

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

Actions required

If you have disposed of all of your HCI Shares, this Circular should be handed to the purchaser of such HCI Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

HCI Shareholders are referred to page 1 of this Circular, which sets out the actions required by them.



HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1973/007111/06

Share code: HCI ISIN: ZAE000003257

CIRCULAR TO HCI SHAREHOLDERS

regarding:

- **the Buy-back Transaction, being the repurchase of 2 688 000 HCI Shares at R140.00 per HCI Share from the HCI Foundation; and**
- **the General Meeting;**

and incorporating:

- **a notice convening the General Meeting of HCI Shareholders; and**
 - **a form of proxy for use only by Certificated HCI Shareholders and Own-name Dematerialised HCI Shareholders.**
-

Investment bank and Sponsor

Out of the Ordinary®



Legal advisers



Date of issue: 2 May 2017

This Circular is available in English only and copies hereof may be obtained from the registered offices of HCI at the registered address as set out in the "Corporate information and advisers" section of this Circular, during normal business hours on Business Days during the period from 2 May 2017 to 31 May 2017, both days inclusive. The Circular will also be available on HCI's website at www.hci.co.za from 2 May 2017.

CORPORATE INFORMATION AND ADVISERS

Directors of HCI

JA Copelyn (*Chief Executive Officer*)

TG Govender (*Financial Director*)

Y Shaik

MSI Gani*

MF Magugu*

NM Mhlangu**

LM Molefi*

VE Mphande* (*Chairman*)

JG Ngcobo*

RD Watson*

* *Independent non-executive*

** *Non-executive*

Investment bank and sponsor

Investec Bank Limited

(Registration number 1969/004763/06)

100 Grayston Drive

Sandown

Sandton

2196

(PO Box 785700, Sandton, 2146)

Transfer secretaries

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

Rosebank Towers

15 Biermann Avenue

Rosebank

Johannesburg

2196

(PO Box 61051, Marshalltown, 2107)

Company secretary and registered office of HCI

HCI Managerial Services Proprietary Limited

(Registration number 1996/017874/07)

4 Stirling Street

Zonnebloem

7925

(PO Box 5251, Cape Town, 8000)

Date and place of incorporation

1973, South Africa

Legal advisers

Edward Nathan Sonnenbergs Inc.

(Registration number 2006/018200/21)

1 North Wharf Square

Loop Street

Foreshore

Cape Town

8001

(PO Box 2293, Cape Town, 8000)

ACTIONS REQUIRED BY HCI SHAREHOLDERS

This Circular is important and requires your immediate attention.

Please take careful note of the following provisions regarding the action required by HCI Shareholders. If you are in any doubt as to what actions to take, please consult your broker, CSDP, banker, attorney, accountant or other professional adviser immediately.

If you have disposed of all of your HCI Shares, this Circular should be handed to the purchaser of such HCI Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.

The General Meeting will be held at 10:00 on Wednesday, 31 May 2017 in the boardroom at HCI's offices, 4 Stirling Street, Zonnebloem, 7925, Cape Town for purposes of considering and, if deemed fit, passing the ordinary and special resolution required to authorise the implementation of the Buy-back Transaction. The notice convening the General Meeting is attached to and forms part of this Circular.

1. **DEMATERIALIZED HCI SHAREHOLDERS WHO ARE NOT OWN-NAME DEMATERIALIZED HCI SHAREHOLDERS**

1.1 **Voting at the General Meeting**

- 1.1.1 Your broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and should thereafter cast your vote in accordance with your instructions.
- 1.1.2 If you have not been contacted by your broker or CSDP, it is advisable for you to contact your broker or CSDP and furnish it with your voting instructions.
- 1.1.3 If your broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your broker or CSDP.
- 1.1.4 You must **not** complete the attached form of proxy.

1.2 **Attendance and representation at the General Meeting**

In accordance with the mandate between you and your broker or CSDP, you must advise your broker or CSDP if you wish to attend the General Meeting and if so, your broker or CSDP will issue the necessary letter of representation to you to attend and vote at the General Meeting.

