
HOMECHOICE INTERNATIONAL P.L.C.

(Incorporated in the Republic of Malta)

(Registration number C66099)

("HIL" or "the Company")

PROSPECTUS

The definitions and interpretations commencing on page 3 of this document apply to this Prospectus, including this cover page, except where the context indicates a contrary intention. The definitions and interpretations commencing on page 3 of the Scheme Circular to which this Prospectus is attached, do not apply to this Prospectus.

This Prospectus is prepared and issued in terms of the Companies Act for the purpose of giving information to Scheme Participants with regard to HIL. This Prospectus is not an invitation to the public to subscribe for shares in HIL.

Shareholders are referred to the Scheme Circular to which this Prospectus is annexed for information regarding the Scheme. HIL is the majority shareholder in HIL SA. The board of directors of HomeChoice Holdings proposes a Scheme of Arrangement between HomeChoice Holdings and Scheme Participants in terms of which, if the Scheme becomes operative, HIL SA will purchase all the HomeChoice Holdings Shares held by the Scheme Participants in terms of section 114 of the Companies Act for which the Scheme Participants will receive a Scheme Consideration of 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held.

If the Scheme becomes operative HIL SA will purchase all the HomeChoice Holdings Shares held by the Scheme Participants in terms of section 114 of the Companies Act for a Scheme Consideration of 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held. The Scheme Participants' shareholding in HIL after the Scheme will be identical to the Scheme Participants' shareholding in HomeChoice Holdings before the Scheme.

The offer to the HomeChoice Shareholders to receive the Scheme Consideration constitutes an offer to the public in terms of section 95(1)(h) of the Companies Act. This Prospectus is therefore required to be issued in terms of section 99(3) of the Companies Act.

Independent Reporting Accountants and Auditors



South African Legal Adviser



The Scheme is subject to the Conditions Precedent set out in "Particulars of the Scheme contemplated in this Prospectus" in Section 2, paragraph 3.2.

Listing of the Consideration Shares and Resolutive Condition

The issue of the Consideration Shares to Scheme Participants who are residents of the Common Monetary Area requires Exchange Control Approval. SARB has provided an "in principle" Exchange Control Approval for the issue of the Consideration Shares to residents of the Common Monetary Area, provided that the Consideration Shares are inward listed on the JSE. For this reason Scheme Participants are advised that the Consideration Shares issued to residents of the Common Monetary Area will not be tradable between the Implementation Date and Listing Date.

The Scheme is subject to the Resolutive Condition that, if the Listing has not occurred within 30 (thirty) days after the Implementation Date (or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB), the Scheme will cease to be of any further force or effect; Scheme Participants' Consideration Shares will be automatically reacquired by HIL; and HIL will retransfer the Scheme Shares to Scheme Participants.

This Prospectus has been prepared on the assumption that the Special and Ordinary Resolutions proposed in the notice of the Scheme Meeting of HomeChoice Shareholders forming part of the Scheme Circular to which this Prospectus is attached, will be passed at the Scheme Meeting to be held on Monday, 24 November 2014 and that the Scheme will be implemented.

Investing in the Consideration Shares involves risks. See the risk factors set out in Annexure HIL4 of this Prospectus.

On the Scheme Operative Date the total authorised share capital of HIL will comprise of 200 000 000 (two hundred million) shares and the issued share capital of HIL will consist of 72 900 000 (seventy-two million nine hundred thousand) shares. Upon the issuing of the Consideration Shares, the issued share capital of HIL will be 103 869 438 (one hundred and three million eight hundred and sixty-nine thousand four hundred and thirty-eight) shares. Scheme Participants' shareholding in HIL after the Scheme will be identical to their shareholding in HomeChoice Holdings before the Scheme.

Scheme Participants should note that the Scheme Consideration comprises HIL Shares which will, upon issue listing thereof on the Main Board of the JSE, trade on the JSE in electronic format through the Strate system.

The HIL Directors, whose names are set out in Section 1, paragraph 2.1 of this Prospectus, collectively and individually, accept full responsibility for the accuracy of the information contained in this Prospectus which relates to HIL and, in this regard, certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information required by the Companies Act.

The Independent Reporting Accountants, whose report is referred to in this Prospectus, have given and have not, prior to the issue of this Prospectus, withdrawn their written consent to the inclusion of their report in the form and context in which it appears. The corporate adviser, designated adviser and legal adviser, whose names are included in this Prospectus, have given and have not, prior to the issue of this Prospectus, withdrawn their written consents to the inclusion of their names in the capacities stated.

This Prospectus was registered by the CIPC on 24 October 2014.

This Prospectus is only available in English. Copies of this Prospectus may be obtained from the registered offices of HomeChoice Holdings, which appears in the section "Company information" on page 6 of this Prospectus, from Monday, 27 October 2014 until Monday, 24 November 2014.

Date of issue: 27 October 2014

Special Note in Regard to the Scheme

Notwithstanding that this document constitutes a prospectus, it is not an offer to the general public and only constitutes an offer as it relates to the issue of the Scheme Consideration to the existing shareholders of HomeChoice Holdings ordinary shares who participate in the Scheme in South Africa, and is only addressed to persons to whom it may lawfully be made. The distribution of this Prospectus may be restricted by law. Persons into whose possession this Prospectus comes must inform themselves about and observe any such restrictions. This Prospectus does not constitute an offer or an invitation to elect to receive the Scheme Consideration in any jurisdiction in which such an offer or election would be unlawful. No one has taken any action that would permit a public offering of the Scheme Consideration to occur outside South Africa.

Forward-looking Statements

This Prospectus contains statements about HIL that are or may be forward-looking statements. All statements, other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: strategy; the economic outlook for the industry; production; cash costs and other operating results; growth prospects and outlook for operations, individually or in the aggregate; liquidity and capital resources and expenditure and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or similar words and phrases.

Examples of forward-looking statements include statements regarding a future financial position or future profits, cash flows, corporate strategy, anticipated levels of growth, estimates of capital expenditures, acquisition strategy, and expansion prospects or future capital expenditure levels and other economic factors, such as, inter alia, interest rates.

By their nature forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. HIL cautions that forward-looking statements are not guarantees of future performance. Actual results, financial and operating conditions, liquidity and the developments within the industry in which HIL operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus.

All these forward-looking statements are based on estimates and assumptions, as regards HIL, made by HIL as communicated in publicly available documents by the Company, all of which are estimates and assumptions, although HIL believes them to be reasonable, are inherently uncertain. Such estimates, assumptions or statements may not eventuate. Factors which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied in those statements or assumptions include other matters not yet known to HIL or not currently considered material by HIL.

HomeChoice Shareholders should keep in mind that any forward-looking statement made in this Prospectus or elsewhere is applicable only at the date on which such forward-looking statement is made. New factors that could cause the business of HIL not to develop as expected may emerge from time to time and it is not possible to predict all of them. The extent to which any factor or combination of factors may cause actual results to differ materially from those contained in any forward-looking statement are not known. HIL has no duty to, and does not intend to, update or revise the forward-looking statements contained in this Prospectus after the date of this Prospectus, except as may be required by law.

CORPORATE INFORMATION AND ADVISERS: HIL

Company Secretary and Registered Office

George Said
93 Mill Street
Qormi
QRM 3102
Malta

Transfer Secretaries

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
South Africa
PO Box 61051, Marshalltown, 2107, South Africa

South African Legal Adviser

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
South Africa
PO Box 695, Cape Town, 8000, South Africa

Independent Reporting Accountants and Auditors

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
No. 1 Waterhouse Place
Century City
Cape Town, 7441
South Africa
PO Box 2799, Cape Town, 8000, South Africa

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DEFINITIONS AND INTERPRETATIONS

The definitions and interpretations commencing on the front cover of the Scheme Circular to which this Prospectus is attached, do not apply to this Prospectus.

In this Prospectus and annexures hereto, unless the context indicates otherwise, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and vice versa, the singular includes the plural and vice versa and the following words and expressions bear the meanings assigned to them below:

“Act” or the “Companies Act”	the Companies Act, 2008 (Act 71 of 2008), as amended and, where appropriate in the context, includes a reference to the Regulations promulgated in terms of such Act;
“Articles of Association”	the existing Memorandum and Articles of Association of HIL as at the Last Practicable Date, which will be updated for compliance with the Listings Requirements of the JSE and filed with the CIPC, prior to the Listing Date;
“business day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“cents”	South African cents, in the official currency of South Africa;
“CIPC”	the Companies and Intellectual Property Commission established pursuant to section 185 of the Companies Act;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Comparable Offer”	the comparable offer made to the Option Participants in respect of their Options as required in terms of Regulation 87 of the Takeover Regulations, details of which are set out in paragraph 5.3.1.9 of this Prospectus;
“Conditions Precedent”	the Conditions Precedent as set out in Section 2, paragraph 3.2 of this Prospectus;
“Consideration Shares”	the Scheme Consideration issued pursuant to the Scheme consisting of 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held by the Scheme Participants;
“Court”	a court of competent jurisdiction in South Africa;
“Documents of Title”	HomeChoice Holdings Share certificates and/or certified transfer deeds and/or balance receipts or any other Documents of Title in respect of HomeChoice Holdings Shares acceptable to HomeChoice Holdings;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the Currency and Exchanges Act, 1933 (Act 9 of 1933), as amended;
“Exchange Control Approval”	in relation to a transaction, the approval of an authorised dealer or the Financial Surveillance Department of the SARB, as the case may be;
“Financial Markets Act”	the South African Financial Markets Act, 2012 (Act 19 of 2012);
“FinChoice”	FinChoice (Proprietary) Limited, a private company incorporated in South Africa under registration number 1993/005310/07 and a wholly-owned subsidiary of HomeChoice Holdings;
“GFM”	GFM Limited, a private limited company incorporated in the Republic of Malta under company number C53257;
“Group” or “HomeChoice Holdings Group”	HomeChoice Holdings and its subsidiaries from time to time;
“HC Direct”	HC Direct (Proprietary) Limited, a private company incorporated in South Africa under registration number 1991/005500/07 and a wholly-owned subsidiary of HomeChoice Holdings;
“HIL” or “the Company”	HomeChoice International P.L.C., a public company duly incorporated in the Republic of Malta under registration number C66099 and holding (parent) company of HIL SA;
“HIL Directors” or “HIL Board”	the directors of HIL as at the Last Practicable Date, whose names are set out in Section 1, paragraph 2.1 of this Prospectus;

“HIL Proposed Directors” or “HIL Proposed Board”	the proposed directors of HIL as at the date of the Listing, whose names are set out in Section 1, paragraph 2.2 of this Prospectus;
“HIL SA”	HomeChoice South Africa P.L.C., a public liability company duly incorporated in the Republic of Malta under registration number C67092;
“HIL SA Share”	an ordinary share in the share capital of HIL SA;
“HIL Shareholders”	registered holders of HIL Shares;
“HIL Shares”	ordinary shares in the share capital of HIL having a par value of R0.01 (one cent) each;
“HomeChoice”	HomeChoice (Proprietary) Limited, a private company incorporated in South Africa under registration number 1985/002759/07 and a wholly-owned subsidiary of HomeChoice Holdings;
“HomeChoice Holdings”	HomeChoice Holdings Limited (registration number 1991/005430/06), a public unlisted company initially incorporated in South Africa as a private company which converted to a public company on or about 15 August 1996, which upon the implementation of the Scheme will be a wholly-owned subsidiary of HIL SA;
“HomeChoice Holdings Scheme Meeting” or “Scheme Meeting”	the general meeting of Scheme Participants convened in terms of the Companies Act, to be held at 09:00 on 24 November 2014 at 78 Main Road, Wynberg, Cape Town, 7800 (or any postponement or adjournment thereof), at which meeting Scheme Participants will consider and vote on the Scheme;
“HomeChoice Holdings Shares”	ordinary shares of no par value in the share capital of HomeChoice Holdings;
“HomeChoice Investments”	HomeChoice Investments (Proprietary) Limited, a private company incorporated in South Africa under registration number 1997/007475/07 and a wholly-owned subsidiary of HomeChoice Holdings;
“HomeChoice Property Company”	HomeChoice Property Company (Proprietary) Limited, a private company incorporated in South Africa under registration number 1991/005428/07 and a wholly-owned subsidiary of HomeChoice Holdings;
“HomeChoice Shareholders” or “Shareholders”	the holders of HomeChoice Holdings Shares recorded as such in the Register;
“HomeChoice Share Option Scheme”	the share option scheme in terms whereof Option Participants were awarded Options to acquire HomeChoice Holdings Shares, further details of which are set out in paragraph 5.3.1 of this Prospectus;
“HomeChoice Trust”	trustees for the time being of the HomeChoice Share Trust, Master’s reference number IT4876/96);
“Implementation Date” or “Scheme Operative Date”	the date on which the Scheme becomes operative and is to be implemented, which is expected to be on or about 27 November 2014;
“Initial HIL Shareholders”	the shareholders of HIL at incorporation and as at the Last Practicable Date, being Stockdale and Gregoire Lartigue;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	30 September 2014, being the last practicable date prior to the finalisation of this Prospectus;
“Listing”	the proposed inward listing of the entire issued ordinary share capital of HIL on the Main Board of the JSE, which listing is expected to occur with the commencement of trade on 4 December 2014;
“Listing Date”	the date on which the Listing occurs;
“Malta Companies Act”	the Companies Act 1995, Cap.386 of the Laws of Malta;
“Matyana van der Merwe (Proprietary) Limited”	Matyana van der Merwe (Proprietary) Limited, a private company incorporated in South Africa under registration number 1995/013792/07 and a wholly-owned subsidiary of HomeChoice Holdings;

