

## AVENG LIMITED

Incorporated in the Republic of South Africa

(Registration number: 1944/018119/06)

ISIN: ZAE000111829

SHARE CODE: AEG

("Aveng" or "the Company")



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## DECLARATION ANNOUNCEMENT IN RESPECT OF THE AVENG FOLLOW-ON RIGHTS OFFER

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Shareholders are referred to the SENS announcement issued by the Company on Tuesday, 23 March 2021 in terms of which Shareholders were advised that Aveng intends to raise an amount of ZAR100 000 000 by way of a fully co-underwritten renounceable follow-on rights offer ("**Follow-on Rights Offer**").

Shareholders are hereby advised that Aveng intends to launch the Follow-on Rights Offer of up to 6 666 666 668 ordinary no par value shares in Aveng ("**Aveng Ordinary Shares**") and class A shares ("**Aveng Class A Shares**"), as contemplated in the Follow-on Rights Offer circular ("**Follow-on Rights Offer Shares**"). The Follow-on Rights Offer will be made to qualifying shareholders at a subscription price of 1.5 cents per Follow-on Rights Offer Share ("**Follow-on Rights Offer Price**"), in the ratio of 11.47941 Follow-on Rights Offer Shares for every 100 Aveng Ordinary Shares and/or Aveng Class A Shares held on the Follow-on Rights Offer record date ("**Ratio of Entitlement**"), which is anticipated to be on or about Friday, 21 May 2021 ("**Record Date**").

### RATIONALE FOR THE RIGHTS OFFER

On Friday, 19 March 2021, Aveng completed an initial ZAR300 million, fully co-underwritten renounceable rights offer ("**Initial Rights Offer**") and its debt restructure transaction, as contemplated in the abovementioned SENS announcement dated Tuesday, 23 March 2021.

Shareholders demonstrated a much higher than anticipated interest in the Initial Rights Offer resulting in the raising of ZAR392 million of new capital, with shareholders subscribing for ZAR278 million worth of shares and the underwriters subscribing for their minimum required subscriptions.

Following the greater than anticipated interest in the Initial Rights Offer, certain existing shareholders have indicated their willingness to provide further capital to support the Company. This additional capital was not anticipated at the time of the Initial Rights Offer, whereby only limited capital was available, in an uncertain market, with limited appetite. Accordingly, the Company has elected to launch the Follow-on Rights Offer to realise the additional capital which the Company's shareholders are willing to provide in order to provide the Company with the opportunity to further solidify its balance sheet and provide the capital to accelerate its business plan and explore identified growth opportunities which will provide attractive returns, mainly in the Moolmans business.

### SALIENT TERMS OF THE FOLLOW-ON RIGHTS OFFER

In terms of the Follow-on Rights Offer, the Follow-on Rights Offer Shares will be issued to Aveng shareholders recorded in Aveng's share register at the close of business on the Record Date, at the Follow-on Rights Offer Price in the Ratio of Entitlement. Aveng will raise an amount of ZAR100 000 000 in terms of the Follow-on Rights Offer. It is noted that the Follow-on Rights Offer Price is the same as the price initially offered to shareholders in terms of the Initial Rights Offer.

The Follow-on Rights Offer Price represents a discount of 55.7% to the 30-day volume weighted average traded price of Aveng's ordinary shares of 3.17 cents as at 23 March 2021 being the date on which the Rights Offer was announced.

Excess applications for Follow-on Rights Offer Shares will not be allowed and any Follow-on Rights Offer Shares that are not accepted, renounced or sold shall revert to the underwriters. The Follow-on Rights Offer is not conditional on the underwriters receiving a minimum issue to them.

The Follow-on Rights Offer Shares issued will rank *pari passu* with the existing issued shares of Aveng, save in respect of the Aveng Class A Shares which will not carry any voting rights save for voting rights on matters affecting that class of shares.

## IRREVOCABLE COMMITMENT AND UNDERWRITING

Highbridge Tactical Credit Master Fund, L.P., Highbridge SCF Special Situations SPV, L.P. (collectively "Highbridge Funds"), Whitebox Multi Strategy Partners L.P. and Whitebox GT Fund L.P. (collectively, "Whitebox Funds") and Steyn Capital Management Proprietary Limited (and its affiliated funds) ("Steyn Capital" and with the Highbridge Funds and the Whitebox Funds, "the Underwriters") will co-underwrite the Follow-on Rights Offer. The Highbridge Funds currently hold 20.90%, the Whitebox Funds hold 14.50%, and Steyn Capital holds 5.25%, of the issued share capital of Aveng.

