

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions commencing on page 5 apply throughout this Circular including this front cover.

If you are in any doubt as to what action you should take arising from this Circular, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

### Actions required

1. If you have disposed of all of your Niveus Shares, this Circular should be handed to the purchaser of such Niveus Shares or to the Broker, CSDP, banker, attorney or other agent through whom the disposal was effected.
2. A general meeting of Niveus Shareholders will take place at the offices of Niveus, Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001, on Friday, 26 April 2013 at 10h00, for Niveus Shareholders to vote on the proposed transactions.

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# NIVEUS

INVESTMENTS LIMITED

**NIVEUS INVESTMENTS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 1996/005744/06)  
Share code: NIV  
ISIN: ZAE000169553  
("Niveus")

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## CIRCULAR TO NIVEUS SHAREHOLDERS

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regarding:

- the adoption of the Niveus Employee Share Scheme;
- the approval of a specific issue of shares for cash;
- the approval of the amendments to the MOI;
- the approval of the directors' remuneration; and
- the approval of a general authority to provide financial assistance

and incorporating:

- a notice convening the General Meeting of Niveus Shareholders; and
- a form of proxy (for use only by Certificated Niveus Shareholders and Own-name Dematerialised Niveus Shareholders)

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**Investment bank and Sponsor**

 **Investec**  
Bank Limited  
**Investec Bank Limited**  
(Registration number 1969/004763/06)

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Date of issue: 28 March 2013

*This Circular is available in English only and copies hereof may be obtained from the registered offices of Niveus whose registered address is set out in the "Corporate information and advisers" section of this Circular, during normal business hours on Business Days from 28 March 2013 to 26 April 2013, both days inclusive.*

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## CORPORATE INFORMATION AND ADVISERS

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### Directors of Niveus

J Copelyn\* (*Non-executive Chairman*)  
A van der Veen (*Chief Executive Officer*)  
M Loftie-Eaton (*Chief Financial Officer*)  
M Golding\*  
M Molefi\*\*  
Y Shaik\*\*  
J Ngcobo\*\*

\* Non-executive Directors

\*\* Independent non-executive Directors

### Company secretary and registered office

HCI Managerial Services Proprietary Limited  
(Registration number 1996/017874/07)  
Block B, Longkloof Studios  
Darters Road  
Gardens  
Cape Town, 8001  
  
(PO Box 5251, Cape Town, 8000)

### Holding Company

Hosken Consolidated Investments Limited  
(Registration number 1973/007111/06)  
Block B, Longkloof Studios  
Darters Road  
Gardens  
Cape Town, 8001

(PO Box 5251, Cape Town, 8000)

### Administrator

Johnnic Holdings Management Services Limited  
(Registration number 1969/014373/06)  
Block B, Longkloof Studios  
Darters Road  
Gardens  
Cape Town, 8001

(PO Box 5251, Cape Town, 8000)

### Investment bank and Sponsor

Investec Bank Limited  
(Registration number 1969/004763/06)  
100 Grayston Drive  
Sandown  
Sandton, 2196

(PO Box 785700, Sandton, 2146)

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
70 Marshall Street  
Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

### Date of incorporation

15 May 1996

### Place of incorporation

Republic of South Africa

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## TABLE OF CONTENTS

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	Page
<b>CORPORATE INFORMATION AND ADVISERS</b>	Inside Front Cover
<b>IMPORTANT DATES AND TIMES</b>	2
<b>DEFINITIONS</b>	3
<b>CIRCULAR TO SHAREHOLDERS</b>	5
1. Introduction	5
2. Rationale of the Scheme & the specific issue of Shares for cash	5
3. Salient features of the Scheme	6
4. Conditions precedent	8
5. Share capital	8
6. Directors' information	9
7. Directors' responsibility statement	9
8. Recommendation	9
9. Financial effects of the specific issue of Shares	9
10. General information	9
11. Expenses	10
12. Consents	10
13. Documents available for inspection	10
<b>ANNEXURE 1: MARKET VALUE OF SECURITIES</b>	11
<b>ANNEXURE 2: CORPORATE GOVERNANCE AND KING CODE</b>	12
<b>NOTICE OF GENERAL MEETING OF NIVEUS SHAREHOLDERS</b>	17
<b>FORM OF PROXY – GENERAL MEETING</b>	21

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## IMPORTANT DATES AND TIMES

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**2013**

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Circular posted to Niveus Shareholders on	Thursday, 28 March
Last day to trade Niveus Shares in order to be recorded in the Register to vote at the General Meeting on	Friday, 12 April
Record date to be eligible to vote at the General Meeting by close of trade on	Friday, 19 April
Last day to lodge forms of proxy in respect of the General Meeting by 10h00 on	Thursday, 25 April
General Meeting to be held at 10h00 on	Friday, 26 April
Results of the General Meeting published on SENS on	Friday, 26 April
Results of the General Meeting published in the South African press on	Monday, 29 April

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**Notes:**

1. The above dates and times are subject to amendment at the discretion of Niveus. Any such amendment will be released on SENS and published in the South African press.
2. All dates and times indicated above are South African Standard Times.

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## DEFINITIONS

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In this Circular and the annexures attached hereto, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column, words in the singular include the plural and *vice versa*, words importing one gender include the other genders and references to a person include references to a body corporate and *vice versa*:

“Act” or “Companies Act”	the Companies Act (Act No. 71 of 2008), as amended or replaced;
“Board”	the board of directors for the time being of the Company or, should the board of directors delegate its authority to a committee of the board, such committee (unless the context indicates to the contrary), provided always that if any director has any personal financial interest in any decision being taken by the board (or committee) in terms of the Scheme, such director shall disclose such interest and recuse himself from such decision-taking;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Securities Services Act, 2004;
“Business Day”	any day other than a Saturday, Sunday or public holiday officially recognised as such in South Africa;
“Certificated Niveus Shareholders”	Niveus Shareholders, other than Dematerialised Niveus Shareholders, who hold Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Circular”	this circular to Niveus Shareholders regarding, <i>inter alia</i> , the adoption of the Scheme;
“CSDP”	a person that holds in custody and administers securities or an interest in securities and that has been accepted as such by a central securities depository as a participant in terms of section 34 of the Securities Services Act, 2004;
“Dematerialisation”	the process by which certificated securities are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of shareholders maintained by a CSDP;
“Dematerialised Niveus Shareholders”	those Niveus Shareholders who hold Shares, which have been dematerialised in terms of the requirements of Strate through a CSDP or Broker and are held in electronic form on the sub-registers of Niveus;
“Dividends per Share”	the sum of dividends per share declared by the Company from Option Date to Exercise Date;
“Employee”	any full-time employee of the Group including a director holding salaried employment or employment by virtue of an administration agreement;
“Employer Company”	the company in the Group which employs or employed the Participants or in respect of which the Participant holds or held office, and which has adopted the terms of the Scheme;
“Exercise Date”	the date on which an Option is exercised by a Participant in accordance with the Scheme;
“Exercise Date Price”	the Middle Market Price as at the Exercise Date, provided that if such Middle Market Price exceeds the Maximum Exercise Date Price, then the Maximum Exercise Date Price shall be deemed to be the exercise date price;
“Expiry Date”	in respect of any particular Option, the date which is three months after the Maturity Date;
“General Meeting”	the general meeting of the Niveus Shareholders to be held in the boardroom at Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, South Africa, on Friday, 26 April 2013 at 10:00 for the purpose of considering and voting on the ordinary and special resolutions set out in the notice of General Meeting of Niveus Shareholders forming part of the Circular;
“Group”	Niveus and its subsidiaries from time to time;
“HCI”	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
“the JSE”	the JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Securities Services Act, 2004;
“JSE Listings Requirements”	the Listings Requirements published by the JSE;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, being Monday, 25 March 2013;

