

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply mutatis mutandis to this cover.

ACTION REQUIRED BY SHAREHOLDERS

- This entire Circular is important and should be read with particular attention to the section entitled “Action required by Shareholders”, which commences on page 2.
- If you are in any doubt as to what action to take, you should consult your broker, CSDP, banker, accountant, attorney or other professional advisor immediately.
- If you have disposed of all your Quantum Shares, please forward this Circular and the Form of Election and Surrender for the Tender Offer (*grey*) to the purchaser to whom, or the broker, CSDP or other agent through whom, the disposal was effected.

DISCLAIMER

- **Quantum does not accept any responsibility and will not be held liable for any failure on the part of a CSDP or broker of a Dematerialised Shareholder to notify such Shareholder of the information set out in this Circular.**



QUANTUM FOODS HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2013/208598/06)

Share Code: QFH, ISIN: ZAE000193686

(“Quantum” or “the Company”)

CIRCULAR TO SHAREHOLDERS

Regarding

- a Tender Offer to repurchase up to a maximum of 11 080 481 Shares, constituting up to 4.99999% of the issued shares of the Company, from Shareholders, on a *pro rata* basis.

and incorporating

- a Form of Election and Surrender for the Tender Offer (*grey*) (for use by Certificated Shareholders only).



PSG CAPITAL

Transaction Advisor and Sponsor

Date of issue: Thursday, 19 July 2018

This Circular is available in English only. Copies may be obtained during normal business hours from the registered office of Quantum and from the offices of the Transaction Advisor and Sponsor, whose addresses are set out in the “Corporate Information” section of this Circular from Thursday, 19 July 2018 until Friday, 17 August 2018 (both days inclusive). A copy of this Circular will also be available on Quantum’s website (www.quantumfoods.co.za) from Thursday, 19 July 2018.

CORPORATE INFORMATION

Directors

WA Hanekom (Chairman)**
HA Lourens (Chief Executive Officer)
AH Muller (Chief Financial Officer)
PE Burton (Lead independent)**
GG Fortuin**
Prof. ASM Karaan**
N Celliers*

* *non-executive*

independent

Company secretary and registered office

MO Gibbons
11 Main Road, Wellington, 7655
(PO Box 1183, Wellington, 7654)

Date of incorporation

7 November 2013

Place of incorporation

South Africa

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Transaction Advisor and Sponsor

PSG Capital Proprietary Limited
(Registration number 2006/015817/07)
1st Floor, Ou Kollege
35 Kerk Street
Stellenbosch, 7599
(PO Box 7403, Stellenbosch, 7599)

and at

2nd Floor
11 Alice Lane (Building 3)
Sandhurst
Sandton, 2196
(PO Box 650957, Benmore, 2010)

TABLE OF CONTENTS

	<i>Page</i>
CORPORATE INFORMATION	IFC
ACTION REQUIRED BY SHAREHOLDERS	2
SALIENT DATES AND TIMES	3
DEFINITIONS AND INTERPRETATIONS	4
CIRCULAR TO SHAREHOLDERS:	6
1. Introduction and purpose of the Circular	6
2. The Tender Offer	6
3. Material Changes	9
4. Share Capital	10
5. Directors Beneficial Interest	10
6. Major Shareholders	10
7. Expenses	11
8. Conflicts	11
9. Responsibility statement	11
10. Documents available for inspection	11
Annexure 1 – Table of entitlement	12
Form of Election and Surrender for the Tender Offer (<i>grey</i>)	Attached

ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this Circular apply to this section headed "Action required by Shareholders".

This Circular is important and requires your immediate attention. The action you need to take, is set out below. If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately. If you have disposed of all of your Quantum Shares, this Circular should be handed to the purchaser to whom, or the CSDP, broker or other agent through whom, the disposal was effected.

ACTION REQUIRED BY SHAREHOLDERS

Quantum is extending a Tender Offer on a *pro rata* basis. If you do not make an election to sell your Shares, your shareholding will remain unchanged. Shareholders are entitled to sell Shares up to their Basic Entitlement in the Tender Offer. In addition, Shareholders are entitled to sell additional Shares held on the Record Date in excess of their Basic Entitlement to the extent that other Shareholders tender less than their Basic Entitlement. Any such excess tenders will be satisfied, on a *pro rata* basis, in proportion to the amount tendered in excess of the Basic Entitlement (rounded down to the nearest whole number of Shares), subject to the Tender Offer Cap.

Shareholders should note that the Tender Offer opens at 9:00am on Thursday, 19 July 2018 and closes at 12:00pm on Friday, 17 August 2018.

