

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

**The definitions on pages 6 to 8 have been used on this front cover.**

If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, accountant, legal adviser or other professional adviser immediately.

If you have disposed of all your Ecsponent Shares, please forward this Circular to the purchaser of such shares or the broker, CSDP, banker or other agent through whom such disposal was effected.

The General Meeting of Shareholders will take place at 10:00 on Thursday, 4 December 2014 at the registered office of Ecsponent, Acacia House, Green Hill Village Office Park, Cnr of Nentabos and Botterklapper Street, The Willows, Pretoria East, 0181 for Shareholders to vote on the proposed ordinary and special resolutions contained in the notice of General Meeting which forms part of this Circular.

**Certificated Shareholders or Own Name Dematerialised Shareholders** who are unable to attend the General Meeting and wish to be represented thereat, must complete and return the attached forms of proxy, in accordance with the instructions contained therein, to the Transfer Secretaries at 13<sup>th</sup> Floor, Rennie House, 19 Ameshoff Street, Braamfontein Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), which forms, in order to be valid, should be received by them by no later than 10:00 on Tuesday, 2 December 2014.

**Dematerialised Shareholders, other than Own Name Dematerialised Shareholders** who wish to attend the General Meeting must request their CSDP or broker to provide them with the necessary authorisation to attend the General Meeting. Should Dematerialised Shareholders, other than Own Name Dematerialised Shareholders wish to vote at the General Meeting by proxy, they must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.



**Ecsponent Limited**

(Formerly John Daniel Holdings Limited)

(Incorporated in the Republic of South Africa, registration number 1998/013215/06)

Share code: ECS ISIN ZAE000179594

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**CIRCULAR TO ECSPONENT SHAREHOLDERS**

Relating to:

- the adoption of the Scheme
- the creation of the Trust in order to administer the Scheme;
- explanatory note to shareholders regarding the Company's general authority to issue shares for cash;

and incorporating:

- a notice of the General Meeting; and
- a Form of Proxy (blue) for Certificated Shareholders and Own Name Dematerialised Shareholders only.

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**SPONSOR TO ECSPONENT**



**ATTORNEYS TO ECSPONENT**



This document is only available in English and copies thereof may be obtained during normal business hours from the company secretary of EcspONENT and from the Transfer Secretaries whose addresses are set out in the "**Corporate Information**" section of this document.

Date of issue: Wednesday, 5 November 2014

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## CORPORATE INFORMATION

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### Directors

TP Gregory (Chief Executive Officer)  
DP van der Merwe (Group Financial  
Director)  
E Engelbrecht\*  
RJ Connellan (Chairman)\*\*  
KA Rayner\*\*  
B Topham\*\*

\* Non-executive

\*\* Independent non-executive

### Sponsor to Ecsponent

Questco Proprietary Limited  
(Registration number 2002/005616/07)  
The Pivot  
Entrance D, 2nd Floor  
No. 1 Montecasino Boulevard  
Fourways, 2055  
(PO Box 98956, Sloane Park, 2152)

### Attorneys to Ecsponent

Eversheds (SA) Incorporated  
(Registration Number: 2012/097841/21)  
19 Impala Road  
Chislehurst  
Sandton, 2196  
(PO Box 782244, Sandton City, 2146)

### Place of Incorporation

Johannesburg, Republic of South Africa

### Date of Incorporation

09 July 1998

### Registered Office

Acacia House  
Green Hill Village Office Park  
Corner Botterklapper & Nentabos Street  
Pretoria East  
0043

### Company Secretary

Timbavati Business Consultants  
(Registered name: Virtulox Pty Ltd)  
Acacia House  
Green Hill Village Office Park  
Cnr of Nentabos and Botterklapper Street  
The Willows  
Pretoria East, 0181  
(PO Box 39660, Garsfontein East, 0060)

### Transfer Secretaries

Link Market Services South Africa (Pty)  
Limited  
Registration Number: 2000/007239/07  
13<sup>th</sup> Floor, Rennie House  
19 Ameshoff Street, Braamfontein  
Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)

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**IMPORTANT LEGAL NOTES**

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**IMPORTANT LEGAL NOTES**

The release, publication or distribution of this Circular in certain jurisdictions may be restricted by law and therefore persons in any such jurisdictions into which this Circular is released, published or distributed should inform themselves about, and observe, such restrictions. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. This Circular does not constitute an offer to sell or issue, or the solicitation of an offer to purchase or subscribe for, any shares or other securities or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

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## SALIENT DATES AND TIMES

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	<b>2014</b>
Record date to determine which shareholders are eligible to receive the Circular	Friday, 31 October
Circular and notice of General Meeting posted to Shareholders on	Wednesday, 5 November
Last date to trade in order to be reflected on the register on the Record Date	Friday, 21 November
Record Date for the General Meeting	Friday, 28 November
Forms of proxy for the General Meeting to be lodged by no later than 10:00 on	Tuesday, 2 December
General Meeting to be held at 10:00 on	Thursday, 4 December
Results of General Meeting to be announced on SENS on	Thursday, 4 December
Results of General Meeting to be published in the press on	Friday, 5 December

### **Notes:**

1. The definitions on pages 7 to 10 of this Circular apply, *mutatis mutandis*, to these salient dates and times.
2. The above dates and times are subject to amendment. Any such amendment will be published on SENS and in the press.
3. All times indicated above are given in South African time.
4. Forms of Proxy for the General Meeting may also be handed to the chairperson before the commencement of the General Meeting.