2. **CERTIFICATED HCI SHAREHOLDERS AND DEMATERIALIZED HCI SHAREHOLDERS WHO ARE OWN-NAME DEMATERIALIZED HCI SHAREHOLDERS**

2.1 **Voting and attendance at the General Meeting**

- 2.1.1 You may attend the General Meeting in person and may vote at the General Meeting.
- 2.1.2 Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached form of proxy in accordance with the instructions contained therein and returning it to the Transfer Secretaries, to be received by them, for administrative purposes, by no later than 10:00 on Monday, 29 May 2017 (or delivered to the Chairman of the General Meeting by hand by no later than 10:00 on Wednesday, 31 May 2017).

3. **GENERAL**

3.1 **Approvals necessary for the implementation of the Buy-back Transaction at the General Meeting**

The implementation of the Buy-back Transaction is subject, *inter alia*, to the approval by HCI Shareholders of the requisite special and ordinary resolution at the General Meeting in accordance with the Listings Requirements, the Companies Act and HCI's Memorandum of Incorporation. In order to be approved, each special resolution and each ordinary resolution must be adopted with the support of at least 75% and more than 50% respectively of the voting rights exercised on such resolutions at the General Meeting.

3.2 **Electronic participation in the General Meeting**

HCI Shareholders wishing to participate electronically in the General Meeting are required to deliver, by no later than 10:00 on Monday, 29 May 2017, a written notice to HCI at HCI's offices, 4 Stirling Street, Zonnebloem, 7925, Cape Town (marked for the attention of HCI Managerial Services Proprietary Limited, group company secretary) indicating that they wish to participate via electronic communication at the General Meeting.

In order for the abovementioned notice to be valid it must contain: (a) if the HCI Shareholder is an individual, a certified copy of his/her identity document and/or passport; (b) if the HCI Shareholder is not an individual, a certified copy of a resolution or letter of representation by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution or signed the relevant letter of representation. The letter of representation or resolution must set out who from the relevant entity is authorised to represent the entity at the General Meeting via electronic communication; (c) a valid email address and/or facsimile number; and (d) confirmation of whether the HCI Shareholder wishes to vote via electronic communication. HCI shall use its reasonable endeavours to notify an HCI Shareholder wishing to participate in the General Meeting by way of electronic communication of the relevant details through which the shareholder can participate via electronic communication by no later than 24 hours before the General Meeting.

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

3.3 **Dematerialisation**

If any Certificated HCI Shareholder wishes to Dematerialise its HCI Shares, such Certificated HCI Shareholder should contact its broker.

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IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 5 of this Circular apply, *mutatis mutandis*, to this important dates and times section.

2017

Notice record date, being the date on which an HCI Shareholder must be registered in the Register in order to be eligible to receive the Notice of General Meeting, on	Friday, 21 April
Circular posted to HCI Shareholders and notice convening the General Meeting released on SENS, on	Tuesday, 2 May
Last day to trade HCI Shares in order to be recorded in the Register to vote at the General Meeting (see note 2 below) on	Tuesday, 23 May
General Meeting record date, being the date on which an HCI Shareholder must be registered in the Register in order to be eligible to attend and participate in the General Meeting and to vote thereat, by close of trade on	Friday, 26 May
Forms of proxy in respect of the General Meeting to be lodged, for administrative purposes, by 10:00, on (or may thereafter be lodged by hand prior to 10:00 on Wednesday, 31 May 2017)	Monday, 29 May
General Meeting held at 10:00 on	Wednesday, 31 May
Results of the General Meeting published on SENS on	Wednesday, 31 May
Repurchase, cancellation and delisting of the HCI Shares in terms of the Buy-back Transaction	Wednesday, 7 June

Notes:

1. The above dates and times are subject to amendment at the discretion of HCI. Any such amendment will be released on SENS and published in the South African press.
2. HCI Shareholders should note that as transactions in HCI Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three Business Days after such trade. Therefore, HCI Shareholders who acquire HCI Shares after close of trade on Tuesday, 23 May will not be eligible to attend, participate in and to vote at the General Meeting.
3. All dates and times indicated above are South African Standard Times.
4. The date of the repurchase, cancellation and delisting of the HCI Shares referred to above assumes that all of the conditions precedent have been fulfilled (or waived, as the case may be) by no later than the date of the General Meeting.

