

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to what action to take, please immediately consult your broker, Central Securities Depository Participant ("CSDP"), banker, attorney, accountant, tax or other professional advisor.



SANTOVA LIMITED
Incorporated in the Republic of South Africa
(Registration number: 1998/018118/06)
Ordinary share code: SNV
ISIN code: ZAE000159711
("Santova" or "the Company" or "the Group")

Directors: ESC Garner* (Chairman), GH Gerber (Chief Executive Officer), DC Edley (Group Financial Director),
WA Lombard*, AD Dixon*, EN Ngubo*, AL van Zyl (Executive Director).
*Independent Non-Executive Director

CIRCULAR TO ORDINARY SHAREHOLDERS OF SANTOVA

Regarding

The declaration of a Cash Dividend ("the Cash Dividend") of 6.25 cents per share, and the election to receive 1.972 non-renounceable capitalisation issue shares ("the Scrip Distribution Alternative") for every 100 Santova ordinary shares in lieu of the Cash Dividend, to be paid or issued to shareholders recorded in the register of the Company at the close of business on Friday, 30 June 2017.

Action required:

- No action is required if you want to receive the Cash Dividend.**
- If, instead of the Cash Dividend, you wish to elect to receive a Scrip Distribution Alternative and you are holding certificated Santova shares, you must complete the accompanying **Form of Election** in respect of all or part of your shareholding in accordance with the instructions contained in the Form of Election and lodge it with, or post it to, the transfer secretaries or fax it to +27 11 688 5210 or email it to **corporate.events@computershare.co.za**, so as to be received by them by no later than **12:00 on Friday, 30 June 2017**. Forms of Election received after this date and time will not be accepted. You are not required to pay for the shares to which you are entitled in terms of this Scrip Distribution Alternative.
- Santova shareholders who have already dematerialised their shares through a CSDP or broker and wish to receive a Scrip Distribution Alternative in lieu of the Cash Dividend must **instruct their CSDP or broker** accordingly. This should be done in terms of the agreement in existence between the dematerialised shareholder and the CSDP or broker.
- If you have disposed of all your shares in Santova on or before **Tuesday, 27 June 2017**, you should consult your broker or other professional advisor immediately for advice on how to deal with the Form of Election.

**IF YOU DO NOT COMPLETE AND SUBMIT THE ATTACHED FORM OF ELECTION,
YOU WILL RECEIVE THE CASH DIVIDEND**



SPONSOR AND CORPORATE ADVISOR

Date of issue: 25 May 2017

This circular is available in English only. Copies may be obtained from the registered office of Santova from 25 May 2017 until 30 June 2017. The circular will also be available in electronic form on the Company's website (www.santova.com) from 25 May 2017.

CORPORATE INFORMATION AND ADVISORS

Santova Limited

Registered Office
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88 Mahatma Gandhi Road
Durban
4001
South Africa
(PO Box 6148, Durban, 4000)

Transfer Secretaries

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Limited
Rosebank Towers
15 Biermann Avenue
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Email: corporate.events@computershare.co.za

Sponsor and Corporate Advisor

River Group
House 2
211 Kloof Avenue
Waterkloof
Pretoria
0145
South Africa
(PO Box 2579, Brooklyn Square, Pretoria, 0075)

SALIENT DATES AND TIMES

EVENT	2017
Record date in order to receive the election circular	Friday, 12 May
Audited financial results of Santova for the year ended 28 February and declaration of a Cash Dividend with a Scrip Distribution Alternative released on SENS	Wednesday, 17 May
Finalisation announcement confirming ratio of entitlement and issue price of shares for Scrip Distribution Alternative award on SENS	Thursday, 18 May
Circular and form of election posted to shareholders and announced on SENS	Thursday, 25 May
Last day to trade in order to be eligible for Cash Dividend/Scrip Distribution Alternative	Tuesday, 27 June
Shares trade ex the Cash Dividend and the Scrip Distribution Alternative on	Wednesday, 28 June
Provisional listing of maximum number of shares for the Scrip Distribution Alternative at commencement of trade on the JSE Limited	Wednesday, 28 June
Last day to elect to receive the Scrip Dividend Alternative instead of the Cash Dividend, Forms of Election to reach the Transfer Secretaries by 12h00	Friday, 30 June
RECORD DATE	
Scrip Distribution Alternative certificates posted and Cash Dividend payments made, CSDP/Broker accounts credited/updated, as applicable	Monday, 3 July
Announcement of the results of the Cash Dividend/Scrip Distribution Alternative award on SENS	Monday, 3 July
Adjustment of number of new shares listed on or about	Wednesday, 5 July