“Management Company”	Johnnic Holdings Management Services Limited (Registration Number 1969/014373/06), a public company incorporated in accordance with the laws of South Africa and the appointed administrator of the Company in terms of an administration agreement.
	The Management Company is wholly owned by HCI, the directors of which include Messrs JA Copelyn and RK Jackson;
“Maturity Date”	the third anniversary of the Option Date provided that the first options granted to new entrants will vest over a period of three years after the third anniversary of the Option Date as follows: a third on the third anniversary, a third on the fourth anniversary and a third on the fifth anniversary of the Option Date;
“Maximum Exercise Date Price”	the maximum price that the Exercise Date Price may be, which price shall be calculated by the Board as being the Option Price plus an annual increase of 35%, compounded annually, and specified in the Option Notice;
“Middle Market Price”	in relation to any particular Business Day, the volume weighted average of the middle market price of the Shares as traded on the JSE (whether actually traded or not during the 20 Business Days preceding the Business Day in question, as notified to the Company by the JSE);
“MOI”	the Memorandum of Incorporation of Niveus;
“Net-Equity Settlement” or “Net Equity Settled”	the manner in which all Options that are validly exercised in terms of the Scheme will be settled; that is, the Participant will receive that number of Shares that equates in value to the difference between the Option Price that would have been payable by such Participant for the option shares and the Exercise Date Price;
“New Entrant”	a new entrant is a Participant who is receiving Options under the Scheme for the first time or is deemed to be a new entrant by the Board;
“Niveus” or “the Company”	Niveus Investments Limited (registration number 1996/005744/06), a public company duly registered and incorporated in accordance with the company laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
“Niveus Shareholders”	the registered shareholders of the Shares;
“Option”	an option to acquire Shares granted to an Employee in terms of the Scheme which has not yet been exercised and which has not lapsed;
“Option Date”	the date of the Option Notice in terms of which an Option was granted;
“Option Notice”	the written notice in terms of which the Employer Company, upon the directions of the Board from time to time, grants an Option to an Employee to acquire Shares in terms of the Scheme;
“Option Price”	the Middle Market Price as at the Option Date less a discount of 10%, as recorded in the Option Notice, with the proviso that the Options granted at inception of the Scheme to a New Entrant will be deemed to have an option price of R7,12;
“Own-name Dematerialised Niveus Shareholder(s)”	those Niveus Shareholders that have dematerialised their Shares, through a CSDP and have instructed such CSDP to hold their Shares in their own name on the sub-register maintained by the CSDP and forming part of the securities register of Niveus Shareholders maintained by Niveus in terms of the Companies Act, 2008;
“Participant”	an Employee who has been granted an Option (and who has accepted such Option in accordance with the Option Notice), or his executor, heir, administrator, trustee or permitted assign, as the case may be;
“the Scheme”	the Niveus Employee Share Scheme;
“Settlement Shares”	the number of Shares delivered to the Participant pursuant to the Net-Equity Settlement of the Option;
“Shares”	the ordinary shares of no par value in the share capital of Niveus;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Limited (Registration number 1998/022242/06), a public company duly registered and incorporated in accordance with the laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades; and
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the company laws of South Africa.

# NIVEUS

INVESTMENTS LIMITED

**NIVEUS INVESTMENTS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 1996/005744/06)  
Share code: NIV  
ISIN: ZAE000169553

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## Directors of Niveus

Executive		Non-executive	
	A van der Veen ( <i>Chief Executive Officer</i> )		J Copelyn ( <i>Chairman</i> )
	M Loftie-Eaton ( <i>Chief Financial Officer</i> )		M Golding
			M Molefi*
			Y Shaik*
			J Ngcobo*

\* *Independent*

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## CIRCULAR TO SHAREHOLDERS

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### 1. INTRODUCTION

Niveus is a focused investment entity holding investments across a number of diversified sectors. The Company holds three material investments, namely:

- The Vukani Gaming Group;
- The KVV Group; and
- The Galaxy Bingo Group.

The purpose of this Circular is to advise Niveus Shareholders of:

- the proposed adoption of the Scheme (and to set out the salient features thereof); and
- the specific issue of up to 2 000 000 Shares at market value to the Management Company;

in order for the Niveus Shareholders to consider and vote in respect of the necessary resolutions approving the adoption of the Scheme and the specific issue of Shares, at the General Meeting of Niveus Shareholders to be held at the Company's registered address, Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8000 at 10:00 on Friday, 26 April 2013.

In addition, resolutions regarding:

- proposed amendments to the MOI;
- proposed directors' remuneration for Niveus; and
- general authority to provide financial assistance,

are to be tabled at the General Meeting.

### 2. RATIONALE OF THE SCHEME & THE SPECIFIC ISSUE OF SHARES FOR CASH

- 2.1 The purpose of the Scheme is to provide selected Employees with the opportunity to acquire Shares, thereby ensuring that such Employees are encouraged and motivated to pursue continued employment with their Employer Companies and to contribute to the growth and profitability of the Employer Company and the Group as a whole. The Scheme was prepared in accordance with Schedule 14 of the JSE Listings Requirements.
- 2.2 Each Employer Company shall bear the costs (including any losses sustained and/or taxes that may be payable by the Group) in respect of the acquisition, purchase or subscription of Shares to be utilised for the Scheme, in so far as such costs directly relate to the participation of the Employees (or former Employees) of that Employer Company in the Scheme.

- 2.3 The approval requested in terms of the specific issue of up to 2 000 000 Shares at market value to the Management Company is in the event that Niveus elects to settle its obligations to the Management Company, in terms of the administration agreement, thereby preserving cash should it be required for growth or acquisition purposes.
- 2.4 In the event that Shares are issued to the Management Company, then the Shares will rank pari passu in all respects with the existing ordinary shares in Niveus and will be issued in terms of the Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements.

### **3. SALIENT FEATURES OF THE SCHEME**

- 3.1 Only Employees are eligible to participate in the Scheme and to acquire Options.
- 3.2 For so long as may be required by the JSE Listings Requirements, no Shares which are held by the Employer Companies from time to time in terms of the Scheme (other than as nominee) will be taken into account for purposes of resolutions proposed in terms of the JSE Listings Requirements or for determining categorisations, as detailed in the JSE Listings Requirements.
- 3.3 The aggregate number of Shares which may be utilised for the Scheme with regards to Employees of Employer Companies shall not exceed 10,500,000 Shares. This limitation shall not be exceeded without Niveus Shareholders' approval as required in terms of the JSE Listings Requirements.
- 3.4 The aggregate number of Shares which any one Participant, who is an Employee of an Employer Company, may acquire in terms of the Scheme shall not exceed 4,000,000 Shares.
- 3.5 The relevant Employer Company or the Management Company, on the directions of the Board from time to time, shall grant Options to Employees (selected in the sole discretion of the Board) to acquire Shares, the terms and details of which shall be set out in the Option Notices. The Option Notices shall specify the details of the vesting period as either being after the third anniversary or being a grant to a New Entrant which shall vest over a period of three years after the third anniversary of the Option Date as follows: a third on the third anniversary, a third on the fourth anniversary and a third on the fifth anniversary of the Option Date. When selecting which Employees will be granted Options (and the number of Options to be granted to each such Employee), the Board shall take into account the contribution to be made by the relevant Employee to the Group in light of the Employee's skills, experience, qualifications and/or attributes and the Group's strategic objectives at the relevant time.
- 3.6 Acceptance of an Option granted to an Employee must be evidenced by such Employee counter-signing the Option Notice and returning it to the compliance officer within a period of 20 Business Days after the date of such Option Notice, failing which the Option will lapse and will no longer be capable of acceptance, provided that the Board may direct, within its sole discretion, that such Option shall be deemed not to have lapsed.
- 3.7 An Option, after having been granted to an Employee, is personal to and only capable of being exercised by the relevant Participant, except in the event of the Participant's death that the unvested Options become vested and may be exercised by the deceased's estate.
- 3.8 Options may not be sold, alienated, disposed of in any manner, transferred, pledged or encumbered in any manner whatsoever without the prior written consent of the Board. Notwithstanding the above, the unvested Shares that become vested in the event of the Participant's death shall automatically vest in the deceased's estate.
- 3.9 An Option granted in terms of the Scheme may only be exercised by the Participant in accordance with the terms of the relevant Option Notice.
- 3.10 Subject to what is stated in paragraph 3.11 below, a Participant shall become entitled to exercise the Option in respect of all of the Shares to which the Option relates, for the three month period from the Maturity Date until the Expiry Date. If the Participant does not exercise the Option by the Expiry Date, the Option shall lapse, provided that the Board may direct, within its sole discretion that such Option shall be deemed not to have lapsed.
- 3.11 Excluding in the event of the Participant's death where Shares will vest in accordance with paragraph 3.18, the exercise of the Option shall be subject to the following conditions:
  - 3.11.1 the continued employment of the Participant on the date on which the Option is exercised; and
  - 3.11.2 the Exercise Date Price must exceed the Option Price. If the Exercise Date Price does not exceed the Option Price, the Option shall not be capable of being exercised.