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## DEFINITIONS

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Throughout this Circular, the notice of General Meeting and Form of Proxy, unless otherwise stated or the context otherwise requires, a reference to the singular includes the plural and vice versa, words denoting one gender include the other gender, words denoting natural persons include legal persons and associations of persons and vice versa and the following words shall have the corresponding meanings:

<b>"Acceptance Date"</b>	the day upon which an Offeree indicates his acceptance of an Offer
<b>"Business Day"</b>	any day other than a Saturday, Sunday or official public holiday in South Africa
<b>"Certificated Shareholders"</b>	Shareholders who hold Certificated Shares
<b>"Certificated Shares"</b>	Ordinary Shares which are evidenced by share certificates or other physical Documents of Title
<b>"Circular"</b>	this bound document dated Wednesday, 5 November 2014, including all annexures and attachments contained in the bound document, incorporating the notice of General Meeting and the Form of Proxy
<b>"Companies Act" or "Act"</b>	the Companies Act No. 71 of 2008, as amended
<b>"Conditions Precedent"</b>	the conditions precedent to the Scheme set out in paragraph 6 of this Circular
<b>"CSDP"</b>	Central Securities Depository Participant as defined in section 1 of the Security Services Act 2004 No. 36 of 2004
<b>"Deed of Adherence"</b>	a form which is required to be signed by each Offeree in terms of which such Offeree acknowledges their understanding of the terms of the Scheme and agrees to be bound thereby
<b>"Dematerialised Shareholders"</b>	Shareholders who hold Dematerialised Shares
<b>"Dematerialised Shares"</b>	Ordinary Shares which have been dematerialised and incorporated into Strate and which are no longer evidenced by share certificates or other physical Documents of Title
<b>"Documents of Title"</b>	share certificates, certificated transfer deeds, balance receipts or any other Documents of Title to shares acceptable to the Board
<b>"Ecsponent" or "the Company"</b>	Ecsponent Limited (Registration number 1998/013215/06), a public company incorporated in South Africa and listed on the JSE and its Subsidiaries

<b>"Employees"</b>	a person eligible for participation in the Scheme, namely direct and indirect employees of the Group and other persons involved in the business of the Group [ <b>S14.1(a)</b> ]
<b>"Form of Proxy"</b>	the Form of Proxy (blue) for Certificated Shareholders and Own Name Dematerialised Shareholders attached to and forming part of this Circular
<b>"General Meeting"</b>	the General Meeting of Shareholders to be held at the registered office of the Company at 10:00 on Thursday, 4 December 2014
<b>"the Group"</b>	collectively Ecsponent and its Subsidiaries
<b>"Initial Trustees"</b>	the initial trustees of the Trust who were appointed by the Company and who indicated their acceptance of their appointment as Trustees by their signature of the Trust Deed
<b>"JSE"</b>	JSE Limited, (Registration number 2005/022939/06), a company incorporated with limited liability in South Africa, licensed as an exchange under the Financial Markets Act, 19 of 2012
<b>"Last Practicable Date"</b>	27 October 2014, being the last practicable date prior to the finalisation of this Circular
<b>"Listings Requirements"</b>	the Listings Requirements of the JSE as amended from time to time by the JSE whether by way of practice note or otherwise
<b>"Offer"</b>	a written offer made to an Offeree to receive Ordinary Shares, subject to provisions of the Trust Deed
<b>"Offeree"</b>	an Employee nominated in terms of the provisions of the Scheme to receive an Offer [ <b>S14.1(a)</b> ]
<b>"Offer Shares"</b>	the Ordinary Shares which form the subject-matter of an Offer and which a Participant shall receive on the Vesting Date, subject to the provisions of the Deed
<b>"Ordinary Shares" or "Ecsponent Shares" or "Shares"</b>	ordinary shares in the issued share capital of Ecsponent
<b>"Own Name Dematerialised Shareholders"</b>	Dematerialised Shareholders that have instructed their CSDP to hold their Dematerialised Shares in their own name on the sub-register (being the list of Shareholders maintained by the CSDP and forming part of the Company register)
<b>"Participant"</b>	any Offeree who has accepted an Offer [ <b>S14.1(a)</b> ]



<b>"PAYE Liability"</b>	amount required to be paid by the Company (or the relevant Group) to the South African Revenue Service to meet its liability and obligations for PAYE (and any other forms of taxation) arising out of the benefits accruing to each Participant in terms of the Scheme
<b>"Prohibited Period"</b>	a prohibited period as defined in section 3.67 of the Listing Requirements
<b>"Principal Objectives"</b>	the main objectives for which the Trust was established, as further set out in Deed
<b>"Record Date"</b>	the date on which Shareholders must be recorded on the register of Shareholders in order to be entitled to vote at the General Meeting
<b>"Scheme"</b>	the share incentive scheme constituted by and administered in accordance with the Trust Deed
<b>"SENS"</b>	the Stock Exchange News Service of the JSE
<b>"Shareholders"</b>	registered holders of Ordinary Shares
<b>"South Africa"</b>	the Republic of South Africa;
<b>"Strate"</b>	Strate Limited (Registration number 1998/022242/06), an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically;
<b>"Subsidiary"</b>	as defined in the Companies Act
<b>"the Board" or "Directors"</b>	the board of directors of Ecsponent
<b>"The Ecsponent Shares Incentive Trust"</b>	The Ecsponent Share Incentive Trust, which will administer the Scheme for the Employees
<b>"Transfer Secretaries"</b>	the Transfer Secretaries of Ecsponent being Link Market Services South Africa Proprietary Limited (registration number: 2000/007239/07), a private company duly registered and incorporated under the laws of South Africa
<b>"Trust Deed" or "Deed"</b>	the trust deed constituting the Trust which sets out the terms of the Scheme and which is available for inspection at the registered office of the Company, during normal business hours and at no cost, with effect from Wednesday, 5 November 2014 up to and including the date of the General Meeting <b>[14.7]</b>
<b>"Trust"</b>	The Ecsponent Share Incentive Trust
<b>"Trustees"</b>	the trustees of the Trust, elected in accordance with the provisions of the Trust Deed
<b>"Vest"</b>	the entitlement to receive so many Ordinary Shares as are equal in number to the Offer Shares