DEFINITIONS AND INTERPRETATIONS

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

“Board”	the board of directors of HCI whose names appear in the “Corporate information and advisers” section of this Circular;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Buy-back Agreement”	the agreement concluded by HCI with the HCI Foundation in terms of which HCI (or its Nominee) will acquire, in aggregate, up to 2 688 000 HCI Shares, subject to the terms and conditions set out in this Circular, at a price of R140.00 per HCI Share;
“Buy-back Price”	the repurchase consideration payable for the Buy-back Shares, being R140.00 (one hundred and forty Rand) per Buy-back Share and R376 320 000 (three hundred and seventy six million three hundred and twenty thousand Rand) in aggregate for all Buy-back Shares;
“Buy-back Shares”	2 688 000 (two million six hundred and eighty eight thousand) HCI Shares;
“Buy-back Transaction”	the repurchase transaction in terms of which HCI has agreed to repurchase 2 688 000 HCI Shares at R140.00 per HCI Share from the HCI Foundation on the terms described in paragraph 2 of this Circular;
“Certificated HCI Shares”	HCI Shares represented by a share certificate or other physical document of title, which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
“Certificated HCI Shareholders”	HCI Shareholders who hold Certificated HCI Shares;
“Circular”	this circular to HCI Shareholders, dated Tuesday, 2 May 2017 including the notice of General Meeting and the form of proxy;
“Companies Act”	the Companies Act, 2008 (Act No. 71 of 2008), as amended;
“CSDP”	a Central Securities Depository Participant appointed by a shareholder for purposes of, and in regard to, dematerialisation and/or to hold and administer dematerialised shares or an interest in dematerialised shares on behalf of a shareholder;
“Dematerialisation”	the process by which securities held in certificated form are converted to or held in electronic form as uncertificated securities and recorded as such in a sub-register of securities holders maintained by a CSDP and “Dematerialised” shall bear the corresponding meaning;
“Dematerialised HCI Shareholder(s)”	those HCI Shareholders who hold Dematerialised HCI Shares;
“Dematerialised HCI Share(s)”	HCI Shares which have been Dematerialised;
“Directors”	the directors for the time being of HCI;
“Financial Markets Act”	the Financial Markets Act, 2012 (Act No. 19 of 2012);
“General Meeting”	the general meeting of HCI Shareholders to be held in the boardroom at HCI’s offices, 4 Stirling Street, Zonnebloem, 7925, Cape Town on Wednesday, 31 May 2017 at 10:00 for the purpose of considering and if thought fit, passing the special and ordinary resolution set out in the notice of General Meeting forming part of this Circular;

“HCI” or “the Company”	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company incorporated in accordance with the laws of South Africa, the issued ordinary share capital of which is listed on the JSE;
“HCI Foundation”	the trustees for the time being of the HCI Foundation (Master Reference No. IT 1408/93), of 4 Stirling Street, Zonnebloem, Cape Town, 7925;
“HCI Group”	HCI and its subsidiaries (as defined in terms of the Listings Requirements);
“HCI Shareholders”	the registered holders of HCI Shares appearing on the main and sub-registers of HCI at the Last Practicable Date;
“HCI Shares”	ordinary shares having a par value of 25 cents each in the issued share capital of HCI, all of which shares are listed on the JSE, being 92,814,648 HCI shares at the Last Practicable Date;
“Income Tax Act”	the Income Tax Act, 1962 (Act No. 58 of 1962), as amended;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa, and licensed to operate an exchange under the Financial Markets Act;
“Last Practicable Date”	the last practicable date prior to the finalisation of the Circular, being Tuesday, 25 April 2017;
“Listings Requirements”	the Listings Requirements of the JSE, as amended from time to time;
“Nominee”	any Subsidiary of HCI;
“Own-name Dematerialised HCI Shareholders”	HCI Shareholders that have Dematerialised their HCI Shares and have instructed their CSDP to hold their HCI Shares in their own name on the sub-register maintained by the CSDP and forming part of the Register;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	the securities register of HCI Shareholders maintained by HCI in terms of the Companies Act including the register of Certificated HCI Shareholders and the sub-registers of Dematerialised HCI Shareholders maintained by the relevant CSDPs in accordance with the Companies Act;
“SENS”	the Stock Exchange News Service of the JSE;
“Solvency and Liquidity Test”	the solvency and liquidity test set out in section 4(1) of the Companies Act;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa, and a registered central securities depository responsible for the electronic custody and settlement system for transactions that take place on the JSE and off-market trades;
“Subsidiary”	a subsidiary as defined in the Listings Requirements;
“Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa; and
“WATP”	weighted average trading price as defined in the Listings Requirements.



HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1973/007111/06

Share code: HCI ISIN: ZAE000003257

Directors

JA Copelyn (*Chief Executive Officer*)

TG Govender (*Financial Director*)

Y Shaik

MSI Gani*

MF Magugu*

NM Mhlangu**

LM Molefi*

VE Mphande*

JG Ngcobo*

RD Watson*

*Independent Non-Executive

**Non-executive

CIRCULAR TO HCI SHAREHOLDERS

1. INTRODUCTION

HCI has concluded a Buy-back Agreement with the HCI Foundation in terms of which HCI (or its Nominee) will acquire the Buy-back Shares (approximately 2.9% of the issued share capital of HCI), subject to the terms and conditions set out below, at the Buy-back Price.

The purpose of this Circular is to provide HCI Shareholders with the relevant information relating to the Buy-back Transaction, and to give notice convening the General Meeting in order to consider and, if deemed fit, pass the resolutions necessary to approve and implement the Buy-back Transaction.

2. TERMS OF THE BUY-BACK TRANSACTION

HCI has agreed to repurchase 2 688 000 HCI Shares at R140.00 per HCI Share from the HCI Foundation, to be settled in cash for a total repurchase consideration of R376 320 000, subject to the conditions precedent related to the Buy-back Transaction, as further described below. The HCI Foundation held 4 513 114 (4.9%) of the total HCI Shares in issue as at the Last Practicable Date.

The Buy-back Transaction will be funded from HCI's existing cash and/or debt facilities.

The Buy-back Price of R140.00 per HCI Share represents a discount of:

1. 2.75% to the closing price on 30 March 2017, being the day before the Buy-back Agreement was signed; and
2. 1.53% to the 30-day WATP up to and including 30 March 2017, being the day before the Buy-back Agreement was signed.

HCI is entitled to nominate by notice in writing to the HCI Foundation, one or more Nominees to exercise its rights and fulfil its obligations (or any portion thereof) in terms of the Buy-back Agreement. HCI shall therefore be entitled to nominate one or more Nominees to purchase all or any portion of the Buy-back Shares, in HCI's sole discretion.

If HCI repurchases the Buy-back Shares and does not nominate one or more Nominees to purchase such shares, then such repurchased HCI Shares acquired from the HCI Foundation shall be cancelled, delisted and restored to the authorised, but unissued, share capital of the Company on or as soon as possible after the effective date of the Buy-back Transaction.

3. **IMPACT ON FINANCIAL INFORMATION**

If HCI repurchases all of the Buy-back Shares, the impact of the Buy-back Transaction on HCI's financial information will be to decrease cash and cash equivalents by R376 320 000 and reduce equity by the same amount. The number of HCI Shares in issue will decrease by 2 688 000.

4. **CONDITIONS PRECEDENT**

The Buy-back Transaction is subject, *inter alia*, to the fulfilment or waiver (to the extent legally permissible) of the following conditions precedent prior to 31 August 2017 (or such later date as the parties agree in writing):

- the HCI Shareholders (excluding the HCI Foundation and its associates) adopting a special resolution authorising HCI, by way of a specific authority, to acquire the Buy-back Shares for the Buy-back Price in accordance with paragraph 5.69 of the Listings Requirements;
- the JSE granting the requisite approvals in respect of the acquisition by the Company (or its Nominee) of the Buy-back Shares, to the extent required in terms of the Listings Requirements;
- the Company's funders unconditionally approving the terms of the Buy-back Agreement, in accordance with the relevant funding documents, or approving of the terms of the Buy-back Agreement subject to such conditions as are acceptable to the Company;
- the board of directors of the Company adopting the requisite resolutions in accordance with sections 46 and 48 of the Companies Act and the Listings Requirements:
 - approving the purchase of the Buy-back Shares in terms of the Buy-back Agreement;
 - acknowledging that it has applied the Solvency and Liquidity Test and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after payment of the Buy-back Price; and
 - providing that the Buy-back Price will not be applied in reduction of the contributed tax capital of the Company;
- to the extent that HCI nominates a third party to acquire all or a portion of the Buy-back Shares, then the board of directors of such Nominee adopting the requisite resolutions in accordance with the Companies Act and the Listings Requirements (if applicable) approving the purchase of the Buy-back Shares in terms of the Buy-back Agreement; and
- the trustees, for the time being, of the HCI Foundation adopting the requisite resolutions approving the terms of the Buy-back Agreement in accordance with the trust deed of the HCI Foundation.