1. CERTIFICATED SHAREHOLDERS

- 1.1 You may elect to sell your Shares to Quantum by completing the Form of Election and Surrender for the Tender Offer (*grey*) and returning it to Computershare at the address set out in that form to be received by no later than 12:00pm on Friday, 17 August 2018.
- 1.2 Certificated Shareholders should also return their share certificate(s) and/or Documents of Title in respect of the Shares tendered.
- 1.3 If any Documents of Title of Certificated Shareholders have been lost or destroyed and the Certificated Shareholder concerned produces evidence to this effect to the satisfaction of Computershare and Quantum, then Computershare, subject to obtaining Quantum's consent, may dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.

2. DEMATERIALISED SHAREHOLDERS WITH OR WITHOUT OWN NAME REGISTRATION

- 2.1 Your CSDP or broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP or broker to ascertain what choice you wish to make in terms of the Tender Offer and thereafter to advise Computershare of such choice.
- 2.2 If you have not been contacted, you should contact your CSDP or broker and furnish it with your instructions relating to your choice.
- 2.3 If your CSDP or broker does not obtain instructions from you regarding your choice, it will be obliged to act in accordance with the provisions contained in the agreement concluded between you and your CSDP or broker.
- 2.4 You must **NOT** complete the Form of Election and Surrender for the Tender Offer (*grey*).

3. FRACTIONS

No fraction of a Share will be acquired in the Tender Offer. Accordingly, your Basic Entitlement will be rounded down to the nearest whole number resulting in whole Shares being acquired only.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this Circular apply to this section headed "Salient Dates and Times".

2018

Record date to determine which Shareholders are entitled to receive the Circular	Friday, 13 July
Circular incorporating the Form of Election and Surrender for the Tender Offer (<i>grey</i>) to be posted to Shareholders on	Thursday, 19 July
Distribution of Circular incorporating the Form of Election and Surrender for the Tender Offer (<i>grey</i>) to be announced on SENS	Thursday, 19 July
Tender Offer open at 09:00am	Thursday, 19 July
Distribution of Circular incorporating the Form of Election and Surrender for the Tender Offer (<i>grey</i>) to be announced in the press	Friday, 20 July
Finalisation announcement (including the final Tender Offer Price) released on SENS on or before	Monday, 6 August
Last day to trade in order to participate in the Tender Offer	Tuesday, 14 August
Shares trade "ex" the Tender Offer on	Wednesday, 15 August
Forms of Election and Surrender for the Tender Offer to be received by Computershare by 12:00pm on (<i>grey</i>)	Friday, 17 August
Tender Offer closes at 12:00pm on	Friday, 17 August
Record date to determine which Shareholders are entitled to participate in the Tender Offer at close of business on	Friday, 17 August
Dematerialised Shareholders who have accepted the Tender Offer will have their accounts held at their CSDP or broker credited with the Tender Offer Price on	Monday, 20 August
Payments of the Tender Offer Price to Certificated Shareholders on	Monday, 20 August
Results of the Tender Offer released on SENS on	Monday, 20 August
Results of the Tender Offer published in the press on	Tuesday, 21 August
Cancellation and termination of listing of Quantum Shares repurchased in terms of the Tender Offer expected on or about	Tuesday, 21 August

Notes:

1. The above dates and times are subject to change. Any changes will be published on SENS.
2. All times quoted in this Circular are local times in South Africa.
3. Dematerialised Shareholders are requested to notify their duly appointed CSDP or broker of their election by the cut-off time stipulated by their CSDP or broker. This will be an earlier date than the closing of the Tender Offer.
4. In the case of Certificated Shareholders who choose to accept the Tender Offer, payment will be made by electronic funds transfer into the bank accounts of the Certificated Shareholder on or about Monday, 20 August 2018, if such Shareholders' banking details have been provided in the relevant Form of Election and Surrender. **To combat the increase in cheque fraud, the Company has discontinued payments by cheque and accordingly, payment to Certificated Shareholders is dependent on the Transfer Secretaries being in possession of such Certificated Shareholder's banking details.**
5. Shareholders may not Dematerialise or rematerialise their Shares between Wednesday, 15 August 2018 and Friday, 17 August 2018, both dates inclusive.

DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, any reference to a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following expressions bear the meanings assigned to them, below:

“Basic Entitlement”	means the entitlement of each Shareholder to sell up to 4.99999% of the Shares registered in such Shareholder’s name on the Record Date rounded down to the nearest whole number;
“Board” or “Directors”	the board of directors of Quantum;
“Business Day”	any day other than a Saturday, Sunday or an official public holiday in South Africa;
“Certificated Shareholders”	Shareholders who hold Certificated Shares;
“Certificated Shares”	shares which have not yet been Dematerialised, title to which is represented by a share certificate or other Documents of Title;
“Circular”	this Circular to Shareholders, dated Thursday, 19 July 2018, together with any annexures hereto, and including the Form of Election and Surrender for the Tender Offer (<i>grey</i>);
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended;
“Computershare” or “Transfer Secretaries”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated under the laws of South Africa;
“CSDP”	Central Securities Depository Participant;
“Dematerialise” or “Dematerialised” or “Dematerialisation”	the process by which Certificated Shares are converted into an electronic format as Dematerialised Shares and recorded in the Company’s uncertificated securities register administered by a CSDP;
“Dematerialised Shareholders”	holders of Dematerialised Shares;
“Dematerialised Shares”	Shares which have been incorporated into the Strate system and which are no longer evidenced by share certificates;
“Documents of Title”	share certificates, certified transfer deeds, balance receipts or any other documents of title to Shares acceptable to the Board;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961, as amended, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended;
“FICA”	the Financial Intelligence Centre Act, No.38 of 2001;
“Form of Election and Surrender for the Tender Offer”	form of election and surrender for use by Certificated Shareholders in order for such Shareholders to sell their Shares in the Tender Offer (<i>grey</i>);
“Income Tax Act”	the Income Tax Act, No. 58 of 1962;
“JSE”	the exchange, licensed under the Financial Markets Act, operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated under the laws of South Africa and licensed as an exchange under the Financial Markets Act;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Circular, which date was Wednesday, 11 July 2018;
“Listings Requirements”	the Listings Requirements of the JSE;
“PSG Capital” or “Transaction Advisor and Sponsor”	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company incorporated under the laws of South Africa, particulars of which appear in the “ <i>Corporate Information</i> ” section of the Circular;

“Quantum” or “the Company”	Quantum Foods Holdings Limited (registration number 2013/208598/06), a public company incorporated under the laws of South Africa;
“Record Date”	the record date of the Tender Offer, being Friday, 17 August 2018;
“Shares”	ordinary no par value shares in Quantum’s share capital;
“Shareholders”	holders of Shares;
“South Africa”	the Republic of South Africa;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated under the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
“Tender Offer”	the voluntary offer by Quantum to Shareholders to repurchase up to the Tender Offer Cap from Shareholders on a <i>pro rata</i> basis, at the Tender Offer Price, subject to the terms and conditions set out in paragraph 2 of this Circular;
“Tender Offer Cap”	the maximum amount of Shares that may be repurchased in terms of the Tender Offer being 11 080 481 Shares, which constitutes up to 4.99999% of the issued Shares of the Company; and
“Tender Offer Price”	means the price at which Quantum will repurchase the Shares in terms of the Tender Offer being a price per share equal to the volume weighted average traded price of the Shares for the 10 trading days ending Friday, 3 August 2018, plus a premium of 5%.



QUANTUM FOODS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2013/208598/06)
Share Code: QFH, ISIN: ZAE000193686
("Quantum" or "the Company")

Directors

WA Hanekom (Chairman)*#
HA Lourens (Chief Executive Officer)
AH Muller (Chief Financial Officer)
PE Burton (Lead independent)*#
GG Fortuin*#
Prof. ASM Karaan*#
N Celliers*

* *non-executive*

independent

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

- 1.1 Quantum wishes to provide a liquidity event for Shareholders wishing to dispose of some or all of their Shares. The Tender Offer will also reduce the ongoing administrative costs associated with housing a large number of Shareholders (to the extent that they sell all their Shares) and will be enhancing to Shareholders that do not wish to participate in the Tender Offer.
- 1.2 The purpose of this Circular is to furnish Shareholders with all the relevant information relating to the Tender Offer in accordance with the Companies Act and the Listings Requirements.

2. THE TENDER OFFER

2.1 Terms of the Tender Offer

- 2.1.1 Subject to paragraph 2.1.2 below, Quantum is extending the Tender Offer to all Shareholders to acquire some or all of their Shares, on a *pro rata* basis, at the Tender Offer Price.
- 2.1.2 Shareholders are entitled to sell their Basic Entitlement to Quantum in terms of the Tender Offer. In addition, Shareholders are entitled to sell additional Shares held by them on the Record Date in excess of their Basic Entitlement to the extent that other Shareholders tender less than their Basic Entitlement. Any such excess tenders will be satisfied, on a *pro rata* basis, in proportion to all amounts tendered in excess of the Basic Entitlement (rounded down to the nearest whole number of Shares), subject to the Tender Offer Cap.
- 2.1.3 Shareholders who do not make an election to tender their Shares will retain their shareholding in Quantum.

