

## THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**The definitions and interpretations starting on: (i) page 15 of the Repurchase Circular; and (ii) page 64 of the Scheme Circular, apply to this cover page, except where the context indicates otherwise.**

There are two parts to this bound document, being **Part A** and **Part B**:

**Part A:** is the Repurchase Circular that has been sent to Media Holdings Shareholders (with a copy to Welkom Shareholders) in connection with the Repurchase (as described below), and starts from page 3 to page 48 of this document; and

**Part B:** is the Scheme Circular that has been sent to Welkom Shareholders in connection with, amongst others, the Scheme (as described below), and starts from page 49 to page 196 of this document.

**Welkom Shareholders should pay specific attention to both the Repurchase Circular and the Scheme Circular, and the action required by Welkom Shareholders in connection with the Repurchase and the Scheme.**

If you are in any doubt as to what you should do, please consult Singular Services, your banker, attorney, accountant or other professional advisor immediately. If you have any questions regarding this document, please contact the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays).

If you have sold all of your Welkom Shares, then this document, together with its attachments, should be forwarded to the purchaser of such Welkom Shares or to Singular Services, or to the banker or other agent through whom the sale was done.

**Media Holdings and/or Welkom or their advisors do not accept responsibility, and will not be held liable, for any action of, or omission by, Singular Services including, without limitation, any failure on the part of Singular Services to notify any beneficial owner of Welkom Shares of the information and the proposed transactions set out in this document or to take any action on behalf of such beneficial owner.**

W E L K O M  
Y I Z A N I

### WELKOM YIZANI INVESTMENTS (RF) LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 2006/021434/06)  
Ordinary short code: EXWYI  
("Welkom")

MEDIA 24

### MEDIA24 HOLDINGS PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 2006/021408/07)  
("Media Holdings")

## COMBINED CIRCULAR TO MEDIA HOLDINGS SHAREHOLDERS AND WELKOM SHAREHOLDERS

**PART A** concerns:

a share repurchase by Media Holdings of 5 839 999 Media Holdings Shares (constituting 6% of Media Holdings' issued share capital) at a cash price of R15.70 per Media Holdings Share from Welkom (the "**Repurchase**"), and includes:

- an independent expert's report prepared by Deloitte & Touche in respect of the Repurchase;
- a Notice of Media Holdings General Meeting; and
- a Form of Proxy (*yellow*) for use by Media Holdings Shareholders.

**Welkom Shareholders are entitled and encouraged to participate in and vote at the Media Holdings General Meeting.**

**PART B** concerns:

(i) a scheme of arrangement proposed by the Welkom Board between Welkom and the Ordinary Shareholders, in terms of which Media Holdings will buy all of the Scheme Shares from the Ordinary Shareholders for a cash consideration of R15.70 per Scheme Share (the "**Scheme**"); (ii) the subsequent delisting of the Welkom Shares from ESE; (iii) the election of additional directors to the Welkom Board; and (iv) the approval of the proposed remuneration payable to the Welkom Directors, and includes:

- an independent expert's report prepared by Questco Corporate Advisory Proprietary Limited in respect of the Scheme;
- a Notice of Welkom General Meeting;
- a Form of Proxy (*yellow*) for use by Welkom Shareholders; and
- extracts of sections 114 and 115 of the Companies Act dealing with the approval requirements for the Scheme and section 164 of the Companies Act dealing with Dissenting Welkom Shareholders' Appraisal Rights.

**Welkom Shareholders are entitled and encouraged to participate in and vote at the Welkom General Meeting.**

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**Independent Expert to Welkom**



**Financial/Corporate Advisor to Media Holdings**



**Legal and Tax Advisor to Media Holdings  
and Welkom**

**WEBBER WENTZEL**

in alliance with > Linklaters

**Independent Expert  
to Media Holdings**

**Deloitte.**

**Transfer Secretaries to Media Holdings  
and Welkom**



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**Date of issue: Monday, 14 December 2020.**

*This bound document is available in English only. A copy of this document will be made available for inspection by Welkom Shareholders during normal business hours from the date of posting of this document on Monday, 14 December 2020, up to and including the Scheme Consideration Record Date being, Friday, 26 February 2021, at the registered offices of Media Holdings and Welkom. The bound document will also be made available on: (i) Welkom's website at [www.welkomyizani.co.za](http://www.welkomyizani.co.za); (ii) Media Holdings' website at [www.media24.com/investor-centre/](http://www.media24.com/investor-centre/); and (iii) EESE's website at [www.eese.co.za](http://www.eese.co.za).*

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## WELKOM CHAIRMAN'S LETTER

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Dear shareholder

Included herewith are your documents for the general meetings (**GMs**) of Media24 Holdings Proprietary Limited ("**Media Holdings**") and Welkom Yizani Investments (RF) Limited ("**Welkom**") that will be held on Friday, 22 January 2021. Given the outbreak of Covid-19 and the continued related government action and regulations aimed at social distancing, including the prohibition of gatherings, the GMs will be conducted entirely through electronic facility/communication as envisaged in the Companies Act, No. 71 of 2008, as amended.

The Media Holdings GM will start at 09:30 and the Welkom GM will follow immediately after, at 10:00. Details about electronic participation in the GMs are set out in the notices of the GMs contained in the circulars enclosed herein. You are entitled to vote at both the Media Holdings and the Welkom GMs.

As you know, Media24 Proprietary Limited ("**Media24**") started the Welkom empowerment scheme some 14 years ago when print media was doing well. Unfortunately, we have experienced a fast decline in print advertising and circulation, as both advertisers and readers have changed their preferences and consumption to online and digital platforms.

Furthermore, since the end of March 2020, the impact of the Covid-19 pandemic has sped up the decline in the Media24 print business. Although Media24 is changing and adapting its media business for a world that is becoming more digital, and has invested in ecommerce, this will take time to deliver proper profits and is also not without risk.

Since the start of the Welkom scheme in 2006, Welkom shareholders have received a gross internal rate of return of about 7% (or almost 2x their initial investment) before any final exit value. The Welkom board of directors ("**Welkom Board**") knows that, despite this financial return, Welkom shareholders have for many years been unhappy with the performance of the Welkom share price. What makes it more difficult for Welkom shareholders to get value from their Welkom shares, is that there has been very little trading in Welkom shares over the past few years, with less than 0.01% of the Welkom shares traded daily. There also seems to be limited appreciation for the value of Media24 in the public market. Media24 and Media Holdings are therefore offering a solution that will give Welkom shareholders a real and instant benefit.

The solution that is being offered to Welkom shareholders is a scheme of arrangement ("**Scheme**"). If the Scheme is implemented, Media Holdings will buy all of the Welkom shares from the Welkom shareholders for a cash consideration of R15.70 per share ("**Scheme Consideration**"). The listing of the Welkom shares on the Equity Express Securities Exchange Proprietary Limited ("**EESE**") will also end.

We remind you that three more directors were appointed to the Welkom Board to become the Welkom independent board of directors ("**Welkom Independent Board**"). This was so that they can consider and provide an opinion on the fairness of the Scheme and the Scheme Consideration to the Welkom shareholders.

Complete details of the proposed transaction are included in the circulars enclosed herein. The proposed transaction has two steps: (i) the Scheme; and (ii) a repurchase by Media Holdings of 6% of its own ordinary shares which Welkom holds ("**Repurchase**"). The Repurchase is also being implemented at R15.70 per Media Holdings share. Before the Scheme is implemented, the Repurchase must be implemented. Welkom shareholders are also entitled to vote on the Repurchase.

Media Holdings, the Welkom Board and the Welkom Independent Board believe that the Scheme will provide Welkom shareholders with a chance to sell all of their Welkom shares at a price and on terms which would be higher than they could get through an open market, piecemeal sale, especially when one looks at the historical trading performance of the Welkom shares. The Scheme also provides a chance for Media Holdings to transfer value to Welkom shareholders, and to provide Welkom shareholders with a valuable liquidity event (by changing their shareholding into cash).

The Welkom Independent Board has appointed Questco Corporate Advisory Proprietary Limited ("**Questco**") as the independent expert to consider the terms and conditions of the Scheme and the Scheme Consideration. Questco has concluded that the terms and conditions of the Scheme are fair and reasonable to the Welkom shareholders.

Given the benefits of the Scheme to Welkom shareholders, and based on the opinion of Questco that the terms and conditions of the Scheme are fair and reasonable to the Welkom shareholders, the Welkom Board and the Welkom Independent Board recommend that Welkom shareholders **VOTE IN FAVOUR** of the Repurchase and the Scheme. Welkom directors who are Welkom shareholders will also vote all of the Welkom shares that they own or control in favour of the Scheme and the Repurchase at the GMs.

Shareholders who wish to participate electronically and/or vote at the GMs should contact Singular Systems Proprietary Limited ("**Singular Systems**") telephonically on **0860 12 12 24** or by email at **WelkomYizani@singularservices.co.za** as soon as possible, to register, but in any event no later than 09:30 on Wednesday, 20 January 2021. Please register as soon as

you can. If you are unable to attend in person, you can still exercise your vote by completing the proxy forms posted to all shareholders on Monday 14 December 2020, and returning it to Singular Systems, to reach them by no later than 48 hours before the GMs, i.e. by 09:30 on Wednesday, 20 January 2021, to allow for processing of such proxy forms. Shareholders can submit proxy forms as follows:

- by post at, or delivered by hand to, Singular Systems Proprietary Limited, 25 Scott Street, Waverley, Johannesburg, Gauteng, 2090, South Africa or PO Box 1266, Bramley, 2018, South Africa (for the attention of the Transfer Secretaries), or delivered by email to **WelkomYizani@singularservices.co.za**; or
- a shareholder may log in to their EESE shareholder account (**www.eese.co.za**) and cast their proxy vote online; or
- by contacting Singular Systems on **0860 12 12 24** to cast such shareholder's proxy vote telephonically; or
- by following the SMS instructions sent to their registered cellphone number and cast their proxy vote by USSD message.

All other proxies must be handed in before the GMs start.

As part of the verification process for the GMs, you will have to provide a reasonably satisfactory form of identification to be able to attend and vote at the GMs, either as a shareholder or as a proxy for a shareholder. Valid forms of identification include, amongst others, identity documents, driver's licences and passports.

Should you have any queries, feel free to contact the call centre on **0860 12 12 24**.

Kind regards



Chairperson of the Welkom Board  
**Rachel Jafta**

Monday, 14 December 2020

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

**The definitions and interpretations starting on page 15 of this Circular, apply to this entire Circular, including this cover page, except where the context indicates otherwise.**

### Action required by Media Holdings Shareholders

This Circular is important. You should pay specific attention to the section titled "Action required by Media Holdings Shareholders in respect of the Repurchase", which starts on page 10 of this Circular.

If you are in any doubt as to what you should do, please consult Singular Services, your banker, legal advisor or other professional advisor immediately. If you have any questions regarding this Circular, please contact the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays).

If you have sold all of your Welkom Shares, then this Circular, together with its attachments, should be forwarded to the purchaser of such Welkom Shares or to Singular Services, or to the banker or other agent through whom the sale was done.

**Media Holdings and its advisors do not accept responsibility, and will not be held liable, for any action of, or omission by, Singular Services including, without limitation, any failure on the part of Singular Services, to notify such beneficial owner of Media Holdings Shares or any Welkom Shareholder of the transactions set out in this Circular or to take any action on behalf of such beneficial owner or Welkom Shareholder, as applicable.**



## MEDIA24 HOLDINGS PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/021408/07)

("Media Holdings")

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### CIRCULAR TO MEDIA HOLDINGS SHAREHOLDERS (WITH A COPY DISPATCHED TO WELKOM SHAREHOLDERS)

regarding:

- a share repurchase by Media Holdings of a maximum of 5 839 999 Media Holdings Shares (constituting 6% of Media Holdings' issued share capital) at a cash price of R15.70 per Media Holdings Share from Welkom, to be implemented in accordance with sections 48(8), 114(1)(e) and 115(2)(a) of the Companies Act,

and incorporating:

- a report prepared by Deloitte & Touche as the Independent Expert in respect of the Repurchase, in terms of section 114(3) of the Companies Act;
  - a Notice of Media Holdings General Meeting;
  - a Form of Proxy (yellow) for use by Media Holdings Shareholders; and
  - extracts of sections 114 and 115 of the Companies Act dealing with the approval requirements applicable to a section 48(8) repurchase, and section 164 of the Companies Act dealing with shareholders' Appraisal Rights.
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#### Financial/Corporate Advisor to Media Holdings



#### Legal and Tax Advisor to Media Holdings

**WEBBER WENTZEL**

in alliance with > Linklaters

#### Independent Expert

**Deloitte.**

#### Transfer Secretaries



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**Date of issue: Monday, 14 December 2020.**

This Circular is available in English only. A copy of this Circular will be made available for inspection by Media Holdings Shareholders during normal business hours from the date of posting of this Circular on Monday, 14 December 2020, up to and including the Business Day preceding the Implementation Date being, Friday, 26 February 2021, at the registered offices of Media Holdings. This Circular will also be made available on: (i) Media Holdings' website at [www.media24.com/investor-centre/](http://www.media24.com/investor-centre/); (ii) Welkom's website at [www.welkomyizani.co.za](http://www.welkomyizani.co.za); and (iii) EESE's website at [www.eese.co.za](http://www.eese.co.za).

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## CORPORATE INFORMATION AND ADVISORS

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### Registered Office

Media24 Holdings Proprietary Limited  
40 Heerengracht  
Cape Town  
8001  
South Africa  
(PO Box 2271, Cape Town, 8000, South Africa)

### Registration Number

2006/021408/07

### Date of incorporation as a private company

10 July 2006

### Place of incorporation

South Africa

### Legal and Tax Advisor to Media Holdings

Webber Wentzel  
90 Rivonia Road  
Sandton  
Johannesburg  
2196  
South Africa  
(PO Box 61771, Marshalltown, 2107, South Africa)

### Company secretary of Media Holdings

Lurica Jineanne Jacquet  
40 Heerengracht  
Cape Town  
8001  
South Africa  
(PO Box 2271, Cape Town, 8000, South Africa)

### Financial/Corporate Advisor to Media Holdings

Investec Bank Limited  
(Registration number: 1969/004763/06)  
100 Grayston Drive  
Sandown  
Sandton  
2196  
South Africa  
(PO Box 785700, Sandton, 2146, South Africa)

### Independent Expert to Media Holdings

Deloitte & Touche  
5 Magwa Crescent  
Waterfall City  
Waterfall  
Docex 10 Johannesburg  
(Private Bag X6, Gallo Manor, 2052, South Africa)

### Transfer Secretaries to Media Holdings

Singular Systems Proprietary Limited  
(Registration number: 2002/001492/07)  
25 Scott Street  
Waverley  
Johannesburg  
Gauteng  
2090  
South Africa  
(PO Box 1266, Bramley, 2018, South Africa)

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## FREQUENTLY ASKED QUESTIONS

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**The definitions and interpretations starting on page 15 of this Circular, apply to this section, except where the context indicates otherwise.**

**WE SET OUT BELOW RESPONSES TO FREQUENTLY ASKED QUESTIONS WHICH MAY ASSIST YOU WITH YOUR DECISION ON WHETHER OR NOT TO VOTE IN FAVOUR OF THE REPURCHASE:**

### **Why is the Media Holdings Board proposing the Repurchase?**

Currently Welkom holds 15% of Media Holdings' entire share capital, and if the Scheme is implemented, Welkom will be a wholly owned subsidiary of Media Holdings, which means that Media Holdings will indirectly hold more than 15% of its own shares, which is against the provisions of the Companies Act. Therefore, the Repurchase is being proposed to reduce Media Holdings' future indirect shareholding in itself to below 10% so that Media Holdings does not breach the Companies Act.

### **How was the Repurchase Price for the Repurchase Shares determined?**

A valuation of Media Holdings' assets was undertaken to determine the Repurchase Price per Media Holdings Share. The valuation takes into account the nature of the assets and any limitations and restrictions placed on Media Holdings and the Media Holdings Shareholders in relation to the assets and Media Holdings Shares.

The offer price of R15.70 per Media Holdings Share has been assessed by the Independent Expert, Deloitte & Touche, appointed by the Media Holdings Board. Deloitte & Touche has expressed a view that the Repurchase is fair and reasonable to Media Holdings Shareholders. Media Holdings Shareholders are referred to **Annexure 1** to this Circular which sets out the full text of the report of Deloitte & Touche.

### **Why do I have to vote on the Repurchase?**

The Repurchase constitutes a repurchase by Media Holdings of more than 5% of its entire issued ordinary share capital, therefore, the Repurchase must be approved by Media Holdings Shareholders (and Welkom Shareholders by means of the proxy mechanism described below) as required in terms of section 48 of the Companies Act.

Welkom Shareholders are entitled to attend and vote at the Media Holdings General Meeting via the proxy mechanism contained in the Shareholders Agreement. The proxy mechanism provides that Welkom appoints the Welkom Shareholders as its proxies for purposes of voting the Media Holdings Shares held by Welkom at general meetings of Media Holdings.

Therefore, reference to Media Holdings Shareholders in relation to the Media Holdings General Meeting shall, unless otherwise stated, include, as relevant, the Welkom Shareholders. Media Holdings Shareholders are referred to paragraph II on page 10 of this Circular for details to enable Media Holdings Shareholders or their proxies to access the electronic Media Holdings General Meeting.

### **Will there be a meeting to vote?**

In order for the Repurchase to be considered by Media Holdings Shareholders, a general meeting needs to be held. Given the impact of Covid-19 on in-person meetings, the Media Holdings General Meeting to consider the Repurchase is proposed to be held at 09:30 on Friday, 22 January 2021 by way of electronic participation.

Singular Systems will assist Media Holdings Shareholders with the requirements for electronic participation in, and/or voting at, the Media Holdings General Meeting. Media Holdings Shareholders who wish to participate in and/or vote at the Media Holdings General Meeting electronically are required to contact Singular Systems telephonically on **0860 12 12 24** or by email at **WelkomYizani@singularservices.co.za** as soon as possible, but in any event, and for administrative purposes only, by no later than 09:30 on Wednesday, 20 January 2021.

### **I will not be able to attend the Media Holdings General Meeting. How can I vote?**

A Form of Proxy (*yellow*) is attached to this Circular. If you are not able to attend the Media Holdings General Meeting, you can still exercise your right to vote by completing the Form of Proxy (*yellow*) in accordance with the instructions on the back of the form and sending it to Singular Systems, before the Media Holdings General Meeting. Your vote will then still be taken into account. You can also choose to cast your vote in one of the ways listed below under "How do I vote".

### **How do I vote?**

Media Holdings Shareholders may vote in one of the following ways:

- log in to their EESE shareholder accounts at **www.eese.co.za** and cast their proxy vote online, follow the SMS instructions sent to their registered cellphone numbers and cast their proxy vote by USSD message, or contact Singular Systems telephonically on **0860 12 12 24** to cast their vote telephonically, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Media Holdings General Meeting to allow for processing. The online voting platform will be available from 09:00 on Monday, 14 December 2020 until 10:00 on Wednesday, 20 January 2021, and the use of the USSD message will be available from 09:00 on Monday, 11 January 2021 until 10:00 on Wednesday, 20 January 2021; or
- complete and return the attached Form of Proxy (*yellow*) in accordance with the instructions contained therein and ensure that it is received by Singular Systems, by no later than 48 hours before the Media Holdings General Meeting that is to be held at 09:30 on Friday, 22 January 2021, i.e. by 09:30 on Wednesday, 20 January 2021. The Form of Proxy (*yellow*) may also be submitted to the chairperson of the Media Holdings General Meeting (or adjourned or postponed Media Holdings General Meeting) at any time before the Media Holdings General Meeting is due to commence or recommence, as the case may be, by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts.

### **Why can I vote at the Welkom General Meeting and the Media Holdings General Meeting?**

In terms of the MOI and the Shareholders Agreement, the right to vote at the Media Holdings General Meeting in respect of the Media Holdings Shares held by Welkom has been delegated to the Welkom Shareholders.

### **What happens if I do not attend nor vote at the Media Holdings General Meeting?**

The votes of the other Media Holdings Shareholders will be taken into account and if the Repurchase is approved with the sufficient number of voting rights of Media Holdings Shareholders, Media Holdings may proceed and implement the Repurchase notwithstanding that any Media Holdings Shareholder did not attend the Media Holdings General Meeting or voted against the Repurchase.

### **Where do shareholders get assistance if needed?**

Shareholders can call the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays) or email Singular Systems at **WelkomYizani@singularservices.co.za**.



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## IMPORTANT LEGAL NOTICES

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***The definitions and interpretations starting on page 15 of this Circular, apply to this section, except where the context indicates otherwise.***

### **FOREIGN MEDIA HOLDINGS SHAREHOLDERS**

This Circular is governed by the laws of South Africa and is subject to any applicable laws and regulations and has been prepared for the purposes of complying with the Companies Act and is published in terms thereof. The information disclosed in this Circular may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about and observe any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular is not intended to and does not constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful or in which securities may not be offered or sold without registration or an exemption from registration. This Circular does not constitute a prospectus or a prospectus-equivalent document. Media Holdings Shareholders are advised to carefully read this Circular, which contains the full terms and conditions of the Repurchase. Any decision to approve the Repurchase, and/or other response to the proposals contained herein, should be made only on the basis of the information in this Circular.

The Repurchase, which is the subject of this Circular, may be affected by the laws of the relevant jurisdictions of Foreign Media Holdings Shareholders. Foreign Media Holdings Shareholders who are in any doubt as to their positions should consult their professional advisors immediately.

### **FORWARD-LOOKING STATEMENTS**

This Circular contains statements about Media Holdings that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate liquidity; capital resources and expenditure; and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding: a future financial position or future profits; cash flows; corporate strategy; anticipated levels of growth; estimates of capital expenditure; acquisition strategy; and expansion prospects for future capital expenditure levels; and other economic factors, such as, amongst others, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Many of these risks and uncertainties relate to factors that are beyond Media Holdings' ability to control or estimate precisely, such as changes in taxation, future market conditions, currency fluctuations, the actions of governmental regulators and other risk factors. Media Holdings cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Media Holdings operates or may be exposed to may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All forward-looking statements in respect of Media Holdings are based on estimates and assumptions made by Media Holdings, as communicated in publicly available documents, all of which estimates and assumptions, although Media Holdings believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not come about. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those estimates, assumptions or statements include other matters not yet known to Media Holdings or not currently considered material by Media Holdings.

Media Holdings Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business

of Media Holdings not to develop as expected may emerge from time to time and it is not possible to predict all of them. Furthermore, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement is not known. Media Holdings has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of issue of this Circular, except as may be required by law.

No statement in this Circular is intended as a profit forecast or a profit estimate and no statement in this Circular should be interpreted to mean that earnings per Media Holdings Share for the current or future financial years would necessarily match or exceed the historical published earnings per Media Holdings Share. Prices and values of, and income from, Media Holdings Shares may decrease as well as increase and an investor may not get back the amount paid for the Media Holdings Share. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial advisor immediately.

Any forward-looking statement has not been reviewed nor reported on by any external auditors.

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## **ACTION REQUIRED BY MEDIA HOLDINGS SHAREHOLDERS IN RESPECT OF THE REPURCHASE**

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**This Circular is important and requires your immediate attention. The actions you need to take are set out below. If you are in any doubt as to what you should do, please consult Singular Services, your banker, legal advisor or other professional advisor immediately. If you have any questions regarding this Circular, please contact the Call Centre on 0860 12 12 24 on weekdays from 07:00 to 18:00 (excluding public holidays).**

**The definitions and interpretations starting on page 15 of this Circular, apply to this section, except where the context indicates otherwise.**

Please take careful note of the following paragraphs regarding the action required by Media Holdings Shareholders in respect of the Repurchase:

- if you are in any doubt as to what you should do, please consult Singular Services, your banker, legal advisor or other professional advisor immediately. If you have any questions regarding this Circular, please contact the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays);
- if you have sold all of your Welkom Shares, then this Circular, together with the accompanying Notice of Media Holdings General Meeting and Form of Proxy (*yellow*), should be forwarded to the purchaser of such Welkom Shares or to Singular Services, or to the banker or other agent through whom the sale was done;
- in order for the Repurchase to be implemented, amongst other things, the Repurchase Resolution must be approved at the Media Holdings General Meeting; and
- the Media Holdings Board has recommended that Media Holdings Shareholders vote in favour of the Repurchase Resolution.

### **I. MEDIA HOLDINGS GENERAL MEETING**

Given the impact of Covid-19 on in-person meetings, the Media Holdings General Meeting will be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act at 09:30 on Friday, 22 January 2021 (or any adjourned or postponed date in accordance with, amongst others, the provisions of section 64(11) of the Companies Act and the MOI) to consider and, if deemed fit, pass, with or without change, the Repurchase Resolution set out in the Notice of Media Holdings General Meeting. The Notice of Media Holdings General Meeting is attached to, and forms part of, this Circular.

Welkom Shareholders are entitled to attend and vote at the Media Holdings General Meeting via the proxy mechanism contained in the Shareholders Agreement. Therefore, reference to Media Holdings Shareholders in relation to the Media Holdings General Meeting shall, unless otherwise stated, include, as relevant, the Welkom Shareholders. Media Holdings Shareholders are referred to paragraph B below for details to enable Media Holdings Shareholders or their proxies to access the electronic Media Holdings General Meeting.

### **II. VOTING AND ATTENDANCE AT THE MEDIA HOLDINGS GENERAL MEETING**

#### **A. Voting at the Media Holdings General Meeting**

Welkom Shareholders are entitled to attend and vote at the Media Holdings General Meeting via the proxy mechanism contained in the Shareholders Agreement.

**If you wish to vote on the Repurchase Resolution to be considered at the Media Holdings General Meeting, you may either:**

- log in to your EESE shareholder account at **www.eese.co.za** and cast your proxy vote online, follow the SMS instructions sent to your registered cellphone number and cast your proxy vote by USSD message, or contact Singular Systems telephonically on **0860 12 12 24** to cast your vote telephonically, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Media Holdings General Meeting to allow for processing. The online voting platform will be available from 09:00 on Monday, 14 December 2020 until 10:00 on Wednesday, 20 January 2021, and the use of the USSD message will be available from 09:00 on Monday, 11 January 2021 until 10:00 on Wednesday, 20 January 2021; or
- complete and return the attached Form of Proxy (*yellow*) in accordance with the instructions contained therein. Media Holdings Shareholders must ensure that the completed Form of Proxy (*yellow*) is received

by Singular Systems, by no later than 48 hours before the Media Holdings General Meeting, i.e. by 09:30 on Wednesday, 20 January 2021. The Form of Proxy (*yellow*) may also be submitted to the chairperson of the Media Holdings General Meeting (or adjourned or postponed Media Holdings General Meeting) at any time before the Media Holdings General Meeting is due to commence or recommence, as the case may be, by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts.

- If Singular Services does not obtain voting instructions from you (whether through the Call Centre, the online voting platform, your USSD message, or by receipt of your Form of Proxy (*yellow*)), it will not take any action (voting or otherwise) in relation to your Media Holdings Shares or Welkom Shares in the case of Welkom Shareholders.

## **B. Electronic participation at the Media Holdings General Meeting**

The Media Holdings General Meeting will only be accessible via electronic facility/communication in terms of section 63(2)(a) of the Companies Act, and as permitted in terms of the MOI.

Media Holdings has retained the services of TMS to remotely host the Media Holdings General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by Media Holdings Shareholders. TMS will also act as scrutineer.

Media Holdings Shareholders and the Welkom Shareholders who wish to electronically participate in and/or vote at the Media Holdings General Meeting are required to contact Singular Systems telephonically on **0860 12 12 24** or by email at **WelkomYizani@singularservices.co.za** as soon as possible, but in any event, for administrative purposes only, by no later than 09:30 on Wednesday, 20 January 2021. However, this will not in any way affect the rights of Media Holdings Shareholders to register for the Media Holdings General Meeting after this date, provided, however, that only those Media Holdings Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the Media Holdings General Meeting will be allowed to participate in and/or vote by electronic means. Media Holdings Shareholders are strongly encouraged to submit votes by proxy before the Media Holdings General Meeting.

Singular Systems will assist Media Holdings Shareholders with the requirements for electronic participation in, and/or voting at, the Media Holdings General Meeting. Singular Systems is further obliged to validate (in correspondence with Media Holdings and/or Welkom, as applicable, and Singular Services) each such Media Holdings Shareholder's entitlement to participate in and/or vote at the Media Holdings General Meeting, before the shareholder concerned can be provided with the necessary means to access the Media Holdings General Meeting and/or the associated voting forms. Media Holdings Shareholders who have complied with the verification requirements set out above, will be contacted by or on behalf of Singular Systems between Tuesday, 19 January 2021 and Thursday, 21 January 2021, and in any event by no later than 24 hours before the Media Holdings General Meeting (i.e. by 09:30 on Thursday, 21 January 2021). Media Holdings Shareholders will be provided with: (i) the relevant connection details; (ii) the passcodes through which they or their proxy/ies can participate in the Media Holdings General Meeting via electronic facility/communication; and (iii) details of the process for electronic participation via a unique link to the email/cellphone number that was provided by each Media Holdings Shareholder to Singular Systems as part of the verification process.

Media Holdings Shareholders will be liable for their own network charges and expenses in relation to electronic participation in the Media Holdings General Meeting. Any such charges will not be for the account of Media Holdings, TMS or Singular Systems. None of Media Holdings, TMS or Singular Systems can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which may prevent any such Media Holdings Shareholder from participating in the Media Holdings General Meeting.

Notwithstanding the above, Media Holdings Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Media Holdings General Meeting. Media Holdings Shareholders are strongly encouraged to submit votes by proxy in advance of the Media Holdings General Meeting.

Media Holdings Shareholders should forward all relevant information, including their Form of Proxy (*yellow*) to the addresses below:

### **By post at, or delivered by hand:**

#### **The Transfer Secretaries:**

Singular Systems Proprietary Limited  
25 Scott Street, Waverley, Johannesburg, Gauteng, 2090, South Africa  
PO Box 1266, Bramley, 2018, South Africa  
For the attention of: the Transfer Secretaries

**OR**

**Delivered by email:**

Email address: **WelkomYizani@singularservices.co.za**

### **III. GENERAL**

#### **A. Approval of the Repurchase at the Media Holdings General Meeting**

The Repurchase must be approved by a Special Resolution of Media Holdings Shareholders, in accordance with sections 48(8), 114(e) and 115(2)(a) of the Companies Act, at the Media Holdings General Meeting at which sufficient Media Holdings Shareholders, must be present to exercise, in aggregate, at least 50% plus one vote of all the voting rights that are entitled to be exercised on the Repurchase Resolution.

In terms of section 65(7) of the Companies Act and the MOI, the percentage of voting rights required in order for the Repurchase Resolution to be approved is at least 75% of the voting rights exercised on the resolution by all Media Holdings Shareholders.

#### **B. Court approval**

Media Holdings Shareholders are advised that, in terms of section 115(3) of the Companies Act, Media Holdings may in certain circumstances not proceed to implement the Repurchase without the approval of the Court, despite the fact that the Repurchase Resolution has been adopted at the Media Holdings General Meeting.

A copy of section 115 of the Companies Act pertaining to the required approval for the Repurchase is set out in **Annexure 2** to this Circular and a summary is contained in paragraph 4.5 of this Circular.

#### **C. Media Holdings Shareholders Appraisal Rights**

Media Holdings has taken advice from its legal advisors and has formulated the opinion that Appraisal Rights do not apply in respect of the Repurchase which will not be effected by way of a scheme of arrangement. However, for completeness and as its inclusion is required in terms of the Companies Act, Media Holdings Shareholders are referred to **Annexure 3** to this Circular, which contains an extract of the provisions of section 164 of the Companies Act.

#### **D. Other**

The content of this Circular is not legal advice and does not comprehensively deal with the legal, regulatory and tax implications of the Repurchase or any other matter for each Media Holdings Shareholder. Media Holdings Shareholders are advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the Repurchase or any other matter.

Media Holdings does not accept responsibility and will not be held liable for any act of or omission by any agent, including, without limitation, any failure on the part of the agent or any registered holder of Media Holdings Shares to notify the holder of any beneficial interest in those Media Holdings Shares or any Welkom Shareholder in respect of the Repurchase or any other matter set out in this Circular.

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## IMPORTANT DATES AND TIMES

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**The definitions and interpretations starting on page 15 of this Circular, apply to this section, except where the context indicates otherwise.**

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2020/2021

Record date to determine which Media Holdings Shareholders are eligible to receive this Circular ("**Record Date**")

**Friday, 4 December**

Circular and Notice of Media Holdings General Meeting posted to Media Holdings Shareholders and published on EESE-News, Media Holdings' website and Welkom's website on

**Monday, 14 December**

Record date for Media Holdings Shareholders to be recorded in the Register in order to be eligible to attend, participate in and vote at the Media Holdings General Meeting, being the '**Repurchase Voting Record Date**', by close of trade on

**Friday, 15 January**

Last day and time to lodge Forms of Proxy (*yellow*) with Singular Systems by 09:30 on (*refer to note 4 below*)

**Wednesday, 20 January**

**Media Holdings General Meeting to be held at 09:30 on**

**Friday, 22 January**

Results of the Media Holdings General Meeting released on EESE-News, Media Holdings' website and Welkom's website on or about

**Friday, 22 January**

**If the Repurchase is approved by Media Holdings Shareholders at the Media Holdings General Meeting:**

Last day for Media Holdings Shareholders who voted against the Repurchase to require Media Holdings to seek Court approval for the Repurchase in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Media Holdings Shareholders at the Media Holdings General Meeting were exercised against the Repurchase Resolution on

**Friday, 29 January**

Last day for Media Holdings Shareholders who voted against the Repurchase to be granted leave by a Court for a review of the Repurchase in terms of section 115(3)(b) of the Companies Act if the Repurchase Resolution is approved by Media Holdings Shareholders at the Media Holdings General Meeting (where applicable) on

**Friday, 5 February**

**The following dates assume that no Court approval or review of the Repurchase is required and all other Repurchase Conditions Precedent are fulfilled or waived (to the extent applicable):**

Finalisation announcement with regard to the Repurchase published on EESE-News, Media Holdings' website and Welkom's website (assuming no Media Holdings Shareholder exercises their right in terms of section 115(3)(a) or section 115(3)(b) of the Companies Act) expected to be on or about

**Friday, 12 February**

Expected '**Implementation Date**' on or about

**Monday, 1 March**

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### Notes:

- All of the above dates and times are subject to change. The dates have been determined based on the assumption that no Court approval or review of the Repurchase will be required. Any change will be released on EESE-News, Media Holdings' website and Welkom's website.
- A Media Holdings Shareholder; may submit a Form of Proxy (*yellow*) at any time before the commencement of the Media Holdings General Meeting (or any adjournment or postponement of the Media Holdings General Meeting) or submit it to the chairperson of the Media Holdings General Meeting before the appointed proxy exercises any of the relevant Media Holdings Shareholder's or Welkom Shareholder's rights at the Media Holdings General Meeting (or any adjourned or postponed Media Holdings General Meeting), provided that should a Media Holdings Shareholder or a Welkom Shareholder lodge a Form of Proxy (*yellow*) with Singular Systems less than 48 hours (excluding Saturdays, Sundays and gazetted, national public holidays in South Africa) before the Media Holdings General Meeting, such Media Holdings Shareholder or Welkom Shareholder will also be required to submit a copy of such Form of Proxy (*yellow*) to the chairperson of the Media Holdings General Meeting before the appointed proxy exercises any of such Media Holdings Shareholder's or Welkom Shareholder's rights at the Media Holdings General Meeting (or adjourned or postponed Media Holdings General Meeting), by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts.
- If the Media Holdings General Meeting is adjourned or postponed, Forms of Proxy (*yellow*) submitted for the Media Holdings General Meeting will remain valid in respect of any adjournment or postponement of the Media Holdings General Meeting.

4. All times given in this Circular are local times in South Africa.
5. Should enough Media Holdings Shareholders, vote against the Repurchase Resolution at the Media Holdings General Meeting so that a Media Holdings Shareholder may require Media Holdings to obtain Court approval regarding the Repurchase Resolution as contemplated in section 115(3)(a) of the Companies Act, and if a Media Holdings Shareholder in fact delivers such a request, the dates and times set out above will need to be amended. Media Holdings Shareholders will be notified separately of the applicable dates and times under this process.
6. If any Media Holdings Shareholder who votes against the Repurchase Resolution exercises its rights in terms of section 115(3)(b) of the Companies Act and applies to Court for a review of the Repurchase, the dates and times set out above will need to be amended. Media Holdings Shareholders will be notified separately of the applicable dates and times under this process.



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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and its Annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column. Words and expressions in the singular shall include the plural and *vice versa*, words referring to natural persons shall include juristic persons and unincorporated associations of persons and *vice versa*, and any reference to one gender shall include the other gender.

<b>“Annexures”</b>	the annexures attached to this Circular;
<b>“Appraisal Rights”</b>	the rights held by Media Holdings Shareholders under section 164 of the Companies Act, as described in <b>Annexure 3</b> to this Circular;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or a gazetted national public holiday in South Africa;
<b>“Call Centre”</b>	the Singular Services call centre that can be contacted on <b>0860 12 12 24</b> and which operates from 07:00 to 18:00 on weekdays (excluding public holidays);
<b>“the/this Circular”</b>	this bound document, dated Monday, 14 December 2020, including the Annexures hereto and incorporating the Notice of Media Holdings General Meeting and a Form of Proxy ( <i>yellow</i> );
<b>“Companies Act”</b>	the Companies Act, No. 71 of 2008, as amended;
<b>“Court”</b>	any South African court with competent jurisdiction to approve the implementation of the Repurchase Resolution set out in the Notice of Media Holdings General Meeting pursuant to section 115 of the Companies Act and/or to review the Repurchase Resolution;
<b>“Covid-19”</b>	corona 2, SARS-CoV-2, a novel respiratory tract virus that has resulted in a global pandemic and restrictions on trade and movement all around the world and in particular in South Africa in terms of a declaration of a National State of Disaster by the President of South Africa on 15 March 2020;
<b>“EESE”</b>	as the context may require, (i) Equity Express Securities Exchange Proprietary Limited, registration number: 2015/197820/07, a private company with limited liability incorporated in accordance with the laws of South Africa and licensed as a securities exchange under the Financial Markets Act; and (ii) the securities exchange operated by EESE;
<b>“EESE-News”</b>	the news service of EESE;
<b>“Financial Markets Act”</b>	the Financial Markets Act, No. 19 of 2012, as amended;
<b>“Firm Intention Announcement”</b>	has the meaning given to such term in paragraph 1.1 of this Circular;
<b>“Foreign Media Holdings Shareholders”</b>	Media Holdings Shareholders who have a registered address outside South Africa and/or who are national, citizens or residents of a country other than South Africa;
<b>“Form of Proxy (<i>yellow</i>)”</b>	the form of proxy ( <i>yellow</i> ) attached to and forming part of this Circular;
<b>“Implementation Date”</b>	the fifth Business Day following the date upon which all the Repurchase Conditions Precedent have been fulfilled (or waived, to the extent possible);
<b>“Independent Expert” or “Deloitte &amp; Touche”</b>	Deloitte & Touche, a partnership formed under the laws of South Africa, and appointed as the independent expert, amongst others, to provide external advice to the Media Holdings Board;
<b>“Last Practicable Date”</b>	Monday, 7 December 2020, being the last practicable date prior to the finalisation of this Circular;

<b>“Loan Claim”</b>	the loan claim in the amount equal to the Repurchase Price which arises and is held by Welkom against Media Holdings in terms of the Repurchase, on the terms and subject to the conditions contained in the Repurchase Agreement;
<b>“Longstop Date”</b>	Wednesday, 30 June 2021 or such later date as may be determined by Media Holdings and Welkom in writing;
<b>“Media24”</b>	Media24 Proprietary Limited, registration number: 1950/038385/07, a private company with limited liability incorporated in accordance with the laws of South Africa;
<b>“Media Holdings”</b>	Media24 Holdings Proprietary Limited, registration number: 2006/021408/07, a private company with limited liability incorporated in accordance with the laws of South Africa;
<b>“Media Holdings Board” or “Media Holdings Directors”</b>	the board of directors of Media Holdings as at the Last Practicable Date, whose details and further information are set out on page 18 of this Circular;
<b>“Media Holdings General Meeting”</b>	the general meeting of Media Holdings Shareholders to be held at 09:30 on Friday, 22 January 2021 (or any rescheduled, postponed or adjourned date and time in accordance with, amongst others, the provisions of section 64 of the Companies Act and the MOI) entirely via electronic facility/communication in terms of section 63(2)(a) of the Companies Act given the impact of Covid-19 on in-person meetings, to be convened in connection with the Repurchase, and for the purpose of considering and if deemed fit, approving, with or without change, the Repurchase Resolution as contained in the Notice of Media Holdings General Meeting;
<b>“Media Holdings Shareholders”</b>	the holders of Media Holdings Shares, from time to time, as at the Last Practicable Date, being Naspers and Welkom (and including, as relevant, the Welkom Shareholders who have voting rights in Media Holdings via the proxy mechanism contained in the Shareholders Agreement);
<b>“Media Holdings Shares”</b>	fully paid, ordinary shares with a par value of R0.0001 each in the issued share capital of Media Holdings;
<b>“MOI”</b>	Media Holdings’ memorandum of incorporation, as amended from time to time;
<b>“Naspers”</b>	Naspers Limited, registration number: 1925/001431/06, a public company with limited liability incorporated under the laws of South Africa;
<b>“Notice of Media Holdings General Meeting”</b>	the notice convening the Media Holdings General Meeting attached to and forming part of this Circular;
<b>“R”</b>	the South African Rand, the official currency of South Africa;
<b>“Register”</b>	the register of Media Holdings Shareholders maintained by Singular Systems in accordance with section 50 of the Companies Act;
<b>“Repurchase”</b>	the repurchase by Media Holdings of the Repurchase Shares on the terms and subject to conditions set out in the Repurchase Agreement as read with this Circular;
<b>“Repurchase Agreement”</b>	the share repurchase agreement entered into between Media Holdings and Welkom on or about the Last Practicable Date in respect of the Repurchase;
<b>“Repurchase Conditions Precedent”</b>	the conditions precedent to which the Repurchase is subject, as set out in paragraph 4.3 of this Circular;
<b>“Repurchase Price”</b>	R15.70 per Repurchase Share, constituting an aggregate repurchase price of R91 687 984 for all the Repurchase Shares, which shall remain outstanding on Loan Claim;
<b>“Repurchase Resolution”</b>	means Special Resolution 1 required to be approved by Media Holdings Shareholders in order to implement and give effect to the Repurchase;

<b>“Repurchase Shares”</b>	means 5 839 999 Media Holdings Shares (constituting 6% of Media Holdings issued share capital) held by Welkom as at the Last Practicable Date;
<b>“Repurchase Voting Record Date”</b>	the last date to be recorded in the Register in order for Media Holdings Shareholders to be eligible to attend, speak and vote at the Media Holdings General Meeting (or any adjournment thereof), being Friday, 15 January 2021;
<b>“Scheme”</b>	the scheme of arrangement in terms of section 114(1)(c) of the Companies Act, to be proposed by the Welkom Board between Welkom and Welkom Shareholders (and involving Media Holdings as a party), in terms of which, if implemented, Media Holdings will acquire all of the Welkom Shares from Welkom Shareholders, on the terms and conditions set out in the Scheme Circular;
<b>“Scheme Circular”</b>	the bound document dated Monday, 14 December 2020, including the annexures thereto to be issued to Welkom Shareholders in connection with the Scheme;
<b>“Shareholders Agreement”</b>	means the amended and restated shareholders agreement entered into between Naspers, Media24, Media Holdings and Welkom on or about 18 February 2010, regulating, amongst others, the relationship between Naspers and Welkom as Media Holdings Shareholders and as between each other of them and Media Holdings as a shareholder in Media24;
<b>“Singular Services”</b>	Singular Services, a division of Singular Systems, being the designated ‘ <i>Authorised User</i> ’ (as such term is defined in section 1 of the Financial Markets Act), as appointed by Media Holdings to provide brokerage services;
<b>“Singular Systems” or “Transfer Secretaries”</b>	Singular Systems Proprietary Limited, registration number: 2002/001492/07, a private company with limited liability incorporated in accordance with the laws of South Africa, being the appointed transfer secretaries to Media Holdings;
<b>“Solvency and Liquidity Test”</b>	the solvency and liquidity test set out in section 4(1) of the Companies Act;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Special Resolution”</b>	a resolution approved by Media Holdings Shareholders with the support of at least 75% of the voting rights exercised on the resolution;
<b>“TMS”</b>	The Meeting Specialist Proprietary Limited, registration number 2017/287419/07, a private company with limited liability incorporated in accordance with the laws of South Africa;
<b>“USSD”</b>	an unstructured supplementary service data message;
<b>“Welkom”</b>	Welkom Yizani Investments (RF) Limited, registration number: 2006/021434/06, a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on ESE;
<b>“Welkom Board”</b>	the board of directors of Welkom from time to time; and
<b>“Welkom Shareholders”</b>	means the holders of ordinary shares in the issued share capital of Welkom, from time to time.



## **MEDIA24 HOLDINGS PROPRIETARY LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number: 2006/021408/07)  
("Media Holdings")

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### **Media Holdings Directors**

#### **Media Holdings Executive Directors**

Mohamed Ismet Davidson (Chief Executive Officer)  
Mobasheer Patel (Chief Financial Officer)

#### **Media Holdings Non-Executive Directors**

Esmaré Weideman  
Jacobus Petrus Bekker

#### **Media Holdings Independent Non-Executive Directors**

Rachel Catharina Cornelia Jafta (Chairperson)  
Jo-Ann Cindy Held  
Trevor David Petersen  
Khomotso Ramasela Mthimunye

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## **CIRCULAR TO MEDIA HOLDINGS SHAREHOLDERS**

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### **I. INTRODUCTION**

- I.1 Media Holdings Shareholders are referred to the "**Firm Intention Announcement**" released by Welkom on EESE-News, Media Holdings' website and on Welkom's website on Friday, 27 November 2020 advising of, amongst others:
  - I.1.1 the offer made by Media Holdings to acquire all of the Welkom ordinary shares from the Welkom Shareholders by way of the Scheme; and
  - I.1.2 the Repurchase.
- I.2 In the Firm Intention Announcement, Media Holdings Shareholders were advised that Media Holdings and Welkom had entered into the Repurchase Agreement for the sale and purchase of the Repurchase Shares. The Repurchase is the subject of this Circular.
- I.3 The implementation of the Repurchase is subject to the fulfilment or waiver (as the case may be) of the Repurchase Conditions Precedent set out in paragraph 4.3 of this Circular, on or before the date stipulated therein for their fulfilment or waiver. On the basis that the Repurchase and the Scheme are inter-conditional, the Repurchase will only proceed if the Scheme becomes unconditional in accordance with its terms, which includes the approval of the Scheme by Welkom Shareholders by way of Special Resolution. The Repurchase will be implemented in accordance with the terms of the Repurchase Agreement.
- I.4 Given that the Repurchase constitutes a repurchase by Media Holdings of more than 5% of the entire issued ordinary share capital of Media Holdings, it is required that the Repurchase be approved and implemented in accordance with sections 48(8), 114 and 115 of the Companies Act.