“Odvest”	Odvest 189 (Proprietary) Limited, a private company incorporated in South Africa under registration number 2011/007536/07 and a wholly-owned subsidiary of HomeChoice Holdings;
“Options”	the options awarded to Option Participants in terms of the HomeChoice Share Option Scheme;
“Option Participants”	those employees who are participants of the HomeChoice Share Option Scheme as at the Last Practicable Date;
“Press”	The Business Day newspaper;
“Prospectus”	this Prospectus, including the annexures thereto;
“Rand” or “R”	South African Rand, the official currency of South Africa;
“Register”	HIL's securities register, including all sub-registers;
“Resolutive Condition”	the resolutive condition to which the Scheme is subject as set out in Section 2, paragraph 3.3 of this Prospectus;
“SARB”	the South African Reserve Bank;
“Scheme” or “Scheme of Arrangement”	the scheme of arrangement in terms of section 114 of the Companies Act proposed by the board of HomeChoice Holdings between HomeChoice Holdings and Scheme Participants in terms of which HIL SA will, if the Scheme becomes operative, acquire all Scheme Shares and Scheme Participants will receive the Scheme Consideration, subject to any modification or amendment made thereto to which HomeChoice Holdings, HIL SA and HIL agree in writing with the approval of the Panel;
“Scheme Circular”	the circular to HomeChoice Shareholders, dated 27 October 2014, together with the annexures and forms attached thereto, to which this Prospectus is annexed as an annexure;
“Scheme Consideration”	the consideration payable by HomeChoice Holdings to each Scheme Participant in terms of the Scheme, comprising 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held on the Scheme Consideration Record Date and which Scheme Consideration has been confirmed as being fair and reasonable by the Independent Expert;
“Scheme Consideration Record Date”	the date on, and the time at which, persons must be recorded in the Register as HomeChoice Shareholders to receive the Scheme Consideration, expected to be on 20 November 2014;
“Scheme Participants”	all HomeChoice Shareholders who are recorded in the Register as such on the Voting Record Date and entitled to vote at the Scheme Meeting;
“Scheme Shares”	all HomeChoice Holdings Shares held by Scheme Participants on the Scheme Consideration Record Date, being 103 869 438 HomeChoice Holdings Shares;
“South Africa”	the Republic of South Africa;
“Special Resolution”	the Special Resolution to be proposed at the Scheme Meeting for approval of the Scheme, the full terms of which resolution are set out in Special Resolution Number 1 in the notice of Scheme Meeting attached to and forming part of the Scheme Circular;
“Stockdale”	Stockdale Investment Holdings Limited (registration number 1648103), a private company duly incorporated in the British Virgin Islands, and the holder of all but 1 (one) of the HIL Shares as at the Last Practicable Date;
“Takeover Regulations”	the Takeover Regulations issued in terms of section 120 of the Companies Act, as amended;
“Takeover Regulation Panel” or “the Panel”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act; and
“Transfer Secretaries”	Computershare Investor Services (Proprietary) Limited incorporated in South Africa under registration number 2004/003647/07.

HOMECHOICE INTERNATIONAL P.L.C.

(Incorporated in the Republic of Malta)

(Registration number C66099)

("HIL" or "the Company")

PROSPECTUS

SECTION 1 – COMPANY INFORMATION

1 NAME, ADDRESS, INCORPORATION

Name, address and incorporation of HomeChoice International P.L.C.

- 1.1 Name: HomeChoice International P.L.C.
- 1.2 Registration number of HIL: C66099.
- 1.3 Registered office address of HIL: 93 Mill Street, Qormi, QRM 3102, Malta
- 1.4 Primary place of business address of HIL: 93 Mill Street, Qormi, QRM 3102, Malta.
- 1.5 Address of HIL's transfer agent: Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, Gauteng, 2001, South Africa.
- 1.6 Date and place of incorporation of HIL: HIL was incorporated in the Republic of Malta on 22 July 2014.
- 1.7 Date of filing Articles of Association and list of Directors of HIL with the CIPC: 30 September 2014.

Name and incorporation of HIL holding (parent) company as at the Last Practicable Date

- 1.8 Name: Stockdale Investment Holdings Limited.
- 1.9 Date and place of incorporation of Stockdale: Stockdale Investment Holdings Limited was incorporated in the British Virgin Islands on 12 May 2011.

Name and incorporation of HIL subsidiary as at the Last Practicable Date

- 1.10 Name: HomeChoice South Africa P.L.C.
- 1.11 Date and place of incorporation of HIL SA: HIL SA was incorporated in Malta on 14 October 2014.

Name and incorporation of HIL subsidiary after implementation of the Scheme

- 1.12 Name: HomeChoice Holdings Limited.
- 1.13 Date and place of incorporation of HomeChoice Holdings: HomeChoice Holdings was incorporated in South Africa on 26 September 1991.

2 DIRECTORS, OTHER OFFICE HOLDERS OR MATERIAL THIRD PARTIES

2.1 HIL Directors

2.1.1 The table below sets out information of the HIL Directors as at the Last Practicable Date:

Director	Nationality	Occupation	Age	Business address
Gregoire Lartigue	Swiss	Executive Director	42	CH De La Cretaux 1, GLAND 1196, Switzerland
Stanley Portelli	Maltese	Non-executive Director	42	Dar il-Barbagan, Triq Strejnu, Zejtun, Malta
Charles Rapa	Maltese	Non-executive Director	62	40 "Nayim", Triq Philip Skippon, Birguma, Naxxar, NXR 4121, Malta

2.1.2 None of the HIL Directors are partners with unlimited liability.

2.1.3 *Terms of office and manner of appointment of HIL Directors*

- 2.1.3.1 The relevant provisions of the Articles of Association regarding the term of office of HIL Directors and the manner of their appointment and rotation are set out in Annexure HIL1.

2.1.3.2 Save as set out in the Articles of Association, no person has any right in relation to the appointment of any HIL Director.

2.1.4 **Borrowing powers of the Company exercisable by HIL Directors**

2.1.4.1 The provisions of the Articles of Association regarding the borrowing powers exercisable by the HIL Directors are set out in Annexure HIL1 to this Prospectus.

2.1.4.2 HIL is a newly incorporated company and as such no borrowing powers of the HIL Directors have been exercised as at the Last Practicable Date.

2.1.5 **HIL Directors' remuneration**

2.1.5.1 The remuneration payable to the Executive Directors of HIL pursuant to the implementation of the Scheme for the period between the Scheme Operative Date and 30 June 2015, is expected to be as follows:

Basic salary per annum	(Euro)
Gregoire Lartigue	7 000

2.1.5.2 The remuneration payable to the Non-executive Directors of HIL pursuant to the implementation of the Scheme for the period between the Scheme Operative Date and 30 June 2015, is expected to be as follows:

Non-executive Directors' fees per annum	(Euro)
Stanley Portelli	7 000
Charles Rapa	7 000

2.1.5.3 The secretarial fees payable to the Company Secretary of HIL pursuant to the implementation of the Scheme for the period between the Scheme Operative Date and 30 June 2015, is expected to be as follows:

Secretary's fees per annum	(Euro)
George Said	2 000

2.2 **HIL Proposed Directors**

2.2.1 The table below sets out information of the HIL Proposed Directors as at the Date of Listing:

Director	Nationality	Occupation	Age	Business address
Shirley Maltz	South African	Chief Executive Officer	43	78 Main Road, Wynberg, Cape Town, 7800, South Africa.
Richard ("Rick") Garratt	British	Executive Director	68	78 Main Road, Wynberg, Cape Town, 7800, South Africa.
Gregoire Lartigue	Swiss	Non-executive Director	42	CH De La Cretaux 1, GLAND 1196, Switzerland
Stanley Portelli	Maltese	Non-executive Director	42	Dar il-Barbagan, Triq Strejnu, Zejtun, Malta
Charles Rapa	Maltese	Non-executive Director	62	40 "Nayim", Triq Philip Skippon, Birguma, Naxxar, NXR 4121, Malta
Amanda Chorn	South African	Non-executive Director	56	Insigner De Beaufort, 131 Finsbury Pavement, London, EC2A 1NT, United Kingdom

2.2.2 None of the HIL Proposed Directors will be partners with unlimited liability.

2.2.3 **Terms of office and manner of appointment of HIL Proposed Directors**

2.2.3.1 The relevant provisions of the Articles of Association regarding the term of office of HIL Proposed Directors and the manner of their appointment and rotation are set out in Annexure HIL1 to this Prospectus.

2.2.3.2 Save as set out in the Articles of Association, no person has any right in relation to the appointment of any HIL Proposed Director.

2.2.4 **Borrowing powers of the Company exercisable by HIL Proposed Directors**

The provisions of the Articles of Association regarding the borrowing powers exercisable by the HIL Proposed Directors are set out in Annexure HIL1 to this Prospectus.

2.2.5 **HIL Proposed Directors' remuneration**

2.2.5.1 The proposed remuneration payable to the Executive HIL Proposed Directors pursuant to the implementation of the Scheme, is expected to be as follows:

Basic salary per annum	(Rand)
Shirley Maltz	2 862 000
Richard ("Rick") Garratt	3 763 000

* Note: The remuneration payable to these directors will not be paid by HIL directly, but via the operating subsidiaries.

2.2.5.2 The remuneration payable to the Non-executive HIL Proposed Directors pursuant to the implementation of the Scheme, is expected to be as follows:

Non-executive Directors' fees per annum	(Euro)
Gregoire Lartigue	7 000
Stanley Portelli	7 000
Charles Rapa	7 000
Amanda Chorn	7 000

2.2.5.3 The secretarial fees payable to the Company Secretary of HIL pursuant to the implementation of the Scheme is expected to be as follows:

Secretary's fees per annum	(Euro)
George Said	2 000

2.3 No part of the business of HIL or the HomeChoice Holdings Group is, or is to be, managed by a third party.

2.4 **Name and business address of Company Secretary of HIL**

Name: George Said

Business address: Dar il-Barbagan, Triq Strejnu, Zejtun, Malta

Professional qualifications: BA (1998) and Doctor of Laws (2001) at the University of Malta

2.5 **Name and business address of the auditors, attorneys, banker, stockbroker and underwriter of HIL**

2.5.1 **Auditors and Independent Reporting Accountants**

PricewaterhouseCoopers Inc.
(Registration number 1998/012055/21)
No. 1 Waterhouse Place
Century City
Cape Town, 7441
South Africa
PO Box 2799, Cape Town, 8000, South Africa

2.5.2 **Attorneys (Republic of South Africa)**

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
South Africa
PO Box 695, Cape Town, 8000, South Africa

2.5.3 **Banker**

Deutsche Bank International Limited
St Paul's Gate, New Street, Jersey JE48ZB, Channel Islands

2.5.4 **Stockbroker**

HIL will not have a stockbroker.

2.5.5 **Sponsor**

As at the Last Practicable Date HIL is not listed on any stock exchange and does not have a sponsor for purposes of this Prospectus or the Scheme. The details of the sponsor appointed for purposes of the Listing are set out below:

Rand Merchant Bank, a division of FirstRand Bank Limited
(Registration number 1929/001225/06)
1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196
South Africa
PO Box 786273, Sandton, 2146, South Africa

3 HISTORY, STATE OF AFFAIRS AND PROSPECTS OF THE COMPANY

3.1 **General description and history of HIL**

HIL was incorporated as a public company under the laws of Malta on 22 July 2014 specifically for the purpose of acquiring the HomeChoice Holdings Shares, through its subsidiary, namely HIL SA, in terms of the Scheme, in exchange for the issue of the Consideration Shares. If the Scheme is implemented HIL will hold all but one of the shares in the issued share capital of HIL SA, who in turn will hold 100% (one hundred per cent) of the HomeChoice Holdings Shares in issue and all HIL Shares will, provided the Resolutive Condition is not fulfilled, be inward listed on the Main Board of the JSE. As at the Last Practicable Date the only asset of HIL, save for nominal working capital, is its shareholding of HIL SA. It does not have any operating history or any other subsidiaries. As such there has also not been any material change in the business of HIL in the past 3 (three) years.