<b>"Vested Ordinary Shares"</b>	the number of Offer Shares which vest in a Participant on the Vesting Date, pursuant to the provisions of the Deed
<b>"Vesting Date"</b>	the date on which the Offer Shares Vest in a Participant, as set out in the Offer
<b>"VWAP"</b>	the volume weighted average price of the Ordinary Shares as traded on the JSE (as derived from the official list on the JSE) over the immediately preceding 30 (Thirty) Business Days, as determined by the Company's sponsor



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**Directors**

TP Gregory (Chief Executive Officer)  
DP van der Merwe (Group Financial Director)  
E Engelbrecht\*  
RJ Connellan (Chairman)\*\*  
KA Rayner\*\*  
B Topham\*\*

\* Non-executive

\*\* Independent non-executive

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**CIRCULAR TO SHAREHOLDERS**

**1. INTRODUCTION AND RATIONALE**

The Company is mindful of the fact that all Employees have played an important part in the growth of the Company.

The Company wishes to establish the Scheme to allow the Employees an opportunity to share in the growth of the Company and to incentivise the Employees by offering them an opportunity to receive Ordinary Shares in the Company through their participation in the Scheme.

Accordingly, the board proposes the Scheme be implemented and the Trust be incorporated for the purpose of administering the Scheme.

In accordance with the Listings Requirements, the implementation of the Scheme requires the approval by ordinary resolution passed by at least 75% (Seventy Five Percent) of the Shareholders present or represented by proxy, and entitled to vote, at the General Meeting. **[S14.1]**

The purpose of this Circular is to provide Shareholders with relevant information regarding the Scheme and to convene a General Meeting of Shareholders, in terms of the notice of General Meeting forming part of this Circular, at which meeting the ordinary resolutions required to approve and implement the Scheme will be proposed.

**2. SALIENT TERMS OF THE SCHEME**

The Scheme shall be operated as a share incentive scheme governed by the provisions set out in the Trust Deed and the Listings Requirements, the salient details of which have been set out below.

## **2.1 Offers and general terms and conditions of participation**

### *2.1.1 Maximum number of Offer Shares available for the Scheme*

The Board shall instruct the Trustees to make an Offer to Offerees, in respect of such number of Offer Shares which, together with the Offer Shares related to Offers already accepted at that time, and together with any shares issued under all other employee share based schemes operated by the Group, shall not exceed 150 000 000 (One Hundred and Fifty Million) Ordinary Shares, subject to any adjustments as may be required pursuant to paragraph 2.2.2 below ("**Variation of equity share capital**"). The Board shall forward to the Trustees a certified copy of the Board resolution authorising an Offer to Offerees. **[S14.1(b) [s14.3(a)]**

### *2.1.2 Maximum number of Offer Shares per Participant*

More than one Offer may be made to any Offeree, provided that the maximum number of Offer Shares to which any one Offeree is entitled in terms of the Scheme and the Trust Deed, and in terms of any other employee share based scheme operated by the Group which results in employees acquiring Shares in the Company, shall not exceed 15 000 000 (Fifteen Million) Ordinary Shares. **[S14.1(c)][s14.3(b)]**

### *2.1.3 Amount payable by Participants and basis upon which Offers are made*

No amount is payable by Participants for Offers or on vesting of the Offer Shares.

The Offer may be subject, where applicable, to the achievement of performance criteria by the Participant, as shall be specified in the Offer, on the basis that should such performance criteria not be achieved as and when required, the number of Offer Shares to which the Offeree shall be entitled shall be reduced and/ or forfeited, as the case may be, on the basis set out in the Offer. **[S14.1(f)]**

### *2.1.4 Format of Offers to be made*

Each Offer shall be in writing and shall be delivered in duplicate to an Offeree, together with a copy of the Deed, and shall state the following insofar as it is relevant:

- the Offer Date;
- the applicable Vesting Dates;
- the number of Offer Shares, in multiples of 100 (One Hundred), in respect of which the Offer is made;
- the performance criteria to which the Offer is subject and the basis for any adjustment that will be made to the number of Offer Shares to which the Participant is entitled should such performance criteria not be achieved as and when required; **[S14.1(f)]**
- that the Offer is made pursuant to the Scheme and upon the terms and conditions contained in the Deed;
- that the Deed is available for inspection at the Company's nominated address, being Acacia House, Green Hill Village Office Park, Corner Botterklapper & Nentabos Street, Pretoria East; **[S14.7]**
- the Offeree must sign a deed of adherence to the Deed in order to accept the Offer, which shall be attached to or form part of the Offer;

- subject to paragraph 2.3, that no amount is payable by the Offeree in consideration for the Offer **[S14.1(d)]**;
- that the Offer must be accepted in multiples of 100 (One Hundred) Offer Shares and provided further that no Offeree may accept an Offer in respect of an aggregate number of shares exceeding the aggregate number of shares stipulated in terms of paragraph 2.1;
- that the Offer is open for acceptance for a period of 10 (Ten) Business Days from the Offer or for such longer period as the Trustees, in their discretion, deem appropriate;
- that no amount is payable by the Offeree upon Vesting of the Offer Shares; **[S14.1(d)]**
- that the Vested Ordinary Shares shall be listed on the JSE as soon as reasonably possible, and in line with Schedule 24 of the Listings Requirements, as amended from time to time, if not already in issue and listed, and shall be of a class already listed;
- that the Offer is exclusive to the Offeree and cannot be ceded, assigned or transferred in any manner whatsoever without the prior written consent of the Board, save as contemplated in paragraph 2.2.1 below;
- that the Offer will lapse if not accepted by the Offeree in the required manner and within the specified period;
- that the acceptance must be exercised in writing by the Offeree and shall be evidenced by the Offeree countersigning the duplicate copy of the Offer, as the case may be, and delivering that countersigned copy of the Offer to the Trustees within the time specified therein; and
- that Vesting of the Offer Shares shall not be effected prior to the Vesting Date, without the prior written consent of the Trustees.

