



**BEHEREND BEPERK • HOLDINGS LIMITED**

**NWK HOLDINGS LIMITED**

Incorporated in the Republic of South Africa

Registration Number: 1998/007243/06

4AX Share Code: 4ANWKH

ISIN: ZAE ZAE400000028

("NWK Holdings" or "the Company")

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**Formal Notice:**

**LISTING BY WAY OF INTRODUCTION OF NWK HOLDINGS  
ON 4 AFRICA EXCHANGE PROPRIETARY LIMITED**

27 September 2017

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**1. INTRODUCTION**

- 1.1 An application has been made by NWK Holdings to 4 Africa Exchange Proprietary Limited ("**4AX**") for the listing by way of introduction (the "Listing") of its entire issued ordinary share capital on the securities exchange operated by 4AX (the "Application").
- 1.2 This Formal Notice contains extracts from the Listing Particulars to be issued on 28 September 2017 and as such is not intended to be comprehensive. For a full appreciation of the Company and the Listing, the Listing Particulars should be read in its entirety in conjunction with this Formal Notice.

**THIS FORMAL NOTICE IS NOT AN INVITATION OR OFFER TO THE PUBLIC TO ACQUIRE, PURCHASE OR SUBSCRIBE FOR SHARES IN NWK HOLDINGS.**

- 1.3 *Save to the extent specifically stated otherwise herein, capitalised terms in this Formal Notice shall bear the corresponding meanings as ascribed to those terms in the Listing Particulars.*
- 1.4 The Listing of NWK Holdings on 4AX will be implemented as a new listing by way of introduction of the Company's entire issued ordinary share capital. It is not NWK Holdings' intention to raise capital as part of the Listing.

**2. GENERAL OVERVIEW OF NWK HOLDINGS**

- 2.1 NWK Holdings' main business is that of an investment holding company, with its sole investment, being its controlling interest in NWK Limited ("**NWK**").
- 2.2 NWK was established during 1909 pursuant to the successful merging of various smaller agricultural co-operatives.
- 2.3 During 1998 NWK was converted to a public company, at which time the current NWK Holdings control structure was incorporated within the NWK Group, in terms of which structure, NWK Holdings holds a controlling stake in NWK.
- 2.4 NWK's main business is that of an operational agricultural business that has been participating successfully in the grain and food value chain of southern Africa, mainly in the North West, for more than a century.
- 2.5 Since its inception, NWK had the ability to adapt, transform and grow together with agriculture in order to look after the needs of stakeholders and contribute to food security within southern Africa.
- 2.6 The main objective of NWK is to trade in agricultural and related products, aids and services at a retail level and to undertake associated and/or ancillary activities.
- 2.7 The operational outlets of NWK are divided into six business segments, the six business segments being the following:
  - Grain;
  - Trade;
  - Industries;
  - Poultry farming;
  - Financial services; and
  - Africa business.

2.8 Set out below is a general overview of each of the business segments of NWK, with the revenue and profit before tax contribution for each business segment during the financial year ended 30 April 2017:

2.8.1 **GRAIN:**

*Revenue contribution: R110,3 million*

*Profit/(loss) before tax contribution: R80,5 million*

NWK provides a range of comprehensive services to the producers of grain and oil seed crops. NWK's grain experts have years of experience and know the grain market in this area. Peace of mind is our greatest asset. Every client that makes use of our wide range of services can depend on this.

Our services include:

- marketing of white and yellow maize, sunflower and wheat;
- expert market information and advice; and
- Safex broker service.

NWK is also renowned for its effective grain administration and strict fulfilment of agreements. First class service, market related prices and top of the range marketing and hedging products are our passion. We know this is the key to unlocking prosperity and progress for our clients.

2.8.2 **TRADE:**

*Revenue contribution: R1 737,3 million*

*Profit/(loss) before tax contribution: R75,7 million*

To us improved customer service is a way of life and not a once-off occurrence. Competitiveness and long-term customer relationships form the basis of our business philosophy. We offer a comprehensive range of high-quality agricultural requisites at affordable prices at a retail and wholesale level.

Our products include:

- agricultural requisites sold at a wholesale or retail level;
- seed;
- plant nutrition; and
- tractors and agricultural implements.