## 2. **PURPOSE OF THIS CIRCULAR**

The purpose of this Circular is to provide Media Holdings Shareholders with relevant information regarding the Repurchase, including, amongst others, the report of Deloitte & Touche prepared in terms of section 114(3) of the Companies Act, and to give notice convening the Media Holdings General Meeting in order to consider and, if deemed fit, to pass with or without change the Repurchase Resolution contained in the Notice of Media Holdings General Meeting in accordance with section 48(8) and 115(2)(a) of the Companies Act. The Notice of Media Holdings General Meeting is attached to, and forms part of, this Circular.

To obtain a full understanding of the terms and conditions of the Repurchase, this Circular should be read in its entirety.

## 3. **RATIONALE FOR THE REPURCHASE**

As at the date of this Circular, Welkom holds 15% of the entire issued share capital of Media Holdings and upon implementation of the Scheme, Welkom will become a wholly owned subsidiary of Media Holdings. Therefore, absent the Repurchase, Media Holdings will indirectly hold 15% of its own Media Holdings Shares via a subsidiary (i.e. Welkom, following the implementation of the Scheme). This would be a breach of section 48(2)(b)(i) of the Companies Act. The rationale for the Repurchase therefore, is to reduce Media Holdings' future indirect shareholding in itself to below the 10% threshold as permitted under the Companies Act.

## 4. **TERMS AND CONDITIONS OF THE REPURCHASE**

Subject to the fulfilment or waiver of the Repurchase Conditions Precedent, Media Holdings and Welkom wish to implement the Repurchase in terms of sections 48(8), 114 and 115 of the Companies Act, and on the terms and subject to the conditions set out below.

### 4.1 **The Repurchase**

In terms of the Repurchase Agreement, Media Holdings will repurchase a maximum of 5 839 999 Media Holdings Shares (constituting 6% of Media Holdings' issued share capital) from Welkom, for a Repurchase Price equal to the Loan Claim.

### 4.2 **Repurchase Price**

The Repurchase Price for the Repurchase Shares is R15.70 per Repurchase Share, constituting an aggregate Repurchase Price of R91 687 984 for all the Repurchase Shares. The Repurchase Price will remain outstanding on loan account and be credited in favour of Welkom in Media Holdings' books of account (thereby creating the Loan Claim). The Loan Claim will be payable by Media Holdings to Welkom (or its nominee) on demand, by Welkom and shall bear no interest. The creation of the Loan Claim shall constitute a complete and unconditional discharge of Media Holdings' obligation to discharge the Repurchase Price.

### 4.3 **Repurchase Conditions Precedent**

4.3.1 The implementation of the Repurchase is subject to the fulfilment or waiver, as the case may be, of the following Repurchase Conditions Precedent by no later than the dates stipulated for their respective fulfilment or waiver or otherwise the Longstop Date:

4.3.1.1 by no later than the date on which this Circular and the Scheme Circular are dispatched to Media Holdings Shareholders and Welkom Shareholders, respectively, Welkom having delivered to Media Holdings a copy or extract (or other evidence thereof acceptable to Media Holdings) of the resolutions of the Welkom Board (including, as applicable, any independent subcommittee of the Welkom Board) approving and authorising, amongst others: (i) the entry into and the implementation of the transactions contemplated in the Repurchase Agreement; and (ii) authorising, confirming and ratifying (as applicable) the authority of the person who signed the Repurchase Agreement for, and on behalf of, Welkom; (iii) in terms of section 114(1)(c) the Companies Act, resolving to propose the Scheme to Welkom Shareholders; and (iv) the approval and dispatch of the Scheme Circular to Welkom Shareholders in connection with the Scheme;

4.3.1.2 by no later than the date on which this Circular and the Scheme Circular are dispatched to Media Holdings Shareholders and Welkom Shareholders, respectively, the Media Holdings Board having passed a resolution approving and authorising, amongst others:

- (i) the entry into and the implementation of the transactions contemplated in the Repurchase Agreement; (ii) authorising, confirming and ratifying (as applicable) the authority of the person who signed the Repurchase Agreement on behalf of Media Holdings; (iii) in terms of section 48 read with section 46 of the Companies Act, confirming that Media Holdings will be solvent and liquid, as contemplated in section 4 of the Companies Act, following completion of the Repurchase and for a period of 12 months thereafter; and (iv) the approval and dispatch of the Repurchase Circular to Media Holdings Shareholders in connection with the Repurchase and the approval and dispatch of the Scheme Circular to Welkom Shareholders in connection with the Scheme;
- 4.3.1.3 all necessary Media Holdings Shareholder approvals and/or resolutions as may be necessary to give effect to the Repurchase having been obtained, including, but not limited to, the Repurchase Resolution;
- 4.3.1.4 by no later than the date on which this Circular is dispatched to Media Holdings Shareholders, the Media Holdings Board having obtained a report from an independent expert in accordance with the provisions of section 114 of the Companies Act in connection with the Repurchase, and, unless Media Holdings and Welkom agree otherwise in writing, such report stating that, amongst others, the Repurchase is fair and reasonable to Media Holdings Shareholders;
- 4.3.1.5 by no later than the date on which the Scheme Circular is dispatched to Welkom Shareholders, the Welkom Board (including, as applicable, any independent subcommittee of the Welkom Board) having obtained a report from an independent expert in accordance with the provisions of section 114 of the Companies Act in connection with the Scheme, and, unless Media Holdings and Welkom agree otherwise in writing, such report stating that the terms and conditions of the Scheme are fair and reasonable to Welkom Shareholders;
- 4.3.1.6 on or before the Longstop Date, all of the conditions precedent to the Scheme having been timeously fulfilled or waived, as applicable, in accordance with the terms of the Scheme Circular, other than any condition precedent requiring the Repurchase Agreement to become unconditional in accordance with its terms;
- 4.3.1.7 on or before the Longstop Date, Media Holdings having received the consent of Naspers (and any other person holding rights of pre-emption over the transfer of the Repurchase Shares pursuant to the Shareholders Agreement, the MOI and the Companies Act or any other agreement or arrangement binding on Media Holdings and Welkom) to implement the Repurchase;
- 4.3.1.8 if applicable, Media Holdings having not elected to treat the Repurchase Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act;
- 4.3.1.9 in the circumstances where Media Holdings has not elected to treat the Repurchase Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act, a Court has granted its approval of the Repurchase pursuant to section 115(3) of the Companies Act in circumstances where:
- 4.3.1.9.1 the Repurchase Resolution is opposed by 15% or more of the voting rights that were exercised in respect of the Repurchase Resolution; and
- 4.3.1.9.2 a Media Holdings Shareholder who voted against the Repurchase Resolution requires Media Holdings, within five Business Days after the vote, to seek Court approval pursuant to section 115(3)(a) of the Companies Act;
- 4.3.1.10 no Media Holdings Shareholder who voted against the Repurchase Resolution applies to Court within 10 Business Days after the vote for leave to apply for a review of the Repurchase in accordance with the requirements of section 115(3)(b) of the Companies Act and section 115(6) of the Companies Act;
- 4.3.1.11 Media Holdings waives the Repurchase Condition Precedent in paragraph 4.3.1.10 and the Court does not grant leave to any Media Holdings Shareholder to apply to Court for a review of the Repurchase, as contemplated in sections 115(3)(b), 115(6) and 115(7) of the Companies Act; and

- 4.3.1.12 Media Holdings waives the Repurchase Condition Precedent in paragraph 4.3.1.11 and the Court approves the Repurchase Resolution pursuant to section 115(7) of the Companies Act.
- 4.3.2 Unless stated otherwise: (i) the Repurchase Conditions Precedent in paragraphs 4.3.1.1, 4.3.1.8, 4.3.1.9, 4.3.1.10, 4.3.1.11 and 4.3.1.12 are for the benefit of Media Holdings, and Media Holdings may in writing on or before the date specified for the fulfilment or waiver thereof, waive or extend the period for the fulfilment or waiver of that Repurchase Condition Precedent; and (ii) the Repurchase Condition Precedent in paragraph 4.3.1.2 is for the benefit of Welkom, and Welkom may in writing on or before the date specified for the fulfilment or waiver thereof, waive or extend the period for the fulfilment or waiver of that Repurchase Condition Precedent. The remaining Repurchase Conditions Precedent stipulated above are not capable of waiver. The Longstop Date may be extended by agreement between Media Holdings and Welkom. Any extension of the Longstop Date will be announced on EESE-News, Media Holdings' website and Welkom's website.
- 4.3.3 On the first Business Day on which Media Holdings and Welkom are satisfied that all of the Repurchase Conditions Precedent have been fulfilled or waived (as the case may be), Media Holdings and Welkom will in writing confirm to one another that all of the Repurchase Conditions Precedent have been fulfilled or waived, as the case may be, whereupon all the Repurchase Conditions Precedent will be deemed to have been timeously fulfilled or waived in accordance with the above terms.
- 4.3.4 An announcement will be released on EESE-News, Media Holdings' website and Welkom's website as soon as possible after the fulfilment, waiver or non-fulfilment, as the case may be, of the Repurchase Conditions Precedent.

#### 4.4 **Implementation of the Repurchase**

- 4.4.1 On the Implementation Date, Welkom will deliver the original share certificates issued to it in respect of the Repurchase Shares to Media Holdings. Media Holdings will update its Register to reflect the Repurchase and, to the extent required, Media Holdings will issue new share certificates to Welkom, reflecting Welkom's reduced holding of Media Holdings Shares.
- 4.4.2 Media Holdings and Welkom have agreed that, upon the fulfilment of the Repurchase Conditions Precedent set out in paragraph 4.3 above and the Repurchase Agreement becoming unconditional, they will give effect to the terms and conditions of the Repurchase and will take all actions and sign all necessary documents to give effect to the Repurchase.

#### 4.5 **Required approvals for the Repurchase**

- 4.5.1 Pursuant to sections 48(8) and 115(2)(a) of the Companies Act, the Repurchase must be approved by a Special Resolution passed by Media Holdings Shareholders, entitled to exercise voting rights on the Repurchase Resolution, at the Media Holdings General Meeting. At least 50% plus one vote of the voting rights that are entitled to be exercised must be present at the Media Holdings General Meeting.
- 4.5.2 In the event that at least 15% of the voting rights exercised on the Repurchase Resolution oppose the aforesaid resolution, Media Holdings may not proceed to implement the Repurchase Resolution unless a Court of competent jurisdiction approves the Repurchase, provided that a Media Holdings Shareholder who voted against the Repurchase Resolution requires, within five Business Days after the vote, that Media Holdings seek Court approval for the Repurchase. If the Repurchase requires Court approval, Media Holdings must either apply to Court for approval within 10 Business Days after the vote and bear the costs of the application or treat the Repurchase Resolution as a nullity.
- 4.5.3 In the event that less than 15% of the voting rights exercised on the Repurchase Resolution oppose the aforesaid resolution, any person who voted against the Repurchase Resolution may apply to Court within 10 Business Days of the vote for leave to review the Repurchase. A Court may grant leave only if the applicant is acting in good faith, appears to be able to sustain proceedings and alleges facts that support the order being sought. A Court may only set aside a resolution that is manifestly unfair to Media Holdings Shareholders or if the vote was materially tainted by a conflict of interest, for an inadequate disclosure, failure to comply with the Companies Act or MOI or if there is a significant and material irregularity.
- 4.5.4 A copy of section 115 of the Companies Act is included as **Annexure 2** to this Circular.

#### 4.6 Termination events

- 4.6.1 The Repurchase will terminate and the Repurchase Resolution will be treated as a nullity with immediate effect upon the joint determination by Media Holdings and Welkom that any or all of the Repurchase Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).
- 4.6.2 In the event that the Repurchase Agreement does not become unconditional or is otherwise not implemented for whatsoever reason, the Media Holdings Shares held by Welkom will not be repurchased by Media Holdings as envisaged in this Circular and the Scheme will not be implemented in accordance with the Scheme Circular.

### 5. AUTHORITY TO IMPLEMENT THE REPURCHASE

At the Media Holdings General Meeting, the approval of the Repurchase Resolution in accordance with sections 48(8), 114(1)(e) and 115(2)(a) of the Companies Act will be proposed to Media Holdings Shareholders as a Special Resolution.

### 6. OPINIONS AND RECOMMENDATIONS

#### 6.1 Appointment of the Independent Expert

- 6.1.1 The Media Holdings Board has appointed Deloitte & Touche as the Independent Expert to provide a fair and reasonable opinion regarding the Repurchase, and to make appropriate recommendations to the Media Holdings Board in the form of a report contemplated in section 114(3) of the Companies Act.
- 6.1.2 Deloitte & Touche's report on the Repurchase is set out in **Annexure 1** to this Circular.

#### 6.2 Report of the Independent Expert

- 6.2.1 Deloitte & Touche has performed a valuation of the Media Holdings Shares. Deloitte & Touche's report includes all the items required in terms of section 114(3) of the Companies Act.
- 6.2.2 Taking into consideration, amongst others, the terms and conditions of the Repurchase, Deloitte & Touche has advised the Media Holdings Board that it is of the opinion that such terms and conditions are fair and reasonable to Media Holdings Shareholders. Media Holdings Shareholders are referred to **Annexure 1** to this Circular which sets out the full text of the report of Deloitte & Touche.

#### 6.3 Solvency and Liquidity

The Media Holdings Board has considered the impact of the Repurchase and is of the opinion that the provisions of sections 4 and 48 of the Companies Act have been complied with and confirms that:

- 6.3.1 in terms of section 46(1)(a)(ii) of the Companies Act, the Media Holdings Board has, by resolution, approved the Repurchase;
- 6.3.2 in terms of section 46(1)(b) of the Companies Act, it reasonably appears that Media Holdings will satisfy the Solvency and Liquidity Test immediately after completing the Repurchase; and
- 6.3.3 in terms of section 46(1)(c) of the Companies Act, the Media Holdings Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test and reasonably concluded that Media Holdings will satisfy the Solvency and Liquidity Test immediately after completing the Repurchase.

#### 6.4 Views and voting of the Media Holdings Board

- 6.4.1 The Media Holdings Board, taking into account the report of Deloitte & Touche, has carefully considered the terms and conditions of the Repurchase and is unanimously of the opinion that the terms and conditions of the Repurchase are fair and reasonable to Media Holdings Shareholders and unanimously recommends that Media Holdings Shareholders **VOTE IN FAVOUR** of the Repurchase Resolution.
- 6.4.2 Media Holdings Directors who are Welkom Shareholders intend to vote all of the shares that they own or control in Welkom in favour of the Repurchase Resolution at the Media Holdings General Meeting.



## 7. **OTHER INFORMATION WITH RESPECT TO THE REPURCHASE**

- 7.1 A certificate signed by a duly authorised director of each of Media Holdings and Welkom stating that any or all of the Repurchase Conditions Precedent have been fulfilled or waived and that the Repurchase has become operative shall be binding on Media Holdings, and upon signature thereof (including after the relevant date for fulfilment or waiver of such conditions), such Repurchase Conditions Precedent shall conclusively be deemed to have been duly fulfilled.
- 7.2 All times and dates referred to in this Circular and/or the Repurchase Agreement are subject to change by agreement between, amongst others, Media Holdings and Welkom and subject to the approval of a Court, if relevant. Any such change will be published on EESE-News, Media Holdings' website and Welkom's website as soon as reasonably possible thereafter.

## 8. **RESTRICTED JURISDICTIONS**

To the extent that the release, publication or distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such jurisdiction, then this Circular is deemed to have been provided for information purposes only and the Media Holdings Board accepts no responsibility for any failure by Foreign Media Holdings Shareholders to inform themselves about, and to observe, any applicable legal requirements in any such relevant foreign jurisdiction.

Foreign Media Holdings Shareholders who are in doubt as to their position should consult their professional advisors immediately.

## 9. **NOTICE OF MEDIA HOLDINGS GENERAL MEETING**

Given the impact of Covid-19 on in-person meetings, the Media Holdings General Meeting will be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act at 09:30 on Friday, 22 January 2021 (or any other adjourned or postponed date and time in accordance with the provisions of section 64(11) of the Companies Act and the MOI), to consider and, if deemed fit, approve, with or without change, the Repurchase Resolution set out in the Notice of Media Holdings General Meeting.

The Notice of Media Holdings General Meeting is attached to and forms part of this Circular.

## 10. **ADVISORS' CONSENTS**

All the parties listed in the section titled '*Corporate information and advisors*' have consented in writing to act in the capacities stated and to their names being stated in this Circular and, in the case of Deloitte & Touche, to the inclusion of their report in the form and context in which it has been reproduced in this Circular, and have not withdrawn their consents prior to publication of this Circular.

## 11. **GOVERNING LAW**

This Circular and the Repurchase will be governed by, and construed in accordance with, the laws of South Africa, and will be subject to the exclusive jurisdiction of the South African courts.

## 12. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection on the EESE, Media Holdings and Welkom websites and during normal business hours at the registered offices of Media Holdings, from Monday, 14 December 2020 up to and including the Business Day preceding the Implementation Date being, Friday, 26 February 2021:

12.1 the MOI;

12.2 the signed opinion of Deloitte & Touche as the Independent Expert to Media Holdings;

12.3 the consents referred to in paragraph 10;

12.4 the Repurchase Agreement; and

12.5 the signed Circular.

**Signed on behalf of the Media Holdings Board**

A handwritten signature in black ink, appearing to read 'Trevor Petersen', with a long horizontal stroke extending to the right.

Trevor Petersen  
Monday, 14 December 2020

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**OPINION OF THE INDEPENDENT EXPERT**

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www.deloitte.com**STRICTLY PRIVATE AND CONFIDENTIAL**The Directors  
Media24 Holdings (Pty) Ltd  
40 Heerengracht Street  
Cape Town  
8001

07 December 2020

Dear Sirs,

**Independent Fair and Reasonable Opinion regarding the proposed share buyback of Media 24 Holdings (Pty) Ltd ("Media 24 Holdings") held by Welkom Yizani Investments (Rf) Ltd ("Welkom")****1. Introduction**

Media 24 Holdings is a South African media and ecommerce group with interests in digital media and services, newspapers, magazines, ecommerce, book publishing, print and distribution. Media24 Holdings is pursuing unwinding Welkom, whilst providing the Welkom shareholders with an equitable exit opportunity. The only shareholders in Media24 Holdings are Naspers Limited and Welkom. The Board of Directors ("the Board") of Media24 Holdings have proposed the following transaction (the "Proposed Transaction") in relation to Welkom, who holds a 15% equity interest in Media24 Holdings:

- The proposed transaction is a share buy-back, where Media24 Holdings buys back 6% of its own shares from Welkom;
- The proposed transaction offer price ("offer price") is R15.70 per share;
- Upon repurchase, the 6% acquired will be cancelled (and returned to the status of authorised but unissued shares); and
- Welkom's shareholding in Media24 Holdings will be reduced to 9% after the Proposed Transaction.

As Media24 Holdings is acquiring more than 5% of its shares from Welkom as part of the buy-back, it is required in terms of s.48(8) of the Companies Act, read with section 114, to obtain an independent expert to compile a report as further described in section 114.

The terms and conditions of the Proposed Transaction is detailed in the Circular to the Media24 Holdings Shareholders, dated 14 December 2020, of which this opinion is a part. Words and phrases used in this letter shall have the same meaning as ascribed to them in the Circular.

## **2. Scope**

Deloitte & Touche Financial Advisory, Africa (“Deloitte”) were appointed by the Board as the Independent Financial Advisors to provide the Board with its opinion as to whether the offer price is fair and reasonable as at 15 November 2020 (“Valuation Date”).

Our work and findings shall not in any way constitute recommendations regarding the completion of the Proposed Transaction. Accordingly, we are not expressing an audit opinion on the information contained in the circular to the shareholders.

## **3. Responsibility**

The compliance with the Companies Act is the responsibility of the Media24 Holdings’ Board. Our responsibility is to report on the fair and reasonableness of the Proposed Transaction. We confirm that our fair and reasonable opinion (the “Opinion”) has been provided to the Board, which will be distributed to shareholders in connection with the Proposed Transaction. We understand that the results of our work will be used by the Board to satisfy the requirements of the Companies Act.

## **4. Definition of fair and reasonable for the purpose of our opinion**

For the purposes of our opinion, our assessment of fairness is primarily based on quantitative factors of the Proposed Transaction.

A transaction will generally be considered fair to a company's shareholders if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders. The assessment of fairness is primarily based on quantitative issues.

A transaction will be considered reasonable if the value received by the shareholders in terms of the Proposed Transaction is higher than the market price of the company’s securities at the Valuation Date. In addition, the assessment of reasonableness is also based on qualitative considerations surrounding a transaction.

We have applied the aforementioned principles in preparing our Opinion.

## **5. Procedures performed in arriving at our Opinion**

### *Key quantitative considerations*

In arriving at our opinion, we have performed an indicative valuation of Media24 Holdings at 15 November 2020.

We have obtained an understanding of the structure of the transaction through discussions held with the Management and Media 24 Holdings’ advisers. We considered and performed a review of the consolidated audited financial statements of Media24 Holdings for the financial years ended 31 March 2018 to 2020 as well as the interim results of Media24 Holdings to 30 September 2020.

Discussions were held with Management of Media24 Holdings to establish its strategy and considered such other matters as we considered necessary, including assessing the prevailing economic and market conditions. We have further reviewed the financial and strategic documents made available, and considered the risks and expected returns associated with Media24 Holdings.

Our indicative valuation procedures includes the analysis of the financial projections of Media24 Holdings and the basis of the assumptions therein including the prospects of the business. This analysis included a review of the historical performance to date and an assessment of the reasonableness of the assumptions underpinning the group forecasts of Media 24 Holdings. We have engaged with Management to understand the basis of their valuation assumptions and factors considered; and considered certain publicly available information relating to Media24 Holdings, including company announcements, analyst reports and media articles. We have compared longer term growth rates to industry forecasts and external sources, if such information was available, and concluded on the reasonability of the assumptions for the above key value drivers for our valuation of Media24 Holdings.

Based on the above, we performed an indicative valuation of Media24 Holdings on a sum of the parts basis using the discounted cash flow (“DCF”) methodology. The DCF was the primary valuation methodology employed. This entailed us performing a valuation of all divisions within Media24 Holdings. We estimated an appropriate weighted average cost of capital (“WACC”) at which to discount the projected free cash flows. The key value drivers to the valuation are:

- South African economic indicators such as inflation;
- Industry growth rates and longer term outlook;
- The WACC; and
- Discounts and premiums for marketability and lack of control.

The sum of the parts value was corroborated by performing a DCF methodology on a consolidated basis and a reasonability assessment of the implied Enterprise Value to EBITDA (“EV/ EBITDA multiples”). We corroborated the results of our DCF using the market approach through a review of the implied enterprise value (“EV”) to earnings before interest, taxes, depreciation and amortisation (“EBITDA”) multiples of international and local comparable peer companies. We considered the implied EV/EBITDA multiples based on the EV range for Media24 Holdings from our DCF analysis.

Our valuation results are sensitive to the WACC and terminal growth rates of each division in the discounted cash flow valuation approach. We have therefore performed a sensitivity analysis around the WACC and the terminal growth rate.

Based on our procedures and analysis set out above, we assembled a range of fair values and compared this to the proposed offer price.

#### *Key qualitative considerations*

In arriving at our view, we have undertaken the following procedures in evaluating the reasonableness of the Proposed Transaction:

- Considered the rationale for the Proposed Transaction, based on discussions with Management, the directors of Media24 Holdings, and its advisors.

## **6. Opinion**

Based on the above considerations, along with the information made available to us by the Media24 Holdings’ Board, for which they are solely responsible for, and after due consideration of the details of the Proposed Transaction, we report that nothing has come to our attention that would cause us to believe that the offer price per share is not fair and reasonable.

Our opinion is necessarily based upon the information available to us up to 15 November 2020, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents

required in connection with the Proposed Transaction have been or will be timeously fulfilled and/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. We have not undertaken to update this report for events and circumstances occurring subsequent to the date of its issuance.

Furthermore, we do not consider that the Proposed Transaction will result in any reasonably perceived beneficial or significant effect on Media24 Holdings, other than enabling the implementation of the subsequent unwinding of Welkom.

We note that all of Media24 Holdings' shares are held by Naspers and Welkom, and therefore none of the Media24 Holdings directors would have a direct interest in the repurchase. However, it should be noted that some of the Media24 Holdings directors have direct/indirect beneficial interests in Welkom shares so, on that basis, they would be indirectly interested in the repurchase on the basis that the repurchase by Media24 Holdings is a pre-condition to the proposed Welkom unwinding scheme of arrangement.

As noted above, it does not appear that the repurchase has a direct effect on the interests of Media24 Holdings directors.

## **7. Restrictions**

This opinion is provided to the Media24 Holdings Board in connection with and for the purposes of the Proposed Transaction. This opinion is prepared solely for Media24 Holdings Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

An individual Media24 Holdings' shareholder's decision as to whether to vote in favour of any transaction may be influenced by his particular circumstances. The assessment as to whether or not the Media24 Holdings Board decides to recommend the transaction is a decision that can only be taken by the Media24 Holdings Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with Management of Media24 Holdings, 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, nor does it include, an audit or due diligence review of Media24 Holdings.

Where relevant, the forecasts of Media24 Holdings relate to future events and are 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 Media24 Holdings will correspond to those projected.

Where practicable, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions inherent therein with the Management of Media24 Holdings. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the proposed transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Media24 Holdings and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the transaction will be legally enforceable.

## **8. Independence**

In terms of Section 48 and Section 114 of the Companies Act, we confirm that we have no material direct or indirect interest in the shares of Media24 Holdings, Welkom or the Proposed Transaction, save for our professional fees for services rendered in connection with this fair and reasonable statement.

Furthermore, we confirm that our professional fees are not contingent upon the success of the Proposed Transaction.

## **9. Consent**

We consent to inclusion of this letter in the Circular to the shareholders of Media24 Holdings in the form and manner it appears.

Yours faithfully



Mohsin Khan  
Partner  
Deloitte Financial Advisory

**Section from Companies Act**

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

(1) 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 the assets or undertaking;
  - (ii) amalgamate or merge with another company; or
  - (iii) implement a scheme of arrangement, the Panel has issued a compliance notice 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; 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 substantially 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 any person who voted against the resolution requires the company to seek court approval; or
  - (b) the court, on an application 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) present in satisfaction of the quorum requirement; or
  - (b) voted in support of a resolution.
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either—
- (a) 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 shareholders 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 section 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 affected 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 shareholders 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 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 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 affected 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, in which case the shareholder is reinstated to their full rights as a shareholder, 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.

(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 pay 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.

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**SECTION 114: PROPOSALS FOR SCHEME OF ARRANGEMENT AND SECTION 115: REQUIRED APPROVALS FOR TRANSACTIONS CONTEMPLATED IN CHAPTER 5 OF THE COMPANIES ACT**

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**EXTRACT OF SECTION 114 OF THE COMPANIES ACT**

- (1) Unless it is in liquidation or in the course of business rescue proceedings in terms of Chapter 6, the board of a company may propose and, subject to subsection (4) and approval in terms of this Part, implement any arrangement between the company and holders of any class of its securities by way of, among other things -
  - (a) a consolidation of securities of different classes;
  - (b) a division of securities into different classes;
  - (c) an expropriation of securities from the holders;
  - (d) exchanging any of its securities for other securities;
  - (e) a re-acquisition by the company of its securities; or
  - (f) a combination of the methods contemplated in this subsection.
- (2) The company must retain an independent expert, who meets the following requirements, to compile a report as required by subsection (3):
  - (a) The person to be retained must be-
    - (i) qualified, and have the competence and experience necessary to-
      - (aa) understand the type of arrangement proposed;
      - (bb) evaluate the consequences of the arrangement; and
      - (cc) assess the effect of the arrangement on the value of securities and on the rights and interests of a holder of any securities, or a creditor of the company; and
    - (ii) able to express opinions, exercise judgment and make decisions impartially.
  - (b) The person to be retained must not-
    - (i) have any other relationship with the company or with a proponent of the arrangement, such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship;
    - (ii) have had any relationship contemplated in subparagraph (i) within the immediately preceding two years; or
    - (iii) be related to a person who has or has had a relationship contemplated in subparagraph (i) or (ii).
- (3) The person retained in terms of subsection (2) must prepare a report to the board, and cause it to be distributed to all holders of the company's securities, concerning the proposed arrangement, which must, at a minimum-
  - (a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement;
  - (b) identify every type and class of holders of the company's securities affected by the proposed arrangement;
  - (c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);
  - (d) evaluate any material adverse effects of the proposed arrangement against-
    - (i) the compensation that any of those persons will receive in terms of that arrangement; and
    - (ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the company;
  - (e) state any material interest of any director of the company or trustee for security holders;
  - (f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e); and
  - (g) include a copy of sections 115 and 164.

- (4) Section 48 applies to a proposed arrangement contemplated in this section to the extent that the arrangement would result in any re-acquisition by a company of any of its previously issued securities.

### **EXTRACT OF SECTION 115 OF THE COMPANIES ACT**

- (1) 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 Repurchase of arrangement, unless:
- (a) the disposal, amalgamation or merger, or Repurchase 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 Repurchase 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.
- (4A) In subsection (4), "**act in concert**" has the meaning set out in section 117(1)(b).

- (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.

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**SECTION 164: DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS**

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- (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 section 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 affected by the amendment;
    - (ii) the company has adopted the resolution contemplated in subsection (2); and
  - (b) 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 shareholders 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 affected 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 pay 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.



## MEDIA24 HOLDINGS PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 2006/021408/07)  
("Media Holdings")

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### NOTICE OF MEDIA HOLDINGS GENERAL MEETING

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**MEDIA HOLDINGS SHAREHOLDERS ARE REFERRED TO ANNEXURE 2 AND ANNEXURE 3 OF THE CIRCULAR, WHICH SETS OUT THE PROVISIONS OF SECTIONS 114, 115 AND 164 OF THE COMPANIES ACT.**

**If you are in any doubt as to what action you should take in respect of the Media Holdings General Meeting and/or the Repurchase Resolution, please consult Singular Services, your banker, legal advisor or other professional advisor immediately. If you have any questions regarding the Circular, please contact the Call Centre on 0860 12 12 24 on weekdays from 07:00 to 18:00 (excluding public holidays).**

All defined terms used in this Notice of Media Holdings General Meeting ("**Notice**") shall, unless the context otherwise requires, or they are otherwise defined herein, have the meanings given to them in the Circular to which this Notice is attached.

#### **Media Holdings Shareholders are reminded that:**

- Welkom Shareholders are entitled to attend and vote at the Media Holdings General Meeting via the proxy mechanism contained in the Shareholders Agreement;
- a Media Holdings Shareholder entitled to attend and vote at the Media Holdings General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her/its stead at the Media Holdings General Meeting in the place of that Media Holdings Shareholder, and Media Holdings Shareholders are referred to the attached Form of Proxy (*yellow*) in this regard;
- a proxy need not also be a Media Holdings Shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in the Media Holdings General Meeting must present reasonably satisfactory identification to the chairperson, and the chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as Media Holdings Shareholder or as proxy for a Media Holdings Shareholder) has been reasonably verified.

Notice is hereby given to Media Holdings Shareholders recorded as such in the Register on the Repurchase Voting Record Date of Friday, 15 January 2021, that, given the impact of Covid-19 on in-person meetings, the Media Holdings General Meeting will be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act at 09:30 on Friday, 22 January 2021, for the purpose of considering, and, if deemed fit, passing, with or without change, the Repurchase Resolution set out below. The important dates and times relating to the Repurchase are set out in the section titled "*Important dates and times*", which commences on page 13 of the Circular.

#### **RESOLUTION**

##### **SPECIAL RESOLUTION 1 – APPROVAL OF THE REPURCHASE IN ACCORDANCE WITH SECTIONS 48(8), 114(1)(e) AND 115(2)(a) OF THE COMPANIES ACT**

"**Resolved that**, subject to the fulfilment or waiver of the Repurchase Conditions Precedent (save for any Repurchase Condition Precedent relating to the passing of this Special Resolution 1), Media Holdings be and is hereby authorised, in terms of sections 48(8) and 114(1)(e) read with section 115(2)(a) of the Companies Act, to acquire the Repurchase Shares from Welkom at a Repurchase Price of R15.70 per Repurchase Share constituting an aggregate repurchase price of R91 687 984, which shall remain outstanding on loan account in favour of Welkom, and on the terms set out in the Repurchase Agreement read with the Circular to which this Notice is attached, provided that the Repurchase will terminate and that this Special Resolution 1 will be treated as a nullity with immediate effect upon the joint determination by the Media Holdings Board and the Welkom Board that any or all of the Repurchase Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible)."

## **Voting requirement**

The percentage of voting rights required for Special Resolution 1 to be approved is at least 75% of all the voting rights exercised on the Repurchase Resolution by the Media Holdings Shareholders present in person or represented by proxy at the Media Holdings General 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). The Repurchase will terminate and Special Resolution 1 will be treated as a nullity with immediate effect upon the joint determination by the Media Holdings Board and the Welkom Board that any or all of the Repurchase Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).

Naspers has provided its consent for the implementation of the Repurchase as required by the MOI, prior to the date of this Notice.

## **Explanatory note**

In terms of sections 48(8) and 115(2)(a) of the Companies Act, the Repurchase must be approved by a Special Resolution approved by Media Holdings Shareholders entitled to exercise voting rights on the Repurchase Resolution, at the Media Holdings General Meeting, and at least 50% plus one vote of the voting rights that are entitled to be exercised must be present at the Media Holdings General Meeting. Accordingly, the reason for Special Resolution 1 is for Media Holdings Shareholders to approve the Repurchase in terms of sections 48(8), 114(1)(e) and 115(2)(a) of the Companies Act.

## **QUORUM**

The Media Holdings General Meeting may not begin until sufficient persons are present (in person or represented by proxy) at the Media Holdings General Meeting to exercise, in aggregate, at least 50% plus one vote of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the Media Holdings General Meeting. A matter to be decided at the Media Holdings 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 50% plus one vote 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 two Media Holdings Shareholders personally present or represented by proxy (and if the Media Holdings Shareholder is a body corporate, it must be represented), of whom one such Media Holdings Shareholder shall be a representative of the holding company or, if the only Media Holdings Shareholder is the holding company, the representative of the holding company, and entitled to vote at the Media Holdings General Meeting on matters to be decided by the Media Holdings Shareholders.

## **ELECTRONIC PARTICIPATION AT THE MEDIA HOLDINGS GENERAL MEETING**

The Media Holdings General Meeting will only be accessible via electronic facility/communication in terms of section 63(2)(a) of the Companies Act, and as permitted in terms of the MOI.

Media Holdings has retained the services of TMS to remotely host the Media Holdings General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by Media Holdings Shareholders. TMS will also act as scrutineer.

Media Holdings Shareholders and including, as relevant, Welkom Shareholders who wish to electronically participate in and/or vote at the Media Holdings General Meeting are required to contact Singular Systems telephonically on **0860 12 12 24** or by email at **WelkomYizani@singularservices.co.za** as soon as possible, but in any event, for administrative purposes only, by no later than 09:30 on Wednesday, 20 January 2021. However, this will not in any way affect the rights of Media Holdings Shareholders to register for the Media Holdings General Meeting after this date, provided, however, that only those Media Holdings Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the Media Holdings General Meeting will be allowed to participate in and/or vote by electronic means. Media Holdings Shareholders are strongly encouraged to submit votes by proxy before the Media Holdings General Meeting.

Singular Systems will assist Media Holdings Shareholders with the requirements for electronic participation in, and/or voting at, the Media Holdings General Meeting. Singular Systems are further obliged to validate (in correspondence with Media Holdings and/or Welkom, as applicable, and Singular Services) each such Media Holdings Shareholder's or Welkom Shareholder's entitlement to participate in and/or vote at the Media Holdings General Meeting, before the shareholder concerned can be provided with the necessary means to access the Media Holdings General Meeting and/or the associated voting forms. Media Holdings Shareholders who have complied with the verification requirements set out above, will be contacted by or on behalf of Singular Systems between Tuesday, 19 January 2021 and Thursday, 21 January 2021, and in any event by no later than 24 hours before the Media Holdings General Meeting. Media Holdings Shareholders will be provided with: (i) the relevant connection details; (ii) the passcodes through which they or their proxy/ies can participate in the Media Holdings General Meeting via electronic facility/communication; and (iii) details of the process for electronic participation via

a unique link to the email/cellphone number that was provided by each Media Holdings Shareholder to Singular Systems as part of the verification process.

Media Holdings Shareholders will be liable for their own network charges and expenses in relation to electronic participation in the Media Holdings General Meeting. Any such charges will not be for the account of Media Holdings, TMS or Singular Systems. None of Media Holdings, TMS or Singular Systems can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which may prevent any such Media Holdings Shareholder or Welkom Shareholder from participating in the Media Holdings General Meeting.

Notwithstanding the above, Media Holdings Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Media Holdings General Meeting. Media Holdings Shareholders are strongly encouraged to submit votes by proxy in advance of the Media Holdings General Meeting.

Media Holdings Shareholders should forward all relevant information, including their Form of Proxy (*yellow*) to the addresses below:

**By post at, or delivered by hand:**

**The Transfer Secretaries:**

Singular Systems Proprietary Limited  
25 Scott Street, Waverley, Johannesburg, Gauteng, 2090, South Africa  
PO Box 1266, Bramley, 2018, South Africa  
For the attention of: the Transfer Secretaries

**OR**

**Delivered by email:**

Email address: **WelkomYizani@singularservices.co.za**

**VOTING BY PROXY**

A Form of Proxy (*yellow*) is attached to this Notice, for the convenience of any Media Holdings Shareholders who are unable to attend the Media Holdings General Meeting, and who wish to be represented thereat. A Form of Proxy (*yellow*) may also be obtained on request from Singular Systems and/or Media Holdings' registered offices. The duly completed Form of Proxy (*yellow*) must be deposited at or posted to the office of Singular Systems, for administrative efficiency to be received by no later than 48 hours prior to the Media Holdings General Meeting, i.e. by 09:30 on Wednesday, 20 January 2021. The Form of Proxy (*yellow*) may also be handed to the chairperson of the Media Holdings General Meeting before the proxy exercises the voting rights of the Media Holdings Shareholder at the Media Holdings General Meeting or adjourned, postponed or rescheduled Media Holdings General Meeting (as the case may be), by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts. Any Media Holdings Shareholder who completes and lodges a Form of Proxy (*yellow*) will nevertheless be entitled to attend and vote in person at the Media Holdings General Meeting should the Media Holdings Shareholder subsequently decide to do so.

Attached to the Form of Proxy (*yellow*) is an extract of section 58 of the Companies Act, to which Media Holdings Shareholders are referred.

By order of the Media Holdings Board



**Lurica Jineanne Jacquet**

Company secretary to Media Holdings

Cape Town

**Monday, 14 December 2020**

**Business address and registered office**

40 Heerengracht  
Cape Town  
8001  
South Africa  
(PO Box 2271, Cape Town, 8000, South Africa)

**Transfer Secretaries to Media Holdings**

Singular Systems Proprietary Limited  
(Registration number: 2002/001492/07)  
25 Scott Street, Waverley  
Johannesburg  
2090  
South Africa  
(PO Box 1266, Bramley, 2018, South Africa)



## MEDIA24 HOLDINGS PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 2006/021408/07)  
("Media Holdings")

### FORM OF PROXY (YELLOW) ("FORM")

Where appropriate and applicable, the terms defined in the Circular, to which this Form is attached, and forms part of, shall have the same meanings where they are used in this Form.

**Welkom Shareholders are entitled to attend and vote at the Media Holdings General Meeting via the proxy mechanism contained in the Shareholders Agreement. Therefore, reference to Media Holdings Shareholders in these notes in relation to the Media Holdings General Meeting shall, unless otherwise stated, include, as relevant, the Welkom Shareholders.**

For use by the holders of Media Holdings Shares, registered as such at the close of business on the Repurchase Voting Record Date, at the Media Holdings General Meeting to be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act at 09:30 on Friday, 22 January 2021, or any postponement or adjournment thereof.

It is recommended that you complete this Form in accordance with the instructions contained herein and ensure that it is received by Singular Systems, for administrative purposes, by no later than 48 hours before the Media Holdings General Meeting. This Form may also be submitted to the chairperson of Media Holdings or, failing him/her, the chairperson of the Media Holdings General Meeting (or postponed or adjourned Media Holdings General Meeting) at any time before the Media Holdings General Meeting is due to commence or recommence, as the case may be, by emailing this Form to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts.

I/We

(full name/s in BLOCK LETTERS)

\_\_\_\_\_

of \_\_\_\_\_

identity number/registration number \_\_\_\_\_

(address) \_\_\_\_\_

being the holder/s of  Media Holdings Shares/Welkom Shares hereby appoint according to my authorisation (see note 1):

1. \_\_\_\_\_

of \_\_\_\_\_ or, failing him/her,

2. \_\_\_\_\_

of \_\_\_\_\_ or, failing him/her,

3. the chairperson of Media Holdings or, failing him/her, the chairperson of the Media Holdings General Meeting, as my/our proxy to attend, participate in, speak and vote for me/us on my/our behalf at the Media Holdings General Meeting (or any postponement or adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without change, the Repurchase Resolution to be proposed at the Media Holdings General Meeting and at each postponement or adjournment thereof and to vote for and/or against the Repurchase Resolution and/or abstain from voting in respect of the Media Holdings Shares registered in my/our name/s, in accordance with the following instructions, and otherwise in accordance with the Companies Act, the MOI and the terms of the attached notes.

Please indicate with an 'X' in the appropriate spaces below how you wish your votes to be cast. Unless this is done, the proxy (if not the chairperson of Media Holdings or, failing him/her, the chairperson of the Media Holdings General Meeting) shall be entitled to vote or abstain from voting as he/she thinks fit, provided that if the proxy is the chairperson of Media Holdings or, failing him/her, the chairperson of the Media Holdings General Meeting, he/she shall be deemed to be instructed to vote in favour of the Repurchase Resolution set out in the Notice of Media Holdings General Meeting, in respect of all Media Holdings Shares or Welkom Shares held by the Media Holdings Shareholder or Welkom Shareholders, as the case may be.

	Number of votes		
	For	Against	Abstain
<b>Special Resolution 1</b> Approval of the Repurchase in accordance with sections 48(8), 114(1)(e) and 115(2)(a) of the Companies Act			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 20\_\_\_\_

Signature \_\_\_\_\_

Capacity of signatory (where applicable) \_\_\_\_\_

**Note:** Authority of signatory to be attached (see notes 10 and 13 below) \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Capacity of signatory \_\_\_\_\_

Telephone number ( \_\_\_\_\_ ) \_\_\_\_\_

Cellphone number \_\_\_\_\_

A Media Holdings Shareholder entitled to attend and vote at the Media Holdings General Meeting is entitled to appoint a proxy to attend, participate in, speak at and vote in his/her stead. A proxy need not be a Media Holdings Shareholder or a Welkom Shareholder. Each Media Holdings Shareholder is entitled to appoint one or more proxies to attend, speak and vote in place of that Media Holdings Shareholder at the Media Holdings General Meeting (including any postponement or adjournment thereof).

**Summary of the rights established in terms of section 58 of the Companies Act**

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

In terms of section 58 of the Companies Act:

- At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, speak and vote at, a shareholders’ meeting on behalf of the shareholder.
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
- A proxy may delegate his /her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
- A copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders’ meeting.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
- Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
- The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
- If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s memorandum of



incorporation to be delivered by such company to the shareholder; must be delivered by such company to the shareholder; or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the relevant company for doing so.

- A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy provide otherwise.
- If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - the relevant company must not require that the proxy appointment be made irrevocable; and
  - the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

#### Notes:

1. A Media Holdings Shareholder may appoint any individual as a proxy to participate in, and speak and vote at, the Media Holdings General Meeting. A Media Holdings Shareholder may therefore insert the name of a proxy or the names of two alternative proxies of their choice in the space provided, with or without deleting 'the chairperson of Media Holdings or, failing him/her, the chairperson of the Media Holdings General Meeting'. The person whose name is first on the Form and who is present at the Media Holdings General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Media Holdings Shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by that Media Holdings Shareholder.
3. A written proxy instrument must be dated and signed by the Media Holdings Shareholder.
4. A proxy may not delegate their authority to act on behalf of the Media Holdings Shareholder to another person.
5. A copy of the instrument appointing a proxy must be delivered to Media Holdings, or to any other person on behalf of Media Holdings, before the proxy exercises any rights of the Media Holdings Shareholder at the Media Holdings General Meeting.
6. Irrespective of the form of instrument used to appoint the proxy: (i) the appointment is suspended at any time and to the extent that the Media Holdings Shareholder chooses to act directly and in person in exercising any rights as a Media Holdings Shareholder; (ii) the appointment is revocable unless the proxy appointment expressly states otherwise; and (iii) if the appointment is revocable, a Media Holdings Shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and Media Holdings.
7. The proxy is entitled to exercise, or abstain from exercising, any voting right of the Media Holdings Shareholder as determined by the instrument appointing the proxy.
8. A Media Holdings Shareholder's instructions to the proxy must be indicated by inserting an 'X' in the appropriate box.
9. Every Media Holdings Shareholder present in person or by proxy and entitled to vote will, on a show of hands, have only one vote and, on a poll, every Media Holdings Shareholder will have one vote for every Media Holdings Share held.
10. Documentary evidence establishing the authority of the person signing this Form in a representative capacity must be attached unless previously recorded by Media Holdings or waived by the chairperson of Media Holdings or, failing him/her, the chairperson of the Media Holdings General Meeting.
11. A Media Holdings Shareholder may appoint a proxy at any time. For practical purposes, Forms must be lodged with, or received by post at Singular Systems Proprietary Limited, 25 Scott Street, Waverley, Johannesburg, Gauteng, 2090, South Africa; or PO Box 1266, Bramley, 2018, South Africa, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Media Holdings General Meeting to allow for processing; or delivered by email to **WelkomYizani@singularservices.co.za**. In addition, a Welkom Shareholder may log in to their EESE Welkom Shareholder account (**www.eese.co.za**) and cast their proxy vote online, or follow the SMS instructions sent to their registered cellphone numbers and cast their proxy vote by USSD message, or contact Singular Systems telephonically on **0860 12 12 24** to cast their proxy vote telephonically, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Media Holdings General Meeting, to allow for processing.
12. A minor or any person under incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Singular Systems.
13. Where this Form is signed under power of attorney, such power of attorney must accompany this Form, unless previously recorded by Singular Systems or waived by the chairperson of Media Holdings or, failing him/her, the chairperson of the Media Holdings General Meeting.
14. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form other than the deletion of alternatives must be initialled by the signatory/ies.

