

# ASSUPOL

## **ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES**

Incorporated in the Republic of South Africa  
(Registration no. 2010/015888/06)  
4AX Share code: 4AASP  
ISIN: ZAE400000051

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## **CONDENSED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2019**

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## CONTENTS

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	<b>PAGE</b>
Group review	2
Condensed Statement of Comprehensive Income	4
Condensed Statement of Financial Position	5
Condensed Statement of Changes in Equity	6
Condensed Statement of Cash Flows	7
Condensed Segment report	8
Notes to the condensed financial results	9
Notice of Annual General Meeting	12
Form of Proxy	Attached

# ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

## GROUP REVIEW for the year ended 30 June 2019

Assupol Holdings Limited and its subsidiaries ('the Group') present the condensed financial results for the year ended 30 June 2019.

Assupol Holdings Limited ('Assupol Holdings') is incorporated and domiciled in South Africa. Its registered office and principal place of business is at Summit Place Office Park, Building 6, 221 Garstfontein Road, Menlyn, Pretoria. The company's shares are listed on the exchange operated by 4Africa Exchange Pty Ltd (4AX). The directors are aware of their responsibilities in terms of the 4AX Listing Requirements and confirm that Assupol Holdings complies with these requirements.

### Significant developments during the year

Significant developments during the year that have affected the Group's business operations and / or financial results to some extent, included:

- The Insurance Act, 18 of 2017, became effective on 1 July 2018.
- Section 29A of the Income Tax Act, 58 of 1962, was amended with effect from 1 July 2018. The wording used in the section 29A(15) regarding the date to base the "phasing-in" amount on, has led to an increase in the Group's tax expense of approximately R24m.
- An additional deferred tax asset to an amount of R75m has been raised in respect of assessed tax losses relating to Assupol Life's individual policyholder tax fund (IPF). The tax losses are expected to be utilised in the foreseeable future as a result of increased guaranteed single premium business.
- On 29 January 2019 Assupol Life Limited entered into a subordinated debt agreement with Investec Bank Limited. In terms of the agreement, the company has access to a draw down facility of R250 million of which R125.9 million was utilised at the end of the financial year mainly for the funding of new business.
- The business of Top Top Business Consultants Proprietary Limited was incorporated into Assupol Life Limited on 1 March 2019.
- Specific actions were undertaken to enhance the information technology systems of the Group to ensure that the operational and service ability of the Group are optimised. Further investment is expected over the next few years.

### Group results

The Group delivered a good performance during the financial year against a challenging economic and operating environment. New business volumes were affected by the death of Assupol's brand ambassador, Hugh Masekela, and the new mandate requirements in the pensioner market that were introduced by government. The Group's disciplined approach to the management of expenses and service delivery to clients ensured that the targets set at the beginning of the financial year were met. The adjusted operating profit, a metric which reflects management's view of the underlying long-term profitability of the Group, showed growth of 13.61% (2018: 20.8%).

The investment markets performed slightly better during the current year in comparison to previous year with after-tax returns on excess assets exceeding the long-term investment return assumption by R32 million (2018: R27 million). The return on excess assets was at 10.73% (2018: 12.97%)

Expense management remained a key focus area, resulting in a reduction of the renewal expense reserve component of policyholder liabilities by an amount of R137.8 million after taxation (2018: R124.2 million).

The Group has committed itself to contribute to South Africa's social development agenda. In this respect an amount of R10 million was paid in the current financial year to the upgrade of ablution facilities in rural schools in South Africa.

The key financial performance statistics for the Assupol Group for the year are set out below:

<b>Earnings performance</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Gross insurance premium revenue (R'm)	3 458	2 987	15.77%
Net profit attributable to ordinary shareholders (R'm) (a)	907	847	7.08%
Value of new business (R'm)	479	388	23.23%
Adjusted operating profit (AOP) (R'm) (b)	801	705	13.61%
Return on equity	23%	26%	

  

<b>New business</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>
Recurring premiums (R'm)	1 026	891	15.10%
Single premiums (R'm)	376	191	96.76%
Total new business premiums (R'm)	1 402	1 082	29.54%
Annual premium equivalent (APE) (R'm)	1 063	910	16.81%
Present value of new business premiums (PV NBP) (R'm)	4 704	3 719	26.46%
Value of new business margin	10.2%	10.4%	(2.51%)

(a) It should be noted that Assupol Life Limited in its standalone annual financial statements adjusted the 2018 disclosure of insurance premium revenue and fair value adjustments on investment policyholder liabilities in the statement of comprehensive income to adjust a classification error. The adjustment had no effect on the net profit after taxation or retained earnings and no material impact on the consolidated annual financial statements.

(b) The adjusted operating profit reflects managements' view of the underlying long-term profitability of the Group. It is calculated by adjusting the reported profit to exclude the impact of short-term market fluctuations on the investment returns on excess assets, as well as non-recurring transactions or events such as the discontinuation of a business relationship, non-recurring actuarial adjustments and non-recurring transactions. The calculation does not take into account the economic impact of actuarial adjustments on new business during a financial period. Where a non-recurring transaction continuous to occur in a subsequent financial year, the transaction is reassessed to determine whether or not it should be included in the adjusted operating profit. The reported 2018 adjusted operating profit of R713.7 million was reduced by R9.1 million due to such a transaction that continued to re-occur.

# ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

## GROUP REVIEW for the year ended 30 June 2019

Group embedded value (R'm)	2019	2018
Shareholders' funds	1 275	1 301
Value of in-force business	4 113	3 195
Gross	4 491	3 489
Cost of required capital	(378)	(294)
Embedded value of covered business (a)	5 388	4 496
Embedded value of non-covered business (b)	34	67
Group embedded value at year end	5 422	4 563
Return on embedded value (%)	29,05%	33,49%

(a) Covered business is business written under a life insurance license and is valued by using the methodology outlined in the Advisory Practice Note, APN 107, of the Actuarial Society of South Africa.

(b) Uncovered business includes the value of Assupol Holdings as well as other subsidiaries in the Group that are not included in the value of covered business.