3.12 A Participant shall not be entitled to exercise an Option during a closed period, as defined in the JSE Listings Requirements, and if the Expiry Date of an Option falls within a closed period, the Participant shall be entitled to exercise such Option for a period of 30 days following the expiry of the closed period and the Option shall not lapse until such 30 day period has expired.

3.13 All Options shall only be capable of being Net-Equity Settled. This means that when an Option is validly exercised, the relevant Employer Company shall deliver to the Participant concerned, that number of Settlement Shares calculated in accordance with the following formula:

$$A = (B - C) \times D / E$$

where:

**A** = the number of Settlement Shares, provided that where A is not a whole number, it shall be rounded down to the nearest whole number;

**B** = the Exercise Date Price;

**C** = the Option Price as per the Option Notice less Dividends per Share;

**D** = the number of Shares in respect of which the Option was granted; and

**E** = the Middle Market Price per Share as at the Exercise Date.

3.14 Upon the delivery by the Employer Company of the Settlement Shares to the Participant, the Participant shall be regarded as having paid the Option Price to the Employer Company concerned, and such Employer Company shall be regarded as having discharged its obligation to deliver the Shares in respect of which the Option was granted, to the Participant.

3.15 A Participant shall be entitled to the delivery of and to take transfer of the Settlement Shares in respect of which an Option has been validly exercised as soon as is reasonably possible after the Option has been exercised, subject to paragraph 3.16 below.

3.16 A Participant shall bear all costs, duties, taxes, fees, commission and the like ("Participant's Tax Liability") pertaining to the transfer of the Settlement Shares. Unless the Participant discharges the Participant's Tax Liability to the Company himself, the Company or the Employer Company may withhold an amount equal to the Participant's Tax Liability and make such arrangements as it considers necessary to meet such liability, including selling, on behalf of the Participant, that portion of the Settlement Shares as is sufficient to settle the Participant's Tax Liability or deducting the Participant's Tax Liability from the Participant's salary.

3.17 All risk and benefit of the Shares, including, but not limited to, all dividend rights and voting rights appertaining to such Shares, shall pass to the Participant on the Exercise Date, subject to paragraph 3.16 above.

3.18 Options shall lapse upon termination of employment of a Participant, unless the termination of employment is as a result of death (excluding death from suicide), in which case the Options shall vest immediately in the deceased's estate; or:

3.18.1 ill health or injury, provided that the relevant Employer Company has received a certificate from a suitably qualified, independent medical practitioner nominated for this purpose by the Employer Company or otherwise acceptable to the Employer Company to the effect that, due to such ill health or injury, the Participant shall not be able to perform his normal employment duties for a consecutive period exceeding 12 (twelve) months; or

3.18.2 normal or late retirement in accordance with the rules of the pension/provident/retirement fund of the relevant Employer Company; or

3.18.3 early retirement (being retirement other than such normal or late retirement) with the approval of the Board; or

3.18.4 death by suicide; or

3.18.5 such other reason as may be determined or approved by the Board,

in which case the Board shall be entitled, but not obliged, to direct that the Participant may exercise such Option on a date as may be determined by the Board within its sole discretion, provided that such date may not be later than the Expiry Date.

- 3.19 Where the Shares in respect of which an Option has been allocated to a Participant are not subsequently issued to such Participant (for example, as a result of the Participant not being employed on the Maturity Date or as a result of the Option lapsing), such Shares shall revert back to the Scheme and may form the subject of further Options to be allocated to Participants under the Scheme.
- 3.20 In the event of a sub-division or consolidation of the Shares, the reduction of the Company's share capital, the Company being placed in liquidation pursuant to or in the course of a reorganisation of the Group, the Company being party to a scheme of arrangement affecting the structure of its share capital, or a capitalisation or rights issue, then:
- 3.20.1 the number of Shares which may be utilised for the Scheme;
- 3.20.2 the aggregate number of Shares which any one Participant may acquire in terms of the Scheme; and
- 3.20.3 the number of Shares which are the subject of any Option and/or the Option Price in respect thereof,
- shall be adjusted so as to ensure that as far as possible, Participants remain entitled to the same proportion of the equity capital of the Company as that to which Participants were previously entitled. Any such adjustments shall be subject to the Company's auditors confirming to the JSE, in writing, that the adjustments were calculated on a reasonable basis and in accordance with the provisions of the Scheme. Any such adjustment shall be reported in the Company's annual financial statements in the financial period during which the adjustment is made.
- 3.21 In the event that a change of control occurs in the Company or the Company's Shares cease to be listed on the JSE, then the Board shall be entitled, but not obliged, to amend the Scheme in such manner as it deems fit (subject always to the rules of the Scheme regulating amendments to the Scheme) including, by way of example:
- 3.21.1 accelerating the Maturity Dates; and/or
- 3.21.2 substituting the Shares forming the subject matter of the Options with shares in any other entity on terms not less favourable than those on which the Participants were previously entitled to participate in terms of the Scheme, and in such circumstances, the Participants shall be obliged to accept such substitution.
- 3.22 Executive directors may not be appointed as trustees of the Scheme. Non-executive directors may be appointed as trustees of the Scheme, provided they do not benefit from the Scheme.
- 3.23 The trustees may not be Participants under the Scheme.

#### 4. CONDITIONS PRECEDENT

The implementation of the Scheme and the election to issue Shares to the Management Company are subject to obtaining the approval of Niveus Shareholders by way of ordinary resolutions (requiring a 75% majority of the votes cast in favour of such resolutions) in accordance with the JSE Listings Requirements. The JSE approved the Scheme on 20 March 2013.

#### 5. SHARE CAPITAL

Before the proposed transaction:

	<b>R'000</b>
Authorised	
500 000 000 ordinary shares of no par value	-
Issued	
112 619 087 ordinary shares of no par value	790 347

After the proposed transaction:

	<b>R'000</b>
Authorised	
500 000 000 ordinary shares of no par value	-
Issued	
114 619 087 ordinary shares of no par value	815 347

Note: The share capital after the transaction assumes Niveus does elect to issue the Shares, and the Shares are issued at the market price of R12.50, being the closing price of Niveus on the Last Practicable Date.

None of the Shares are held as treasury shares by Niveus.

The Shares that may be issued to the Management Company at the election of Niveus, will be issued at a price equal to the market value of the Shares on the JSE on the date of issue.

