

RAINBOW™

Rainbow Chicken Limited

(Incorporated in the Republic of South Africa)
(Registration number 1966/004972/06)
Share code: RBW ISIN: ZAE000019063
("Rainbow")

Remgro Limited

(Incorporated in the Republic of South Africa)
(Registration number 1968/006415/06)
Share code: REM ISIN: ZAE000026480
("Remgro")

The proposed scheme of arrangement and terms of the alternative offer

1. INTRODUCTION

Shareholders are referred to the announcement dated 22 March 2007, which contained details of Remgro's intention to propose a scheme of arrangement ("Scheme") in terms of section 311 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act"), between Rainbow and its shareholders other than Remgro and its subsidiaries pursuant to which Remgro is to acquire all the shares held by such shareholders for a cash consideration of R16.00 per share or a share consideration of 9 Remgro shares for every tranche of 100 Rainbow shares held or a combination of cash and Remgro shares as aforesaid.

This announcement contains the expected salient dates and times in relation to the scheme and the terms of the alternative offer as well as the opinions and recommendations regarding the Scheme and the alternative offer.

2. SCHEME MEETING

Shareholders are advised that in terms of an Order of Court dated 11 May 2007, the High Court of South Africa ("the Court") has granted leave to convene a scheme meeting ("the scheme meeting"), to be held at 10:00 on Tuesday 5 June 2007 at One The Boulevard, Westway Office Park, Westville, KwaZulu Natal 3629.

3. SALIENT DATES AND TIMES

The expected dates and times pertaining to the Scheme are set out below:

	2007
Notice of scheme meeting and Order of Court convening the scheme meeting published in the South African press on	Sunday 13 May/ Monday 14 May
Last day to trade in Rainbow shares on the JSE in order to be recorded in the register to vote at the scheme meeting, by close of trade on the JSE on (refer note 2 below)	Friday 18 May
Record date for voting	Friday 25 May
Last day to lodge forms of proxy for the scheme meeting (refer note 5 below) (for use by certificated and own-name dematerialised shareholders) by 10:00 on	Friday 1 June
Scheme meeting to be held at 10:00 on	Tuesday 5 June
Results of the Scheme meeting announced on SENS on	Tuesday 5 June
Results of the Scheme meeting published in the South African press on	Wednesday 6 June
Chairperson's report to the Court regarding the results of the Scheme meeting lies open for inspection from	Wednesday 6 June
Court hearing to sanction the Scheme expected at 10:00 (or so soon thereafter as Counsel may be heard) on	Tuesday 12 June
If the Scheme is sanctioned and implemented	
Order of Court sanctioning the Scheme registered by the Registrar of Companies	Wednesday 13 June
Results of the application to Court and registration of the Order of Court announced on SENS on	Thursday 14 June
Results of the application to Court and registration of the Order of Court published in the South African press on	Friday 15 June
Last day to trade in Rainbow shares on the JSE to be recorded in the register on the record date of the Scheme on	Friday 15 June
Suspension of the listing of Rainbow shares on the JSE at the commencement of trade on the JSE on	Monday 18 June
Record date of the Scheme on which shareholders must be recorded in the register to receive the scheme consideration by close of business on	Friday 22 June
Operative date of the Scheme from commencement of trade on the JSE on	Monday 25 June
Consideration made available to scheme participants from	Monday 25 June
Termination of the listing of Rainbow shares on the JSE at the commencement of trade on the JSE on	Tuesday 26 June

Notes:

- Any variation of the above dates and times, as may be approved by the Securities Regulation Panel ("SRP"), the JSE and/or the Court, (to the extent that this approval is required) will be released on SENS and published in the South African press.
- Shareholders should note that, as trade in Rainbow shares on the JSE is settled through Strate, settlement for trade takes place five business days after such trade. Therefore, shareholders who acquire Rainbow shares on the JSE after Friday 18 May 2007 will not be eligible to vote at the scheme meeting.
- Dematerialised scheme members, other than own-name dematerialised scheme members, must provide their CSDP or broker with their instructions for voting at the scheme meeting by the cut-off time and date advised by the CSDP or broker for instructions of this nature.
- No dematerialisation or rematerialisation of Rainbow shares will take place after Friday 15 June 2007.
- Forms of proxy for the scheme meeting may also be handed to the chairperson of the scheme meeting by no later than 10 minutes before the commencement of the scheme meeting.

4. CIRCULAR

A circular, which has been approved by the SRP and the JSE, providing full information on the Scheme and incorporating a notice in respect of the scheme meeting and the alternative offer will be posted to Rainbow shareholders on 15 May 2007. Copies of the circular may be obtained during normal business hours from One The Boulevard, Westway Office Park, Westville, KwaZulu Natal, 3629.

5. OPINIONS AND RECOMMENDATIONS REGARDING THE SCHEME

Investec Bank Limited ("Investec"), acting as independent adviser to the independent sub-committee and the Rainbow board, has considered the terms and conditions of the Scheme and is of the opinion that, at the date of issue of its fair and reasonable opinion, the Scheme is fair and reasonable, and has advised the independent sub-committee and the Rainbow board accordingly.

The independent sub-committee of the Rainbow board has considered the terms and conditions of the Scheme and, taking into account the opinion of Investec, is of the unanimous opinion that the terms and conditions thereof are fair and reasonable to scheme

members. The independent sub-committee has recommended to the Rainbow board that it recommends to scheme members that they vote in favour of the Scheme at the Scheme meeting.