15. The chairperson of Media Holdings or, failing him/her the chairperson of the Media Holdings General Meeting may reject or accept any Form which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a Media Holdings Shareholder wishes to vote.
16. Where there are joint holders of Media Holdings Shares:
  - 16.1 any one holder may sign the Form;
  - 16.2 the vote/s of the senior Media Holdings Shareholder (for that purpose seniority will be determined by the order in which the names of the Media Holdings Shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint Media Holdings Shareholder/s.
17. 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, or the transfer of the Media Holdings Shares in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by Media Holdings at its registered offices before the commencement of the Media Holdings General Meeting or adjourned meeting at which the proxy is used.

## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

***The definitions and interpretations starting on page 64 of this Circular, apply to this entire Circular, including this cover page, except where the context indicates otherwise.***

### **Action required by Welkom Shareholders**

This Circular is important. You should pay specific attention to the section titled "Action required by Welkom Shareholders in respect of the Scheme", which starts on page 59 of this Circular.

If you are in any doubt as to what you should do, please consult Singular Services, your banker, attorney, accountant or other professional advisor immediately. If you have any questions regarding this Circular, please contact the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays).

If you have sold all of your Welkom Shares, then this Circular, together with its attachments, should be forwarded to the purchaser of such Welkom Shares or to Singular Services, or to the banker or other agent through whom the sale was done.

**Welkom and its advisors do not accept responsibility, and will not be held liable, for any action of, or omission by, Singular Services including, without limitation, any failure on the part of Singular Services to notify any beneficial owner of Welkom Shares of the information and the proposed Scheme set out in this Circular or to take any action on behalf of such beneficial owner.**



## **WELKOM YIZANI INVESTMENTS (RF) LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number: 2006/021434/06)

Ordinary short code: EXWY1

("Welkom")

## **CIRCULAR TO WELKOM SHAREHOLDERS**

regarding:

- a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, proposed by the Welkom Board between Welkom and the Scheme Participants (and involving Media Holdings as a party), in terms of which, if implemented, Media Holdings will buy all of the Scheme Shares (constituting 100% of Welkom's issued share capital) from the Scheme Participants for a cash consideration of R15.70 per Scheme Share;
- the subsequent delisting of the Welkom Shares from ESE;
- the election of additional directors to the Welkom Board in accordance with section 68(2)(b) of the Companies Act and the MOI; and
- the approval of the proposed remuneration payable to the Welkom Directors in terms of section 66(9) of the Companies Act and the MOI,

and incorporating:

- a report prepared by Questco as the Independent Expert in respect of the Scheme, in terms of section 114(3) of the Companies Act and regulation 90 of the Takeover Regulations;
- a Notice of Welkom General Meeting;
- a Form of Proxy (*yellow*) for use by Welkom Shareholders; and
- extracts of sections 114 and 115 of the Companies Act dealing with the approval requirements for fundamental transactions and section 164 of the Companies Act dealing with Dissenting Welkom Shareholders' Appraisal Rights.

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**Independent Expert to Welkom**



**Financial/Corporate Advisor  
to Media Holdings**



**Legal and Tax Advisor to Media Holdings  
and Welkom**

**WEBBER WENTZEL**

in alliance with > Linklaters

**Transfer Secretaries to Media Holdings  
and Welkom**



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**Date of issue: Monday, 14 December 2020.**

*This Circular is available in English only. A copy of this Circular will be made available for inspection by Welkom Shareholders during normal business hours from the date of posting of this Circular on Monday, 14 December 2020, up to and including the Scheme Consideration Record Date being, Friday, 26 February 2021, at the registered offices of Media Holdings and Welkom. This Circular will also be made available on: (i) Welkom's website at: [www.welkomyizani.co.za](http://www.welkomyizani.co.za); (ii) Media Holdings' website at: [www.media24.com/investor-centrel](http://www.media24.com/investor-centrel); and (iii) EESE's website at: [www.eese.co.za](http://www.eese.co.za).*

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## CORPORATE INFORMATION AND ADVISORS

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### Registered Office

Welkom Yizani Investments (RF) Limited  
40 Heerengracht  
Cape Town  
8001  
South Africa  
(PO Box 2271, Cape Town, 8000, South Africa)

### Registration Number

2006/021434/06

### Date of incorporation as a private company

10 July 2006

### Date of conversion to a public company

26 July 2006

### Place of incorporation

South Africa

### Independent Expert to Welkom

Questco Corporate Advisory Proprietary Limited  
(Registration number: 2011/106751/07)  
First Floor, Yellowwood House  
Ballywoods Office Park  
33 Ballyclare Drive  
Bryanston  
2021  
South Africa

### Company Secretary of Welkom

Lurica Jineanne Jacquet  
40 Heerengracht  
Cape Town  
8001  
South Africa  
(PO Box 2271, Cape Town, 8000, South Africa)

### Financial/Corporate Advisor to Media Holdings

Investec Bank Limited  
(Registration number: 1969/004763/06)  
100 Grayston Drive  
Sandown  
Sandton  
2196  
South Africa  
(PO Box 785700, Sandton, 2146, South Africa)

### Legal and Tax Advisor to Media Holdings and Welkom

Webber Wentzel  
90 Rivonia Road  
Sandton  
Johannesburg  
2196  
South Africa  
(PO Box 61771, Marshalltown, 2107, South Africa)

### Transfer Secretaries to Media Holdings and Welkom

Singular Systems Proprietary Limited  
(Registration number: 2002/001492/07)  
25 Scott Street  
Waverley  
Johannesburg  
Gauteng  
2090  
South Africa  
(PO Box 1266, Bramley, 2018, South Africa)

### Issuer Representative to Welkom

Omichand Lalbahadur  
40 Heerengracht  
Cape Town  
8001  
South Africa  
(PO Box 2271, Cape Town, 8000, South Africa)

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## FREQUENTLY ASKED QUESTIONS

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*The definitions and interpretations starting on page 64 of this Circular, apply to this section, except where the context indicates otherwise.*

**WE SET OUT BELOW RESPONSES TO FREQUENTLY ASKED QUESTIONS WHICH MAY ASSIST YOU WITH YOUR DECISION ON WHETHER OR NOT TO VOTE IN FAVOUR OF THE SCHEME:**

### **How much of Media Holdings is owned by Welkom?**

Welkom owns 15% of Media Holdings' ordinary shares.

### **What is a scheme of arrangement?**

A scheme of arrangement is an agreement or arrangement between a company (in this case Welkom), acting through its board of directors (in this case the Welkom Board), and its shareholders (in this case the Welkom Shareholders). A scheme of arrangement can be used for different reasons including, a repurchase of shares from the shareholders either by the company itself (repurchase) or by another company (buyout).

The proposed Scheme is being implemented to buy out the existing Welkom Shareholders. To do this, Media Holdings will acquire all the issued Welkom Shares from the Welkom Shareholders for a proposed offer price of R15.70 per Welkom Share.

### **What is being proposed by the Welkom Board?**

A scheme of arrangement (as described above) between Welkom and the Welkom Shareholders is being proposed. In terms of the Scheme, Media Holdings is proposing to buy out all existing Welkom Shareholders. Media Holdings is proposing to pay R15.70 per Welkom Share. Should this offer be approved by a sufficient number of Welkom Shareholders, the Scheme will be implemented.

### **How was the offer price for the Welkom Shares determined?**

A valuation of Welkom assets was undertaken to determine the purchase price per Welkom Share. The valuation takes into account the nature of the assets and any limitations and restrictions placed on Welkom and the Welkom Shareholders in relation to the assets and Welkom Shares.

The offer price of R15.70 per Welkom Share has been assessed by Questco as the Independent Expert appointed by the Welkom Independent Board. Questco has expressed a view that the Media Holdings offer is fair and reasonable to Welkom Shareholders. Welkom Shareholders are referred to **Annexure 1** to this Circular which sets out the full text of the report of Questco.

### **Why is the Welkom Board proposing a Scheme? What are the benefits of the Scheme for Welkom Shareholders?**

The Welkom Board believes that the Scheme provides an opportunity for value to be transferred to Welkom Shareholders. In making this offer, Media Holdings provides Welkom Shareholders with a valuable liquidity event (by converting their shareholding into cash).

Media24 started the Welkom scheme 14 years ago with the best intentions when print media was flourishing. However, nobody could have anticipated the rapid decline in print advertising and circulation as advertisers and readers shifted to online platforms.

Since the end of March 2020, the impact of the Covid-19 pandemic has accelerated the decline in the Media24 print business.

Although Media24 is transitioning its media business for a landscape that is increasingly digital and has invested in ecommerce, this will take time to deliver meaningful profits and is also not without risk.

Welkom Shareholders have for many years been dissatisfied with the performance of the share price. Media Holdings' offer provides Welkom Shareholders with an opportunity to sell their Welkom Shares at a price and on terms which the Welkom Independent Board believes would be higher than that achievable through an open market, piecemeal sale by individual Welkom Shareholders, particularly when one has regard to the historical trading performance.

What makes it more difficult for Welkom Shareholders to get value from their Welkom Shares, is that there is very little movement (sales) of Welkom Shares:

- over the past few years, less than 0.01% of the Welkom Shares traded daily; and

- there also appears to be limited appreciation for the value of Media24 in the public market.

### **Will I receive a payout if the Scheme is implemented?**

Should the Scheme be approved by Welkom Shareholders at the Welkom General Meeting scheduled to be held at 10:00 on Friday, 22 January 2021 and subsequently be implemented, each Welkom Shareholder, registered in the Register on Friday, 26 February 2021 will receive a payout of R15.70 per Welkom Share, subject to any tax payable by such Welkom Shareholder in their personal capacities (i.e. capital gains tax).

The tax implications of the Scheme on Welkom Shareholders will depend on the individual tax circumstances of each Welkom Shareholder. Welkom Shareholders who are in any doubt as to their tax position should seek advice from their professional advisors immediately.

### **When the Scheme is implemented, what happens to the Welkom Shareholders and to Welkom?**

After the buyout by Media Holdings, Welkom Shareholders will no longer own Welkom Shares. Welkom would become part of the Media24 group and would be a subsidiary of Media Holdings. The listing of the Welkom Shares on ESE will be terminated and Welkom will be deregistered in due course.

### **Why do I have to vote on the Scheme?**

The Companies Act requires that a general meeting of Welkom Shareholders needs to be held for the purpose of considering and voting on the resolution required to approve and implement the Scheme.

The Scheme must be approved by the support of Welkom Shareholders exercising at least 75% of the voting rights at the Welkom General Meeting, before the Scheme can be implemented.

### **Will there be a meeting to vote?**

In order for the Scheme to be considered by Welkom Shareholders, a general meeting needs to be held. Given the impact of Covid-19 on in-person meetings, the Welkom General Meeting to consider the Scheme is proposed to be held at 10:00 on Friday, 22 January 2021 by way of electronic facility/participation, similar to the annual general meeting which was held in August 2020.

Singular Systems will assist Welkom Shareholders with the requirements for electronic participation in, and/or voting at, the Welkom General Meeting. Welkom Shareholders who wish to participate electronically in and/or vote at the Welkom General Meeting are required to contact Singular Systems telephonically on **0860 12 12 24** or by email at **WelkomYizani@singularservices.co.za** as soon as possible, but in any event, and for administrative purposes only, by no later than 10:00 on Wednesday, 20 January 2021.

### **I will not be able to attend the Welkom General Meeting. How can I vote?**

A Form of Proxy (*yellow*) is attached to this Circular. If you are not able to attend the Welkom General Meeting, you can still exercise your right to vote by completing the Form of Proxy (*yellow*) in accordance with the instructions in the form and sending it to Singular Systems, before the Welkom General Meeting. Your vote will then still be taken into account. You can also choose to cast your vote in one of the ways listed below under "How do I vote".

### **How do I vote?**

Welkom Shareholders may vote in one of the following ways:

- log in to their ESE accounts at **www.eese.co.za** and cast their proxy vote online, follow the SMS instructions sent to their registered cellphone numbers and cast their proxy vote by USSD message, or contact Singular Systems telephonically on **0860 12 12 24** to cast their vote telephonically, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Welkom General Meeting to allow for processing. The online voting platform will be available from 09:00 on Monday, 14 December 2020 until 10:00 on Wednesday, 20 January 2021, and the use of the USSD message will be available from 09:00 on Monday, 11 January 2021 until 10:00 on Wednesday, 20 January 2021; or
- complete and return the attached Form of Proxy (*yellow*) in accordance with the instructions contained therein and ensure that it is received by Singular Systems, by no later than 48 hours before the Welkom General Meeting that is to be held at 10:00 on Friday, 22 January 2021, i.e. by 10:00 on Wednesday, 20 January 2021. The Form of Proxy (*yellow*) may also be submitted to the chairperson of the Welkom General Meeting (or adjourned or postponed Welkom General Meeting) at any time before the Welkom General Meeting is due to commence or recommence, as the case may be, by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting start.

**What happens if I do not attend nor vote at the Welkom General Meeting?**

The votes of the other Welkom Shareholders will be taken into account and if the Scheme is approved with the sufficient number of voting rights of Welkom Shareholders, Welkom may proceed and implement the Scheme notwithstanding that any Welkom Shareholder did not attend the Welkom General Meeting or voted against the Scheme.

**Where do shareholders get assistance if needed?**

Shareholders can call the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays) or email Singular Systems at **WelkomYizani@singularservices.co.za**.

**What are the tax implications for Welkom Shareholders when the Scheme is implemented?**

The tax implications of the Scheme for each Welkom Shareholder will depend on their individual facts and circumstances. Welkom Shareholders are therefore advised to seek tax advice in their personal capacity from a qualified tax practitioner. Welkom cannot provide you with tax advice. Tax will not be deducted as part of the selling process.

**How soon can I expect to receive my payout?**

If the Scheme is implemented, Welkom Shareholders may expect to receive their payments on or from Monday, 1 March 2021.

However, you will only be able to receive payment if your FICA documents – a copy of your identity/registration documents, proof of address and verified banking details – are up to date and on record with Singular Systems. To confirm and/or update your details, please call the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays) or email Singular Systems at **WelkomYizani@singularservices.co.za**.

**Why do we have three new Welkom Directors?**

The Welkom Board has appointed three additional Welkom Directors, being Mr Ashoek Hoosain Adhikari, Mrs Kgomotso Ditsebe Moroka and Mr Mooketsi Motsisi to constitute the Welkom Independent Board so that Welkom may comply with the Companies Act and the Takeover Regulations, which requires Welkom to appoint the Welkom Independent Board to consider and express an opinion on the Scheme and the offer price by Media Holdings.



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## IMPORTANT LEGAL NOTICES

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***The definitions and interpretations starting on page 64 of this Circular, apply to this section, except where the context indicates otherwise.***

### **FOREIGN WELKOM SHAREHOLDERS**

This Circular is governed by the laws of South Africa and is subject to any applicable laws and regulations and has been prepared for the purposes of complying with the Listings Requirements, the Companies Act and the Takeover Regulations and is published in terms thereof. The information disclosed in this Circular may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa or the listings requirements of any other stock exchange.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about and observe any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular is not intended to and does not constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which such solicitation would be unlawful or in which securities may not be offered or sold without registration or an exemption from registration. This Circular does not constitute a prospectus or a prospectus-equivalent document. Welkom Shareholders are advised to carefully read this Circular, which contains the full terms and conditions of the Scheme, the Delisting and the election of additional directors to the Welkom Board. Any decision to approve the Scheme, the Delisting and the appointment of additional directors to the Welkom Board, and/or other response to the proposals contained herein, should be made only on the basis of the information in this Circular.

The Scheme, the Delisting and the appointment of additional directors to the Welkom Board, which is the subject of this Circular, may be affected by the laws of the relevant jurisdictions of Foreign Welkom Shareholders. Foreign Welkom Shareholders must satisfy themselves as to the full observance of any applicable laws concerning the receipt of the Scheme Consideration, including (without limitation) obtaining any required governmental or other consents, observing any other required formalities and paying any transfer or other taxes due in such jurisdiction. Foreign Welkom Shareholders who are in any doubt as to their positions should consult their professional advisors immediately.

### **FORWARD-LOOKING STATEMENTS**

This Circular contains statements about Welkom that are or may be forward-looking statements. All statements, other than statements of historical fact, are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate liquidity; capital resources and expenditure; and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding: a future financial position or future profits; cash flows; corporate strategy; anticipated levels of growth; estimates of capital expenditure; acquisition strategy; and expansion prospects for future capital expenditure levels; and other economic factors, such as, amongst others, interest rates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Many of these risks and uncertainties relate to factors that are beyond Welkom’s ability to control or estimate precisely, such as changes in taxation, future market conditions, currency fluctuations, the actions of governmental regulators and other risk factors. Welkom cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which Welkom operates or may be exposed to may differ materially from those made in, or suggested by, the forward-looking statements contained in this Circular.

All forward-looking statements in respect of Welkom are based on estimates and assumptions made by Welkom, as communicated in publicly available documents, all of which estimates and assumptions, although Welkom believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not come about. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or

achievements expressed or implied in those estimates, assumptions or statements include other matters not yet known to Welkom or not currently considered material by Welkom.

Welkom Shareholders should keep in mind that any forward-looking statement made in this Circular or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of Welkom not to develop as expected may emerge from time to time and it is not possible to predict all of them. Furthermore, the extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. Welkom has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Circular after the date of issue of this Circular, except as may be required by law.

No statement in this Circular is intended as a profit forecast or a profit estimate and no statement in this Circular should be interpreted to mean that earnings per Welkom Share for the current or future financial years would necessarily match or exceed the historical published earnings per Welkom Share. Prices and values of, and income from, Welkom Shares may decrease as well as increase and an investor may not get back the amount paid for the Welkom Share. It should be noted that past performance is no guide to future performance. Persons needing advice should consult an independent financial advisor immediately.

Any forward-looking statement has not been reviewed nor reported on by any external auditors.

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## **ACTION REQUIRED BY WELKOM SHAREHOLDERS IN RESPECT OF THE SCHEME**

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**This Circular is important and requires your immediate attention. The actions you need to take are set out below.**

**The definitions and interpretations starting on page 64 of this Circular, apply to this section, except where the context indicates otherwise.**

Please take careful note of the following paragraphs regarding the action required by Welkom Shareholders in respect of the Scheme:

- if you are in any doubt as to the action you should take, please consult Singular Services, your banker, attorney, accountant or other professional advisor immediately. If you have any questions regarding this Circular, please contact the Call Centre on **0860 12 12 24** on weekdays from 07:00 to 18:00 (excluding public holidays) or email Singular Systems at **WelkomYizani@singularservices.co.za**;
- if you have sold all of your Welkom Shares, then this Circular, together with the accompanying Notice of Welkom General Meeting and Form of Proxy (*yellow*), should be forwarded to the purchaser of such Welkom Shares or to Singular Services, or to the banker or other agent through whom the sale was done;
- in order for the Scheme to be implemented, amongst other things, the Scheme Resolution must be approved at the Welkom General Meeting; and
- the Welkom Independent Board and the Welkom Board have recommended that Welkom Shareholders vote in favour of the Scheme Resolution.

### **I. WELKOM GENERAL MEETING**

Given the impact of Covid-19 on in-person meetings, the Welkom General Meeting will be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act, at 10:00 on Friday, 22 January 2021 (or any adjourned or postponed date in accordance with, amongst others, the provisions of section 64(11) of the Companies Act and the MOI, read with the Listings Requirements) to consider and, if deemed fit, pass, with or without change, the Resolutions (including the Scheme Resolution) set out in the Notice of Welkom General Meeting. The Notice of Welkom General Meeting is attached to, and forms part of, this Circular. Welkom Shareholders are referred to paragraph B below for details to enable Welkom Shareholders or their proxies to access the electronic Welkom General Meeting.

### **II. VOTING AND ATTENDANCE AT THE WELKOM GENERAL MEETING**

#### **A. Voting at the Welkom General Meeting**

**If you wish to vote on the Resolutions to be considered at the Welkom General Meeting, you may either:**

- log in to your EESE shareholder account at **www.eese.co.za** and cast your proxy vote online, follow the SMS instructions sent to your registered cellphone number and cast your proxy vote by USSD message, or contact Singular Systems telephonically on **0860 12 12 24** to cast your vote telephonically, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Welkom General Meeting to allow for processing. The online voting platform will be available from 09:00 on Monday, 14 December 2020 until 10:00 on Wednesday, 20 January 2021, and the use of the USSD message will be available from 09:00 on Monday, 11 January 2021 until 10:00 on Wednesday, 20 January 2021; or
- complete and return the attached Form of Proxy (*yellow*) in accordance with the instructions contained therein. Welkom Shareholders must ensure that the completed Form of Proxy (*yellow*) is received by Singular Systems, by no later than 48 hours before the Welkom General Meeting, i.e. by 10:00 on Wednesday, 20 January 2021. The Form of Proxy (*yellow*) may also be submitted to the chairperson of the Welkom General Meeting (or adjourned or postponed Welkom General Meeting) at any time before the Welkom General Meeting is due to commence or recommence, as the case may be, by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts.

If Singular Systems does not obtain voting instructions from you (whether through the Call Centre, the online voting platform, your USSD message, or by receipt of your Form of Proxy (*yellow*)), it will not take any action (voting or otherwise) in relation to your Welkom Shares.

You should be aware that if the Scheme is approved by the requisite majority of Welkom Shareholders and the Scheme subsequently becomes unconditional and is implemented in accordance with its terms, then with effect from 09:00 on the Operative Date, you will be bound by the terms of the Scheme regardless of whether you abstained from, or voted in favour of or against, the Scheme Resolution. In that case, you will:

- be deemed to have transferred all of your Welkom Shares to Media Holdings; and
- in consideration for the transfer of your Welkom Shares to Media Holdings, receive the Scheme Consideration.

Welkom Shareholders are referred to paragraph 4 of this Circular for further details regarding the Scheme.

## **B. Electronic participation at the Welkom General Meeting**

The Welkom General Meeting will only be accessible via electronic facility/communication in terms of section 63(2)(a) of the Companies Act, and as permitted in terms of the MOI.

Welkom has retained the services of TMS to remotely host the Welkom General Meeting on an interactive electronic platform, in order to facilitate remote participation and voting by Welkom Shareholders. TMS will also act as scrutineer.

Welkom Shareholders who wish to participate in and/or vote at the Welkom General Meeting electronically are required to contact Singular Systems telephonically on **0860 12 12 24** or by email at **WelkomYizani@singularservices.co.za** as soon as possible, but in any event, for administrative purposes only, by no later than 10:00 on Wednesday, 20 January 2021. However, this will not in any way affect the rights of Welkom Shareholders to register for the Welkom General Meeting after this date, provided, however, that only those Welkom Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the start of the Welkom General Meeting will be allowed to participate in and/or vote by electronic means. Welkom Shareholders are strongly encouraged to submit votes by proxy before the Welkom General Meeting.

Singular Systems will assist Welkom Shareholders with the requirements for electronic participation in, and/or voting at, the Welkom General Meeting. Singular Systems is further obliged to validate (in correspondence with Welkom and Singular Services) each such Welkom Shareholder's entitlement to participate in and/or vote at the Welkom General Meeting, before the Welkom Shareholder concerned can be provided with the necessary means to access the General Meeting and/or the associated voting forms. Welkom Shareholders, who have complied with the verification requirements set out above, will be contacted by or on behalf of Singular Systems between Tuesday, 19 January 2020 and Thursday, 21 January 2020, and in any event by no later than 24 hours before the Welkom General Meeting. Welkom Shareholders will be provided with: (i) the relevant connection details; (ii) the passcodes through which they or their proxy/ies can participate in the Welkom General Meeting via electronic facility/communication; and (iii) details of the process for electronic participation via a unique link to the email/cellphone number that was provided by each Welkom Shareholder to Singular Systems as part of the verification process.

Welkom Shareholders will be liable for their own network charges and expenses in relation to electronic participation in the Welkom General Meeting. Any such charges will not be for the account of Welkom, TMS or Singular Systems. None of Welkom, TMS or Singular Systems can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which may prevent any such Welkom Shareholder from participating in the Welkom General Meeting.

Notwithstanding the above, Welkom Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Welkom General Meeting. Welkom Shareholders are strongly encouraged to submit votes by proxy in advance of the Welkom General Meeting.

Welkom Shareholders should forward all relevant information, including their Form of Proxy (*yellow*) to the address below:

### **By post at, or delivered by hand:**

#### **The Transfer Secretaries:**

Singular Systems Proprietary Limited  
25 Scott Street, Waverley, Johannesburg, Gauteng, 2090, South Africa  
PO Box 1266, Bramley, 2018, South Africa  
For the attention of: the Transfer Secretaries

**OR**

### **Delivered by email:**

Email address: **WelkomYizani@singularservices.co.za**

## C. Tax

The tax implications of the Scheme on Welkom Shareholders will depend on the individual tax circumstances of each Welkom Shareholder. Welkom Shareholders who are in any doubt as to their tax position should seek advice from their professional advisors immediately.

## III. GENERAL

### A. Approval of the Scheme at the Welkom General Meeting

The Scheme must be approved by a Special Resolution of Welkom Shareholders, in accordance with sections 114(1)(c) and 115(2)(a) of the Companies Act, at the Welkom General Meeting at which sufficient Welkom Shareholders must be present to exercise, together, at least 25% of all the voting rights that are entitled to be exercised on the Scheme Resolution.

In terms of section 62(3)(c) of the Companies Act and the MOI, the percentage of voting rights required in order for the Scheme Resolution to be approved is at least 75% of the voting rights exercised on the resolution by all Welkom Shareholders (i.e. all classes voting, including the Preference Shares) and, additionally, as a matter of good governance, the Scheme will only be implemented if the Scheme Resolution is approved by at least 75% of the voting rights exercised on the Scheme Resolution by the Ordinary Shareholders (i.e. only Welkom Shares excluding the votes of the Preference Shares).

Naspers is the holder of all the Preference Shares. Welkom Shareholders are advised that Naspers will attend the Welkom General Meeting and vote all the Preference Shares thereat ahead of the vote of the Ordinary Shareholders.

### B. Court approval

Welkom Shareholders are advised that, in terms of section 115(3) of the Companies Act, Welkom may in certain circumstances not proceed to implement the Scheme without the approval of the Court, despite the fact that the Scheme Resolution has been approved at the Welkom General Meeting.

A copy of section 115 of the Companies Act which sets out the required approval for the Scheme is set out in **Annexure 5** to this Circular and a summary is contained in paragraph 4.5 of this Circular.

### C. Dissenting Welkom Shareholders

A Welkom Shareholder who is entitled to vote at the Welkom General Meeting is entitled to seek relief in terms of section 164 of the Companies Act if that Welkom Shareholder:

- notified Welkom in advance and in writing of its intention to oppose the Scheme Resolution;
- was present at the Welkom General Meeting;
- voted against the Scheme Resolution; and
- sent Welkom a demand contemplated in section 164(5) of the Companies Act.

A copy of section 164 of the Companies Act which sets out Dissenting Welkom Shareholders' Appraisal Rights is set out in **Annexure 6** to this Circular and a summary is contained in paragraph 4.8 of this Circular.

## IV. TRP APPROVALS

The TRP approval relates only to the Scheme and not to the other matters contemplated in this Circular. Welkom Shareholders should take note that the TRP does not consider commercial advantages or disadvantages of "*affected transactions*", as defined in section 117(1)(c) of the Companies Act, when it approves such transactions.

## V. OTHER

The content of this Circular is not legal advice and does not comprehensively deal with the legal, regulatory and tax implications of the Scheme or any other matter for each Welkom Shareholder. Welkom Shareholders are advised to consult their professional advisors about their personal legal, regulatory and tax positions regarding the Scheme or any other matter and in particular the receipt of the Scheme Consideration, as applicable.

None of Welkom, the Welkom Board or its advisors accept responsibility and will not be held liable for any act of or omission by Singular Services, including, without limitation, any failure on the part of Singular Services or any registered holder of Scheme Shares to notify the holder of any beneficial interest in those Scheme Shares in respect of the Scheme or any other matter set out in this Circular.

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## IMPORTANT DATES AND TIMES

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**The definitions and interpretations starting on page 64 of this Circular, apply to this section, except where the context indicates otherwise.**

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2020/2021

Record date to determine which Welkom Shareholders are eligible to receive this Circular (" <b>Record Date</b> ")	<b>Friday, 4 December</b>
Circular and Notice of Welkom General Meeting posted to Welkom Shareholders and published on EESE-News, Media Holdings' website and Welkom's website on	<b>Monday, 14 December</b>
Last day to trade Welkom Shares in order to be recorded in the Register to attend, participate in and vote at the Welkom General Meeting on	<b>Friday, 15 January</b>
Record date for Welkom Shareholders to be recorded in the Register in order to be eligible to attend, participate in and vote at the Welkom General Meeting, being the ' <b>Scheme Voting Record Date</b> ', by close of trade on	<b>Friday, 15 January</b>
Last day and time to lodge Forms of Proxy ( <i>yellow</i> ) with Singular Systems by 10:00 on ( <i>refer to note 3 below</i> )	<b>Wednesday, 20 January</b>
Last day for Welkom Shareholders to give notice to Welkom of their objections to the Scheme Resolution in terms of section 164(3) of the Companies Act by no later than 10:00 on	<b>Friday, 22 January</b>
<b>Welkom General Meeting to be held at 10:00 on</b>	<b>Friday, 22 January</b>
Results of the Welkom General Meeting released on EESE-News, Media Holdings' website and Welkom's website on or about	<b>Friday, 22 January</b>
<b><i>If the Scheme is approved by Welkom Shareholders at the Welkom General Meeting:</i></b>	
Last day for Welkom Shareholders who voted against the Scheme to require Welkom to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Welkom Shareholders at the Welkom General Meeting were exercised against the Scheme Resolution on	<b>Friday, 29 January</b>
Last day for Welkom Shareholders (who voted against the Scheme) to be granted leave by a Court for a review of the Scheme in terms of section 115(3)(b) of the Companies Act if the Scheme Resolution is approved by Welkom Shareholders at the Welkom General Meeting (where applicable) on	<b>Friday, 5 February</b>
Last day for Welkom to give notice of adoption of the Scheme Resolution approving the Scheme to Dissenting Welkom Shareholders in accordance with section 164(4) of the Companies Act on	<b>Friday, 5 February</b>
<b><i>The following dates assume that no Court approval or review of the Scheme is required and all other Scheme Conditions Precedent are fulfilled or waived (to the extent applicable):</i></b>	
Finalisation announcement with regard to the Scheme and the Delisting published on EESE-News, Media Holdings' website and Welkom's website before 10:00 (assuming no Welkom Shareholder exercises their right in terms of section 115(3)(a) or section 115(3)(b) of the Companies Act) expected to be on or about	<b>Friday, 12 February</b>
Expected last day to trade, being the last day to trade Welkom Shares on EESE in order to participate in the Scheme (i.e. the ' <b>Scheme Last Day to Trade</b> ')	<b>Friday, 26 February</b>
Expected ' <b>Scheme Consideration Record Date</b> ', being the date on which Scheme Participants must be recorded in the Register to receive the Scheme Consideration, by close of trade on	<b>Friday, 26 February</b>



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Expected ' <b>Operative Date</b> ' on or about	<b>Monday, 1 March</b>
Scheme Participants expected to have their accounts (held at Singular Services) credited with the Scheme Consideration on or about ( <i>refer to note 6 below</i> )	<b>Monday, 1 March</b>
Expected date for termination of listing of the Welkom Shares in terms of the Scheme from the commencement of trade on EESE on	<b>Tuesday, 2 March</b>

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**Notes:**

1. All of the above dates and times are subject to change, with the approval of EESE and the TRP, if required. The dates have been determined based on certain assumptions regarding the dates by which certain regulatory approvals including, but not limited to, that of EESE and the TRP, will be obtained and that no Court approval or review of the Scheme will be required. Any change will be released on EESE-News, Media Holdings' website and Welkom's website.
2. Welkom Shareholders are referred to paragraph 4.8 of this Circular (which contains a summary of Dissenting Welkom Shareholders' Appraisal Rights in respect of the Scheme) regarding timing considerations relating to the Appraisal Rights held by Welkom Shareholders.
3. A Welkom Shareholder may submit a Form of Proxy (*yellow*) at any time before the commencement of the Welkom General Meeting (or any adjourned or postponed Welkom General Meeting), by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, or submit it to the chairperson of the Welkom General Meeting, by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the appointed proxy exercises any of the relevant Welkom Shareholder's rights at the Welkom General Meeting (or any adjourned or postponed Welkom General Meeting), provided that should a Welkom Shareholder lodge a Form of Proxy (*yellow*) with Singular Systems less than 48 hours (excluding Saturdays, Sundays and gazetted, national public holidays in South Africa) before the Welkom General Meeting, such Welkom Shareholder will also be required to submit a copy of such Form of Proxy (*yellow*) to the chairperson of the Welkom General Meeting, by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the appointed proxy exercises any of such Welkom Shareholder's rights at the Welkom General Meeting (or adjourned or postponed Welkom General Meeting).
4. If the Welkom General Meeting is adjourned or postponed, Forms of Proxy (*yellow*) submitted for the Welkom General Meeting will remain valid in respect of any adjournment or postponement of the Welkom General Meeting.
5. All times given in this Circular are local times in South Africa.
6. The date of payment of the Scheme Consideration is expected to be Monday, 1 March 2021, in respect of Welkom Shareholders.
7. Should enough Welkom Shareholders vote against the Scheme Resolution at the Welkom General Meeting so that a Welkom Shareholder may require Welkom to obtain Court approval regarding the Scheme Resolution as contemplated in section 115(3)(a) of the Companies Act, and if a Welkom Shareholder in fact delivers such a request, the dates and times set out above will need to be amended. Welkom Shareholders will be notified separately of the applicable dates and times under this process.
8. If any Welkom Shareholder who votes against the Scheme Resolution exercises its rights in terms of section 115(3)(b) of the Companies Act and applies to Court for a review of the Scheme, the dates and times set out above will need to be amended. Welkom Shareholders will be notified separately of the applicable dates and times under this process.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular and its Annexures, unless otherwise stated or the context indicates otherwise, the words and expressions in the first column shall have the meanings stated opposite them in the second column. Words and expressions in the singular shall include the plural and *vice versa*, words referring to natural persons shall include juristic persons and unincorporated associations of persons and *vice versa*, and any reference to one gender shall include the other gender.

<b>“Annexures”</b>	the annexures attached to this Circular;
<b>“Appraisal Rights”</b>	in respect of the Scheme, the rights afforded to Welkom Shareholders under section 164 of the Companies Act, as detailed more fully in paragraph 4.8 of this Circular; read with <b>Annexure 6</b> to this Circular;
<b>“Authorised Dealer”</b>	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
<b>“Business Day”</b>	any day other than a Saturday, Sunday or a gazetted national public holiday in South Africa;
<b>“Call Centre”</b>	the Singular Services call centre that can be contacted on <b>0860 12 12 24</b> and which operates from 07:00 to 18:00 on weekdays (excluding public holidays);
<b>“Cautionary Announcement”</b>	has the meaning given to such term in paragraph 3.3.3;
<b>“the/this Circular”</b>	this bound document, dated Monday, 14 December 2020, including the Annexures hereto and incorporating the Notice of Welkom General Meeting and a Form of Proxy ( <i>yellow</i> );
<b>“Common Monetary Area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini;
<b>“Companies Act”</b>	the Companies Act, No. 71 of 2008, as amended;
<b>“Court”</b>	any South African court with competent jurisdiction to approve the implementation of the Scheme Resolution set out in the Notice of Welkom General Meeting pursuant to section 115 of the Companies Act and/or to review the Scheme Resolution and/or to determine the fair value of the Welkom Shares and/or to make an order pursuant to section 164(14) of the Companies Act;
<b>“Covid-19”</b>	corona 2, SARS-CoV-2, a novel respiratory tract virus that has resulted in a global pandemic and restrictions on trade and movement all around the world and in particular in South Africa in terms of a declaration of a National State of Disaster by the President of South Africa on 15 March 2020;
<b>“Delisting”</b>	the termination of the listing of the Welkom Shares on ESE pursuant to the Scheme becoming operative and being implemented in accordance with its terms;
<b>“Dissenting Welkom Shareholders”</b>	in respect of the Scheme, Welkom Shareholders who: (i) validly exercise their Appraisal Rights by demanding, in accordance with the requirements of sections 164(5) to 164(8) of the Companies Act, that Welkom pays them the fair value of all of their Welkom Shares; (ii) do not withdraw that demand before Welkom makes an offer to them in accordance with the requirements of section 164(11) of the Companies Act; and (iii) do not, after an offer is made to them by Welkom in accordance with the requirements of section 164(11) of the Companies Act, allow such offer to lapse in terms of section 164(12)(b) of the Companies Act;
<b>“ESEE”</b>	as the context may require, (i) Equity Express Securities Exchange Proprietary Limited, registration number: 2015/197820/07, a private company with limited liability incorporated in accordance with the laws of South Africa and licensed as a securities exchange under the Financial Markets Act; and (ii) the securities exchange operated by ESEE;

<b>“EESE-News”</b>	the news service of EESE;
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations, 1961, as amended, promulgated in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
<b>“Excluded Dissenting Welkom Shareholders”</b>	in respect of the Scheme, Dissenting Welkom Shareholders who accept an offer made to them by Welkom in accordance with the requirements of section 164(11) of the Companies Act or, pursuant to an order of Court, tender their Welkom Shares to Welkom in accordance with the requirements of section 164(15) of the Companies Act;
<b>“Financial Markets Act”</b>	the Financial Markets Act, No. 19 of 2012, as amended;
<b>“Firm Intention Announcement”</b>	the announcement by Welkom setting out the terms of Media Holdings’ firm intention to acquire 100% of Welkom’s issued share capital pursuant to the Scheme, as released on EESE-News, Media Holdings’ website and Welkom’s website on or about Friday, 27 November 2020;
<b>“Foreign Welkom Shareholders”</b>	a Welkom Shareholder who has a registered address outside South Africa and/or who is a national, citizen or resident of a country other than South Africa;
<b>“Form of Proxy (yellow)”</b>	the form of proxy ( <i>yellow</i> ) attached to and forming part of this Circular;
<b>“Independent Expert” or “Questco”</b>	Questco Corporate Advisory Proprietary Limited, registration number: 2011/106751/07, a private company with limited liability incorporated in accordance with the laws of South Africa, and appointed as the independent expert, amongst others, to provide external advice to the Welkom Independent Board;
<b>“Last Practicable Date”</b>	Monday, 7 December 2020, being the last practicable date prior to the finalisation of this Circular;
<b>“Listings Requirements”</b>	the listings requirements of EESE, as amended, from time to time;
<b>“Longstop Date”</b>	has the meaning given to such term in paragraph 4.2.1;
<b>“Media24”</b>	Media24 Proprietary Limited, registration number: 1950/038385/07, a private company with limited liability incorporated in accordance with the laws of South Africa;
<b>“Media Holdings”</b>	Media24 Holdings Proprietary Limited, registration number: 2006/021408/07, a private company with limited liability incorporated in accordance with the laws of South Africa;
<b>“Media Holdings Board” or “Media Holdings Directors”</b>	the board of directors of Media Holdings as at the Last Practicable Date, whose details and further information are set out in <b>Annexure 8</b> to this Circular;
<b>“MOI”</b>	Welkom’s memorandum of incorporation, as amended from time to time;
<b>“Naspers”</b>	Naspers Limited, registration number: 1925/001431/06, a public company incorporated under the laws of South Africa;
<b>“Notice of Welkom General Meeting”</b>	the notice convening the Welkom General Meeting attached to and forming part of this Circular;
<b>“Operative Date”</b>	the Business Day on which Welkom will commence settling the Scheme Consideration to Scheme Participants, being the first Business Day following the Scheme Consideration Record Date, which is expected to be Monday, 1 March 2021;
<b>“Ordinary Resolution”</b>	a resolution adopted by Welkom Shareholders with the support of at least 50% of the voting rights exercised on the resolution;
<b>“Ordinary Shareholders”</b>	the holders of Welkom Shares, from time to time;
<b>“Preference Shares”</b>	as at the Last Practicable Date, 4 382 cumulative, redeemable preference shares with a par value of R0.001 each in the issued share capital of Welkom, carrying such terms, rights and privileges as provided for in the MOI;

<b>“Preference Shareholder”</b>	Naspers;
<b>“R” or “Rand” or “Cents”</b>	South African Rand and Cents, the official currency of South Africa;
<b>“Register”</b>	the register of Welkom Shareholders administered and maintained by Singular Systems in accordance with section 50 of the Companies Act;
<b>“Repurchase Agreement”</b>	the share repurchase agreement entered into between Media Holdings and Welkom on or about the Last Practicable Date in terms of which, amongst others, Media Holdings will repurchase 5 839 999 of its own ordinary shares from Welkom (constituting approximately 6% of Media Holdings' issued share capital as at the Last Practicable Date);
<b>“Resolutions”</b>	the Ordinary Resolutions and the Special Resolutions to be proposed at the Welkom General Meeting as set out in the Notice of Welkom General Meeting, which resolutions will, amongst others, authorise and approve the Scheme, the appointment of additional directors to the Welkom Board and the proposed remuneration payable to Welkom Directors;
<b>“Scheme”</b>	the scheme of arrangement in terms of section 114(1)(c) of the Companies Act, proposed by the Welkom Board between Welkom and the Scheme Participants (and to which Media Holdings is a party), in terms of which, if the Scheme becomes operative and is implemented in accordance with its terms, Media Holdings will acquire the Scheme Shares, representing all Welkom Shares held by Scheme Participants, with the Scheme Participants being obliged to transfer their rights, title and interest in and to the Scheme Shares to Media Holdings, in exchange for the Scheme Consideration, subject to the Scheme Participants' Appraisal Rights;
<b>“Scheme Conditions Precedent”</b>	the conditions precedent to which the Scheme is subject, as set out in paragraph 4.2 of this Circular;
<b>“Scheme Consideration”</b>	the cash consideration of R15.70 for every one Scheme Share held by Scheme Participants on the Scheme Consideration Record Date;
<b>“Scheme Consideration Record Date”</b>	the latest date for holders of Welkom Shares to be registered as such in the Register in order to receive the Scheme Consideration, which date is expected to be Friday, 26 February 2021;
<b>“Scheme Last Day to Trade”</b>	being the last day to trade Welkom Shares on ESE in order to be registered in the Register on the Scheme Consideration Record Date, which date is expected to be Friday, 26 February 2021;
<b>“Scheme Participants”</b>	the Ordinary Shareholders, other than the Excluded Dissenting Welkom Shareholders, who are registered as such in the Register on the Record Date and are therefore entitled to receive the Scheme Consideration; provided Dissenting Welkom Shareholders will only become Scheme Participants once they cease to be Dissenting Welkom Shareholders;
<b>“Scheme Resolution”</b>	means Special Resolution 1 required to be approved by Welkom Shareholders in order to implement and give effect to the Scheme;
<b>“Scheme Shares”</b>	all of the Welkom Shares held by Scheme Participants on the Scheme Consideration Record Date;
<b>“Scheme Voting Record Date”</b>	the last date to be recorded in the Register in order for Welkom Shareholders to be eligible to attend, speak and vote at the Welkom General Meeting (or any adjournment thereof), being Friday, 15 January 2021;
<b>“Singular Services”</b>	Singular Services, a division of Singular Systems, being the designated 'Authorised User' (as such term is defined in section 1 of the Financial Markets Act), as appointed by Media Holdings to provide brokerage services;

<b>“Singular Systems” or “Transfer Secretaries”</b>	Singular Systems Proprietary Limited, registration number: 2002/001492/07, a private company with limited liability incorporated in accordance with the laws of South Africa, being the appointed transfer secretaries to Welkom;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Special Resolution”</b>	a resolution adopted by Welkom Shareholders with the support of at least 75% of the voting rights exercised on the resolution;
<b>“Takeover Regulations”</b>	the regulations set out in chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act, as amended;
<b>“TRP”</b>	the Takeover Regulation Panel, established in terms of section 196 of the Companies Act;
<b>“TMS”</b>	The Meeting Specialist Proprietary Limited, registration number 2017/287419/07, a private company with limited liability incorporated in accordance with the laws of South Africa;
<b>“USSD”</b>	an unstructured supplementary service data message;
<b>“Welkom”</b>	Welkom Yizani Investments (RF) Limited, registration number: 2006/021434/06, a public company incorporated in accordance with the laws of South Africa, the ordinary shares of which are listed on EESE;
<b>“Welkom Board” or “Welkom Directors”</b>	the board of directors of Welkom as at the Last Practicable Date, whose details and further information are set out in <b>Annexure 7</b> to this Circular;
<b>“Welkom General Meeting”</b>	the general meeting of Welkom Shareholders to be held at 10:00 on Friday, 22 January 2021 (or any rescheduled, postponed or adjourned date and time in accordance with, amongst others, the provisions of section 64 of the Companies Act and the MOI, as read with the Listings Requirements) entirely via electronic facility/communication in terms of section 63(2)(a) of the Companies Act given the impact of Covid-19 on in-person meetings, to be convened in connection with the Scheme, the Delisting and the appointment of additional directors to the Welkom Board, and for the purpose of considering and if deemed fit, approving, with or without change, the Resolutions contained in the Notice of Welkom General Meeting;
<b>“Welkom Independent Board” or “Welkom Independent Directors”</b>	Mr Ashoek Hoosain Adhikari, Mrs Kgomotso Ditsebe Moroka and Mr Mooketsi Motsisi, being an independent subcommittee of the Welkom Board, appointed to fulfil the role of an “ <i>independent board</i> ”, as contemplated in regulation 108 of the Takeover Regulations, all of whom are independent as contemplated in regulation 108(8) of the Takeover Regulations;
<b>“Welkom Shareholders”</b>	the Ordinary Shareholders and the Preference Shareholders or any one of them, as the context requires, and <b>“Welkom Shareholder”</b> shall mean any one of them; and
<b>“Welkom Shares”</b>	fully paid, ordinary shares with a par value of R0.0000001 each in the issued share capital of Welkom.