## 6. DIRECTORS' INFORMATION

<b>Director and designation</b>	<b>Business address</b>
John Anthony Copelyn (non-executive Chairman)	Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001
Marcel Jonathan Anthony Golding (non-executive Director)	Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001
Lynette Moretlo Molefi (independent non-executive Director)	502 Milnerton Street, Kyalami Estates, 1686
Yunis Shaik (independent non-executive Director)	52 Troon Road, Greenside, 2093
Jabulani Geffrey Ngcobo (independent non-executive Director)	Capstone Textiles, 168 Van Eck Road, Hammersdale, 3700
André van der Veen (Chief Executive Officer)	La Concorde, 57 Main Street, Paarl, 7646
Muriel Loftie-Eaton (Chief Financial Officer)	La Concorde, 57 Main Street, Paarl, 7646

### Directors' interest in Niveus share capital as at the Last Practicable Date

<b>Directors</b>	<b>Direct and indirect beneficial interest</b>	<b>Percentage holding (%)</b>
<b>Executive</b>		
A van der Veen	847 151	0.8%
<b>Non-executive</b>		
J A Copelyn	15 206 317	13.5%
M J A Golding	10 476 979	9.3%

To the extent Shares are issued to the Management Company, the Management Company may, in its discretion, issue shares to the Directors, in which case the Directors may have a resultant beneficial interest in the proposed issue of Shares to the Management Company. The Directors' remuneration has not varied as a result of the proposed issue of Shares.

## 7. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of the Company collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make the Circular false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this statement contains all information required by law and the JSE Listings Requirements.

## 8. RECOMMENDATION

The directors are of the opinion that the Scheme, the specific issue of Shares for cash, the amendments to the MOI, the approval of the directors' remuneration and the general authority to provide financial assistance will be beneficial to the Group and accordingly recommend that Niveus Shareholders vote in favour of the necessary ordinary and special resolutions.

## 9. FINANCIAL EFFECTS OF THE SPECIFIC ISSUE OF SHARES

The specific issue of Shares will have no significant effect on Niveus' earnings, headline earnings, net asset value or tangible net asset value and, accordingly, any such effect has, therefore, not been disclosed.

## 10. GENERAL INFORMATION

### Litigation statement

The directors, whose names appear on page 5 of this Circular and to which the notice of general meeting forms part, are not aware of any legal or arbitration proceedings of Niveus that are pending or threatened that may have or had in the recent past, being at least the previous 12 (twelve) months, a material effect on the Group's financial position.

## 11. EXPENSES

The estimated expenses are excluding VAT and set out in the table below:

<b>Expense</b>	<b>Payable to</b>	<b>R'000</b>
JSE documentation fees	JSE	26
Administrative and printing	Greymatter & Finch	34
<b>Estimated total</b>		<b>60</b>

## 12. CONSENTS

Each of the investment bank and sponsor and Transfer Secretaries have consented in writing to act in the capacities stated and to their names being included in this Circular and have not withdrawn their consent prior to the publication of this Circular.

None of the advisers of Niveus had an interest in the issued ordinary share capital of Niveus as at the Last Practicable Date.

## 13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at Niveus' registered office, the offices of the investment bank and the offices of the Transfer Secretaries during normal business hours from the date of this Circular up to and including Friday, 26 April 2013:

- the Memorandum of Incorporation of Niveus and its subsidiaries, being Vukani Gaming Group, the KWV Group and the Galaxy Bingo Group;
- the Scheme;
- historical audited financial statements for the three financial years ended 31 March 2012; and
- the administration agreement.

For and on behalf of the Board



Cape Town  
28 March 2013

## MARKET VALUE OF SECURITIES

Months	Volume traded (units)	Value traded (R'm)	Highest price traded (cents)	Lowest price traded (cents)	Closing price (cents)
<b>Monthly</b>					
September 2012	358 435	3.38	2000	765	925
October 2012	2 197 372	22.62	1100	925	1100
November 2012	3 410 550	39.30	1200	1070	1200
December 2012	3 884 396	50.52	1500	1161	1300
January 2013	1 333 236	17.56	1500	1250	1300
February 2013	6 475 085	73.63	1300	1150	1200
<b>Daily</b>					
1 February 2013	90 000	1.17	1300	1300	1300
4 February 2013	1 735	0.02	1300	1270	1270
5 February 2013	43 770	0.57	1300	1268	1300
6 February 2013	589 550	7.63	1300	1290	1290
7 February 2013	79 105	1.03	1300	1299	1299
8 February 2013	2 800	0.04	1300	1300	1300
11 February 2013	182 084	2.36	1300	1290	1300
12 February 2013	4 882	0.06	1300	1267	1267
13 February 2013	–	–	–	–	1267
14 February 2013	–	–	–	–	1267
15 February 2013	68 933	0.89	1300	1252	1252
18 February 2013	52 000	0.65	1250	1250	1250
19 February 2013	–	–	–	–	1250
20 February 2013	6 900	0.08	1235	1225	1225
21 February 2013	4 800	0.06	1225	1200	1200
22 February 2013	51 924	0.62	1200	1161	1200
25 February 2013	5 154 589	56.75	1200	1155	1200
26 February 2013	90 005	1.08	1200	1199	1200
27 February 2013	21 200	0.25	1210	1199	1200
28 February 2013	30 808	0.37	1200	1150	1200
1 March 2013	2 120	0.03	1300	1250	1250
4 March 2013	53 262	0.69	1300	1250	1300
5 March 2013	37 044	0.48	1300	1251	1300
6 March 2013	–	–	–	–	1300
7 March 2013	10 000	0.13	1295	1295	1295
8 March 2013	17 430	0.22	1290	1250	1250
11 March 2013	175 700	2.30	1330	1295	1300
12 March 2013	–	–	1330	1295	1300
13 March 2013	18 200	0.23	1299	1250	1250
14 March 2013	1 343 290	16.79	1250	1250	1250
15 March 2013	14 310	0.17	1250	1194	1250
18 March 2013	4 020	0.05	1300	1250	1300
19 March 2013	35 700	0.45	1299	1250	1250
20 March 2013	56 370	0.70	1251	1250	1250
21 March 2013	56 370	0.70	1251	1250	1250
22 March 2013	20 700	0.26	1250	1250	1250
25 March 2013	162	0.00	1250	1250	1250

## CORPORATE GOVERNANCE AND KING CODE

Niveus has adopted the same corporate governance principles as HCI as at the Last Practicable Date.

Niveus subscribes to the Code of Corporate Practices and Conduct as set out in the King Report (King III) on Corporate Governance. The Board advocates sound governance practices by all entities which the Company is invested in and concurrently all the subsidiaries endorse the Code of Corporate Practices and Conduct where applicable.

Niveus subscribes to a set of values which seek to foster integrity, innovation, individual empowerment and personal accountability.

Niveus is a diversified investment entity that currently holds significant investments in three entities. While the Board is responsible for the maintenance of sound corporate governance, it believes that its implementation is best managed at an investee level. Consequently each principal Group entity has its own governance structure that monitors operations and deals with governance and transformation related issues. Effective corporate governance forms part of the Company's investment assessment criteria.