#### *2.1.5 Register of Offers to be maintained*

The Trustees shall open and maintain an updated register of all Participants to whom Offers have made, and such register shall be accessible to and open for inspection by any Participant upon reasonable request at the Company's nominated address, being being Acacia House, Green Hill Village Office Park, Corner Botterklapper & Nentabos Street, Pretoria East, during office hours. Signature of a deed of adherence and entry into the register of Participants shall constitute proof of the participation of the Participant in the Scheme and the Offer made to that Participant.

#### *2.1.6 Employment conditions*

Nothing in the Deed or the operation of the Scheme forms part of the contract of employment or employment relationship or terms of engagement of an Employee. The rights and obligations arising from the employment relationship between the Employee and the Group are separate from, and are not affected by the Scheme. Participation in the Scheme does not create any right to, or expectation of, continued employment or a continued employment relationship.

No Employee has any right to claim for any form of compensation either against the Trust or against the Trustees as a result of or pursuant to his participation in the Scheme, including:

- any loss or reduction of any rights or expectations under the Scheme in any circumstances or for any reason (including

- lawful or unlawful termination of employment or the employment relationship or term of office);
- any exercise of a discretion or a decision taken in relation to the Scheme, or any failure to exercise a discretion or take a decision;
- the operation, suspension, termination or amendment of the Scheme; and / or
- any losses incurred as a result of the diminution in the price of the Ordinary Shares during the term of the Scheme.

#### 2.1.7 *Participation in the Scheme*

Participation in the Scheme is permitted only on the basis that the Offeree accepts all the provisions of the Scheme, including in particular; by participating in the Scheme, a Participant waives all rights under the Scheme, other than the right to participate in the Scheme subject to and in accordance with the express terms of the Scheme.

Nothing in the Scheme confers any benefit, right or expectation on a person who is not a Participant. No third party has any right to enforce any term of this Scheme.

#### 2.1.8 *Forfeiture of Offer Shares*

Any Offer Shares allocated and not subsequently issued to Participants, e.g. in the event of forfeiture, will revert to the Scheme.  
**[14.3(f)]**

### **2.2 Rights attaching to an Offer**

#### 2.2.1 *Transfer of an Offer*

It shall not be competent for an Offer or any rights therein or thereto to be sold, pledged, disposed of, ceded, transferred or otherwise alienated or encumbered by Participants save that an Offer may be transferred to any trust (or similar entity) administered and controlled by the Participant, and/ or established for the benefit of the transferring Participant and/or the transferring Participant's direct descendants the Participant provided that:

- prior written notification is received by the Trustees;
- the entity receiving transfer of the Offer agrees in writing by way of signature of a deed of adherence to be bound by the provisions of this Deed; and
- if:
  - the transferring Participant ceases for any reason whatsoever to administer and control the entity receiving transfer of the Offer (ie. to act as the representative trustee of such trust or in a similar capacity of a similar entity whereby the transferring Participant has the requisite authority to approve the trust/entity acquiring and or alienating its assets including the Offer Shares) or;
  - the entity receiving transfer of the Offer, ceases to operate for the benefit of the transferring Participant and/or the transferring Participant's direct descendants,

the transferring Participant shall be deemed to have retaken transfer of the Offer as soon as possible thereafter  
**[S14.1(e)]**

## 2.2.2 *Variation of equity share capital*

### 2.2.2.1 *Sub-division and /or consolidation of equity share capital*

If a variation in the ordinary share capital of the Company occurs pursuant to a sub-division or a consolidation, the Offers to each Participant, including the maximum number of Offer Shares subject to the Scheme and the maximum number of Offer Shares available per Participant, may be adjusted in such manner as the Trustees, in consultation with the Board, acting fairly, reasonably and objectively, consider appropriate, so that the value of the Offers to each Participant are materially similar to the value applicable prior to the variation; provided that any such adjustments must first be confirmed by the auditors of the Company as having been calculated on a fair and reasonable basis, which confirmation will be provided to the JSE at the time that any such adjustment is finalised. **[S14.3(a)]**

### 2.2.2.2 *Other amendments to equity share capital*

If a variation in the ordinary share capital of the Company occurs, including a variation pursuant to a capitalisation issue, a rights issue, or reduction of capital, or in the event of a special dividend, the Offers to each Participant, and the maximum number of Offer Shares available per Participant, may be adjusted in such manner as the Trustees, in consultation with the Board, acting fairly, reasonably and objectively, consider appropriate, so that the value of the Offers to each Participant are materially similar to the value applicable prior to the variation; provided that any such adjustments must first be confirmed by the auditors of the Company as having been calculated on a fair and reasonable basis, which confirmation will be provided to the JSE at the time that any such adjustment is finalised. **[S14.3(b)]**

In such events described in 2.2.2.1 and 2.2.2.2 above, the Participants will not be liable to pay any amount for the adjustment of Offer Shares issued or allocated to them. **[S14.3(a),(b)]**

For the avoidance of doubt, the issue of equity securities, as defined in the Listings Requirements, for an acquisition, the issue of securities for cash and the issue of equity securities in respect of a vendor consideration placing will not be regarded as a circumstance requiring adjustment. **[S14.3(c)]**

## 2.2.3 *Take-Over*

Subject to what is set out hereunder, if a take-over of the Company, or any company within the Group occurs, the Vesting Date will be brought forward so as to coincide with the date of take-over (as defined below) and all the Vesting provisions shall take place and apply as of the effective date of take-over.