Embedded value earnings – 2019 (R'm)	Adjusted net worth	Value of in-force	Cost of required capital	Total
Embedded value of covered business	1 276	4 490	(378)	5 388
Embedded value of uncovered business	8	26	–	34
Group embedded value at 30 June 2018	1 284	4 516	(378)	5 422
<b>Embedded value earnings – 2018 (R'm)</b>				
Embedded value of covered business	1 301	3 489	(294)	4 496
Embedded value of uncovered business	89	(22)	–	67
Group embedded value at 30 June 2018	1 390	3 467	(294)	4 563

Key statistics relating to the issued shares of Assupol Holdings are provided below:

Share statistics	2019	2018	Change
Share price – closing (R) (1)	10.30	9.20	11.96%
Number of ordinary shares in issue ('000)	421 975	421 975	0.00%
Market capitalisation (R'm) (1)	4 346	3 882	11.95%
Basic earnings per share (R)	2.39	2.31	3.34%
Diluted earnings per share (R)	2.20	2.11	4.36%
Diluted adjusted operating profit per share (R)	1.89	1.73	9.46%
Group embedded value per share (R)	12.85	10.82	18.78%
Dividend per qualifying ordinary share (cents) (2)	89	96	-7.29%

1. Market information is based on the 4AX exchange on which the company's shares trade.

2. The dividend per qualifying share was declared and paid as follows:

- Declared on 27 September 2018 (Paid 15 October 2018): An ordinary dividend of 54 cents and special dividend of 42 cents, resulting in a total gross dividend of 96 cents per qualifying share.
- Declared on 27 September 2019 (Payable on 14 October 2019): An ordinary dividend of 60 cents and special dividend of 29 cents, resulting in a total gross dividend of 89 cents per qualifying share. Furthermore a trickle dividend of 13.66 cents was declared for the 'A2' ordinary shares.

The qualifying shares at the date that the annual financial statements of the Group for the year ended 30 June 2019 were approved and that the various dividends apply to, included the following:

cents per share	Ordinary dividend	Special dividend	Trickle dividend
Listed ordinary shares, excluding shares held by the Share Incentive Trust	60	29	–
A1 ordinary shares	60	29	–
A2 ordinary redeemable shares	–	29	14
'B' no par value shares *	60	29	–

This category includes only those 'B' shares that qualify to be converted to ordinary shares after the restricted period ends on 27 September 2019 and that are unrestricted at record date being 11 October 2019.

## ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

### STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2019

<i>R'000</i>	<b>2019</b>	<b>2018</b>
Insurance premiums revenue	3 458 166	2 987 369
Insurance premiums ceded to reinsurers	(101 417)	(234 253)
<i>Net insurance premium revenue</i>	3 356 749	2 753 116
Commission received on outward reinsurance	3 154	7 222
Fee income	75 651	66 653
Investment income	205 820	188 042
Investment income on financial assets at amortised cost	87 303	65 404
Net fair value gains on financial assets	16 443	129 394
Other income	(185)	(373)
<b>Income</b>	<b>3 744 935</b>	<b>3 209 458</b>
Insurance benefits and claims	(1 073 840)	(976 742)
Insurance claims recovered from reinsurers	88 605	224 643
<i>Net insurance benefits and claims</i>	(985 235)	(752 099)
Commission expenses	(824 359)	(631 277)
Operating and administrative expenses	(1 136 925)	(977 532)
Investment management expenses	(13 590)	(10 790)
Change in insurance contract provisions	568 835	532 926
Fair value adjustments on investment contract liabilities	(186 445)	(177 311)
<b>Expenses</b>	<b>(2 577 719)</b>	<b>(2 016 083)</b>
<b>Result of operating activities</b>	<b>1 167 216</b>	<b>1 193 375</b>
Finance charges	(16 736)	(14 221)
<b>Profit before taxation</b>	<b>1 150 480</b>	<b>1 179 154</b>
Income tax expense	(243 441)	(332 259)
<b>PROFIT FOR THE YEAR</b>	<b>907 039</b>	<b>846 895</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>	<b>907 039</b>	<b>846 895</b>
<b>Profit attributable to:</b>		
Shareholders	907 039	846 895
<b>Total comprehensive income attributable to:</b>		
Shareholders	907 039	846 895
<b>Group earnings per share</b>		
Basic earnings per share	2.39	2.31
Diluted earnings per share	2.20	2.11

**ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
**STATEMENT OF FINANCIAL POSITION as at 30 June 2019**

<i>R'000</i>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Property and equipment	249 311	250 699
Intangible assets	146 830	137 668
Financial assets: Investments		
At fair value through profit or loss		
Equity securities	1 264 833	1 205 706
Debt securities	1 340 178	1 145 601
Deposits and money market securities	964 732	883 773
At amortised cost		
Deposits and money market securities	1 157 777	756 524
Policyholder assets		
Insurance contracts	2 994 440	2 424 981
Reinsurance asset	2 891	3 515
Insurance and other receivables	124 140	132 197
Current taxation	–	3 031
Cash and cash equivalents	424 812	346 698
<b>TOTAL ASSETS</b>	<b>8 669 944</b>	<b>7 290 393</b>
<b>EQUITY</b>		
Share capital	639 533	639 438
Treasury shares	(68 106)	(68 106)
Employee benefits reserve	204 367	167 485
Black Economic Empowerment reserve	14 300	14 300
Retained earnings	3 477 328	2 931 147
<b>TOTAL EQUITY</b>	<b>4 267 422</b>	<b>3 684 264</b>
<b>LIABILITIES</b>		
Policyholder liabilities: Investment contracts		
At fair value through profit or loss	1 565 953	1 449 596
At amortised cost	1 209 987	727 797
Other liabilities	318 996	189 962
Employee benefits	91 414	79 501
Deferred revenue liability	656	511
Deferred tax liability	861 127	839 869
Insurance and other payables	328 317	318 893
Current taxation	26 072	–
<b>TOTAL LIABILITIES</b>	<b>4 402 522</b>	<b>3 606 129</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8 669 944</b>	<b>7 290 393</b>

## ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

### STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2019

<i>R'000</i>	SHARE CAPITAL	EMPLOYEE TREASURY SHARES	BENEFITS RESERVE	BEE RESERVE	RETAINED INCOME	TOTAL
<b>Balance at 30 June 2017</b>	601 808	(39 196)	74 504	14 300	2 293 006	2 944 422
B shares issued	36 742	(36 742)	-	-	-	-
Treasury shares acquired	-	7 824	-	-	-	7 824
Cost of incentive shares	-	-	2 045	-	-	2 045
Share incentive options exercised	-	8	(8)	-	-	-
Deferred bonus recognition	-	-	33 277	-	-	33 277
Share-based payment liability transferred to reserve	-	-	57 667	-	-	57 667
Dividend paid	-	-	-	-	(209 616)	(209 616)
Adjustment of redemption on preference shares	888	-	-	-	862	1 750
Profit for the year	-	-	-	-	846 895	846 895
<b>Balance at 30 June 2018</b>	639 438	(68 106)	167 485	14 300	2 931 147	3 684 264
Cost of incentive shares	-	-	1 448	-	-	1 448
Deferred bonus recognition	-	-	35 434	-	-	35 434
Dividend paid	-	-	-	-	(360 950)	(360 950)
Adjustment of redemption on preference shares	95	-	-	-	92	187
Profit for the year	-	-	-	-	907 039	907 039
<b>Balance at 30 June 2019</b>	639 533	(68 106)	204 367	14 300	3 477 328	4 267 422