3.2 **General description and history of HIL SA**

3.2.1 HIL SA was incorporated as a public company under the laws of Malta on 14 October 2014, as a subsidiary of HIL, specifically for purposes of acquiring the HomeChoice Holdings Shares in terms of the Scheme, in exchange for the issue of the Consideration Shares. If the Scheme is implemented HIL SA will hold 100% (one hundred per cent) of the HomeChoice Holdings Shares in issue and all HIL Shares will be inward listed on the Main Board of the JSE.

3.2.2 As at the Last Practicable Date HIL SA does not have any assets, save for a nominal share capital. It does not have any operating history or any subsidiaries. As such there has also not been any material change in the business of HIL SA in the past 3 (three) years.

3.3 **General description and history of HomeChoice Holdings**

3.3.1 **Incorporation and history**

3.3.1.1 HomeChoice Holdings is an omni-channel home shopping retailer selling homeware merchandise and financial services products to the rapidly expanding urban middle-income mass market in southern Africa.

3.3.1.2 Established in Cape Town in 1985, the business started out selling cookware on credit through direct response media advertisements. The direct marketing channels were expanded to include homeware catalogues in 1987, telemarketing in 1994 and the Internet in 1997. The first internal credit scorecard was developed in 1995.

3.3.1.3 HomeChoice Holdings was listed on the JSE in September 1996, with a market capitalisation of R200 million. HomeChoice was negatively impacted by the over-extension of credit to the mass market in the years preceding 2001. This placed financial pressures on the business and HomeChoice Holdings was consequently delisted from the JSE in February 2003. Extensive consolidation and restructuring took place from 2002 to 2004 to return the business to sustained profitability.

3.3.1.4 The HomeChoice Development Trust was launched in 2006, focusing on charitable support for early childhood development. The Group has invested over R14 million in education and women empowerment projects through the Trust.

- 3.3.1.5 FinChoice was established in 2007 to offer financial services products to HomeChoice customers of good credit standing. FinChoice KwikServe, an innovative mobile self-service channel, was launched in 2011.
- 3.3.1.6 The retail offering was expanded in 2011 with the launch of the FoneChoice brand to offer personal technology and computer products to HomeChoice customers.
- 3.3.1.7 In 2013 the Group entered the domestic bond market with a R500 million medium-term note programme and raised the first tranche of R100 million.
- 3.3.1.8 A world-class centralised distribution centre was completed in January 2014 at an investment of R150 million, increasing warehouse capacity to 200 000m³.

3.3.2 **Nature of the business of HomeChoice Holdings**

- 3.3.2.1 HomeChoice Holdings is one of the largest home shopping retailers in southern Africa, selling homeware merchandise through its retail business, HomeChoice and financial services products through FinChoice to the urban middle-income mass market.
- 3.3.2.2 As an omni-channel retailer the group offers products through electronic channels (Internet and mobile phone), telemarketing (call centres) and mail order (catalogue). Credit is used to facilitate merchandise sales and is supported by industry-leading expertise in credit risk management.
- 3.3.2.3 HomeChoice offers an extensive range of household textiles, homeware merchandise and personal technology through a convenient shopping experience, together with a home delivery service. Credit is available on terms of six, 16, 24 and 36 months.
- 3.3.2.4 FinChoice is a niche provider of unsecured personal loan products solely to HomeChoice customers with good credit records. Loan terms range from one to 36 months. Customers are able to transact on their loan accounts conveniently 24 hours a day through their mobile phones.
- 3.3.2.5 The Group owns its head office building and a newly completed distribution centre, as well as property adjacent to the head office for future expansion. These properties are all located in Cape Town.

3.3.2.6 *Home shopping model*

Home shopping offers customers a convenient experience that suits their lifestyle and time constraints. The omni-channel contact points, including call centres, Internet and mobile phones, allow customers to shop at any time. The home shopping model enables the Group to serve a geographically dispersed customer base without the limitations of a physical store presence.

3.3.2.7 *Customer profile*

The Group has a database of 1.3 million customers. The customer base is 85% female in the LSM 4 to 8 categories, spread across South Africa, Namibia, Botswana, Lesotho and Swaziland. The profile of a typical HomeChoice customer is a black, urban female; between the ages of 25 and 45; employed with an average monthly household income of R7 500. The Group has a loyal customer base, with over 80% of business being conducted with existing customers of known credit standing.

3.3.2.8 *Merchandise offering*

The HomeChoice merchandise strategy is to offer a complete home décor solution through innovative, own-brand products which are suitable for home shopping. Product ranges include fashion-oriented textiles and bedding, homewares, appliances, electronics and furniture. Products are sourced directly from suppliers, with the majority of the products being imported, mainly from Asia.

3.3.2.9 *Credit risk management*

The Group maintains a conservative approach to credit management with terms weighted towards shorter periods. Bespoke scorecards, supplemented with internal and external vetting procedures and online credit bureau data, are used to predict the level of risk of a customer. In the 2013 financial year over 90% of retail sales were on credit.

3.3.2.10 *Expanding presence in Africa*

Expansion into the rest of Africa presents a sustainable growth opportunity for both HomeChoice and FinChoice in the medium term. Customers in the neighbouring countries of Botswana, Lesotho, Namibia and Swaziland accounted for 9.5% of retail sales in the 2013 financial year.

3.4 **King III and Corporate Governance**

- 3.4.1 HIL is a recently incorporated, non-operational company. HIL is still in the process of finalising its newly constituted Board and Board committees. As a result HIL has not yet adopted any of the principles of King III.
- 3.4.2 The HIL Board, once constituted, will confirm its commitment to the principles of fairness, accountability, responsibility and transparency as advocated in King III and will embrace the principles and recommendations of King III.
- 3.4.3 HomeChoice Shareholders are referred to Annexure HIL2 regarding the application of the King III and other corporate governance principles in respect of HomeChoice Holdings. Once HIL has finalised and adopted such King III and other corporate governance principles the HIL Directors will ensure that such principles are compliant with the JSE Listings Requirements.

3.5 **Material changes**

Save for the Scheme, there have been no material changes in the financial or trading position of HIL from its incorporation until the Last Practicable Date.

3.6 **The opinion of directors as to the prospects of HIL, HIL SA and HomeChoice Holdings**

3.6.1 ***Prospects of HIL***

After the implementation of the Scheme HIL's only asset will be its shareholding in HIL SA, which in turn will hold 100% (one hundred per cent) of the HomeChoice Holdings Shares. Paragraph 3.6.3 below sets out the prospects of the HomeChoice Holdings Group.

3.6.2 ***Prospects of HIL SA***

After the implementation of the Scheme, HIL SA's only asset will be its 100% shareholding in HomeChoice Holdings. Paragraph 3.6.3 below sets out the prospects of the HomeChoice Holdings Group.

3.6.3 ***Prospects of HomeChoice Holdings Group***

- 3.6.3.1 The Group's target LSM 4 to 8 market has seen significant growth in the past 10 years, with this segment benefiting from real income growth, growing home ownership and rising living standards.
 - 3.6.3.2 Merchandise ranges are continuously being expanded and new product categories are being introduced to enhance the brand's appeal to its middle-income mass market customer base. HomeChoice will continue to capitalise on the growth of the Internet and smartphone as online shopping channels and is competitively advantaged in these markets.
 - 3.6.3.3 Credit risk strategies will be maintained and the HomeChoice Holdings Group will continue to review and enhance scorecards and vetting procedures.
 - 3.6.3.4 The HomeChoice Holdings Group has a strong balance sheet, is cash-generative despite being a credit-based business and has a track record of paying dividends. The proven business model, positioning in a growth sector, expertise in managing mass market credit and focused strategies for growth should ensure sustainable returns to shareholders.
- 3.6.4 HIL, HIL SA or the HomeChoice Holdings Group do not intend on acquiring any subsidiary or business undertaking within 1 (one) year of the date of this Prospectus. The Group does, however, intend to establish new subsidiaries during the next 12 (twelve) months for purposes of their expansion into Africa.

3.7 **State of affairs of HIL**

HIL is a recently formed company which has not traded. As at the Last Practicable Date HIL's sole asset, save for a nominal amount of working capital, is its shareholding in HIL SA and has no liabilities or operating history.

3.8 **State of affairs of HIL SA**

HIL SA is a recently formed company which has not traded. As at the Last Practicable Date, HIL SA has no assets (save for nominal share capital), liabilities or operating history.

3.9 **State of affairs of HomeChoice Holdings Group**

- 3.9.1 HomeChoice Holdings' issued share capital is 103 869 438, 100% of which will be held by HIL SA after the implementation of the Scheme. HomeChoice Holdings' main business is to be a holding company for various wholly-owned subsidiaries.

3.9.2 HomeChoice Holdings has the following wholly-owned operational subsidiaries that make up the HomeChoice Holdings Group.

Company	Date of incorporation	Date of becoming a HomeChoice Holdings subsidiary	Issued share capital	Main business
HomeChoice	17/06/1985	17/06/1985	R1	Omni-channel marketing retail business
HomeChoice Property Company	26/09/1991	26/09/1991	R60	Property-owning company
FinChoice	13/09/1993	13/09/1993	R1 700	Unsecured personal lending business
Odvest	06/04/2011	06/04/2011	R120	Property-owning company

3.10 Principal immovable properties

3.10.1 HIL does not own or occupy any immovable property or leasehold property.

3.10.2 HIL SA does not own or occupy any immovable property or leasehold property.

3.10.3 Immovable property owned by and leasehold property of HomeChoice Holdings:

3.10.3.1 As at the Last Practicable Date the Group owns the properties situated at:

3.10.3.1.1 Remainder Erf 66592, Wynberg, City of Cape Town, Cape Division, Province of the Western Cape (measuring in extent 2 858 square metres);

3.10.3.1.2 Remainder Portion 240 (Portion of Portion 93) of the farm Wimbleton No. 454, City of Cape Town, Stellenbosch Division, Province of the Western Cape (measuring in extent 3.3136 hectares); and

3.10.3.1.3 Remainder Erf 91380, Wynberg, Cape Division, Province of the Western Cape (measuring in extent 4 936 square metres).

3.10.3.2 As at the Last Practicable Date the Group had the following material leases over immovable property:

Lessor	Lessee	Description/ Location	Rental payable per month (R)	Remaining term
ABSA Bank Limited as trustee for SA Corporate Real Estate Fund	HomeChoice	32 Yaldwyn Road Boksburg (Jet Park)	190 468	31/01/2017

3.10.3.3 As at the Last Practicable Date the Group had the following material intercompany leases over immovable property:

Lessor	Lessee	Description/ Location	Rental payable per month (R)	Remaining term
HomeChoice Property Company	HomeChoice	Remainder Erf 66592 Wynberg, Cape Town	1 481 486	30/11/2016
HomeChoice Property Company	HomeChoice	Remainder Portion 240 (Portion of Portion 93) of the farm Wimbleton No. 454, City of Cape Town	781 000	31/12/2023
HomeChoice Property Company	FinChoice	Remainder Erf 66592, Wynberg, Cape Town	162 794	30/11/2016

3.11 Commitments for the purchase, construction or installation of buildings, plant or machinery

HIL, HIL SA or the Group has not made any commitments for the purchase, construction or installation of buildings, plant or machinery. The Group does, however, intend to commence construction of additional office space on

a property adjacent to the Group's head office building in Wynberg, Cape Town, South Africa within the next 12 (twelve) months.

3.12 Company particulars

3.12.1 HIL is a recently formed company, which has not traded. HIL's sole asset, save for a nominal amount of working capital, is its shareholding in HIL SA and it has no liabilities, operating history and has no turnover. HIL has never declared any dividends.

3.12.2 HIL SA is a recently formed company, which has not traded. As at the Last Practicable Date HIL SA has no asset, operating history or turnover. HIL SA has never declared any dividends.