If the persons who obtain control of the Company as a result of a take-over, offer to exchange the Offer for a new offer ("**New Offer**") which complies with what is set out below, then at the election of the Board, the Vesting Date will not be brought forward and the Offers to Participants in terms of the Scheme shall be exchanged for the New Offer.

Any New Offer referred to above:

- must provide for equivalent economic benefits to Participants, as provided by the Scheme;
- will be treated as having been accepted by Participants on the Acceptance Date;
- must vest in Participants at the same time as the applicable Vesting Date in terms of the Scheme; and
- will be governed by rules, terms and conditions which are substantially similar, *mutatis mutandis*, with the rules, terms and conditions of the Scheme. **[S14.1(g)]**

#### 2.2.4 *Mergers and other significant corporate actions*

If the Company is affected by any merger, restructure, reorganisation or other corporate action which, in the opinion of the Trustees taken in consultation with the Board, would materially affect the value of the Offer, the Trustees acting fairly, reasonably and objectively and in consultation with the Board, may in their discretion make adjustments as provided in paragraph 2.2.2 above, *mutatis mutandis*, provided that any adjustments so made must first be confirmed by the auditors of the Company as having been calculated on a fair and reasonable basis and such confirmation shall be provided to the JSE at the time that such adjustment is finalised. **[S14.1(g)] [S14.3(d)]**

#### 2.2.5 *Liquidation and winding-up*

If the Company is liquidated, wound-up or dissolved and finally de-registered:

- the Vesting Date in respect of the entire Offer shall be brought forward to the date of liquidation or winding-up of the Company; and
- save for any right which the Trust may then have against the Company, the Scheme shall *ipso facto* lapse as and from the date of commencement of such liquidation, winding up or dissolution proceedings. **[S14.1(e)]**

#### 2.2.6 *Adjustments*

Any adjustments made in accordance with paragraphs 2.2.2, 2.2.3, 2.2.4 or 2.2.5 shall be reported in the Company's annual financial statements in the year during which the adjustment is made. **[S14.3(e)]**

### **2.3 Vesting and PAYE**

2.3.1 The Offer Shares shall Vest in a Participant on the Vesting Dates set out in the Offer provided that should the Vesting Date fall within a Prohibited Period, the Vesting Date shall be deemed to have been delayed to the first Business Day after the cessation of the Prohibited Period.

2.3.2 As soon as practical after the relevant Vesting Date:

- the Trustees shall acquire, by way of a subscription or a purchase through the market, so many Ordinary Shares as are equivalent to the number of Offer Shares which Vest in the Participant; and



- the Trustees shall obtain, from the Company, information as to the amount of the PAYE Liability.
- 2.3.3 The Trustees will notify the Participant in writing within 15 days of the Vesting Date ("**Notification Date**") of the number of Offer Shares which Vest in the Participant pursuant to the provisions of paragraph 2.3.1, the number of Vested Ordinary Shares acquired in terms of paragraph 2.3.2 and the amount of the Participant's PAYE Liability. The Participant shall thereupon have an election ("**the Election Notice**"), which Election Notice must reach the Trustees within 21 days of the Notification Date, either to discharge the PAYE Liability himself or to irrevocably mandate the Trustees to dispose of such portion of the Vested Ordinary Shares in accordance with paragraph 2.3.4, as shall be sufficient to discharge the Participant's PAYE Liability in full (net of any brokerage and other statutory fees or taxes becoming payable on the disposal of such shares). [**S14.9(b)(ii)**]
- 2.3.4 If a Participant fails to make an election (whether timeously or at all) in terms of paragraph 2.3.3 or fails to discharge the PAYE Liability in full, the Participant will be deemed to have irrevocably mandated the Trustees to dispose of such portion of the Vested Ordinary Shares in accordance with paragraph 2.3.5 as shall be sufficient to discharge the PAYE Liability in full.
- 2.3.5 If a Participant elects or is deemed to have irrevocably mandated the Trustees to dispose of a portion of his Vested Ordinary Shares, in order to discharge the PAYE Liability in terms of paragraphs 2.3.3 and 2.3.4, the Company shall have a right and option, for a period of 15 days from the date the Participant elects or is deemed to have elected to dispose of such portion of his Vested Ordinary Share in terms of paragraphs 2.3.3 and 2.3.4 to buy back the applicable number of Vested Ordinary Shares at an amount equivalent to the VWAP. Should the Company fail to buy back all or any of such Vested Ordinary Shares within such 15 day period, all or the remaining Ordinary Shares shall be sold on the JSE as soon as reasonably possible. The Trustees will appoint the Company to manage/ administer such sale.
- 2.3.6 All amounts received by the Trustees in respect of each Participant's PAYE Liability shall be paid either to the Company, or if the Company is not the Participant's employer, the relevant company within the Group who employs the Participant at the time, to enable the Company or employer company to effect all necessary PAYE payments to the South African Revenue Service.
- 2.3.7 The balance of the Participant's Vested Ordinary Shares remaining after the disposal in terms of paragraph 2.3.5 shall be registered in the name of the Participant and issued as dematerialised shares. Participants will be required to open an account with their CSDP or broker to facilitate the issue of dematerialised shares. Participants may exchange their dematerialised Vested Ordinary Shares for certificated Vested

Ordinary Shares in line with the custody agreement between the Participant and their CSDP or broker.