## WELKOM YIZANI INVESTMENTS (RF) LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/021434/06)

Ordinary short code: EXWYI

("Welkom")

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### Welkom Directors

#### Welkom Independent Non-Executive Directors

Rachel Catharina Cornelia Jafta (Chairperson)  
Jo-Ann Cindy Held  
Omichand Lalbahadur

### Welkom Independent Board

Ashoek Hoosain Adhikari  
Kgomotso Ditsebe Moroka  
Mooketsi Motsisi

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## CIRCULAR TO WELKOM SHAREHOLDERS

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### I. INTRODUCTION

- I.1 Welkom Shareholders are referred to the Firm Intention Announcement released by Welkom on EESE-News, Media Holdings' website and Welkom's website on Friday, 27 November 2020 advising of, amongst others, the offer made by Media Holdings to acquire the Scheme Shares from the Scheme Participants by way of the Scheme, and which is now proposed by the Welkom Board between Welkom and the Welkom Shareholders, on the terms set out in paragraph 4 of this Circular.
- I.2 The implementation of the Scheme is subject to the fulfilment or waiver of the Scheme Conditions Precedent. It is anticipated that the Scheme will be implemented on and with effect from 09:00 on Monday, 1 March 2021.
- I.3 Following the implementation of the Scheme:
  - I.3.1 the Scheme Participants will be deemed to have sold all of their Welkom Shares to Media Holdings for the Scheme Consideration and Welkom will become a wholly owned subsidiary of Media Holdings; and
  - I.3.2 the listing of the Welkom Shares on EESE will be terminated in accordance with section 3.5(b) of the Listings Requirements.
- I.4 The Welkom Independent Board and the Welkom Board are in unanimous support of the Scheme and recommend that Welkom Shareholders vote in favour of the Resolutions (including the Scheme Resolution) set out in the Notice of Welkom General Meeting. All members of the Welkom Board have indicated that they will vote in favour of the Scheme Resolution in respect of all of the Welkom Shares that they may own and/or control.
- I.5 Should the Scheme become operative, EESE has granted approval for the termination of the listing of the Welkom Shares on EESE with effect from the commencement of trade on the day following the Operative Date, which is expected to be Tuesday, 2 March 2021.
- I.6 Welkom Shareholders are advised that the Welkom Board has appointed three additional directors, being Mr Ashoek Hoosain Adhikari, Mrs Kgomotso Ditsebe Moroka and Mr Mooketsi Motsisi to constitute the Welkom Independent Board so that Welkom may comply with regulation 108(9) of the Takeover Regulations, which requires Welkom to appoint the Welkom Independent Board to consider and express an opinion on the Scheme and the Scheme Consideration.

- 1.7 In terms of section 68(3) of the Companies Act and the MOI, the appointment of the additional directors to the Welkom Board requires the approval of Welkom Shareholders at the next general meeting of Welkom. Accordingly, the appointment of the additional directors to the Welkom Board will be submitted for approval at the Welkom General Meeting. Notice of appointment of the additional directors has been given to Naspers, as required by the MOI, prior to the date of this Circular. Full biographies of the new Welkom Directors are set out in **Annexure 7** to this Circular.
- 1.8 The Welkom Board also proposes that Welkom pays the following remuneration to the Welkom Independent Directors for their services as directors (as marked in the table below) effective from the date of passing of Special Resolution 2 (as fully set out in the Notice of Welkom General Meeting):

<b>Designation</b>	<b>Total Annually</b>
Chairperson	R40 000
Member	R25 000

- 1.9 In terms of section 66(8) and (9) of the Companies Act as read with article 6.8 of the MOI, Welkom may pay remuneration to the Welkom Directors for their services as directors provided that, the proposed remuneration to the directors has been approved by a Special Resolution of Welkom Shareholders within the previous two years. The proposal set out above is in line with the remuneration paid to non-executive directors and other non-executive office bearers of other comparable South African companies. The proposed remuneration is therefore considered by the Welkom Board to be fair and reasonable and in the best interests of Welkom. The Welkom Board has accordingly sanctioned the proposal and will similarly table it for approval by Welkom Shareholders at the Welkom General Meeting. Naspers has consented to the proposed remuneration of the Welkom Independent Directors, as required by the MOI, prior to the date of this Circular.

## 2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to provide Welkom Shareholders with relevant information regarding the Scheme, including, amongst others, the report of Questco prepared in terms of section 114(3) of the Companies Act and regulation 90 of the Takeover Regulations, to advise Welkom Shareholders of the recommendation of the Welkom Independent Board in respect of the Scheme, to give notice convening the Welkom General Meeting in order to consider and, if deemed fit, to pass with or without change the Resolutions contained in the Notice of General Meeting in accordance with the Companies Act and the Takeover Regulations, and to inform Welkom Shareholders of their Appraisal Rights and the manner in which they should exercise these rights should they wish to do so.

A Notice of Welkom General Meeting is attached to, and forms part of, this Circular, and sets out the Resolutions to be considered and, if deemed fit, approved by the requisite majority of Welkom Shareholders.

To obtain a full understanding of the terms and conditions of the Scheme, the Delisting, and the appointment of additional directors to the Welkom Board, this Circular should be read in its entirety.

## 3. RATIONALE FOR THE SCHEME

3.1 Although since the inception of the Welkom empowerment structure in 2006, Welkom Shareholders have realised a gross internal rate of return of about 7% (or almost 2x their initial investment) before any final exit value, the Welkom Board has noted the difficulty to otherwise realise value by Welkom Shareholders which is compounded by the illiquidity of the Welkom Shares on ESE, with less than 0.01% of the Welkom Shares traded daily and the restrictions applicable to the trading of Welkom Shares pursuant to the MOI.

3.2 Media Holdings, the Welkom Board and the Welkom Independent Board believe that the Scheme provides an opportunity for Media Holdings to transfer further value to Welkom Shareholders and therefore, provides Welkom Shareholders with a valuable liquidity event (by converting their shareholding into cash), noting that some Welkom Shareholders have been invested in Welkom for nearly 14 years.

3.3 The Scheme also presents, amongst others, the following key benefits for Welkom Shareholders:

- 3.3.1 it provides an opportunity to Welkom Shareholders to sell their Welkom Shares in a single transaction to a single buyer;

- 3.3.2 it provides an opportunity for Welkom Shareholders to sell their Welkom Shares at a price which would likely be higher than that of an open market sale; and
  - 3.3.3 the Scheme Consideration constitutes: (i) a buyout premium of 74.4% based on Welkom's closing share price of R9.00 on Monday, 2 November 2020, being the day preceding the cautionary announcement issued on ESE-News ("**Cautionary Announcement**"); and (ii) a realisable cash premium of 76.6% to Welkom's 30-day volume weighted average price on the day preceding the Cautionary Announcement and a 80.6% premium to Welkom's 60-day volume weighted average price on the day preceding the Cautionary Announcement, and therefore exceeds the highest price at which the Welkom Shares traded over a 52-week period preceding the Cautionary Announcement by 30.9%.
- 3.4 Welkom Shareholders, that have been invested since Welkom's inception, will realise a gross internal rate of return of 11.3% (or 3.6x their initial investment) over the life of the Welkom empowerment scheme.
- 3.5 Furthermore, and as a key outcome for both Welkom and Media Holdings, the Scheme (and the subsequent Delisting) will reduce administration and regulatory reporting requirements and associated costs incurred due to Welkom being a publicly listed entity.

#### 4. TERMS AND CONDITIONS OF THE SCHEME

In terms of section 114(1)(c) of the Companies Act, the Welkom Board proposes the Scheme, as set out in this paragraph 4.1, between Welkom and the Scheme Participants, and to which Media Holdings is a party.

##### 4.1 The Scheme

- 4.1.1 It is proposed that Media Holdings makes an offer to acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration.
- 4.1.2 Subject to the Scheme becoming unconditional and being implemented in accordance with its terms, with effect from 09:00 on the Operative Date:
  - 4.1.2.1 the Scheme Participants (whether they voted in favour of the Scheme or not or abstained or refrained from voting) shall be deemed to have sold (and shall be deemed to have undertaken to transfer) their Scheme Shares, free of encumbrances, to Media Holdings in exchange for the Scheme Consideration, and Media Holdings shall be deemed to have acquired registered and beneficial ownership of all the Scheme Shares;
  - 4.1.2.2 the sale and transfer by each Scheme Participant of its Scheme Shares to Media Holdings, and the acquisition and ownership of those Scheme Shares by Media Holdings, pursuant to the provisions of the Scheme, will be effected;
  - 4.1.2.3 each Scheme Participant shall be deemed to have transferred to Media Holdings all of its Scheme Shares without any further act or instrument being required; and
  - 4.1.2.4 the Scheme Participants shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this Circular.
- 4.1.3 Each Scheme Participant irrevocably and in its place and stead, and for and on its behalf, authorises Singular Systems and each and every Welkom Director, as principal, with power of substitution, to cause the Scheme Shares sold by the Scheme Participant in terms of the Scheme to be transferred to, and registered in the name of, Media Holdings on or at any time after the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as required or desirable to implement the Scheme.
- 4.1.4 The Scheme Consideration shall be settled, in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Welkom and/or Media Holdings may otherwise be, or claim to be, entitled against a Scheme Participant.
- 4.1.5 Welkom, as principal, will procure that Media Holdings complies with its obligations under the Scheme, and Welkom alone will have the right to enforce those obligations (if necessary) against Media Holdings. The rights of the Scheme Participants to receive the Scheme Consideration will be rights enforceable by Scheme Participants as against Welkom only. Scheme Participants will be entitled to require Welkom to enforce its rights in terms of the Scheme against Media Holdings.
- 4.1.6 No part of the Scheme Consideration will bear interest.



- 4.1.7 The effect of the Scheme will, amongst others, be that:
- 4.1.7.1 Media Holdings will, with effect from the Operative Date, become the beneficial owner of all Scheme Shares and Welkom shall procure that its Register is updated accordingly;
  - 4.1.7.2 the Scheme Participants will, with effect from the Operative Date, become entitled to the Scheme Consideration which will be settled in accordance with the provisions of paragraph 4.4; and
  - 4.1.7.3 the Delisting will be implemented with effect from the commencement of trade on EESE on Tuesday, 2 March 2021.
- 4.1.8 Welkom and Media Holdings have agreed that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all necessary documents to give effect to the Scheme.

## 4.2 Scheme Conditions Precedent

- 4.2.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following Scheme Conditions Precedent by no later than Wednesday, 30 June 2021 ("**Longstop Date**"):
- 4.2.1.1 all approvals, consents or waivers from those South African regulatory authorities as may be necessary for Welkom to implement the Scheme, including the TRP (by means of the issue of a compliance certificate in terms of section 121(b)(i) of the Companies Act), are obtained on an unconditional basis or, to the extent that any such regulatory approvals, consents or waivers are obtained subject to any condition or qualification, Media Holdings (to the extent that it is adversely affected by the condition or qualification) confirms in writing that the condition or qualification is acceptable to it, which confirmation shall not be unreasonably withheld or delayed;
  - 4.2.1.2 all necessary Welkom Shareholder approvals and/or resolutions as may be necessary to give effect to the Scheme have been obtained, including, but not limited to, the Scheme Resolution;
  - 4.2.1.3 Welkom has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act;
  - 4.2.1.4 in the circumstances where Welkom has not elected to treat the Scheme Resolution as a nullity pursuant to section 115(5)(b) of the Companies Act, a Court has granted its approval of the Scheme pursuant to section 115(3) of the Companies Act in circumstances where:
    - 4.2.1.4.1 the Scheme Resolution is opposed by 15% or more of the voting rights that were exercised in respect of the Scheme Resolution; and
    - 4.2.1.4.2 a Welkom Shareholder who voted against the Scheme Resolution requires Welkom, within five Business Days after the vote, to seek Court approval pursuant to section 115(3)(a) of the Companies Act;
  - 4.2.1.5 no Welkom Shareholder who voted against the Scheme Resolution applies to Court within 10 Business Days after the vote for leave to apply for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act and section 115(6) of the Companies Act;
  - 4.2.1.6 Welkom and Media Holdings (acting jointly) waive the Scheme Condition Precedent in paragraph 4.2.1.5 and the Court does not grant leave to any Welkom Shareholder to apply to Court for a review of the Scheme, as contemplated in sections 115(3)(b), 115(6) and 115(7) of the Companies Act;
  - 4.2.1.7 Welkom and Media Holdings (acting jointly) waive the scheme condition in paragraph 4.2.1.6 and the Court approves the Scheme Resolution pursuant to section 115(7) of the Companies Act;
  - 4.2.1.8 in relation to the possible objection to the Scheme by Welkom Shareholders:

- 4.2.1.8.1 no Welkom Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act and vote against the Scheme at the Welkom General Meeting; or
  - 4.2.1.8.2 if Welkom Shareholders give notice objecting to the Scheme as contemplated in section 164(3) of the Companies Act and vote against the Scheme at the Welkom General Meeting, the relevant Welkom Shareholders do not hold more than 10% of all of the Scheme Shares; or
  - 4.2.1.8.3 if Welkom Shareholders holding more than 10% of all of the Scheme Shares give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the Scheme at the Welkom General Meeting, the relevant Welkom Shareholders do not exercise their Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 30 Business Days following the Welkom General Meeting, in respect of more than 10% of all the Scheme Shares; and
  - 4.2.1.9 the Repurchase Agreement is entered into between Media Holdings and Welkom and such agreement has become unconditional in accordance with its terms (save for any suspensive condition therein requiring the Scheme to become unconditional).
- 4.2.2 Unless stated otherwise, any one or more of the conditions stipulated in paragraphs 4.2.1.3, 4.2.1.4, 4.2.1.5, 4.2.1.6, 4.2.1.7, 4.2.1.8 and 4.2.1.9 may be waived (in whole or in part) by Welkom and Media Holdings (acting jointly). The remaining Scheme Conditions Precedent stipulated above are not capable of waiver. The Longstop Date may be extended by agreement between Welkom and Media Holdings, subject to any approval as may be required from the TRP. Any extension of the Longstop Date will be announced on EESE-News, Media Holdings' website and Welkom's website.
- 4.2.3 On the first Business Day on which Welkom and Media Holdings are satisfied that all the Scheme Conditions Precedent have been fulfilled or waived (as the case may be), Welkom and Media Holdings will confirm to each other in writing that all the Scheme Conditions Precedent have been fulfilled or waived, as the case may be, whereupon all the Scheme Conditions Precedent will be deemed to have been timeously fulfilled or waived in accordance with the above terms.
- 4.2.4 An announcement will be released on EESE-News, Media Holdings' website and Welkom's website as soon as possible after the fulfilment, waiver or non-fulfilment, as the case may be, of the Scheme Conditions Precedent.

#### 4.3 **Scheme Consideration**

In the event that the Scheme Conditions Precedent are fulfilled or waived (as the case may be) and the Scheme becomes operative and is implemented in accordance with its terms, Scheme Participants will receive the Scheme Consideration, being R15.70 per Scheme Share. The Scheme Consideration will be payable in cash in Rand.

#### 4.4 **Settlement of the Scheme Consideration**

- 4.4.1 Subject to paragraphs 4.4.2 and 4.4.5 below and subject to the Scheme becoming operative and being implemented in accordance with its terms, Scheme Participants will be entitled to receive the Scheme Consideration.
- 4.4.2 Settlement of the Scheme Consideration is subject to the Exchange Control Regulations, the important provisions of which are set out in **Annexure 4** to this Circular. Foreign Welkom Shareholders should pay particular attention to these regulations.
- 4.4.3 Welkom or Singular Systems will administer and effect payment of the Scheme Consideration (for and on behalf of Media Holdings) to Scheme Participants. The date of payment of the Scheme Consideration is expected to be Monday, 1 March 2021.
- 4.4.4 Welkom Shareholders need not take any action regarding the surrender of their Welkom Shares once the Scheme becomes operative as the process will be handled by Singular Services.
- 4.4.5 If the Scheme becomes operative, Welkom Shareholders who become Scheme Participants will have their account at Singular Services credited with the Scheme Consideration and debited with the Scheme Shares on the Operative Date, or in the case of Dissenting Welkom Shareholders who subsequently become Scheme Participants as envisaged in paragraph 4.8.9, on the date contemplated in paragraph 4.8.10.

- 4.4.6 The Scheme Consideration will be paid to Scheme Participants in full without regard to any lien, right of set-off, counterclaim or other analogous right to which Welkom and/or Media Holdings may otherwise be, or claim to be entitled.

#### 4.5 **Required approvals for the Scheme**

- 4.5.1 Pursuant to section 115(2) of the Companies Act, the Scheme must be approved by a Special Resolution adopted by Welkom Shareholders entitled to exercise voting rights on the Scheme Resolution, at the Welkom General Meeting. At least 25% of the voting rights that are entitled to be exercised must be present at the Welkom General Meeting.
- 4.5.2 In the event that at least 15% of the voting rights exercised oppose the Scheme Resolution and a Welkom Shareholder who voted against the Scheme Resolution requires, within five Business Days after the vote, that Welkom seek Court approval for the Scheme, then Welkom may not proceed to implement the Scheme Resolution unless a Court of competent jurisdiction approves the Scheme. If the Scheme requires Court approval, Welkom must either apply to Court for approval within 10 Business Days after the vote and bear the costs of the application or treat the Scheme Resolution as a nullity.
- 4.5.3 In the event that less than 15% of the voting rights exercised oppose the Scheme Resolution, any person who voted against the Scheme Resolution may apply to Court, within 10 Business Days of the vote, for leave to review the Scheme. A Court may grant leave only if the applicant is acting in good faith, appears to be able to sustain proceedings and alleges facts that support the order being sought. A Court may only set aside a resolution that is manifestly unfair to Welkom Shareholders or if the vote was materially tainted by a conflict of interest, for inadequate disclosure, failure to comply with the Companies Act or MOI or if there is a significant and material irregularity.
- 4.5.4 Media Holdings is the offeror in terms of the Scheme and it is not acting in concert with any other party.
- 4.5.5 A copy of section 115 of the Companies Act is included as **Annexure 5** to this Circular.

#### 4.6 **Effects of the Scheme**

- 4.6.1 Following the implementation of the Scheme and, on and with effect from the Operative Date, the Scheme Participants will be deemed to have sold all of their Welkom Shares to Media Holdings for the Scheme Consideration which will be settled in accordance with paragraph 4.4 above. Media Holdings will become the beneficial and registered owner of all the Scheme Shares.
- 4.6.2 Welkom will become a wholly owned subsidiary of Media Holdings and the listing of the Welkom Shares on EESE will be terminated in accordance with section 3.5(b) of the Listings Requirements.

#### 4.7 **Amendments, variations and modifications to the Scheme**

- 4.7.1 Subject to compliance with the Companies Act, the Takeover Regulations and the Listings Requirements and consent from the TRP, Welkom and Media Holdings (acting jointly) will be entitled to:
- 4.7.1.1 before or at the Welkom General Meeting, but prior to Welkom Shareholders casting their votes, make any amendment, variation or modification to the Scheme; or
- 4.7.1.2 after the Welkom General Meeting, make any amendment, variation or modification to the Scheme, provided that no amendment, variation or modification made after the Welkom General Meeting may have the effect of negatively affecting the rights which will accrue to a Scheme Participant in terms of the Scheme.
- 4.7.2 Welkom Shareholders will be notified of any changes on EESE-News, Media Holdings' website and Welkom's website.
- 4.7.3 All dates and times referred to in this Circular are subject to change. Any such change shall be published on EESE-News, Media Holdings' website and Welkom's website.

#### 4.8 **Dissenting Welkom Shareholders**

- 4.8.1 Welkom Shareholders are hereby advised of their Appraisal Rights in terms of section 164 of the Companies Act. This paragraph 4.8 only provides a summary of the provisions relating to Welkom Shareholders' Appraisal Rights in terms of section 164 of the Companies Act, the full provisions of which are contained in **Annexure 6** to this Circular.

- 4.8.2 Welkom Shareholders who wish to exercise their Appraisal Rights in terms of the aforementioned section of the Companies Act are required, before the Scheme Resolution to approve the Scheme is voted on at the Welkom General Meeting, to give notice to Welkom in writing objecting to the Scheme Resolution in terms of section 164(3) of the Companies Act.
- 4.8.3 Within 10 Business Days after the Scheme Resolution has been adopted, Welkom must send a notice to each Welkom Shareholder who gave Welkom the notice referred to in paragraph 4.8.2 of this Circular and has neither withdrawn that notice nor voted in favour of the Scheme Resolution, informing them that the Scheme Resolution has been adopted.
- 4.8.4 A Welkom Shareholder who gave written notice to Welkom in terms paragraph 4.8.2 (and has not withdrawn that notice) and who has complied with all the procedural requirements set out in section 164 of the Companies Act may, in terms of sections 164(5) to 164(8) of the Companies Act, if the Scheme Resolution is adopted, deliver a written notice to Welkom demanding that Welkom pays to that Welkom Shareholder the fair value for all the Welkom Shares held by that Welkom Shareholder (“**Demand**”). The Demand must be delivered:
- 4.8.4.1 within 20 Business Days after receipt of the notice from Welkom referred to in paragraph 4.8.3 of this Circular; or
  - 4.8.4.2 if the Welkom Shareholder does not receive the notice from Welkom referred to in paragraph 4.8.3 of this Circular, within 20 Business Days after learning that the Scheme Resolution has been adopted.
- 4.8.5 The Demand must also be delivered to the TRP and must set out:
- 4.8.5.1 the Dissenting Welkom Shareholder’s name and address;
  - 4.8.5.2 the number of Welkom Shares in respect of which the Dissenting Welkom Shareholder seeks payment; and
  - 4.8.5.3 a demand for payment of the fair value of those Welkom Shares. The fair value of the Welkom Shares is determined as at the date on which, and the time immediately before, the Scheme Resolution was adopted.
- 4.8.6 A Dissenting Welkom Shareholder may withdraw its Demand before Welkom makes an offer in accordance with section 164(11) of the Companies Act or if Welkom fails to make such an offer. If a Dissenting Welkom Shareholder voluntarily withdraws its Demand, it will automatically become a Scheme Participant whose Welkom Shares will be sold to Media Holdings in accordance with paragraph 4.4 above, with retrospective effect from the Operative Date.
- 4.8.7 If Welkom receives a Demand and such Demand is not withdrawn by the Dissenting Welkom Shareholder before the Operative Date, Welkom shall, in accordance with section 164(11) of the Companies Act, within five Business Days of the Operative Date, make an offer to the Dissenting Welkom Shareholder to purchase such Welkom Shares.
- 4.8.8 Welkom’s offer made in accordance with section 164(11) of the Companies Act will, in accordance with the requirements of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the Dissenting Welkom Shareholder within 30 Business Days after it was made.
- 4.8.9 A Dissenting Welkom Shareholder who, pursuant to the exercise of its Appraisal Rights, has sent a Demand to Welkom has no further rights in respect of the Welkom Shares in respect of which it has made such Demand, other than to be paid the fair value of such Welkom Shares. Such Dissenting Welkom Shareholder will be excluded from the Scheme and will not receive the Scheme Consideration, unless:
- 4.8.9.1 that Dissenting Welkom Shareholder withdraws that Demand before Welkom makes an offer in accordance with section 164(11) of the Companies Act or allows any offer made by Welkom to lapse;
  - 4.8.9.2 Welkom fails to make an offer in accordance with section 164(11) of the Companies Act and that Dissenting Welkom Shareholder withdraws its Demand; or
  - 4.8.9.3 Welkom revokes the Scheme Resolution by a subsequent Special Resolution,
- in which case that Dissenting Welkom Shareholder’s rights in respect of the relevant Welkom Shares shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.

- 4.8.10 If the Scheme becomes operative, any Dissenting Welkom Shareholder whose Welkom Shareholder rights are reinstated as envisaged in paragraph 4.8.9 of this Circular:
- 4.8.10.1 before 12:00 on the Scheme Consideration Record Date, shall be deemed to be a Scheme Participant and be eligible to participate in the Scheme and be subject to the ordinary terms and conditions of the Scheme; or
  - 4.8.10.2 after 12:00 on the Scheme Consideration Record Date, shall be deemed to have been a Scheme Participant with retrospective effect from the Scheme Record Date, provided that settlement of the Scheme Consideration and transfer of that Dissenting Welkom Shareholder's Scheme Shares to Media Holdings shall take place in accordance with paragraph 4.4.5 or paragraph 4.4.6 of this Circular, as the case may be,
- and such Dissenting Welkom Shareholder, as a term of the Scheme, authorises Welkom and/or Singular Systems in its place and stead, and for and on its behalf, to transfer its Scheme Shares to Media Holdings against payment of the Scheme Consideration and to take all other action and steps necessary to give effect to the foregoing.
- 4.8.11 A Dissenting Welkom Shareholder who accepts an offer made in terms of section 164(11) of the Companies Act will become an Excluded Dissenting Welkom Shareholder and will not participate in the Scheme. The Excluded Dissenting Welkom Shareholder must thereafter instruct Singular Services to transfer its Welkom Shares to Welkom. Welkom must pay that Excluded Dissenting Welkom Shareholder the offered amount within 10 Business Days after the Excluded Dissenting Welkom Shareholder has accepted the offer and directed the transfer to Welkom of the Welkom Shares, as the case may be.
- 4.8.12 A Dissenting Welkom Shareholder who considers the offer made by Welkom in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to a Court to determine a fair value in respect of the Welkom Shares that were the subject of the Demand, and an order requiring Welkom to pay the Dissenting Welkom Shareholder the fair value so determined. The Court will, in accordance with section 164(15)(v) of the Companies Act, be required to make an order relating to:
- 4.8.12.1 the Dissenting Welkom Shareholders to either withdraw their respective demands or to tender their Welkom Shares as contemplated in paragraph 4.8.13; or
  - 4.8.12.2 Welkom to pay the fair value in respect of the Welkom Shares (as determined by the Court) to each Dissenting Welkom Shareholder who tenders its Welkom Shares, subject to any conditions the Court considers necessary to ensure that Welkom fulfils its obligations under section 164 of the Companies Act.
- 4.8.13 If, pursuant to the order of the Court, any Dissenting Welkom Shareholder withdraws its Demand, the Dissenting Welkom Shareholder will automatically become a Scheme Participant whose Welkom Shares will be sold to Media Holdings in accordance with paragraph 4.4 above, with retrospective effect from the Operative Date. For the sake of clarity, except where expressly provided otherwise, all provisions applicable to other Scheme Participants shall apply equally to any Dissenting Shareholder who becomes a Scheme Participant on and from the time that it becomes a Scheme Participant as a result of its rights to Welkom Shares being reinstated in terms of section 164(10) of the Companies Act or pursuant to a final Court order.
- 4.8.14 If, pursuant to the order of the Court, a Dissenting Welkom Shareholder tenders its Welkom Shares to Welkom, such Dissenting Welkom Shareholder will become an Excluded Dissenting Welkom Shareholder and will not participate in the Scheme.
- 4.8.15 Welkom Shareholders should have regard to the fact that, in appropriate circumstances as detailed in section 164 of the Companies Act, the Court is empowered to grant a costs order in favour of, or against, a Dissenting Welkom Shareholder, as may be applicable.
- 4.8.16 Welkom Shareholders wishing to exercise their Appraisal Rights are strongly advised to take professional advice in connection with such decision.
- 4.8.17 A copy of section 164 of the Companies Act, which sets out the Appraisal Rights, is included in **Annexure 6** to this Circular.

#### 4.9 **Termination events**

- 4.9.1 The Scheme will terminate and the Scheme Resolution will be treated as a nullity with immediate effect upon the joint determination by Welkom and Media Holdings that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).
- 4.9.2 In the event that the Scheme does not become unconditional or is otherwise not implemented for whatsoever reason, the Welkom Shares held by the Scheme Participants will not be purchased by Media Holdings as envisaged in this Circular.

#### 4.10 **Delisting**

Subject to the Scheme becoming operative, EESE has granted approval for the Delisting, which is expected to take place from the commencement of trade on EESE on Tuesday, 2 March 2021.

#### 4.11 **Tax consequences for Scheme Participants**

The tax implications of the Scheme will depend on the individual tax circumstances of each Scheme Participant and the tax jurisdictions applicable to such Scheme Participant. It is recommended that Scheme Participants seek advice from appropriate professional advisors if they are in any doubt whatsoever about their tax position.

### 5. **AUTHORITY TO IMPLEMENT THE SCHEME**

At the Welkom General Meeting, the approval of the Scheme Resolution in accordance with sections 114(1)(c) and 115(2)(a) of the Companies Act will be proposed to Welkom Shareholders as a Special Resolution.

### 6. **OPINIONS AND RECOMMENDATIONS**

#### 6.1 **Appointment of the Independent Expert**

- 6.1.1 The Welkom Independent Board has appointed Questco as the Independent Expert, which is an independent advisor acceptable to the TRP, to provide a fair and reasonable opinion regarding the Scheme, and to make appropriate recommendations to the Welkom Independent Board and the Welkom Board in the form of a report contemplated in section 114(3) of the Companies Act and as contemplated in regulation 90 of the Takeover Regulations.
- 6.1.2 Questco's report on the Scheme is set out in **Annexure 1** to this Circular.

#### 6.2 **Report of the Independent Expert**

- 6.2.1 Questco has, as contemplated in regulations 90 and 110(3) of the Takeover Regulations, performed a valuation of the Welkom Shares.
- 6.2.2 Questco's report includes the items required in terms of section 114(3) of the Companies Act and regulation 90(6) of the Takeover Regulations.
- 6.2.3 Taking into consideration the terms and conditions of the Scheme, Questco has advised the Welkom Independent Board that it is of the opinion that such terms and conditions are fair and reasonable to Scheme Participants. Welkom Shareholders are referred to **Annexure 1** to this Circular which sets out the full text of the report of Questco.

#### 6.3 **Views of the Welkom Independent Board**

- 6.3.1 The Welkom Independent Board, after due consideration of the report of Questco, and in accordance with its responsibilities in terms of regulation 110 of the Takeover Regulations, has formed a view of the range of the fair value of the Welkom Shares, which is within the valuation range contained in Questco's opinion. The Welkom Independent Board is not aware of any factors that are difficult to quantify, or are unquantifiable (as contemplated in section 110(6) of the Takeover Regulations), to take into account in forming its opinion.
- 6.3.2 The Welkom Independent Board, taking into account the report of Questco, has considered the terms and conditions of the Scheme, and is unanimously of the opinion that the terms and conditions of the Scheme are fair and reasonable to Scheme Participants and, accordingly, unanimously recommends that Welkom Shareholders **VOTE IN FAVOUR** of the Scheme Resolution.

6.3.3 No other offers were received by or in respect of Welkom during the six months preceding the Firm Intention Announcement and the period up to the Last Practicable Date for this Circular.

#### 6.4 Views and voting of the Welkom Board

6.4.1 Welkom Shareholders should take note that the Welkom Board, taking into account the report of Questco, has considered the terms and conditions of the Scheme and is unanimously of the opinion that the terms and conditions of the Scheme are fair and reasonable to Scheme Participants and unanimously recommends that Welkom Shareholders **VOTE IN FAVOUR** of the Scheme Resolution.

6.4.2 Welkom Directors who are Welkom Shareholders intend to vote all of the Welkom Shares that they own or control in favour of the Scheme Resolution at the Welkom General Meeting.

### 7. GUARANTEE

7.1 The maximum aggregate number of Scheme Shares to be acquired by Media Holdings for the Scheme Consideration will be 14 600 001 Scheme Shares and accordingly, the maximum aggregate Scheme Consideration payable by Media Holdings will be R229 220 016.

7.2 The funds to settle the Scheme Consideration are available from Media Holdings' existing cash resources, and Media Holdings has procured from The Standard Bank of South Africa Limited and has delivered to the TRP, an irrevocable, unconditional cash confirmation (in conformity with regulations 111(4) and 111(5) of the Takeover Regulations) in respect of the maximum possible Scheme Consideration.

### 8. INFORMATION RELATING TO WELKOM'S AUTHORISED AND ISSUED SHARES

#### 8.1 Major Welkom Shareholders

At the Last Practicable Date, insofar as is known to Welkom, only the below Welkom Shareholders were, directly or indirectly, beneficially interested in 5% or more of the Welkom Shares:

Welkom Shareholder	Total Welkom Shares	Total % <sup>1</sup>
The Rubato Trust	1 167 130	7.99%
<b>Total</b>	<b>1 167 130</b>	<b>7.99%</b>

<sup>(1)</sup> Based on 14 600 001 Welkom Shares in issue as at the Last Practicable Date.

#### 8.2 Share Capital

The authorised and issued stated capital of Welkom as at the Last Practicable Date is set out below:

Welkom Shares	R
<b>Authorised</b>	
30 000 000 ordinary shares of R0.0000001 each	<b>3.00</b>
<b>Issued</b>	
14 600 001 ordinary shares with a par value of R0.0000001 each	<b>1.46</b>
<b>Preference Shares</b>	<b>R</b>
<b>Authorised</b>	
120 000 000 preference shares of R0.001 each	<b>120 000</b>
<b>Issued</b>	
4 382 preference shares of R0.001 each	<b>4.38</b>

Following implementation of the Scheme, the authorised and issued stated capital of Welkom will be as follows:

<b>Welkom Shares</b>		<b>R</b>
<b>Authorised</b>		
30 000 000 ordinary shares of R0.0000001 each		<b>3.00</b>
<b>Issued</b>		
14 600 001 <sup>2</sup> ordinary shares with a par value of R0.0000001 each		<b>1.46</b>
<b>Preference Shares</b>		<b>R</b>
<b>Authorised</b>		
120 000 000 preference shares of R0.001 each		<b>120 000</b>
<b>Issued</b>		
4 382 preference shares of R0.001 each		<b>4.38</b>

<sup>(2)</sup> This number assumes that no Welkom Shareholder exercises their Appraisal Rights.

## 9. INFORMATION ON WELKOM DIRECTORS

### 9.1 Welkom Directors

At the Last Practicable Date, the Welkom Directors were as set out in page 68 of this Circular. Full biographies of the Welkom Directors are contained in **Annexure 7** to this Circular.

### 9.2 Interests of Welkom Directors in Welkom Shares

The direct and indirect beneficial interests of the Welkom Directors, and their associates (as defined in the Listings Requirements), in Welkom Shares, including Welkom Directors who have resigned over the last 12 months as at the Last Practicable Date are set out in the table below:

<b>Welkom Director</b>	<b>Beneficial direct</b>	<b>Beneficial indirect</b>	<b>Welkom Shares held by associates</b>	<b>Total</b>	<b>%</b>
Rachel Jafta	430			430	0.003
Jo-Ann Held	430			430	0.003
<b>Total</b>	<b>860</b>			<b>860</b>	<b>0.006</b>

There have been no changes to the Welkom Directors' and their associates' interest disclosures as set out above since the last financial year-end, being 31 March 2020, and the Last Practicable Date.

### 9.3 Welkom Directors' dealings in Welkom Shares

No Welkom Directors dealt in Welkom Shares in the period beginning six months before the date of the Firm Intention Announcement and ending on the Last Practicable Date.

### 9.4 Welkom Directors' interests in the Scheme

Save for their direct or indirect participation in the Scheme as Welkom Shareholders (see paragraph 9.2 of this Circular, above), no Welkom Directors will benefit, directly or indirectly, in any manner as a consequence of the implementation of the Scheme.

### 9.5 Welkom Directors' remuneration

9.5.1 As at the Last Practicable Date, Welkom Directors do not receive any remuneration for their services as directors of Welkom.

9.5.2 Subject to the passing of Special Resolution 2 (as fully set out in the Notice of Welkom General Meeting which is attached to and forms part of this Circular), it is proposed that the Welkom Independent Directors be paid the remuneration set out in paragraph 1.8 of this Circular.



9.5.3 The Welkom Directors' remuneration will not be varied as a result of the Scheme. If the Scheme becomes unconditional and is implemented in accordance with its terms, the Welkom Directors will remain as (non-executive) Welkom Directors pending the winding-up and deregistration of Welkom, although it is anticipated that members of the Welkom Independent Board will resign as Welkom Directors.

## 9.6 Service agreements

9.6.1 Welkom has entered into short-term service contracts with the members of the Welkom Independent Board, in terms of which they are contracted for their services as directors of Welkom for a period of four months and subject to the passing of Special Resolution 2 (as fully set out in the Notice of Welkom General Meeting which is attached to and forms part of this Circular), be entitled to the remuneration set out in paragraph 1.8 of this Circular.

9.6.2 Save as set out in paragraph 9.6.1 above, Welkom only has non-executive directors appointed to the Welkom Board and accordingly there are no relevant service contracts with any of the other Welkom Directors nor were any such service contracts entered into or amended within six months before the date of the Firm Intention Announcement. Welkom does not employ any other person.

## 10. INFORMATION ON MEDIA HOLDINGS DIRECTORS

### 10.1 Media Holdings Directors

At the Last Practicable Date, the Media Holdings Directors were as set out in **Annexure 8** to this Circular. Full biographies of the Media Holdings Directors are also set out in **Annexure 8**.

### 10.2 Interests of Media Holdings Directors in Welkom Shares

The direct and indirect beneficial interests of the Media Holdings Directors, and their associates (as defined in the Listings Requirements), in Welkom Shares, including Media Holdings Directors who have resigned over the last 12 months as at the Last Practicable Date are set out in the table below:

<b>Media Holdings Director</b>	<b>Beneficial direct</b>	<b>Beneficial indirect</b>	<b>Welkom Shares held by associates</b>	<b>Total</b>	<b>%</b>
Rachel Jafta	430			430	0.003
Jo-Ann Held	430			430	0.003
Khomotso Mthimunye	300			300	0.002
Ismet Davidson	3800			3800	0.026
Mobasheer Patel			430	430	0.003
<b>Total</b>	<b>4960</b>		<b>430</b>	<b>5390</b>	<b>0.037</b>

There have been no changes to the Media Holdings Directors' and their associates' interest disclosures as set out above since the last financial year-end, being 31 March 2020, and the Last Practicable Date.

### 10.3 Media Holdings Directors' dealings in Welkom Shares

No Media Holdings Directors dealt in Welkom Shares in the period beginning six months before the date of the Firm Intention Announcement and ending on the Last Practicable Date.

### 10.4 Media Holdings Directors' interests in the Scheme

Save for their direct or indirect participation in the Scheme as Media Holdings Shareholders (see paragraph 10.2 of this Circular, above), no Media Holdings Directors will benefit, directly or indirectly, in any manner as a consequence of the implementation of the Scheme.

## 11. OTHER INFORMATION WITH RESPECT TO THE SCHEME

11.1 A certificate signed by a duly authorised director of each of Welkom and Media Holdings stating that any or all of the Scheme Conditions Precedent have been fulfilled or waived and that the Scheme has become operative shall be binding on Welkom and the Scheme Participants, and upon signature thereof (including after

the relevant date for fulfilment of such conditions), such Scheme Conditions Precedent shall conclusively be deemed to have been duly fulfilled.

11.2 Welkom will be entitled, and will have the authority, on behalf of each Scheme Participant, to authorise any person nominated by Welkom to sign all documents which are necessary or desirable to implement the Scheme.

11.3 All times and dates referred to in this Circular are subject to change by agreement between, amongst others, Welkom and Media Holdings and subject to the approval of the TRP and EESE and/or the Court, where relevant. Any such change will be published on EESE-News, Media Holdings' website and Welkom's website as soon as reasonably possible thereafter.

## 12. AGREEMENTS IN RELATION TO THE SCHEME

There are no agreements between any of the following parties that are considered to be material to a decision to be taken by Welkom Shareholders in relation to the Scheme: Welkom, Media Holdings, any Media Holdings Directors, any Welkom Directors (and persons who were Welkom Directors within the 12 months preceding the Last Practicable Date) and any Welkom Shareholders (or persons who were Welkom Shareholders within the 12 months preceding the Last Practicable Date).

## 13. IRREVOCABLE UNDERTAKINGS

As at the Last Practicable Date, no Welkom Shareholder has provided an irrevocable undertaking to vote their Welkom Shares, which are either held as principal or on behalf of clients, in favour of the Scheme Resolution, or such additional number of Welkom Shares as they may hold at the time of the Welkom General Meeting.

## 14. FINANCIAL INFORMATION

14.1 Copies of the audited historical financial statements of Welkom for its last three financial years ended 31 March 2020, 31 March 2019 and 31 March 2018: (i) are included in **Annexure 2** to this Circular; (ii) will be made available to Welkom Shareholders, on request; (iii) are accessible on Welkom's website ([www.welkomyizani.co.za](http://www.welkomyizani.co.za)); and (iv) are available for inspection, at the registered offices of Welkom, in accordance with the provisions of paragraph 21 below.

14.2 In terms of regulation 106(6)(d) of the Takeover Regulations, since the Scheme Consideration is a cash offer and not an offer for shares, no *pro forma* financial effects are required.

## 15. FOREIGN WELKOM SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

**Annexure 4** to this Circular contains a summary of the Exchange Control Regulations as they apply to Scheme Participants. Scheme Participants who are Foreign Welkom Shareholders must satisfy themselves as to the full observance of the laws of any relevant jurisdiction concerning the receipt of the Scheme Consideration, including (without limitation) obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such jurisdiction. If in doubt, Scheme Participants should consult their professional advisors immediately.

## 16. RESTRICTED JURISDICTIONS

To the extent that the release, publication or distribution of this Circular in certain jurisdictions outside of South Africa may be restricted or prohibited by the laws of such jurisdiction, then this Circular is deemed to have been provided for information purposes only and the Welkom Board accepts no responsibility for any failure by Foreign Welkom Shareholders to inform themselves about, and to observe, any applicable legal requirements in any such relevant foreign jurisdiction.

Welkom Shareholders who are in doubt as to their position should consult their professional advisors immediately.

## 17. NOTICE OF WELKOM GENERAL MEETING

Given the impact of Covid-19 on in-person meetings, the Welkom General Meeting will be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act on Friday, 22 January 2021 (or any other adjourned or postponed date and time in accordance with the provisions of section 64(11) of the Companies Act and the MOI, as read with the Listings Requirements), to consider and, if deemed fit, approve, with or without change, the Resolutions set out in the Notice of Welkom General Meeting. Welkom Shareholders are referred to paragraph B (*Electronic participation at the Welkom General Meeting*) in the section titled 'Voting and attendance at the Welkom General Meeting' of this Circular for further details regarding the electronic participation procedure for the Welkom General Meeting.

The Notice of Welkom General Meeting is attached to and forms part of this Circular.

## 18. ADVISORS' CONSENTS

All the parties listed in the section titled 'Corporate information and advisors' have consented in writing to act in the capacities stated and to their names being stated in this Circular and, in the case of Questco, to the inclusion of their report in the form and context in which it has been reproduced in this Circular, and have not withdrawn their consents prior to publication of this Circular.

## 19. RESPONSIBILITY STATEMENTS

### Welkom Independent Board

The members of the Welkom Independent Board whose names appear on page 68 of this Circular, collectively and individually, accept responsibility for the accuracy of the information contained in this Circular to the extent that it relates to Welkom and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement materially false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law. No member of the Welkom Independent Board is excluded from this statement.

### Welkom Board

The Welkom Directors whose names appear on page 68 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information contained in this Circular but excluding information in relation to the matters on which the Welkom Independent Board has opined, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement materially false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law. No member of the Welkom Board is excluded from this statement.

### Media Holdings Board

The Media Holdings Board whose names appear in **Annexure 8** to this Circular, collectively and individually, accept responsibility for the accuracy of the information contained in this Circular to the extent that it relates to Media Holdings, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement materially false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by law. No member of the Media Holdings Board is excluded from this statement.

## 20. GOVERNING LAW

This Circular and the Scheme will be governed by, and construed in accordance with, the laws of South Africa, and will be subject to the exclusive jurisdiction of the South African courts.

## 21. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on the Welkom website ([www.welkomyizani.co.za](http://www.welkomyizani.co.za)) and during normal business hours at the registered offices of Welkom, from Monday, 14 December 2020 up to and including the Scheme Consideration Record Date being, Friday, 26 February 2021:

21.1 the MOI;

21.2 the signed opinion of Questco as the Independent Expert to Welkom;

- 21.3 the audited historical financial statements of Welkom for the financial years ended 31 March 2020, 31 March 2019 and 31 March 2018;
- 21.4 the consents referred to in paragraph 18;
- 21.5 the Repurchase Agreement; and
- 21.6 the signed Circular.