3.12.3 The company particulars of HomeChoice Holdings are as follows:

In respect of years ended	Turnover (R'000)	Profit before tax (after tax) (R'000)	Dividends paid	Dividends paid in cents per share	Dividend cover for the year (times)
31/12/2011	1 121 060	338 044 (239 996)	Yes	50	4.7
31/12/2012	1 434 359	397 153 (284 497)	Yes	50	5.6
31/12/2013	1 661 952	431 019 (309 323)	Yes	110	2.8

4 SHARE CAPITAL OF HIL

4.1 Issue of shares by HIL

4.1.1 *The Scheme*

4.1.1.1 The Scheme proposes that HIL SA acquires the entire issued share capital of HomeChoice Holdings for the Scheme Consideration, being 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held by the Scheme Participants, by way of a Scheme of Arrangement in terms of section 114 of the Companies Act. The independent expert appointed by HomeChoice Holdings in terms of section 114(2) of the Companies Act, RSM Betty & Dickson (Cape Town), valued the Consideration Shares at between R29.00 and R30.00 per Consideration Share. A copy of the report of such Independent Expert is annexed to the Scheme Circular to which this Prospectus is attached.

4.1.1.2 Should the Scheme become unconditional and be implemented HIL shall issue the Scheme Consideration to each Scheme Participant, being 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held by such Shareholder on the Scheme Consideration Record Date.

4.1.1.3 All HIL Shares in issue will be inward listed on the Main Board of the JSE, provided that the Resolutive Condition is not fulfilled.

4.1.1.4 Upon implementation of the Scheme the 72 899 999 HIL Shares held by Stockdale and the 1 (one) HIL Share held by Gregoire Lartigue (Swiss passport number X0118875) will be repurchased by HIL at the subscription price paid for such HIL Shares at incorporation.

4.1.1.5 The total number of HIL Shares to be issued pursuant to the Scheme is 103 869 438.

4.1.2 Other than the securities offered to the existing HomeChoice Shareholders in terms of the Scheme, HIL has not offered any of its securities to the public for subscription or sale during the preceding 3 (three) years.

4.2 Authorised and issued share capital

4.2.1 *Share capital of HIL*

4.2.1.1 The authorised and issued share capital of HIL is set out below:

	Number of shares before the Scheme	Number of shares after issuing of the Consideration Shares
Authorised share capital		
Ordinary par value shares of R0.01 (one cent) each	200 000 000	200 000 000
Issued share capital		
Ordinary par value shares of R0.01 (one cent) each	72 900 000	103 869 438

- 4.2.1.2 As at the Scheme Operative Date all HIL Shares in issue shall rank pari passu with each other in all respects, including in respect of voting rights and dividends. None of the HIL Shares will be convertible or redeemable. Furthermore, there are no founders' and management or deferred shares.

4.3 Alterations to the share capital of HIL

103 869 438 HIL Shares will be issued pursuant to the successful implementation of the Scheme. There have been no other changes to HIL's authorised or issued share capital since its incorporation other than those now contemplated by the Scheme.

5 OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

5.1 In respect of HIL

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any securities of HIL.

5.2 In respect of HIL SA

There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person to subscribe for any securities of HIL SA.

5.3 In respect of HomeChoice Holdings

HomeChoice Holdings will be a wholly-owned subsidiary of HIL SA after the implementation of the Scheme.

5.3.1 HomeChoice Share Option Scheme

- 5.3.1.1 The HomeChoice Share Option Scheme is an option scheme in terms of which eligible employees ("**Option Participants**") are offered options to acquire HomeChoice Holdings Shares from the HomeChoice Trust ("**Options**"). Non-executive Directors of HomeChoice Holdings and trustees of the HomeChoice Trust may not be Option Participants. The Option Scheme is regulated by the trust deed of the HomeChoice Trust and its Option Scheme document as amended and adopted at a meeting of Shareholders held on 14 August 2012 ("**Scheme Rules**").
- 5.3.1.2 Options in respect of the acquisition of 4 213 300 HomeChoice Holdings Shares have been offered to and accepted by Option Participants in terms of the Option Scheme. As at the Last Practicable Date the HomeChoice Trust holds 3 090 087 HomeChoice Holdings Shares to meet, in due course, its obligations in respect of the Options granted.
- 5.3.1.3 In terms of the Option Scheme the HomeChoice Trust may acquire further HomeChoice Holdings Shares from HomeChoice Holdings or from third parties. A maximum of 10 000 000 HomeChoice Holdings Shares may be acquired in aggregate by all Option Participants under the Option Scheme. The maximum number of HomeChoice Holdings Shares which may be acquired by any one Option Participant under the Scheme is 1 000 000.
- 5.3.1.4 Options generally vest four years after the offer date. No option premium or consideration is payable by Option Participants for the Options. The purchase price for the HomeChoice Holdings Shares acquired under the exercise of an Option is the market price of the HomeChoice Holdings Shares.
- 5.3.1.5 Subject to forfeiture or cancellation of the Option, Option Participants may generally exercise an Option between four and six years after the offer date by an exercise notice and accordingly the Options are American in nature.
- 5.3.1.6 Upon death, incapacity or retirement of an Option Participant before vesting of an Option, the Option will vest immediately and be deemed to have been exercised, unless the fair market value of the HomeChoice Holdings Shares is less than the purchase price payable in respect thereof, in which event the Option is forfeited and cancelled.
- 5.3.1.7 If an Option Participant ceases to be employed for misconduct, poor performance, actions against the interests of HomeChoice Holdings or its Shareholders, resignation, or retrenchment, then all Options, whether vested or unvested, are forfeited and cancelled.
- 5.3.1.8 Settlement upon valid exercise of an Option may be by the issue by HomeChoice Holdings of HomeChoice Holdings Shares, or by transfer by the HomeChoice Trust, or other external third party to the Option Participant and/or may include the sale by the Option Participant of sufficient HomeChoice Holdings Shares to settle the debt arising in respect of the purchase price.

- 5.3.1.9 To facilitate the Scheme and ensure that Option Participants are placed in the same economic position before and after the Scheme, HIL has made the Comparable Offer to the Option Participants as required by Regulation 87 of the Takeover Regulations.
- 5.3.1.10 In terms of the Comparable Offer, subject to the fulfilment of the Conditions Precedent, the Option Participants are offered an equivalent number of options to acquire shares in HIL, at the same strike price and otherwise on substantially the same terms and conditions on which they hold the Options.
- 5.3.1.11 The replacement options in HIL offered in terms of the Comparable Offer will be governed by a new HIL share option scheme which is to be adopted by HIL in accordance with the JSE Listings Requirements.

5.3.2 **HomeChoice Share Incentive Scheme**

- 5.3.2.1 HomeChoice Holdings adopted the HomeChoice Share Incentive Scheme during 2008 (“**2008 Scheme**”), in terms of which eligible and selected senior employees (“**Incentive Participants**”) were advanced loans by the HomeChoice Trust to acquire HomeChoice Holdings Shares at the market value prevailing at that time.
 - 5.3.2.2 The 2008 Scheme has not been utilised since April 2010. 3 320 000 HomeChoice Holdings Shares have been issued to and are held by HomeChoice Nominees (Proprietary) Limited as the nominee holder of the HomeChoice Holdings Shares on behalf of the Incentive Participants as beneficial owners. The aforesaid loans are non-interest-bearing for a period of 5 (five) years, however, should a recipient leave the employment of the Group within 4 (four) years of receiving a loan, penalty interest of prime plus 2% is payable. The loans that have reached their 5 (five) year “interest-free” period have been extended at an interest rate of prime, and are repayable on the trustees giving 1 (one) month notice (or immediately on resignation of the employee). The Incentive Participants’ HomeChoice Holdings Shares are pledged and held as security for the loans.
 - 5.3.2.3 No options in respect of the acquisition of HomeChoice Holdings Shares were ever granted under the 2008 Scheme. Should an Incentive Participant in the 2008 Scheme resign within 4 (four) years of the relevant acquisition date of HomeChoice Holdings Shares under the 2008 Scheme, the loans advanced become immediately due and repayable and subject to an interest penalty. Presently R3 878 045 in loans are owed to the HomeChoice Trust by Incentive Participants.
 - 5.3.2.4 No HomeChoice Holdings Shares have been issued in terms of the 2008 Scheme by HomeChoice Holdings to Incentive Participants in the 3 (three) years preceding the Scheme Operative Date.
 - 5.3.2.5 As at the Last Practicable Date the HomeChoice 2008 Scheme has been terminated. Before the HomeChoice 2008 Scheme was terminated the outstanding payment obligations of the remaining participants of the HomeChoice 2008 Scheme, being R3 878 045 were replaced with loan agreements (“**New Loan Agreements**”) between such participants and the participant’s employer within the Group, being either HomeChoice or FinChoice, at equivalent amounts and terms of repayment. In terms of the New Loan Agreements the HomeChoice Holdings Shares pledged and held as security for repayment of the loans under the HomeChoice 2008 Scheme will, pursuant to implementation of the Scheme and JSE Listing, be replaced with a pledge of the HIL Shares issued to these participants in consideration for their pledged Scheme Shares.
- 5.3.3 There is no contract or arrangement, either actual or proposed, whereby any option or preferential right of any kind has been or will be given to any person, other than an employee of the HomeChoice Holdings Group as contemplated above, to subscribe for any securities of HomeChoice Holdings.

6 COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING

HIL is a recently formed company and has not paid any commission or consideration during the 3 (three) years preceding the date of this Prospectus.

7 MATERIAL CONTRACTS

- 7.1 There are no existing contracts or proposed contracts relating to directors’ and managerial remuneration and royalties, and secretarial and technical fees payable by HIL, HIL SA or the HomeChoice Holdings Group.
- 7.2 Details of the material contract entered into by HomeChoice is contained in Annexure HIL3 to this Prospectus. Save for these contracts, there have been no material contracts entered into by HIL, HIL SA or the HomeChoice Holdings Group during 2 (two) years preceding this Prospectus, other than in the ordinary course of business.

8 INTERESTS OF DIRECTORS AND PROMOTERS

This Prospectus is not one contemplated in Regulation 55.

9 LOANS

9.1 Material loans made to HIL, HIL SA or the HomeChoice Holdings Group

9.1.1 HIL and HIL SA have not entered into any loan arrangements.

9.1.2 The following loans have been made to the HomeChoice Holdings Group:

Lender and description of agreement	Facility amount (R'000)	Amount outstanding (R'000)	Interest rate	Security	Repayment terms
FirstRand Bank Limited (Suspensive Sale Agreements)	65 000	11 928	Prime rate less 1.25%	Assets purchased are encumbered as security	Repayable in monthly instalments of R500 000 including interest
Standard Bank of South Africa Limited (Suspensive Sale Agreements)	40 000	13 824	Prime rate less 1.30%	Assets purchased are encumbered as security	Repayable in monthly instalments of R878 888 including interest
ABSA Bank (Suspensive Sale Agreements)	40 000	20 315	Prime rate less 1.20%	Assets purchased are encumbered as security	Repayable in monthly instalments of R300 259 including interest
FirstRand Bank (Loan Facility)	105 500	49 898	Jibar + 285 bps	General covering bond over Portion 240 of Farm Wimbledon Number 454. Cession of rentals and insurance proceeds	Repayable over 5 (five) years (repayment date 1 November 2018)
Standard Bank of South Africa (Loan Facility)	65 000	50 708	Prime rate less 1.0%	General covering bond over the remaining extent of Erf 91380, Cape Town. Cession of rentals and insurance proceeds	Repayable over 10 (ten) years (repayment date 30 November 2021)
Listed bond	100 000	100 255	Jibar + 315 bps	Unsecured	Repayable after 3 (three) years (25 October 2016)

9.2 Material loans advanced by HIL, HIL SA or the HomeChoice Holdings Group

9.2.1 HIL and HIL SA have not advanced any loans to any party.

9.2.2 The HomeChoice Holdings Group has advanced the following loans, as part of the 2008 Scheme:

All the loans advanced to employees as part of the HomeChoice 2008 Scheme are non-interest-bearing for a period of 5 (five) years, however, should a recipient leave the employment of the Group within 4 (four) years of receiving a loan, penalty interest of prime plus 2% is payable. The loans that have reached their 5 (five) year "interest-free" period have been extended at an interest rate of prime, and are repayable on the trustees giving 1 (one) month notice (or immediately on resignation of the employee). The loans are secured with a pledge over Shares in HomeChoice Holdings which are beneficially held by the loan recipients.

Employee loan advanced to	Owing to HomeChoice Holdings as at Last Practicable Date (R)	Date loan advanced
Anthea Abrahams	710 155	19/04/10
Annalize Kirsten	119 276	19/04/10
Willem Jungschläger	606 192	19/04/10
Sean Wibberley	548 486	14/04/09 and 19/04/10
Mike Roux	67 809	19/04/10
Catherine Mackenzie	753 930	19/04/10

9.2.3 Details of intercompany balances of the HomeChoice Holdings Group as at the Last Practicable Date:

Save for the loan by HomeChoice Holdings to FinChoice, which bears interest at the prime rate plus 2%, the intercompany loans are all interest free, unsecured and repayable on demand.