2.3.8 The Vested Ordinary Shares, once released to a Participant, shall rank *pari passu* in all respects with the Ordinary Shares already listed at the time of the release. **[S14.1(e)]**

2.3.9 All rights attached to ordinary shares will transfer to Participants on the vesting of the Offer Shares. Prior to vesting, Offer Shares shall not carry any voting rights and will not be entitled to dividends, or similar distributions. **[S14.10; S14.1(e)]**

## **2.4 Amendments to the Trust Deed [S14.2]**

In accordance with the Listings Requirements, no amendment in respect of the following matters shall be valid unless such amendment has received the approval of 75% (Seventy Five Percent) of the voting rights of shareholders of the Company present or represented by proxy at a general meeting of the shareholders, and entitled to vote, which shall exclude voting rights attached to Offer Shares already owned or controlled by Participants and who will be affected by the proposed changes:

- the persons who may become Participants under the Scheme;
- the total number of the Offer Shares subject to the Scheme;
- the maximum entitlement of any one Participant to receive Offer Shares;
- the amount payable on application or acceptance, subscription or exercise, the basis for determining the price payable by participants, and the period after, or during which, such payment must be made;
- the transfer and other rights attaching to the Offer Shares;
- the basis upon which Offers are made;
- the treatment of Offers in instances of mergers, takeovers, corporate actions or on a liquidation of the Company; and
- the procedure to be adopted on termination of employment of a Participant; and
- an amendment to this paragraph 2.4

In addition to the above, no amendment that will detrimentally affect the Participants' rights or obligations shall be effected to the Deed without the prior written consent of at least 75% (Seventy Five Percent) of the Participants.

## **2.5 Termination of employment**

In the event that a Participant's employment with the Group is terminated due to:

2.5.1 the death or permanent disability (as determined by the Board in its sole discretion) of that Participant, the Vesting Date in respect of the entire Offer shall be brought forward to the date of termination of employment and, in the case of death, the Offer Shares which Vest in the deceased Participant, shall be transmitted to his executor and/ or heirs or beneficiaries; **[S14.1(h)] [S14.9(b)(i)]**

- 2.5.2 the retirement of a Participant (in accordance with the Group's retirement policies) the Offer shall remain unaffected and the Participant shall retain his Offer and shall remain bound to the provisions of the Scheme, as a Participant; **[S14.1(h)] [S14.9(b)(i)]**
- 2.5.3 any reason other than those contemplated in paragraph 2.5.1 or 2.5.2, that Participant shall forfeit his Offer, or any portion thereof which has not yet Vested, with the effect that the Participant shall cease to be a Participant, as at the date of cessation of employment with the Group and any portion of the Offer Shares which has not yet Vested shall lapse. **[S14.1(h)] [S14.9(b)(i)]**

The provisions of paragraph 2.5.3 shall not apply to a Participant whose dismissal is reversed (and who is reinstated) or declared unlawful by a final order of a competent court or competent arbitration forum. In such event:

- 2.5.4 if the dismissal is reversed and the Participant is reinstated, the Participant shall continue to enjoy all his rights and entitlements as a Participant in terms of the Scheme as if his employment with the Group had never ceased; or
- 2.5.5 if the dismissal is declared unlawful but the Participant is not reinstated, the Participant's employment with the Group will be deemed to have terminated and the provisions as set out in paragraph 2.5.3.

## **2.6 The Trust and Trustees**

- 2.7 The Trust will be established to achieve the Principal Objectives of the Trust as follows:
- 2.7.1 to accept the donation, being R1000 (one thousand rand), for the establishment of the Trust as well as any other donation which may be made by the Company to the Trust in order to implement the Scheme;
- 2.7.2 to enter into any agreements, and upon such terms and subject to such conditions, as may be approved by the Company in writing, and to do all such things as may be necessary and incidental to the implementation of the Scheme; and
- 2.7.3 administer the Scheme in accordance with the provisions of the Trust Deed.

### **2.7.4 Number of Trustees**

There shall at all times be at least 2 (two) Trustees in office, who shall be appointed by the Board.

### **2.7.5 Appointment of Trustees**

The initial Trustees shall be:

- Alwyn Erhardt Scholtz; and
- Henry John Ansara,

As soon as possible after the number of Trustees in office is less than 2 (two), the remaining Trustee shall call on the Board to nominate and appoint, or the Board shall be entitled to nominate and appoint, the required number of Trustees. During any period that the number of Trustees in office is less than 2 (two), all the rights, powers and discretions of the Trustees shall be suspended, except the powers of assumption and appointment of successors dealt with in paragraph 2.7.1 above.

#### **2.7.6 Exercise of Powers by Trustee**

A Trustee shall at all times comply with and observe the provisions of the Trust Deeds when exercising his powers as Trustee.