5. **EFFECTIVE DATE**

The Buy-back Transaction will take place on the fifth Business Day after the fulfilment or waiver of the last of the conditions precedent, provided that if such date falls within a prohibited period in terms of the Listings Requirements, the effective date shall be the fifth business day after the end of such prohibited period.

6. **RATIONALE**

The HCI Foundation has held its interest in the Company since 2006, primarily as an income generating asset to fund its objectives, being to promote the social, education and community development of previously disadvantaged communities. It has done so through its own education and development programmes and through the support of environmental initiatives. HCI's progressive dividend policy has, however, resulted in the HCI Foundation seeking alternative methods to fund its objectives. The HCI Foundation has indicated to HCI that it would prefer to dispose of its interest in the Company and use the proceeds thereof to, *inter alia*, reinvest into instruments that provide higher income returns with which it can fund its underlying corporate social development activities.

HCI considers the Buy-back Transaction, at the Buy-back Price of R140.00 per HCI Share, to be an efficient use of HCI's excess cash and earnings accretive to HCI Shareholders. HCI furthermore considers the Buy-back Price of R140.00 per HCI Share to reflect a discount to the underlying fair value thereof.

7. ADEQUACY OF CAPITAL

- 7.1 The directors have considered the impact of the Buy-back Transaction and are of the opinion that the provisions of section 4 and section 48 of the Companies Act have been complied with and that:
- 7.1.1 HCI and the HCI Group will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months from the date of approval of this Circular;
 - 7.1.2 the assets of HCI and the HCI Group will exceed the liabilities of HCI and the HCI Group for a period of 12 months from the date of approval of this Circular; where for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of HCI;
 - 7.1.3 the share capital and reserves of HCI and the HCI Group will be adequate for ordinary business purposes for a period of 12 months from the date of approval of this Circular;
 - 7.1.4 the working capital of HCI and the HCI Group will be adequate for ordinary business purposes for a period of 12 months from the date of approval of this Circular; and
 - 7.1.5 a resolution by the Board has been adopted authorising the Buy-back Transaction, that the Company and its Subsidiary/ies have passed the Solvency and Liquidity Test and that, since the test was performed, there have been no material changes to the financial position of the HCI Group.
- 7.2 Furthermore, the Directors state as follows:
- 7.2.1 in terms of section 46(1)(a)(ii) of the Companies Act, the Board has authorised the Buy-back Transaction by resolution;
 - 7.2.2 in terms of section 46(1)(b) of the Companies Act, it reasonably appears that HCI will satisfy the Solvency and Liquidity Test immediately after completing the Buy-back Transaction; and
 - 7.2.3 in terms of section 46(1)(c) of the Companies Act, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test, and reasonably concluded that HCI will satisfy the Solvency and Liquidity Test immediately after completing the Buy-back Transaction.

8. MAJOR BENEFICIAL HCI SHAREHOLDERS

The following major beneficial HCI Shareholders were, as at the Last Practicable Date, directly or indirectly, the beneficial owners of 5% or more of the issued share capital of HCI:

Shareholder	Number of shares held	Percentage of issued share capital
Southern African Clothing and Textile Workers Union and associated entities	30 466 965	32.8
J.A. Copelyn	5 758 086	6.2
Total	36 225 051	39.0

9. MATERIAL CHANGES

There have been no known material changes in the financial or trading position of HCI or the HCI Group since the end of the last financial period, being 31 March 2017, up to and including the Last Practicable Date.

10. DIRECTORS' INTERESTS

Direct and indirect beneficial interests of the Directors' (and their associates), including directors that have resigned during the last 18 months, holdings in the share capital of HCI, as at 31 March 2017, are as follows:

Number of HCI Shares held as at 31 March 2017				
	Direct beneficial	Indirect beneficial	Associates	Percent of total issued share capital (%)
Executive Directors				
JA Copelyn	145 565	5 612 521	–	6.2
TG Govender	232 465	17 250	604 244	0.9
Y Shaik	–	–	–	–
Non-Executive Directors				
MSI Gani	–	–	–	–
MF Magugu	–	–	–	–
NM Mhlangu	–	–	–	–
LM Molefi	–	–	–	–
VE Mphande	–	–	–	–
JG Ngcobo	–	–	–	–
RD Watson	–	–	–	–
Total	378 030	5 629 771	604 244	7.1

There have been no changes in the Directors' interests in HCI Shares during the period from 31 March 2017 up to and including the Last Practicable Date.