Entity	Owing by HomeChoice Holdings (R)	Owing to HomeChoice Holdings (R)
HomeChoice	176 733 116	–
HomeChoice Property Company	–	63 456 391
FoneChoice (Proprietary) Limited (Dormant)	–	5 640
HomeChoice Investments (Proprietary) Limited (Dormant)	–	18 189
FinChoice	–	327 981 756
Matyana van der Merwe (Proprietary) Limited (Dormant)	–	60 233
HomeChoice (Proprietary) Limited (Botswana) (Dormant)	100	–
HomeChoice (Proprietary) Limited (Namibia) (Dormant)	1	–
HC Direct (Dormant)	2 559 133	–
Odvest (Dormant)	–	19 198 700

9.2.4 Save for the loans set out above, there are no other material loans made by the HomeChoice Holdings Group other than in the ordinary course of business.

10 SHARES ISSUED OR TO BE ISSUED OTHER THAN FOR CASH

10.1 Other than the shares which HIL will be obliged to issue to those HomeChoice Shareholders who, if the Scheme becomes operative, will become entitled to receive HIL Shares as Scheme Consideration, no other Shares have been issued by HIL, HIL SA or the HomeChoice Holdings Group to any person other than for cash.

11 PROPERTY ACQUIRED OR TO BE ACQUIRED

11.1 HIL and HIL SA have not acquired and do not propose to acquire any immovable property or fixed assets.

11.2 The HomeChoice Holdings Group has acquired the following immovable property or fixed asset in the 3 (three) years preceding the Last Practicable Date:

11.2.1 Odvest, a wholly-owned subsidiary of HomeChoice Holdings, acquired ownership of the rental property situated at Erf 91380, Wynberg, Cape Division (measuring in extent 4 936 square metres) from 91380 Wynberg Properties (Proprietary) Limited (registered address: 64 Station Road, Mafikeng, Western Cape) in July 2011 for an amount of R18 180 000, paid in cash. No goodwill or items of a similar nature or liability for accrued taxation was acquired from the vendor in terms of the transaction. 91380 Wynberg Properties (Proprietary) Limited has given warranties which are usual for transactions of this kind and no restraints of any nature have been imposed on Odvest in terms of the aforesaid property acquisition.

11.3 Other than the transaction listed above, the HomeChoice Holdings Group has not acquired any immovable property in the 3 (three) years preceding the Last Practicable Date.

11.4 The HomeChoice Holdings Group is not party to any uncompleted purchases or acquisitions of immovable property or fixed assets which have not been completed at the Last Practicable Date.

12 AMOUNTS PAID OR PAYABLE TO PROMOTERS

HIL has not paid any fees or other amount to any promoter, or to any partnership, syndicate or other association of which that promoter is or was a member since incorporation.

13 PRELIMINARY EXPENSES AND ISSUE EXPENSES

The estimated expenses in respect of the Scheme (inclusive of VAT), including fees payable to professional advisers, are as follows:

	R¹
Corporate adviser	3 150 000
Independent Reporting Accountants and Auditors	500 000
Independent Expert	50 000
Consultants	600 000
Legal adviser	1 750 000
TRP documentation fee	30 000
JSE documentation fee	80 000
JSE listing fee	460 000
Printing, publication and distribution	230 000
Transfer secretaries	30 000
Contingency	120 000
Total	7 000 000

¹ VAT not claimed as goods and services are not acquired for the purposes of making taxable supplies.

SECTION 2 – INFORMATION ABOUT THE OFFERED SECURITIES

1 PURPOSE OF THE OFFER

- 1.1 Expansion into the rest of Africa presents a major strategic growth opportunity for the HomeChoice Holdings Group in the medium to long term.
- 1.2 The Group currently operates in the neighbouring African countries of Botswana, Lesotho, Namibia and Swaziland, and sales from these countries collectively accounted for 9.5% of total retail sales in the 2013 financial year.
- 1.3 The Board believes that the Group structure is not conducive to facilitating expansion outside of South Africa. Creating an international holding company domiciled in Malta will enable faster and more efficient allocation of capital to accelerate growth in Africa. Compliance with legislative and regulatory requirements in certain African countries will also be better served through an internationally listed holding structure.
- 1.4 As the sole asset of the newly created HIL, save for a nominal amount of working capital, will be its shareholding in HIL SA, and the sole asset of HIL SA will be its shareholding in HomeChoice Holdings Limited, 1 (one) HIL SA Share will equal 1 (one) HomeChoice Holdings Limited Share. This will allow the current shareholding of HomeChoice Holdings to be maintained and enable all Shareholders to participate in the potential benefits of expansion into Africa.
- 1.5 HomeChoice Holdings has previously stated its plans to list the HomeChoice Holdings Shares and management has been evaluating market conditions to determine an appropriate time to list.
- 1.6 HIL is applying for an inward listing of its shares on the Main Board of the JSE.
- 1.7 The Listing is aimed at creating a market for Shareholders, management and employees by making their shares more tradable, as well as enabling the Group to attract, retain and incentivise skilled and scarce talent. The Listing will also provide access to an alternative source of funding to the internal and external sources of funding which are currently being utilised by the Group.
- 1.8 If the Scheme is implemented the Consideration Shares will be issued in exchange for HomeChoice Holdings Shares. Shareholders will not receive a cash payment or be required to pay for the Scheme Consideration. Therefore the Scheme is not subject to any minimum subscription.

2 TIME AND DATES

	2014
Prospectus posted to HomeChoice Holdings Shareholders (annexed to the Scheme Circular)	27 October
Issuing of the HIL Shares (being the Scheme Consideration) expected to take place on	27 November
Inward listing of HIL Shares on the Main Board of the JSE expected to take place on	4 December

Note:

- 1 The above dates are subject to change. Any such change will be announced in the Press.
- 2 HomeChoice Shareholders are referred to the timetable contained in the Scheme Circular, to which this Prospectus is annexed, in respect of the salient dates and times applicable to the Scheme.

3 PARTICULARS OF THE SCHEME CONTEMPLATED IN THIS PROSPECTUS

In terms of section 114(1)(c) of the Companies Act the board of directors of HomeChoice Holdings has proposed the Scheme, as set out in this Section 3 between HomeChoice Holdings and the HomeChoice Holdings Shareholders. In terms of the Scheme HIL SA will acquire the Scheme Shares from the Scheme Participants for the Scheme Consideration.

3.1 Terms of the Scheme and Scheme Consideration

- 3.1.1 The Scheme is being proposed by the board of directors of HomeChoice Holdings between HomeChoice Holdings and Scheme Participants in terms of section 114 of the Companies Act pursuant to which, if the Scheme becomes operative, HIL SA will acquire from Scheme Participants all the Scheme Shares in terms of section 114 of the Companies Act for the Scheme Consideration of 1 (one) HIL Share for every 1 (one) HomeChoice Holdings Share held on the Scheme Consideration Record Date.
- 3.1.2 Scheme Participants' shareholding in HIL after the implementation of the Scheme will be identical to their shareholdings in HomeChoice Holdings before implementation of the Scheme.

- 3.1.3 Subject to the Scheme becoming operative Scheme Participants shall be deemed with effect from the Scheme Operative Date to have:
- 3.1.3.1 disposed of their Scheme Shares to HIL SA, which will be deemed to have acquired ownership of the Scheme Shares on the Scheme Operative Date, in exchange for the Scheme Consideration payable for those shares; and
 - 3.1.3.2 authorised HomeChoice Holdings on its behalf to transfer the Scheme Shares into the name of HIL SA.
- 3.1.4 All risk and benefit in the Scheme Shares will be deemed to have passed from Scheme Participants to HIL SA with effect from the Scheme Operative Date.
- 3.1.5 The Scheme will be implemented in accordance with the following indivisible steps on the Implementation Date:
- 3.1.5.1 HIL SA will acquire the Scheme Shares from the Scheme Participants in exchange for 1 (one) HIL SA Share for every 1 (one) Scheme Share held by a Scheme Participant.
 - 3.1.5.2 Immediately after the issue of the HIL SA Shares in terms of paragraph 3.1.5.1 HIL will acquire all the HIL SA Shares issued to the Scheme Participants in exchange for the Scheme Consideration of 1 (one) HIL Share for every 1 (one) HIL SA Share held by a Scheme Participant.
 - 3.1.5.3 Immediately after the issue of the Consideration Shares to the Scheme Participants the HIL Shares issued to the Initial HIL Shareholders on incorporation of HIL will be repurchased by HIL at the subscription price paid for such HIL Shares at incorporation.
 - 3.1.5.4 After the implementation of the above steps each Scheme Participant will hold the same number and percentage of HIL Shares as the number and percentage of HomeChoice Holdings Shares held as at the Scheme Consideration Record Date.
- 3.1.6 Under the Malta Companies Act HIL SA is required to be a public company for purposes of implementing the Scheme. Under the Malta Companies Act public companies must have at least two shareholders. For this reason Gregoire Lartigue will remain the holder of 1 (one) HIL SA Share until after the Implementation Date, with all the remaining HIL SA Shares being held by HIL. As soon as possible after the Implementation Date, HIL SA will, however, convert to a private company under the Malta Companies Act, upon which Gregoire Lartigue's 1 (one) HIL SA Share will be repurchased and cancelled by HIL SA at the subscription price paid for such HIL SA Share at incorporation. After such repurchase and cancellation HIL SA will be a wholly-owned subsidiary of HIL.
- 3.1.7 Subject to the Scheme becoming operative Scheme Participants shall, against the surrender by Scheme Participants of their Documents of Title in respect of their Scheme Shares, receive the Scheme Consideration. HIL will administer and procure the transfer of the Scheme Consideration to the Scheme Participants through the Transfer Secretaries.
- 3.1.8 Further details of the Terms of the Scheme and the Scheme Consideration appear in the Scheme Circular to which this Prospectus is attached as an annexure.

3.2 **Conditions Precedent to the Scheme**

- 3.2.1 The Scheme and the Comparable Offer is subject to the fulfilment or waiver (where applicable) of the following Conditions Precedent on or before 15 December 2014:
- 3.2.1.1 the Scheme is approved by a Special Resolution adopted by the requisite number of persons in terms of section 115(2)(a) of the Companies Act;
 - 3.2.1.2 the Listing has been unconditionally approved by the JSE;
 - 3.2.1.3 all regulatory approvals and consents necessary in respect of the Scheme being obtained, including but not limited to approvals and consents from the Takeover Regulation Panel (including without limitation, the issue of a compliance certificate by the Takeover Regulation Panel in respect of the Scheme in terms of section 119(4) of the Companies Act) and the Exchange Control Approval; and
 - 3.2.1.4 no person who voted against the Special Resolution referred to in paragraph 3.2.1.1:
 - 3.2.1.4.1 requires HomeChoice Holdings to seek Court approval in terms of section 115(3)(a) of the Companies Act within 5 (five) business days after the vote; and
 - 3.2.1.4.2 no leave is granted by the Court, on an application within 10 (ten) business days after the vote, to any person in terms of section 115(3)(b) of the Companies Act to any such person.

- 3.2.2 The Condition Precedent in paragraph 3.2.1.4 may be waived by HomeChoice Holdings on condition that the Court approves the Special Resolution in terms of section 115(3) of the Companies Act.
- 3.2.3 For purposes of determining whether a quorum is present for the Special Resolution or whether the Special Resolution has been passed by the requisite majority, the votes of HIL or any related or interrelated parties will not be taken into account.