#### **2.7.7 Disqualification**

A person shall be disqualified from being a Trustee if:

- he is found guilty of any offence involving dishonesty;
- his estate is sequestrated (provisionally or otherwise) or he surrenders his estate;
- he is a Participant under the Scheme at the time of his appointment; **[S14.5]**
- he should become a Participant under the Scheme; **[S14.5]**
- in the case of a body corporate, if the body corporate is placed in judicial management or compulsorily or voluntarily liquidated;
- he is an executive director of the Company **[S14.4]**; and/or
- he is a non-executive director of the Company who is a Participant. **[S14.4]**

#### **2.7.8 Vacation of Office**

A Trustee shall cease to hold office as such:

- dies or becomes permanently disabled to the extent that such Trustee can no longer perform his duties in terms of this Deed;
- becomes disqualified from being a Trustee in accordance with the paragraph above;
- resigns on reasonable written notice to the other Trustees (there being at least one other Trustee in office);
- is removed by a resolution of the majority of Trustees if there are more than 2 (two) Trustees in office at the time, or by a resolution of both of the Trustees if there are only 2 (two) Trustees in office at the time; or
- is otherwise eligible for removal in accordance with section 20 of the Trust Property Control Act No 57 or 1988.

### **2.8 Powers and duties of trustees**

2.8.1 The Trustees shall have all the powers of an unmarried natural person of full legal capacity dealing with his own affairs

(except for any powers which it is not competent in law to confer on trustees) to enable them to realise the Principal Objectives. In particular, the Trustees shall have the power:

- to subscribe for Ordinary Shares in the Company by way of subscription at a subscription price equal to the VWAP, such amount to be funded to the Trust by the Company by way of a non-refundable donation, in order to satisfy its obligations in terms of the Scheme, or **[S14.9(a)]**
- to purchase Ordinary Shares on the open market as and when it is commercially reasonable and appropriate to do so, which purchase shall be funded by the Company by way of a non-refundable donation to the Trust, in order to satisfy its obligations in terms of the Scheme,  
provided that Ordinary Shares may only be acquired:
  - for an identified Participant, and
  - outside of a Prohibited Period, unless the dates of acquisition and the quantity of Ordinary Shares to be acquired have been fixed and have been submitted to the JSE prior to the commencement of the Prohibited Period; **[S14.9(a)]**

2.8.2 The Trustees shall further have the power to:

- to dispose of Ordinary Shares as and when required in terms of the provisions of the Deed and/or the implementation of the Scheme; **[S14.9(b)(i) and (ii)]**
- to borrow or raise moneys from the Company and/ or any other member of the Group for the specific purposes of implementing the Scheme on such terms as they may deem to be commercially reasonable;
- instead of acting personally, subject to approval by the Board, to employ, as far as may reasonably be necessary, and to pay any attorney or any other person to transact business or do any act of whatsoever nature required to be done pursuant to this Deed, including the receipt and payment of money; provided that any reasonable payment made in terms hereof shall be refunded to the Trustees by the Trust; and a Trustee being an attorney or other person engaged in any profession may be so employed to act and shall be entitled to charge and be paid by the Trust all reasonable professional charges for any business or act done by him or his firm in pursuance of the Deed;
- to take and act upon any expert or professional advice;
- to delegate to any person the performance of all or any acts or the exercise of all or any powers which they are entitled to perform or exercise under the Deed;
- to open and operate a bank account;
- to draw, accept, make or endorse cheques, bills of exchange or promissory notes for and on behalf of the Trust;
- to exercise such further rights, powers and authorities as may from time to time be conferred upon them by resolution of the Board; and

- without prejudice to anything aforesaid, the Trustees shall:
  - have full capacity to contract on behalf of the Trust, subject always to such limitations, as may be imposed by the Deed, and provided always that they will under no circumstances be personally liable on any such contract; and
  - be capable of bringing, defending, opposing, withdrawing, settling and/ or otherwise acting in connection with any proceedings whatsoever in or before any court or in any arbitration or before any other forum, provided that all costs reasonably incurred by them in that regard shall be for account of the Trust.

**3. EXPLANATORY NOTE TO SHAREHOLDERS REGARDING THE COMPANY'S GENERAL AUTHORITY TO ISSUE SHARES FOR CASH**

Shareholders are referred to ordinary resolution number 9 passed at the Company's annual general meeting on 25 July 2014, relating to the Company's general authority to issue shares for cash ("General Authority"). The resolution as passed reads that the number of ordinary shares issued for cash shall not exceed 50%, or 222 065 839, of the issued ordinary share capital of the Company.

Shareholders are notified that, in terms of the JSE Listings Requirements, the Directors are not authorised, in terms of its General Authority, to issue ordinary shares for cash in excess of 15%, or 66 619 751, of the issued share capital, and accordingly the Directors undertake to issue no more than the said 15% or 66 619 751 ordinary shares for cash.

**4. GENERAL MEETING OF ECSPONENT SHAREHOLDERS**

A General Meeting of Shareholders will be held at the registered office of Ecsponent at 10:00 on Thursday, 4 December 2014 in order to consider and, if deemed fit, pass, with or without modification, the resolutions, as set out in the notice of General Meeting attached to and forming part of this Circular.

By order of the Board  
**ECSPONENT LIMITED**  
**Terence Gregory**  
Chief Executive Officer  
5 November 2014



**Ecsponent Limited**  
(Formerly John Daniel Holdings Limited)  
(Incorporated in the Republic of South Africa, registration number 1998/013215/06)  
Share code: ECS ISIN ZAE000179594

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## **NOTICE OF GENERAL MEETING**

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All the definitions in the Circular to which this notice of General Meeting is attached, shall bear the same meanings in this notice of General Meeting.

Notice is hereby given that a General Meeting of the Shareholders will be held at Ecsponent's registered office (Acacia House, Green Hill Village Office Park, Pretoria East) at 10:00 on Thursday, 4 December 2014 to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

### **ORDINARY RESOLUTION 1**

**"RESOLVED THAT**, the proposed Trust Deed, together with the Scheme, be and are hereby approved."

The implementation of the Scheme shall, in accordance with the Listings Requirements, be subject to the approval by ordinary resolution passed by at least 75% (Seventy Five Percent) of Shareholders present or represented by proxy, and entitled to vote, at the General Meeting.