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**ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES****CONDENSED STATEMENT OF CASH FLOWS for the year ended 30 June 2019**

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<i>R'000</i>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	1 074 776	784 506
Net acquisition of financial instruments		
at fair value through profit or loss	(318 220)	(276 697)
at amortised cost	(401 253)	(240 748)
Interest received	197 818	172 797
Dividends received	28 741	16 213
Dividends paid	(360 950)	(209 616)
Finance charges	(16 736)	(14 221)
Taxation paid	(193 080)	(169 943)
Net cash flows from operating activities	11 096	62 291
<b>Cash flows from investing activities</b>		
Acquisition and disposal of property and equipment	(32 592)	(25 721)
Acquisition of intangible assets	(9 500)	–
Proceeds on disposal of equipment	1 927	15 097
Payment for acquisition of subsidiary	–	(5 875)
Net cash flows from investing activities	(40 165)	(16 499)
<b>Cash flows from financing activities</b>		
Decrease in treasury shares	–	7 824
Increase in subordinated debt	125 977	–
Payment of subordinated debt	–	–
Payment of principal lease payments	(18 794)	(11 636)
Net cash flows from financing activities	107 183	(3 812)
Net increase in cash and cash equivalents	78 114	41 980
Cash and cash equivalents at beginning of the year	346 698	304 718
<b>Cash and cash equivalents at end of the year</b>	<b>424 812</b>	<b>346 698</b>

## ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

### SEGMENT REPORT for the year ended 30 June 2019

The Group's operating segments are based on the legal entities within the Group and are categorised according to similar business activities. The chief operating decision maker, namely the Group Executive Committee, makes decisions about resource allocation on the performance of an entity and financial information is provided on that basis. Reporting adjustments are those accounting reclassifications and entries that are required to produce IFRS compliant results. These adjustments also include the results of the Group's holding company as well as the company where the investments in the non-life entities are held.

<i>R'000</i>	2019	2018
<b>Revenue</b>		
Segment revenue	3 788 835	3 204 969
Life insurance	3 738 926	3 201 903
Intermediaries	48 669	2 356
Other	1 240	710
Reporting adjustments	(43 900)	4 489
<b>Group revenue for the year</b>	<b>3 744 935</b>	<b>3 209 458</b>
<b>Profit after taxation</b>		
Segment profit after taxation	954 381	855 755
Life insurance	922 504	854 296
Intermediaries	30 993	1 485
Other	884	(26)
Reporting adjustments after taxation	(47 342)	(8 861)
Group profit for the year	907 039	846 895
<b>Group comprehensive income for the year</b>	<b>907 039</b>	<b>846 895</b>
<b>Assets and liabilities</b>		
Segment assets	8 613 078	7 157 108
Life insurance	8 574 913	7 091 941
Intermediaries	38 009	51 730
Other	156	13 437
Reporting adjustments	56 866	133 285
<b>Group assets</b>	<b>8 669 944</b>	<b>7 290 393</b>
Segment liabilities	4 429 469	3 562 144
Life insurance	4 429 288	3 558 603
Intermediaries	150	3 177
Other	31	364
Reporting adjustments	(26 947)	43 985
<b>Group liabilities</b>	<b>4 402 522</b>	<b>3 606 129</b>

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# ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL RESULTS for the year ended 30 June 2019

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### 1. GENERAL INFORMATION

Assupol Holdings Limited and its subsidiaries operate in the financial services industry and all products and services are offered only in the Republic of South Africa.

### 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group has applied the provisions of the Companies Act, no 71 of 2008 as amended, which allows for summarised financial results as disclosed in this report.

This condensed financial report for the year ended 30 June 2019 has been prepared in accordance with the International Financial Reporting Standard IAS 34 and the reporting requirements of 4AX.

The condensed financial results have not been audited.

The condensed financial report does not include all the notes normally included in the annual financial statements. Accordingly, this report should be read in conjunction with the annual financial statements for the year ended 30 June 2019. The accounting policies adopted are consistent with those used in the annual financial statements for the year ended 30 June 2019.

The Group elected to defer the implementation of IFRS 9 – Financial Instruments to coincide with the implementation of IFRS 17 – Insurance Contracts as a result of an assessment performed by management in line with the deferral provisions in IFRS 4 – Insurance Contracts. Based on this assessment it was concluded that the Group meets these provisions due to the fact that the Group's insurance liabilities exceed 80% of total liabilities.

The condensed financial results have been compiled by R Boonzaaier CA(SA), Senior Executive Manager: Group Finance under supervision of D de Klerk CA(SA), Group Chief Financial Officer.

### 3. SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The Group makes estimates and assumptions concerning the future. The resulting estimates will seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### 3.1 Policyholder liabilities / assets under long-term insurance contracts

The determination of the liabilities / assets under long-term insurance contracts is dependent on assumptions and estimates made by the Group. The full details of these assumptions and estimates are in note 4 to the Group's annual financial statements for the year ended 30 June 2019.

The assets under long-term insurance contracts increased by R568.8 million resulting in a net year-end asset balance of R2 997.3 million.

#### 3.2 Other assumptions and estimates

Other assumptions and estimates for the year ended 30 June 2019 addressed the following items:

- Impairment tests are performed on all cash generating units to which goodwill is allocated;
- The calculation of current and deferred tax; and
- Measurement and accounting of lease assets, liabilities and finance charges in terms of IFRS16.

### 4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

#### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk, cash flow and interest rate risk), credit risk and liquidity risk. These risks can affect the values of the Group's financial assets and liabilities, as well as the Group's insurance contract assets and liabilities.

#### 4.2 Liquidity risks arising out of the subordinated debt agreement

The table below analyses the settlement value for the subordinated debt agreement differentiating between relevant maturity groupings, based on the remaining period at the end of the reporting period to the contractual maturity date.

R'000	2019	2018
Contractual undiscounted cash flows		
Within 1 year	21 634	–
1 to 2 years	25 648	–
3 to 5 years	304 886	–
Total	352 168	–

## ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

### NOTES TO THE FINANCIAL RESULTS for the year ended 30 June 2019

#### 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

##### 4.3 Fair value estimation

The tables below analyse each class of financial instrument and insurance contracts, per category.