3.3 **Resolutive Condition to the Scheme**

- 3.3.1 The issue of the Consideration Shares to Scheme Participants who are residents of the Common Monetary Area requires Exchange Control Approval.
- 3.3.2 SARB has provided an “in principle” Exchange Control Approval for the issue of the Consideration Shares to residents of the Common Monetary Area, provided that the Consideration Shares are inward listed on the JSE.
- 3.3.3 For this reason the Scheme is subject to the Resolutive Condition that if the Listing has not occurred within 30 (thirty) days after the Implementation Date (or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB) the Scheme will cease to be of any further force or effect and Scheme Participants will be placed as near as may be possible to the positions which they were in prior to the implementation of the Scheme, as follows:
 - 3.3.3.1 Scheme Participants’ Consideration Shares will be automatically reacquired by HIL at no consideration; and
 - 3.3.3.2 HIL will retransfer the Scheme Shares to Scheme Participants.
- 3.3.4 If the Resolutive Condition is fulfilled (and the Listing Date has accordingly not occurred within 30 (thirty) days after the Implementation Date or such later date or dates as may be agreed to between HIL and HomeChoice Holdings and approved by SARB), HomeChoice Holdings will post new share certificates reflecting the same number of HomeChoice Holdings Shares as reflected in Scheme Participants’ original Documents of Title, by registered post at the risk of Scheme Participants, to the address recorded in the register of shareholders of HomeChoice Holdings. The new share certificates will be posted to those Scheme Participants who have surrendered their Documents of Title prior to the date on which the Resolutive Condition has been fulfilled, within 5 (five) business days after the Resolutive Condition has been fulfilled and to those Scheme Participants who have not surrendered their Documents of Title prior to the date of fulfilment of the Resolutive Condition, within 5 (five) business days after surrender of their original Documents of Title.
- 3.3.5 Scheme Participants are advised that the Consideration Shares issued to residents of the Common Monetary Area will not be tradable between the Implementation Date and Listing Date.
- 3.3.6 The South African Tax consequences of the Resolutive Condition ought to be the following for Scheme Participants that are SA tax residents. Depending on whether a Scheme Participant holds the Scheme Shares as a long-term investment or speculatively, the Scheme Participant will be subject to capital gains tax or income tax on the profit realised. In principle, the Scheme Participants should account for tax once the Conditions Precedent have been fulfilled, despite the Resolutive Condition. However, if the Resolutive Condition is fulfilled, and the prior position of the Scheme Participants is restored, practically the net tax effect should be nil. Accordingly, the Scheme Participants will practically only be obliged to account for tax if the Resolutive Condition is not fulfilled (that is, if the Listing Date has occurred within 30 days after the Implementation Date). In that case, put simply, tax will be determined with reference to the difference between the Scheme Consideration received by a Scheme Participant and the consideration paid by the Scheme Participant to acquire the Scheme Shares initially.

3.4 **Previous issues of securities**

Upon incorporation HIL issued 72 899 999 HIL Shares to Stockdale and 1 (one) HIL Share to Gregoire Lartigue (Swiss passport number X0118875) at a subscription price of 1 (one) cent per HIL Share. HIL is a newly incorporated company and has not, other than upon incorporation, issued any securities during the 3 (three) years immediately preceding the date of this Prospectus.

4 **MINIMUM SUBSCRIPTION**

The purpose of the Scheme is not to raise capital for HIL. In terms of the Scheme each HomeChoice Shareholder will be entitled to receive the Scheme Consideration as Scheme Consideration payable to them in exchange for their HomeChoice Holdings Shares. HomeChoice Shareholders will not be required to pay for the Scheme Consideration, but to exchange the relevant proportion of HomeChoice Holdings Shares for a corresponding proportion of the Scheme Consideration. Therefore the Scheme is not subject to an aggregate minimum subscription.

SECTION 3 – STATEMENTS AND REPORTS RELATING TO THE SCHEME

1 STATEMENT AS TO ADEQUACY OF CAPITAL

- 1.1 The HIL Directors are of the opinion that, subject to the implementation of the Scheme:
- 1.1.1 the share capital of HIL will be adequate for the purposes of the business of HIL and any subsidiary of HIL for at least the next 12 (twelve) months after the date of issue of this Prospectus; and
 - 1.1.2 that the working capital available to HIL and its subsidiaries is sufficient for HIL and any subsidiary of HIL's present requirements, that is, for at least the next 12 (twelve) months from the date of issue of this Prospectus.

2 REPORT BY DIRECTORS AS TO MATERIAL CHANGES

The directors confirm that there have been no material changes in the assets or liabilities of HIL, HIL SA and the HomeChoice Holdings Group that occurred between the incorporation of HIL, the incorporation of HIL SA and the end of the financial year of HomeChoice Holdings Group respectively and the date of this Prospectus.

3 STATEMENT AS TO LISTING ON A STOCK EXCHANGE

HIL has made an application in accordance with the relevant requirements of the JSE for HIL Shares to be listed on the JSE. The allotment of the Scheme Consideration is conditional on Listing being unconditionally approved by the JSE. It is a Resolutive Condition of the Scheme that should HIL not be inward listed on the JSE within 30 (thirty) days after the Implementation Date, the Scheme will cease to be of any force or effect and the *status quo ante* will be restored as near as may be possible (as set out in Section 2, paragraph 3.3 of this Prospectus).

4 REPORT BY THE AUDITOR WHERE BUSINESS UNDERTAKING TO BE ACQUIRED

No proceeds will be raised in terms of the Scheme and, accordingly, HIL will not apply any proceeds of the Scheme in the purchase of any business undertaking.

5 REPORT BY THE AUDITORS WHERE COMPANY WILL ACQUIRE A SUBSIDIARY

- 5.1 No proceeds will be raised in terms of the Scheme and, accordingly, HIL or its subsidiary will not apply any proceeds of the Scheme in the acquisition of the securities of any other juristic person.
- 5.2 Given that HomeChoice Holdings will, upon implementation of the Scheme, become a subsidiary of HIL, HIL has nevertheless included a report in respect of the profits and losses of the HomeChoice Holdings Group for the (3) three financial years preceding the date of the Prospectus, and the assets and liabilities of the HomeChoice Holdings Group at the last date to which the financial statements of the business undertaking were made out, as contemplated in Regulation 78 of the Companies Act.
- 5.3 Annexure HIL5 sets out the profits and losses of HomeChoice Holdings for the financial years ended 31 December 2013, 2012 and 2011, and the assets and liabilities of HomeChoice Holdings as at 31 December 2013. Annexure HIL6 sets out the Auditors' report in respect of the HomeChoice Holdings acquisition.

6 REPORT BY THE AUDITORS OF THE COMPANY

- 6.1 In terms of Regulation 79 of the Companies Act the Auditor is required to prepare a report on the profits and losses, dividends, and assets and liabilities of HIL.
- 6.2 As HIL was only incorporated on 22 July 2014, it has not as at the Last Practicable Date had a financial year-end nor has it produced any annual financial statements and it has no trading history. This is confirmed in the Auditor's report in terms of Regulation 79 of the Companies Act annexed to this Prospectus as Annexure HIL7.

SECTION 4 – ADDITIONAL MATERIAL INFORMATION

The directors are of the opinion that all material information in relation to the Scheme contemplated in this Prospectus has been disclosed in the preceding paragraphs of this Prospectus and the Scheme Circular to which this Prospectus is attached, and there is no further material information which requires disclosure for this purpose.

SECTION 5 – INAPPLICABLE OR IMMATERIAL MATTERS

The following paragraphs of the Companies Regulations dealing with the requirements for a prospectus are not applicable to this Prospectus:

59(2)(a); 62; 64; 66; 73; 77, 78 and 80.

The Directors, whose names are given in Section 1, paragraph 2.1 on page 6 of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Prospectus contains all information required by the Companies Act.

SIGNED AT CAPE TOWN ON 17 OCTOBER 2014 BY RICHARD GARRATT ON BEHALF OF ALL THE DIRECTORS OF HOMECHOICE INTERNATIONAL P.L.C., IN TERMS OF POWERS OF ATTORNEY SIGNED BY SUCH DIRECTORS

Richard Garratt

RELEVANT PROVISIONS FROM THE ARTICLES OF ASSOCIATION OF HIL

This Annexure HIL1 details various provisions from the Articles of Association of HIL. In each case the numbering and wording below matches that of the applicable provisions in the Articles of Association.

EXTRACT FROM THE ARTICLES OF ASSOCIATION RELATING TO DIRECTORS, INCLUDING THEIR TERM OF OFFICE AND TERMS OF APPOINTMENT

17 DIRECTORS

17.1 Number of Directors

17.1.1 *Subject as hereinafter provided the Directors shall not be less than 3 (three) and not more than 12 (twelve) in number. The Company may by Ordinary Resolution from time to time vary the minimum number and/or maximum number of Directors.*

17.1.2 *Subject to paragraph 18.3 all Directors shall be elected by an Ordinary Resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed other than at a meeting shall be competent.*

17.2 Share qualification

A Director shall not be required to hold any shares of the Company by way of qualification. A Director who is not a member of the Company shall nevertheless be entitled to attend and speak at Shareholders' meetings.

17.3 Directors' fees

The ordinary remuneration of the Directors shall from time to time be determined by the Directors except that such remuneration shall not exceed an aggregate amount per annum as may from time to time be determined by Ordinary Resolution of the Company and shall be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.

17.4 Other remuneration of Directors

Chairman or Deputy Chairman (whether or not such office is held in an executive capacity), or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as a disinterested quorum of Directors may determine.

17.5 Directors' expenses

The Directors may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors or shareholders' meetings or otherwise in connection with the business of the Company.

17.6 Directors' pensions and other benefits

The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

17.7 Appointment of executive Directors

17.7.1 *The Directors may from time to time appoint one or more of their body to be the holder of any executive office (including, where considered appropriate, the office of Chairman or Deputy Chairman) on such terms and for such period as they may (subject to the provisions of the Act) determine and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.*

17.7.2 *The appointment of any Director to the office of Chairman or Deputy Chairman or Managing or Joint Managing or Deputy or Assistant Managing Director shall automatically determine if he ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between him and the Company.*

17.7.3 *The appointment of any Director to any other executive office shall not automatically determine if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise, in which event such determination shall be without prejudice to any claim for damages for breach of any contract of service between him and the Company.*

17.8 Powers of Executive Directors

The Directors may entrust to and confer upon any Director holding any executive office any of the powers exercisable by them as Directors upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

18 APPOINTMENT AND RETIREMENT OF DIRECTORS

18.1 Retirement at Annual General Meetings

18.1.1 *No Director shall be appointed for life or for an indefinite period.*

18.1.2 *A Director shall retire at any Annual General Meeting if he has agreed to do so and, unless the Directors have agreed otherwise, he shall not be eligible for re-election.*

18.1.3 *In addition, each Director shall retire at each Annual General Meeting but, unless he falls within paragraph 17.1.2 above, he shall be eligible for re-election.*

18.2 Election of two or more Directors

A resolution for the election of two or more persons as Directors by a single resolution shall not be moved at any General Meeting unless a resolution that it shall be so moved has first been agreed to by the meeting without any vote being given against it. Any resolution moved in contravention of this provision shall be void.

18.3 Nomination of Director for election

No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any General Meeting unless not less than seven nor more than 42 days (inclusive of the date on which the notice is given) before the date appointed for the meeting there shall have been lodged at the Office notice in writing signed by some member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

18.4 Election or appointment of additional Director

The Company may by Ordinary Resolution elect, and without prejudice thereto the Directors shall have power at any time to appoint, any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with these Articles, any person so appointed by the Directors shall hold office only until the next Annual General Meeting and shall then be eligible for election.

18.5 Vacation of office

18.5.1 *The office of a Director shall be vacated in any of the following events, namely:*

18.5.1.1 *if he shall become prohibited by law from acting as a Director;*

18.5.1.2 *if he shall resign by writing under his hand left at the Office or if he shall in writing offer to resign and the Directors shall resolve to accept such offer;*

18.5.1.3 *if a bankruptcy or insolvency order is made against him in any jurisdiction or shall compound with his creditors generally;*

18.5.1.4 *if an order shall be made by any court claiming jurisdiction in that behalf on the ground (however formulated) of mental disorder for his detention or for the appointment of a curator/guardian or for the appointment of a receiver or other person (by whatever name called) to exercise powers with respect to his property or affairs;*

18.5.1.5 *if he shall be absent from meetings of the Directors for 6 (six) months without leave and the Directors shall resolve that his office be vacated; and*

18.5.1.6 *if a notice in writing is served upon him, signed by not less than three-quarters of the Directors for the time being, to the effect that his office as Director shall on or receipt of such notice ipso facto be vacated, but so that if he holds an appointment to an executive office which thereby automatically determines such removal shall be deemed an act of the Company and shall have*

effect without prejudice to any claim for damages for breach of any contract of service between him and the Company.

18.5.2 *The Board has the power to fill any vacancy on the Board on a temporary basis, provided that the appointment of a Director to fill a casual vacancy or as an addition to the Board must be confirmed by the Shareholders at the next Annual General Meeting of the Company.*

18.6 Removal of Director

The Company may in accordance with and subject to the provisions of the Act by Ordinary Resolution remove any Director from office (notwithstanding any provision of these Articles or of any agreement between the Company and such Director, but without prejudice to any claim he may have for damages for breach of any such agreement) and elect another person in place of a Director so removed from office.