2.2 Record date

The Record Date is the close of business on Friday, 17 August 2018. All Shareholders that are recorded in the register of Shareholders at close of business on the Record Date are entitled to take part in the Tender Offer. No further documentation will be sent to Shareholders in this regard.

2.3 Last day to trade

- 2.3.1 Shareholders are advised that the last date to trade in order to take part in the Tender Offer will be Tuesday, 14 August 2018.
- 2.3.2 Shareholders should note that as transactions in Shares are settled in the electronic settlement system used by Strate, settlement of trades takes place three South African Business Days after such trade. Therefore, Shareholders who acquire Shares after close of trade on Tuesday, 14 August 2018 will not be entitled to participate in the Tender Offer.

2.4 Tender Offer Price

The Tender Offer Price will be calculated using the volume weighted average traded price of a Quantum Share on the JSE over the ten trading days ending Friday, 3 August 2018, plus a 5% premium. The Tender Offer Price will be announced on SENS on Monday, 6 August 2018. The Tender Offer Price will be settled in cash on the settlement date, being Monday, 20 August 2018.

2.5 Fractions

No fraction of a Share will be acquired in terms of the Tender Offer. Accordingly, each Shareholder's Basic Entitlement will be rounded down to the nearest whole number resulting in whole Shares being acquired only.

2.6 Transaction costs

2.6.1 Shareholders will not have to bear any transaction costs.

2.6.2 The transfer costs of Shareholders who sell all or part of their holdings to Quantum will be borne by Quantum.

2.6.3 Quantum, by proposing the Tender Offer, is therefore making it possible for Shareholders who wish to dispose of their shareholding to do so in a cost effective manner.

2.7 Taxation

2.7.1 The below paragraphs are a general guide and are not intended to constitute a complete analysis of the taxation consequences for shareholders in terms of South African taxation law. It is not intended to be, nor should it be considered as legal or taxation advice.

2.7.2 Quantum and its advisers cannot be held responsible for the taxation consequences that the Tender Offer may have on individual Shareholders and therefore Shareholders are advised to consult their own tax advisers if they are in any doubt about their tax position.

2.7.3 The Tender Offer Price payable to Shareholders will constitute a "dividend" as defined in section 1 of the Income Tax Act. The Tender Offer Price will give rise to a liability for dividends tax in accordance with the Income Tax Act in the event that any Shareholder does not qualify for an exemption from the dividends tax.

2.7.4 In the event that any Shareholder does not qualify for an exemption from the dividends tax, 20% will be withheld from the Tender Offer Price in relation to a particular Shareholder in order to make payment of such liability for dividends tax.

2.7.5 A capital loss may occur depending on the circumstances. We therefore recommend that you discuss all tax consequences with your tax advisor.

2.8 Mechanism

2.8.1 The Tender Offer is open for acceptance from 09:00am on Thursday, 19 July 2018 and will close at 12:00pm on Friday, 17 August 2018. All Shareholders recorded in the register of Shareholders at close of business on the Record Date will be entitled to take part in the Tender Offer. The procedure on how such Shareholders may participate in the Tender Offer is set out in paragraph 2.9 below.

2.8.2 The Shares of those Shareholders who choose to sell some or all of their Shares in the Tender Offer, will be repurchased by Quantum at the Tender Offer Price, on a *pro rata* basis, subject to paragraph 2.1.2.

2.8.3 Shareholders who do not make an election will retain their shareholding in Quantum.

2.9 Election and surrender procedure

2.9.1 Subject to paragraph 2.1.2, Shareholders may choose to sell some or all of their Shares in the Tender Offer at the Tender Offer Price. Those Shareholders who do not make an election will retain their existing shareholding in Quantum.

2.9.2 The choice made by Shareholders is final and irrevocable and may not be withdrawn once made.

2.9.3 Certificated Shareholders must complete the attached Form of Election and Surrender for the Tender Offer (*grey*) and return it to Computershare, to be received by no later than 12:00pm on Friday, 17 August 2018.

2.9.4 Dematerialised Shareholders should instruct their CSDP or broker as to what action they wish to take in the time and manner stipulated in the agreement entered into between them and their CSDP or broker. Dematerialised Shareholders must NOT return the Form of Election and Surrender for the Tender Offer (*grey*) to Computershare.

