

Notice of Twenty-first Annual General Meeting of BKB Shareholders



BKB Limited
Incorporated in the Republic of
South Africa
Registration no. 1998/012435/06
("BKB" or "the Company")

BOARD OF DIRECTORS

D C Louw (Chairman)#	E A Meyer *#
W Edmayr (Managing Director)	V Pillay*#
G E J Kingwill (Vice-Chairman)*#	H C Staple *#
M H Jonas*#	H J Swart *#
A S du Toit	F P R van Wyk*#
C D Hobson*#	J van Zyl#

* Independent
Non-executive

* Independent
Non-executive

**P O Box 2002
North End
PORT ELIZABETH
6056**

Notice is hereby given in terms of section 62(1) of the Companies Act, No 71 of 2008, as amended ("the **Companies Act**"), that the Twenty-first Annual General Meeting of the shareholders of the Company will be held at 15:00 at the BKB Building, 61 Grahamstown Road, Port Elizabeth on Wednesday, 28 November 2018 ("**Annual General Meeting**" or "**AGM**").

PURPOSE OF THE ANNUAL GENERAL MEETING

The purpose of the Annual General Meeting is to transact the formal business set out in the agenda below.

AGENDA

- Presentation of the audited annual financial statements of the Company, including the remuneration report and the reports of the directors and the audit and risk committee for the year ended 30 June 2018. The abridged annual report, of which this notice forms part, contains the summarised consolidated financial statements and the aforementioned reports ("**Abridged Report**"). The Abridged Report has also been made available on BKB's website at www.bkb.co.za, or may be requested and obtained in person, at no charge, at the registered offices of BKB during office hours. The full annual financial statements of BKB may also be requested and obtained in person, at no charge, at the registered offices of BKB.
- To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

ORDINARY RESOLUTIONS

1. REAPPOINTMENT OF EXTERNAL AUDITOR

Ordinary Resolution Number 1

Resolved that the reappointment of PricewaterhouseCoopers Inc, who is independent of the Company, as nominated by the audit and risk committee of the Company, as the Company's external auditor is approved. It is noted that Mr. A Puggia is the individual registered auditor who will undertake the audit for the financial year ending 30 June 2019.

The reason for ordinary resolution number 1 is that the Company, being a public company, must have its financial results audited and such auditor must be appointed or re-appointed, as the case may be, at each annual general meeting of the Company as required by the Companies Act.

2. REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE OF THE COMPANY

Ordinary Resolution Number 2

Resolved that, Mr. H J Swart, being an independent non-executive director of the Company, be and is hereby reappointed as a member of the Company's audit and risk committee for the financial year ending 30 June 2019.

3. APPOINTMENT / REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE OF THE COMPANY

Ordinary Resolution Number 3

Resolved that, subject to his election or reappointment as a director of the Company, Mr. E A Meyer, who will be an independent non-executive director of the Company, be and is hereby appointed as a member of the Company's audit and risk committee for the financial year ending 30 June 2019.

4. APPOINTMENT / REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE OF THE COMPANY

Ordinary Resolution Number 4

Resolved that, subject to his election or reappointment as a director of the Company, Mr. H C Staple, who will be an independent non-executive director of the Company, be and is hereby appointed as a member of the Company's audit and risk committee for the financial year ending 30 June 2019.

5. APPOINTMENT / REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE OF THE COMPANY

Ordinary Resolution Number 5

Resolved that Mr. F P R van Wyk, who is an independent non-executive director of the Company, be and is hereby appointed as a member of the Company's audit and risk committee for the financial year ending 30 June 2019.

The reason for ordinary resolutions numbers 2 to 5 (inclusive) is that the Company, being a public company, must appoint an audit committee and the Companies Act requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a company

Additional information in respect of Ordinary Resolutions Number 2 to 5

The directors referred to in ordinary resolutions number 2 to 5 have appropriate academic qualifications or experience in one or more of the following areas, i.e. economics, law, corporate governance, finance, accounting, commerce or industry.

6. RETIREMENT AND RE-ELECTION OF DIRECTORS

Ordinary Resolution Number 6

Resolved that Mr. D C Louw who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as a non-executive director of the Company for a further term of one year.