No shares will be dematerialised or re-materialised between Wednesday, 28 June 2017 and Friday, 30 June 2017 (both days inclusive). All times quoted in this circular are South African times.

Santova shareholders who have already dematerialised their shares through a CSDP or broker must not complete the Form of Election but should instruct their CSDP or broker as to their Scrip Distribution Alternative award election. Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their Scrip Distribution Alternative award election in the manner and time stipulated in the agreement governing the relationship between the shareholder and his/her/its CSDP or broker.

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CIRCULAR TO ORDINARY SHAREHOLDERS OF SANTOVA

1. INTRODUCTION

In the announcement regarding the Company's audited results for the year ended 28 February 2017 published on the Securities Exchange News Service ("SENS") on 17 May 2017 and in the press on 18 May 2017, and the announcement regarding the terms of the capitalisation issue share award published on SENS on 18 May 2017, shareholders were advised that the directors declared a cash dividend ("the Cash Dividend") from retained earnings of 6.25 cents per share. However, shareholders will be entitled to elect to receive a Scrip Distribution Alternative ("the Scrip Distribution Alternative") *in lieu* of the Cash Dividend, in respect of all or part of their shareholdings.

2. RATIONALE

Santova's current and forecast cash holdings, solvency and liquidity allows it to adequately fund the full dividend in cash. However, a significant proportion of Santova's current cash holdings are held in foreign currency by the Group's foreign subsidiaries and the Board wishes to retain the majority of its funds in foreign currency to order to fund future expansion and acquisitions, rather than repatriating such funds to South Africa, in order to fund a cash dividend.

In addition, the option to receive a Scrip Distribution Alternative *in lieu* of the Cash Dividend, will enable Santova to increase its capital base and afford shareholders who would prefer to do so, the opportunity to increase their shareholding in Santova.

3. THE ELECTION TO RECEIVE CAPITALISATION ISSUE SHARES *IN LIEU* OF RECEIVING THE CASH DIVIDEND

3.1 Terms of the Scrip Distribution Alternative

3.1.1 Subject to the terms contained in this circular and the accompanying Form of Election, ordinary shareholders recorded in the register of Santova at the close of business on the record date will receive the Cash Dividend of 6.25 cents per share, provided that such shareholders have not elected to instead receive the Scrip Distribution Alternative in respect of all or part of their shareholdings. The new ordinary shares of no par value to be issued pursuant to the elections received under the Scrip Distribution Alternative will be issued at the issue price as described in paragraph 3.1.4 below, as fully paid-up by way of capitalisation of retained earnings and will, upon their issue, rank *pari passu* in all respects with the other Santova shares then in issue.

3.1.2 Based on the 158 247 496 shares in issue as at 18 May 2017, being the last practicable date before the finalisation of this circular ("last practicable date") and the Cash Dividend of 6.25 cents per share, the maximum Cash Dividend will amount to R9 890 467. This maximum amount is clearly subject to the extent to which elections are made by shareholders to instead receive the Scrip Distribution Alternative.

3.1.3 The ratio of entitlement of shareholders in respect of the Scrip Distribution Alternative will be 1.972 **capitalisation issue shares for every 100 Santova shares held** at the record date ("the ratio of entitlement"). Therefore, based on the shares in issue as at the last practicable date of 158 247 496, the maximum number of potential capitalisation issue shares that will be issued by the Company, if all shareholders elect to receive such capitalisation issue shares, is 3 120 640 shares.

3.1.4 The ratio of entitlement is based on the volume weighted average traded price per Santova share on the JSE over the five **trading days up to and including Tuesday, 16 May 2017** of 317 cents per share, which will be the issue price per Santova share ("the issue price").