2.9.5 If any Documents of Title of Certificated Shareholders have been lost or destroyed and the Shareholder concerned produces evidence to this effect to the satisfaction of Computershare and Quantum, then Computershare, subject to obtaining Quantum's consent, may dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.

2.9.6 Receipts for the surrender of Documents of Title of Certificated Shareholders will be issued only on request. In compliance with the Listings Requirements, lodging agents are requested to prepare special transaction receipts, if required.

- 2.9.7 Subject to the implementation of the Tender Offer, it will be necessary for Certificated Shareholders who have elected to sell some or all of their Shares in the Tender Offer to submit all existing Documents of Title under cover of the attached form of election and surrender to Computershare.
- 2.9.8 Nominee companies will be treated as a single Shareholder, but should a nominee company choose to dispose of some or all of the Shares on behalf of principals, it may do so by applying in writing to Computershare, giving details of the number of Shares involved, such application to be received by no later than 12:00pm on Friday, 17 August 2018.
- 2.9.9 For Shareholders who choose to sell some or all of their Shares in the Tender Offer, all forms of election and surrender, received by Computershare by no later than 12:00pm on Friday, 17 August 2018, will be processed and payment will be made by electronic funds transfers into the Shareholder's bank account on or about Monday, 20 August 2018, if such Shareholders have provided the banking details on the form of election and surrender. **To combat the increase in cheque fraud, the Company has discontinued payments by cheque and accordingly, payment to Certificated Shareholders is dependent on the Transfer Secretaries being in possession of such Certificated Shareholder's banking details.**
- 2.9.10 In respect of Dematerialised Shareholders who elect to sell some or all of their Shares in the Tender Offer, their accounts held at their CSDP or broker will be credited with the cash amount on or about Monday, 20 August 2018.
- 2.10 **Financial effect and source of funds**
- 2.10.1 Assuming the maximum number of 11 080 481 Shares are repurchased in terms of the Tender Offer, Quantum's issued share capital will reduce by up to 4.99999%, which will be enhancing to Quantum's earnings per Share and headline earnings per Share.
- 2.10.2 The impact in the net asset value per Share and tangible net asset value per Share is expected to be nominal due to the cash outflow and the reduction of Shareholders equity
- 2.10.3 Assuming the maximum number of 11 080 481 Shares are repurchased in terms of the Tender Offer, the cost is expected to be approximately R53 400 000 for the Tender Offer, plus transaction costs of approximately R355 000.
- 2.10.4 Quantum's existing cash resources will be utilised to satisfy all cash requirements arising out of the Tender Offer.
- 2.11 **Directors statement on working capital**
- Having considered the possible effects of repurchasing Shares in terms of the Tender Offer, the Directors are of the opinion that:
- 2.11.1 the Company will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of the approval of the Circular;
- 2.11.2 the assets of the Company will be in excess of the liabilities of the Company for a period of 12 months after the date of the approval of the Circular. For this purpose, assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements;
- 2.11.3 the share capital and reserves of the Company will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of the Circular; and
- 2.11.4 working capital of the Company will be adequate for ordinary business purposes for a period of 12 months after the date of the approval of the Circular.
- 2.12 **Jurisdiction**
- 2.12.1 All transactions arising from the provisions of this Circular shall be governed by and be subject to the laws of South Africa. The Tender Offer may be affected by the laws of the relevant jurisdictions of foreign Shareholders. Such foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Circular that may affect them.
- 2.12.2 The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

- 2.12.3 It is the responsibility of any foreign Shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant jurisdiction in connection with the Tender Offer, including the obtaining of any governmental, exchange control or other consent or the making of any filings which may be required, the compliance with other necessary formalities, the payment of any issue, transfer or other taxes or requisite payments due in such jurisdiction. The Tender Offer is further subject to any other applicable laws and regulations, including the Exchange Control Regulations.
- 2.12.4 Any foreign Shareholder who is in doubt as to his position, including, without limitation, his tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

2.13 Exchange Control Regulations

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to Shareholders. Shareholders who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

2.13.1 Emigrants from the Common Monetary Area

- 2.13.1.1 The Tender Offer Price is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.
- 2.13.1.2 The Tender Offer Price due to a Shareholder who is an emigrant from South Africa, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited in a blocked account with the Shareholder's authorised dealer in foreign exchange in South Africa (controlling the Shareholder's blocked assets in accordance with his instructions), against delivery of the relevant Documents of Title.
- 2.13.1.3 The authorised dealer releasing the relevant Documents of Title in terms of the Tender Offer must countersign the attached form of election and surrender thereby indicating that the Tender Offer Price will be placed directly in its control.
- 2.13.1.4 The attached form of election and surrender makes provision for the details of the authorised dealer concerned to be provided.