### **ORDINARY RESOLUTION 2**

**"RESOLVED THAT**, any director of the Company or the Company Secretary be and is hereby authorised to sign the documents necessary for Ordinary Resolution 1 on behalf of the Company."

This resolution requires approval of 50% of Shareholders present or represented in proxy, and entitled to vote, at the General Meeting.

### **VOTING AND PROXIES**

Shareholders who have not dematerialised their Ecsponent Shares or who have dematerialised their Ecsponent Shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person so appointed need not be a Shareholder. Proxy forms should be forwarded to reach the Company's Transfer Secretaries, 13<sup>th</sup> Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), by no later than 10:00 on Tuesday, 2 December 2014. Proxy forms must only be completed by Shareholders who have not dematerialised their Ecsponent Shares or who have dematerialised Ecsponent Shares with "own name" registration.

On a show of hands, every Shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every Shareholder of the

Company shall have one vote for every Ecsponent Share held in the Company by such Shareholder.

Shareholders who have dematerialised their Ecsponent Shares, other than those Shareholders who have dematerialised their Ecsponent Shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in their agreement:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

By order of the Board

**ECSPONENT LIMITED**

Company Secretary  
**Timbavati Business Consultants**

**Registered office**  
Acacia House  
Green Hill Village Office Park  
Corner Botterklapper & Nentabos Street  
Pretoria East  
0043

**Transfer Secretaries**  
Link Market Services South Africa (Pty)  
Limited  
Registration Number: 2000/007239/07  
13<sup>th</sup> Floor, Rennie House  
19 Ameshoff Street, Braamfontein  
Johannesburg, 2001  
(PO Box 4844, Johannesburg, 2000)





**Ecsponent Limited**  
 (Formerly John Daniel Holdings Limited)  
 (Incorporated in the Republic of South Africa, registration number 1998/013215/06)  
 Share code: ECS ISIN ZAE000179594

**FORM OF PROXY**

All terms in the Circular to which this Form of Proxy is attached, shall bear the same meanings in the Form of Proxy.

**FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN NAME" DEMATERIALISED SHAREHOLDERS AT THE GENERAL MEETING OF ECSPONENT TO BE HELD AT ECSPONENT'S REGISTERED OFFICE, ACACIA HOUSE, GREEN HILL VILLAGE OFFICE PARK, ON LYNWOOD ROAD, CNR BOTTERKLAPPER AND NENTABOS STREET, THE WILLOWS, PRETORIA, AT 10:00 ON THURSDAY, 4 DECEMBER 2014 OR ANY POSTPONEMENT THEREOF**

Shareholders who have dematerialised their Ecsponent Shares, other than Own-Name Dematerialised Shareholders, with a CSDP or broker should advise their CSDP or broker as to what action they wish to take. This must be done in terms of the agreement entered into between them and the CSDP or broker. Shareholders who have dematerialised their Ecsponent Shares must not return this Form of Proxy to the Transfer Secretaries. Their instructions must be sent to their CSDP or broker for action.

I/We (please print) \_\_\_\_\_  
 of (address) \_\_\_\_\_  
 Telephone number ( ) \_\_\_\_\_ Cell-phone number \_\_\_\_\_  
 e-mail address \_\_\_\_\_

being a Shareholder of Ecsponent, holding  shares in Ecsponent hereby appoint:

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

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

3. the chairperson at the General Meeting

as, my/our proxy to act for me/us on my/our behalf at the General Meeting which will be held for the purposes of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the Ordinary Shares registered in my/our name/s, in accordance with the following instructions:

	Number of votes (one vote per share)		
	<b>For</b>	<b>Against</b>	<b>Abstain</b>
Ordinary Resolution 1 Approval of the Trust Deed and the Scheme			
Ordinary Resolution 2 Director's authority to sign the documentation required for the implementation of the Scheme			

**Note:** Please indicate with an "X" in the spaces above how you wish your vote to be cast.

Signed at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature \_\_\_\_\_

**Notes:**

1. A Shareholder may insert the name if a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided above. The person whose name stands first on the Proxy Form and who is present at the General Meeting will be entitled to speak and vote at the General Meeting on the Shareholder's behalf, to the exclusion of those whose names follow. A proxy need not be a Shareholder.
2. To be valid, completed Forms of Proxy should be received at the office of the Company's Transfer Secretaries, 13<sup>th</sup> Floor, Rennie House, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000), by no later than 10:00 on Tuesday, 2 December 2014.
3. The chairman of the General Meeting may reject or accept any Form of Proxy which is completed and/or received other than in compliance with these notes.
4. A Shareholder's instructions to the proxy must be indicated in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the General Meeting as he/she deems fit. A Shareholder may instruct the proxy to vote less than the total number of Shares held by inserting the relevant number of Shares in the appropriate box provided. A Shareholder who fails to do so will be deemed to have authorised the proxy to vote or abstain from voting, as the case may be, in respect of all of the Shareholder's vote exercisable at the General Meeting.
5. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this Form of Proxy unless previously recorded by the company's share registrar or waived by the chair of the General Meeting.
6. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
7. A minor must be assisted by the minor's parent or guardian unless the relevant documents establishing the minor's legal capacity are produced or have been registered by the Company's Transfer Secretaries.
8. The chairman of the General Meeting may accept any Form of Proxy which is completed other than in accordance with these notes if the chairman of the General Meeting is satisfied as to the manner in which the Shareholder wishes to vote.