERS

2.1. Introduction and rationale

- 2.1.1. The shareholding base within NWK Holdings is currently comprised of a large number of Shareholders who hold shareholding-lots of 2 500 ordinary shares or less ("**Odd-lot Holding**") ("**Odd-lot Holders**"). The Board wishes to make an odd-lot offer ("**Odd-lot Offer**") to Odd-lot Holders, in order to reduce the ongoing administrative costs associated with having a large number of Shareholders who collectively hold a small percentage of ordinary shares.
- 2.1.2. Additionally, the Odd-lot Offer will facilitate an inexpensive method for minority Shareholders to realise their investment whereby they receive an Odd-lot Offer price ("**Offer Price**"), without having to incur any transaction costs.

2.2. **Salient terms of the Odd-lot Offer**

- 2.2.1. The Odd-lot Offer shall be made to Odd-lot Holders allowing Odd-lot Holders to either:
 - 2.2.1.1. sell their Odd-lot Holding to NWK Holdings at the Offer Price per share; or
 - 2.2.1.2. retain their Odd-lot Holding.
- 2.2.2. If Odd-lot Holders wish to retain their shareholding, they have to specifically make this election by completing and returning the form of election and surrender accompanying the NWK Holdings Odd-lot Circular (referred to in paragraph 2.5 below).
- 2.2.3. Those Odd-lot Holders who do not make an election will automatically be regarded as having accepted the Odd-lot Offer.

2.3. **Offer Price:**

- 2.3.1. The Offer Price shall be R4.04661 per share which is equal to the 3-month volume-weighted average traded price of NWK Holdings' shares, as at the last practicable date being Friday, 30 July 2021.

2.4. **Memorandum of Incorporation Amendments**

- 2.4.1. The Board further proposes to make amendments to the Company's memorandum of incorporation ("**MOI**") in order to:
 - 2.4.1.1. obtain authority to make and implement the Odd-lot Offer as detailed in the notice of AGM to Shareholders ("**Notice**"), to expropriate NWK Holdings shares from Shareholders in certain circumstances, including most notably the ability to make expropriation a default action for those Odd-lot Holders who have not made an election, and who will be deemed to have accepted the Odd-lot Offer;
 - 2.4.1.2. acquire NWK Holdings shares held by Retired Shareholders (as defined in the Notice and MOI) to create liquidity in the market and to give older Shareholders who are no longer involved in the agricultural industry the option and opportunity to sell their shares at a fair price;
 - 2.4.1.3. provide employees of the NWK Group the opportunity to invest in the Company;
 - 2.4.1.4. allow for the election of directors in other wards as their own; and
 - 2.4.1.5. address semantical amendments and clarification on specific clauses that weren't clear and outlined in the Notice.

2.5. **Distribution of Odd-lot circular and shareholder resolutions authorising the Odd-lot Offer**

- 2.5.1. Shareholders are advised that a circular (incorporating a form of election and surrender) containing the salient information relating to the Odd-lot Offer ("**Odd-lot Circular**"), was distributed together with the 2021 Annual Report referred to in paragraph 1.1 above. The Odd-lot Circular is also available for download from the Company's website (www.nwk.co.za).
- 2.5.2. Shareholders should note that in terms of the 4AX Listing Requirements, the Odd-lot Offer is subject to the approval by Shareholders by way of an ordinary resolution and that, to the extent that the Company has a controlling shareholder, such controlling shareholder will be precluded from voting on the said resolution (however may be taken into consideration for purposes of establishing a quorum).
- 2.5.3. The Shareholder resolutions authorising the Odd-lot Offer have been incorporated in the Notice forming part of the 2021 Annual Report.

2.6. Important dates and times applicable to the Odd-lot Offer

2.6.1. The important dates and times relating to the Odd-lot Offer is contained in the timetable below:

ACTION/EVENT	2021
Record date to determine which Shareholders are eligible to receive the Circular on	Friday, 06 August
Declaration announcement relating to the Odd-lot Offer and issue of the Circular (together with the Notice of AGM) published on the 4AX News Service on	Tuesday, 10 August
Circular (together with the Notice of AGM) distributed to Shareholders on	Tuesday, 10 August
Last day to trade to be entitled to attend and vote at the Annual General Meeting on	Friday, 03 September
Record date to be entitled to vote and participate in the Annual General Meeting on	Friday, 03 September
For administrative purposes, the date by which Forms of Proxy for the Annual General Meeting must be lodged, by 16:00 on	Wednesday, 08 September
Annual General Meeting held at 09:00 on	Friday, 10 September
Results of Annual General Meeting published on the 4AX News Service on	Friday, 10 September
Odd-lot Offer opens at the commencement of trade on	Monday, 13 September
Anticipated date of finalisation announcement to be published on the 4AX News Service on	Monday, 04 October
Last day to trade to participate in the Odd-Lot Offer on	Friday, 15 October
Record date for the Odd-lot Offer on	Friday, 15 October
Forms of Election and Surrender (green) to be received by the Company and/or 4AX Registry by 12:00 on	Monday, 18 October
Odd-lot Offer Closing Date for the Odd-lot Offer at 12:00 on	Monday, 18 October
Shares commence trading "ex" the Odd-lot Offer on	Monday, 18 October
Results of the Odd-lot Offer published on the 4AX News Service on	Tuesday, 19 October
Settlement of the Cash Consideration to Odd-lot Holders who have sold their Odd-lot Holdings to the Company on	Tuesday, 19 October
Delisting of Odd-Lot Offer Shares repurchased by the Company in terms of the Odd-lot Offer on or about	Wednesday, 20 October