EXTRACT FROM THE ARTICLES OF ASSOCIATION RELATING TO THE BORROWING POWERS OF HIL DIRECTORS

22.6 *The borrowing powers of the Company shall be unlimited. The Company shall have the power to borrow money and to hypothecate or otherwise charge its undertaking, property and uncalled capital or any part thereof including as security for its obligations and to issue debenture, debenture stock and other securities whether outright or as security for its liabilities or obligations or for those of any third party. The borrowing powers of the Company shall be exercised by the Directors.*

KING III CODE AND CORPORATE GOVERNANCE¹

1 COMMITMENT AND APPROACH

The Directors endorse and accept full responsibility for the application of the principles necessary to ensure that effective corporate governance is practised consistently throughout the Group. In discharging this responsibility, the Board intends to comply with the King Code in both letter and spirit.

The Directors have proactively taken steps to ensure that all the elements required to make HomeChoice Holdings fully compliant with the recommendations incorporated in the King Code have been implemented. HomeChoice Holdings has adopted a board charter setting out roles, functions, obligations, rights, responsibilities and powers of the Board and the policies and practices of the Board in respect of its duties, functions and responsibilities. HomeChoice Holdings has also adopted terms of reference for each of its committees.

The King Code directs that the chairman of the Board should be an independent non-executive director, and in instances where the chairman of the Board is an executive director, a lead independent director should be appointed. The position of chairman is held by an executive director, Rick Garratt. The Board believes that this departure from the King Code is appropriate given that Rick Garratt is the Group's founder, has many years of valuable experience and adds considerable value in the merchandise and marketing areas in particular. The Board has appointed an independent non-executive, John Bester, as lead independent director.

The Directors confirm that the Group has complied in all other material respects with the King Code and the governance requirements of the Companies Act.

2 BOARD OF DIRECTORS' PRACTICES

The HomeChoice Holdings Board of Directors currently consists of three executive Directors and four non-executive Directors. The Board of Directors is ultimately responsible for the day-to-day management of the Company's business, the Company's strategy and key policies. The Board of Directors is also responsible for approving the Company's financial objectives and targets. Members of the Board of Directors are appointed by the Company's shareholders.

The Company's executive Directors, who are also members of the executive committee, are involved in the day-to-day business activities of the Group and are responsible for ensuring that the decisions of the Board of Directors are implemented in accordance with the mandates given to it by the Board.

The Board meets four times per financial year, excluding any ad hoc meetings held to consider special business.

3 COMMITTEES

3.1 Audit and risk committee

John Bester, an independent non-executive director, chairs the audit and risk committee, and its other members are Pierre Joubert and Willem Jungschläger, both of whom are also non-executive Directors. The audit and risk committee is responsible for performing the functions required of it in terms of section 94(7) of the Companies Act. These functions include nominating and appointing the HomeChoice Holdings auditors and ensuring that such auditors are independent of HomeChoice Holdings; determining the fees to be paid to the auditor and the auditor's terms of engagement; ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation; dealing with any complaints (whether from within or outside HomeChoice Holdings) relating to accounting practices, internal audits of HomeChoice Holdings or the content of the HomeChoice Holdings financial statements, and related matters.

Meetings of the audit and risk committee are also attended by invitees, including the Executive Chairman, the Chief Financial Officer, the Operating Finance Director, and heads of internal audit and external auditors. The heads of internal audit and the external auditors have unlimited access to the chairman of the committee. The external auditors are invited to all meetings and at least annually meet with the committee without senior management being present.

¹ HIL is a recently incorporated, non-operational company. HIL is still in the process of finalising its newly constituted Board and board committees. As a result, the HIL Directors have not yet adopted any of the principles of King III. The King III and other corporate governance principles set out in this Annexure HIL2 are such principles as applied by HomeChoice Holdings. Once HIL has finalised and adopted such King III and other corporate governance principles, the HIL Directors will ensure that such principles are compliant with the JSE Listings Requirements.

The non-statutory functions of this committee are to assist the Board in fulfilling its responsibilities by reviewing the effectiveness of internal control systems in HomeChoice Holdings with reference to the findings of external auditors; reviewing the annual financial statements and interim reports of HomeChoice Holdings as well as other public communications of a financial nature; considering accounting issues; ensuring that all key areas of risks have been properly identified and that HomeChoice Holdings mitigates such risks; reviewing audit recommendations; and ensuring that HomeChoice Holdings complies with relevant legislation and sound corporate governance principles. In addition, and if required, the committee will review any significant cases of fraud, misconduct or conflicts of interests. The audit and risk committee will from time to time determine policies with regard to non-audit services provided by the external auditor.

The audit and risk committee reviews the expertise, experience and performance of the HomeChoice Holdings Chief Financial Officer, Annalize Kirsten, annually and reports on whether or not it is satisfied therewith. The audit and risk committee has determined that it is satisfied with Annalize Kirsten's current expertise, experience and performance as the HomeChoice Holdings Chief Financial Officer. In addition, the audit and risk committee reviews and reports on the expertise, resources and experience of HomeChoice Holdings' finance function.

The audit and risk committee meets four times per financial year, excluding any ad hoc meetings held to consider special business.

3.2 **Remuneration and nomination committee**

The remuneration and nomination committee comprises John Bester and Willem Jungschläger (who chairs the committee), both of whom are independent non-executive Directors and Rick Garratt. The Chief Executive Officer, Shirley Maltz, and the human resources director, Elmor Bester, are also invited to meetings, but are recused whenever matters concerning their remuneration are considered.

The remuneration and nomination committee is responsible for reviewing the Group's board structures, the size and composition of the various boards within the Group and to make recommendations in respect of these matters as well as an appropriate split between executive and non-executive Directors and independent Directors. This committee also assists in identification and nomination of new directors for approval by the Board. It considers and approves the classification of Directors as independent, oversees induction and training of Directors and conducts annual performance reviews of the Board and various Board committees. The remuneration and nomination committee is also responsible for ensuring the proper and effective functioning of the Group's boards and assists the chairman in this regard.

The remuneration and nomination committee further has the responsibility and authority to consider and make recommendations to the Board on, inter alia, the remuneration policy of the Company, the payment of performance bonuses, executive remuneration, short, medium and long-term incentive schemes and employee retention schemes.

The remuneration committee uses external market surveys and benchmarks to determine executive Directors' remuneration and benefits as well as non-executive Directors' base fees and attendance fees. HomeChoice Holdings' remuneration philosophy is to structure packages in such a way that long and short-term incentives are aimed at achieving business objectives and the delivery of shareholder value.

3.3 **Executive committee**

This committee is comprised of all of the executive Directors, namely Rick Garratt, Shirley Maltz and Annalize Kirsten. No fees are payable to executives for service on this committee.

3.4 **Social and ethics and sustainability committee**

This committee is comprised of Willem Jungschläger, John Bester and Rick Garratt of whom Willem Jungschläger and John Bester are non-executive directors. Willem Jungschläger chairs the committee. The social and ethics committee monitors the Company's activities, having regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination; the environment, health and public safety, including the impact of HomeChoice Holdings' activities, and of its products or services), consumer relationships and labour and employment issues.

The responsibility of this committee is further to advise the Board on all relevant aspects that may have a significant impact on the long-term sustainability of the Group and which influence the Group's integrated sustainability reporting. The committee will also draw to the attention of the Board matters within its mandate as occasion requires and report to the shareholders at the HomeChoice Holdings annual general meeting on such matters.

In order to carry out its functions the committee will be entitled to request information from any Directors or employees of HomeChoice Holdings, attend and be heard at general shareholders' meetings, and receive notices in respect of such meetings.

4 INTERNAL CONTROL SYSTEMS

To meet HomeChoice Holdings' responsibility to provide reliable financial information, HomeChoice Holdings maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority; that the assets are adequately protected against material losses, unauthorised acquisition; use or disposal; and that transactions are properly authorised and recorded.

The systems include a documented organisational structure and division of responsibility; established policies and procedures which are communicated throughout the Group; and the careful selection, training and development of people. The Company does not have an independent internal audit function.

HomeChoice Holdings monitors the operation of the internal control systems in order to determine if there are deficiencies. Corrective actions are taken to address control deficiencies as they are identified. The Board of Directors, operating through the audit and risk committee, oversees the financial reporting process and internal control systems.

There are inherent limitations on the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

5 COMPANY SECRETARIAL FUNCTION

The company secretary of HomeChoice Holdings is required to provide the Directors of HomeChoice Holdings, collectively and individually, with guidance as to their duties, responsibilities and powers. He is also required to ensure that the Directors are aware of all laws and legislation relevant to, or affecting HomeChoice Holdings and reporting to any meetings of the shareholders of HomeChoice Holdings or of HomeChoice Holdings' Directors, any failure on the part of HomeChoice Holdings or a director to comply with the HomeChoice Holdings MOI or rules of HomeChoice Holdings or the Companies Act.

The company secretary must certify in the company's annual financial statements whether the company has filed required returns and notices in terms of the Companies Act; and whether all such returns and notices appear to be true, correct and up to date; and ensure that a copy of the company's annual financial statements is sent, in accordance with this Act, to every person who is entitled to it. Furthermore, the company secretary is responsible for carrying out the functions of a person designated in its annual returns to ensure the company's compliance with its transparency, accountability and integrity of requirements set out in sections 22 to 34 of the Companies Act; and the enhanced accountability and transparency requirements set out in Chapter 3 of the Companies Act, to the extent applicable.

The company secretary is also required to ensure that minutes of all shareholders' meetings, Directors' meetings and the meetings of any committee of the Directors are properly recorded in accordance with section 24(d) and (e) and section 73 of the Companies Act.

MATERIAL CONTRACTS

Details of the material contracts entered into by HIL, HIL SA and the HomeChoice Holdings Group, other than within the ordinary course of business, within the 2 (two) years prior to the date of this Prospectus are as follows:

A. **HIL**

None

B. **HIL SA**

None

C. **HOMECHOICE HOLDINGS GROUP**

HomeChoice entered into a “Master Projects Agreement” with Arbofield (Proprietary) Limited (trading as “SIS Global”) (registration number 2009/021248/07) on 12 November 2011 recording the terms upon which SIS Global is to “*provide computer hardware and software application and system integration services as well as consultancy services to HomeChoice on a project basis*” and, further, is “*involved in the development, maintenance and general support services and support of software solutions for and on behalf of HomeChoice*”. This is a substantial agreement and includes, as annexure “A” thereto, a further substantial agreement styled “Project Order for the ERP Services” (“ERP” is an acronym for Enterprise Resource Planning). Phase I of the contract (relating to the Company’s procurement and finance functions) has been completed and Phases II and III are still to be completed.

RISK FACTORS IN INVESTING IN CONSIDERATION SHARES

You should carefully consider the risk factors described below and all other information contained in this Prospectus before you decide to invest in the Consideration Shares. If any of the following risk factors, as well as other risks and uncertainties that are not currently known to the Company or the Group or that it currently believes are not material, actually occur, the Company or Group's business, financial condition and results of operations could be materially and adversely affected. Accordingly the trading price of the Consideration Shares could decline, and you may lose part or all of your investment.

1 BUSINESS RELATED RISKS

1.1 Disruptions to IT systems and infrastructure

The Group is highly dependent on the effective operation of its information systems. The Group has certain controls to mitigate power loss and provide redundancy on the failure of telephony providers, however disruptions to systems or services provided by third-party suppliers would impact upon the Group's ability to transact with customers.

1.2 Failure to secure business data

As a data-rich direct marketing business, the Group is dependent upon the availability and integrity of its data for marketing, credit risk processes and customer engagement. The Group has accumulated a wealth of customer purchase, payment and contactability data and the failure to secure this, and data related to the customer list, could adversely affect the Group's competitive advantage.

1.3 Major disaster at the head office or distribution centre

The Group has centralised operations at its head office and distribution centre. A major disaster at either of these locations is likely to have a material impact on the Group's operations. The Group maintains insurance cover in respect of stock, and loss of profits cover in the event of damage or destruction, however the Group may suffer harm to its brand in such an event.

1.4 Loss of key executives and staff

The success of the Group is based, in part, on the strategic and operational contributions of its executives, senior management and other key staff. The Group operates in an environment in which there is a scarcity of direct marketing, retail and financial services skills, and the Group's accumulated talent and experience may not be readily replaced in the short term. The loss of key employees may disrupt the Group's business operations.

1.5 Supplier risk

The Group has a base of committed suppliers with whom it has built relationships over a number of years. The Group ensures that these relationships are actively maintained and, where appropriate, has identified alternative sources of supply. These suppliers are, however, subject to operational risks beyond the control of the Group and where such risks may cause delays or increased costs, these effects may be passed onto the Group.

1.6 Not correctly forecasting customer demand

The Group's merchandise offering is a strong driver of demand and it is essential that the Group is able to anticipate consumer trends and buy accordingly. If the Group is unsuccessful in forecasting developing trends or the demand for new products, the company may have stock shortages, which may negatively impact on the customer experience, or be overstocked, which may result in clearance sales or write-offs which could adversely affect margins.