June 2019 (R'000)	Financial assets and liabilities at FVTPL on initial recognition	Financial assets at amortised cost	Financial liabilities at amortised cost	Total carrying amount	Fair value
Financial assets – Investments	3 569 743	1 157 777	–	4 727 520	4 759 596
Insurance and other receivables	–	27 179	–	27 179	27 179
Cash and cash equivalents	–	424 812	–	424 812	424 812
Investment contract liabilities	1 565 953	–	1 209 987	2 775 940	2 743 321
Other liabilities	–	–	318 996	318 996	319 998
Payables	–	–	49 553	49 553	49 553
<b>June 2018 (R'000)</b>					
Financial assets – Investments	3 235 080	756 524	–	3 991 604	3 982 568
Insurance and other receivables	–	50 821	–	50 821	50 821
Cash and cash equivalents	–	346 698	–	346 698	346 698
Investment contract liabilities	1 449 596	–	727 797	2 177 393	2 173 253
Other liabilities	–	–	189 962	189 962	189 962
Payables	–	–	256 991	256 991	256 991

##### 4.4 Fair value hierarchy

The measurement at fair value, grouped into levels 1 to 3, is based on the degree to which the fair value is observable:

- Level 1: Valued with reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that are not based on observable market data thus unobservable inputs.

The valuation techniques and assumptions applied for purposes of measuring fair value of financial assets and liabilities are determined as follows:

For level 1:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

For level 2:

- The fair value of other financial assets and financial liabilities (excluding derivatives) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.
- Observable inputs generally used to measure the fair value of securities classified as level 2 include benchmark yields, reported secondary trades, broker-dealer quotes, issuer spreads, benchmark securities, bids, offers and reference data. The specific inputs used are:
  - Risk free rate: 6.82% to 7.21%
- The fair value of derivatives is calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. The specific inputs used are:
  - Dividend yield: 3.55% to 5.39%;
  - Risk free rate: 6.99% to 7.23%;
  - Equity index level strike: 46 411 to 51 499 (index level 52 199 at year-end);
  - Equity volatility: 14.37 to 20.10;
  - Reference bond yield strike: 7.47% to 9.24% (reference bond closing yields of 8.09% and 7.23%); and
  - Bond volatility: 6.26 to 7.05.
- The fair value of financial guarantee contracts is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from the market-based credit information and the amount of loss, given the default.

For level 3:

- When classifying fair value measures within level 3 of the valuation hierarchy the determining factors are generally based on the significance of the unobservable factors when compared to the overall fair value measurement. The Group applies various due diligence procedures, as considered appropriate, to validate the underlying information used in the valuations.

# ASSUPOL HOLDINGS LIMITED AND ITS SUBSIDIARIES

## NOTES TO THE FINANCIAL RESULTS for the year ended 30 June 2019

### 4 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

#### 4.4 Fair value hierarchy (continued)

The table below analyses financial instruments carried at fair value by valuation method. There were no transfers between the various levels during the current and previous financial years.

June 2019 (R'000)	Level 1	Level 2	Level 3	TOTAL
Local listed shares	943 815	–	–	943 815
Derivatives	–	13 723	–	13 723
Unit trusts	309 715	–	–	309 715
Debt securities	44 700	1 293 058	–	1 337 758
Deposits and money market securities*	734 204	1 420 381	–	2 154 585
Receivables	–	19 511	27 179	46 690
Total financial assets	2 032 434	2 746 673	27 179	4 806 286
Net investment contract liabilities*	–	2 743 321	–	2 743 321
Other liabilities – Subordinated debt	126 979	–	–	126 979
Total financial liabilities	126 979	2 743 321	–	2 870 300

  

June 2018 (R'000)	Level 1	Level 2	Level 3	TOTAL
Local listed shares	909 862	–	–	909 862
Derivatives	–	11 784	–	11 784
Unit trusts	284 307	–	–	284 307
Debt securities	45 738	1 099 616	–	1 145 354
Deposits and money market securities*	653 423	977 838	–	1 631 261
Receivables	–	15 170	50 821	65 991
Total financial assets	1 893 330	2 104 408	50 821	4 048 559
Net investment contract liabilities*	–	2 173 253	–	2 173 253
Other payables	–	256 991	–	256 991
Total financial liabilities	–	2 430 244	–	2 430 244

\* Includes financial instruments designated as 'at amortised cost' as the fair values have been estimated in accordance with note 4.3.

### 5. RELATED PARTY TRANSACTIONS

R'000	2019	2018
<b>Loans to key management</b>		
Balance at end of year	7 558	8 854

Assupol Life granted a loan to an executive director for the purchase of shares in Assupol Holdings. This was approved as required by the Companies Act, no 71 of 2008, and the Long Term Insurance Act, no 52 of 1998. The loan bears interest at the official prime rate of interest levied by the bankers of Assupol Life, and is repayable over 5 years. The Group has sufficient security over this loan.

R'000	2019	2018
<b>Remuneration and restricted incentives – Executive directors and prescribed officers</b>		
Salary, pension fund contributions and other benefits	23 292	19 945
Cash bonus	15 600	13 900
Restricted incentives	19 390	16 625
<b>Non-executive directors' fees</b>		
Board fees	5 840	5 044
Committee fees	3 310	2 991
<b>Units ('000)</b>	<b>2019</b>	<b>2018</b>
<b>Securities held by directors</b>		
Direct beneficial	19 300	18 904
Indirect beneficial	945	911

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the annual general meeting ("AGM") of the shareholders of Assupol Holdings Limited, registration number 2010/015888/06, ("Assupol Holdings" or the "Company") will be held on Thursday, 21 November 2019, at 08:00 at the Summit Place Office Park, Building 6, 221 Garstfontein Road, Menlyn, Pretoria.

### RECORD DATES, ATTENDANCE AND VOTING

#### RECORD DATES

##### **Notice record date**

The record date for shareholders being entitled to receive this notice of AGM is Friday, 18 October 2019, being the Notice Record Date.

##### **Voting record date**

The record date for participation and voting at the AGM is Friday, 08 November 2019, being the date on which a person must be registered as a shareholder of the Company in order to be entitled to attend, participate in and vote at the AGM. The last day to trade for shareholders to be recorded in the register on the voting record date is Friday, 8 November 2019.

##### **Attendance and voting at the AGM**

Shareholders may attend the AGM in person (or, if a company or other body corporate, be represented by a duly authorised natural person) and may speak at, participate in and vote at the AGM.

A shareholder may appoint a proxy (or two or more proxies, but not in respect of the same voting rights) to attend, participate in and vote at the AGM on the shareholder's behalf. A proxy need not be a shareholder of the Company. A shareholder appoints a proxy by completing the form of proxy attached hereto as **Annexure A** and e-mailing it to the transfer secretaries of the Company, 4 Africa Exchange Registry Proprietary Limited at [assupol@4axregistry.co.za](mailto:assupol@4axregistry.co.za), or posting it to the transfer secretaries at Postnet Suite 532, Private Bag X51, Bryanston, 2021, to be received by them not later than 08:00 on Wednesday, 20 November 2019 or 48 hours before the commencement or resumption of the AGM in the event of it being postponed or adjourned. Completion of a form of proxy will not preclude a shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM.