**Signed on behalf of the Welkom Independent Board**



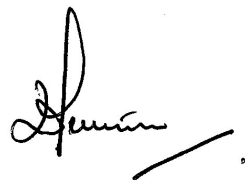
Ashoek Hoosain Adhikari  
Monday, 14 December 2020

**Signed on behalf of the Welkom Board**



Rachel Catharina Cornelia Jafta  
Monday, 14 December 2020

**Signed on behalf of the Media Holdings Board**



Trevor Petersen  
Monday, 14 December 2020

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**OPINION OF THE INDEPENDENT EXPERT**


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Tel: 011 011 9200 | www.questco.co.za | admin@questco.co.za

The Board of Directors  
 Welkom Yizani Investments (RF) Limited  
 Media24 Centre  
 21st Floor  
 40 Heerengracht Street  
 Cape Town  
 8001

7 December 2020

Dear Sirs and Mesdames

**INDEPENDENT EXPERT OPINION ON THE OFFER BY MEDIA24 HOLDINGS (PROPRIETARY) LIMITED (“MEDIA24” OR “THE OFFEROR”) TO ACQUIRE THE ISSUED, ORDINARY SHARE CAPITAL OF WELKOM YIZANI INVESTMENTS (RF) LIMITED (“WELKOM YIZANI” OR “THE COMPANY”) (“THE TRANSACTION” OR “THE OFFER”)**

**1. Introduction**

In terms of the firm intention announcement (the “Firm Intention Announcement”) published by Welkom Yizani on 27 November 2020, holders of ordinary shares each with a par value of R0.0000001 in the issued ordinary share capital of Welkom Yizani (“Welkom Yizani Shares” or “the Shares”) (“Welkom Yizani Shareholders”) were advised that Welkom Yizani and the Offeror have entered into a binding offer letter to acquire the Welkom Yizani Shares from the Welkom Yizani Shareholders (“the Offer”). The Offer is made at a cash consideration of R15.70 per Welkom Yizani Share (“the Scheme Consideration”).

The Offer will be implemented by way of a scheme of arrangement in terms of sections 114 and 115 of the Companies Act 71 of 2008 (“the Companies Act”) (“the Scheme”), to be proposed by the Welkom Yizani board of directors between Welkom Yizani and Welkom Yizani Shareholders (the “Scheme Participants”), at the Scheme Consideration and upon the terms and subject to the conditions set out in the circular to Shareholder regarding the Offer in which this letter is replicated (“the Circular”).

The Welkom Yizani Shares forming the subject matter of the Offer are collectively referred to as “the Scheme Shares”.

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

- Authorised share capital comprising 30 000 000 Welkom Yizani Shares and 120 000 000 variable rate, cumulative, redeemable preference shares (“Preference Shares”); and
- Issued share capital comprising 14 600 001 Welkom Yizani Shares and 4 382 Preference Shares.

The Company had no share options outstanding and held no treasury shares.

Full details of the Scheme are contained in the Circular. The material interests of the directors of Welkom Yizani and the impact of the Scheme on them are set out in paragraph 9 of the Circular.

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Johannesburg: 1st Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston 2021  
 Cape Town: 6th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town, 7700

Questco Corporate Advisory Proprietary Limited Registration Number: 2011/106751/07  
 Directors: A Ramsden; N Stevenson  
 Principals: D Austen; T Thackwray



The Offer provides Scheme Participants with an opportunity to realise their investment in Welkom Yizani at a premium of ~74% to the closing price of Welkom Yizani Shares on the date preceding the publication of the Cautionary Announcement referred to in paragraph 12 below, being R9.00 per Welkom Yizani Share, and a discount of 17.455% to the closing price of Welkom Yizani Shares on 26 November 2020, being the date preceding the publication of the firm intention announcement setting out the terms of the Scheme.

## **2. Scope**

The Scheme will constitute an “affected transaction” as defined in section 117(1)(c)(iii) of the Companies Act. It will be implemented in accordance with the Companies Act and the Companies Regulations, 2011 (“Companies Regulations”) and is regulated by the Takeover Regulation Panel.

In terms of the Scheme, the Offeror will acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration. Welkom Yizani will, accordingly, become wholly owned by the Offeror and Welkom Yizani’s listing on Equity Express Securities Exchange will be terminated.

The independent board of directors of Welkom Yizani (“the Independent Board”) is required to appoint an Independent Expert to express an opinion as to whether the terms of the Scheme are fair and reasonable to the Welkom Yizani Shareholders (“the Opinion” or “our Opinion”). The Independent Expert must meet the requirements of section 114(2) of the Companies Act.

Questco Corporate Advisory Proprietary Limited (“Questco”) has been appointed by the Independent Board as the Independent Expert to advise on whether the terms of the Scheme are fair and reasonable to the Shareholders of Welkom Yizani, excluding the Offeror.

Copies of Sections 115 and 164 of the Companies Act are included in Annexure 6 and 7 of the Circular, respectively.

## **3. Responsibility**

Compliance with the Companies Act and the Companies Regulations is the responsibility of the Independent Board. Our responsibility is to report on the terms of the Offer in compliance with the related provisions of the Companies Act and Companies Regulations.

We confirm that our Opinion has been provided to the Independent Board for the sole purpose of assisting them in forming and expressing an opinion for the benefit of Welkom Yizani Shareholders in relation to the Offer.

## **4. Definition of the terms “fair” and “reasonable”**

For the purposes of our Opinion, fairness is primarily based on a quantitative assessment of the Scheme Consideration. The Scheme Consideration would therefore be considered to be fair if the Scheme Consideration was more than or equal to the fair value of the Scheme Shares, as determined in accordance with an accepted valuation approach, or unfair if the opposite would hold true.

The assessment of reasonableness is generally based on qualitative considerations surrounding the transaction. Accordingly, even though the consideration to be paid in respect of an offer may be lower or higher than the current market value as at the time of announcement of the offer consideration, or at some other more appropriate identifiable time, the offer may be considered reasonable after considering other significant qualitative factors.

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Johannesburg: 1st Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston 2021  
Cape Town: 6th Floor, Claremont Central, 8 Vineyard Road, Claremont, Cape Town, 7700

Questco Corporate Advisory Proprietary Limited Registration Number: 2011/106751/07  
Directors: C Kloppers; A Ramsden; N Stevenson  
Principals: T Thackwray



## 5. Our approach in considering the Scheme

In considering the Scheme Consideration, we have calculated the fair value per Welkom Yizani Share and compared this to the Scheme Consideration and the price at which Welkom Yizani Shares have traded at various points in time and over various periods.

## 6. Sources of information

The principal sources of information used in performing our work include:

- The terms of the Scheme, as set out in the draft Circular;
- Representations made by, and discussions held with, the management of Media24 and its advisors;
- Publicly available information relating to the industries in which Media24 operates;
- Publicly available information relating to Welkom Yizani and Media24 and its subsidiaries that we deemed to be relevant, including company announcements, media articles and analyst presentations, where applicable;
- Share price information of Welkom Yizani over the last 12 months to assess the liquidity and volatility of Welkom Yizani Shares;
- Audited Group Annual Financial Statements of Welkom Yizani and the Audited Consolidated Annual Financial Statements of Media24 for the three financial years ended 31 March 2020;
- Unaudited management accounts of Media24 for the 6 months ended 30 September 2020;
- Unaudited financial statements for Welkom Yizani for the 6 months ended 30 September 2020;
- Forecast financial information for Media24 and its subsidiaries for the 10 years ending 31 March 2030;
- The shareholders' agreement between Naspers Limited ("the Controlling Shareholder") and Welkom Yizani in respect of their co-investment in Media24;
- The subscription agreement between Welkom Yizani and the Controlling Shareholder in respect of Welkom Yizani's issued preference shares;
- Welkom Yizani's memorandum of incorporation ("MOI");
- comparative, publicly available financial and market information on appropriate peer issuers in South Africa and abroad;
- economic outlooks prepared by leading South African banks; and
- on-line and subscription databases covering financial markets, share prices, volumes traded and news.

## 7. Procedures performed

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Johannesburg: 1st Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston 2021  
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Questco Corporate Advisory Proprietary Limited Registration Number: 2011/106751/07  
Directors: C Kloppers; A Ramsden; N Stevenson  
Principals: T Thackwray



In arriving at our Opinion we have undertaken the following procedures in evaluating the fairness of the Scheme:

- Considered the rationale for the Scheme, as represented by the Independent Board and by Media24 and its advisors;
- Reviewed the terms of the Scheme;
- Reviewed the restrictive conditions in respect of the holding and transfer of Welkom Yizani Shares as contained in the Company's MOI and considered the impact thereof on the valuation of Welkom Yizani Shares;
- Reviewed the shareholders' agreement between the Controlling Shareholder and Welkom Yizani which governs the relationship between them in respect of their co-ownership of Media24 and considered the impact thereof on the fair value of Welkom Yizani's interest in Media24;
- Held discussions with management of Media24 on the prospects of the underlying businesses within Media24;
- Reviewed and analysed the historical financial information of Welkom Yizani and Media24;
- Prepared valuations for the two distinct operating components of Media24, more detail in respect of which is set out in paragraph 9 below;
- Reviewed the prices at which other listed Black Economic Empowerment investment vehicles trade relative to their underlying net asset values;
- Prepared a valuation of Welkom Yizani Shares based on our determined value of its interest in Media24 and other prevailing market factors;
- Reviewed the financial forecasts of Media24 as prepared by its management, together with the assumptions on which they have been based;
- Reviewed Welkom Yizani's historic traded share prices and trading volumes on the Equity Express Securities Exchange to ascertain the liquidity and volatility of the Welkom Yizani Shares;
- Reviewed relevant publicly available information relating to Welkom Yizani and Media24 and the industries in which it operates, including company announcements and media articles;
- Performed an analysis of other information considered pertinent to our valuation and Opinion;
- Considered the prevailing economic and market conditions in which Media24 operates, including the impact of the COVID-19 pandemic as far as practically possible;
- Considered the fact that the Scheme Consideration is settled in cash; and
- Obtained from the management of Media24 a letter of representation in respect of, amongst other things, the information shared and/or statements made to us and upon which we have relied.

We have not interviewed any of the Welkom Yizani Shareholders to obtain their views on the Scheme.

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We determined the fairness and reasonableness of the Scheme to Welkom Yizani Shareholders based on the results of the procedures mentioned above. We believe that these considerations justify the opinion outlined below.

## **8. Limiting conditions**

This Opinion is provided to the Independent Board in connection with and for the purposes of the Offer. Our Opinion does not purport to cater for each individual Welkom Yizani Shareholder's circumstances, but rather that of the general body of Welkom Yizani Shareholders.

We have relied upon and assumed the accuracy of the information provided to and obtained by us in determining our Opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of reaching our Opinion, whether in writing or obtained in discussion with Media24 management, with reference to publicly available or independently obtained information.

While our work has involved an analysis of, inter alia, various sets of annual financial statements and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards

This Opinion is provided in terms of the Companies Act. It does not constitute a recommendation to any Welkom Yizani Shareholder as to how to vote at any Shareholders' meeting relating to the Scheme or on any matter relating to it. It should not, therefore, be relied upon for any other purpose. We assume no responsibility to anyone if this Opinion is used or relied upon for anything other than its intended purpose. Should an individual Welkom Yizani Shareholder have any doubts as to what action to take, such Shareholder should consult an independent advisor.

Budgets/projections/forecasts relate to future events and are based on assumptions which may not remain valid for the whole of the forecast period. Accordingly, this 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 actual results will correspond to those projected/forecast by the management of Media24. We have compared the projected/forecast financial information to past trends as well as discussed the assumptions inherent therein with the management of Media24.

Global financial markets are currently faced with significant uncertainty as a result of the COVID-19 pandemic, with the full impact remaining uncertain at this stage. We have assumed economic, regulatory and market conditions remain stable over the forecast period after factoring in the impact of COVID-19, as far as practically possible. There is, however, significant uncertainty, which could persist for some time, as to the full impact of COVID-19 on Media24 and Welkom Yizani and, as a result, our work may not have identified or reliably quantified the impact of all such uncertainties.

Subsequent developments may affect our opinion and we are under no obligation to update, review or re-affirm it based on such developments. We have assumed that all conditions precedent referred to in the Circular, including any material regulatory and other approvals, if any, will be properly fulfilled/obtained.

The valuation of companies and businesses is not a precise science and conclusions arrived at, will, in many cases, be subjective and dependent on the exercise of individual judgment.

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Principals: T Thackwray



## 9. Valuation

### *Overview*

Questco performed an independent valuation of Welkom Yizani Shares to determine whether the Scheme Consideration represents fair value to the Welkom Yizani Shareholders.

We calculated the fair value per Welkom Yizani Share using the market approach, where we applied a price:book ratio that is in line with the price:book ratios at which the shares in other listed BEE investment holding companies currently trade. In addition, in determining the “book” value per Welkom Yizani Share, we calculated the fair value of Welkom Yizani’s 15% interest in Media24 (Welkom Yizani’s single largest asset), together with the fair value of other assets on its most recent statement of financial position, less recorded liabilities at book value.

### *Approach to the valuation of Welkom Yizani’s interest in Media24*

Media24 has two distinct areas of business focus, i.e. print/digital media (“Media”) and online fashion retail (“FUSA”), the latter comprising almost 90% of Media24’s fair value. We have performed a valuation of both Media and FUSA using the Discounted Cash Flow methodology (“DCF”) and, in the case of FUSA, we have corroborated our findings using the market approach.

### *DCF Valuation*

The DCF is a valuation methodology used to estimate the value of an investment based on its expected future cash flows. Key value drivers include:

- FUSA’s expected revenue growth (between 20% and 60% in the first five years of the forecast period, tapering down to levels just above forecast inflation thereafter);
- The terminal growth rate (4%, being the consensus view on CPI in the long term, and which assumes that the business will have reached maturity and will experience no real growth);
- The weighted average cost of capital (“WACC”) for each of Media and FUSA, which we have calculated at 17.9% and 18.1%, respectively, and which assumes no interest-bearing debt;

We performed sensitivity analyses in respect of these key value drivers as follows:

- increasing and decreasing the WACC rate by 1%;
- increasing and decreasing the annual growth rate of FUSA’s revenue in the first five years of the forecast period by 5%; and
- increasing and decreasing the terminal growth rate by 50 basis points.

While the valuations are not materially sensitive to movements in the WACC and the terminal growth rate, the valuation of FUSA is particularly sensitive to changes in assumed revenue growth. Nonetheless, we are of the view that FUSA’s revenue growth assumptions are optimistic and that there is more downside risk than upside risk in this regard.

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### ***Market approach***

The market approach is a method of determining the value of an asset based on the selling price of similar assets. We have considered the multiples at which companies similar to FUSA trade, making adjustments to take into account differing country risk (in the case of non-South African comparable companies), growth prospects, margins and financial risk profiles. The multiples used for the valuation of FUSA were Enterprise Value (“EV”) to Earnings Before Interest and Tax (“EBIT”), Depreciation and Amortisation, EV to EBIT and Price to Earnings. In all of the aforementioned instances, the valuation outcome was substantially below that arrived at using the DCF valuation methodology.

### ***Other factors affecting the fair value of Welkom Yizani’s 15% interest in Media24***

Media24 shares are unlisted and illiquid. In addition, the shareholders’ agreement between the Controlling Shareholder and Welkom Yizani governing their relationship as co-owners of Media24 contains certain restrictive clauses affecting the ability of Welkom Yizani to dispose of its interest in Media24 and also confers upon the Controlling Shareholder certain rights in relation to Welkom Yizani’s shareholding in Media24 should it dispose of its own interest in Media24. These restrictive clauses, together with the fact that Media24 shares are unlisted and illiquid, negatively impact the fair market value of Welkom Yizani’s shareholding in Media24 and we have applied a 20% discount to our valuation thereof as a consequence.

## **10. Assumptions**

Our Opinion is based on the following assumptions and information:

- the Scheme will be legally enforceable;
- the Scheme will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives of and advisors to Welkom Yizani and Media24;
- reliance can be placed on the financial information of Welkom Yizani and Media24; and
- representations made by Media24 management and their advisors during the course of forming this Opinion.

## **11. Valuation results**

In undertaking the valuation exercise of Welkom Yizani above, we determined a valuation range of the Welkom Yizani Shares of R13.00 to R16.00, with a most likely value of R15.00 per Share. Accordingly, given that the Scheme Consideration falls within this fair value range, we believe the Scheme Consideration to be fair.

The valuation above is provided solely in respect of this Opinion and should not be used for any other purposes.

## **12. Reasonableness**

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On 3 November 2020, Welkom Yizani released a cautionary announcement alluding to the fact that the Company was considering a corporate action which, if successfully concluded, could have a material effect on the price at which its shares trade (“the Cautionary Announcement”). The Cautionary Announcement also referred to an announcement released on the same day regarding the appointment of three independent non-executive directors (“the New Directors”), stating that the New Directors had been appointed for the purposes of assisting the Company in considering the proposed corporate action.

Historically, Welkom Yizani Shares have been highly illiquid, with the demand for them diminished by limitations on who can own them and how many shares any single shareholder can own. However, the publication of the Cautionary Announcement precipitated an increase in trading volumes and a dramatic increase in the price of Welkom Yizani Shares, albeit off very thin trade relative to the number of Welkom Yizani Shares in issue. The closing price of Welkom Yizani Shares on 26 November 2020, being the day immediately prior to the announcement of the Scheme Consideration, was R19.02, which is substantially higher than trading prices over the last twelve months. The closing price of a Welkom Yizani Share on 2 November 2020, being the day immediately preceding the publication of the Cautionary Announcement, was R9.00. The volume-weighted average price of Welkom Yizani Shares for the 30 trading days prior to the release of the Cautionary Announcement was R8.88. The highest price at which Welkom Yizani Shares have traded in the 12 months prior to 3 November 2020 is R11.99. It is important to note that approximately 64% of the trading volumes in the period after the Cautionary Announcement were as a consequence of the buying activities of 3 individuals and that only ~128 000 shares were traded in aggregate. These trades therefore do not reflect a large volume of shares compared to the total issued share capital of Welkom Yizani.

As mentioned above, the Welkom Yizani shares are subject to a number of restrictions including the number of shares any shareholder may hold and the fact that any transaction requires Naspers consent. The Scheme represents a liquidity event that affords all holders of Welkom Yizani Shares an opportunity to realise their investment in a single transaction at a cash consideration that is substantially higher than the highest price at which they have traded in the twelve months prior to the publication of the Cautionary Announcement.

Taking the aforementioned liquidity constraints and share trading history into account, and the fact that the Board’s ability to pursue or consider an offer from any party other than the Controlling Shareholder is curtailed as a consequence of provisions in the Company’s MOI, we are of the view that the terms of the Scheme are reasonable.

### **13. Opinion**

Questco has considered the terms of the Scheme and, based on and subject to the conditions set out herein, is of the opinion that the terms of the Scheme are fair and reasonable to Welkom Yizani Shareholders.

Our Opinion is necessarily based upon the information available to us up to Friday, 4 December 2020, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us.

### **14. Independence, competence and fees**

We confirm that we have no direct or indirect interest in Welkom Yizani or the Offer nor do we have any relationship with Welkom Yizani or any person related to Welkom Yizani such as would lead a reasonable and informed third party to conclude that our integrity, impartiality or objectivity has been compromised by such relationship. We also confirm that we have the necessary competence and experience to provide this Opinion.

Furthermore, we confirm that our professional fee of R200 000 (excluding VAT) is not contingent upon the outcome of the Scheme.

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## 15. Consent

We consent to the inclusion of this letter and the reference to our Opinion in the Circular to be issued to the Shareholders of Welkom Yizani in the form and context in which it appears and in any required regulatory announcement or documentation.

Yours faithfully

Mandy Ramsden

DIRECTOR

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**AUDITED HISTORICAL FINANCIAL STATEMENTS OF WELKOM FOR THE  
FINANCIAL YEARS ENDED 31 MARCH 2020, 31 MARCH 2019 AND 31 MARCH 2018**

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**WELKOM YIZANI INVESTMENTS (RF) LIMITED**

**Registration number: 2006/021434/06**

**ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2020**

**COMPANY INFORMATION**

Registration number:	2006/021434/06
Registered address:	40 Heerengracht Cape Town 8001
Postal address:	PO Box 2271 Cape Town 8000
Auditors:	PricewaterhouseCoopers Inc.

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Level of Assurance

These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa No 71 of 2008.

Preparer

The financial statements were internally prepared by Affrin Janjekar, a Chartered Accountant (SA) under the supervision of the Media24 Holdings Proprietary Limited Group Chief Financial Officer, Mobasheer Patel.

\*Group is defined as economic interest

**DIRECTORS' STATEMENT OF RESPONSIBILITY**  
for the year ended 31 March 2020

The directors are responsible for the preparation, integrity and fair presentation of the separate annual financial statements and Group annual financial statements of Welkom Yizani Investments (RF) Limited. The financial statements presented on pages 13 to 30 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that, in preparing the financial statements of the group, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all IFRS that they consider to be applicable, have been followed. The financial statements fairly present the results of operations for the year and the financial position of the group and company at year-end in accordance with IFRS. The financial statements are prepared by Affrin Janjekar, a Chartered Accountant (SA) and supervised by the Media24 Holdings Proprietary Limited Group Chief Financial Officer, Mobasheer Patel.

The directors have the responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

The company operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The going concern basis has been adopted in preparing the financial statements. The impact of Covid-19 has been considered by the directors as part of their going concern assessment. The directors have no reason to believe that the group will not be a going concern in the foreseeable future based on available cash resources, forecasts and the measures put in place to manage the risks associated with Covid-19. The viability of the company and the group is further supported by the strength of the financial statements.

The group and separate annual financial statements have been audited by the independent auditor, PricewaterhouseCoopers Inc., who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during its audit are valid and appropriate.

The audit report of PricewaterhouseCoopers Inc. is presented on pages 7 to 12.

The financial statements were approved by the board of directors and are signed on its behalf by:



**Rachel Jafta**  
Chair  
12 June 2020



**Omichand Lalbahadur**  
Director

**CERTIFICATE BY THE COMPANY SECRETARY**

In terms of section 88(2)(e) of the Companies Act No 71 of 2008 , I, Lurica Jineanne Jacquet, being the company secretary of Welkom Yizani Investments (RF) Limited, certify that the company has, for the period under review, lodged all returns and notices required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date. The financial statements were prepared in terms of Section 29.



**Lurica Jacquet**  
Company secretary  
12 June 2020



#### Nature of operations

Welkom Yizani Investments (RF) Limited was incorporated on 10 July 2006 under the laws of the Republic of South Africa. The principal activities of Welkom Yizani Investments (RF) Limited are to:

a) carry on the main business of holding 15% of the ordinary shares in Media24 Holdings Proprietary Limited (investment in associate), cash and cash equivalents and such assets as are received and acquired solely by virtue of, or in relation to, the holding of Media24 Holdings Proprietary Limited ordinary shares

b) receive and distribute dividends and other distributions in terms of its holding in Media24 Holdings Proprietary Limited, and

c) Equity Express Securities Exchange (ESEE)

Welkom Yizani, established as Media24's broad-based black economic empowerment (BBBEE) scheme in 2006, started trading its shares on an online trading platform in 2013. The Registrar of Securities Services (the Registrar) has indicated that all traditional over-the-counter trading platforms like Welkom Yizani Investments (RF) Limited (Welkom Yizani) should regularize their affairs in terms of the Financial Markets Act, 2012. Welkom Yizani had been engaging with the Financial Services Board (now the FSCA) to bring its affairs in line with the requirements of the Financial Markets Act, 2012. Welkom Yizani listed on the Equity Express Securities exchange (ESEE) on 23 November 2018 and is now compliant with the relevant legislation.

#### Operating and financial review

The financial results of the group and company are set out on pages 13 to 30.

#### Share capital

Refer to note 7 for details of the authorised and issued share capital.

#### Dividends

The board recommends that a dividend of 42.5 cents per ordinary share (2019: 42.5 cents per ordinary share) be declared. In considering the recommendation to pay the dividend, the board, has taken into account the financial status of the company subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008. The dividend will be noted at the AGM to be held on 27 August 2020 by way of an ordinary resolution to be approved by the shareholders.

#### Directors, company secretary and auditor

The directors of the company are listed below and the company secretary is Lurica Jineanne Jacquet. The street and postal addresses for the company secretary are the same as those of the company as detailed on page 2.

Name	Date appointed	Date Resigned	Category
RCC Jafta	28 November 2012		Independent, non-executive
JC Held	02 September 2014		Independent, non-executive
A Mayman	01 November 2018	07 May 2020	Independent, non-executive
O Lalbahadur	08 May 2020		Independent, non-executive

PricewaterhouseCoopers Inc. was appointed in office as auditor in accordance with section 90(6) of the South African Companies Act 2008.

**DIRECTORS' REPORT**  
for the year ended 31 March 2020

**Analysis of shareholders information**

Shareholders spread as at 31 March 2020:	Number of shareholders	Number of shares
0 - 430 shares	86 823	10 728 190
431 - 10,000 shares	597	781 750
10,001 - 100,000 shares	34	1 017 986
100,001 - 1,000,000 shares	5	904 945
1,000,001 and above shares	1	1 167 130
	<u>87 460</u>	<u>14 600 001</u>

**Major shareholdings as at 31 March 2020:**

According to the company's register the top 5 shareholders are as follows as at 31 March 2020:

The Rubato Trust	1,167,130
The Kambule Trust	303,588
Sello Soulman Nakedi	136,578
Naspers Opvoedingstrust	130,860
Prevesh Hemrajh	123,430

The remaining shares are held by a vast group of individuals and other entities.

**Subsequent events**

On 23 March 2020 President Cyril Ramaphosa announced that a national lockdown would be implemented for 21 days from 26 March 2020 in response to the Covid-19 outbreak in South Africa, with a further extension to the 30 April announced on 9 April 2020. The national lockdown and the expected economic slowdown are expected to negatively impact sales and profitability. The directors are not aware of any material adverse effects on the financial statements as a result of the Covid-19 outbreak.

The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report, which would have a material impact on the annual financial statements.

**Going concern**

The group and company annual financial statements are prepared on the going concern basis. Based on group forecasts and available cash resources, the group and company have adequate resources to continue operations as a going concern in the foreseeable future. As at 31 March 2020, the group and company recorded R40.8m (2019: R40.5m) in net cash, comprising of cash and cash equivalents (including short-term cash investments). The group had Rnil (2019: Rnil) interest-bearing debt. Refer to note 7 "Capital and Reserves" for details of how the group manages its capital to safeguard its ability to continue as a going concern.

Welkom Yizani relies on the Media24 Holdings Proprietary Limited dividend to continue its operations and therefore their going concern was assessed. Media24 Holdings Proprietary Limited annual financial statements are prepared on going concern basis, as the group has adequate resources to continue operations as a going concern in the foreseeable future. The impact of the Covid-19 pandemic on operations and liquidity was considered in preparing the Media24 groups forecasts. The board is of the opinion that the group has sufficient financial flexibility given its low gearing and very strong liquidity position at 31 March 2020 to negate the expected negative effects that could result from the Covid-19 impact on the group's businesses in the next financial year.

Signed on behalf of the board



**Rachel Jafta**

Chair

12 June 2020

REPORT OF THE AUDIT COMMITTEE  
for the year ended 31 March 2020

As the company's only asset is an investment in Media24 Holdings Proprietary Limited, the board deems it appropriate that all its members be appointed to the audit committee. The audit committee has pleasure in submitting this report, as required by sections 94(7)(a) of the Companies Act (the Act).

**FUNCTIONS OF THE AUDIT COMMITTEE**

The audit committee has discharged the functions ascribed to it in terms of the Act as follows:

- Reviewed the annual financial statements, culminating in a recommendation to the board to adopt them. In the course of its review, the committee:
  - took appropriate steps to ensure that the annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements;
- Reviewed the external audit reports on the annual financial statements;
- Approved the audit fees and engagement terms of the external auditor; and
- No non-audit services have been provided by the external auditor.

**MEMBERS OF THE AUDIT COMMITTEE**

The audit committee consists of the non-executive directors of the company. All the members act independently as described in section 94 of the Act.

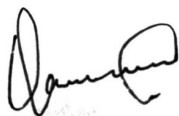
**ATTENDANCE**

The external auditor, in his capacity as auditor to the company, attended and reported at the meeting of the audit committee.

**INDEPENDENCE OF THE EXTERNAL AUDITOR**

Nominated PricewaterhouseCoopers Inc. as the auditor for 2019/2020 and noted the appointment of Mr Viresh Harri as the designated auditor. During the year under review the board and audit committee conducted its own review and confirmed the independence of the external auditor.

On behalf of the audit committee of the board



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**Omichand Lalbahadur**  
Director: Audit committee  
12 June 2020



## *Independent auditor's report*

To the Shareholders of Welkom Yizani Investments (RF) Limited

*Report on the audit of the economic interest and separate financial statements*

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### *Our opinion*

In our opinion, the economic interest and separate financial statements present fairly, in all material respects, the economic interest and separate financial position of Welkom Yizani Investments (RF) Limited (the Company) and its associate (together the Economic Interest Entity) as at 31 March 2020, and its economic interest and separate financial performance and its economic interest and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### **What we have audited**

Welkom Yizani Investments (RF) Limited's economic interest and separate financial statements set out on pages 13 to 30 comprise:

- the group and separate statements of financial position as at 31 March 2020;
  - the group and separate statements of comprehensive income for the year then ended;
  - the group and separate statements of changes in equity for the year then ended;
  - the group and separate statements of cash flows for the year then ended; and
  - the notes to the group and separate financial statements, which include a summary of significant accounting policies.
- 

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the economic interest and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Economic Interest Entity in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.


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*PricewaterhouseCoopers Inc.,  
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8001  
T: +27 (0) 21 529 2000, F: +27 (0) 21 814 2000, www.pwc.co.za*

Chief Executive Officer: L S Machaba  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

*Our audit approach*

**Overview**

	<p>Overall Economic Interest Entity materiality</p> <ul style="list-style-type: none"> <li>• R 3,120,000, which represents 1% of total economic interest assets.</li> </ul>
	<p><b>Economic Interest Entity audit scope</b></p> <ul style="list-style-type: none"> <li>• The economic interest financial statements comprise of the Company and equity accounted associate, Media24 Holdings Proprietary Limited. We performed full scope audits of both entities.</li> </ul>
	<p><b>Key audit matters</b></p> <ul style="list-style-type: none"> <li>• Determination of the fair value less cost of disposal for the investment in associate.</li> </ul>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the economic interest and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the economic interest financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall economic interest materiality for the economic interest financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

<i>Overall economic interest materiality</i>	<i>R 3,120,000</i>
<i>How we determined it</i>	<i>1% of total economic interest assets.</i>
<i>Rationale for the materiality benchmark applied</i>	<i>We chose total economic interest assets as the benchmark because in our view, it is the benchmark against which the performance of the Economic Interest Entity is most commonly measured by users, as profit before tax fluctuates from the earnings in associate. We chose 1% which is consistent with quantitative materiality thresholds used for companies in this sector.</i>



**How we tailored our Economic Interest audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the economic interest financial statements as a whole, taking into account the structure of the Economic Interest Entity, the accounting processes and controls, and the industry in which the Economic Interest Entity operates.

The Economic Interest Entity consists of the Company and an associate, Media24 Holdings Proprietary Limited. The Economic Interest Entity’s main operating activities are located in South Africa. In establishing the overall audit approach to the Economic Interest Entity audit, we determined the type of work that needed to be performed on the Company and also the use of a PwC network firm to audit, as component auditor for Media24 Holdings Proprietary Limited. Due to the financial significance to the Economic Interest Entity, both the Company and Media24 Holdings Proprietary Limited were identified as components that require a full scope audit to be performed.

Detailed audit instructions were communicated to Media24 Holdings Proprietary Limited component auditor. We visited and performed a detailed review of the audit evidence obtained by the component team to assess and conclude whether sufficient appropriate audit evidence has been obtained. The audit evidence was reviewed in conjunction with the signed consolidated annual financial statements of Media24 Holdings Proprietary Limited for the year ended 31 March 2020 to assess the sufficiency of the work performed.

As the Group team these procedures allowed us to conclude as a basis for our opinion of the economic interest financial statements.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the economic interest and separate financial statements of the current period. These matters were addressed in the context of our audit of the economic interest and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p><i>Determination of the fair value less cost of disposal for the investment in associate (applicable to the economic interest and separate financial statements)</i></p> <p><i>Refer to notes 1.1, 2 and 3 of the economic interest and separate financial statements.</i></p> <p><i>The carrying value of the investment in associate (the “investment”) amounts to R 269 million as at 31 March 2020 and represents the Company’s only interest in Media24 Holdings Proprietary Limited.</i></p> <p><i>The Company accounts for the investment at cost in its separate financial statements and uses the equity method to account for the investment in the economic interest financial statements. Under both methods, the investment is written down when there is an indication that the carrying amount of the investment may not be recoverable.</i></p>	<p><i>We obtained management’s impairment assessment and tested the mathematical accuracy of management’s calculations. We noted no material exceptions in this regard.</i></p> <p><i>Our audit procedures included an assessment of the reasonableness of management’s key judgements and estimates applied in their calculation, as detailed below:</i></p> <ul style="list-style-type: none"> <li><i>• We assessed the reasonableness of the assumptions as disclosed in note 3 to the economic interest and separate financial statements underlying the projected future cash flows used in the models by understanding, through discussion with management, the process followed by management to determine these projections.</i></li> <li><i>• We compared these projections to management approved budgets and business plans and accepted the information as consistent. We analysed these projections against historical performance, and noted no aspects requiring further consideration.</i></li> <li><i>• We assessed the reasonableness of the terminal growth rates used by management by comparing them to the industry average long-term growth rates, and we accepted these growth rates as falling within a reasonable range.</i></li> </ul>



Key audit matter	How our audit addressed the key audit matter
<p>The investment was measured at the lower of its carrying amount and fair value less costs of disposal. The fair value was determined using the discounted cash flow model, which is based on 10-year projected cash flows. An impairment expense of R119 million was recognised in the economic interest financial statements while an impairment expense of R82 million was recognised in the separate financial statements.</p> <p>Key judgements and estimates made in determining the expected cashflows of Media24 Holdings Proprietary Limited Group are disclosed in note 3 to the economic interest and separate financial statements.</p> <p>We considered the determination of the fair value less cost of disposal for the investment in associate to be a matter of most significance to our audit due to the magnitude of the carrying amount of the investment and higher degree of estimation uncertainty relating to the key judgements and estimates.</p>	<ul style="list-style-type: none"> <li>• We assessed the impact of Covid-19, and the negative economic impact it has, on the reasonableness of the assumptions used to determine the projected future cash flows. These included reduced demand and expected reduction in production costs. We evaluated management's estimated reduced demand and production costs with reference to available industry information and current economic data, and we accepted management's assumptions in this regard.</li> <li>• We utilised our internal valuation expertise to assess the reasonability of the discount rate and the valuation methodologies used by management. Based on our work performed, we accepted the discount rate and valuation methodology as falling within an acceptable range.</li> <li>• We further assessed the appropriateness of the disclosures in the financial statements concerning the key assumptions to which the valuation is most sensitive and the inter-relationship between the assumptions and the valuation amounts.</li> </ul>

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Welkom Yizani Investments (RF) Limited Annual Financial Statements for the year ended 31 March 2020" and the document titled "Media24 Holdings Proprietary Limited 2020 Abridged Integrated Annual Report to Shareholders of Welkom Yizani", which includes the Directors' Report, Report of the audit committee and the Certificate by the company secretary as required by the Companies Act of South Africa. The other information does not include the economic interest or the separate financial statements and our auditor's report thereon.

Our opinion on the economic interest and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the economic interest and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the economic interest and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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*Responsibilities of the directors for the economic interest and separate financial statements*

The directors are responsible for the preparation and fair presentation of the economic interest and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of economic interest and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the economic interest and separate financial statements, the directors are responsible for assessing the Economic Interest Entity's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Economic Interest Entity and/or the Company or to cease operations, or have no realistic alternative but to do so.

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*Auditor's responsibilities for the audit of the economic interest and separate financial statements*

Our objectives are to obtain reasonable assurance about whether the economic interest and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these economic interest and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the economic interest and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Economic Interest Entity's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Economic Interest Entity's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the economic interest and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Economic Interest Entity and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the economic interest and separate financial statements, including the disclosures, and whether the economic interest and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Economic Interest Entity to express an opinion on the economic interest financial statements. We are responsible for the direction, supervision and performance of the audit of the economic interest financial statements. We remain solely responsible for our audit opinion.





We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the economic interest and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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*Report on other legal and regulatory requirements*

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Welkom Yizani Investments (RF) Limited for 14 years.

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*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

**Director: Viresh Harri**

**Registered Auditor**

**Cape Town**

**12 June 2020**

WELKOM YIZANI INVESTMENTS (RF) LIMITED

GROUP\* AND SEPARATE STATEMENTS OF FINANCIAL POSITION  
as at 31 March 2020

	Notes	Group*		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in associate	3	269 314	351 577	269 314	351 577
		<u>269 314</u>	<u>351 577</u>	<u>269 314</u>	<u>351 577</u>
<b>Current assets</b>					
Other receivables	5	42 843	40 605	42 843	40 605
Cash and cash equivalents	6	2 024	30	2 024	30
		<u>40 819</u>	<u>40 575</u>	<u>40 819</u>	<u>40 575</u>
<b>TOTAL ASSETS</b>		<b><u>312 157</u></b>	<b><u>392 182</u></b>	<b><u>312 157</u></b>	<b><u>392 182</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital and premium	7	276 075	357 076	276 075	357 076
Preference share capital	7	146 022	146 022	146 022	146 022
Other reserves	7	7	7	7	7
Accumulated (loss)/profit	7	459 203	387 657	-	-
		<u>(329 157)</u>	<u>(176 610)</u>	<u>130 046</u>	<u>211 047</u>
<b>Current liabilities</b>					
Payables	8	36 082	35 106	36 082	35 106
Shareholders for dividends	9	2 716	2 086	2 716	2 086
Taxation		33 360	33 020	33 360	33 020
		<u>6</u>	<u>-</u>	<u>6</u>	<u>-</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>312 157</u></b>	<b><u>392 182</u></b>	<b><u>312 157</u></b>	<b><u>392 182</u></b>
<b>Net asset value per share</b>	13	<b>R 18.91</b>	R 24.46	<b>R 18.91</b>	R 24.46

\*Group is defined as economic interest

The notes on pages 17 to 30 are an integral part of these financial statements.

GROUP\* AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME  
for the year ended 31 March 2020

	Notes	Group*		Company	
		2020 R'000	2019 R'000	2020 R'000	2019 R'000
Share of net loss of associate	3	(28 548)	(59 509)	-	-
Investment income - dividends received	3	-	-	6 295	6 295
Administration costs	10	(104)	(100)	(104)	(100)
(Impairment)/Reversal of impairment of investment in associate	3	(118 966)	49 414	(82 263)	-
Finance income	11	1 805	1 923	1 805	1 923
Finance costs	11	(63)	(64)	(63)	(64)
<b>(Loss)/Profit before taxation</b>		<b>(145 876)</b>	<b>(8 336)</b>	<b>(74 330)</b>	<b>8 054</b>
Taxation	12	<b>(466)</b>	<b>(524)</b>	<b>(466)</b>	<b>(524)</b>
<b>Net (loss)/profit for the year</b>		<b>(146 342)</b>	<b>(8 860)</b>	<b>(74 796)</b>	<b>7 530</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the parent		<b>(146 342)</b>	<b>(8 860)</b>	<b>(74 796)</b>	<b>7 530</b>
<b>Other comprehensive income</b>					
Share of changes in associate's other comprehensive income net of tax	3	71 546	16 390	-	-
Gross		71 546	16 390	-	-
Tax	12	-	-	-	-
<b>Total comprehensive (loss)/income for the year</b>		<b>(74 796)</b>	<b>7 530</b>	<b>(74 796)</b>	<b>7 530</b>
<b>Attributable to:</b>					
Shareholders of the company		<b>(74 796)</b>	<b>7 530</b>	<b>(74 796)</b>	<b>7 530</b>
<b>Basic (loss)/earnings per share</b>	13	<b>(R 10.02)</b>	<b>(R 0.61)</b>	<b>(R 5.12)</b>	<b>R 0.52</b>
<b>Headline (loss)/earnings per share</b>	13	<b>(R 1.88)</b>	<b>(R 3.99)</b>	<b>R 0.51</b>	<b>R 0.52</b>

\*Group is defined as economic interest

The notes on pages 17 to 30 are an integral part of these financial statements.

WELKOM YIZANI INVESTMENTS (RF) LIMITED

GROUP\* AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
for the year ended 31 March 2020

	Stated capital R'000	Preference share capital R'000	Other reserves R'000	Accumulated profit/(loss) R'000	Total R'000
<b>GROUP*</b>					
<b>Balance at 1 April 2018</b>	146 022	7	371 267	(161 545)	355 751
<b>Total comprehensive income/(loss) for the year</b>	-	-	16 390	(8 860)	7 530
Net loss	-	-	-	(8 860)	(8 860)
Other comprehensive income	-	-	16 390	-	16 390
<b>Distribution to owners of the company</b>					
Dividends paid (refer to note 7)	-	-	-	(6 205)	(6 205)
<b>Balance at 31 March 2019</b>	<b>146 022</b>	<b>7</b>	<b>387 657</b>	<b>(176 610)</b>	<b>357 076</b>
<b>Balance at 1 April 2019</b>	146 022	7	387 657	(176 610)	357 076
<b>Total comprehensive income/(loss) for the year</b>	-	-	71 546	(146 342)	(74 796)
Net loss	-	-	-	(146 342)	(146 342)
Other comprehensive income	-	-	71 546	-	71 546
<b>Distribution to owners of the company</b>					
Dividends paid (refer to note 7)	-	-	-	(6 205)	(6 205)
<b>Balance at 31 March 2020</b>	<b>146 022</b>	<b>7</b>	<b>459 203</b>	<b>(329 157)</b>	<b>276 075</b>
<b>COMPANY</b>					
<b>Balance at 1 April 2018</b>	146 022	7	-	209 722	355 751
Profit for the year	-	-	-	7 530	7 530
<b>Distribution to owners of the company</b>					
Dividends paid (refer to note 7)	-	-	-	(6 205)	(6 205)
<b>Balance at 31 March 2019</b>	<b>146 022</b>	<b>7</b>	<b>-</b>	<b>211 047</b>	<b>357 076</b>
<b>Balance at 1 April 2019</b>	146 022	7	-	211 047	357 076
Loss for the year	-	-	-	(74 796)	(74 796)
<b>Distribution to owners of the company</b>					
Dividends paid (refer to note 7)	-	-	-	(6 205)	(6 205)
<b>Balance at 31 March 2020</b>	<b>146 022</b>	<b>7</b>	<b>-</b>	<b>130 046</b>	<b>276 075</b>

\*Group is defined as economic interest

The notes on pages 17 to 30 are an integral part of these financial statements.

GROUP\* AND SEPARATE STATEMENTS OF CASH FLOWS  
for the year ended 31 March 2020

	GROUP*		COMPANY	
	2020	2019	2020	2019
Note	R'000	R'000	R'000	R'000
<b>Cash flow from operating activities</b>	6 449	2 961	6 449	2 961
Cash utilised from operations	14 (1 128)	(4 643)	(1 128)	(4 643)
Interest paid	(63)	(64)	(63)	(64)
Interest received	1 805	1 923	1 805	1 923
Dividends received	6 295	6 295	6 295	6 295
Taxation paid	(460)	(550)	(460)	(550)
<b>Cash flow from financing activities</b>	(6 205)	(6 205)	(6 205)	(6 205)
Dividends paid	(6 205)	(6 205)	(6 205)	(6 205)
<b>Change in cash and cash equivalents for the year</b>	<b>244</b>	<b>(3 244)</b>	<b>244</b>	<b>(3 244)</b>
Cash and cash equivalents at the beginning of the year	<b>40 575</b>	43 819	<b>40 575</b>	43 819
<b>Cash and cash equivalents at the end of the year</b>	<b>40 819</b>	<b>40 575</b>	<b>40 819</b>	<b>40 575</b>

\*Group is defined as economic interest

The notes on pages 17 to 30 are an integral part of these financial statements.

## 1 Summary of significant accounting policies

The group and separate financial statements are presented in accordance with, and comply with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008 of South Africa, as amended. The group and separate financial statements are prepared using the historic cost convention.

The preparation of the group and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the statement of financial position date, as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may significantly differ from these estimates.

For the preparation of the group annual financial statements (economic interest annual financial statements), the group includes Welkom Yizani Investments (RF) Limited and its associate Media24 Holdings Proprietary Limited using the equity method (in terms of IAS 28 - Investments in associates and joint ventures).

Refer to note 2, as well as the individual notes for details of estimates, assumptions and judgements used.

### 1.1 Investment in associate

#### Company

The company carries the investment in associate at cost and are written down only when there is an impairment. Dividends are brought to account when declared. On disposal of an associate, the difference between the net proceeds and carrying amount is charged or credited to the statement of comprehensive income. The net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

#### Group

Investments in associated companies are accounted for under the equity method. Associate companies are those companies in which the group can exercise significant influence, but which it does not control. The group's investment in associates includes goodwill and other intangible assets identified on acquisition, net of any accumulated amortisation and impairment loss.

Equity accounting involves recognising in the income statement the group's share of the associate's post-acquisition results net of taxation and minority interests in the associate. The group's share of post-acquisition movements in other comprehensive income is accounted for in the other reserves of the group. The group's interest in the associate is measured on the statement of financial position at cost, adjusted for the group's share of the change in post-acquisition net assets, and inclusive of goodwill and other identifiable intangible assets recognised on acquisitions. Where the group's share of losses in the associate equals or exceeds the carrying amount of its investment, the carrying amount of the investment, as well as any loans to the associate, is reduced to nil and no further losses are recognised, unless the group has incurred obligations to the associate or the group has guaranteed or committed to satisfying obligations of the associate.

Dividends received or receivable from the associate are recognised as a reduction in the carrying amount of the investment.

Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates, unless the loss provides evidence of an impairment of the asset transferred.

\*Group is defined as economic interest

### 1.1 Investment in associate (Continued)

The net investment in an associate is impaired and impairment losses are incurred if, and only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

Group refers to a significant associate company held by Welkom Yizani and these are the economic interest financial statements.

An impairment loss is recognised in the statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

### 1.2 Financial assets and liabilities

#### Recognition

Except for trade receivables, at initial recognition, an entity shall measure a financial asset or liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. The group initially recognises other receivables, cash and cash equivalents and payables on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the group becomes a party to the contractual provisions of the instrument.

#### Derecognition

The group and company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the group and company neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial assets. Any interest in a transferred asset that is created or retained by the group and company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

The group and company derecognises a financial liability when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

### 1.3 Other receivables

Other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less expected credit losses for these receivables.