2.13.2 All other non-residents of the Common Monetary Area

- 2.13.2.1 The Tender Offer Price due to an "own-name" Shareholder who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the authorised dealer in foreign exchange in South Africa nominated by such Shareholder. It will be incumbent on the Shareholder concerned to instruct the nominated authorised dealer as to the disposal of the Tender Offer Price against delivery of the relevant Documents of Title.
- 2.13.2.2 The form of election and surrender attached to this Circular makes provision for the nomination required in terms of paragraph 2.13.2.1 above. If the information regarding the authorised dealer is not given in terms of paragraph 2.13.2.1 above, the Tender Offer Price paid will be held in trust by Quantum for the Shareholder concerned pending receipt of the necessary information or instruction.
- 2.13.2.3 All CSDPs and brokers with whom Shares have been Dematerialised should note that they are required to comply with the Exchange Control Regulations set out above.

2.14 Prohibited Period

Quantum will not undertake the Tender Offer during a prohibited period as defined in the Listings Requirements.

2.15 Memorandum of incorporation

The memorandum of incorporation of Quantum provides the Directors with the authority to repurchase its own Shares in terms of the Tender Offer, in accordance with the Listings Requirements.

3. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Quantum since the publication of Quantum's interim financial statements for the six months ended 31 March 2018.

4. SHARE CAPITAL

4.1 The authorised and issued share capital of Quantum before the implementation of the Tender Offer, is as follows:

	Number of Shares	R
Authorised share capital		
Shares of no par value	400 000 000	
Issued share capital prior to the implementation of the Tender Offer		
Stated capital – Shares of no par value	221 610 075	1 549 971 783
Treasury Shares	334 419	1 518 845

4.2 The authorised and issued share capital of Quantum after the implementation of the Tender Offer, is as follows:

	Number of Shares	R
Authorised share capital		
Shares of no par value	400 000 000	
Issued share capital after the implementation of the Tender Offer		
Stated capital – Shares of no par value	210 529 594	1 496 571 783
Treasury Shares	334 419	1 518 845

Notes:

1. Assumes the maximum number of Shares have been repurchased in terms of the Tender Offer.
2. The issued share capital after the implementation of the Tender Offer is calculated based on an assumed Tender Offer Price.
3. Treasury Shares are as at the Last Practicable Date.

5. DIRECTORS BENEFICIAL INTERESTS

5.1 The beneficial interests in Shares held by all the Directors of Quantum as at the Last Practicable Date, are set out below:

Director	Number of Shares held directly	Number of Shares held indirectly	Total number of Shares held	% of issued ordinary share capital
WA Hanekom	–	7 524 758	7 524 758	3.395
HA Lourens	648 113	–	648 113	0.292
AH Muller	228 364	–	228 364	0.103
PE Burton	–	3 000	3 000	0.001
GG Fortuin	–	–	–	–
Prof. ASM Karaan	–	86 147	86 147	0.039
N Celliers	–	–	–	–
Total	876 477	7 613 905	8 490 382	3.831

Note:

1. Includes Shares held in trusts of which the Directors are discretionary beneficiaries.

5.2 The Directors and prescribed officers of the Company will not participate in the Tender Offer.

6. MAJOR SHAREHOLDERS

As far as the Directors are aware, as at the Last Practicable Date, the following persons, other than Directors, are beneficially interested, directly or indirectly, in 5% or more of the Shares in issue:

Name of Shareholder	Number of Shares	% of Shares in issue
Zeder Investments Limited	61 620 084	27.8
Allan Gray Proprietary Limited	33 034 430	14.9
Coronation Management Company (RF) Proprietary Limited	12 717 183	5.7

7. EXPENSES

Quantum's preliminary expenses relating to the Tender Offer, which have been incurred or which are expected to be incurred, including the fees payable to professional advisors, are anticipated to amount to approximately R355 000, excluding VAT, and include the following:

Nature of Expense	Payable to	R'000
Transaction Advisor and Sponsor fees	PSG Capital	100
Documentation inspection fees	JSE	20
Transfer Secretaries fees	Computershare	105
Strate fees	Strate	30
Printing, publication and distribution	Greymatter & Finch	50
Contingency		50
Estimated Total		355

8. CONFLICTS

As indicated in this Circular, PSG Capital fulfils the functions of sponsor and transaction advisor to the Company. It is PSG Capital's opinion that the performance of these functions does not represent a conflict of interest for PSG Capital, impair PSG Capital's independence from the Company or impair PSG Capital's objectivity in its professional dealings with the Company or in relation to the matters contemplated in this Circular.