At the Last Practicable Date, none of the Directors of the HCI Group, including directors who have resigned in the 18 months prior to the Last Practicable Date, directly or indirectly had a material beneficial interest in transactions effected by the Company during the current or immediately preceding financial year, or during an earlier year in relation to any transactions concluded during that earlier year that remain in any respect outstanding or unperformed, other than as a result of their shareholdings in HCI as disclosed above.

11. SHARE CAPITAL

The table below sets out the authorised and issued share capital of HCI before and after the Buy-back Transactions:

	R'000
Share capital as at 31 March 2017	
Authorised share capital	
450 000 000 ordinary shares with a par value of R0.25 each	112 500
Issued share capital	
92 814 648 ordinary shares with a par value of R0.25 each	23 203 662
Share premium	17 156 962
Treasury shares (including share trust)	
4 780 365 ordinary shares with a par value of R0.25 each	1 195 091
Share capital as at 31 March 2017 – After the Buy-back Transaction	
Authorised share capital	
450 000 000 ordinary shares with a par value of R0.25 each	112 500
Issued share capital	
90 126 648 ordinary shares ¹ with a par value of R0.25 each	22 531 662
Share premium	17 156 962
Treasury shares (including share trust)	
4 780 365 ordinary shares with a par value of R0.25 each	1 195 091

Notes:

1. Consists of the issued share capital before the Buy-back Transaction less the number of shares repurchased by HCI pursuant to the Buy-back Transaction (2 688 000) if HCI repurchases all the Buy-back Shares.

12. COSTS

The expenses (exclusive of VAT) that are estimated to be incurred by HCI for the Buy-back Transaction are set out in the table below:

Description	Estimated amount (Rand)
Investment bank and sponsor – Investec Bank	275 000
Legal and other advisory fees – ENSafrica	130 000
Printing and related costs – Ince Proprietary Limited	40 730
JSE documentation fees – Specific Repurchase	21 000
Total	466 730

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, whose names are given on page 7 of this document collectively and individually accept full responsibility for the accuracy of the information given in this Circular in relation to HCI and certify that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement in this Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information required by the Listings Requirements.

14. STATEMENT OF WORKING CAPITAL

The Directors, after considering the effect of the Buy-back Transaction, are of the opinion that the working capital available to the Company will be sufficient for the Company's present requirements for at least the next 12 months from the date of issue of this Circular.

15. OPINIONS AND RECOMMENDATIONS

15.1 In terms of the Listings Requirements, the votes of the HCI Foundation will be taken into account in determining whether a quorum of HCI Shareholders is present at the General Meeting, but such votes will not be taken into account in determining the results of the voting at the General Meeting in respect of the Buy-back Transaction.

15.2 The Buy-back Transaction represents a repurchase of not more than 5% of the HCI Shares and thus in terms of sections 48(8)(b) and 114 of the Companies Act, the preparation of an independent expert's report or approval by the TRP is not required.

16. CONSENTS

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

By order of the Board

VE Mphande

Chairman of the Board of Directors

2 May 2017

Registered office

4 Stirling Street
Zonnebloem
7925
(PO Box 5251, Cape Town, 8000)



HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1973/007111/06

Share code: HCI ISIN: ZAE000003257

NOTICE OF GENERAL MEETING OF HCI SHAREHOLDERS

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

Notice is hereby given to HCI Shareholders that the General Meeting will be held at the offices of HCI, 4 Stirling Street, Zonnebloem, 7925, Cape Town, on Wednesday, 31 May 2017 at 10:00, to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder.

The record date for determining which HCI Shareholders must be registered in the Register in order to receive the Circular is Friday, 21 April 2017.

The record date for determining which HCI Shareholders are entitled to participate in and vote at the General Meeting is Friday, 26 May 2017. Accordingly, the last day to trade in order to be eligible to participate and vote at the General Meeting will be Tuesday, 23 May 2017.