The group and company recognises expected credit losses (impairment allowances) on other receivables measured at amortised cost. The group and company assesses, on a forward-looking basis, the impairment allowances associated with these other receivables. For other receivables at amortised cost, the group and company measures impairment allowances at an amount equal to the lifetime expected credit losses on these other receivables. Lifetime expected credit losses are those losses that result from all possible default events over the expected life of the financial instrument. The group and company considers other receivables to be in default when the borrower is unlikely to pay its credit obligations in full or the outstanding amount exceeds its contractual payment terms.

\*Group is defined as economic interest

### 1.3 Other receivables *(Continued)*

At each reporting date the group and company assesses whether other receivables at amortised cost balances are credit-impaired. Other receivables are considered credit-impaired when one or more events that have a detrimental impact on expected future cash flows have occurred. Evidence that other receivables is credit-impaired includes significant financial difficulty experienced by the borrower, a breach of contract such as defaulting on contractually due repayments and the probability of the borrower entering bankruptcy.

Impairment allowances for other receivables measured at amortised cost are recognised in the statement of comprehensive income and accumulated in an allowance account. The gross carrying amount of the other receivable is reduced by the loss allowance via the allowance account and is written off when the group and company has no reasonable expectation of recovering the other receivable in its entirety or a portion thereof.

### 1.4 Cash and cash equivalents

Cash and cash equivalents are measured in the statement of financial position at amortised cost. Cash and cash equivalents comprise deposits held on call with banks. The group and company assesses on a forward looking basis the expected credit losses associated with its cash and cash equivalents carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Where there is a significant increase in credit risk for cash and cash equivalents, the group and company measures the loss allowance at an amount equal to the lifetime expected credit losses.

### 1.5 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to tax authorities.

The normal South African company tax rate used at the statement of financial position is 28% (2019: 28%).

Deferred taxation is provided in full using the statement of financial position liability method for all taxable or deductible temporary differences arising between the tax base and liabilities (including derivatives) and their carrying values for financial reporting purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

### 1.6 Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities includes payables.

### 1.7 Revenue recognition

Dividend income is recognised when the right to receive payment is established.

\*Group is defined as economic interest



**1.8 Interest income**

Interest income from financial assets at fair value through profit or loss, is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through profit or loss calculated using the effective interest method, is recognised in profit or loss as part of other income.

**1.9 Dividend distributions**

Dividend distributions to the company’s shareholders are recognised as a liability in the company’s financial statements in the period in which the dividends are approved by the company’s directors.

**1.10 Share capital and preference share capital**

Ordinary shares and preference shares are classified as equity. Preference shares have been classified as equity as there is no obligation to redeem the preference shares in the future. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction against share premium.

**1.11 Segment reporting**

IFRS 8: Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision-maker (CODM) to allocate resources to the segments and to assess their performance. The CODM has been identified as the board of directors that makes the strategic decisions.

The board of directors has identified the only operating segment to be the investment in associate. No further disclosure is required as this is reflected in the financial statements.

**1.12 New Standards and interpretations**

The International Accounting Standards Board (IASB) issued a number of standards, amendments to standards and interpretations during the financial year ended 31 March 2020.

- (i) The following amended accounting standards have been adopted by the group and are applicable for the first time during year ended 31 March 2020. These pronouncements had no significant effect on the group’s financial statements:

<b>Standard/Interpretation</b>	<b>Title</b>	<b>Effective on</b>
IFRS 16	Leases	01 January 2019
The company does not have leases and this standard will not have an impact as it is not applicable.		

- (ii) There are no new upcoming standards that are expected to affect the annual financial statements.

**2 Critical accounting estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group applies judgement when assessing the impairment in its investment in associate. The group tests whether investments in associate has suffered any impairment on an annual basis. For 2020 and 2019 reporting period, the recoverable amount was determined based on a discounted cash flow calculation which requires assumptions. The calculation uses cash flow projections based on financial budgets covering a ten year period. (refer to note 1.1, 3 and 16).

\*Group is defined as economic interest

	GROUP*		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>3 Investment in associate</b>				
<p>The principle activity of Welkom Yizani is to own 15% of the ordinary shares in Media24 Holdings Proprietary Limited, a company incorporated in South Africa. This is an unlisted investment.</p> <p>This investment is classified as an investment in associate, as significant influence was established through board representation even though the group only has a 15% interest.</p>				
<b>Movement in carrying amount</b>				
At the beginning of the year	351 577	351 577	351 577	351 577
Share of net loss	(28 548)	(59 509)	-	-
Share of changes in other comprehensive income	71 546	16 390	-	-
Dividends received	(6 295)	(6 295)	-	-
(Impairment)/Reversal of impairment of investment	(118 966)	49 414	(82 263)	-
	<b>269 314</b>	<b>351 577</b>	<b>269 314</b>	<b>351 577</b>
<b>Reconciliation between original cost and carrying amount</b>				
Original cost	730 000	730 000	730 000	730 000
Accumulated share of losses	(246 376)	(217 828)	-	-
Accumulated share of comprehensive income	459 203	387 657	-	-
Total dividends received	(446 788)	(440 493)	-	-
	<b>496 039</b>	<b>459 336</b>	<b>730 000</b>	<b>730 000</b>
Opening accumulated impairment	(107 759)	(157 173)	(378 423)	(378 423)
(Impairment)/reversal of impairment of investment	(118 966)	49 414	(82 263)	-
Closing accumulated impairment	<b>(226 725)</b>	<b>(107 759)</b>	<b>(460 686)</b>	<b>(378 423)</b>
Net carrying amount at year end	<b>269 314</b>	<b>351 577</b>	<b>269 314</b>	<b>351 577</b>

The company received a dividend of R6.3 million (2019: R6.3 million) from Media24 Holdings Proprietary Limited.

Investment in associate was measured during the year at the lower of its carrying amount and fair value less costs to disposal for the group and company, resulting in a recognition of an impairment of R119 million (2019: R49 million reversal of impairment) for the group and R82m (2019: nil) for the company in the statement of comprehensive income. The fair value was determined using the discounted cashflow model. This is a level 3 measurement as per the fair value hierarchy set out in note 16.

The impairment for the group and company relates to the decline in the projected cash flows and specifically an increase in the trading losses incurred due to the current forecasted economic circumstances the business will be impacted by.

The share of net loss of R29m (2019: R59m) is equal to 15% of Media24 Holding's equitable losses of R8m (2019: R38m), and adjusted for pre-acquisition accounting of R21m (2019: R21m).

\*Group is defined as economic interest

The discounted cash flow model was used to determine the fair value less cost to sell of the investment in associate at the end of the financial year for the group and company.

Management used 10-year projected cash flow models, with growth rates ranging between 0% and 5% and weighted-average cost of capital of 16% applied to print media and 21% applied to eCommerce retail (2019: 14.3%) in measuring the impairment losses for the group and company. The cash flows were adjusted to take into account Covid-19 implications. The Covid-19 implications taken into account was the decrease in the circulation and advertising revenue but a positive outlook in the ecommerce revenue. The significant change from last year is due to the change in the prime rate and the risk free rate in March 2020 mainly due to Covid-19. Management used 10-year projected cash flow models, based upon the use of internal experts and the expected mid to long-term market changes in both the mature portfolio and growth portfolio. The estimated projections for the period six to ten years are due to the monetisation and expected inflows from the growth portfolio as building to scale takes longer than five years with breakeven expected beyond five years (average growth rate of 4% to 5%). The mature portfolio cost savings and sale of non-core assets are expected to continue beyond the five years in line with economic environment and trends in the print media industry (average growth rate of 0%).

There are a number of key judgements and estimates made in the expected group cash flows of Media24 Holdings Proprietary Limited Group, which include:

- Improved operating margins through lower printing prices and ongoing cost saving initiatives thereby increasing trading profit in the mature portfolio despite revenue declines,
- Increase in the growth portfolio revenue from the continued investment to build scale and improvement of the trading profit as breakeven point is achieved,
- Reduced capital expenditure and proceeds from sale of non-core assets but partly eroded by the higher net working capital requirement in the upscaling of the growth portfolio,
- Discount rate applied to the projected cash flows, and
- Terminal growth rates.

The discount rate was based on South Africa 10 year bond yield historical data and is adjusted for specific risk factors.

#### Sensitivity Analysis

A sensitivity analysis of a 2% change in the weighted average cost of capital, is shown for the significant unobservable input below:

- An increase in the weighted average cost of capital by 2% reduces the valuation by R15.8m.
- A decrease in the weighted average cost of capital rate by 2% increases the valuation by R24.8m.

A sensitivity analysis of a 1% change in the growth rate, is shown for the significant unobservable input below:

- An increase in the growth rate by 1% increases the valuation by R5.1m.
- A decrease in the growth rate by 1% decreases the valuation by R4.3m.

\*Group is defined as economic interest

**Summarised financial information of unlisted associate as per the annual financial statements - Media24 Holdings Proprietary Limited**

Summarised balance sheet	MEDIA24	
	2020 R'000	2019 R'000
<b>Current</b>		
Assets		
Cash and cash equivalent	219 391	210 482
Other current assets (excluding cash)	1 944 343	2 025 989
Total current assets	<u>2 163 734</u>	<u>2 236 471</u>
Liabilities		
Financial liabilities (excluding trade payables)	(953 670)	(1 531 762)
Other current liabilities (including trade payables)	(233 620)	(286 334)
Total current liabilities	<u>(1 187 290)</u>	<u>(1 818 096)</u>
<b>Non-current</b>		
Assets	756 241	1 088 550
Liabilities		
Financial liabilities	(20 871)	(17 607)
Other liabilities	(364 154)	(380 620)
Total non-current liabilities	<u>(385 025)</u>	<u>(398 227)</u>
<b>Net assets</b>	<u><b>1 347 660</b></u>	<u><b>1 108 698</b></u>
<b>Summarised statement of comprehensive income</b>		
Revenue	4 788 937	4 713 829
Interest income	78 423	79 480
Interest expense	(13 015)	(2 609)
<b>Pre-tax loss from continuing operations</b>	<b>(106 090)</b>	<b>(284 765)</b>
Income tax expense	(34 946)	(20 768)
<b>Post-tax loss from continuing operations</b>	<b>(141 036)</b>	<b>(305 533)</b>
<b>Post-tax loss from discontinued operations</b>	<b>-</b>	<b>-</b>
<b>Post-tax loss for the year</b>	<b>(141 036)</b>	<b>(305 533)</b>
- Loss for the year attributable to equity holders of group	(48 216)	(254 625)
- Loss for the year attributable to non-controlling interests	(92 820)	(50 908)
Other comprehensive income/(expense)	(125 992)	(4 956)
<b>Total comprehensive expense</b>	<u><b>(267 028)</b></u>	<u><b>(310 489)</b></u>
<b>Reconciliation of summarised financial information</b>		
Opening net assets 01 April	918 168	1 105 490
Loss for the period	(141 036)	(305 533)
Total other comprehensive loss	(125 992)	(4 956)
Share-based compensation movement	30 895	27 719
Acquisition/(Liquidation/Sale) of subsidiaries/joint ventures	(16 933)	289 832
Capital contribution from Naspers	558 636	-
Dividends paid	(59 928)	(48 177)
Other movements	(6 680)	(7 069)
Non-controlling interest share of movement for the period	147 824	(139 138)
<b>Closing net assets</b>	<u><b>1 304 954</b></u>	<u><b>918 168</b></u>
Interest in associate (15%)	195 743	137 725
Net identifiable assets	73 571	213 852
<b>Carrying value</b>	<u><b>269 314</b></u>	<u><b>351 577</b></u>

\*Group is defined as economic interest

	GROUP*		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000

**4 Related parties**

The chair (Rachel Jafta) holds in aggregate 430 (2019: 430) ordinary shares in the company. Lurica Jacquet is a trustee of the Rubato Trust which owns 1 167 130 (2019: 1 167 130) shares in aggregate. Jo-Ann Held, a non-executive director, holds in aggregate 430 (2019: 430) ordinary shares in the company.

Media24 Holdings Proprietary Limited is a related party by way of it being an associate. Refer to note 3 for further details.

The major shareholders (top 5) of Welkom Yizani are The Rubato Trust (8%), The Kumbule Trust (2%), Sello Soulman Nakedi (1%), Naspers Opvoedingtrust (1%) and Prevesh Hemrajh (1%), the remaining shares are held by a vast group of individuals and other entities.

**Directors' emoluments**

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

Included in other payables is an amount of R1,372,695 (2019: R812,076) due to Media24 Proprietary Limited. There are no fixed terms of repayment.

**5 Other receivables**

VAT	-	5	-	5
Interest on call accounts	20	22	20	22
Unclaimed dividends - Singular	2 004	-	2 004	-
Commission	-	3	-	3
	<b>2 024</b>	<b>30</b>	<b>2 024</b>	<b>30</b>

**6 Cash and cash equivalents**

Cash and cash equivalents attributable to the company	40 721	40 477	40 721	40 477
Cash and cash equivalents held on behalf of investors	98	98	98	98
	<b>40 819</b>	<b>40 575</b>	<b>40 819</b>	<b>40 575</b>

**Credit quality of cash at bank and short term deposits**

The credit quality of cash at bank and short-term deposits, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

**Credit rating**

ABSA Bank Limited - Fitch BB-	39 144	38 991	39 144	38 991
FirstRand Bank Limited - Fitch BB-	1 675	1 584	1 675	1 584
	<b>40 819</b>	<b>40 575</b>	<b>40 819</b>	<b>40 575</b>

\*Group is defined as economic interest

	GROUP*		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>7 Capital and Reserves</b>				
<b>Share capital and premium</b>				
<b>Authorised</b>				
30 000 000 ordinary shares of R0.0000001 each				
<b>Issued (and fully paid up)</b>				
14 600 001 (2019: 14 600 001) ordinary shares of R0.0000001 each	-	-	-	-
Share premium	146 022	146 022	146 022	146 022
	<b>146 022</b>	<b>146 022</b>	<b>146 022</b>	<b>146 022</b>
<b>Capital management</b>				
The group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders.				
<b>Non-redeemable preference share capital</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
The preference shares are held by Naspers Limited. There are no obligations to redeem these preference shares in the future.				
<b>Other Reserves</b>				
Other reserves as per the statement of financial position are made up of our share (15%) of Media 24's other reserves.	459 203	387 657	-	-
<b>Dividends paid</b>				
A total dividend of R6.2m (2019: R6.2m) was declared by shareholders at the annual general meeting held on 26 August 2019. The dividend declared is 42.5 cents per ordinary share (2019: 42.5 cents per ordinary share).	6 205	6 205	6 205	6 205
Dividends paid to shareholders during the year amounted to R3m (2019: R4m) of which R2m remains unclaimed disclosed in shareholders for dividends as at 31 March 2020. Refer to Note 9.				
<b>8 Payables</b>				
Amounts owing to investors	98	98	98	98
Refunds due to unsuccessful share applicants	883	820	883	820
Other payables	261	261	261	261
Audit fees accrued	101	95	101	95
Due to Media24 Proprietary Limited	1 373	812	1 373	812
	<b>2 716</b>	<b>2 086</b>	<b>2 716</b>	<b>2 086</b>
<b>9 Shareholders for dividends</b>				
Opening balance of unclaimed shareholder dividends	33 020	37 959	33 020	37 959
Dividend declared: current year	6 205	6 205	6 205	6 205
Dividend paid: current year declared	(3 008)	(4 192)	(3 008)	(4 192)
Dividend tax: current year	(1 212)	(1 212)	(1 212)	(1 212)
Rejected payments: current year declared	19	49	19	49
Dividend paid: prior years declared	(1 843)	(5 839)	(1 843)	(5 839)
Rejected payments: prior years declared	179	50	179	50
Closing balance of unclaimed shareholder dividends	<b>33 360</b>	<b>33 020</b>	<b>33 360</b>	<b>33 020</b>

\*Group is defined as economic interest

NOTES TO THE GROUP\* AND SEPARATE FINANCIAL STATEMENTS  
for the year ended 31 March 2020

	GROUP*		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>10 Administration costs</b>				
Audit fees	101	95	101	95
Administration fee	3	5	3	5
	<b>104</b>	<b>100</b>	<b>104</b>	<b>100</b>
<b>11 Finance income and costs</b>				
<b>Finance costs</b>				
Interest on refunds to unsuccessful share applicants	(63)	(64)	(63)	(64)
<b>Finance income</b>				
Interest on current accounts	1 551	1 680	1 551	1 680
Interest on call accounts	254	243	254	243
	<b>1 805</b>	<b>1 923</b>	<b>1 805</b>	<b>1 923</b>
<b>Net finance income</b>	<b>1 742</b>	<b>1 859</b>	<b>1 742</b>	<b>1 859</b>
<b>12 Taxation</b>				
<b>Major components of the tax expense</b>				
<b>Current</b>				
Local income tax - current period	482	552	482	552
Local income tax - under provision	-	-	-	-
Local income tax - over provision	(16)	(28)	(16)	(28)
	<b>466</b>	<b>524</b>	<b>466</b>	<b>524</b>
<b>Tax Reconciliation</b>				
Accounting (loss)/profit	(145 876)	(8 336)	(74 330)	8 054
Taxation at the applicable tax rate of 28% (2019: 28%)	(40 845)	(2 334)	(20 812)	2 255
<b>Adjusted for:</b>				
Non-deductible expenses	33 311	(13 825)	23 034	11
Share of net loss of associate	7 993	16 662	-	-
Exempt dividends	-	-	(1 763)	(1 763)
Expenses apportioned to exempt income	23	49	23	49
Prior year adjustments	(16)	(28)	(16)	(28)
<b>Taxation provided in the income statement</b>	<b>466</b>	<b>524</b>	<b>466</b>	<b>524</b>
Tax relating to share of changes in associate's other comprehensive income	-	-	-	-
Total unrecognised deferred tax assets amounts to R86 million (2019: R78 million). The company is not expected to generate capital gains in the future to utilize the deferred tax asset. The company has no assessed losses (2019: Rnil).				

\*Group is defined as economic interest

	GROUP*		COMPANY	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>13 Basic (loss)/earnings per share</b>				
<b>Basic (loss)/earnings per share</b>				
(Loss)/Profit from continuing operations attributable to owners of the parent	<b>(146 342)</b>	<b>(8 860)</b>	<b>(74 796)</b>	7 530
Weighted-average number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
<b>Basic (loss)/earnings per share</b>	<b>(R 10.02)</b>	(R 0.61)	<b>(R 5.12)</b>	R 0.52
Headline earnings is calculated based on Circular 4/2018 issued by the South African Institute of Chartered Accountants				
<b>Reconciliation between profit attributable to owners of the parent and headline earnings</b>				
(Loss)/Profit for the year	<b>(146 342)</b>	(8 860)	<b>(74 796)</b>	7 530
Impairment of Investment/(Reversal of impairment)	<b>118 966</b>	(49 414)	82 263	-
Gross	118 966	(49 414)	82 263	-
Tax effect	-	-	-	-
<b>Headline (loss)/earnings for the year</b>	<b>(27 376)</b>	(58 274)	<b>7 467</b>	7 530
Weighted-average number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
<b>Headline (loss)/earnings per share</b>	<b>(R 1.88)</b>	(R 3.99)	<b>R 0.51</b>	R 0.52
<b>Net asset value per share</b>				
Total net asset value	276 075	357 076	276 075	357 076
Total number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
<b>Net asset value per share</b>	<b>R 18.91</b>	R 24.46	<b>R 18.91</b>	R 24.46
<b>14 Cash utilised from operations</b>				
<b>(Loss)/Profit before tax</b>	(145 876)	(8 336)	(74 330)	8 054
<b>Adjusted for:</b>				
- Dividends received	-	-	(6 295)	(6 295)
- Share of net profit of associate (refer to note 3)	28 548	59 509	-	-
- Impairment/(Reversal of impairment) (refer to note 3)	118 966	(49 414)	82 263	-
- Net Finance income (refer to note 11)	(1 742)	(1 859)	(1 742)	(1 859)
<b>Cash flow before changes below</b>	<b>(104)</b>	(100)	<b>(104)</b>	(100)
<b>Changes in operating assets and liabilities</b>	<b>(1 024)</b>	(4 543)	<b>(1 024)</b>	(4 543)
Payables	630	391	630	391
Other receivables	(1 994)	5	(1 994)	5
Shareholders for dividends	340	(4 939)	340	(4 939)
	<b>(1 128)</b>	(4 643)	<b>(1 128)</b>	(4 643)

\*Group is defined as economic interest



	GROUP*		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000

**15 Financial risk management**

The group's activities expose it to a variety of financial risks, specifically interest rate risk, credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out under policies approved by the board of directors.

**Market Risk****Interest rate risk**

The group's interest rate risk arises primarily from its cash at bank and short term deposits at a variable interest rate. Based on simulations performed, the impact on profit or loss before tax of a 100 basis-point (decrease)/increase in the prime interest rate was a (decrease)/increase on profit or loss of R0.41m (2019: R0.4m).

**Foreign exchange risk**

The company is not exposed to any significant foreign exchange risk.

**Price risk**

The company is not exposed to commodity price risk.

**Capital risk management**

For capital management purposes the current level of capital in the group is defined as the difference between the total assets and total liabilities of the group. The capital employed is managed on a basis that enables the group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. In the current year there are no non-current borrowings or bank overdraft. Total capital is calculated as capital and reserves attributable to owners of the parent as shown in the statement of financial position.

The main focus of the group's capital management is to ensure liquidity, in the form having adequate cash and cash equivalent to settle current liabilities.

\*Group is defined as economic interest

	GROUP*		COMPANY	
	2020	2019	2020	2019
	R'000	R'000	R'000	R'000

**15 Financial risk management (continued)****Credit risk**

Credit risk consists mainly of cash and cash equivalents and other receivables. The company only deposits cash with major banks with high quality credit standing. Refer to note 6 for further information.

The group and company applies the IFRS 9 simplified approach in measuring the expected credit losses which sets a lifetime expected loss allowance for all receivables.

The unclaimed dividends included in other receivables is the cash held by Singular for shareholders for dividend at 31 March 2020. In the current year, Singular, who manages the payment of the dividends to shareholders, was paid the full dividend of R6.2m. At year end, a R2m dividend due to shareholders remains unclaimed. The shareholders are entitled to these dividends indefinitely and Welkom Yizani is obligated to hold the funds and make every effort (through the services of Singular) to clear the unclaimed dividends. This liability was raised at 31 March 2020 and is included in shareholders for dividend on the balance sheet. The receivable from Singular was raised as a current asset, as Singular's obligation is to Welkom Yizani. While the other receivables are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

*Financial Instruments*

Cash and cash equivalents	40 819	40 575	40 819	40 575
Unclaimed dividends - Singular	2 004	-	2 004	-
Other receivables	20	25	20	25

**Liquidity risk**

The company maintains a prudent liquidity risk management, which implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities as well as arrangements with related parties.

The table below analyses the company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying Value R'000	Total	
		Contractual Cash flows R'000	Less than 1 Year R'000
<b>At 31 March 2020</b>			
Shareholders for dividends (refer to note 9)	33 360	33 360	33 360
Other payables	2 716	2 716	2 716
Total			
	Carrying Value R'000	Contractual Cash flows R'000	Less than 1 Year R'000
<b>At 31 March 2019</b>			
Shareholders for dividends (refer to note 9)	33 020	33 020	33 020
Other payables	2 086	2 086	2 086

\*Group is defined as economic interest

## 16 Fair value hierarchy

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The fair value hierarchy is the following for the group.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
  
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
  
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The investment in Media24 Holdings Proprietary Limited (investment in associate) is valued under level 3 fair value measurements. The valuation and policies together with the gain and losses recognised in profit and loss is disclosed under note 3.

## 17 Going concern

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The group and company annual financial statements are prepared on the going concern basis. Based on group forecasts and available cash resources, the group and company have adequate resources to continue operations as a going concern in the foreseeable future. As at 31 March 2020, the group and company recorded R40.8m (2019: R40.5m) in net cash, comprising of cash and cash equivalents (including short-term cash investments). The group had Rnil (2019: Rnil) interest-bearing debt. Refer to note 7 "Capital and Reserves" for details of how the group manages its capital to safeguard its ability to continue as a going concern.

Welkom Yizani relies on the Media24 Holdings Proprietary Limited dividend to continue its operations and therefore their going concern was assessed. Media24 Holdings Proprietary Limited annual financial statements are prepared on going concern basis, as the group has adequate resources to continue operations as a going concern in the foreseeable future.

The impact of the Covid-19 pandemic on operations and liquidity was considered in preparing the Media24 groups forecasts. The board is of the opinion that the group has sufficient financial flexibility given its low gearing and very strong liquidity position at 31 March 2020 to negate the expected negative effects that could result from the Covid-19 impact on the group's businesses in the next financial year.

## 18 Subsequent event

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On 23 March 2020 President Cyril Ramaphosa announced that a national lockdown would be implemented for 21 days from 26 March 2020 in response to the Covid-19 outbreak in South Africa, with a further extension to the 30 April announced on 9 April 2020. The national lockdown and the expected economic slowdown are expected to negatively impact sales and profitability and the carrying value of it's investment in Media24 Holdings Proprietary Limited. This has been taken into account in it's expected discounted cash flow analysis, refer to note 3. The directors are not aware of any other material adverse effects on the financial statements as a result of the Covid-19 outbreak.



**WELKOM YIZANI INVESTMENTS (RF) LIMITED**

**Registration number: 2006/021434/06**

**ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2019**

WELKOM YIZANI INVESTMENTS (RF) LIMITED

GROUP ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2019

**COMPANY INFORMATION**

Registration number:	2006/021434/06
Registered address:	40 Heerengracht Cape Town 8001
Postal address:	PO Box 2271 Cape Town 8000
Auditors:	PricewaterhouseCoopers Inc.

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WELKOM YIZANI INVESTMENTS (RF) LIMITED

DIRECTORS' STATEMENT OF RESPONSIBILITY  
for the year ended 31 March 2019

The directors are responsible for the preparation, integrity and fair presentation of the separate annual financial statements and Group annual financial statements of Welkom Yizani Investments (RF) Limited. The financial statements presented on pages 13 to 29 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that, in preparing the financial statements of the group, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all IFRS that they consider to be applicable, have been followed. The financial statements fairly present the results of operations for the year and the financial position of the group and company at year-end in accordance with IFRS. The financial statements are prepared by Affrin Janjekar, a Chartered Accountant (SA) and supervised by Mobasheer Patel, a Chartered Accountant (SA) in the latter's capacity as chief financial officer: Group, Media24 Holdings Proprietary Limited.

The directors have the responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.

The company operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

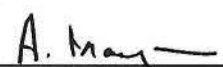
The going-concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group and company will not be going concern in the foreseeable future, based on forecasts and available cash resources. These group and separate annual financial statements support the viability of the group and company.

The group and separate annual financial statements have been audited by the independent auditor, PricewaterhouseCoopers Inc., who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during its audit are valid and appropriate.

The audit report of PricewaterhouseCoopers Inc. is presented on pages 7 to 12.


The financial statements were approved by the board of directors and are signed on its behalf by:

  
\_\_\_\_\_  
Rachel Jafra  
Chair  
14 June 2019

  
\_\_\_\_\_  
Abduraghman Mayman  
Director

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, I, Lurica Jineanne Klink, being the company secretary of Welkom Yizani Investments (RF) Limited, certify that the company has, for the period under review, lodged all returns and notices required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date. The financial statements were prepared in terms of Section 29.

  
\_\_\_\_\_  
Lurica Klink  
Company secretary  
14 June 2019

## WELKOM YIZANI INVESTMENTS (RF) LIMITED

DIRECTORS' REPORT  
for the year ended 31 March 2019

### Nature of operations

Welkom Yizani Investments (RF) Limited was incorporated on 10 July 2006 under the laws of the Republic of South Africa. The principal activities of Welkom Yizani Investments (RF) Limited are to:

a) carry on the main business of holding 15% of the ordinary shares in Media 24 Holdings Proprietary Limited (investment in associate), cash and cash equivalents and such assets as are received and acquired solely by virtue of, or in relation to, the holding of Media 24 Holdings Proprietary Limited ordinary shares.

b) receive and distribute dividends and other distributions in terms of its holding in Media24 Holdings Proprietary Limited, and

c) Equity Express Securities Exchange (ESEE)

Welkom Yizani, established as Media24's broad-based black economic empowerment scheme in 2006, started trading its shares on an online trading platform in 2013. The Registrar of Securities Services (the Registrar) has indicated that all traditional over-the-counter trading platforms like Welkom Yizani Investments (RF) Limited (Welkom Yizani) should regularize their affairs in terms of the Financial Markets Act, 2012. Welkom Yizani had been engaging with the Financial Services Board (now the FSCA) to bring its affairs in line with the requirements of the Financial Markets Act, 2012. Welkom Yizani listed on the Equity Express Securities exchange (ESEE) on 23 November 2018 and is now compliant with the relevant legislation.

### Operating and financial review

The financial results of the group and company are set out on pages 13 to 29.

### Share capital

Refer to note 7 for details of the authorised and issued share capital.

### Dividends

The board recommends that a dividend of 42.5 cents per ordinary share (2018: 42.5 cents per ordinary share) be declared. In considering the recommendation to pay the dividend, the board, has taken into account the financial status of the company subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008. The dividend will be noted at the AGM to be held on 26 August 2019 by way of an ordinary resolution to be approved by the shareholders.

### Directors, company secretary and auditor

The directors of the company are listed below and the company secretary is Lurica Jineanne Klink. The street and postal addresses for the company secretary are the same as those of the company as detailed on page 2.

Name	Date appointed	Date Resigned	Category
RCC Jafta	28 November 2012		Independent, non-executive
JC Held	02 September 2014		Independent, non-executive
A Mayman	01 November 2018		Independent, non-executive
SR Ralarala	01 March 2017	10 December 2018	Independent, non-executive

PricewaterhouseCoopers Inc. was appointed in office as auditor in accordance with section 90(6) of the South African Companies Act 2008.

### Analysis of shareholders information

Shareholders spread as at 31 March 2019:	Number of shareholders	Number of shares
0 - 430 shares	87,588	10,881,752
431 - 10,000 shares	587	743,590
10,001 - 1,000,000 shares	37	1,807,529
1,000,001 and above shares	<u>1</u>	<u>1,167,130</u>
	<u>88,213</u>	<u>14,600,001</u>

### Major shareholdings as at 31 March 2019:

According to the company's register the top 5 shareholders are as follows as at 31 March 2019:

The Rubato Trust	1,167,130
The Kambule Trust	303,588
Sello Soulman Nakedi	136,578
Naspers Opvoedingstrust	130,860
Prevesh Hemrajh	123,430

The remaining shares are held by a vast group of individuals and other entities.

**Subsequent events**

There are no events that occurred between the balance sheet date and the date of approval of the financial statement that are material to the financial affairs of the group.

**Going concern**

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

Signed on behalf of the board



\_\_\_\_\_  
Rachel Jafra  
Chair  
14 June 2019



REPORT OF THE AUDIT COMMITTEE  
for the year ended 31 March 2019

As the company's only asset is an investment in Media24 Holdings Proprietary Limited, the board deems it appropriate that all its members be appointed to the audit committee. The audit committee has pleasure in submitting this report, as required by sections 94(7)(a) of the Companies Act (the Act).

**FUNCTIONS OF THE AUDIT COMMITTEE**

The audit committee has discharged the functions ascribed to it in terms of the Act as follows:

- Reviewed the annual financial statements, culminating in a recommendation to the board to adopt them. In the course of its review, the committee:
  - took appropriate steps to ensure that the annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements;
- Reviewed the external audit reports on the annual financial statements;
- Approved the audit fees and engagement terms of the external auditor; and
- No non-audit services have been provided by the external auditor.

**MEMBERS OF THE AUDIT COMMITTEE**

The audit committee consists of the non-executive directors of the company. All the members act independently as described in section 94 of the Act.

**ATTENDANCE**

The external auditor, in his capacity as auditor to the company, attended and reported at the meeting of the audit committee.

**INDEPENDENCE OF THE EXTERNAL AUDITOR**

Nominated PricewaterhouseCoopers Inc. as the auditor for 2018/2019 and noted the appointment of Mr Viresh Harri as the designated auditor. During the year under review the board and audit committee conducted its own review and confirmed the independence of the external auditor.

On behalf of the audit committee of the board

  
\_\_\_\_\_  
Rachel Jatta  
Chair: Audit committee  
14 June 2019



## *Independent auditor's report*

To the Shareholders of Welkom Yizani Investments (RF) Limited

### *Report on the audit of the group and separate financial statements*

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#### *Our opinion*

In our opinion, the group and separate financial statements present fairly, in all material respects, the group and separate financial position of Welkom Yizani Investments (RF) Limited (the Company) and its associate (together the Group) as at 31 March 2019, and its group and separate financial performance and its group and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

#### **What we have audited**

Welkom Yizani Investments (RF) Limited's group and separate financial statements set out on pages 13 to 29 comprise:

- the group and separate statements of financial position as at 31 March 2019;
- the group and separate statements of comprehensive income for the year then ended;
- the group and separate statements of changes in equity for the year then ended;
- the group and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### *Basis for opinion*

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We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the group and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).


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*PricewaterhouseCoopers Inc.,  
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8000  
T: +27 (0) 21 529 2000, F: +27 (0) 21 529 3300, www.pwc.co.za*

Chief Executive Officer: T D Shango  
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174662

## Our audit approach

### Overview

	<p><b>Overall group materiality</b> R 3,920,000, which represents 1% of total assets.</p>
	<p><b>Audit scope</b> The group consists of the Company and an associate, Media24 Holdings Proprietary Limited. We performed full scope audits of both entities.</p>
	<p><b>Key audit matters</b></p> <ul style="list-style-type: none"> <li>Determination of the fair value less cost of disposal for the investment in associate.</li> </ul>

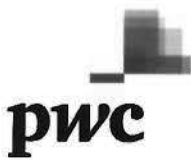
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the group and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

### Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Group financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the Group financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R 3,920,000
How we determined it	1 % of total assets.
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users. We chose 1% which is consistent with quantitative materiality thresholds used for companies in this sector.



**How we tailored our audit scope**

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the Group financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and an associate, Media24 Holdings Proprietary Limited. The Group’s main operating activities are located in South Africa. In establishing the overall audit approach to the Group audit, we determined the type of work that needed to be performed on the Company and also the use of a PwC network firm to audit, as component auditor for Media24 Holdings Proprietary Limited. Due to the financial significance to the Group, both the Company and Media24 Holdings Proprietary Limited were identified as components that require a full scope audit to be performed.

Detailed audit instructions were communicated to Media24 Holdings Proprietary component auditor. We visited and performed a detailed review of the audit evidence obtained by the component team to assess and conclude whether sufficient appropriate audit evidence has been obtained. The audit evidence was reviewed in conjunction with the signed consolidated annual financial statements of Media24 Holdings Proprietary Limited for the year ended 31 March 2019 to assess the sufficiency of the work performed.

As the Group team these procedures allowed us to conclude as a basis for our opinion of the Group financial statements.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and separate financial statements of the current period. These matters were addressed in the context of our audit of the Group and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
<p>Determination of the fair value less cost of disposal for the investment in associate (applicable to group and separate financial statements)</p> <p>Refer to note 1.1 and note 3 of the financial statements.</p> <p>The carrying value of the investment in associate (the “investment”) amounts to R 352 million as at 31 March 2019 and represents the Company’s only interest in Media24 Holdings Proprietary Limited.</p> <p>The company accounts for the investment at cost in its separate financial statements and uses the equity method to account for the investment in the group financial statements. Under both methods, the investment is written down when there is an indication that the carrying amount of the investment may not be recoverable.</p>	<p>We obtained management’s impairment assessment. Our audit procedures included an assessment of the reasonableness of management’s key judgements and estimates, as detailed below</p> <ul style="list-style-type: none"> <li>• We tested the mathematical accuracy of management’s calculations and we concur with the mathematical accuracy of the assessment,</li> <li>• We assessed the assumptions underlying projected future cash flows which includes revenue estimates, volume growth rates, operating margins, working capital and disposal of non-core assets used in the models by understanding the process followed by management to determine these projections. We compared these projections to management approved budgets and business plans and concluded that the information agreed. We analysed these projections against historical performance and we concluded the projections to be reasonable,</li> </ul>

*Key audit matter*

*How our audit addressed the key audit matter*

Determination of the fair value less cost of disposal for the investment in associate (applicable to group and separate financial statements) (continued)

The investment was measured at the lower of its carrying amount and fair value less costs of disposal. The fair value was determined using the discounted cash flow model, which is based on 10-year projected cash flows. A reversal of impairment of R 49 million was recognised in the group financial statements while no impairment was recognised in the company financial statements.

There are a number of key judgments and estimates made in the expected group cash flows of Media24 Holdings (Proprietary) Limited Group, which include:

- Revenue, operating margins and expected growth rates on earnings before interest, taxation, depreciation and amortisation.
- Working capital requirements,
- Expected disposal of non-core assets,
- Discount rate applied to the projected cash flows, and
- Terminal growth rates.

We considered this to be a matter of most significance to our audit due to the magnitude of the carrying amount of the investment and higher degree of estimation uncertainty relating to the key judgements and estimates.

- We assessed the reasonability of the terminal growth rates used by management by comparing them to the industry average long term growth rates, and we concluded that these growth rates were within the reasonable range, and
- We utilised our internal valuation experts to assess the reasonability of the discount rate and concluded that the discount rate determined was within the reasonable range.

We further assessed the appropriateness of the disclosures in the financial statements concerning the key assumptions to which the valuation is most sensitive and the inter-relationship between the assumptions and the valuation amounts and observed the disclosures to be appropriate.

*Other information*

The directors are responsible for the other information. The other information comprises the information included in the *Welkom Yizani Investments (RF) Limited Financial Statements for the year ended 31 March 2019* and the *Media24 Holdings Proprietary Limited 2019 Abridged Integrated Annual Report to Shareholders of Welkom Yizani*, which includes the Directors' Report, Report of the audit committee and the Certificate by the company secretary as required by the Companies Act of South Africa. Other information does not include the group and separate financial statements and our auditor's report thereon.

Our opinion on the group and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the group and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the group and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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### *Responsibilities of the directors for the group and separate financial statements*

The directors are responsible for the preparation and fair presentation of the group and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of group and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

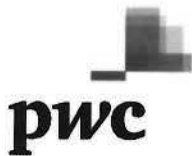
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### *Auditor's responsibilities for the audit of the group and separate financial statements*

Our objectives are to obtain reasonable assurance about whether the group and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Group and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Group and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Group and separate financial statements, including the disclosures, and whether the Group and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the Group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the Group and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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*Report on other legal and regulatory requirements*

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Welkom Yizani Investments (RF) Limited for 13 years.

---

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

**Director: Viresh Harri**

**Registered Auditor**

**Cape Town**

**14 June 2019**

WELKOM YIZANI INVESTMENTS (RF) LIMITED

GROUP AND SEPARATE STATEMENTS OF FINANCIAL POSITION  
as at 31 March 2019

	Notes	Group		Company	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in associate	3	351 577	351 577	351 577	351 577
<b>Current assets</b>					
Other receivables	5	30	35	30	35
Cash and cash equivalents	6	40 575	43 819	40 575	43 819
<b>TOTAL ASSETS</b>		<b>392 182</b>	<b>395 431</b>	<b>392 182</b>	<b>395 431</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital and premium	7	146 022	146 022	146 022	146 022
Preference share capital	7	7	7	7	7
Other reserves	7	387 657	371 267	-	-
Accumulated (loss)/profit		(176 610)	(161 545)	211 047	209 722
<b>Current liabilities</b>					
Payables	8	2 086	1 695	2 086	1 695
Shareholders for dividend		33 020	37 959	33 020	37 959
Taxation		-	26	-	26
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>392 182</b>	<b>395 431</b>	<b>392 182</b>	<b>395 431</b>
<b>Net asset value per share</b>	12	<b>R 24.46</b>	R 24.37	<b>R 24.46</b>	R 24.37

The notes on pages 17 to 29 are an integral part of these financial statements.



GROUP AND SEPARATE STATEMENTS OF COMPREHENSIVE INCOME  
for the year ended 31 March 2019

	Notes	Group		Company	
		2019 R'000	2018 R'000	2019 R'000	2018 R'000
Share of net loss of associate	3	(59 509)	(96 288)	-	-
Investment income - dividends received	3	-	-	6 295	222 266
Administration costs	9	(100)	(95)	(100)	(95)
Reversal of impairment/(impairment) of investment in associate	3	49 414	84 177	-	(46 262)
Finance income	10	1 923	1 427	1 923	1 427
Finance costs	10	(64)	(124)	(64)	(124)
<b>(Loss)/Profit before taxation</b>		<b>(8 336)</b>	<b>(10 903)</b>	<b>8 054</b>	<b>177 212</b>
Taxation	11	(524)	(500)	(524)	(500)
<b>Net (loss)/profit for the year</b>		<b>(8 860)</b>	<b>(11 403)</b>	<b>7 530</b>	<b>176 712</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the parent		(8 860)	(11 403)	7 530	176 712
<b>Other comprehensive income</b>					
Share of changes in associate's other comprehensive income net of tax	3	16 390	188 115	-	-
Gross		16 390	189 138	-	-
Tax	11	-	(1 023)	-	-
<b>Total comprehensive income for the year</b>		<b>7 530</b>	<b>176 712</b>	<b>7 530</b>	<b>176 712</b>
<b>Attributable to:</b>					
Shareholders of the company		<b>7 530</b>	<b>176 712</b>	<b>7 530</b>	<b>176 712</b>
<b>Basic (loss)/earnings per share</b>	12	<b>(R 0.61)</b>	<b>(R 0.78)</b>	<b>R 0.52</b>	<b>R 12.10</b>
<b>Headline (loss)/earnings per share</b>	12	<b>(R 3.99)</b>	<b>(R 6.55)</b>	<b>R 0.52</b>	<b>R 15.27</b>

The notes on pages 17 to 29 are an integral part of these financial statements.

WELKOM YIZANI INVESTMENTS (RF) LIMITED

GROUP AND SEPARATE STATEMENTS OF CHANGES IN EQUITY  
for the year ended 31 March 2019

	Stated capital R'000	Preference share capital R'000	Other reserves R'000	Accumulated profit/(loss) R'000	Total R'000
<b>GROUP</b>					
<b>Balance at 1 April 2017</b>	146 022	7	183 152	71 997	401 178
<b>Total comprehensive income for the year</b>	-	-	188 115	(11 403)	176 712
Net loss	-	-	-	(11 403)	(11 403)
Other comprehensive income	-	-	188 115	-	188 115
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(222 139)	(222 139)
<b>Balance at 31 March 2018</b>	<b>146 022</b>	<b>7</b>	<b>371 267</b>	<b>(161 545)</b>	<b>355 751</b>
<b>Balance at 1 April 2018</b>	146 022	7	371 267	(161 545)	355 751
<b>Total comprehensive income for the year</b>	-	-	16 390	(8 860)	7 530
Net loss	-	-	-	(8 860)	(8 860)
Other comprehensive income	-	-	16 390	-	16 390
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(6 205)	(6 205)
<b>Balance at 31 March 2019</b>	<b>146 022</b>	<b>7</b>	<b>387 657</b>	<b>(176 610)</b>	<b>357 076</b>
<b>COMPANY</b>					
<b>Balance at 1 April 2017</b>	146 022	7	-	255 149	401 178
Profit for the year	-	-	-	176 712	176 712
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(222 139)	(222 139)
<b>Balance at 31 March 2018</b>	<b>146 022</b>	<b>7</b>	<b>-</b>	<b>209 722</b>	<b>355 751</b>
<b>Balance at 1 April 2018</b>	146 022	7	-	209 722	355 751
Profit for the year	-	-	-	7 530	7 530
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(6 205)	(6 205)
<b>Balance at 31 March 2019</b>	<b>146 022</b>	<b>7</b>	<b>-</b>	<b>211 047</b>	<b>357 076</b>

The notes on pages 17 to 29 are an integral part of these financial statements.

GROUP AND SEPARATE STATEMENTS OF CASH FLOWS  
for the year ended 31 March 2019

	GROUP		COMPANY	
	2019	2018	2019	2018
Note	R'000	R'000	R'000	R'000
<b>Cash flow from operating activities</b>	2 961	255 469	2 961	255 469
Cash (utilised)/generated from operations	13 (4 643)	32 494	(4 643)	32 494
Interest paid	(64)	(124)	(64)	(124)
Interest received	1 923	1 427	1 923	1 427
Dividends received	6 295	222 266	6 295	222 266
Taxation paid	(550)	(594)	(550)	(594)
<b>Cash flow from financing activities</b>	(6 205)	(222 139)	(6 205)	(222 139)
Dividends paid	(6 205)	(222 139)	(6 205)	(222 139)
Preference share redemption	-	-	-	-
<b>Change in cash and cash equivalents for the year</b>	<b>(3 244)</b>	<b>33 330</b>	<b>(3 244)</b>	<b>33 330</b>
Cash and cash equivalents at the beginning of the year	<b>43 819</b>	10 489	<b>43 819</b>	10 489
<b>Cash and cash equivalents at the end of the year</b>	<b>40 575</b>	<b>43 819</b>	<b>40 575</b>	<b>43 819</b>

The notes on pages 17 to 29 are an integral part of these financial statements.

## 1 Summary of significant accounting policies

The group and separate financial statements are presented in accordance with, and comply with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) issued and effective at the time of preparing these financial statements and the Companies Act 71 of 2008 of South Africa, as amended. The group and separate financial statements are prepared using the historic cost convention.

The preparation of the group and separate financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the statement of financial position date, as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may significantly differ from these estimates.

For the preparation of the group annual financial statements, the group includes Welkom Yizani Investments (RF) Limited and its associate Media24 Holdings Proprietary Limited using the equity method (in terms of IAS 28 - Investments in associates and joint ventures).

Refer to note 2, as well as the individual notes for details of estimates, assumptions and judgements used.

### 1.1 Investment in associate

#### Company

The company carries the investment in associate at cost and are written down only when there is an impairment. Dividends are brought to account when declared. On disposal of an associate, the difference between the net proceeds and carrying amount is charged or credited to the statement of comprehensive income.

#### Group

Investments in associated companies are accounted for under the equity method. Associate companies are those companies in which the group can exercise significant influence, but which it does not control. The group's investment in associates includes goodwill and other intangible assets identified on acquisition, net of any accumulated amortisation and impairment loss.