9. RESPONSIBILITY STATEMENT

The Directors, whose names are set out in the "Corporate Information" section of this Circular, collectively and individually accept full responsibility for the accuracy of the information contained in this Circular which relates to Quantum 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 Circular contains all information required by the Listings Requirements.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection at the registered office of Quantum and at the offices of PSG Capital at the addresses referred to in the "Corporate Information" section of this Circular, during normal office hours from the date of issue of this Circular until Friday, 17 August 2018:

- 10.1 the memorandum of incorporation of Quantum;
- 10.2 the audited annual financial statements of Quantum for the 2015, 2016 and 2017 financial years; and
- 10.3 a copy of this Circular.

By order of the Board



HA LOURENS

SIGNED IN WELLINGTON ON THURSDAY 19 JULY 2018 BY HA LOURENS ON BEHALF OF ALL OF THE DIRECTORS OF QUANTUM FOODS HOLDINGS LIMITED IN TERMS OF POWERS OF ATTORNEYS SIGNED BY SUCH DIRECTORS

TABLE OF ENTITLEMENT

The number of Shares that Quantum is entitled to repurchase from each Shareholder on a *pro rata* basis pursuant to the Tender Offer, is set out below. Shareholders will be entitled to sell up to 4.99999% of the Shares registered in such Shareholder's name on the Record Date, rounded down to the nearest whole number, resulting in only whole Shares being repurchased.

Shares held	Basic Entitlement	Shares held	Basic Entitlement	Shares held	Basic Entitlement
1	–	42	2	83	4
2	–	43	2	84	4
3	–	44	2	85	4
4	–	45	2	86	4
5	–	46	2	87	4
6	–	47	2	88	4
7	–	48	2	89	4
8	–	49	2	90	4
9	–	50	2	91	4
10	–	51	2	92	4
11	–	52	2	93	4
12	–	53	2	94	4
13	–	54	2	95	4
14	–	55	2	96	4
15	–	56	2	97	4
16	–	57	2	98	4
17	–	58	2	99	4
18	–	59	2	100	4
19	–	60	2	125	6
20	–	61	3	150	7
21	1	62	3	175	8
22	1	63	3	200	9
23	1	64	3	500	24
24	1	65	3	1 000	49
25	1	66	3	5 000	249
26	1	67	3	10 000	499
27	1	68	3	20 000	999
28	1	69	3	50 000	2 499
29	1	70	3	100 000	4 999
30	1	71	3	200 000	9 999
31	1	72	3	300 000	14 999
32	1	73	3	400 000	19 999
33	1	74	3	500 000	24 999
34	1	75	3	1 000 000	49 999
35	1	76	3	2 000 000	99 999
36	1	77	3	3 000 000	149 999
37	1	78	3	4 000 000	199 999
38	1	79	3	5 000 000	249 999
39	1	80	3	10 000 000	499 999
40	1	81	4	50 000 000	2 499 995
41	2	82	4	100 000 000	4 999 990



QUANTUM FOODS HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2013/208598/06)
Share Code: QFH, ISIN: ZAE000193686
("Quantum" or "the Company")

FORM OF ELECTION AND SURRENDER FOR THE TENDER OFFER (GREY)

Unless specifically defined herein, the definitions and interpretations commencing on page 4 of the Circular to which this Form of Election and Surrender for the Tender Offer forms part apply, mutatis mutandis, to this Form of Election and Surrender for the Tender Offer.

For completion by Certificated Shareholders. Your share certificate must be submitted along with this form.

Note: A separate form is required for each Shareholder.

Instructions:

- Part 1, part 2 and part 3 must be completed by **ALL** Shareholders who hold a share certificate in respect of their Shares and who wish to sell **SOME** or **ALL** of their Shares in the Tender Offer.
- Part 4 must **ONLY** be completed by Shareholders who hold a share certificate, who wish to sell some or all Shares and **WHO ARE EMIGRANTS FROM OR NON-RESIDENTS OF THE COMMON MONETARY AREA.**
- Additional forms of election and surrender will be available on the Company's website (www.quantumfoods.co.za).
- ALL** Shareholders who complete this grey form of election and surrender must attach a certified copy of their identity document.
- All Forms of Election and Surrender for the Tender Offer must be lodged with Computershare at the address set out below, so as to be received by no later than 12:00pm on Friday, 17 August 2018.