The Rainbow board (other than Messrs Visser and Zwiendelaar who are representatives of Remgro on the Rainbow board and who have accordingly recused themselves from expressing such an opinion) has considered the terms and conditions of the Scheme as well as the cash consideration and share consideration and, taking into account the opinion of Investec and the independent sub-committee, is of the unanimous opinion that the terms and conditions thereof are fair and reasonable to scheme members and recommends that scheme members vote in favour of the Scheme at the Scheme meeting.

All the directors of Rainbow who own Rainbow shares in their own right intend to vote in favour of the Scheme.

6. THE ALTERNATIVE OFFER

6.1 Terms of the alternative offer

Subject to the Scheme failing as a result of the non-fulfilment of any of the conditions precedent other than the regulatory approval required for the implementation of the Scheme not being obtained, Remgro will offer to acquire all Rainbow shares held by Rainbow shareholders (other than Remgro and its subsidiaries), subject to the maximum that may be accepted in terms of the alternative offer, as set out in paragraph 6.4 below.

6.2 Period of the alternative offer

The salient dates and times of the alternative offer, including the opening date and closing date of the alternative offer, will be published on SENS and in the South African press immediately following the failure of the Scheme.

6.3 The alternative offer consideration

The alternative offer consideration will be:

- a cash consideration of R16.00 for every Rainbow share held by offer participants ("cash offer consideration"); or
- 8.1 Remgro shares for every tranche of 100 offer shares held by offer participants ("share offer consideration"); or
- a combination of cash and Remgro shares referred to in paragraphs 6.3.1 and 6.3.2,

to be elected by Rainbow shareholders on condition that the share offer consideration may only be elected in tranches of 100 Rainbow shares each. If Rainbow shareholders elect to take (in whole or in part) the share offer consideration, any fractional entitlements to Remgro shares will be settled in cash in the amount of R19.75 per 0.1 of a Remgro share.

6.4 Maximum acceptances

Rainbow shareholders will only be entitled collectively to make acceptances of the alternative offer for such number of Rainbow shares which does not exceed 80 460 000 in the aggregate. If acceptances are made by Rainbow shareholders (in aggregate) which exceed 80 460 000 Rainbow shares, then each acceptance by each Rainbow shareholder shall be deemed to be reduced *pro rata* in accordance with the following formula:

$$\frac{80\,460\,000}{Y} \times Z$$

Where

"Y" represents the aggregate number of Rainbow shares in respect of which the alternative offer is accepted by all Rainbow shareholders, and;

"Z" represents the aggregate number of Rainbow shares in respect of which the alternative offer is accepted by the relevant Rainbow shareholder.

All fractions arising from such calculation shall, if they are greater than or equal to 0.5, be rounded up to the nearest whole number and if they are less than 0.5, shall be rounded down to the nearest whole number. All Rainbow shares which are not accepted as a result of the above reduction shall continue to be held by the Rainbow shareholders concerned.

7. OPINIONS AND RECOMMENDATIONS REGARDING THE ALTERNATIVE OFFER

Investec, acting as independent adviser to the independent sub-committee and the Rainbow Board, has considered the terms and conditions of the alternative offer and is of the opinion that, at the date of issue of its fair and reasonable opinion the cash offer consideration is fair and reasonable, and has advised the independent sub-committee and the Rainbow Board accordingly. However Investec is of the opinion that the share offer consideration is not fair and reasonable based on a Remgro share price of R189 as at 30 April 2007 and has advised the independent sub-committee and the Rainbow Board accordingly.

The independent sub-committee of the Rainbow Board has considered the terms and conditions of the alternative offer and, taking into account the opinion of Investec, is of the unanimous opinion that the cash offer consideration is fair and reasonable to Rainbow shareholders. However the independent sub-committee of the Rainbow Board is of the opinion that the share offer consideration is not fair and reasonable to Rainbow shareholders. The independent sub-committee has recommended to the Rainbow Board that it recommends to Rainbow shareholders that they accept the cash offer consideration. However the independent sub-committee has recommended to the Rainbow Board that it does not recommend to Rainbow shareholders that they accept the share offer consideration.

The Rainbow Board, (other than Messrs Visser and Zwiendelaar who are representatives of Remgro on the Rainbow Board and who have accordingly recused themselves from expressing such an opinion) has considered the terms and conditions of the alternative offer as well as the cash offer consideration and share offer consideration and, taking into account the opinion of Investec and the independent sub-committee, is of the opinion that the cash offer consideration is fair and reasonable to Rainbow shareholders and recommends that Rainbow shareholders accept the cash offer consideration. However the Rainbow Board is of the opinion that the share offer consideration is not fair and reasonable and does not recommend that Rainbow shareholders accept the share offer consideration.

8. RAINBOW DIVIDEND

Provided that Rainbow shareholders are registered as such shareholders on the applicable dividend record date, Rainbow shareholders will receive the Rainbow dividend for the period ended 31 March 2007. The Rainbow dividend details will be announced on SENS and in the South African Press at the time when Rainbow announces its financial results for the year ended 31 March 2007.

11 May 2007

Sponsor to Rainbow



Merchant bank and adviser to Remgro



Independent adviser to Rainbow



Sponsor to Remgro



Attorneys to Rainbow



Attorneys to Remgro



Reporting accountants to Rainbow