3.2 Fractions

The settlement and clearing system (Strate) used by the JSE does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to new ordinary shares calculated in accordance with the above formula gives rise to a fraction of a new ordinary share, such fraction of a new ordinary share will be rounded down to the nearest whole number. Shareholders are referred to the relevant table of entitlement in the Annexure to this circular.

3.3 Section 46 and 47 of the Companies Act, No 71 of 2008

A resolution of the board of directors has been passed authorising the distribution and confirming that the company has passed the solvency and liquidity test and that, since the test was done, there have been no material changes to the financial position of the Group.

3.4 Nominee companies

Arrangements have been made with the transfer secretaries to treat applications from nominee companies as separate applications on the submission of a breakdown of the beneficial owners of shares registered in the name of the nominee companies.

3.5 Tax implications

The Cash Dividend and Scrip Distribution Alternative are likely to have tax implications for both resident as well as non-resident shareholders. Shareholders are therefore advised to obtain their own professional taxation advice in this regard.

For resident shareholders, the Cash Dividend to be paid will be subject to South African Dividends Withholding Tax ("DWT") in terms of the Income Tax Act ("the Act") at a rate of 20%, unless the shareholder is exempt in terms the Act. This DWT will be withheld resulting in a net Cash Dividend of 5.00 cents per share being paid to those shareholders liable for DWT

Non-resident shareholders may be subject to a DWT at a rate of less than 20%, depending on their country of residence and the terms of any Double Tax Agreement between South Africa and their country of residence.

For resident shareholders, the Scrip Distribution Alternative is not subject to DWT in terms of the Act. However, the subsequent disposal of ordinary shares obtained as a result of the capitalisation share award, are likely to have Income Tax or Capital Gains Tax implications in terms of the Act.

4. PROCEDURE FOR SHAREHOLDERS WHO ELECT TO RECEIVE THE SCRIP DISTRIBUTION ALTERNATIVE

4.1 Shareholders, who are holding certificated Santova shares and wish to elect to receive the Scrip Distribution Alternative, must complete the attached Form of Election in accordance with the instructions contained therein and lodge it with, or post it to, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61763, Marshalltown, 2107) or fax it to +27 11 688 5210 or email it to corporate.events@computershare.co.za, so as to be received by them by no later than 12:00 on Friday, 30 June 2017.

4.2 Shareholders, who have already dematerialised their Santova shares through a CSDP or broker, **must not** complete the Form of Election attached, but should instruct their CSDP or broker as to their election in the manner and time stipulated by the CSDP or broker.

4.3 Shareholders may make the election in respect of all or any of their shares held on the record date. If an election is made in respect of part of a shareholding, shareholders will receive the Cash Dividend in respect of the ordinary shares for which the election to receive the Scrip Distribution Alternative is not made, subject to any fractions arising which will be dealt with as set out in paragraph 3.2 above.

5. POSTING OF SHARE CERTIFICATES, UPDATING/CREDITING OF CSDP OR BROKER ACCOUNTS AND PAYMENT OF THE CASH DIVIDEND

5.1 Share certificates, in respect of the Scrip Distribution Alternative, will be posted to certificated shareholders by registered post, at the risk of such shareholders, on or about Monday, 3 July 2017 to their registered addresses or in accordance with instructions given to the transfer secretaries.

5.2 Dematerialised shareholders' CSDP/broker accounts will be credited/updated, according to the election made, on Monday, 3 July 2017 in respect of the shares for which the election was made.

5.3 The cash distribution will be paid via electronic transfer to the personal bank account of the certificated shareholders. In the case of dematerialised shareholders, the cash will be credited to their accounts held at their CSDP or Broker.

6. LISTING OF NEW SANTOVA SHARES

Application has been made to the JSE for the maximum possible number of capitalisation issue shares to be issued, in terms of the Scrip Distribution Alternative, to be listed with effect from the commencement of business on Wednesday, 28 June 2017. An adjustment of the Scrip Distribution Alternative listed will be made on or about Wednesday, 5 July 2017, in accordance with the actual elections made.

The maximum amount, to be capitalised from income reserves of Santova in order to be able to issue the capitalisation issue shares as fully paid up, will be R9 890 467.