Equity accounting involves recognising in the income statement the group's share of the associate's post-acquisition results net of taxation and minority interests in the associate. The group's share of post-acquisition movements in other comprehensive income is accounted for in the other reserves of the group. The group's interest in the associate is carried on the statement of financial position at cost, adjusted for the group's share of the change in post-acquisition net assets, and inclusive of goodwill and other identifiable intangible assets recognised on acquisitions. Where the group's share of losses in the associate equals or exceeds the carrying amount of its investment, the carrying amount of the investment, as well as any loans to the associate, is reduced to nil and no further losses are recognised, unless the group has incurred obligations to the associate or the group has guaranteed or committed to satisfying obligations of the associate.

Dividends received or receivable from the associate are recognised as a reduction in the carrying amount of the investment.

Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates, unless the loss provides evidence of an impairment of the asset transferred.

**1.1 Investment in associate (continued)**

The carrying amount of the investment using equity method is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the investment in associate's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For purposes of assessing impairment, the investment is grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets (cash generating units). The investment in associate is reviewed for possible reversal of impairment at the end of each reporting period for which impairments have been recognised in the past.

Group refers to a significant associate company held by Welkom Yizani and these are the economic interest financial statements.

An impairment loss is recognised in the statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**1.2 Financial assets and liabilities****Recognition**

A financial asset or liability, at fair value through profit or loss is measured initially at fair value plus, transaction costs that are directly attributable to its acquisition or issue. The group initially recognises other receivables, cash and cash equivalents and payables on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the group becomes a party to the contractual provisions of the instrument.

**Derecognition**

The group and company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all risks and rewards of ownership of the financial asset are transferred or in which the group and company neither transfers nor retains substantially all risks and rewards of ownership and it does not retain control of the financial assets. Any interest in a transferred asset that is created or retained by the group and company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

**1.3 Other receivables**

Other receivables are originally carried at fair value and subsequently measured at amortised cost using the effective interest method, less provision made for impairment of these receivables.

**1.4 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at amortised cost. Cash and cash equivalents comprise deposits held on call with banks.

#### 1.5 Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to tax authorities.

The normal South African company tax rate used at the statement of financial position is 28% (2018: 28%).

Deferred taxation is provided in full using the statement of financial position liability method for all taxable or deductible temporary differences arising between the tax base and liabilities (including derivatives) and their carrying values for financial reporting purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

#### 1.6 Financial liabilities and equity instruments

##### Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement. Financial liabilities includes payables.

#### 1.7 Revenue recognition

Dividend income is recognised when the right to receive payment is established.

#### 1.8 Interest income

Interest is accrued on a time-proportion basis, recognising the effective yield on the underlying assets.

#### 1.9 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

#### 1.10 Share capital and preference share capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction against share premium.

**1.11 Segment reporting**

IFRS 8: Operating Segments requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision-maker (CODM) to allocate resources to the segments and to assess their performance. The CODM has been identified as the board of directors that makes the strategic decisions.

The board of directors has identified the only operating segment to be the investment in associate. No further disclosure is required as this is reflected in the financial statements.

**1.12 New Standards and interpretations**

The International Accounting Standards Board ("IASB") issued a number of standards, amendments to standards and interpretations during the financial year ended 31 March 2019.

- (i) The following amended accounting standards have been adopted by the group and are applicable for the first time during the year ended 31 March 2019. These pronouncements had no significant effect on the group's financial statements:

<b>Standard/Interpretation</b>	<b>Title</b>	<b>Effective on</b>
IFRS 9	Financial Instruments	01 January 2018
IFRS 9 Financial Instruments (IFRS 9) replaced IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). The group has applied IFRS 9 from 1 April 2018 but did not restate the comparative information as IFRS 9 did not have a significant impact on the group and companies results or financial position.		
IFRS 15	Revenue from Contracts with Customers	01 January 2018
IFRS 15 Revenue from Contracts with Customers (IFRS 15) replaced IAS 18 Revenue. The group has applied IFRS 15 from 1 April 2018 and applied IFRS 15 on a retrospective basis but did not restate the comparative information as IFRS 15 did not have a significant impact on the group and companies results or financial position.		

- (ii) The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2019. The group is currently evaluating the effects of these standards and interpretations which have not been early adopted:

<b>Standard/Interpretation</b>	<b>Title</b>	<b>Effective on</b>
IFRS 16	Leases	01 January 2019

The company does not have leases and this standard will not have an impact as it is not applicable.

**2 Critical accounting estimates**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group applies judgement when assessing the impairment in its investment in associate. The group tests whether investments in associate has suffered any impairment on an annual basis. For 2019 and 2018 reporting period, the recoverable amount was determined based on a discounted cash flow calculation which requires assumptions. The calculation uses cash flow projections based on financial budgets covering a ten year period. (refer to note 1.1, 3 and 15).

**3 Investment in associate**

The principle activity of Welkom Yizani is to own 15% of the ordinary shares in Media24 Holdings Proprietary Limited, a company incorporated in South Africa. This is an unlisted investment.

This investment is classified as an investment in associate, as significant influence was established through board representation even though the group only has a 15% interest.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>Movement in carrying amount</b>				
At the beginning of the year	351 577	397 839	351 577	397 839
Share of net loss	(59 509)	(96 288)	-	-
Share of changes in other comprehensive income	16 390	188 115	-	-
Dividends received	(6 295)	(222 266)	-	-
Reversal of impairment/(Impairment) of investment	49 414	84 177	-	(46 262)
	<b>351 577</b>	<b>351 577</b>	<b>351 577</b>	<b>351 577</b>
<b>Reconciliation between original cost and carrying amount</b>				
Original cost	730 000	730 000	730 000	730 000
Accumulated share of profits/(losses)	(217 828)	(158 319)	-	-
Accumulated share of comprehensive income /(loss)	387 657	371 267	-	-
Total dividends received	(440 493)	(434 198)	-	-
	<b>459 336</b>	<b>508 750</b>	<b>730 000</b>	<b>730 000</b>
Opening accumulated impairment	(157 173)	(241 350)	(378 423)	(332 161)
Reversal of impairment/(impairment) of investment	49 414	84 177	-	(46 262)
Closing accumulated impairment	<b>(107 759)</b>	<b>(157 173)</b>	<b>(378 423)</b>	<b>(378 423)</b>
Net carrying amount at year end	<b>351 577</b>	<b>351 577</b>	<b>351 577</b>	<b>351 577</b>

The company received a dividend of R6.3 million (2018: R222.2 million) from Media24 Holdings Proprietary Limited.

Investment in associate was measured during the year at the lower of its carrying amount and fair value less costs to disposal for the group, resulting in a recognition of a reversal of impairment of R49 million (2018: R84 million) in the statement of comprehensive income. The company recognised an impairment of Rnil million (2018: R46 million) in the statement of comprehensive income. The fair value was determined using the discounted cashflow model. This is a level 3 measurement as per the fair value hierarchy set out in note 15.

The impairment reversal for the group relates to the improvement in the projected cash flows and specifically improvement in the trading losses incurred due to the implementation of cost saving initiatives and the progression in operating margin from building scale in business.

The share of net loss of R59m is equal to 15% of Media24 Holding's equitable losses of R38m (2018: R75m), and adjusted for pre-acquisition accounting of R21m (2018: R21m).



The discounted cash flow model was used to determine the fair value less cost to sell of the investment in associate at the end of the financial year for the group and company.

Management used 10-year projected cash flow models, with growth rates ranging between 0% and 5% and weighted-average cost of capital of 14.3% (2018: 14.4%) in measuring the impairment losses for the group and company. Management used 10-year projected cash flow models, based upon the use of internal experts and the expected mid to long-term market changes in both the mature portfolio and growth portfolio. The estimated projections for the period six to ten years are due to the monetisation and expected inflows from the growth portfolio as building to scale takes longer than five years with breakeven expected beyond five years (average growth rate of 4% to 5%). The Mature portfolio cost savings and sale of non-core assets are expected to continue beyond the five years in line with economic environment and trends in the print media industry (average growth rate of 0% to 1%).

There are a number of key judgements and estimates made in the expected group cash flows of Media24 Holdings (Proprietary) Limited Group, which include:

- Improved operating margins through lower printing prices and ongoing cost saving initiatives thereby increasing trading profit in the mature portfolio despite revenue declines,
- Increase in the growth portfolio revenue from the continued investment to build scale and improvement of the trading profit as breakeven point is achieved,
- Reduced capital expenditure and proceeds from sale of non-core assets but partly eroded by the higher net working capital requirement in the upscaling of the growth portfolio,
- Discount rate applied to the projected cash flows, and
- Terminal growth rates.

The discount rate was based on South Africa 10 year bond yield historical data and is adjusted for specific risk factors.

#### Sensitivity Analysis

A sensitivity analysis of a 1% change in the weighted average cost of capital, is shown for the significant unobservable input below:

- An increase in the weighted average cost of capital by 1% reduces the valuation by R9.4m.
- A decrease in the weighted average cost of capital rate by 1% increases the valuation by R27m.

**Summarised financial information of unlisted associate as per the annual financial statements - Media24 Holdings Proprietary Limited****Summarised balance sheet**

	MEDIA24	
	2019 R'000	2018 R'000
<b>Current</b>		
<b>Assets</b>		
Cash and cash equivalent	210 482	299 058
Other current assets (excluding cash)	2 025 989	2 143 075
<b>Total current assets</b>	<b>2 236 471</b>	<b>2 442 133</b>
<b>Liabilities</b>		
Financial liabilities (excluding trade payables)	(1 531 762)	(1 579 881)
Other current liabilities (including trade payables)	(286 334)	(260 064)
<b>Total current liabilities</b>	<b>(1 818 096)</b>	<b>(1 839 945)</b>
<b>Non-current</b>		
<b>Assets</b>	<b>1 088 550</b>	<b>957 551</b>
<b>Liabilities</b>		
Financial Liabilities	(17 607)	(24 558)
Other liabilities	(380 620)	(378 299)
<b>Total non-current liabilities</b>	<b>(398 227)</b>	<b>(402 857)</b>
<b>Net assets</b>	<b>1 108 698</b>	<b>1 156 882</b>
<b>Summarised statement of comprehensive income</b>		
Revenue	4 713 829	4 685 728
Interest income	79 480	67 888
Interest expense	(2 609)	(16 310)
<b>Pre-tax loss from continuing operations</b>	<b>(284 765)</b>	<b>(294 344)</b>
Income tax expense	(20 768)	(34 477)
<b>Post-tax loss from continuing operations</b>	<b>(305 533)</b>	<b>(328 821)</b>
<b>Post-tax loss from discontinued operations</b>	<b>-</b>	<b>(35 871)</b>
<b>Post-tax loss for the year</b>	<b>(305 533)</b>	<b>(364 692)</b>
- Loss for the year attributable to equity holders of group	(254 625)	(499 817)
- Loss for the year attributable to non-controlling interests	(50 908)	135 125
Other comprehensive income/(expense)	(4 956)	(214 281)
<b>Total comprehensive expense</b>	<b>(310 489)</b>	<b>(578 973)</b>
<b>Reconciliation of summarised financial information</b>		
Opening net assets 01 April	1 105 490	1 626 079
Loss for the period	(305 533)	(364 692)
Total other comprehensive (loss)/income	(4 956)	(214 281)
Share-based compensation movement	27 719	25 061
Acquisition of subsidiaries/joint ventures	289 832	(48 338)
Share Capital movement	-	1 439 808
Dividends paid	(48 177)	(1 392 113)
Other movements	(7 069)	(1 239 149)
Non-controlling interest share of movement for the period	(139 138)	1 273 115
<b>Closing net assets</b>	<b>918 168</b>	<b>1 105 490</b>
Interest in associate (15%)	137 725	165 823
Net identifiable assets	213 852	185 754
<b>Carrying value</b>	<b>351 577</b>	<b>351 577</b>

**4 Related parties**

The chair (Rachel Jafta) holds in aggregate 430 (2018: 430) ordinary shares in the company. Lurica Klink is a trustee of the Rubato Trust which owns 1 167 130 (2018: 1 167 129) shares in aggregate. Jo-Ann Held, a non-executive director, holds in aggregate 430 (2018: 430) ordinary shares in the company.

Media24 Holdings Proprietary Limited is a related party by way of it being an associate. Refer to note 3 for further details.

The major shareholders (top 5) of Welkom Yizani are The Rubato Trust (8%), The Kumbule Trust (2%), Sello Soulman Nakedi (1%), Naspers Opvoedingtrust (1%) and Prevesh Hemrajh (1%), the remaining shares are held by a vast group of individuals and other entities.

**Directors' emoluments**

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

Included in other payables is an amount of R812,076 (2018: R141,924) due to Media24 Proprietary Limited. There are no fixed terms of repayment.

**5 Other receivables**

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
VAT	5	15	5	15
Interest on call accounts	22	20	22	20
Commission	3	-	3	-
	<b>30</b>	<b>35</b>	<b>30</b>	<b>35</b>

**6 Cash and cash equivalents**

Cash and cash equivalents attributable to the company	40 477	43 379	40 477	43 379
Cash and cash equivalents held on behalf of investors	98	440	98	440
	<b>40 575</b>	<b>43 819</b>	<b>40 575</b>	<b>43 819</b>

**Credit quality of cash at bank and short term deposits**

The credit quality of cash at bank and short-term deposits, that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

**Credit rating**

ABSA Bank Limited - Fitch BBB	38 991	42 320	38 991	42 320
FirstRand Bank Limited - Fitch BBB	1 584	1 499	1 584	1 499
	<b>40 575</b>	<b>43 819</b>	<b>40 575</b>	<b>43 819</b>

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>7 Capital and Reserves</b>				
<b>Share capital and premium</b>				
<b>Authorised</b>				
30 000 000 ordinary shares of R0.0000001 each				
<b>Issued (and fully paid up)</b>				
14 600 001 (2018: 14 600 001) ordinary shares of R0.0000001 each	-	-	-	-
Share premium	146 022	146 022	146 022	146 022
	<b>146 022</b>	<b>146 022</b>	<b>146 022</b>	<b>146 022</b>
<b>Capital management</b>				
The group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders.				
<b>Non-redeemable preference share capital</b>				
	7	7	7	7
The preference shares are held by Naspers Limited. There are no obligations to redeem these preference shares in the future.				
<b>Other Reserves</b>				
Other reserves as per the statement of financial position are made up of our share (15%) of Media 24's other reserves.	387 657	371 267	-	-
	<b>387 657</b>	<b>371 267</b>	<b>-</b>	<b>-</b>
<b>8 Payables</b>				
Amounts owing to investors	98	440	98	440
Refunds due to unsuccessful share applicants	820	755	820	755
Other payables	261	266	261	266
Audit fees accrued	95	90	95	90
Due to Media24 Proprietary Limited	812	142	812	142
Securities Transfer Tax	-	2	-	2
	<b>2 086</b>	<b>1 695</b>	<b>2 086</b>	<b>1 695</b>
<b>9 Administration costs</b>				
Audit fees	95	90	95	90
Administration fee	5	5	5	5
	<b>100</b>	<b>95</b>	<b>100</b>	<b>95</b>
<b>10 Finance income and costs</b>				
<b>Finance costs</b>				
Interest on refunds to unsuccessful share applicants	(64)	(124)	(64)	(124)
<b>Finance income</b>				
Interest on current accounts	1 680	1 191	1 680	1 191
Interest on call accounts	243	236	243	236
	<b>1 923</b>	<b>1 427</b>	<b>1 923</b>	<b>1 427</b>
<b>Net finance income/(costs)</b>	<b>1 859</b>	<b>1 303</b>	<b>1 859</b>	<b>1 303</b>

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>11 Taxation</b>				
<b>Major components of the tax expense</b>				
<b>Current</b>				
Local income tax - current period	552	478	552	478
Local income tax - underprovision	-	22	-	22
Local income tax - overprovision	(28)	-	(28)	-
	<u>524</u>	<u>500</u>	<u>524</u>	<u>500</u>
<b>Tax Reconciliation</b>				
Accounting (loss)/profit	(8 336)	(10 903)	8 054	177 212
Taxation at the applicable tax rate of 28% (2018: 28%)	(2 334)	(3 053)	2 255	49 619
<b>Adjusted for:</b>				
Non-deductible expenses	(13 825)	(23 536)	11	12 987
Share of net loss of associate	16 662	26 960	-	-
Exempt dividends	-	-	(1 763)	(62 235)
Expenses apportioned to exempt income	49	107	49	107
Prior year adjustments	(28)	22	(28)	22
Taxation provided in the income statement	<u>524</u>	<u>500</u>	<u>524</u>	<u>500</u>
Tax relating to share of changes in associate's other comprehensive income	-	1 023	-	-
Total unrecognised deferred tax assets amounts to R78 million (2018: R78 million). The company is not expected to generate capital gains in the future to utilize the deferred tax asset. The company has no assessed losses (2018: Rnil).				
<b>12 Basic earnings/(loss) per share</b>				
<b>Basic (loss)/earnings per share</b>				
Profit/(loss) from continuing operations attributable to owners of the parent	<u>(8 860)</u>	<u>(11 403)</u>	<u>7 530</u>	<u>176 712</u>
Weighted-average number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
Basic (loss)/earnings per share	<b>(R 0.61)</b>	<b>(R 0.78)</b>	<b>R 0.52</b>	<b>R 12.10</b>
Headline earnings is calculated based on Circular 4/2018 issued by the South African Institute of Chartered Accountants				
<b>Reconciliation between profit attributable to owners of the parent and headline earnings</b>				
Profit/(loss) for the year	(8 860)	(11 403)	7 530	176 712
(Reversal of impairment)/impairment of investment	(49 414)	(84 177)	-	46 262
Gross	(49 414)	(84 177)	-	46 262
Tax effect	-	-	-	-
Headline (loss)/earnings for the year	<b>(58 274)</b>	<b>(95 580)</b>	<b>7 530</b>	<b>222 974</b>
Weighted-average number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
Headline (loss)/earnings per share	<b>(R 3.99)</b>	<b>(R 6.55)</b>	<b>R 0.52</b>	<b>R 15.27</b>
<b>Net asset value per share</b>				
Total net asset value	357 076	355 751	357 076	355 751
Total number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
Net asset value per share	<b>R 24.46</b>	<b>R 24.37</b>	<b>R 24.46</b>	<b>R 24.37</b>

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<b>13 Cash generated from operations</b>				
(Loss)/Profit before tax	(8 336)	(10 903)	8 054	177 212
Adjusted for:				
- Dividends received	-	-	(6 295)	(222 266)
- Share of net profit of associate (refer to note 3)	59 509	96 288	-	-
- (Reversal of impairment)/Impairment (refer to note 3)	(49 414)	(84 177)	-	46 262
- Net Finance (income)/costs (refer to note 10)	(1 859)	(1 303)	(1 859)	(1 303)
<b>Cashflow before changes below</b>	<b>(100)</b>	<b>(95)</b>	<b>(100)</b>	<b>(95)</b>
<b>Changes in operating assets and liabilities</b>	<b>(4 543)</b>	<b>32 589</b>	<b>(4 543)</b>	<b>32 589</b>
Payables	391	388	391	388
Other receivables	5	30	5	30
Shareholders for dividends	(4 939)	32 171	(4 939)	32 171
	<b>(4 643)</b>	<b>32 494</b>	<b>(4 643)</b>	<b>32 494</b>

**14 Financial risk management**

The group's activities expose it to a variety of financial risks, specifically interest rate risk, credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out under policies approved by the board of directors.

**Market Risk****Interest rate risk**

The group's interest rate risk arises primarily from its cash at bank and short term deposits at a variable interest rate. Based on simulations performed, the impact on profit or loss before tax of a 100 basis-point (decrease)/increase in the prime interest rate was a (decrease)/increase on profit or loss of R0.4m (2018: R0.3m).

**Foreign exchange risk**

The company is not exposed to any significant foreign exchange risk.

**Price risk**

The company is not exposed to commodity price risk.

**Capital risk management**

For capital management purposes the current level of capital in the group is defined as the difference between the total assets and total liabilities of the group. The capital employed is managed on a basis that enables the group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. In the current year there are no non-current borrowings or bank overdraft. Total capital is calculated as capital and reserves attributable to owners of the parent as shown in the statement of financial position.

The main focus of the group's capital management is to ensure liquidity, in the form having adequate cash and cash equivalent to settle current liabilities.

**14 Financial risk management continued****Credit risk**

Credit risk consists mainly of cash and cash equivalents and other receivables. The company only deposits cash with major banks with high quality credit standing. Refer to note 6 for further information.

	GROUP		COMPANY	
	2019 R'000	2018 R'000	2019 R'000	2018 R'000
<i>Financial Instruments</i>				
Cash and cash equivalents	40 575	43 819	40 575	43 819
Other receivables	25	20	25	20

**Liquidity risk**

The company maintains a prudent liquidity risk management, which implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities as well as arrangements with related parties.

The table below analyses the company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Carrying Value R'000	Total Contractual Cash flows R'000	Less than 1 Year R'000
<b>At 31 March 2019</b>			
Shareholders' dividends	33 020	33 020	33 020
Other payables	2 086	2 086	2 086
<b>At 31 March 2018</b>			
Shareholders' dividends	37 959	37 959	37 959
Other payables	1 695	1 695	1 695

**15 Fair value hierarchy**

The fair value hierarchy is the following for the group.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

The investment in Media24 Holdings Proprietary Limited (investment in associate) is valued under level 3 fair value measurements. The valuation and policies together with the gain and losses recognised in profit and loss is disclosed under note 3.

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**16 Going concern**

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

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**17 Subsequent event**

There are no events that occurred between the balance sheet date and the date of approval of the financial statement that are material to the financial affairs of the group.





**WELKOM YIZANI INVESTMENTS (RF) LIMITED**

**Registration number: 2006/021434/06**

**FINANCIAL STATEMENTS  
for the year ended 31 March 2018**

WELKOM YIZANI INVESTMENTS (RF) LIMITED

GROUP ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2018

**COMPANY INFORMATION**

Registration number: 2006/021434/06

Registered address: 40 Heerengracht  
Cape Town  
8001

Postal address: PO Box 2271  
Cape Town  
8000

Auditors: PricewaterhouseCoopers Inc.

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WELKOM YIZANI INVESTMENTS (RF) LIMITED

DIRECTORS' STATEMENT OF RESPONSIBILITY  
for the year ended 31 March 2018

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements and Group annual financial statements of Welkom Yizani Investments (RF) Limited. The financial statements presented on pages 9 to 25 have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa, and include amounts based on judgements and estimates made by management.

The directors consider that, in preparing the financial statements of the group, they have used the most appropriate accounting policies, consistently applied and supported by reasonable prudent judgements and estimates, and that all IFRS that they consider to be applicable, have been followed. The financial statements fairly present the results of operations for the year and the financial position of the group and company at year-end in accordance with IFRS. The financial statements are prepared by Affrin Janjekar, a chartered accountant (SA) and supervised by Alwaan Sharief, a chartered accountant (SA) in the latter's capacity as chief financial officer: Corporate Services, Media24 Proprietary Limited.

The directors have the responsibility for ensuring that accounting records are kept. The accounting records should disclose, with reasonable accuracy, the financial position and results of the company to enable the directors to ensure that the financial statements comply with the relevant legislation.


The company operates in an established control environment, which is documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and the risks facing the business are being controlled. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The going-concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group and company will not be going concern in the foreseeable future, based on forecasts and available cash resources. These annual financial statements support the viability of the group and company.

The annual financial statements have been audited by the independent auditor, PricewaterhouseCoopers Inc., who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditor during its audit are valid and appropriate.

The audit report of PricewaterhouseCoopers Inc. is presented on pages 6 to 8.

The financial statements were approved by the board of directors and are signed on its behalf by:

  
\_\_\_\_\_


**Rachel Jafta**  
Chair  
18 June 2018

  
\_\_\_\_\_

**Peter Goldhawk**  
Director

CERTIFICATE BY THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act No 71 of 2008, I, Lurica Jineanne Klink, being the company secretary of Welkom Yizani Investments (RF) Limited, certify that the company has, for the period under review, lodged all returns and notices required of a public company with the Registrar of Companies, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date. The financial statements were prepared in terms of Section 29.

  
\_\_\_\_\_

**Lurica Klink**  
Company secretary  
18 June 2018

**Nature of operations**

Welkom Yizani Investments (RF) Limited was incorporated on 10 July 2006 under the laws of the Republic of South Africa. The principal activities of Welkom Yizani Investments (RF) Limited are to:

a) carry on the main business of holding only Media 24 Holdings Proprietary Limited ordinary shares, cash and such assets as are received and acquired solely by virtue of, or in relation to, the holding of Media 24 Holdings Proprietary Limited ordinary shares.

b) receive and distribute dividends and other distributions in terms of its holding in Media24 Holdings Proprietary Limited, and

**c) Trading Platform**

The Registrar of Securities Services' (the Registrar) has indicated that all traditional over-the-counter trading platforms like Welkom Yizani Investments (RF) Limited (Welkom Yizani) should regularise their affairs in terms of the Financial Markets Act, 2012 (the FM Act). Welkom Yizani has been engaging with the Financial Services Board (now the FSCA) to bring its affairs in line with the requirements of the FM Act. As part of this process MultiChoice and Media24 investigated various options, including the establishment of a company, Yizani Phuthuma Nathi (YPN) which has applied for an exchange licence, to facilitate the trading of broad-based black economic empowerment shares issued by companies within the Naspers group.

During this process, trading of Welkom Yizani shares on the current trading platform continues unchanged. Welkom Yizani continues to build on the positive engagement it has had with the Registrar and remains committed to complying with any directives and/or conditions issued by the Registrar. It is exempted from complying with the FM Act for a period for six months after the Registrar's decision on whether or not to grant an exchange licence to YPN.

**Operating and financial review**

The financial results of the group and company are set out on pages 9 to 25.

**Share capital**

Refer to note 6 for details of the authorised and issued share capital.

**Dividends**

The board recommends that a dividend of 42.5 cents per ordinary share (2017: 42.5 cents per ordinary share) be declared. In considering the recommendation to pay the dividend, the board, has taken into account the financial status of the company subject to the successful application of the solvency and liquidity test as set out in section 4 of the Companies Act of 2008. The dividend will be noted at the AGM to be held on 28 August 2018 by way of an ordinary resolution to be approved by the shareholders.

In the 2018 financial year the board also recommended a special dividend of R14.79 per ordinary share be declared and paid.

**Directors, company secretary and auditor**

The directors of the company are listed below and the company secretary is Lurica Jineanne Klink. The street and postal addresses for the company secretary are the same as those of the company as detailed on page 2.

Name	Date appointed	Date Resigned	Category
RCC Jafta	28 November 2012		Independent, non-executive
PO Goldhawk	22 June 2007		Independent, non-executive
JC Held	02 September 2014		Independent, non-executive
SR Ralarala	01 March 2017		Independent, non-executive

PricewaterhouseCoopers Inc. was appointed in office as auditor in accordance with section 90(6) of the South African Companies Act 2008.

**Subsequent events**

There are no events that occurred between the balance sheet date and the date of approval of the financial statement that are material to the financial affairs of the group.

**Going concern**

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

Signed on behalf of the board



Rachel Jafta  
Chair  
18 June 2018

## WELKOM YIZANI INVESTMENTS (RF) LIMITED

### REPORT OF THE AUDIT COMMITTEE for the year ended 31 March 2018

As the company's only asset is an investment in Media24 Holdings Proprietary Limited, the board deems it appropriate that all its members be appointed to the audit committee. The audit committee has pleasure in submitting this report, as required by sections 94(7)(a) of the Companies Act (the Act).

#### FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has discharged the functions ascribed to it in terms of the Act as follows:

- Reviewed the annual financial statements, culminating in a recommendation to the board to adopt them. In the course of its review, the committee:
  - took appropriate steps to ensure that the annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa
  - considered and, when appropriate, made recommendations on internal financial controls
  - dealt with concerns or complaints relating to accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls, and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- Reviewed the external audit reports on the annual financial statements.
- Approved the audit fees and engagement terms of the external auditor.
- No non-audit services have been provided by the external auditor.

#### MEMBERS OF THE AUDIT COMMITTEE

The audit committee consists of the non-executive directors of the company. All the members act independently as described in section 94 of the Act.

#### ATTENDANCE

The external auditor, in his capacity as auditor to the company, attended and reported at the meeting of the audit committee.

#### INDEPENDENCE OF THE EXTERNAL AUDITOR

Nominated PricewaterhouseCoopers Inc. as the auditor for 2017/2018 and noted the appointment of Mr Viresh Harri as the designated auditor. During the year under review the board and audit committee conducted its own review and confirmed the independence of the external auditor.

On behalf of the audit committee of the board



**Rachel Jafta**

Chair: Audit committee

18 June 2018

## *Independent auditor's report*

To the Shareholders of Welkom Yizani Investments (RF) Limited

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### *Our opinion*

In our opinion, the group and separate financial statements present fairly, in all material respects, the group and separate financial position of Welkom Yizani Investments (RF) Limited (the Company) and its associate (together the Group) as at 31 March 2018, and its group and separate financial performance and its group and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### **What we have audited**

Welkom Yizani Investments (RF) Limited's group and separate financial statements set out on pages 9 to 25 comprise:

- the group and separate statements of financial position as at 31 March 2018;
- the group and separate statements of comprehensive income for the year then ended;
- the group and separate statements of changes in equity for the year then ended;
- the group and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

---

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the group and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the Welkom Yizani Investments (RF) Limited Financial Statements for the year ended 31 March 2018 and the Media24 Holdings Proprietary Limited 2018 Abridged Integrated Annual Report which includes the Directors' Report, the Report to the Audit Committee and the Certificate by the Company Secretary as required by the Companies Act of South Africa. Other information does not include the group and separate financial statements and our auditor's report thereon.

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*PricewaterhouseCoopers Inc.,*  
5 Silo Square, V&A Waterfront, Cape Town 8002, P O Box 2799, Cape Town 8000  
T: +27 (0) 21 529 2000, F: +27 (0) 21 529 3300, www.pwc.co.za

Chief Executive Officer: T D Shango  
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



Our opinion on the group and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the group and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the group and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors for the group and separate financial statements*

The directors are responsible for the preparation and fair presentation of the group and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of group and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the group and separate financial statements*

Our objectives are to obtain reasonable assurance about whether the group and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these group and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the group and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related



disclosures in the group and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the group and separate financial statements, including the disclosures, and whether the group and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

---

*PricewaterhouseCoopers Inc.*

PricewaterhouseCoopers Inc.

Director: Viresh Harri

Registered Auditor

Cape Town

18 June 2018



WELKOM YIZANI INVESTMENTS (RF) LIMITED

STATEMENTS OF FINANCIAL POSITION  
as at 31 March 2018

	Notes	Group		Company	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Investment in associate	3	351 577	397 839	351 577	397 839
<b>Current assets</b>					
Other receivables	5	35	65	35	65
Cash and cash equivalents	11	43 819	10 489	43 819	10 489
<b>TOTAL ASSETS</b>		<b>395 431</b>	<b>408 393</b>	<b>395 431</b>	<b>408 393</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Share capital and premium	6	146 022	146 022	146 022	146 022
Preference share capital	6	7	7	7	7
Other reserves	6	371 267	183 152	-	-
Accumulated (loss)/profit		(161 545)	71 997	209 722	255 149
<b>Current liabilities</b>					
Current portion of long-term liabilities	7	-	-	-	-
Payables	8	1 695	1 307	1 695	1 307
Shareholders for dividend		37 959	5 788	37 959	5 788
Taxation		26	120	26	120
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>395 431</b>	<b>408 393</b>	<b>395 431</b>	<b>408 393</b>
<b>Net asset value per share</b>	13	<b>R 24.37</b>	R 27.48	<b>R 24.37</b>	R 27.48

The notes on pages 13 to 25 are an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME  
for the year ended 31 March 2018

	Notes	Group		Company	
		2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>Share of net loss of associate</b>	3	(96 288)	(50 743)	-	-
<b>Investment income - dividends received</b>		-	-	222 266	5 890
Administration costs	9.1	(95)	(142)	(95)	(142)
Impairment of investment in associate	3	84 177	(65 908)	(46 262)	(127 726)
Other Income	9.2	-	51 525	-	51 525
Finance income	10	1 427	518	1 427	518
Finance costs	10	(124)	(6)	(124)	(6)
<b>(Loss)/Profit before taxation</b>		<b>(10 903)</b>	<b>(64 756)</b>	<b>177 212</b>	<b>(69 941)</b>
<b>Taxation</b>	12	<b>(500)</b>	<b>(274)</b>	<b>(500)</b>	<b>(274)</b>
<b>Net (loss)/profit for the year</b>		<b>(11 403)</b>	<b>(65 030)</b>	<b>176 712</b>	<b>(70 215)</b>
<b>(Loss)/Profit attributable to:</b>					
Owners of the parent		(11 403)	(65 030)	176 712	(70 215)
<b>Basic earnings/(loss) per share</b>	13	<b>R 12.10</b>	<b>(R 4.81)</b>	<b>R 12.10</b>	<b>(R 4.81)</b>
<b>Headline earnings/(loss) per share</b>	13	<b>R 6.34</b>	<b>(R 3.82)</b>	<b>R 15.27</b>	<b>R 0.41</b>
<b>Net (loss)/profit for the year</b>		<b>(11 403)</b>	<b>(65 030)</b>	<b>176 712</b>	<b>(70 215)</b>
<b>Other comprehensive income</b>					
Share of changes in associate's other comprehensive income	3	188 115	(5 185)	-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>176 712</b>	<b>(70 215)</b>	<b>176 712</b>	<b>(70 215)</b>
<b>Attributable to:</b>					
Shareholders of the company		<b>176 712</b>	<b>(70 215)</b>	<b>176 712</b>	<b>(70 215)</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

WELKOM YIZANI INVESTMENTS (RF) LIMITED

STATEMENTS OF CHANGES IN EQUITY  
for the year ended 31 March 2018

	Stated capital R'000	Preference share capital R'000	Other reserves R'000	Accumulated profit/(loss) R'000	Total R'000
<b>GROUP</b>					
<b>Balance at 1 April 2016</b>	146 022	-	188 337	142 867	477 226
<b>Total comprehensive income for the year</b>	-	-	(5 185)	(65 030)	(70 215)
Net loss	-	-	-	(65 030)	(65 030)
Other comprehensive income	-	-	(5 185)	-	(5 185)
Reclassification of preference shares	-	7	-	-	7
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(5 840)	(5 840)
<b>Balance at 31 March 2017</b>	<b>146 022</b>	<b>7</b>	<b>183 152</b>	<b>71 997</b>	<b>401 178</b>
<b>Balance at 1 April 2017</b>	146 022	7	183 152	71 997	401 178
<b>Total comprehensive income for the year</b>	-	-	188 115	(11 403)	176 712
Net loss	-	-	-	(11 403)	(11 403)
Other comprehensive income	-	-	188 115	-	188 115
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(222 139)	(222 139)
<b>Balance at 31 March 2018</b>	<b>146 022</b>	<b>7</b>	<b>371 267</b>	<b>(161 545)</b>	<b>355 751</b>
<b>COMPANY</b>					
<b>Balance at 1 April 2016</b>	146 022	-	-	331 204	477 226
Loss for the year	-	-	-	(70 215)	(70 215)
Reclassification of preference shares	-	7	-	-	7
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(5 840)	(5 840)
<b>Balance at 31 March 2017</b>	<b>146 022</b>	<b>7</b>	<b>-</b>	<b>255 149</b>	<b>401 178</b>
<b>Balance at 1 April 2017</b>	146 022	7	-	255 149	401 178
Profit for the year	-	-	-	176 712	176 712
<b>Distribution to owners of the company</b>					
Dividends paid	-	-	-	(222 139)	(222 139)
<b>Balance at 31 March 2018</b>	<b>146 022</b>	<b>7</b>	<b>-</b>	<b>209 722</b>	<b>355 751</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS  
for the year ended 31 March 2018

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>Cash flow from operating activities</b>				
Cash generated from operations	255 469	6 332	255 469	6 332
Interest paid	14	32 494	145	145
Interest received	(124)	(6)	(124)	(6)
Dividends received	1 427	518	1 427	518
Taxation paid	222 266	5 890	222 266	5 890
	(594)	(215)	(594)	(215)
<b>Cash flow from financing activities</b>				
Dividends paid	(222 139)	(5 844)	(222 139)	(5 844)
Preference share redemption	(222 139)	(5 840)	(222 139)	(5 840)
	-	(4)	-	(4)
<b>Change in cash and cash equivalents for the year</b>	<b>33 330</b>	<b>488</b>	<b>33 330</b>	<b>488</b>
Cash and cash equivalents at the beginning of the year	10 489	10 001	10 489	10 001
<b>Cash and cash equivalents at the end of the year</b>	<b>43 819</b>	<b>10 489</b>	<b>43 819</b>	<b>10 489</b>

The notes on pages 13 to 25 are an integral part of these financial statements.

## 1 Summary of significant accounting policies

The consolidated annual financial statements of the group are presented in accordance with, and comply with International Financial Reporting Standards (IFRS) and interpretations of those standards as issued by the International Accounting Standards Board (IASB) and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act No 71 of 2008. The consolidated annual financial statements are prepared using the historic cost convention.

The preparation of the annual financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the group's accounting policies. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent liabilities at the statement of financial position date, as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may significantly differ from these estimates.

Refer to note 2, as well as the individual notes for details of estimates, assumptions and judgements used.

### 1.1 Investment in associate

The company carries the investment in associate at cost and are written down only when there is an impairment. Dividends are brought to account when declared. On disposal of an associate, the difference between the net proceeds and carrying amount is charged or credited to the statement of comprehensive income.

Investments in associated companies are accounted for under the equity method. Associated companies are those companies in which the group generally has between 20% and 50% of the voting rights, or over which the group exercises significant influence, but which it does not control. The group's investment in associates includes goodwill and other intangible assets identified on acquisition, net of any accumulated amortisation and impairment loss.

Equity accounting involves recognising in the income statement the group's share of the associate's post-acquisition results net of taxation and minority interests in the associate. The group's share of post-acquisition movements in other comprehensive income is accounted for in the other reserves of the group. The group's interest in the associate is carried on the statement of financial position at cost, adjusted for the group's share of the change in post-acquisition net assets, and inclusive of goodwill and other identifiable intangible assets recognised on acquisitions. Where the group's share of losses in the associate equals or exceeds the carrying amount of its investment, the carrying amount of the investment, as well as any loans to the associate, is reduced to nil and no further losses are recognised, unless the group has incurred obligations to the associate or the group has guaranteed or committed to satisfying obligations of the associate.

Unrealised gains and losses on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates, unless the loss provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency of the policies adopted by the group.

Group refers to a significant associate company held by Welkom Yizani and these are the economic interest financial statements.

**1.1 Investment in associate (continued)**

An impairment loss is recognised in the statement of comprehensive income when the carrying amount of an asset exceeds its recoverable amount. An asset's recoverable amount is the higher of the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable willing parties, or its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**1.2 Financial assets**

The classification of financial assets depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. Fair value through other comprehensive income financial assets are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. During the year, and at 31 March 2018, the group and company had no fair value through other comprehensive income financial assets.

**1.3 Other receivables**

Other receivables are originally carried at fair value and subsequently measured at amortised cost using the effective interest method, less provision made for impairment of these receivables.

**1.4 Cash and cash equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. Cash and cash equivalents comprise cash on hand and deposits held on call with banks.

**1.5 Current and deferred income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to tax authorities.

The normal South African company tax rate used at the statement of financial position is 28% (2017: 28%).

### 1.5 Current and deferred income tax (continued)

Deferred taxation is provided in full using the statement of financial position liability method for all taxable or deductible temporary differences arising between the tax base and liabilities (including derivatives) and their carrying values for financial reporting purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences and unused tax losses can be utilised.

### 1.6 Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not substantially remeasured.

### 1.7 Revenue recognition

Dividend income is recognised when the right to receive payment is established.

### 1.8 Borrowing costs

Borrowing costs are recognised in the profit or loss in the period in which they are incurred.

### 1.9 Interest income

Interest is accrued on a time-proportion basis, recognising the effective yield on the underlying assets.

### 1.10 Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

### 1.11 Share capital and preference share capital

Ordinary shares and preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction against share premium.

### 1.12 New Standards and interpretations

The International Accounting Standards Board ("IASB") issued a number of standards, amendments to standards and interpretations during the financial year ended 31 March 2018.

- (i) The following amended accounting standards have been adopted by the group and are applicable for the first time during the year ended 31 March 2018. These pronouncements had no significant effect on the group's financial statements:

Standard/Interpretation	Title
IAS 7	Cash flow statements
IAS 12	Income taxes
Various	Annual Improvements to IFRS 2012 - 2014 cycle

- (ii) The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2018. The group is currently evaluating the effects of these standards and interpretations which have not been early adopted:

Standard/Interpretation	Title	Effective on
IFRS 9	Financial Instruments	01 January 2018

The aggregate impact of the initial application of the statements and interpretations on the company and group's annual financial statements is expected to be immaterial.

## 2 Critical accounting estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group applies judgement when assessing the impairment in its investment in associate (refer to note 1.1 and 3).



**3 Investment in associate**

The company has a 15% interest in Media24 Holdings Proprietary Limited, a company incorporated in South Africa. This is an unlisted investment.

This investment is classified as an investment in associate, as significant influence was established through board representation even though the group only has a 15% interest.

**Movement in carrying amount**

At the beginning of the year

Share of net loss

Share of changes in other comprehensive income

Dividends received

Reversal/(Impairment) of investment

GROUP		COMPANY	
2018	2017	2018	2017
R'000	R'007	R'000	R'000
397 839	525 565	397 839	525 565
(96 288)	(50 743)	-	-
188 115	(5 185)	-	-
(222 266)	(5 890)	-	-
84 177	(65 908)	(46 262)	(127 726)
<b>351 577</b>	<b>397 839</b>	<b>351 577</b>	<b>397 839</b>

A group impairment loss reversal of R84.1m (2017: R65.9m) and company impairment loss of R46.2m (2017: R127.7m) was recognised.

The discounted cash flow model was used to determine the impairment for the group and company. Weighted-average cost of capital 2018: 14.4% (2017: 14%).

**Summarised financial information of unlisted associate as per the annual financial statements - Media24 Holdings Proprietary Limited****Summarised balance sheet****Current**

Assets

Cash and cash equivalent

Other current assets (excluding cash)

Total current assets

Liabilities

Financial liabilities (excluding trade payables)

Other current liabilities (including trade payables)

Total current liabilities

**Non-current**

Assets

Liabilities

Financial Liabilities

Other liabilities

Total non-current liabilities

Net assets

MEDIA24	
2018	2017
R'000	R'000
299 058	262 652
2 143 075	4 633 867
<b>2 442 133</b>	<b>4 896 519</b>
(1 579 881)	(2 269 663)
(260 064)	(195 007)
<b>(1 839 945)</b>	<b>(2 464 670)</b>
957 551	742 229
(24 558)	(21 711)
(378 299)	(201 781)
<b>(402 857)</b>	<b>(223 492)</b>
<b>1 156 882</b>	<b>2 950 586</b>

**Summarised statement of comprehensive income**

Revenue	4 685 728	4 932 549
Interest income	67 888	12 856
Interest expense	(16 310)	(15 623)
<b>Pre-tax loss from continuing operations</b>	<b>(294 344)</b>	<b>(319 071)</b>
Income tax expense	(34 477)	(25 615)
<b>Post-tax loss from continuing operations</b>	<b>(328 821)</b>	<b>(344 686)</b>
<b>Post-tax (loss)/profit from discontinued operations</b>	<b>(35 871)</b>	<b>256 827</b>
Other comprehensive income/(expense)	(214 281)	1 653
<b>Total comprehensive expense</b>	<b>(578 973)</b>	<b>(86 206)</b>

**Reconciliation of summarised financial information**

Opening net assets 01 April	1 626 079	1 896 102
Loss for the period	(364 692)	(87 859)
Total other comprehensive (loss)/income	(214 281)	1 653
Share-based compensation movement	25 061	35 136
Acquisition of subsidiaries/joint ventures	(48 338)	(62 143)
Share Capital movement	1 439 808	-
Dividends paid	(1 392 113)	(127 013)
Other movements	(1 239 149)	(182)
Non-controlling interest share of movement for the period	1 273 115	(29 615)
<b>Closing net assets</b>	<b>1 105 490</b>	<b>1 626 079</b>
Interest in associate (15%)	165 823	243 912
Net identifiable assets	185 754	153 927
<b>Carrying value</b>	<b>351 577</b>	<b>397 839</b>

**4 Related parties**

The chair (Rachel Jafta) holds in aggregate 430 (2017: 430) ordinary shares in the company. Lurica Klink and Ashoek Adhikari (resigned 30 September 2016) are trustees of the Rubato Trust and Kambule Trust which owns 1 167 129 (2017: 1 167 129) and 303 588 (2017: 303 588) shares in aggregate respectively. Jo-Ann Held, a non-executive director, holds in aggregate 430 (2017: 430) ordinary shares in the company.

**Directors' emoluments**

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

Included in other payables is an amount of R141 924 (2017: R35 287 receivable) due to Media24 Proprietary Limited.

