



**Hunt  
Leuchars &  
Hepburn  
Holdings  
Limited**

(Registration number 02/01164/06)  
(Registered in the Republic of South Africa)  
("HL&H")

## Disposal of sugar interests and further cautionary announcement

### 1. INTRODUCTION

Real Africa Durolink Investment Bank Limited ("RAD") is authorised to announce that, further to the last cautionary announcement published on Friday, 23 June 2000, HL&H's wholly-owned subsidiary Transvaal Sugar Limited ("TSB") has disposed of its sugar business and related animal feeds business only, as a going concern to The Tongaat-Hulett Group Limited ("Tongaat"), subject to the fulfilment of certain conditions precedent. The net cash consideration which will be received by TSB in respect of its sugar business, after TSB discharges certain liabilities not acquired by Tongaat, will be approximately R690 million. TSB is not disposing of its citrus business.

### 2. THE TSB DISPOSAL

#### 2.1 Rationale

The directors of HL&H concluded that shareholders' interests would be better served by eliminating their exposure to the commodity nature of the sugar industry. It was further recognised that to remain internationally competitive in the sugar industry further large scale capital intensive expansion would have had to be made in the future. This would have placed a drain on HL&H's cash resources. HL&H shareholders who wish to continue to have an exposure to the sugar industry have the opportunity to invest in other listed sugar businesses.

#### 2.2 Terms

With effect from 1 April 2000 ("the effective date") and subject to the conditions precedent, the sugar business has been sold to Tongaat for a consideration of R1 billion. The cash consideration is payable by Tongaat to TSB on the implementation date being shortly after the date on which the last condition precedent is fulfilled or waived together with accrued interest. After the settlement of the net debt retained by TSB and the payment of tax recoupments, TSB's net cash is expected to be approximately R690 million.

#### 2.3 Financial effects on an HL&H ordinary share

	Before (cents)	After (cents)	Change %
Headline earnings	65,2	70,5	8,1
Diluted headline earnings	56,7	60,0	5,8
Net asset value	586,2	528,2	(9,9)

The table above sets out the pro forma financial effects of the disposal on an HL&H ordinary shareholder for the year ended 31 March 2000, based on the following assumptions:

- the disposal was effective on 1 April 1999 for the effect on headline and diluted headline earnings and 31 March 2000 for the effect on net asset value;
- the net cash was R690 million;
- the net cash was placed on deposit and earned interest at a rate of 12,0%;

- the interest earned on the net cash is taxed at a rate of 30%; and
- for the purposes of the asset value, headline earnings and diluted headline earnings, 221 381 751, 220 525 613 and 350 885 276 ordinary shares respectively were assumed to be in issue.

#### 2.4. Conditions precedent

The disposal is, *inter alia*, subject to the following suspensive conditions which have not yet been fulfilled:

- if required, the passing of the requisite resolution by Tongaat's ordinary shareholders in general meeting, approving the acquisition of the sugar business in accordance with the requirements of the Johannesburg Stock Exchange ("JSE") and the London Stock Exchange;
- the passing of the requisite resolution by HL&H ordinary and preference shareholders in general meeting, approving the disposal in accordance with the requirements of the JSE;
- the approval of the disposal as required in terms of Competition Act No 89 of 1998; and
- the completion of the remaining stages of the due diligence review on the sugar business.

#### 2.5 Undertakings

- HL&H shareholders representing approximately 74% of the ordinary shares and approximately 69% of the preference shares have given undertakings to vote in favour of the disposal and any resolution required to give effect to the disposal; and
- Anglo South Africa (Proprietary) Limited, who holds approximately 51% of Tongaat's issued ordinary shares has given an undertaking to vote in favour of the disposal and any resolution required to give effect to the disposal.

#### 2.6 Documentation and notice of general meeting

A circular, which is subject to the approval of the JSE, and the Securities Regulation Panel, giving details of the disposal and containing a notice of the general meeting of shareholders is being prepared and will be posted to shareholders in due course.

### 3. FURTHER CAUTIONARY ANNOUNCEMENT

In an announcement published on Friday, 28 January 2000, it was announced that Industrial Partnership Investments Limited ("IPI"), a subsidiary of Rembrandt Group Limited, was considering proposing schemes of arrangement in terms of Section 311 of the Companies Act (Act 61 of 1973), as amended, between HL&H and its ordinary and preference shareholders ("shareholders"), other than IPI, or in such manner as IPI may consider to be more effective and have the same effect ("the proposed schemes").

HL&H shareholders are advised to continue to exercise caution when dealing in their shares until a detailed announcement of the terms of the proposed schemes is published.

Sandton  
29 June 2000

Investment Bank and Corporate Adviser



Real Africa Durolink  
Investment Bank Limited  
(Registration number 1987/005258/06)  
www.radbank.co.za

Corporate Law Advisers and Consultants



EDWARD NATHAN  
& FRIEDLAND (PTY) LTD  
(Registration number 1999/026464/07)