7. EXCHANGE CONTROL AND NON-RESIDENT SHAREHOLDERS

The following summary is intended as a guide only and is therefore not comprehensive. If you are in any doubt in regard hereto, please consult your CSDP, broker, attorney, accountant, banker or other professional adviser immediately.

Please note that non-resident shareholders may not elect, directly or indirectly, to receive the Scrip Distribution Alternative if they are subject to regulations of overseas jurisdictions, which do not permit them to receive the Scrip Distribution Alternative, unless certain exemptions from requirements of those jurisdictions are applicable. Restrictions must be applied at beneficial owner level, therefore, should an instruction be received to elect the Scrip Distribution Alternative, it will be deemed that the beneficial owner is entitled to participate in such award.

In terms of the Exchange Control Regulations of the Republic of South Africa:

7.1 In the case of certificated shareholders:

- 7.1.1 Any share certificate that might be issued to non-resident shareholders will be endorsed "non-resident";
- 7.1.2 Any new share certificates and cash dividend payments based on emigrants' shares controlled in terms of the Exchange Control Regulations, will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets. Such new share certificates will be endorsed "non-resident"; and
- 7.1.3 Cash dividend payments due to non-residents are freely transferable from South Africa. In respect of all non-residents of the common monetary area (collectively the Republic of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland), the Cash Dividend payments due, will be paid via electronic transfer to the personal bank account of the certificated shareholders.

7.2 In the case of dematerialised shareholders:

- 7.2.1 Any shares issued to emigrants from the common monetary area and all other non-residents of the common monetary area, will be credited to their CSDP or broker's account and a "non-resident" annotation will appear in the CSDP or broker's register;
- 7.2.2 Any Cash Dividend paid to emigrants from the common monetary area, will be credited to their CSDP or broker's accounts, which will arrange for the same to be credited directly to the shareholder's blocked Rand account held by that shareholder's authorised dealer and held to the order of that authorised dealer; and
- 7.2.3 Any Cash Dividend paid to non-resident shareholders who are not emigrants from the common monetary area, will be credited directly to the bank account nominated for the relevant shareholders, by their duly appointed CSDP or broker. Non-resident and emigrant dematerialised shareholders will have all aspects relating to exchange control managed by their CSDP or broker.

By order of the Board
SANTOVA LIMITED

J A LUPTON
Company Secretary
25 May 2017

TABLE OF ENTITLEMENT

The following table sets out the number of new Santova shares to which shareholders will be entitled, should the shareholders elect to receive the capitalisation issue share award. Shareholders will be entitled to receive 1.972 capitalisation issue shares for every 100 Santova shares held, as illustrated below:

Number of shares held	Number of shares entitled to	Number of shares held	Number of shares entitled to	Number of shares held	Number of shares entitled to
1	-	41	-	81	1
2	-	42	-	82	1
3	-	43	-	83	1
4	-	44	-	84	1
5	-	45	-	85	1
6	-	46	-	86	1
7	-	47	-	87	1
8	-	48	-	88	1
9	-	49	-	89	1
10	-	50	-	90	1
11	-	51	1	91	1
12	-	52	1	92	1
13	-	53	1	93	1
14	-	54	1	94	1
15	-	55	1	95	1
16	-	56	1	96	1
17	-	57	1	97	1
18	-	58	1	98	1
19	-	59	1	99	1
20	-	60	1	100	1
21	-	61	1	125	2
22	-	62	1	150	2
23	-	63	1	175	3
24	-	64	1	200	3
25	-	65	1	500	9
26	-	66	1	1 000	19
27	-	67	1	2 000	39
28	-	68	1	5 000	98
29	-	69	1	10 000	197
30	-	70	1	20 000	394
31	-	71	1	50 000	986
32	-	72	1	100 000	1 972
33	-	73	1	200 000	3 944
34	-	74	1	500 000	9 860
35	-	75	1	1 000 000	19 720
36	-	76	1	2 000 000	39 440
37	-	77	1	5 000 000	98 600
38	-	78	1	10 000 000	197 200
39	-	79	1	15 000 000	295 800
40	-	80	1	20 000 000	394 400