Notes:

1. The above salient dates and times are subject to amendment. Any amendment will be communicated to Shareholders via the 4AX News Service.
2. All dates and times quoted in this Circular are local dates and times in South Africa, on a 24 hour basis, unless specified otherwise.
3. Those Odd-lot Holders who do not make an election will automatically be regarded as having chosen and accepted to sell their Shares to the Company and receive the Cash Consideration.
4. The publication of the finalisation announcements and the opening of the Odd-lot Offer set out in the timetable above are subject to Shareholders approving the Odd-lot Offer authorising resolution at the Annual General Meeting and the filing of the Company's MOI being filed and accepted by the Companies and Intellectual Property Commission, as well as exchange control approval by the South African Reserve Bank.
5. If the Annual General Meeting is adjourned or postponed, Forms of Proxy submitted for the Annual General Meeting will remain valid in respect of any adjournment or postponement of the Annual General Meeting unless the contrary is stated on such Forms of Proxy.
6. Shares traded ex the Odd-Lot Offer means that any acquisition or disposal shall not be subject or effected by the odd-lot offer after said date – "normal" share trading applies.

3. TAX IMPLICATIONS:

- 3.1. The summary below is only applicable to Odd-lot Holders that are subject to South African tax legislation whose receipts and accruals are not otherwise exempt from income tax. It is a general guide and is not intended to constitute a complete analysis of the tax consequences of the Odd-lot Offer in terms of South African tax law.
- 3.2. This summary neither purports to constitute tax advice in any form whatsoever, nor does it intend to deal with the tax position of any specific Odd-lot Holder. This summary is therefore intended solely to draw the Odd-lot Holders' attention to certain key aspects of the tax legislation that may be relevant to them pursuant to the Odd-lot Offer. Neither NWK Holdings, Pallidus Capital and/or 4AX and their directors, employees, advisers and/or associates can be held liable and/or responsible for the tax consequences of the Odd-lot Offer.
- 3.3. Odd-lot Holders should seek advice from their professional advisors if they are in any doubt about their tax position. They should also confirm how the general comments below apply to their specific personal circumstances and, in particular, ascertain whether there are any additional or exceptional tax consequences which could apply to them.
- 3.3.1. The Cash Consideration will constitute a "dividend" as defined in section 1 of the Income Tax Act. In this regard, the Cash Consideration paid by NWK Holdings pursuant to the Odd-lot Offer Shares will constitute a dividend in the hands of the Shareholders for income tax purposes as no portion of the Cash Consideration will consist of a return of capital.

Income Tax

- 3.4. The dividend received by South African resident Shareholders would be included in their gross income by virtue of paragraph (k) of the "gross income" definition set out in section 1 of the Income Tax Act, but would be exempt from income tax in terms of section 10(1)(k) of the Income Tax Act provided that the exclusions provided in section 10(1)(k) of the Income Tax Act are not applicable. No income tax should therefore arise in the hands of South African resident Shareholders upon the receipt/accrual of the dividend.

Capital Gains Tax

- 3.5. The repurchase of the Odd-lot Holding would constitute a "disposal" by the NWK Holdings Shareholder for South African Capital Gains Tax purposes, which may result in either a gain or a loss for the NWK Holdings Shareholder.
- 3.6. NWK Holdings Shareholders who are South African tax residents will be liable for Capital Gains Tax where the amount of the Cash Consideration (i.e. the proceeds) received by the NWK Holdings Shareholder exceeds the amount incurred by that NWK Holdings Shareholder to acquire the Odd-lot Offer Shares (i.e. the base cost of the Odd-lot Offer Shares). Capital Gains Tax will be levied on the amount by which the Cash Consideration exceeds the base cost of the Odd-lot Offer Shares.
- 3.7. The Cash Consideration, received in the form of a dividend, would constitute "gross income" and the proceeds received upon the disposal would be reduced to nil in terms of paragraph 35(3) of the Eighth Schedule to the Income Tax Act. No taxable capital gains would therefore arise in the hands of South African resident Shareholders who are subject to South African Capital Gains Tax. Any capital loss realised by the South African resident Shareholders and the non-South African Shareholders who are subject to South African Capital Gains Tax upon the disposal of the Odd-lot Holding would be disregarded in terms of paragraph 19(1)(a) of the Eighth Schedule to the Income Tax Act.

Dividend withholding tax

- 3.8. Dividends withholding tax is levied at a rate of 20% on dividends paid by a South African company to its shareholders. In the case of listed shares, the dividends withholding tax must be withheld by the regulated intermediary (in this case, the CSDP) and paid over to the South African Revenue Service.
- 3.9. Dividends paid to South African companies are exempt from dividends withholding tax in terms of section 64F(1)(a) of the Income Tax Act. In order to qualify for the exemption, the South African company Shareholder must furnish the CSDP with a declaration that the dividend is exempt in terms of section 64F(1)(a) of the Income Tax Act. Dividends paid to South African Shareholders who are individuals or trusts would be subject to dividends withholding tax at a rate of 20%.
- 3.10. The gross dividend amount to be used in determining the dividend tax is 404.661 cents per NWK Holdings share.
- 3.11. The dividend tax to be withheld by the Company is equal to 80.9322 cents per NWK Holdings share.

- 3.12. The net local dividend amount is 323.7288 cents per NWK Holdings share for shareholders not exempt from dividends tax.
- 3.13. The net local dividend amount is 404.661 cents per NWK share for shareholders exempt from dividends tax.

Lichtenburg

10 August 2021

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

Pallidus
CAPITAL