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

Special resolution number 1 – Specific authority for the repurchase by the Company of 2 688 000 HCI Shares from the HCI Foundation

“Resolved as a special resolution that, the Company (or its Nominee) be and is hereby authorised, by way of a specific authority, in accordance with the applicable provisions of the Companies Act, the Listings Requirements and its Memorandum of Incorporation, to acquire 2 688 000 HCI Shares currently owned by the HCI Foundation, for a consideration of R140.00 per HCI Share, and an aggregate consideration of R376 320 000 on the terms and conditions as set out in the Circular.

The purchase consideration per HCI Share payable by the Company (or its Nominee) to the HCI Foundation, shall comprise R140.00 per HCI Share, which shall not represent a reduction of the contributed tax capital (as defined in section 1 of the Income Tax Act) of the Company.

If HCI repurchases the Buy-back Shares and does not nominate one or more Nominees to purchase such shares, then such repurchased HCI Shares acquired from the HCI Foundation shall be cancelled, delisted and restored to the authorised, but unissued, share capital of the Company as soon as possible after the effective date of the Buy-back Transaction.

In terms of the Companies Act, the Company's Memorandum of Incorporation and the Listings Requirements, this resolution will be adopted with the support of not less than 75% of voting rights exercised on this resolution.

Note that neither the HCI Foundation, nor any of its associated entities or related parties, will be allowed to vote on this special resolution number 1.

Reason and effect of special resolution number 1: Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's Memorandum of Incorporation, for the repurchase by HCI of 2 688 000 HCI Shares from the HCI Foundation

The reason for and effect of special resolution number 1 is to authorise the Company (or its Nominee) to acquire 2 688 000 HCI Shares currently owned by the HCI Foundation, by way of a specific repurchase in accordance with section 48 of the Companies Act and paragraph 5.69 of the Listings Requirements.

The Directors have considered the impact of the specific repurchase contemplated in this resolution and are of the opinion that the provisions of section 4, 46 and 48 of the Companies Act have been complied with, and:

- in terms of section 46(1)(a)(ii) of the Companies Act, the Board has authorised the specific repurchase by resolution;
- in terms of section 46(1)(b) of the Companies Act, it reasonably appears that the Company will satisfy the Solvency and Liquidity Test immediately after completing the specific repurchase; and
- in terms of section 46(1)(c) of the Companies Act and paragraph 5.69(b) of the Listings Requirements, the Board has, by resolution, acknowledged that it has applied the Solvency and Liquidity Test, and reasonably concluded that the Company will satisfy the Solvency and Liquidity Test immediately after completing the specific repurchase and that there have been no material changes to the financial position of the HCI Group since the Board applied the Solvency and Liquidity Test.

Ordinary resolution number 1 – Directors’ authority to take all such actions necessary to implement the Buy-back Transaction

“Resolved as an ordinary resolution that, any director of the Company, be and is hereby authorised and empowered to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the Buy-back Transaction and the above resolution.”

In terms of section 65(7) of the Companies Act and the Company’s Memorandum of Incorporation, this resolution will be adopted with the support of more than 50% of the voting rights exercised on this resolution.

Entitlement to attend and vote at the General Meeting and appointment of proxies

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

Certificated HCI Shareholders or Own-name Dematerialised HCI Shareholders may attend and vote at the General Meeting, or alternatively appoint a proxy to attend, speak and, in respect of the applicable resolutions, vote in their stead by completing the attached form of proxy and returning it to the Transfer Secretaries at the address given in the Circular to be received by no later than 10:00 on Monday, 29 May 2017 for administrative purposes or thereafter to the Company by hand by no later than 10:00 on Wednesday, 31 May 2017.

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

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

Participation in the General Meeting by electronic communication

HCI Shareholders wishing to participate electronically in the General Meeting are required by no later than 10:00 on Monday, 29 May 2017, to deliver written notice to HCI at HCI’s offices, 4 Stirling Street, Zonnebloem, 7925, Cape Town (marked for the attention of HCI Managerial Services Proprietary Limited, Group company secretary) that they wish to participate via electronic communication at the General Meeting (“**Electronic Notice**”).