##### **Identification**

All participants attending the AGM will be required to provide proof of identity to the reasonable satisfaction of the chairperson of the AGM in order to participate in and vote at the AGM. Acceptable forms of identification include valid identity documents, driver's licences and passports.

##### **Voting**

Voting at the AGM will take place by way of polling. Every shareholder will have one vote for every share in the Company they hold.

##### **Electronic participation**

Shareholders have the right to participate by way of electronic communication. Shareholders or their duly appointed proxies who wish to participate by way of electronic communication must apply to the Company Secretary at [samueld@assupol.co.za](mailto:samueld@assupol.co.za) using an application form which can be obtained from the Company's registered office as well as on the website of Assupol at [www.assupol.co.za](http://www.assupol.co.za) under the Investor Relations/AGM notices link by no later than 08:00 on Friday, 15 November 2019. Shareholders may not vote electronically and must use the attached form of proxy for this purpose if they are not able to attend the AGM to vote in person. Shareholders will be advised by e-mail or sms prior to the AGM of the relevant telephone number and code to allow them to dial in. The Company will bear the cost of establishing the electronic communication whilst the cost of the shareholder dialling in will be for his/her account.

### PURPOSE OF THE AGM

The purpose of the AGM is:

- (i) to present the audited annual financial statements of the Company for the financial year ended 30 June 2019, incorporating the directors' report, the Audit Committee report and the auditor's report;
- (ii) to consider and, if deemed fit, approve, with or without modification, the ordinary and special resolutions set out in the agenda below; and
- (iii) to consider any matters raised by the shareholders of the Company, with or without advance notice to the Company.

### AGENDA OF THE AGM

*The quorum requirement for Ordinary Resolution Numbers 1 to 8 (both inclusive) and Special Resolution Numbers 1 to 4 (both inclusive) is:*

*The presence of at least three shareholders and sufficient persons present to exercise, in aggregate, at least 15% of all the voting rights entitled to be exercised on such resolution.*

*In order for the Ordinary Resolutions to be adopted, the support of more than 50% of the votes exercised on the resolutions is required.*

*In order for the Special Resolutions to be adopted, the support of at least 75% of the votes exercised on the resolutions is required.*

## 1. ORDINARY RESOLUTIONS:

To consider and if deemed fit, approve, with or without modification, the following ordinary resolutions:

### 1.1 Ordinary Resolution Number 1 – Noting of annual financial statements

*“Resolved that the financial statements of the Company and its subsidiaries (“Group”) for the year ended 30 June 2019 and the reports of the directors, the auditor and the Audit Committee are hereby noted.”*

The summarised annual financial statements of the Group are included below. A copy of the complete annual financial statements can be obtained from the Company’s registered office as well as on the website of the Assupol at [www.assupol.co.za](http://www.assupol.co.za) under the Investor Relations/Financial Results link.

### 1.2 Ordinary Resolution Number 2 – Re-appointment of auditor

*“Resolved that, on the recommendation of the Company’s Audit Committee, the firm PricewaterhouseCoopers Incorporated be re-appointed as independent registered auditor of the Company (noting that Mr Dewald van den Berg is the individual registered auditor of that firm who will undertake the audit) until the next AGM of the Company.”*

The Company’s Audit Committee has expressed satisfaction with the services rendered by PricewaterhouseCoopers Inc., an auditing firm with an international presence, good reputation and expertise regarding insurance-related matters.

#### Reason for Ordinary Resolution Number 2:

The reason for Ordinary Resolution Number 2 is that the Company, being a public company listed on 4AX, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the Company as required by the Companies Act.

### 1.3 Ordinary Resolution Number 3 – Re-election of retiring directors

*“Resolved that Dr RJ Khoza be elected as director of the Company.”*

The Company’s memorandum of incorporation provides that at each annual general meeting one third of the non-executive directors elected by shareholders in terms of article 12.4 of the MOI must retire from office. The director that must retire is firstly persons that were appointed to fill a vacancy prior to the annual general meeting. Dr R Khoza was appointed in May 2019 to fill the vacancy left by the resignation of Mr A Birrell.

The board of directors recommends the election of Dr RJ Khoza (BA Hons, MA in Marketing, EngD in Business Leadership, LLD honoris causa, D Econ honoris causa, Chartered Director South Africa).

Dr Khoza is currently chairman of Dzana Investments (Pty) Ltd and AKA Capital (Pty) Ltd, a former Chairman of Nedbank Group Limited and Globeleq, and a director of several other companies. He has chaired the boards of such corporations as Eskom Holdings and GlaxoSmithKline South Africa and served as a director of JSE Limited, IBM South Africa, Liberty Life Group, Standard Bank Group, Nampak Limited and Old Mutual plc. He currently also serves as the chairperson of the Public Investment Corporation. He has been involved in the formulation of the King Codes on Corporate Governance in King II, King III and King IV, serving as Mervyn King’s deputy in the last two instances.

#### Reason for Ordinary Resolution Number 3:

The reason for Ordinary Resolution Number 3 is that the memorandum of incorporation of the Company and the Listings Requirements of 4AX require that a component of the non-executive directors of the Company rotate at the AGM and, being eligible, may offer themselves for re-election as directors.

### 1.4 Ordinary Resolution Numbers 4.1 to 4.3 – Appointment of Audit Committee members

*“Resolved that:*

1.4.1 *Mr SIM Braudo;*

1.4.2 *Mr R Mothapo; and*

1.4.3 *Ms B Moroole,*

*being eligible, be and are hereby appointed as members of the Audit Committee of the Company, as recommended by the board of directors of the Company, until the next annual general meeting of the Company.”*

The board of directors and the Nomination Committee are satisfied that the Company’s Audit Committee members are suitably skilled and experienced independent non-executive directors. Collectively they have sufficient qualifications and experience to fulfil their duties, as contemplated in regulation 42 of the regulations issued in terms of the Companies Act (“**Companies Regulations**”). They have a comprehensive understanding of financial reporting, internal financial controls, risk management and governance processes within the Company, as well as International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other regulations and guidelines applicable to the Company and the group. They keep up to date with developments affecting their required skills-set. The board of directors and the Nomination Committee therefore unanimously recommend Mr SIM Braudo, Mr R Mothapo and Ms B Moroole for re-election to the Audit Committee. Details of the nominees follow herein below:

Mr SIM Braudo (B.Econ.Sc, BSc (Hons), FIA, CFA)

Mr SIM Braudo was appointed to the board of directors as a non-executive director in May 2019. He also acts as a member of the Risk Committee, and is the chairperson of the Actuarial Committee. He spent over 23 years working in the South African financial services industry before relocating to live in the UK in mid-2016. He is currently Managing Director at Stamford Associates, a London-based investment consultancy. His work experience includes acting as the Chief Operating Officer of Quilter plc (formerly Old Mutual Wealth) and Chief Executive Officer of Standard Bank Wealth. Prior to Standard Bank Wealth, he acted as deputy Chief Executive Officer of Liberty Holdings Limited and as the Chief Executive Officer of Investment Solutions.