2.8.3 **INDUSTRIES:**

*Revenue contribution: R582,9 million*

*Profit/(loss) before tax contribution: (R1,1 million)*

NWK has become an important role-player in the total agricultural value chain through the years. The strategic focus of our industries and subsidiaries is to add value to primary raw materials produced within the agricultural landscape.

NWK strives to improve results by continuously investigating new technology and optimising existing processes. This enables NWK to act innovatively and utilise new opportunities.

2.8.4 **POULTRY FARMING:**

*Revenue contribution: R178,1 million*

*Profit/(loss) before tax contribution: R10,9 million*

As part of its long-term strategy to diversify, NWK decided to invest in a day-old broiler chick business. In this very competitive market NWK managed to secure a supply agreement with one of the key role-players in the market. This agreement created stability that significantly increased the chances of success.

2.8.5 **FINANCIAL SERVICES:**

*Revenue contribution: R187,2 million*

*Profit/(loss) before tax contribution: R65,1 million*

NWK Financing focuses on client service and risk protection. NWK understands that each producer is unique and consequently has his own unique financing needs. More than 100 years' experience allows NWK to offer a comprehensive range of market-related financing products that will satisfy every producer's financing needs.

NWK understands that it is often a cut-throat market out there, but NWK considers this fierce market competitiveness as an opportunity to optimise both our product offerings and client service levels. NWK Financing – for every season – that's NWK's nature.

2.8.6 **AFRICA BUSINESS:**

*Revenue contribution: R – million*

*Profit/(loss) before tax contribution: (R30,9 million)*

The strategic decision to expand NWK's business interests to other countries in Africa has gained momentum during the past years. This business segment conducts cotton ginning and other agricultural activities in the Republic of Zambia, as well as commercial outlets and an animal feed plant in the Republic of Botswana.

NWK currently holds interests in the following African businesses:

- Mont-Trade Proprietary Limited in the Republic of Botswana; and
- NWK Agri-Services in the Republic of Zambia.

### 3. BOARD OF DIRECTORS OF NWK HOLDINGS

Full details of the Board of Directors of NWK Holdings appear in Section 6, paragraph 6.1 of the Listing Particulars.

### 4. RATIONALE FOR THE LISTING

4.1 The rationale for the NWK Holdings Listing includes, *inter alia*, the following:

- 4.1.1 NWK Holdings has allowed and facilitated the over-the-counter trading in its Securities since 1998, however, pursuant to the amendment by South African legislative and regulatory authorities of legislation relating to the trading in Securities in the South African financial markets (in terms of which over-the-counter trading was abolished), NWK was necessitated to apply for a Listing in order to ensure the continued trading in its Securities;
- 4.1.2 enhancing the NWK Group's public profile;
- 4.1.3 enhancing relations with existing stakeholders such as banks, suppliers, distributors and customers;
- 4.1.4 improving the quality of information available for decision-making by stakeholders;
- 4.1.5 increasing liquidity for Shareholders and/or enabling Shareholders, to the extent they wish to do so, to realise the value of their investments in NWK Holdings; and
- 4.1.6 enhancing the capital raising abilities of the Company and to give the Company the ability to use its securities as acquisition currency, as vendors are more likely to accept listed securities.

4.2 Notwithstanding the fact that NWK is a shareholder of 4AX, the Board of Directors, in resolving to pursue the Listing, considered the different securities exchanges in South Africa and given the NWK Group's unique structure and profile of its shareholders and clients, found 4AX as the preferred option. For the avoidance of doubt, NWK Holdings does not have any representation on the board of directors of 4AX and/or 4 Africa Exchange Registry Proprietary Limited.

### 5. SECURITIES FOR WHICH LISTING ON 4AX IS SOUGHT

- 5.1 The Shares to be listed comprises 84 680 920 (eighty four million six hundred and eighty thousand nine hundred and twenty) Ordinary Shares of R1,00 (one Rand) each (the "**Shares**").
- 5.2 All Shares to be listed shall rank *pari passu* with each other in all respects, including in respect of voting rights and Distributions.
- 5.3 The dealings in the Shares are expected to commence on 28 September 2017.