1.7 Risks related to credit

The Group's strategic focus on the middle-income mass emerging market has credit risk. Whilst the Group strictly manages the granting of credit, the Group serves borrowers who display varying credit risk profiles and hence there are a variety of credit-related risks which the Group has to manage, including risks related to identifying creditworthy borrowers, approving borrowers for loans, monitoring loan exposure, collecting amounts due and recovering on non-performing loans.

2 SYSTEMIC RISKS

2.1 Environment in South Africa

Political, economic and general business conditions in South Africa may affect consumer confidence and spending, particularly in respect of the products sold by the Group, which are discretionary products. Periods of sustained low or no growth in the local economy may have adverse effects on the Group's revenues and cost of bad debt.

In general, South Africa faces many challenges in overcoming substantial inequalities in levels of social and economic development among its people. The South African Government has taken a number of significant steps towards addressing the social and economic problems in South Africa, although certain problems still exist. While South Africa features a highly developed financial and legal infrastructure at the core of its economy, it has high levels of unemployment, poverty and crime. Particular considerations include how the South African Government will ultimately address such tensions and problems; to what extent its efforts will be successful; the political, social and economic consequences of such efforts; and the effect on South African businesses of the continuing integration of the South African economy with the economies of the rest of the world. The economic direction of South Africa may be influenced by the extent to which the South African Government, organised labour and business are able to agree upon common goals and the means of achieving them. While the Group believes that the economic sentiment is positive for the future, these social and economic problems may have a negative impact on the South African economy and in turn may have an adverse effect on the Group's operations and on its business and financial performance as a whole.

2.2 Increased trade restrictions

Given the relatively high level of imports the introduction of additional quotas, import duties or other trade restrictions could increase the cost of the supply of products to the Group, and may require the Group to consider alternative supply sources, disrupting operations and significantly adversely affecting the profitability of the Group.

2.3 Exchange rate, interest rate and inflation fluctuations

Sudden changes in the exchange rate may affect the costs of goods imported, directly and indirectly. Significant and sudden increases in local interest rates may curb consumer expenditure, however will increase interest income. Furthermore, higher inflation rates may curb the Company's profitability where such increased inflation rates are not associated with increased productivity.

2.4 Legal and regulatory risk

The Group's activities are subject to legal and regulatory restrictions. Changes to such laws and regulations and/or changing interpretations of existing regulatory provisions may adversely affect the environment in which the Group operates and compliance with any changes to these laws and regulations could result in material costs being incurred by the Group. While the Group endeavours to ensure that it at all times complies with the applicable statutory and regulatory requirements, there is always a degree of uncertainty in this regard. Legislative compliance is incorporated in the Group's risk management processes and is reviewed with external advisers when considered appropriate. The Group will continue to actively monitor its regulatory compliance, take appropriate advice, and make any necessary adjustments to its operational procedures and products as and when required. There is however the risk that the Group may be unaware of current instances of non-compliance with legislation. Failure by the Group to comply with any such laws or regulations may result in fines, penalties, liability and/or legal action, such as mandatory shutdowns, damages, criminal prosecutions, financial penalties, injunctive actions, loss of trade agreements and contracts and reputational damage, and may also necessitate costly remedial actions and could limit the Group's ability to recover and enforce its rights against consumers. Certain key legislation and regulations to which the Group is currently subject is listed below:

- National Credit Act, No. 34 of 2005
- Consumer Protection Act, No. 68 of 2008
- Financial Advisory and Intermediary Services Act, No. 37 of 2001
- Companies Act, No. 71 of 2008
- Protection of Personal Information Act, No. 4 of 2013

3 RELATED TO THE OFFER

3.1 Share price volatility

The market price of the Consideration Shares offered may fluctuate due to a number of factors outside of the control of the Group, including changes in general market conditions, the general performance of the JSE, the general state of the economy, prevailing market sentiment regarding the Consideration Shares or similar securities, speculation regarding the Consideration Shares or the Group's prospects, sales of the Consideration Shares, regulatory changes affecting the Group's operating environment and the performance of competitors or similar listed companies. In addition, variation in the operating results and business prospects of the Group from time to time could result in declines in the price of the HIL Shares.

3.2 Dividends

HIL's ability to pay dividends to the holders of Consideration Shares is dependent on the satisfaction of the solvency and liquidity requirements of the Malta Companies Act and the availability of distributable earnings, or other free cash flow. The Board has the right to change the dividend policy from time to time.

3.3 Liquidity risk

There can be no assurance that an active market for trade in the Consideration Shares will develop after the listing of the Consideration Shares on the JSE. In the event that an active trading market in respect of the Consideration Shares fails to develop, the liquidity of the Consideration Shares will be adversely affected, which may result in decreases in the market price of the Consideration Shares.

3.4 Key shareholders

Immediately following the implementation of the Scheme GFM will beneficially own approximately 80.3% of the HIL Shares. As a result GFM may be able to exercise significant influence over matters requiring shareholder approval, including the election of the members of the Board and significant corporate transactions.

FINANCIAL INFORMATION REQUIRED IN TERMS OF REGULATION 78 IN RESPECT OF HOMECHOICE HOLDINGS

In terms of Regulation 78 of the Companies Act, this annexure includes the historical profits of HomeChoice Holdings Limited for the preceding 3 (three) financial years ended 31 December 2013, 2012 and 2011, and its statement of financial position as at 31 December 2013.

EXTRACT FROM THE STATEMENT OF COMPREHENSIVE INCOME

	Financial year ended		
	31 December 2013	31 December 2012	31 December 2011
	R'000	R'000	R'000
Profit before tax	431 019	397 153	338 044
Profit after tax	309 323	284 497	239 996

STATEMENT OF FINANCIAL POSITION

	31 December 2013
	R'000
Assets	
Non-current assets	
Property, plant and equipment	292 785
Intangible assets	61 237
Loans to employees	6 362
Investment in associates	6 536
Deferred taxation	18 133
	385 053
Current assets	
Inventories	144 964
Taxation receivable	77
Trade and other receivables	1 169 921
Trade receivables – Retail	686 375
Loans receivable – Financial Services	462 080
Other receivables	21 466
Cash and cash equivalents	67 981
	1 382 943
Total assets	1 767 996
Equity and liabilities	
Equity attributable to equity holders of parent	
Ordinary shares and stated capital	30 980
Treasury shares	(13 733)
Other reserves	1 902
Retained earnings	1 266 575
Total equity	1 285 724
Non-current liabilities	
Interest-bearing liabilities	188 208
Deferred taxation	68 015
Other payables	3 510
	259 733
Current liabilities	
Interest-bearing liabilities	21 148
Taxation payable	8 953
Trade and other payables	134 552
Provisions	9 000
Bank overdraft	48 886
	222 539
Total liabilities	482 272
Total equity and liabilities	1 767 996

REPORT OF THE AUDITORS IN TERMS OF REGULATION 78 IN RESPECT OF HOMECHOICE HOLDINGS

The Directors
HomeChoice International P.L.C. ("HIL")
93 Mill Street
Qormi
QRM 3102
Malta

REPORT BY THE AUDITOR IN TERMS OF REGULATION 78 OF THE COMPANIES ACT

Dear Sirs

PricewaterhouseCoopers ("PwC" or "we") is the appointed auditor of HomeChoice International P.L.C. ("HIL"). Regulation 78 of the Companies Act 71 of 2008 of South Africa (the "Act") requires a report by the auditor of HIL to be included in a prospectus, and for such report to address the matters set out in Regulation 78 to the Act.

Consequently, we have been requested to provide this report on the following historical financial information of HomeChoice Holdings Limited ("the Company") to be included in the prospectus of HIL to be issued on or about 27 October 2014 (the "Prospectus"):

- the consolidated profit/loss after tax of the Company in respect of the years ended 31 December 2013, 31 December 2012 and 31 December 2011, as set out in Annexure HIL5 of the Prospectus; and
- the consolidated assets and liabilities of the Company included in the statement of financial position as at 31 December 2013, as set out in Annexure HIL5 of the Prospectus.

The above is collectively referred to as the "Regulation 78 financial information".

The Regulation 78 financial information has been extracted from the audited financial statements of the Company for the years ended 31 December 2013, 31 December 2012 and 31 December 2011, which were prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa. We expressed unqualified audit opinions on those financial statements in our reports dated 13 March 2014, 15 March 2013 and 16 March 2012, respectively, based on our audits which were conducted in accordance with the International Standards on Auditing.

The Regulation 78 financial information does not reflect the effects of events that may have occurred subsequent to the date of our audit report on the Company's financial statements for the year ended 31 December 2013. We have also not performed audit procedures in respect of events which occurred between 13 March 2014, the date of our audit report on the financial statements for the year ended 31 December 2013, and the date of issue of the Prospectus. Furthermore, the Regulation 78 financial information set out in Annexure HIL5 of the Prospectus is not a full set of financial statements in accordance with International Financial Reporting Standards and the requirements of the Act. Reading the Regulation 78 financial information is, therefore, no substitute for reading the audited financial statements of the Company for the years ended 31 December 2013, 31 December 2012 and 31 December 2011.

Restriction on use and distribution

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties.

MC Hamman

Director
Chartered Accountant (SA)

Cape Town
17 October 2014

REPORT OF THE AUDITORS IN TERMS OF REGULATION 79 IN RESPECT OF HIL

The Directors
 HomeChoice International P.L.C.
 93 Mill Street
 Qormi
 QRM 3102
 Malta

Dear Sirs

Report of factual findings by the auditor in terms of Regulation 79 of the Companies Act to the directors of HomeChoice International P.L.C.

PricewaterhouseCoopers (“PwC” or “we”) is the appointed auditor of HomeChoice International P.L.C. (the “Company”), a company incorporated in Malta. Regulation 79 to the Companies Act 71 of 2008 of South Africa (the “Act”) requires a report by the auditor of the Company to be included in a prospectus contemplated in Regulation 56 of the Act, and for such report to address the matters set out in Regulation 79 to the Act.

We have performed the procedures agreed with you and enumerated below with respect to the financial information required in terms of Regulation 79 to the Companies Act of HomeChoice International P.L.C.

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you on the following historical financial information included in the prospectus of the Company to be issued on or about 27 October 2014 (the “Prospectus”) and are summarised as follows:

- 1 agree the profit before tax and the profit after tax in respect of the years ended 31 December 2013, 31 December 2012 and 31 December 2011, as set out in the Prospectus, to the audited financial statements for those years;
- 2 agree the asset and liability balances, as included in the Regulation 79 financial information, to the audited financial statements for the year ended 31 December 2013;
- 3 agree the ordinary share dividends paid by the Company in respect of each of the 3 (three) financial years immediately preceding the issue of the Prospectus, as set out in the Prospectus;
- 4 confirm the nature of debtors’ and creditors’ balances as at 31 December 2013, as included in the Regulation 79 financial information;
- 5 confirm that the provision for doubtful debts as at 31 December 2013, as included in the Regulation 79 financial information, did not appear to be materially misstated;
- 6 confirm that the provision for inventory obsolescence or inventory overvaluation as at 31 December 2013, as included in Regulation 79 financial information, did not appear to be materially misstated;
- 7 confirm that intercompany profits have been eliminated from the amounts presented in the Regulation 79 financial information;
- 8 read the minutes of meetings of the Board of Directors of the Company since the date of the last annual financial statements, and up to the date of this report, to identify any matters regarding material changes in assets or liabilities;
- 9 obtain a letter of representation from management confirming that there have been no material changes in the assets and liabilities of the Company and its subsidiaries since the date of the last annual financial statements; and
- 10 if no annual financial statements were made out by or for the company in respect of any part of the 3 (three) years ending on a date 3 (three) months before the issue of the Prospectus, state the fact.

We report our findings below:

- 1 – 9 We were unable to perform procedures 1 – 9. The Company was incorporated on 22 July 2014 as per the Certificate of Registration. The Company has not yet had a financial year-end nor prepared annual financial statements.
- 10 No annual financial statements were made out by or for the company in respect of any part of the 3 (three) years ending on a date 3 (three) months before the issue of the Prospectus.

Because the above procedures do not constitute either an audit, review or other assurance engagement made in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, we do not express any assurance on the financial information required in terms of Regulation 79 to the Companies Act of HomeChoice International P.L.C.

Had we performed additional procedures or had we performed an audit or review of, or other assurance engagement on the financial information required in terms of Regulation 79 to the Companies Act of HomeChoice International P.L.C. in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties.

This report relates only to the accounts and items specified above and does not extend to any financial statements of HomeChoice International P.L.C., taken as a whole.

MC Hamman

Director

Chartered Accountant (SA)

Cape Town

17 October 2014