### KING III

King III became effective on 1 March 2010. The JSE Listings Requirements require all JSE-listed companies to provide a narrative of how it has applied the new recommendations contained in King III, in respect of financial years commencing on or after the effective date. Niveus believes that in all material respects it complies with the major recommendations of the code to ensure sound corporate governance and structures are applied within the Group. The following is an overview of the principles of King III and how they apply to Niveus:

#### KEY

- √ Compliant
- ? Under review

#### ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

- √ Effective leadership based on an ethical foundation
- √ Responsible corporate citizen
- √ Effective management of Group's ethics

#### BOARDS AND DIRECTORS

- √ The Board is the focal point for and custodian of corporate governance
- √ Strategy, risk, performance and sustainability are inseparable
- √ Directors act in the best interests of the Group
- √ The Chairman of the Board is an independent non-executive Director (note 1)
- √ Framework for the delegation of authority has been established
- √ The Board comprises a balance of power, with a majority of non-executive directors, the majority of which are independent
- √ Directors are appointed through a formal process
- √ Formal induction and ongoing training of directors is conducted
- √ The Board is assisted by a competent, suitably qualified and experienced company secretary
- √ Regular performance evaluations of the Board, its committees and the individual directors
- √ Appointment of well-structured committees and oversight of key functions
- √ An agreed governance framework between the Group and its subsidiary Board is in place
- √ Directors and executives are fairly and responsibly remunerated
- √ Remuneration of Directors and senior executives is disclosed
- ? The Group's remuneration policy is approved by its shareholders

#### AUDIT COMMITTEE

- √ Effective and independent
- √ Suitably skilled and experienced independent non-executive Directors
- √ Chaired by an independent non-executive Director
- √ Oversees integrated reporting
- √ A combined assurance model is applied to improve efficiency in assurance activities
- √ Satisfies itself of the expertise, resources and experience of the Group's finance function, Chief Financial Officer and Company Secretary
- √ Oversees internal audit
- √ Integral to the risk management process
- √ Oversees the external audit process
- √ Reports to the Board and Shareholders on how it has discharged its duties

## THE GOVERNANCE OF RISK

- √ The Board is responsible for the governance of risk and setting levels of risk tolerance
- √ The Audit Committee assists the Board in carrying out its risk responsibilities
- √ The Board delegates the risk management plan to management
- √ The Board ensures that risk assessments and monitoring are performed on a continual basis
- √ Frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks
- √ Management implements appropriate risk responses
- ? The Board receives assurance of the effectiveness of the risk management process
- √ Sufficient risk disclosure to stakeholders

## THE GOVERNANCE OF INFORMATION TECHNOLOGY

- √ The Board is responsible for information technology (IT) governance
- √ IT is aligned with the performance and sustainability objectives of the Group
- √ Management is responsible for the implementation of an IT governance framework
- √ The Board monitors and evaluates significant IT investments and expenditure
- √ IT is an integral part of the Group's risk management
- √ IT assets are managed effectively
- √ The Audit Committee assists the Board in carrying out its IT responsibilities

## COMPLIANCE WITH LAWS, CODES, RULES AND STANDARDS

- √ The Board ensures that the Group complies with relevant laws
- √ The Board has a working understanding of the relevance and implications of non-compliance
- √ Compliance risk forms an integral part of the Group's risk management process
- √ The Board has delegated to management the implementation of an effective framework and processes

## INTERNAL AUDIT

- √ Effective risk-based internal audit
- ? Written assessment of the effectiveness of the Group's system of internal controls and risk management
- √ Internal audit is strategically positioned to achieve its objectives

## GOVERNING STAKEHOLDER RELATIONSHIPS

- √ Appreciation that stakeholders' perceptions affect the Group's reputation
- √ Management proactively deals with stakeholder relationships
- √ There is an appropriate balance amongst the Group's various stakeholder groupings
- √ Equitable treatment of stakeholders
- √ Transparent and effective communication to stakeholders
- √ Disputes are resolved effectively and timeously

## INTEGRATED REPORTING AND DISCLOSURE

- √ Ensures the integrity of the Group's integrated report
- ? Sustainability reporting and disclosure is integrated with the Group's financial reporting
- ? Sustainability reporting and disclosure is independently assured

### Note:

1. The Chairman of the Board is not an independent non-executive Director because of his position as Chief Executive Officer of HCI. A lead independent Director has been appointed.

## AS AT THE LAST PRACTICABLE DATE

The Companies Act places certain duties on Directors and determines that they should apply the necessary care and skill in fulfilling their duties. To ensure that this is achieved, best practice principles, as contained in King III, are applied where applicable.

The following are the notable aspects of the Company's corporate governance:

### The Board

#### *Role and responsibilities*

The Board's paramount responsibility is the positive performance of Niveus in creating value for its Shareholders. In so doing it should take account of the legitimate interests and expectations of other stakeholders. Niveus' stakeholders include the present and potential beneficiaries of Niveus products and services, clients, suppliers, employees, communities and the natural environment.

In terms of its formal charter, the Board's responsibilities include the appointment of the executive officers, approval of corporate strategy, risk management and corporate governance. The Board reviews and approves the business plans and monitors financial performance of the Group and implementation of the strategies. The Board is the guardian of the values and ethics of the Company and its investees and should ensure that the Company is and is seen to be a responsible corporate citizen. The Board is also responsible for formulating the Company's communication policy and ensuring that spokespersons of the Company adhere to it. This responsibility includes clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders.

The Board has a fiduciary duty to act in good faith, with due care and diligence, and in the best interests of the Group and its stakeholders. It is the primary body responsible for the corporate governance values of the Group. While control is delegated to the management committee in the day-to-day management of the Group, the Board retains full and effective control over the Company. A formal Board Charter, as recommended by the Code of Corporate Practices and Conduct, has been adopted. The Charter includes a Code of Ethics to which all Directors subscribe. The code deals with duties of care and skill, as well as those of good faith, including honesty and integrity and the need to always act in the best interests of the Company. Procedures exist in terms of which unethical business practices can be brought to the attention of the Board by Directors or employees.

Board members have full and unrestricted access to management and all Group information and property. They are entitled, at the cost of the Company, to seek independent professional advice in the fulfilment of their duties. Directors may meet separately with management without the attendance of executive Directors.

After evaluating their performance in terms of their respective charters, the Directors are of the opinion that the Board and the sub-committees have discharged all their responsibilities.

#### ***Composition of the Board***

The roles of Chairman and Chief Executive Officer are separate and the composition of the Board ensures a balance of authority precluding any one Director from exercising unfettered powers of decision-making. The Directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgment and broad deliberations in the decision-making process. The Board each year evaluates its composition to ensure an appropriate mix of skills and experience.

The Board comprises seven members of whom five are non-executive Directors. Three of the non-executive Directors are also independent Directors in terms of the definition stated below. Yunis Shaik was appointed as lead independent non-executive Director effective on the Last Practicable Date. The independence of the Directors classified as "independent" was evaluated by weighing all relevant factors, including length of services on the Board, which may impair independence.

New Directors are subject to a 'fit and proper' test. An informal orientation programme is available to incoming Directors. No Director has an automatic right to a position on the Board. All Directors are required to be elected by Shareholders at an Annual General Meeting. The Company in general meeting may appoint any person to be a Director subject to the provisions of the MOI.

The boards of the Company's major subsidiaries and operating divisions are similarly constituted with the necessary mix of skills, experience and diversity. There is also an appropriate mix between executive and non-executive appointments.

#### ***Term of office***

In terms of the MOI, one-third of Directors must retire at every Annual General Meeting and are eligible for re-election. There is no mandatory retirement age for non-executive Directors.

#### ***Definition of independence***

An independent non-executive Director is a non-executive Director who:

- is not a representative of a Shareholder who has the ability to control or significantly influence management of the Board;
- does not have a direct or indirect interest in the Company which exceeds 5% of the Shares in issue;
- does not have a direct or indirect interest which is material to his/her personal wealth;
- has not been employed by the Company or the Group of which it currently forms part in any executive capacity during the preceding three financial years; and
- free from any business or other relationship which could be seen by an objective outsider as interfering materially with the individual's capacity to act in an independent manner.

#### ***Directors' interests***

It is not a requirement of the MOI or the Board Charter that Directors own shares in the Company. Directors' interests in Niveus Shares are disclosed in the main body of this circular.

#### ***Board proceedings***

The Board meets once every quarter. Should an important matter arise between scheduled meetings, additional meetings may be convened.