### 6. RESTRICTIONS ON THE TRANSFERABILITY OF NWK HOLDINGS SECURITIES

- 6.1 In accordance with requirement 6.23 of the 4AX Listing Requirements, any transfer of Securities of NWK Holdings is subject to the restrictions on transferability as provided for in clause 1.1.4 of the Constitution of NWK Holdings, in that Securities may only be transferred to a "*Bona Fide Commercial Agricultural Producer*" ("**Restrictions on Transferability**").
- 6.2 Accordingly, to the extent that a proposed transfer of NWK Holdings Securities is contemplated to a person who does not satisfy the Restrictions on Transferability, 4AX and/or NWK Holdings may refuse such transfer.
- 6.3 Furthermore, in accordance with clause 9.11 of the Constitution, the NWK Holdings Board may at any time, in its sole and absolute discretion, request from a Shareholder such documentary evidence as the NWK Holdings Board may deem fit, for purposes of confirming whether such Shareholder qualifies as a "*Bona Fide Commercial Agricultural Producer*". To the extent that the NWK Holdings Board issues a request per the aforementioned, the Shareholder concerned shall be required to cooperate and deliver the documentary evidence so requested to the Company, within a reasonable period of time, but by no later than 14 (fourteen) days from the date of the request. Should the Shareholder concerned not cooperate, refuse and/or fail to deliver the requested documentary evidence, the NWK Holdings Board may launch its own investigation to procure the documentary evidence, in which event the NWK Holdings Board may hold liable the Shareholder concerned for all reasonable out-of-pocket expenses.
- 6.4 Lastly, in accordance with clause 6.10 of the Constitution of NWK Holdings, the Restrictions on Transferability of NWK Holdings' Securities also imposes a limitation on the maximum percentage Shareholding a Shareholder in NWK Holdings may hold in that, no Shareholder may directly or indirectly hold more than 5% (five percent) of the Company's Securities. Notwithstanding the aforementioned and for the avoidance of doubt, the 5% (five percent) limitation on Shareholding is not applicable to any holdings of NWK in NWK Holding and/or any holdings of appropriate vehicles specifically established for purposes of incentivising the clients of NWK with NWK Holdings Securities.

### 7. LISTING ON 4AX

- 7.1 4AX brings to the market an efficient and alternative regulatory model which reduces regulatory costs and inefficiencies, but promotes and adheres to the highly regarded financial regulatory standards in South Africa.
- 7.2 The unique features of 4AX include the following:
  - 7.2.1 clear and transparent listing requirements for equities which have been uniquely designed to introduce new types of listings and facilitate much needed growth in the mid-market sector;
  - 7.2.2 a unique exchange infrastructure in South Africa (based on international best practice) by introducing a central independent register of beneficial ownership (housed within the 4AX Registry);
  - 7.2.3 designed to meet the needs of retail investors whilst remaining attractive to institutional investors through the removal of some key barriers to investing for retail investors; and
  - 7.2.4 modern, scalable technology design and infrastructure to reduce cost and increase efficiency.

**8. DOCUMENTS AVAILABLE FOR INSPECTION**

8.1 The Listing Particulars, this Formal Notice and documents detailed in paragraph 7.3 of the Listing Particulars are available for inspection during normal office hours from the date hereof until Friday, 13 October 2017, at the registered offices of NWK Holdings and NWK Holdings' Issuer Agent, Pallidus Capital at:

<b>NWK HOLDINGS</b>	<b>PALLIDUS CAPITAL</b>
81 Scholtz Street, Lichtenburg, North West, 2740.	Suite 3, Southdowns Ridge Office Park, 1240 John Vorster Drive, Irene, Centurion, Gauteng, 0123  and at  Cradock Heights, Corner of Tyrwhitt and Cradock Avenue, Rosebank, Johannesburg, Gauteng, 2196

8.2 The Listing Particulars will also be made available for download from the websites of NWK Holdings' ([www.nwk.co.za](http://www.nwk.co.za)) and 4AX ([www.4ax.co.za](http://www.4ax.co.za)) with effect from 28 September 2017.

**9. ISSUER AGENT**

NWK Holdings has appointed Pallidus Capital as Corporate and Transaction Advisor and Issuer Agent for the Listing, with its registered address at Suite 3, Southdowns Ridge Office Park, 1240 John Vorster Drive, Irene, Centurion, Gauteng, 0123 ([www.pallidus.co.za](http://www.pallidus.co.za)).

**BY ORDER OF THE BOARD OF DIRECTORS OF NWK HOLDINGS**

27 September 2017

**ISSUER AGENT**

Pallidus Capital Proprietary Limited

**COMPANY SECRETARY**

Quinton van Niekerk  
NWK