To be delivered at:
Computershare Investor Services Proprietary Limited
Rosebank Towers
15 Biermann Avenue
Rosebank
2196

or posted at the risk of the Shareholder to:
Computershare Investor Services Proprietary Limited
PO Box 61051
Marshalltown
2107

- Shareholders who have Dematerialised their Shares must advise their Central Securities Depository Participant ("**CSDP**") or broker as to the action they wish to take in terms of the agreement entered into between them and their CSDP or broker. Such Shareholders must **NOT** return this form of election and surrender to Computershare.

ALL CERTIFICATED SHAREHOLDERS WHO WISH TO SELL SOME OR ALL OF THEIR SHARES IN TERMS OF THE TENDER OFFER MUST COMPLETE THIS SIGNATURE AND CONTACT DETAILS SECTION

Name	
Surname	
ID number/Company registration number	
Assisted by me (if applicable)	
(State full name and capacity)	
Date	
Telephone number (Home)	()
Telephone number (Work)	()
Cellular number	()
Postal address	
Signature of Shareholder	

PART 1 – To be completed by ALL Certificated Shareholders who wish to sell some or all of their Shares in terms of the Tender Offer.

Shareholders who hold a share certificate in respect of their Shares and who elect to sell their Shares should note that their Shares will be repurchased without any further action on their part and without any further notice to them.

Indicate that you wish to sell your Shares up to your Basic Entitlement by means of an "X" or insert relevant number of Shares if you only wish to sell less than your Basic Entitlement.

I would like to sell all my Shares up to the Basic Entitlement at the Tender Offer Price.

Insert number of Shares if you wish to sell less than your Basic Entitlement.

PART 2 – To be completed by ALL Certificated Shareholders who wish to sell Shares in excess of their Basic Entitlement

Insert number of Shares if you wish to sell Shares in excess of your Basic Entitlement.

If you have elected to sell your Shares, please complete PART 3. To combat the increase in cheque fraud, the Company has discontinued payments by cheque and accordingly, payment to Certificated Shareholders are dependent on the Transfer Secretaries being in possession of such Certificated Shareholder's banking details.

PART 3 – To be completed if you have elected to sell some or all Shares in terms of the Tender Offer

I have a bank account and would like to sell my Shares. Please pay the cash owing to me for purchasing my Shares into the following bank account:

Banking details	
Account holder	
Bank name	
Account number	
Bank branch	
Branch code	

NB: In order to comply with FICA requirements, the Transfer Secretaries will be unable to record any changes of address or payment mandates unless a certified true copy of the undermentioned documentation is received from the relevant Shareholder: (i) a copy of an identification document (in respect of change of address and payment mandate) and (ii) a copy of a bank statement (in respect of bank mandate).

PART 4 – To be completed by SHAREHOLDERS WHO ARE EMIGRANTS FROM OR NON-RESIDENTS OF THE COMMON MONETARY AREA who wish to sell some or all Shares in terms of the Tender Offer.

Name of authorised dealer	
Address	
Account number	
Stamp and address of agent lodging this form (if any)	

Notes:

1. This form is to be used by Shareholders who have not Dematerialised their Shares and who wish to sell some or all of their Shares in terms of the Tender Offer and who are registered as Shareholders as at the close of business on Friday, 17 August 2018.
2. Shareholders who have elected to sell some or all of their Shares in the Tender Offer will have payments for the proceeds of the sale of their Shares processed in the manner set out in paragraph 2.9.9 of the Circular, on or about Monday, 20 August 2018.
3. If this Form of Election and Surrender for the Tender Offer is signed under a power of attorney, then such power of attorney, or a certified copy of the original, must be sent with this Form of Election and Surrender for the Tender Offer for noting (unless it has already been noted by Quantum or Computershare).
4. Where the Shareholder is a company or a close corporation, unless it has already been registered with Quantum or Computershare, a certified copy of the directors' or members' resolution authorising the signing of this Form of Election and Surrender for the Tender Offer must be submitted if so requested by Quantum.
5. Note 4 above does not apply in the event of this Form of Election and Surrender for the Tender Offer bearing the stamp of a broking member of the JSE.
6. Where there are joint holders of any Shares, only that holder whose name appears first in the register in respect of such Shares need sign this Form of Election and Surrender for the Tender Offer.
7. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the requirements of the JSE, lodging agents are required to prepare special transaction receipts.
8. The Directors of Quantum reserve the right to accept or reject any Form of Election and Surrender for the Tender Offer where the Shareholder has not completed all the required information or has not delivered all the required documents to Computershare.