Before each Board meeting, an information pack, which provides background information on the performance of the Group for the year to date and any other matters for discussion at the meeting, is distributed to each Board member. At its meetings, the Board considers both financial and non-financial qualitative information that might have an impact on the stakeholders in the Company.

#### ***Subsidiary Boards and Board committees***

Niveus' subsidiaries each has a suitably constituted board of directors with the necessary mix of skills, experience and diversity. There is also an appropriate mix between executive and non-executive appointments.



The Board has established four sub-committees to assist the Directors in their duties and responsibilities.

The membership of these sub-committees is detailed below:

- Executive Committee;
- Remuneration Committee;
- Social and Ethics Committee; and
- Audit and Risk Committee.

Each committee comprises of only members of the Board, except for the Social and Ethics Committee. All the committees are free to seek independent outside professional advice, as and when required, at the expense of the Company. Niveus' subsidiaries have established Board and committee structures which submit regular reports to the Company.

This ensures the maintenance of high standards and best practice for corporate governance and internal control throughout the Group.

#### **Company Secretary**

The Company Secretary of Niveus is HCI Managerial Services Proprietary Limited with Johnnic Holdings Management Services Limited being responsible for ensuring the provision of the company secretarial services in terms of the Administration Agreement. The Company Secretary was appointed on 1 July 2009. All Directors have unlimited access to the services of the Company Secretary, who is responsible to the Board for ensuring that proper corporate governance principles are adhered to.

In accordance with the JSE's Bulletin 4 of 2012 the Board has considered and satisfied itself of the competence, qualifications and experience of the Company Secretary. The specific steps the Directors took included evaluating the experience of the Company Secretary, including the relevant experience exhibited by the executives and employees of the Company Secretary. To this end, several of the members of the management of the Company Secretary have an extensive history of providing such services to HCI Managerial Services Proprietary Limited, being the Company Secretary to HCI, as well as the applicable qualifications.

As HCI is the majority shareholder of Niveus, the independent Directors are responsible for ensuring the independence of the Company Secretary in accordance with the JSE's Bulletin 4 of 2012. To this end, the Administration Agreement, which sets out the services provided by the Company Secretary, and the remuneration due to the Company Secretary, is evaluated annually by the independent Directors to ensure the Company Secretary maintains an arm's length relationship and is suitably independent to perform the role as the gatekeeper of good governance and to adequately perform and carry out the roles and duties of a Company Secretary. Non-independent Directors are required to excuse themselves from participating in such deliberations and will not be permitted to participate in any vote related to the Company Secretary. The Company Secretary is not a Director of Niveus.

#### **Executive Committee**

The committee's primary objectives are to assist the Board in the daily management of the Group, including the allocation and investing of the Group's resources.

The Niveus Executive Committee comprises A van der Veen, M Loftie-Eaton, W Bodenstein and C du Toit.

#### **Remuneration Committee**

This committee is primarily responsible for overseeing the remuneration and incentives of the executive Directors. It takes cognisance of local best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. The committee utilises the services of independent remuneration consultants to assist in providing guidance on the remuneration for executive management.

Functions and mandates of the Remuneration Committee include:

- make recommendations to the Board regarding Directors' fees and the remuneration and service conditions of executive Directors, including the Chief Executive;
- provide a channel of communication between the Board and management on remuneration matters;
- review the Group's remuneration policies and practices and proposals to change these and to make recommendations in this regard to the Board;
- review and approve the terms and conditions of executive Directors' employment contracts, taking into account information from comparable companies;
- determine and approve any grants to executive Directors and other senior employees; and
- review and approve any disclosures in the annual report or elsewhere on remuneration policies or Directors' remuneration.

The Remuneration Committee comprises J Copelyn, L Molefi and Y Shaik. All the members of the committee are non-executive Directors. In line with the recommendations of King III, the Chief Executive attends the meetings of the committee at the request of the committee, but recuses himself from the meeting before any decisions are made in which he is affected.

The committee meets twice during the year.

#### **Social and Ethics Committee**

The committee's functions will be in line with the requirements of the Companies Act. In view of the fact that this committee is now codified, regular meetings will be scheduled.

A report by the Niveus Social and Ethics Committee will be provided in the 2013 integrated report. The Social and Ethics Committee comprises J Copelyn and L Molefi.

#### ***Audit and Risk Committee***

The Audit and Risk Committee fulfils an oversight role regarding the Group's financial statements and the reporting process, including the system of internal financial control. The committee also assists the Board in discharging its responsibilities by considering reports and information generated by the subsidiaries audit or finance committees to their respective boards.

The committee's objectives are to assist the Board in fulfilling its fiduciary duties with regard to:

- reviewing the interim, provisional and year-end financial statements, culminating in a recommendation to the Board to adopt them;
- reviewing legal matters that could have a significant impact on the Group's financial statements;
- reviewing the external audit reports on the annual financial statements;
- verifying the independence of the external auditor, namely PKF (Jhb) Incorporated;
- approving the audit fees and engagement terms of the external auditor; and
- determining the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services by the external auditor.

The Audit and Risk Committee comprises L Molefi, J Ngcobo and Yunis Shaik (Chairman). All the members of the committee are independent non-executive Directors. All members act independently as described in section 94 of the Companies Act.

The committee meets three times during the year.

#### ***Finance function***

The committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the finance function.

#### ***Effectiveness of Company's internal financial controls***

The committee report to the Board that they are of the opinion that based on enquiries made and the reports from the internal and external auditors, the risk management processes and systems of internal control of the Company and its subsidiaries were effective as at the Last Practicable Date. No material weakness in financial control of the Company and its subsidiaries was reported for the period under review.

#### ***Auditor independence***

HCI Shareholders previously appointed PKF Inc (current HCI auditors) as the auditors of Niveus until the first Annual General Meeting of Niveus Shareholders. PKF (Jhb) Inc was appointed as the individual registered auditor undertaking the Company's audit for the period under review.

Niveus believes that the auditors have observed the highest level of business and professional ethics. The committee is satisfied that the auditors have at all times acted with unimpaired independence. The independent auditor will attend all Audit Committee meetings and the Annual General Meeting of Niveus Shareholders. The partner responsible for the audit is required to rotate every (five) years. The committee meets with the auditors independently of senior management.

#### ***Expertise of the Financial Director***

The Listings Requirements were amended with effect from 1 September 2008, requiring all listed companies to have a financial director, with which requirement the Company has complied. The committee has considered and has satisfied itself of the appropriateness of the expertise and experience of the Financial Director.

#### ***Companies Act***

As required in terms of the Companies Act the committee is satisfied that it complied with and performed its functions and that the Company's external auditors are independent of the Company.

The committee comprises a minimum of three members and consists only of non-executive Directors who must act independently. The Chairman is an independent non-executive Director and attends the Annual General Meeting.

#### ***Risk management and internal control***

The Board acknowledges that it is accountable for the process of risk management and the system of internal control of Niveus. The Group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the subsidiaries to ensure adherence to the various Acts and Codes that govern the day-to-day operations.

Each Subsidiary has its own board of directors responsible for the management, including risk management and internal control, of that company and its business. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed.

# NIVEUS

INVESTMENTS LIMITED

**NIVEUS INVESTMENTS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number: 1996/005744/06)  
Share code: NIV  
ISIN: ZAE000169553  
("Niveus")

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## NOTICE OF GENERAL MEETING OF NIVEUS SHAREHOLDERS

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All terms defined in the Circular, to which this Notice of General Meeting is attached, shall bear the same meanings when used in this Notice of General Meeting.