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

Should you wish to participate in the General Meeting by way of electronic communication as aforesaid, you, or your proxy, will be required to dial-in to the dial-in facility on the date of the General Meeting. The dial-in facility will be linked to the venue at which the General Meeting will take place on the date of, from the time of commencement of, and for the duration of, the General Meeting. The dial-in facility will enable all persons to participate electronically in the General Meeting in this manner (and as contemplated in section 63(2) of the Companies Act) and to communicate concurrently

with each other without an intermediary, and to participate reasonably effectively in the General Meeting. The costs borne by you or your proxy in relation to the dial-in facility will be for your own account.

By order of the Board

2 May 2017

Registered office

4 Stirling Street
Zonnebloem
7925
(PO Box 5251, Cape Town, 8000)



HOSKEN CONSOLIDATED INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 1973/007111/06

Share code: HCI ISIN: ZAE000003257

FORM OF PROXY – GENERAL MEETING

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

For use by Certificated HCI Shareholders or Own-name Dematerialised HCI Shareholders at the General Meeting to be held at 10:00 on Wednesday, 31 May 2017 at the offices of HCI, 4 Stirling Street, Zonnebloem, 7925, Cape Town.

Dematerialised HCI Shareholders, other than Own-name Dematerialised HCI Shareholders, must not complete this form of proxy.

Full name: I/We (BLOCK LETTERS)

of (address):

Telephone: (Work)

Telephone: (Home)

Fax:

Cell number:

Email address:

being the holder(s) of HCI Shares

hereby appoint:

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the chairperson of the General Meeting,

as my/our proxy to vote for me/us on my/our behalf at the General Meeting to be held at 10:00 on Wednesday, 31 May 2017 or any adjournment thereof as follows:

Resolution	For	Against	Abstain
Special resolution number 1 – Specific authority, in terms of the Companies Act, the Listings Requirements and HCI's Memorandum of Incorporation, for the repurchase by HCI of 2 688 000 HCI Shares from the HCI Foundation			
Ordinary resolution number 1 – Authority for Directors to take all such actions necessary to implement the Buy-back Transaction			

Signed at _____ this _____ day of _____ 2017

Signature

Assisted by me (if applicable)

Please read the notes on the reverse side hereof.

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

On a show of hands, every HCI Shareholder or his proxy shall have one vote (irrespective of the number of HCI Shares held). On a poll, every HCI Shareholder or his proxy shall have one vote for each HCI Share held or represented by him.

Notes:

1. An HCI Shareholder may insert the name of a proxy or the names of two alternative proxies of his choice in the spaces provided with or without deleting "the chairperson of the General Meeting", but any such deletion must be initiated by the HCI Shareholder. The person whose name appears first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please indicate in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of HCI Shares exercisable by you, insert the number of HCI Shares held in respect of which you wish to vote. Failure to provide an indication as to the manner in which you wish your votes to be cast will be deemed to authorise and compel the chairperson, if the chairperson is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he deems fit, in respect of all your votes exercisable thereat. An HCI Shareholder or his proxy is not obliged to use all the votes exercisable by the HCI Shareholder or its proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the HCI Shareholder or his proxy.
3. Forms of proxy must be lodged with the Transfer Secretaries, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (PO Box 61051, Marshalltown, 2107), to be received by no later than 10:00 on Monday, 29 May 2017 for administrative purposes or thereafter delivered by hand to the Company by 10:00 on Wednesday, 31 May 2017.
4. Any alteration or correction made to this form of proxy must be initiated by the signatory(ies).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant HCI Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such HCI Shareholder wish to do so.
7. The chairperson of the General Meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions, provided that the chairperson is satisfied as to the manner in which the HCI Shareholder wishes to vote.
8. This form of proxy shall not be valid after the expiration of the General Meeting or any adjournment thereof.
9. Joint holders – any such persons may vote at the General Meeting in respect of such joint HCI Shares as if he were solely entitled thereto, but if more than one of such joint holders are present or represented at the General Meeting, that one of the said persons whose name stands first in the register in respect of such HCI Shares or his proxy, as the case may be, is alone entitled to vote in respect thereof.
10. Own-name Dematerialised HCI Shareholders will be entitled to attend the General Meeting in person or, if they are unable to attend and wish to be represented thereat, must complete and return this form of proxy to the Transfer Secretaries in accordance with the time specified in 3 above.

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

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

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
 - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
 - 3.2 a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
 - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.
4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.
8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy provide otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
 - 9.1 such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
 - 9.2 the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;
 - 9.3 the company must not require that the proxy appointment be made irrevocable; and
 - 9.4 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.