Additional information in respect of Ordinary Resolution Number 6

At the previous Annual General Meeting of the Company, Mr D C Louw, the chairman of the Board, was re-elected as a non-executive director for a term of one year. The Board recommends the re-election of Mr D C Louw as a non-executive director for a further term of one year in terms of clause 27.4.3.8 of the Memorandum of Incorporation of the Company.

7. RETIREMENT AND RE-ELECTION OF DIRECTORS

Ordinary Resolution Number 7

Resolved that Mr. E A Meyer who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as a non-executive director of the Company.

8. RETIREMENT AND RE-ELECTION OF DIRECTORS

Ordinary Resolution Number 8

Resolved that Mr. H C Staple who retires by rotation in terms of the Memorandum of Incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as a non-executive director of the Company.

Additional information in respect of Ordinary Resolutions Number 7 and 8

Clause 27.4.3.1 of the Company's Memorandum of Incorporation provides that one third of the Company's non-executive directors shall retire at every Annual General Meeting. In addition to the retirement and re-election of Mr D C Louw referred to in Ordinary Resolution Number 6, two directors have to be elected in terms of clause 27.4.3.7 of the Memorandum of Incorporation of the Company in the place of Messrs E A Meyer and H C Staple who retire at the Annual General Meeting. Messrs Meyer and Staple who are both eligible for re-election were the only nominations received to fill these vacancies.

9. CONFIRMATION OF NEWLY APPOINTED DIRECTOR

Ordinary Resolution Number 9

Resolved that the appointment of Mr. M H Jonas as a non-executive director of the Company on account of his expertise and experience as contemplated in clause 27.2.2.3 of the Memorandum of Incorporation of the Company be and is hereby confirmed in terms of the clause 27.3.6 of the Memorandum of Incorporation of the Company.

10. CONFIRMATION OF NEWLY APPOINTED DIRECTOR

Ordinary Resolution Number 10

Resolved that the appointment of Mr. V Pillay as a non-executive director of the Company on account of his expertise and experience as contemplated in clause 27.2.2.3 of the Memorandum of Incorporation of the Company be and is hereby confirmed in terms of the clause 27.3.6 of the Memorandum of Incorporation of the Company.

Additional information in respect of Ordinary Resolutions Number 9 and 10

After the last Annual General Meeting of the Company, the Board appointed Messrs. Jonas and Pillay as a non-executive directors of the Company on account of their expertise and experience in terms the power granted to the Board in terms of clause 27.3.6 of the Memorandum of Incorporation of the Company. In terms of clause 27.3.6 of the Memorandum of Incorporation of the Company, these appointments by the Board must be confirmed by the shareholders of the Company at the next Annual General Meeting of the Company.

11. GENERAL AUTHORITY TO ISSUE SHARES

Ordinary Resolution Number 11

Resolved that in terms of clause 6.6.2 of the Memorandum of Incorporation of the Company, such an amount of ordinary shares in the authorised but unissued share capital of the Company which as at the date of this Annual General Meeting represents 30% of the issued share capital of the Company minus one share, be and are hereby placed under the control of the board of directors as a general authority until the next Annual General Meeting, for issue to such persons and on such conditions as the board of directors may deem fit, subject to the provisions of the Companies Act, the Company's Memorandum of Incorporation and the Listing Requirements of 4 Africa Exchange Proprietary Limited ("**4AX**") (to the extent applicable) and subject further to the following provisions:

- save to the extent that this general authority has been revoked and/or amended by shareholders in general meeting, the general authority shall be valid until such date it has been renewed by shareholders at the next Annual General Meeting;
- the general issue of shares under this authority may not exceed, in the aggregate, 30% of the Company's issued ordinary share capital as at the date of the Annual General Meeting, minus one share; and

- in determining the price at which an issue of shares will be made in terms of this general authority, the board of directors of BKB shall have the necessary authority to make such a determination, provided that such determination is in accordance with the Companies Act, the Memorandum of Incorporation of the Company and the 4AX Listing Requirements; and
- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue.

Additional information in respect of Ordinary Resolution Number 11

The reason for and the effect of the resolution is to enable the board of directors to issue shares under circumstances that they deem fit.