Notice is hereby given to Niveus Shareholders that the General Meeting will be held at the offices of Niveus, Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001, on Friday, 26 April 2013 at 10h00, to conduct such business as may lawfully be dealt with at the General Meeting and to consider and, if deemed fit, pass, with or without modification, the resolutions set out hereunder. The record date for determining which shareholders of Niveus are entitled to participate in and vote at the General Meeting is Friday, 19 April 2013 and the last day to trade in order to be eligible to participate and vote at the General Meeting will be Friday, 12 April 2013.

**Please note that Niveus intends to provide for participation at the General Meeting by way of electronic communication. In this regard, please read the notes at the end of this notice.**

### **Ordinary resolution number 1 – Adoption of new employee share scheme**

**RESOLVED THAT**, the Company adopt and approve the Scheme, in accordance with the salient features which are set out in section 3 of this Circular to which this notice is attached, the details of which are incorporated in the Scheme rules which have been initialled by the Chairman of the General Meeting for the purpose of identification and have been approved by the JSE Limited.

The Scheme rules are available for inspection during normal business hours at the registered office of the Company.

In terms of the JSE Listings Requirements ordinary resolution number 1 must be passed by a 75% majority of the votes cast by Niveus Shareholders present or represented by proxy at the General Meeting.

### **Ordinary resolution number 2 – Specific issue of Shares for cash in terms of the JSE Listings Requirements**

**RESOLVED THAT**, 2,000,000 Shares may be issued to the Management Company at a price equal to the market value of the Shares on the date of issue, as contribution towards the settlement of the Company's obligations to the Management Company in terms of the administration agreement.

In terms of the JSE Listings Requirements ordinary resolution number 2 must be passed by a 75% majority of the votes cast by Niveus Shareholders present or represented by proxy at the General Meeting.

### ***Reason for and the effect of this ordinary resolution***

The reason for and effect of this ordinary resolution is to grant the Company the authority and flexibility to settle its obligations owing to the Management Company so that cash may be preserved should it be required for growth or acquisition purposes.

HCI, by virtue of their shareholding in the Management Company, will not have their votes counted in respect of the vote to approve ordinary resolution 2, in accordance with the JSE Listings Requirements.

### Special resolution number 1 – Non-executive directors’ remuneration

**RESOLVED THAT** the annual fees payable to the non-executive directors for their services as directors of the Company are approved as follows:

- Annual board fee for each non-executive director: R86 000
- Annual sub-committee fee for each non-executive director: R34 000\*

\* Where a non-executive director is a member of more than one sub-committee of the Company, the annual sub-committee fee is limited to R34 000.

In terms of section 65(9) of the Companies Act and Niveus’ MOI, the requisite percentage of voting rights for this special resolution to be adopted is 75% of the votes cast by Niveus Shareholders present or represented by proxy at the General Meeting.

#### **Reason for and the effect of this special resolution**

The reason for and effect of this resolution is to grant the Company the authority to pay remuneration to its directors for their services as directors of the Company.

### Special resolution number 2 – Specific issue of Shares for cash in terms of the Companies Act

**RESOLVED THAT**, 2,000,000 Shares may be issued to the Management Company at a price equal to the market value of the Shares on the date of issue, as contribution towards the settlement of the Company’s obligations to the Management Company in terms of the administration agreement.

In terms of section 41(1) of the Companies Act and Niveus’ MOI, the requisite percentage of voting rights for this resolution to be adopted is 75%.

#### **Reason for and the effect of this special resolution**

The reason for and effect of this special resolution is to grant the Company the authority and flexibility to settle its obligations owing to the Management Company so that cash may be preserved should it be required for growth or acquisition purposes.

### Special resolution number 3 – Amendments to terms in the MOI

**RESOLVED THAT**, the following terms in the MOI be deleted:

‘29.13 A round robin resolution, inserted into the minute book, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that each Director in South Africa who is able to receive notice, has received notice of the matter to be decided upon. One or more Alternate Directors shall be entitled to sign a round robin resolution if one or more Directors are not present in South Africa to sign, and without his/their vote/s the requisite majority cannot be achieved. For the purposes hereof a round robin resolution means a resolution passed other than at a meeting of Directors, in respect of which, subject to clause 29.10, a majority of the Directors voted in favour by signing in Writing a resolution in counterparts, within 20 (twenty) Business Days after the resolution was submitted to them. Such a round robin resolution may consist of several documents and shall be deemed to have been passed on the date upon which it was signed or executed by the last Director required to sign or execute it. Where it states a date as being the date of its signature by any Director, that document shall be *prima facie* evidence that it was signed or executed by that Director on that date.’

And that these terms be replaced with the following:

‘29.13 A round robin resolution, inserted into the minute book, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted, provided that each Director in South Africa who is able to receive notice, has received notice of the matter to be decided upon. One or more Alternate Directors shall be entitled to sign a round robin resolution if one or more Directors are not present in South Africa to sign, and without his/their vote/s the requisite majority cannot be achieved. For the purposes hereof a round robin resolution means a resolution passed other than at a meeting of Directors, in respect of which, subject to clause 29.10, 75% of the Directors, including all Executive Directors, voted in favour by signing in Writing a resolution in counterparts, within 20 (twenty) Business Days after the resolution was submitted to them. Such a round robin resolution may consist of several documents and shall be deemed to have been passed on the date upon which it was signed or executed by the last Director required to sign or execute it. Where it states a date as being the date of its signature by any Director, that document shall be *prima facie* evidence that it was signed or executed by that Director on that date.’

In terms of section 65(9) of the Companies Act and Niveus’ MOI the requisite percentage of voting rights for this resolution to be adopted is 75%.

### ***Reason for and the effect of this special resolution***

The reason for this special resolution is to amend Niveus' MOI in order to increase the number of directors required to approve a round robin resolution. The effect of this special resolution is that 75% of the directors of the Company, including all executive directors, need to vote in favour of the round robin resolution, for the resolution to be passed.

### **Special resolution number 4 – General authority to provide financial assistance**

**RESOLVED THAT**, to the extent required by section 45 of the Companies Act the Board may, subject to compliance with the requirements of the Company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter. The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending 2 years after such date.

### ***Reason for and the effect of this special resolution***

The reason for this special resolution is to provide general authority for the company to provide financial assistance to its subsidiaries and other related and inter-related companies and corporations.

Notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", the body of the section also applies to financial assistance provided by a company to related or inter-related companies and corporations, including, *inter alia*, its subsidiaries, for any purpose.

Section 45 of the Companies Act provides, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the Board must be satisfied that –

- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test, as defined in section 4 of the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The Company, when the need previously arose, provided loans to and guaranteed loans or other obligations of subsidiaries and was not precluded from doing so in terms of its articles of association or in terms of the Companies Act, 61 of 1973, as amended. The Company requires the ability to continue providing financial assistance, if and when necessary, to its current and future subsidiaries and/or any other company or corporation that is or becomes related or inter-related, in accordance with section 45 of the Companies Act.

In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of Niveus Shareholders, as set out in special resolution number 3.

The passing of this special resolution will have the effect of allowing the directors of the Company to authorise the Company to provide direct or indirect financial assistance to the Company's subsidiaries and other related and inter-related companies and corporations to allow such companies or corporations to have access to financing and/or financial backing from the Company.

### **Ordinary resolution number 3 – Authority to implement resolutions passed at the General Meeting**

**RESOLVED THAT**, any one director or the company secretary of the Company be and they are hereby authorised to do all such things and sign all documents and take all such action as they consider necessary to implement the resolutions set out in the notice convening this General Meeting at which this ordinary resolution will be considered.

In terms of section 65(7) of the Companies Act and Niveus' MOI, the requisite percentage of voting rights for this resolution to be adopted is 50% plus 1 vote.

### **Entitlement to attend and vote at the General Meeting**

Niveus Shareholders who wish to participate in the General Meeting should note that in terms of section 63 of the Companies Act, they are required to provide reasonable satisfactory identification before being entitled to attend or participate in a shareholders' meeting.