Mr R Mothapo (B.Bus Sc (Hons), FASSA, Cert. Dir.)

Mr R Mothapo was appointed to the board of directors as a non-executive director in August 2017. He also acts as a member of the Actuarial Committee, and is the chairperson of the Risk Committee. He established the Matlotlo Group, a niche quantitative finance, actuarial and investment advisory business in 2007 and serves as its Managing Director.

Ms B Moroole (B.Comm (Hons) CA)

Ms B Moroole was appointed to the board of directors as a non-executive director during September 2018. She also acts as a member of the Risk Committee. She is currently the Chief Internal Audit, Risk and Sustainability Officer of the Motus Corporation. Prior to joining Motus Corporation she held several senior management roles at different companies including Liberty Holding Limited from December 2013. During this period, she was the Group Chief Risk Officer, Group Executive for Group Internal Audit Services, Acting Group Executive for Human Capital and a trustee member for Liberty Community Trust. Prior to joining Liberty she spent 6 years at Deloitte & Touche as a partner and was an Advisory Audit Committee member for UNFPA and Board member for Legal Aid South Africa.

The appointment of the members of the Audit Committee will be conducted by way of a separate vote in respect of each individual.

**Reason for Ordinary Resolution Numbers 4.1 to 4.3 (inclusive):**

The reason for Ordinary Resolution Numbers 4.1 to 4.3 (inclusive) is that the Company, being a public company listed on 4AX, must appoint an Audit Committee and the Companies Act requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company.

**1.5 Ordinary Resolution Number 5 – General authority to issue Ordinary Shares and B Shares for cash**

*“Resolved that, subject to the provisions of the Companies Act, No 71 of 2008, as amended (“Companies Act”) and the listing requirements of 4 Africa Exchange Proprietary Limited (“4AX”), the authorised but unissued Ordinary Shares and B Shares in the capital of the Company, be and are hereby placed under the control and authority of the directors of the Company and that the directors be and are hereby authorised and empowered to allot and issue, at their discretion, all or any of such Ordinary Shares or B Shares for such purposes as they may determine, provided that any issue pursuant to this authority shall be subject to the following terms and condition:*

- save to the extent that this general authority has been revoked and/or amended by shareholders in general meeting, the general authority shall be valid until such date it has been renewed by shareholders at the next AGM;*
- the general issue of Ordinary Shares and B Shares for cash under this authority may not exceed, in the aggregate, 15% of the Company’s issued Ordinary Share capital, and 10 000 000 B Shares;*
- no B Shares will be issued without the prior written approval of MyChina (Pty) Ltd, WDB Investment Holdings Proprietary Limited and the International Finance Corporation (for as long as they hold at least 10% of the Ordinary Shares);*
- in determining the price at which an issue of Ordinary Shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. 4AX will be consulted for a ruling if the securities have not traded in such 30-business-day period; and*
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue.”*

**Reason for Ordinary Resolution Number 5:**

For listed entities wishing to issue shares for cash (other than issues by way of rights offers and/or in consideration for acquisitions and/or to duly approved share incentive schemes), it is necessary for the board to obtain the prior authority of the shareholders in accordance with the 4AX Listing Requirements and the memorandum of incorporation of the Company.

The reason for ordinary resolution number 5 is accordingly to obtain a general authority from shareholders to issue Ordinary Shares and B Shares for cash in compliance with the Companies Act, the 4AX Listing Requirements and the memorandum of incorporation of the Company.

**1.6 Ordinary Resolution Number 6 – Waiver of the requirement for the interim financial information of the Company to be reviewed by the Company’s reporting accountants**

*“Resolved in accordance with paragraph 12.17.3 of the 4AX Listing Requirements, as a general mandate, shareholders hereby specifically waive the requirement for the interim financial information of the Company for the six months ended 31 December 2019 to be reviewed by the Company’s reporting accountants, it being recorded that the approval by the board of directors in respect of the aforementioned interim financial information shall be sufficient.”*

**Reason for Ordinary Resolution Number 6:**

In terms of the 4AX Listing Requirements, issuers listed on 4AX are required to have their interim financial information reviewed by their reporting accountants, unless shareholders specifically waive this requirement through passing an ordinary resolution at the AGM.



## 1.7 Ordinary Resolution 7 – non-binding advisory vote on the Remuneration policy and remuneration implementation report

Shareholders are requested to cast separate non-binding advisory votes on the following:

- 7.1 The remuneration policy of the Company; and  
7.2 The remuneration implementation report of the Company,

as included in the integrated report and annual financial statements of the Company for the year ending 30 June 2019.

### Reason for Ordinary Resolution Number 7:

In terms of principle 14 of King IV, the Company's remuneration policy and implementation report should be tabled to the shareholders to pass the non-binding advisory vote in the same manner as an ordinary resolution at the AGM. Failure to pass the non-binding advisory vote will not have any legal consequences for existing arrangements. The minimum percentage of voting rights required for the advisory vote to be passed is more than 50% of the voting rights exercised by shareholders present at the AGM or represented by proxy and entitled to exercise voting rights. In the event that at least 25% of the voting rights exercised on the advisory votes are against either the remuneration policy or the implementation report or both, the board will then commit to implementing a formal consultation process with the relevant shareholders.