12. WAIVER OF THE REQUIREMENT FOR THE INTERIM FINANCIAL INFORMATION OF THE COMPANY TO BE REVIEWED BY THE COMPANY'S REPORTING ACCOUNTANT

Ordinary Resolution Number 12

Resolved in accordance with paragraph 12.17.3 of the 4AX Listing Requirements, as a general mandate, shareholders hereby specifically waive the requirement for the interim financial information of the Company for the six months ended 31 December 2018 to be reviewed by the Company's reporting accountant, it being recorded that the approval by the board of directors in respect of the aforementioned interim financial information shall be sufficient.

Reason for Ordinary Resolution Number 12:

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

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

SPECIAL RESOLUTIONS

13. APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION – 2018/2019

Special Resolution Number 1

Resolved that, in accordance with section 66(9) of the Companies Act, the following fees be approved as the basis for calculating the remuneration of the non-executive directors for their services as directors of the Company for the financial year ending 30 June 2019:

	Proposed Fee for the year ending 30 June 2019
Chairperson of board	R 660 000
Vice-chairperson	R 350 000
Directors and Audit Committee members	R 240 000
Directors and Human Resources and Social, Ethics and Sustainability Committee Members	R 220 000
Directors who are not Committee Members	R 200 000
Chairperson of Audit Committee	R 350 000

Additional information in respect of Special Resolution Number 1

The reason for and the effect of the special resolution is to approve the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the year ending 30 June 2019. The fees payable to the non-executive directors are calculated on an annual fee basis.

14. GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED COMPANIES AND CORPORATIONS

Special Resolution Number 2

Resolved that, to the extent required in terms of and subject to the provisions of section 45 of the Companies Act, the shareholders hereby authorise the Company, at any time and from time to time during the period of two years commencing on the date of this special resolution, to grant any direct or indirect financial assistance as contemplated in such section of the Companies Act to any one or more related or inter-related companies or corporations (as defined in the Companies Act) of the Company and/or to any one or more members of any such related or inter-related corporation and/or to any one or more persons related to any such company or corporations, on such terms and conditions as the board of directors, or any one or more persons authorised by the board of directors from time to time for such purpose, deems fit, provided that any such financial assistance shall not in the aggregate exceed an amount of R950 000 000 in any financial year.

Additional information in respect of Special Resolution Number 2

The reason for this special resolution is to grant the board of directors the authority to authorise the Company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company and/or to any one or more members of any such related or inter-related corporation and/or to any one or more persons related to any such company or corporation. In the circumstances and in order to, inter alia, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial assistance from the Company (as opposed to only banks and other third-party financiers), it is necessary to obtain this approval of shareholders.

In the event that the Company provides financial assistance to its subsidiary companies in the form of loans, the Company's solvency will not be impaired, as the Company will raise an asset in its books for the equivalent amount then due by that subsidiary.

15. FINANCIAL ASSISTANCE FOR THE SUBSCRIPTION AND/OR PURCHASE OF SHARES IN THE COMPANY OR A RELATED OR INTER-RELATED COMPANY

Special Resolution Number 3

Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("**financial assistance**" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the Company may deem fit to any company or corporation that is related or inter-related to the Company ("**related**" or "**inter-related**" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company, on the terms and conditions and for amounts that the board of the Company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the Company.

Additional information in respect of special resolution number 3

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the Company, to provide financial assistance to any company or corporation which is related or inter-related to the Company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries.

A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

Notice to shareholders of the Company in terms of section 45(5) of the Companies Act of a resolution adopted by the board of directors authorising the Company to provide direct or indirect financial assistance.

- By the time this notice of the Annual General Meeting is delivered to shareholders, the board of directors will have adopted a resolution (“**Section 45 Board Resolution**”) authorising the Company to provide, at any time and from time to time during the period commencing on the date on which special resolution number 2 is adopted until the date of the next Annual General Meeting of the Company, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company and/or to any one or more members of any such related or inter-related corporation and/or to any one or more persons related to any such company or corporation, provided that such financial assistance shall not in the aggregate exceed an amount of R950 000 000 in any financial year.
- The Section 45 Board Resolution will be effective only if and to the extent that Special Resolution Number 2 is adopted by the shareholders and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the board of directors being satisfied that: (i) immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act; and (ii) the terms under which such financial assistance is to be given are fair and reasonable to the Company as referred to in section 45(3)(b)(ii) of the Companies Act.
- In as much as the Section 45 Board Resolution contemplates that such financial assistance will, in the aggregate, exceed one-tenth of one percent of the Company’s net worth at the date of adoption of such resolution, the Company hereby provides notice of the Section 45 Board Resolution to shareholders. Such notice will also be provided to any trade union representing any employees of the Company.