Certificated Niveus Shareholders or Own-name Dematerialised Niveus Shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolution(s), vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretaries at the address given in the Circular by no later than 10h00 on Thursday, 25 April 2013.

Dematerialised Niveus Shareholders other than Own-name Dematerialised Niveus Shareholders, must contact their CSDP or Broker, as the case may be, and obtain the relevant letter of representation from it if they wish to attend the General Meeting. If Niveus Shareholders are unable to attend the General Meeting but wish to be represented thereat, they must furnish their CSDP or Broker, as the case may be, with their instructions for voting at the General Meeting.

Forms of proxy should be forwarded to reach the Transfer Secretaries at the address given in the Circular by not later than 10h00 on Thursday, 25 April 2013.

The completion of a form of proxy will not preclude a Niveus Shareholder from attending the General Meeting.

Niveus Shareholders wishing to participate electronically in the General Meeting are required to:

- deliver written notice to Niveus at Niveus' offices, Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001 (marked for the attention of HCI Managerial Services Proprietary Limited, Group company secretary) that they wish to participate via electronic communication at the General Meeting.

In order for the Electronic Notice to be valid it must contain: (a) if the Niveus Shareholder is an individual, a certified copy of his/her identity document and/ or passport; (b) if the Niveus Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid e-mail address and/or facsimile number ("**Contact Address/Number**"); and (d) confirmation of whether the Niveus Shareholder wishes to vote via electronic communication. By no later than 24 (twenty four) hours before the General Meeting Niveus shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic communication.

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

# FORM OF PROXY – GENERAL MEETING

All terms defined in the Circular, to which this form of proxy is attached, shall bear the same meanings when used in this form of proxy.

**For use by Certificated Niveus Shareholders or Own-name Dematerialised Niveus Shareholders at the General Meeting of Niveus to be held at 10h00 on Friday, 26 April 2013 at the registered offices of Niveus, Block B, Longkloof Studios, Darters Road, Gardens, Cape Town, 8001.**

If Dematerialised Niveus Shareholders, other than Own-name Dematerialised Niveus Shareholders have not been contacted by their CSDP or Broker with regard to how they wish to cast their vote, they should contact their CSDP or Broker and instruct their CSDP or Broker as to how they wish to cast their vote at the General Meeting in order for their CSDP or Broker to vote in accordance with such instructions. If Dematerialised Niveus Shareholders, other than Own-name Dematerialised Niveus Shareholders, have not been contacted by their CSDP or Broker it is advisable for them to contact their CSDP or Broker, as the case may be, and furnish them with their instructions. Dematerialised Niveus Shareholders who are not Own-name Dematerialised Niveus Shareholders and who wish to attend the General Meeting must obtain their necessary letter of representation from their CSDP or Broker, as the case may be and submit same to the Transfer Secretaries, at the address given in the "Corporate information and advisers" section of the Circular to which this form of proxy is attached, to be received by no later than 10h00, on Thursday, 25 April 2013. This must be done in terms of the agreement entered into between the Dematerialised Niveus Shareholder and their CSDP or Broker. If the CSDP or Broker, as the case may be, does not obtain instructions from such Dematerialised Niveus Shareholders, it will be obliged to act in terms of the mandate furnished to it, or if the mandate is silent in this regard, to abstain from voting. **Dematerialised Niveus Shareholders, other than Own-name Dematerialised Niveus Shareholders, must not complete this form of proxy and should read note 11 of the overleaf.**

Full name: I/We (BLOCK LETTERS) \_\_\_\_\_  
 Of (address) \_\_\_\_\_  
 Telephone: (Work) (area code:) \_\_\_\_\_ Telephone: (Home) (area code:) \_\_\_\_\_  
 Fax: (area code:) \_\_\_\_\_ Cell number: \_\_\_\_\_  
 being the holder(s) of \_\_\_\_\_ Niveus Shares  
 hereby appoint: \_\_\_\_\_  
 1. \_\_\_\_\_ or failing him/her, \_\_\_\_\_  
 2. \_\_\_\_\_ or failing him/her, \_\_\_\_\_  
 3. the chairman of the General Meeting, \_\_\_\_\_  
 as my/our proxy to vote for me/us on my/our behalf at the General Meeting to be held at 10h00 on Friday, 26 April 2013 or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Special resolution 1: Non-executive directors' remuneration			
Special resolution 2 & Ordinary Resolution 2: Specific issue of Shares			
Special resolution 3: Amendments to terms in the MOI			
Special resolution 4: General authority to provide financial assistance			
Ordinary resolution 1: Adoption of new employee share scheme			
Ordinary resolution 3: Authority to implement resolutions passed at the General Meeting			

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signature \_\_\_\_\_

Assisted by me (if applicable) \_\_\_\_\_

**Please read the notes on the reverse side hereof.**

**A Niveus Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as his/her proxy to attend, speak or vote in his/her stead at the General Meeting. A proxy need not be a Niveus Shareholder.**

**On a show of hands, every Niveus Shareholder shall have one vote (irrespective of the number of Niveus Shares held). On a poll, every Niveus Shareholder shall have, for each Niveus Share held by him/her/it that proportion of the total votes in Niveus which the aggregate amount of the nominal value of that share held by him bears to the aggregate amount of the nominal value of all the Niveus Shares issued by the Company.**

**Notes:**

1. A Niveus Shareholder may insert the name of a proxy or the names of two alternative proxies of his/her choice in the spaces provided with or without deleting "the chairman of the General Meeting", but any such deletion must be initialled by the Niveus Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Niveus Shares exercisable by you, insert the number of Niveus Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she/it deems fit, in respect of all your votes exercisable thereat. A Niveus Shareholder or his/her/its proxy is not obliged to use all the votes exercisable by the Niveus Shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Niveus Shareholder or his/her/its proxy.
3. Forms of proxy must be lodged with the Transfer Secretaries, at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10h00 on **Thursday, 25 April 2013**.
4. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairman of the General Meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant Niveus Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Niveus Shareholder wish to do so.
7. The chairman of the General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairman is satisfied as to the manner in which the Niveus Shareholder wishes to vote.
8. This form of proxy shall not be valid after the expiration of the General Meeting.
9. Joint holders – any such persons may vote at the General Meeting in respect of such joint Niveus Shares as if he/she/it were solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, that one of the said persons whose name stands first in the register in respect of such Niveus Shares or his/her/its proxy, as the case may be, is alone entitled to vote in respect thereof.
10. Own-name Dematerialised Niveus Shareholders will be entitled to attend the General Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return the attached form of proxy to the Transfer Secretaries in accordance with the time specified on the form of proxy.
11. Niveus Shareholders who hold Niveus Shares through a nominee should advise their nominee or, if applicable, their CSDP or Broker timeously of their intention to attend and vote at the General Meeting or to be represented by proxy thereat in order for their nominee or, if applicable, their CSDP or Broker to provide them with the necessary letter of representation to do so or should provide their nominee or, if applicable, their CSDP or Broker timeously with their voting instruction should they not wish to attend the General Meeting in person, in order for their nominee to vote in accordance with their instruction at the General Meeting.



## Summary of the rights established in terms of section 58 of the Companies Act:

For purposes of this summary, “shareholder” shall have the meaning ascribed thereto in the Companies Act.

1. 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, and speak and vote at, a shareholders’ meeting on behalf of the shareholder.
2. 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.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
  - 3.1 a shareholder of the relevant company 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 such shareholder;
  - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 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.
4. 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.
5. 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 company.
6. 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.
7. 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 company for doing so.
8. 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.
9. 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:
  - 9.1 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;
  - 9.2 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;
  - 9.3 the company must not require that the proxy appointment be made irrevocable; and
  - 9.4 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.