**5 Other receivables**

VAT	15	10	15	10
Interest on call accounts	20	20	20	20
Due by Media24 Proprietary Limited	-	35	-	35
	<b>35</b>	<b>65</b>	<b>35</b>	<b>65</b>

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>6 Capital and Reserves</b>				
<b>Share capital and premium</b>				
<b>Authorised</b>				
30 000 000 ordinary shares of R0.0000001 each				
<b>Issued (and fully paid up)</b>				
14 600 001 (2017: 14 600 001) ordinary shares of R0.0000001 each	-	-	-	-
Share premium	146 022	146 022	146 022	146 022
	<b>146 022</b>	<b>146 022</b>	<b>146 022</b>	<b>146 022</b>
<b>Capital management</b>				
The group's objective when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide adequate returns for shareholders and benefits for other stakeholders.				
<b>Preference Share Capital</b>	<b>7</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Other Reserves</b>				
Other reserves as per the statement of financial position are made up of our share (15%) of Media 24's other reserves.	371 267	183 152	-	-
<b>7 Long-term liabilities</b>				
4 382 (2017: 4 382) variable rate, cumulative redeemable preference shares of R0.001 each	-	-	-	-
- Opening balance	-	4	-	4
- Settled	-	(4)	-	(4)
Share premium	-	-	-	-
- Opening balance	-	44 407	-	44 407
- Share premium waived by shareholder	-	(44 400)	-	(44 400)
- Reclassification of preference shares to equity	-	(7)	-	(7)
Current portion of long-term liabilities (accrued preference share dividends)	-	-	-	-
- Opening balance	-	7 124	-	7 124
- Accumulated preference share dividends waived by shareholder	-	(7 124)	-	(7 124)

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>8 Payables</b>				
Amounts owing to investors	440	317	440	317
Refunds due to unsuccessful share applicants	755	630	755	630
Other payables	266	268	266	268
Audit fees accrued	90	90	90	90
Due to Media24 Proprietary Limited	142	-	142	-
Securities Transfer Tax	2	2	2	2
	<b>1 695</b>	<b>1 307</b>	<b>1 695</b>	<b>1 307</b>
<b>9 Administration costs</b>				
Audit fees	90	90	90	90
Administration fee	5	52	5	52
	<b>95</b>	<b>142</b>	<b>95</b>	<b>142</b>
<b>9 Other income</b>				
Waived preference share premium and accumulated dividend	-	51 525	-	51 525
	<b>-</b>	<b>51 525</b>	<b>-</b>	<b>51 525</b>
<b>10 Finance costs - net</b>				
<b>Interest paid</b>				
Interest on refunds to unsuccessful share applicants	(124)	(6)	(124)	(6)
<b>Interest received</b>				
Interest on current accounts	1 191	290	1 191	290
Interest on call accounts	236	228	236	228
	<b>1 427</b>	<b>518</b>	<b>1 427</b>	<b>518</b>
<b>Net finance costs</b>	<b>1 303</b>	<b>512</b>	<b>1 303</b>	<b>512</b>

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>11 Cash and cash equivalents</b>				
Cash and cash equivalents attributable to the company	43 379	10 172	43 379	10 172
Cash and cash equivalents held on behalf of investors	440	317	440	317
	<b>43 819</b>	<b>10 489</b>	<b>43 819</b>	<b>10 489</b>

**Credit quality of cash at bank and short term deposits, excluding cash on hand**

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

**Credit rating**

ABSA Bank Limited - Fitch BBB  
FirstRand Bank Limited - Fitch BBB

	2018 R'000	2017 R'000
	42 320	9 075
	1 499	1 414
	<b>43 819</b>	<b>10 489</b>

**12 Taxation****Major components of the tax expense****Current**

Local income tax - current period	478	120	478	120
Local income tax - underprovision	22	154	22	154
	<b>500</b>	<b>274</b>	<b>500</b>	<b>274</b>

**Tax Reconciliation**

Accounting (loss)/profit	<b>(10 903)</b>	<b>(64 756)</b>	<b>177 212</b>	<b>(69 941)</b>
Taxation at the applicable tax rate of 28% (2017: 28%)	<b>(18 132)</b>	<b>(18 132)</b>	<b>49 619</b>	<b>(19 583)</b>
<b>Adjusted for:</b>				
Non-deductible expenses	18 503	18 246	12 987	21 346
Exempt dividends	-	-	(62 235)	(1 649)
Expenses apportioned to exempt income	107	6	107	6
Prior year adjustments	22	154	22	154
<b>Taxation provided in the income statement</b>	<b>500</b>	<b>274</b>	<b>500</b>	<b>274</b>

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>13 Basic earnings/(loss) per share</b>				
<b>Basic earnings/(loss) per share</b>				
Profit/(loss) from continuing operations attributable to owners of the parent	<b>176 712</b>	<b>(70 215)</b>	<b>176 712</b>	<b>(70 215)</b>
Weighted-average number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
<b>Basic earnings/(loss) per share</b>	<b>R 12.10</b>	<b>(R 4.81)</b>	<b>R 12.10</b>	<b>(R 4.81)</b>
Headline earnings is calculated based on Circular 2/2013 issued by the South African Institute of Chartered Accountants				
<b>Reconciliation between profit attributable to owners of the parent and headline earnings</b>				
Profit/(loss) for the year	<b>176 712</b>	<b>(70 215)</b>	<b>176 712</b>	<b>(70 215)</b>
<b>Remeasurement of items</b>				
Waived preference share premium and accumulated dividend	-	<b>(51 677)</b>	-	<b>(51 677)</b>
Gross	-	<b>(51 677)</b>	-	<b>(51 677)</b>
Tax effect	-	-	-	-
Impairment of Investment	<b>(84 177)</b>	<b>65 908</b>	46 262	127 726
Gross	<b>(84 177)</b>	<b>65 908</b>	46 262	127 726
Tax effect	-	-	-	-
<b>Headline earnings/(loss) for the year</b>	<b>92 535</b>	<b>(55 984)</b>	<b>222 974</b>	<b>5 834</b>
Weighted-average number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
<b>Headline earnings/(loss) per share</b>	<b>R 6.34</b>	<b>(R 3.82)</b>	<b>R 15.27</b>	<b>R 0.41</b>
<b>Net asset value per share</b>				
Total net asset value	355 751	401 178	355 751	401 178
Total number of ordinary shares in issue ('000)	14 600	14 600	14 600	14 600
<b>Net asset value per share</b>	<b>R 24.37</b>	<b>R 27.48</b>	<b>R 24.37</b>	<b>R 27.48</b>

	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
<b>14 Cash generated from operations</b>				
<b>(Loss)/Profit before tax</b>	(10 903)	(64 756)	177 212	(69 941)
<b>Adjusted for:</b>				
- Dividends received	-	-	(222 266)	(5 890)
- Share of net profit of associate	96 288	50 743	-	-
- Impairment	(84 177)	65 908	46 262	127 726
- Finance costs	(1 303)	(512)	(1 303)	(512)
- Preference shares written off	-	(51 525)	-	(51 525)
<b>Cashflow before changes in working capital</b>	<b>(95)</b>	<b>(142)</b>	<b>(95)</b>	<b>(142)</b>
<b>Changes in working capital</b>	<b>32 589</b>	<b>287</b>	<b>32 589</b>	<b>287</b>
Payables	388	(619)	388	(619)
Other receivables	30	243	30	243
Shareholders for dividends	32 171	663	32 171	663
	<b>32 494</b>	<b>145</b>	<b>32 494</b>	<b>145</b>

**15 Financial risk management**

The group's activities expose it to a variety of financial risks, specifically interest rate risk, credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out under policies approved by the board of directors.

The group's interest rate risk arises primarily from its long-term borrowings issued at a variable interest rate. Based on simulations performed, the impact on profit or loss before tax of a 100 basis-point increase in the prime interest rate was an increase of R0 (2017: R0m).

**Capital risk management**

For capital management purposes the current level of capital in the group is defined as the difference between the total assets and total liabilities of the group. The capital employed is managed on a basis that enables the group to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings and bank overdrafts as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as capital and reserves attributable to owners of the parent as shown in the statement of financial position.

The main focus of the group's capital management is to ensure liquidity, in the form of short-term borrowings facilities, in order to have sufficient available funding for the group's working capital requirements.

**Foreign exchange risk**

The company is not exposed to any significant foreign exchange risk.

**Price risk**

The company is not exposed to commodity price risk.

**Credit risk**

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

*Financial Instruments*

Bank Deposit  
Other receivables

	2018 R'000	2017 R'000
	43 819	10 489
	20	55

**Liquidity risk**

The company maintains a prudent liquidity risk management, which implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities as well as arrangements with related parties.

The table below analyses the company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows:

**At 31 March 2018**  
Shareholders' dividends  
Other payables

Carrying Value R'000	Total Contractual Cash flows	Less than 1 Year R'000
37 959	37 959	37 959
1 695	1 695	1 695

**At 31 March 2017**  
Shareholders' dividends  
Other payables

Carrying Value R'000	Total Contractual Cash flows R'000	Less than 1 Year R'000
5 788	5 788	5 788
1 307	1 307	1 307



**16 Fair value of financial instrument**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are not based on observable market data (unobservable inputs).

**31 March 2018**

Investment in associate

Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
-	-	351 577	351 577

The fair value of the investment in associate was determined using the discounted cash flow model. The weighted average cost of capital of 14% was used and cash flows for 10 years and terminal cash flows were projected.

**Sensitivity Analysis**

A sensitivity analysis of a 1% change in the weighted average cost of capital, is shown for the significant unobservable input below:

- An increase in the weighted average cost of capital by 1% reduces the valuation by 9.45% (R0.33m).
- A decrease in the weighted average cost of capital rate by 1% increases the valuation by 11.77% (R0.41m).

**17 Going concern**

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

**18 Subsequent event**

There are no events that occurred between the balance sheet date and the date of approval of the financial statement that are material to the financial affairs of the group.

## VOLUMES AND VALUES TRADED FOR WELKOM SHARES

### Trading history of Welkom Shares

The daily closing Welkom Share price, highest Welkom Share price, lowest Welkom Share price and volumes traded for the 30 trading days preceding the Last Practicable Date is set out below:

<b>Date (daily)</b>	<b>Highest price (Cents)</b>	<b>Lowest price (Cents)</b>	<b>Closing price (Cents)</b>	<b>Volume traded</b>
04 December 2020	1,500	1,427	1,428	3,548
03 December 2020	1,450	1,426	1,450	1,050
02 December 2020	1,450	1,426	1,427	1,460
01 December 2020	1,499	1,425	1,425	6,126
30 November 2020	1,640	1,350	1,500	1,604
27 November 2020	1,641	1,602	1,640	1,588
26 November 2020	1,905	1,902	1,902	349
25 November 2020	1,970	1,849	1,905	2,917
24 November 2020	2,050	1,902	1,970	2,884
23 November 2020	3,001	2,100	2,100	25,858
20 November 2020	2,800	2,001	2,800	9,056
19 November 2020	2,010	1,700	2,001	8,700
18 November 2020	2,000	1,602	1,610	15,420
17 November 2020	1,700	1,510	1,602	3,364
16 November 2020	1,600	1,500	1,500	12,591
13 November 2020	1,600	1,510	1,530	3,164
12 November 2020	1,600	1,501	1,504	5,568
11 November 2020	1,600	1,410	1,600	1,635
10 November 2020	1,600	1,400	1,600	17,049
09 November 2020	1,400	1,150	1,250	8,658
06 November 2020	1,200	1,103	1,150	10,538
05 November 2020	1,600	950	1,200	20,260
04 November 2020	945	945	945	84
03 November 2020	854	853	853	570
02 November 2020	900	900	900	2,470
30 October 2020	900	854	854	2,070
29 October 2020	853	853	853	300
28 October 2020	853	853	853	610
27 October 2020	853	852	853	1,900
26 October 2020	852	852	852	600

## Monthly

The daily closing Welkom Share price, highest Welkom Share price, lowest Welkom Share price and daily volumes traded for 12 months preceding the Last Practicable Date is set out below:

<b>Date (monthly)</b>	<b>Highest price (Cents)</b>	<b>Lowest price (Cents)</b>	<b>Closing price (Cents)</b>	<b>Volume traded</b>
30 November 2020	3,001	853	1,500	154,327
31 October 2020	1,000	803	854	32,846
30 September 2020	932	752	855	19,654
31 August 2020	949	700	810	21,413
31 July 2020	950	751	900	21,529
30 June 2020	1,199	765	850	33,364
31 May 2020	840	751	765	16,337
30 April 2020	900	721	751	18,945
31 March 2020	740	720	725	15,591
29 February 2020	750	720	740	18,458
31 January 2020	770	715	721	14,168
31 December 2019	780	700	715	19,979

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## EXCHANGE CONTROL REGULATIONS

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The settlement of the Scheme Consideration for Welkom Shareholders will be subject to the Exchange Control Regulations.

The following is a summary of the relevant Exchange Control Regulations. Welkom 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 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 a Welkom Shareholder is in any doubt, he/she/it should consult his/her/its professional advisors without delay.

### 1. RESIDENTS OF THE COMMON MONETARY AREA

In the case of Welkom Shareholders whose registered address in the Register are within the Common Monetary Area and have not been restrictively designated in terms of the Exchange Control Regulations, the Scheme Consideration will be credited directly to the accounts nominated for the relevant Welkom Shareholders by Singular Services.

### 2. EMIGRANTS FROM THE COMMON MONETARY AREA

In the case of Welkom Shareholders who are emigrants from the Common Monetary Area and whose Welkom Shares form part of their remaining assets, the Scheme Consideration will in the case of Welkom Shareholders whose registered address in the Register are within the Common Monetary Area and have been restrictively designated in terms of the Exchange Control Regulations, be paid to Singular Services, which shall arrange for same to be credited directly to the capital account of the Welkom Shareholder concerned with their Authorised Dealer in foreign exchange in South Africa.

### 3. ALL OTHER NON-RESIDENTS OF THE COMMON MONETARY AREA

The Scheme Consideration accruing to non-resident Welkom Shareholders whose registered address is outside the Common Monetary Area and emigrants from the Common Monetary Area who acquired the Welkom Shares utilising funds from abroad, will in the case of Welkom Shareholders, be paid to Singular Services and credited to such Welkom Shareholders.

### 4. INFORMATION NOT PROVIDED

If the information regarding Authorised Dealers is not given or the instructions are not given and no bank account or address details for the Welkom Shareholder in question appears in the register, the Scheme Consideration will be held in trust by Welkom or Singular Systems on behalf of Welkom.

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**SECTION 114: PROPOSALS FOR SCHEME OF ARRANGEMENT AND SECTION 115: REQUIRED APPROVALS FOR TRANSACTIONS CONTEMPLATED IN CHAPTER 5 OF THE COMPANIES ACT**

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**EXTRACT OF SECTION 114 OF THE COMPANIES ACT**

- (1) Unless it is in liquidation or in the course of business rescue proceedings in terms of Chapter 6, the board of a company may propose and, subject to subsection (4) and approval in terms of this Part, implement any arrangement between the company and holders of any class of its securities by way of, among other things -
  - (a) a consolidation of securities of different classes;
  - (b) a division of securities into different classes;
  - (c) an expropriation of securities from the holders;
  - (d) exchanging any of its securities for other securities;
  - (e) a re-acquisition by the company of its securities; or
  - (f) a combination of the methods contemplated in this subsection.
- (2) The company must retain an independent expert, who meets the following requirements, to compile a report as required by subsection (3):
  - (a) The person to be retained must be-
    - (i) qualified, and have the competence and experience necessary to-
      - (aa) understand the type of arrangement proposed;
      - (bb) evaluate the consequences of the arrangement; and
      - (cc) assess the effect of the arrangement on the value of securities and on the rights and interests of a holder of any securities, or a creditor of the company; and
    - (ii) able to express opinions, exercise judgment and make decisions impartially.
  - (b) The person to be retained must not-
    - (i) have any other relationship with the company or with a proponent of the arrangement, such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship;
    - (ii) have had any relationship contemplated in subparagraph (i) within the immediately preceding two years; or
    - (iii) be related to a person who has or has had a relationship contemplated in subparagraph (i) or (ii).
- (3) The person retained in terms of subsection (2) must prepare a report to the board, and cause it to be distributed to all holders of the company's securities, concerning the proposed arrangement, which must, at a minimum-
  - (a) state all prescribed information relevant to the value of the securities affected by the proposed arrangement;
  - (b) identify every type and class of holders of the company's securities affected by the proposed arrangement;
  - (c) describe the material effects that the proposed arrangement will have on the rights and interests of the persons mentioned in paragraph (b);
  - (d) evaluate any material adverse effects of the proposed arrangement against-
    - (i) the compensation that any of those persons will receive in terms of that arrangement; and
    - (ii) any reasonably probable beneficial and significant effect of that arrangement on the business and prospects of the company;
  - (e) state any material interest of any director of the company or trustee for security holders;
  - (f) state the effect of the proposed arrangement on the interest and person contemplated in paragraph (e); and
  - (g) include a copy of sections 115 and 116.

- (4) Section 48 applies to a proposed arrangement contemplated in this section to the extent that the arrangement would result in any re-acquisition by a company of any of its previously issued securities.

#### **EXTRACT OF SECTION 115 OF THE COMPANIES ACT**

- (1) 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.
- (4A) In subsection (4), "**act in concert**" has the meaning set out in section 117(1)(b).

- (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.

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**SECTION 164: DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS**

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- (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 section 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 affected by the amendment;
    - (ii) the company has adopted the resolution contemplated in subsection (2); and
  - (b) 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 shareholders 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 affected 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 pay 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.

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## WELKOM DIRECTORS

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At the Last Practicable Date, the Welkom Directors were as follows:

### Welkom Directors

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#### **Rachel Catharina Cornelia Jafta (60) (Chairperson)**

Rachel holds the degrees MEcon and PhD from Stellenbosch University and is a professor in economics at that university. She chairs the Cape Town Carnival Trust and the board of Naspers Labs NPC, is a member of the South African Economic Society and serves on the management committee of the Bureau for Economic Research at Stellenbosch University. Since 2015, she has served on the international advisory council of Fondagao Dom Cabral Business School, Brazil. Rachel joined Naspers as a director in 2003 and was appointed as an independent non-executive director of Media24 in 2007 (tenure of 12 years). She has chaired the Media24 board since April 2013. From September 2019, she serves on the board of Prosus.

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#### **Jo-Ann Cindy Held (39)**

Jo-Ann obtained a BCom law degree at Stellenbosch University. She is a media entrepreneur who has presented and produced TV and online media properties for 19 years. She is a goodwill ambassador for UNICEF and a director of the advisory board of Stellenbosch University Business School, Village and Life, and M&C Saatchi Abel. She joined Welkom as an independent non-executive director in September 2014.

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#### **Omichand Lalbahadur (62)**

Omichand holds a BComm from Unisa and an MBA from the New York Finance Institute. He joined Media24 in 2007 as a senior financial manager after holding positions in, amongst others, the petroleum and paper manufacturing industries and SARS. He was appointed chief financial officer of Media24 Lifestyle in 2009, acted as Media24's chief financial officer in 2015 and was appointed as general manager of Lifestyle in 2017. Omichand was appointed as Media24's project management officer in 2018.

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#### **Mooketsi Motsisi (60)**

Mooketsi holds an MBA from Durham University, England. From 2002 to 2014, Mooketsi served as a partner at KPMG, primarily in the Corporate Finance Business Unit. Mooketsi is an independent businessman and is a member of the Directorate of Market Abuse which is a committee of the Financial Sector Conduct Authority, formerly known as the Financial Services Board.

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#### **Ashoek Hoosain Adhikari (57)**

Ashoek is an associate with Baird's CMC, an international consultancy group. Prior to that, he was the General Counsel responsible for legal and regulatory services and corporate affairs at Media24, a subsidiary of Naspers.

He is an attorney by profession. After practising law for 10 years in his own law firm, Ashoek moved into the public sector, where he held various senior positions in the Provincial Administration of the Western Cape, including as the Head of Office in the portfolios of environmental and cultural affairs, social services and poverty alleviation, housing and local government. Before moving to Media24 he was the Chief Operating Officer in the Office of the Premier. Ashoek remains active in the governance of the attorney's profession and served as a councillor of the Cape Law Society from 1998 and as vice-president of the Society from 2001 to 2005, during which time he chaired the Law Society of South Africa's transformation committee and served on the Minister of Justice's steering committee to draft the transformation charter for the legal profession. He is currently the chairperson of the Audit and Compliance Committee of the Legal Practitioners Fidelity Fund. He also chairs the board of the Western Cape Economic Development Partnership, is deputy chairperson of the Isandla Institute and serves on the board of Accelerate Cape Town.

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#### **Kgomotso Ditsebe Moroka (66)**

Kgomotso is a senior counsel of the High Court of South Africa, and a trustee of the Nelson Mandela Children's Fund and Hospital and the Apartheid Museum. She is the founder of New Seasons Investments Holdings, serves as chairperson of the board of directors of Royal Bafokeng Platinum Limited and holds non-executive directorships at Standard Bank Group Limited, MultiChoice Group Limited and Netcare Limited. Kgomotso served as the chairperson of M-Net's Phuthuma Futhi Trust.

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## MEDIA HOLDINGS DIRECTORS

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At the Last Practicable Date, the Media Holdings Directors were as follows:

### Media Holdings Directors

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#### **Rachel Catharina Cornelia Jafta (60) (Chairperson)**

*Please see Annexure 7 for full biography.*

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#### **Jo-Ann Cindy Held (39)**

*Please see Annexure 7 for full biography.*

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#### **Khomotso Mthimunye (54)**

Khomotso has a BComptHons degree from Unisa and a Higher Diploma in Tax Law from the University of the Witwatersrand. She is a chartered accountant with over 20 years' experience and a member of the Independent Regulatory Board for Auditors, South African Institute of Chartered Accountants and Institute of Directors in Southern Africa. She is a member of the council of the University of KwaZulu-Natal. She has served on the boards of public and private-sector companies, and worked in the mining and financial services industries for BHP Billiton SA, Standard Corporate & Merchant Bank and Absa. She was appointed a Media24 director on 17 April 2019.

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#### **Mobasheer Patel (43)**

Mobasheer holds a BCom degree from the University of the Witwatersrand as well as a BComHons and Higher Diploma in Auditing from the University of Johannesburg. He qualified as a chartered accountant in 2001 and joined Old Mutual, where he held several senior positions. Mobasheer was appointed Chief Financial Officer of Media24 in September 2018 and as executive director on 1 December 2018.

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#### **Trevor Petersen (65)**

Trevor is a chartered accountant with over 30 years' experience. He obtained a BComHons in Financial Management from the University of Cape Town. He was an executive partner at PricewaterhouseCoopers Inc. and currently serves on the board of Mediclinic International plc. He joined the Media24 board as an independent non-executive director on 1 July 2015.

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#### **Ishmet Davidson (55)**

Ishmet holds a BCom degree and MBA from the Edinburgh Business School at Scotland's Heriot Watt University, amongst other qualifications. He has 23 years' experience in the publishing industry and joined Media24 in 2012 as head of community newspapers. He became head of its news division in 2014, after which media distribution company On the Dot and Media24's magazine division were added to his responsibilities. He was appointed Chief Executive Officer and executive director of Media24 on 1 October 2018.

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#### **Koos Bekker (68)**

Koos led the operational team that launched the M-Net/MultiChoice business. It now covers most of Africa. He was also a founder of the cellular telephony group MTN. Koos became chief executive of Naspers in 1997 and led the group until 2014, during which time it expanded into the internet. At present, he is non-executive chairperson of Naspers and Prosus, listed on the Johannesburg and Amsterdam stock exchanges. The group is now valued at around US\$130bn and is the biggest investor in the internet not based in either the US or China. Investments span across more than 80 countries. He holds a BAHons and honorary doctorate in commerce from Stellenbosch University, an LLB from the University of the Witwatersrand and an MBA from Columbia University. Koos is a director of Media24, Naspers, Prosus and Tencent Holdings.

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#### **Esmaré Weideman (58)**

Esmaré obtained the degrees BCom and BJournalismHons (both *cum laude*) from Stellenbosch University. She has over 25 years' experience as a journalist, political writer and editor. She was editor-in-chief of Media24's flagship weekly magazines Huisgenoot, YOU and DRUM before being appointed chief executive of Media24 in 2011, until her retirement in September 2018. Esmaré re-joined Media24 as a non-executive director on 1 April 2019.

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## WELKOM YIZANI INVESTMENTS (RF) LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/021434/06)

Ordinary short code: EXWYI

("Welkom")

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### NOTICE OF WELKOM GENERAL MEETING

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**WELKOM SHAREHOLDERS ARE REFERRED TO ANNEXURE 5 AND ANNEXURE 6 OF THE CIRCULAR, WHICH SETS OUT THE PROVISIONS OF SECTIONS 114, 115 AND 164 OF THE COMPANIES ACT.**

**If you are in any doubt as to what action you should take in respect of the Welkom General Meeting and/or the Resolutions, please consult Singular Services, your banker, attorney, accountant or other professional advisor immediately. If you have any questions regarding this Circular, please contact the Call Centre on 0860 12 12 24 on weekdays from 07:00 to 18:00 (excluding public holidays) or email Singular Systems at WelkomYizani@singularservices.co.za.**

All defined terms used in this Notice of Welkom General Meeting ("**Notice**") shall, unless the context otherwise requires, or they are otherwise defined herein, have the meanings given to them in the Circular to which this Notice is attached.

#### **Welkom Shareholders are reminded that:**

- a Welkom Shareholder entitled to attend and vote at the Welkom General Meeting is entitled to appoint one or more proxies to attend, speak and vote at the Welkom General Meeting in the place of that Welkom Shareholder; and Welkom Shareholders are referred to the attached Form of Proxy (*yellow*) in this regard;
- a proxy does not also have to be a Welkom Shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Welkom Shareholders must present reasonably satisfactory identification to the chairperson, and the chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as Welkom Shareholder or as proxy for a Welkom Shareholder) has been reasonably verified.

Notice is hereby given to Welkom Shareholders recorded as such in the Register of Welkom on the Scheme Voting Record Date of Friday, 15 January 2021, that, given the impact of Covid-19 on in-person meetings, the Welkom General Meeting will be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act at 10:00 on Friday, 22 January 2021, for the purpose of considering, and, if deemed fit, passing, with or without change, the Resolutions set out below. The important dates and times relating to the Scheme are set out in the section titled "*Important dates and times*", which starts on page 62 of the Circular. Welkom Shareholders are referred to paragraph B (*Electronic participation at the Welkom General Meeting*) in the section titled '*Voting and attendance at the Welkom General Meeting*' of this Circular for further details regarding the electronic participation procedure for the Welkom General Meeting.

#### **RESOLUTIONS**

##### **SPECIAL RESOLUTION 1 – APPROVAL OF THE SCHEME IN ACCORDANCE WITH SECTIONS 114(1)(c) AND 115(2)(a) OF THE COMPANIES ACT**

**"Resolved that**, the Scheme in terms of sections 114(1)(c) and 115(2)(a) of the Companies Act (as more fully set out in the Circular; and as may be amended as contemplated in the Circular), proposed by the Welkom Board between Welkom and the Welkom Shareholders other than the Excluded Dissenting Welkom Shareholders (and to which Media Holdings is a party), in terms of which, amongst others, Media Holdings will, subject to the fulfilment or waiver of the Scheme Conditions Precedent (save for any Scheme Condition Precedent relating to the passing of this Special Resolution 1), and on the Operative Date, acquire all of the Scheme Shares from the Scheme Participants and each Scheme Participant will receive the

Scheme Consideration, pursuant to which the Welkom Shares will be delisted from ESE in accordance with section 3.5(b) of the Listings Requirements, be and is hereby approved as a Special Resolution in accordance with sections 114(1)(c) and 115(2)(a) of the Companies Act, provided that the Scheme will terminate and that this Special Resolution 1 will be treated as a nullity with immediate effect upon the joint determination by the Welkom Board and the Media Holdings Board that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible)."

### **Voting requirement**

The percentage of voting rights required for Special Resolution 1 to be approved is at least 75% of all the voting rights exercised on the Resolution by the Welkom Shareholders (i.e. all classes voting, including the Preference Shares) present in person or represented by proxy at the Welkom General 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). Additionally, as a matter of good governance, Special Resolution 1 will only be treated as having been approved if it is approved by at least 75% of the voting rights exercised on the Resolution by the Ordinary Shareholders (i.e. excluding the votes of the Preference Shares). The Scheme will terminate and Special Resolution 1 will be treated as a nullity with immediate effect upon the joint determination by the Welkom Board and the Media Holdings Board that any or all of the Scheme Conditions Precedent have not been fulfilled (or waived, to the extent possible) on or before the relevant date for fulfilment (or waiver, to the extent possible).

Naspers has provided its consent for the implementation of the Scheme as required by the MOI.

### **Explanatory note**

In terms of section 115(2)(a) of the Companies Act, a scheme of arrangement in terms of section 114(1)(c) of the Companies Act must be approved by a Special Resolution adopted by Welkom Shareholders entitled to exercise voting rights on such matter, at a meeting called for that purpose, and at least 25% of the voting rights that are entitled to be exercised must be present at the meeting. Accordingly, the reason for Special Resolution 1 is for Welkom Shareholders to approve the Scheme in terms of sections 114(1)(c) and 115(2)(a) of the Companies Act.

## **SPECIAL RESOLUTION 2 – APPROVAL OF THE PROPOSED REMUNERATION PAYABLE TO NON-EXECUTIVE WELKOM INDEPENDENT DIRECTORS**

"**Resolved that**, in terms of section 66(9) of the Companies Act, the proposed remuneration of the Welkom Independent Directors set out below be and is hereby approved as a Special Resolution in terms of the Companies Act and the MOI, on and with effect from the date of passing of this Special Resolution 2:

<b>Designation</b>	<b>Total Annually</b>
Chairperson	R40 000
Member	R25 000

### **Voting requirement**

The percentage of voting rights required for Special Resolution 2 to be approved is at least 75% of all the voting rights exercised on the Resolution by Welkom Shareholders present in person or represented by proxy at the Welkom General Meeting, but excluding the votes of the Preference Shares.

### **Explanatory note**

In terms of sections 66(8) and (9) of the Companies Act as read with clause 6.8 of the MOI, Welkom may pay remuneration to the Welkom Independent Directors for their services as directors, provided that, the proposed remuneration to the Welkom Independent Directors has been approved by a Special Resolution of Welkom Shareholders within the previous two years. The proposal set out in Special Resolution 2 is in line with the remuneration paid to non-executive directors and other non-executive office bearers of other comparable South African companies. The proposed remuneration is considered to be fair and reasonable and in the best interests of Welkom. The Welkom Board has therefore sanctioned the proposal. Naspers has also consented to the proposed remuneration of the Welkom Independent Directors, as required by the MOI, prior to the date of this Notice of Welkom General Meeting.

## **ORDINARY RESOLUTION 1, ORDINARY RESOLUTION 2 AND ORDINARY RESOLUTION 3 – ELECTION OF WELKOM DIRECTORS**

### **Ordinary Resolution 1 – Election of Mr Ashoek Hoosain Adhikari**

**“Resolved that,** Mr Ashoek Hoosain Adhikari be and is hereby elected as a Welkom Director.”

### **Ordinary Resolution 2 – Election of Mrs Kgomotso Ditsebe Moroka**

**“Resolved that,** Mrs Kgomotso Ditsebe Moroka be and is hereby elected as a Welkom Director.”

### **Ordinary Resolution 3 – Election of Mr Mooketsi Motsisi**

**“Resolved that,** Mr Mooketsi Motsisi be and is hereby elected as a Welkom Director.”

### **Voting requirement**

The percentage of voting rights required for Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 to be adopted is more than 50% of the voting rights exercised on each Resolution by Welkom Shareholders present in person or represented by proxy at the Welkom General Meeting, but excluding the votes of the Preference Shares. Notice of appointment of the additional directors to the Welkom Board has been given to Naspers, as required by the MOI, prior to the date of this Circular.

### **Explanatory note**

Pursuant to the Takeover Regulations, the Welkom Board was required to appoint the Welkom Independent Board to consider and express an opinion on the Scheme. The Welkom Board had determined that the current Welkom Directors did not satisfy the independence criteria outlined in the Takeover Regulations and on this basis appointed the Welkom Independent Directors as required in terms of regulation 108(9) of the Takeover Regulations to fill these vacancies.

In terms of section 68(3) of the Companies Act, any vacancy occurring on the Welkom Board may be filled by the Welkom Board, but the individual so appointed shall cease to hold office at the termination of the first Welkom Shareholders meeting to be held after the appointment of such individual as a director unless he/she is elected at such Welkom Shareholders meeting or by round-robin resolution.

Accordingly, the reason for Ordinary Resolution 1, Ordinary Resolution 2 and Ordinary Resolution 3 is for Welkom Shareholders to approve the appointment of the additional directors to the Welkom Board at the Welkom General Meeting, in accordance with section 68(2)(b) of the Companies Act and the MOI.

## **QUORUM**

The Welkom General Meeting may not begin until sufficient persons are present (in person or represented by proxy) to exercise, in aggregate, at least 0.05% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the Welkom General Meeting.

A matter to be decided at the Welkom 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 0.05% 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 the case of the Scheme, the Scheme Resolution 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 the Scheme Resolution at the time it is called on the agenda.

In addition, a quorum shall consist of at least three Welkom Shareholders personally present or represented by proxy (and if the Welkom Shareholder is a body corporate, it must be represented) and entitled to vote at the Welkom General Meeting on matters to be decided by the Welkom Shareholders, provided further that, one of the Welkom Shareholders present or represented by proxy is a representative of Media Holdings.

## **ELECTRONIC PARTICIPATION AT THE WELKOM GENERAL MEETING**

The Welkom General Meeting will only be accessible via electronic facility/communication in terms of section 63(2)(a) of the Companies Act and the MOI.

Welkom Shareholders who wish to participate in and/or vote at the Welkom General Meeting electronically are required to contact Singular Systems telephonically on **0860 12 12 24** or by email at **WelkomYizani@singularservices.co.za** as soon as possible, but in any event, for administrative purposes only, by no later than 10:00 on Wednesday, 20 January 2021. However, this will not in any way affect the rights of Welkom Shareholders to register for the Welkom General Meeting after this date, provided, however, that only those Welkom Shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the start of the Welkom General Meeting will be allowed to participate in and/or vote by electronic means. Welkom Shareholders are strongly encouraged to submit votes by proxy before the Welkom General Meeting.

Singular Systems will assist Welkom Shareholders with the requirements for electronic participation in, and/or voting at, the Welkom General Meeting. Singular Systems are further obliged to validate (in correspondence with Welkom and Singular Services) each such Welkom Shareholder's entitlement to participate in and/or vote at the Welkom General Meeting, before the Welkom Shareholder concerned can be provided with the necessary means to access the Welkom General Meeting and/or the associated voting forms. Welkom Shareholders who have complied with the verification requirements set out above, will be contacted by or on behalf of Singular Systems between Tuesday, 19 January 2021 and Thursday, 21 January 2021, and in any event by no later than 24 hours before the Welkom General Meeting. Welkom Shareholders will be provided with: (i) the relevant connection details; (ii) the passcodes through which they or their proxy/ies can participate in the Welkom General Meeting via electronic facility/communication; and (iii) details of the process for electronic participation via a unique link to the email/cellphone number that was provided by each Welkom Shareholder to Singular Systems as part of the verification process.

Welkom Shareholders will be liable for their own network charges and expenses in relation to electronic participation in the Welkom General Meeting. Any such charges will not be for the account of Welkom, TMS or Singular Systems. None of Welkom, TMS or Singular Systems can be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which may prevent any such Welkom Shareholder from participating in the Welkom General Meeting.

Notwithstanding the above, Welkom Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the Welkom General Meeting. Welkom Shareholders are strongly encouraged to submit votes by proxy in advance of the Welkom General Meeting.

Welkom Shareholders should forward all relevant information, including their Forms of Proxy (*yellow*) to the address below:

**By post at, or delivered by hand:**

**The Transfer Secretaries:**

Singular Systems Proprietary Limited  
25 Scott Street, Waverley, Johannesburg, Gauteng, 2090, South Africa  
PO Box 1266, Bramley, 2018, South Africa  
For the attention of: the Transfer Secretaries

**OR**

**Delivered by email:**

Email address: **WelkomYizani@singularservices.co.za**

**VOTING BY PROXY**

A Form of Proxy (*yellow*) is attached to this Notice, for the convenience of any Welkom Shareholders who are unable to attend the Welkom General Meeting, and who wish to be represented thereat. A Form of Proxy (*yellow*) may also be obtained on request from Singular Systems and/or Welkom's registered offices. The duly completed Form of Proxy (*yellow*) must be deposited at or posted to the offices of Singular Systems, for administrative efficiency to be received by no later than 48 hours prior to the Welkom General Meeting, i.e. by 10:00 on Wednesday, 20 January 2021. The Form of Proxy (*yellow*) may also be submitted to the chairperson of the Welkom General Meeting before the proxy exercises the voting rights of the Welkom Shareholder at the Welkom General Meeting or adjourned, postponed or rescheduled Welkom General Meeting (as the case may be), by emailing the Form of Proxy (*yellow*) to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts. Any Welkom Shareholder who completes and lodges a Form of Proxy (*yellow*) will nevertheless be entitled to attend and vote in person at the Welkom General Meeting should the Welkom Shareholder subsequently decide to do so.

Attached to the Form of Proxy (*yellow*) is an extract of section 58 of the Companies Act, to which Welkom Shareholders are referred.

**APPRAISAL RIGHTS FOR DISSENTING WELKOM SHAREHOLDERS**

In terms of section 164 of the Companies Act, at any time before the Scheme Resolution as set out in this Notice is voted on, a Welkom Shareholder may give Welkom a written notice objecting to the Scheme Resolution.

Within 10 Business Days after Welkom has adopted Special Resolution 1, Welkom must send a notice that Special Resolution 1 has been adopted to each Welkom Shareholder who:

- gave Welkom a notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of Special Resolution 1.



A Welkom Shareholder may demand that Welkom pays the Welkom Shareholder the fair value for all of the Welkom Shares held by that person if:

- the Welkom Shareholder has sent Welkom a notice of objection in terms of section 164(3) of the Companies Act;
- Welkom has adopted Special Resolution 1 and the Scheme becomes wholly unconditional and is implemented; and
- such Welkom Shareholder voted against Special Resolution 1 and has complied with all of the procedural requirements of section 164 of the Companies Act.

The right to receive such fair value is subject to the provisions of the Circular and the Companies Act, including section 164(9) thereof.

Welkom Shareholders are referred to paragraph 4.8 of the Circular to which this Notice is attached for more information regarding Appraisal Rights. A copy of section 164 of the Companies Act is set out in **Annexure 6** to the Circular to which this Notice is attached.

By order of the Welkom Board



**Lurica Jineanne Jacquet**

Company Secretary to Welkom

Cape Town

**Monday, 14 December 2020**

**Business address and registered office**

40 Heerengracht

Cape Town

8001

South Africa

(PO Box 2271, Cape Town, 8000, South Africa)

**Transfer Secretaries to Welkom**

Singular Systems Proprietary Limited

(Registration number: 2002/001492/07)

25 Scott Street, Waverley

Johannesburg, Gauteng

2090

South Africa

(PO Box 1266, Bramley, 2018, South Africa)





## WELKOM YIZANI INVESTMENTS (RF) LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2006/021434/06)

Ordinary short code: EXWYI

("Welkom")

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### FORM OF PROXY (YELLOW) ("FORM")

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Where appropriate and applicable, the terms defined in the Circular, to which this Form is attached, and forms part of, shall have the same meanings where they are used in this Form.

For use by the holders of Welkom Shares, including those held through Singular Services, registered as such at the close of business on the Scheme Voting Record Date, at the Welkom General Meeting to be held entirely by way of electronic facility/communication as contemplated in section 63(2)(a) of the Companies Act at 10:00 on Friday, 22 January 2021, or any postponement or adjournment thereof.

It is recommended that you complete this Form in accordance with the instructions contained herein and ensure that it is received by Singular Systems, for administrative purposes, by no later than 48 hours before the Welkom General Meeting. This Form may also be handed to the chairperson of Welkom or, failing him/her, the chairperson of the Welkom General Meeting (or postponed or adjourned Welkom General Meeting) at any time before the Welkom General Meeting is due to commence or recommence, as the case may be, by emailing this Form to Singular Systems at **WelkomYizani@singularservices.co.za**, before the meeting starts.

I/We

**(full name/s in BLOCK LETTERS)**

of

identity number/registration number

(address)

being the holder/s of  Welkom Shares, hereby appoint according to my authorisation (see note 1):

1.

of

or, failing him/her,

2.

of

or, failing him/her,

3. the chairperson of Welkom or, failing him/her, the chairperson of the Welkom General Meeting, as my/our proxy to attend, participate in, speak and vote for me/us on my/our behalf at the Welkom General Meeting (or any postponement or adjournment thereof) for purposes of considering and, if deemed fit, passing, with or without change, the Resolutions to be proposed at the Welkom General Meeting and at each postponement or adjournment thereof and to vote for and/or against the Resolutions and/or abstain from voting in respect of the Welkom Shares registered in my/our name/s, in accordance with the following instructions, and otherwise in accordance with the Companies Act, the MOI and the terms of the attached notes.

Please indicate with an 'X' in the appropriate spaces below how you wish your votes to be cast. Unless this is done, the proxy (if not the chairperson of Welkom or, failing him/her, the chairperson of the Welkom General Meeting) shall be entitled to vote or abstain from voting as he/she thinks fit, provided that if the proxy is the chairperson of Welkom or, failing him/her, the chairperson of the Welkom General Meeting, he/she shall be deemed to be instructed to vote in favour of the Resolutions set out in the Notice of Welkom General Meeting, in respect of all Welkom Shares held by the Welkom Shareholder.

	Number of votes		
	For	Against	Abstain
<b>Special Resolution 1</b> Approval of the Scheme in accordance with sections 114(1)(c) and 115(2)(a) of the Companies Act			
<b>Special Resolution 2</b> Approval of the proposed remuneration payable to non-executive Welkom Independent Directors			
<b>Ordinary Resolution 1</b> Election of Mr Ashoek Hoosain Adhikari as a Welkom Director			
<b>Ordinary Resolution 2</b> Election of Mrs Kgomotso Ditsebe Moroka as a Welkom Director			
<b>Ordinary Resolution 3</b> Election of Mr Mooketsi Motsisi as a Welkom Director			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 20\_\_\_\_

Signature \_\_\_\_\_

Capacity of signatory (where applicable) \_\_\_\_\_

**Note:** Authority of signatory to be attached (see notes 10 and 13 below) \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Capacity of signatory \_\_\_\_\_

Telephone number ( \_\_\_\_\_ ) \_\_\_\_\_

Cellphone number \_\_\_\_\_

A Welkom Shareholder entitled to attend and vote at the Welkom General Meeting is entitled to appoint a proxy to attend, participate in, speak at and vote in his/her stead. A proxy need not be a Welkom Shareholder. Each Welkom Shareholder is entitled to appoint one or more proxies to attend, speak and vote in place of that Welkom Shareholder at the Welkom General Meeting (including any postponement or adjournment thereof).

### Summary of the rights established in terms of section 58 of the Companies Act

For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

In terms of section 58 of the Companies Act:

- At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, speak and vote at, a shareholders' meeting on behalf of the shareholder.
- A shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
- A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
- A proxy may delegate his/her authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy.
- A copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
- Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.

- Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
- The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
- If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the relevant company for doing so.
- A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation, or the instrument appointing the proxy provide otherwise.
- If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
  - the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
  - the relevant company must not require that the proxy appointment be made irrevocable; and
  - the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

**Notes:**

1. A Welkom Shareholder may appoint any individual (including one who is not a Welkom Shareholder) as a proxy to participate in, and speak and vote at, the Welkom General Meeting. A Welkom Shareholder may therefore insert the name of a proxy or the names of two alternative proxies of their choice in the space provided, with or without deleting 'the chairperson of Welkom or, failing him/her, the chairperson of the Welkom General Meeting'. The person whose name is first on the proxy form and who is present at the Welkom General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Welkom Shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by that Welkom Shareholder.
3. A written proxy instrument must be dated and signed by the Welkom Shareholder.
4. A proxy may not delegate their authority to act on behalf of the Welkom Shareholder to another person.
5. A copy of the instrument appointing a proxy must be delivered to Welkom, or to any other person on behalf of Welkom, before the proxy exercises any rights of the Welkom Shareholder at the Welkom General Meeting.
6. Irrespective of the form of instrument used to appoint the proxy: (i) the appointment is suspended at any time and to the extent that the Welkom Shareholder chooses to act directly and in person in exercising any rights as a Welkom Shareholder; (ii) the appointment is revocable unless the proxy appointment expressly states otherwise; and (iii) if the appointment is revocable, a Welkom Shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and Welkom.
7. The proxy is entitled to exercise, or abstain from exercising, any voting right of the Welkom Shareholder as determined by the instrument appointing the proxy.
8. A Welkom Shareholder's instructions to the proxy must be indicated by inserting an 'X' in the appropriate box.
9. Every Welkom Shareholder present in person or by proxy and entitled to vote will, on a show of hands, have only one vote and, on a poll, every Welkom Shareholder will have one vote for every Welkom Share held.
10. Documentary evidence establishing the authority of the person signing this Form in a representative capacity must be attached unless previously recorded by Welkom or waived by the chairperson of Welkom or, failing him/her, the chairperson of the Welkom General Meeting.
11. A Welkom Shareholder may appoint a proxy at any time. For practical purposes, forms of proxy must be lodged with, or received by post at Singular Systems Proprietary Limited, 25 Scott Street, Waverley, Johannesburg, Gauteng, 2090, South Africa; or PO Box 1266, Bramley, 2018, South Africa, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Welkom General Meeting to allow for processing; or delivered by email to **WelkomYizani@singularservices.co.za**. Alternatively, a Welkom Shareholder may log in to their EESE Welkom Shareholder account (**www.eese.co.za**) and cast their proxy vote online, follow the SMS instructions sent to their registered cellphone

numbers and cast their proxy vote by USSD message or contact Singular Systems telephonically on **0860 12 12 24** to cast such Welkom Shareholder's proxy vote telephonically, not less than 48 hours (excluding Saturdays, Sundays and public holidays) before the Welkom General Meeting, to allow for processing.

12. A minor or any person under incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her legal capacity are produced or have been registered by Singular Systems.
13. Where this Form is signed under power of attorney, such power of attorney must accompany this Form, unless previously recorded by Singular Systems or waived by the chairperson of Welkom or, failing him/her, the chairperson of the Welkom General Meeting.
14. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this Form other than the deletion of alternatives must be initialled by the signatory/ies.
15. The chairperson of Welkom or, failing him/her the chairperson of the Welkom General Meeting may reject or accept any Form which is completed other than in accordance with these instructions provided that he/she is satisfied as to the manner in which a Welkom Shareholder wishes to vote.
16. Where there are joint holders of Welkom Shares:
  - 16.1 any one holder may sign the Form;
  - 16.2 the vote/s of the senior Welkom Shareholder (for that purpose seniority will be determined by the order in which the names of the Welkom Shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote/s of the other joint Welkom Shareholder/s.
17. 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, or the transfer of the Welkom Shares in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by Welkom at its registered offices before the commencement of the Welkom General Meeting or adjourned meeting at which the proxy is used.