16. SHARE REPURCHASES BY BKB AND ITS SUBSIDIARIES

Special Resolution Number 4

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

- the general repurchase of the shares may only be implemented through the order book operated by the 4AX trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next AGM of the Company, unless revoked and/or amended by shareholders in general meeting;
- the general authority to repurchase is limited to a maximum of 5% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the repurchase, that the Company and its subsidiaries ("**the BKB Group**") have satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the BKB Group;
- the general repurchase is authorised by the Company's memorandum of incorporation;
- in regards to the price at which a general repurchase of shares will be implemented, the board of directors of BKB shall have the necessary authority to determine such price; and
- the Company may, at any point in time, only appoint one agent to effect any repurchase(s) on the Company's behalf.

Additional information relating to Special Resolution Number 4:

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

The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority. In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a Company.

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

17. TO TRANSACT ANY OTHER BUSINESS THAT MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING OR RAISED BY SHAREHOLDERS WITH OR WITHOUT ADVANCE NOTICE TO THE COMPANY

RECORD DATES

Notice Record Date

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities' register of the Company in order to receive notice of the Annual General Meeting is 26 October 2018.

Voting Record Date

The record date in terms of section 59 of the Companies Act for shareholders to be recorded on the securities' register of the Company in order to be able to attend, participate and vote at the Annual General Meeting is 23 November 2018.

APPROVALS REQUIRED FOR RESOLUTIONS

Ordinary Resolutions

The Ordinary Resolutions contained in this notice of Annual General Meeting require the approval by more than 50% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, and further subject to the provisions of the Companies Act and the Memorandum of Incorporation of the Company.

Special Resolutions

The Special Resolutions contained in this notice of Annual General Meeting require the approval by at least 75% of the votes exercised on the resolutions by shareholders present or represented by proxy at the Annual General Meeting, and further subject to the provisions of the Companies Act and the Memorandum of Incorporation of the Company.

ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES

Any shareholder is entitled to appoint a proxy or proxies to attend, speak and vote in their stead at the Annual General Meeting. The person so appointed need not be a shareholder of the Company. Proxy forms must be forwarded to reach the Company Secretary by not later than 15:00 on Monday, **26 November 2018**. Any proxy form not delivered to the Company Secretary by this time may be presented to the Chairman of the Annual General meeting at any time prior to the appointed proxy holder exercising any of the shareholder rights at the Annual General meeting.

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 share held in the Company by such shareholder.

PROOF OF IDENTIFICATION REQUIRED

The Companies Act requires that any person who wishes to attend or participate in a shareholders meeting, must present reasonably satisfactory identification at the meeting. Any shareholder or proxy who intends to attend or participate at the Annual General Meeting must be able to present reasonably satisfactory identification at the meeting for such shareholder or proxy to attend and participate at the meeting. A green bar-coded identification document or identification smart card issued by the South African Department of Home Affairs, a driver's license or a valid passport will be accepted as sufficient identification.

ELECTRONIC PARTICIPATION AT THE ANNUAL GENERAL MEETING

Shareholders have the right to participate by way of electronic communication. Shareholders or their duly appointed proxies who wish to participate by way of electronic communication must apply to the company secretary at jo.oosthuizen@bkb.co.za or fax: 086-673 7309 using an application form which can be obtained from the Company's registered office as well as on the website of BKB at www.bkb.co.za under the Share Trading link/tab by no later than 08:00 on 23 November 2018.

Shareholders may not vote electronically and must use the attached form of proxy for this purpose if they are not able to attend the AGM to vote in person. Shareholders will be advised by e-mail or SMS prior to the AGM of the relevant telephone number and code to allow them to dial in.

The Company will bear the cost of establishing the electronic communication whilst the cost of the shareholder dialling in will be for his/her account

BY ORDER OF THE BOARD OF DIRECTORS OF BKB

Ms J Oosthuizen
Company Secretary

Port Elizabeth
26 October 2018