## 2. SPECIAL RESOLUTIONS:

To consider and if deemed fit, approve, with or without modification, the following special resolutions:

### 2.1 Special Resolution 1 – Approval of non-executive directors' remuneration

*“Resolved in accordance with section 66(9) of the Companies Act, that the maximum remuneration payable to the non-executive directors of the Company for the financial years ending 30 June 2020 and 30 June 2021 be approved by shareholders on the following basis:*

Description	Proposed Fees for Non-Executive Directors			
	FOR the period from 1 July 2019 to 30 June 2020		FOR the period from 1 July 2020 to 30 June 2021	
	Base Fee	Meeting Fee	Base Fee	Meeting Fee
Board fee – Chair (all-in fee for Assupol Life as well as Assupol Holdings)	R2 750 000	n/a	R2 915 000	n/a
Assupol Holdings Board fee – Member	R119 000	R22 000	R126 000	R23 500
Assupol Life Board fee – Member	R119 000	R22 000	R126 000	R23 500
Assupol Group Audit and Risk – Chair	R187 500	R48 000	R199 000	R51 000
Assupol Group Audit and Risk – Member	R79 500	R19 500	R84 500	R20 500
Assupol Group Actuarial – Chair	R136 500	R37 500	R144 500	R40 000
Assupol Group Actuarial – Member	R72 000	R18 750	R76 500	R20 000
Assupol Group Other Committees – Chair	R91 000	R25 000	R96 500	R26 500
Assupol Group Other Committees – Member	R48 000	R12 500	R51 000	R13 500
Assupol Group Ad hoc Board and Committee fee – Chair	n/a	R25 000	n/a	R26 500
Assupol Group Ad hoc Board and Committee fee – Member	n/a	R12 500	n/a	R13 500
Adjustment for overseas members	100%	200%	100%	200%

#### Notes re fees:

- Meetings and ad hoc meetings of the following committees will qualify for the payment of fees: audit, actuarial, risk, growth and innovation, investment, nominations, remuneration and social and ethics committees. Meeting fees are only paid to directors that attend a board committee in their capacity as members. However, directors invited upon specific request by the chairperson of the meeting will be entitled to receive a meeting fee for so attending.
- The adjusted attendance fee of 200% for overseas based members will only be paid if the overseas member attends the meeting in person.
- Only ad-hoc meetings of the board and committees that are formally constituted in terms of the MOI will qualify for the payment of fees.

#### Reason for and effect of Special Resolution Number 1:

The reason for Special Resolution Number 1 is to grant the Company the authority to pay remuneration to its non-executive directors for their services as directors as required by sections 66(8) and (9) of the Companies Act. The non-executive director remuneration consists of a fixed fee for board membership, a fee for committee membership, and a fee per board and committee meeting attended. The fees above are stated on a net of VAT basis, and in the event that a non-executive director is obliged to register for, and charge VAT on director fees, the VAT on these fees will additionally be payable by the Company.

The effect of Special Resolution Number 1, if passed, will be that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the 2021 AGM of the Company.

## 2.2 Special Resolution Number 2 – Authorising the granting of inter-company financial assistance

*“Resolved that the board of directors may authorise the Company to generally provide any direct or indirect financial assistance, in the manner contemplated in, and subject to the provisions of sections 44 and 45 of the Companies Act, to a related or inter-related company or corporation, to a member of a related or inter-related corporation or to any other person related to the Company or any such related or inter-related company or corporation, on such terms and conditions as the board of directors may think fit and that such approval is granted for a period of two years as from 20 November 2019.”*

### **Reason for and effect of Special Resolution Number 2:**

The reason for and effect of Special Resolution Number 2 is to generally approve the provision of financial assistance by the Company to the potential recipients as set out in the resolution, in particular to the Company’s subsidiaries and other entities controlled by it. The board of directors will then be authorised in general, subject to the provisions of the Companies Act, to provide funding to its subsidiaries and related parties without having to request approval from the shareholders each time. This authority is granted for a period of two years as from 20 November 2019.

### **Additional disclosure in terms of the Companies Act:**

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the Company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company, that immediately after providing any financial assistance as contemplated in Special Resolution Number 2 above:

- the assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company);
- the Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months; the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the Company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company’s memorandum of incorporation have been met.

## 2.3 Special Resolution Number 3: General authority to repurchase Assupol Holdings Ordinary Shares

*“Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the Company, the 4AX Listing Requirements, including inter alia, that:*

- the general repurchase of the shares may only be implemented through the order book operated by the 4AX trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next AGM of the Company, unless revoked and/or amended by shareholders in general meeting;
- the general authority to repurchase is limited to a maximum of 5% in the aggregate in any one financial year of the Company’s issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the Company and its subsidiaries (“the Assupol Group”) have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Assupol Group;
- the general repurchase is authorised by the Company’s memorandum of incorporation;
- repurchases must not be made at a price more than 5% above the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the transaction is effected. 4AX will be consulted for a ruling if the Company’s securities have not traded in such 30 business day period; and
- the Company may, *at any point in time, only appoint one agent to effect any repurchase(s) on the Company’s behalf.”*

### **Reason for and effect of Special Resolution Number 3:**

The reason for and effect of Special Resolution Number 3 is to grant the directors a general authority in terms of the Company’s memorandum of incorporation and the 4AX Listing Requirements for the repurchase by the Company or by a subsidiary of the Company of shares issued by the Company on the basis reflected in Special Resolution Number 3.

The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a Company.

For the avoidance of doubt, a pro rata repurchase by the Company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

## 2.4 Special Resolution Number 4.1 – 4.6: Approval of amendments to the Company’s memorandum of incorporation

“Resolved in accordance with section 16(1)(c) of the Companies Act, that the following amendments to the Company’s memorandum of incorporation be and are hereby approved by shareholders, with effect from the date of filing of this Special Resolution 4.1 – 4.6 with the Companies and Intellectual Property Commission. It being recorded that the amendments have been reviewed and approved by the Issuer Regulation Division and Issuer Regulation Committee of 4AX:

- 4.1 By amending clause 12.19.4.1 to read as follows:  
*The Nominations Committee shall comprise of not less than three members who shall all be Independent non-executive Directors and/or non-executive Directors.*
- 4.2. By amending clause 12.19.4.5 to read as follows:  
*The quorum at any Nominations Committee meetings shall be ~~the~~ three members thereof present at a meeting.*
- 4.3. By adding a new clause 12.19.4.7 that reads as follows:  
*The chairperson of the Board will be entitled to serve as a member of the Nominations Committee, but may not be its chairperson.*
- 4.4. By amending clause 12.19.6A1 to read as follows:  
*The Investment Committee shall comprise of at least five seven members of whom at least two three members shall be executive Directors and at least three four members shall be non-executive Directors.*
- 4.5. By amending clause 3.11.4 of Annexure A to the MOI addressing the A Ordinary Share terms as follows:  
*The Class A1 and A2 shares issued to WDB Investment Holdings Proprietary Limited during October 2012, as referred to in Annexure B1, are named Ordinary Shares with effect from the date that the Class A1 and A2 shares ranked *pari passu* with the Ordinary Shares.*
- 4.6. By amending clause 3 of the directors’ determination in respect of the B shares included as part of the MOI as Annexure B2, to read as follows:  

3 *Participants in the Scheme will not be entitled to sell, alienate or encumber the Restricted Shares in any manner whatsoever on or before the last day of the Additional Restricted Period as defined in the award letter provided to participants to the Scheme, provided that the Additional Restricted Period will terminate and a Participant will be entitled to sell, alienate or encumber the Restricted Shares with effect from a date determined by the Board, in the event that a transaction is proposed in respect of the Company and/or its Shares which –*

  - 3.1 *constitutes an “affected transaction” as defined in section 117(1)(c) of the Companies Act (other than a transaction contemplated in section 117(1)(c)(iv) of the Companies Act);*
  - 3.2 *is recommended for approval or acceptance by the Board; and*
  - 3.3 *results in the offeror obtaining more than 50% of the issued shares of the Company if the transaction relates to the acquisition of shares,*

*provided that, if the transaction results in MyChina Proprietary Limited and/or its related and/or inter-related parties acquiring more than 50% of the issued shares of the Company, or if the Company is the offeror in question in relation to the repurchase of shares, then the Additional Restricted Period will not terminate as aforesaid.*

### Reason for and effect of Special Resolution Number 4.1 – 4.6:

The reason for and effect of Special Resolution Number 4 is to amend the Company’s memorandum of incorporation to:

- 1) amend the composition of the Nominations Committee to allow that it be composed in line with the best practice recommendations of King IV, including that the chairperson of the board should be a member of this committee (4.1 – 4.3);
- 2) amend the composition of the Investment Committee to reduce the number of minimum required members of the committee from seven to five (4.4);
- 3) clarify that the Class A1 and Class A2 Ordinary Shares issued to WDB Investment Holdings (Pty) Ltd would be named Ordinary Shares and would no longer be known as Class A1 and A2 Ordinary Shares; (4.5) and
- 4) provide for the accelerated vesting of B shares to the holders of such shares in the event of an occurrence of an affected transaction as defined in section 117(1)(c) of the Companies Act (other than a transaction contemplated in section 117(1)(c)(iv) of the Companies Act), which is recommended for approval or acceptance by the board, which results in the offeror obtaining more than 50% of the issued shares of the Company if the transaction relates to the acquisition of shares (4.6).

The Companies Act and the memorandum of incorporation of the Company requires that any amendments to the memorandum of incorporation must be approved by shareholders by the passing of a special resolution.

## 3. ORDINARY RESOLUTION NUMBER 8 – AUTHORITY TO THE DIRECTORS AND/OR COMPANY SECRETARY

“Resolved that any of the directors of the Company and/or the company secretary be and is hereby authorised to do all things, perform all acts and sign all documentation necessary to effect the implementation of the ordinary and special resolutions adopted at this AGM.”

## **REPORT FROM THE SOCIAL AND ETHICS COMMITTEE**

The Social and Ethics Committee report will be included in the integrated report for the period under review. The integrated report will be made available on the Company's website ([www.Assupol.co.za](http://www.Assupol.co.za)) under the Investor Relations/Financial link before the date of the meeting. This is tabled in terms of Regulation 43(5)(c) of the Companies Regulations.

## **OTHER BUSINESS**

To transact such other business as may be transacted at an annual general meeting and/or any matters raised by shareholders with or without advance notice to the Company.

By order of the board

Samuel de Beer  
***Company Secretary***

18 October 2019

Registered office  
Summit Place Office Park  
Building 6  
221 Garstfontein Road  
Menlyn  
Pretoria  
0181

# ASSUPOL

SERVING THOSE WHO SERVE SINCE 1913

Assupol Holdings Limited  
Registration number 2010/015888/06  
("the Company")

## FORM OF PROXY

I/We \_\_\_\_\_

being the holder/s of \_\_\_\_\_ ordinary shares in the Company, hereby appoint (see Note 1)

1. \_\_\_\_\_ or failing him/her,

2. \_\_\_\_\_ or failing him/her,

the chairperson of the annual general meeting,

as my/our proxy to attend, speak and vote for me/us on my/our behalf or to abstain from voting at the annual general meeting of the Company and at any adjournment thereof, as follows (see Note 2):

	Insert an "X" or the number of votes exercisable (one vote per share)		
	In favour of	Against	Abstain
<b>Ordinary Resolutions</b>			
1. Noting of Annual Financial Statements			
2. Re-appointment of auditor			
3. Election of director: Dr RJ Khoza			
4. Appointment of Audit Committee members			
4.1 Mr SIM Braudo			
4.2 Mr R Mothapo			
4.3 Ms B Moroole			
5. General authority to issue shares			
6. Waiver of review requirement for interim financial information			
7.1 Non-binding advisory vote in respect of the remuneration policy			
7.2 Non-binding advisory vote in respect of the implementation report			
8. Authority to directors of the Company to effect implementation of the ordinary and special resolutions			
<b>Special Resolutions</b>			
1. Approval of non-executive directors' remuneration			
2. Approval of inter-company financial assistance			
3. General authority to repurchase Assupol Holdings ordinary shares			
4. Approval of the amendment of the MOI of the Company			
4.1 Amending 12.19.4.1			
4.2 Amending 12.19.4.5			
4.3 Amending 12.19.4.7			
4.4 Amending 12.19.6A1			
4.5 Amending 3.11.4 of Annexure A			
4.6 Amendment to B share terms			

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

Signature/s \_\_\_\_\_

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

### Notes

- 1 A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a shareholder of the Company.
- 2 Every shareholder present in person or by proxy and entitled to vote at the annual general meeting of the Company will, on a poll, be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the Company.

### **Instructions on signing and lodging the form of proxy**

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "the chairperson of the annual general meeting", but any such deletion must be initialled by the shareholder. Should this space/s be left blank, the proxy will be exercised by the chairperson of the annual general meeting.
2. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes which that shareholder wishes to exercise, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she thinks fit in respect of all the shareholder's exercisable votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the shareholder or by his/her proxy.
4. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
5. To be valid, the completed forms of proxy must be lodged with the transfer secretaries of the Company, 4 Africa Exchange Registry Proprietary Limited by e-mailing it to the transfer secretaries of the Company, 4 Africa Exchange Registry Proprietary Limited at [assupol@4axregistry.co.za](mailto:assupol@4axregistry.co.za), or posting it to the transfer secretaries at Postnet Suite 532, Private Bag X51, Bryanston, 2021, to be received by them not later than 08:00 on Wednesday, 19 November 2019 or 48 hours before the commencement or resumption of the AGM in the event of it being postponed or adjourned. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
6. The appointment of a proxy in terms of this form of proxy is revocable in terms of the provisions of section 58(4)(c) read with section 58(5) of the Companies Act, and accordingly 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 to the Company.
7. A proxy appointment will remain valid until the end of the annual general meeting (or any postponement or adjournment thereof).
8. A proxy may not delegate his authority in terms of this form of proxy to any other person.
9. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
10. The chairperson of the annual general meeting may accept any form of proxy which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a shareholder wishes to vote.