The Underwriters have provided Aveng with an irrevocable commitment to follow their rights in terms of the Follow-on Rights Offer and to subscribe for all of the Aveng Ordinary Shares and/or Aveng Class A Shares to which they are entitled under the Follow-on Rights Offer. The balance of the Rights Offer (representing 59.35% of the Follow-on Rights Offer Shares) will be underwritten by the Underwriters. The Underwriters will not be charging a commitment or underwriting fee.

## SALIENT DATES AND TIMES

	2021
Finalisation announcement released on SENS (before 11:00), on	Thursday, 13 May
Circular to be published on Aveng website	Monday, 17 May
Last day to trade in shares in order to participate in the Follow-on Rights Offer ( <i>cum entitlement</i> )	Tuesday, 18 May
Shares commence trading ex-entitlement at 09:00 on	Wednesday, 19 May
Listing of and trading in the letters of allocation under code AEGN and ISIN ZAE 000298147 on the JSE commences at 09:00 on	Wednesday, 19 May
Circular and a form of instruction, where applicable, posted to qualifying certificated shareholders on	Thursday, 20 May
Record Date at 17:00 on	Friday, 21 May
<b>Follow-on Rights Offer opens at 09:00 on</b>	<b>Monday, 24 May</b>
In respect of qualifying certificated shareholders, letters of allocation credited to an electronic account held with the transfer secretaries at 09:00 on	Monday, 24 May
Circular emailed to qualifying dematerialised shareholders	Monday, 24 May
In respect of qualifying dematerialised shareholders, CSDP or broker accounts credited with letter of allocation at 09:00 on	Monday, 24 May
Last day to lodge Form of Instruction with the transfer secretaries in respect of qualifying certificated shareholders (or their renounees) wishing to sell all or some of their letters of allocation by (12:00) on	Tuesday, 1 June
Last day to trade letters of allocation on the JSE	Tuesday, 1 June

Listing of Follow-on Rights Offer Shares and trading therein on the JSE commences at 09:00 on Wednesday, 2 June

**Follow-on Rights Offer closes at 12:00 on Friday, 4 June**

Payment to be made and form of instruction to be lodged with the transfer secretaries by qualifying certificated shareholders wishing to renounce or subscribe for all or part of their entitlement at 12:00 on Friday, 4 June

Record date for letters of allocation on Friday, 4 June

Follow-on Rights Offer Shares issued on Monday, 7 June

In respect of qualifying dematerialised shareholders (or their renounees), CSDP or broker accounts debited with the aggregate Follow-on Rights Offer Price and updated with Follow-on Rights Offer Shares at 09:00 on Monday, 7 June

In respect of qualifying certificated shareholders (or their renounees), share certificates in respect of Follow-on Rights Offer Shares posted on or about Monday, 7 June

Results of the Follow-on Rights Offer announced on SENS on Monday, 7 June

**Notes:**

1. If you are a qualifying dematerialised shareholder you are required to notify your duly appointed CSDP or broker of your acceptance of the Follow-on Rights Offer in the manner and time stipulated in the agreement governing the relationship between yourself and your CSDP or broker.
2. CSDPs effect payment on a delivery versus payment method in respect of qualifying dematerialised shareholders.
3. Shareholders may not dematerialise or rematerialise their Aveng Ordinary Shares between Wednesday, 19 May 2021, and Friday, 21 May 2021, both dates inclusive.
4. All times are South African times.
5. Share certificates will be posted by registered post at the risk of the qualifying certificated shareholders (or their renounees).

**TAXATION**

Shareholders are advised to consult their tax and financial advisors regarding any taxation implications pertaining to them regarding the acceptance of their rights in terms of the Follow-on Rights Offer.

**FRACTIONAL ENTITLEMENT**

The number of rights to subscribe for Follow-on Rights Offer Shares to which qualifying shareholders will become entitled will be determined by the Ratio of Entitlement. Only whole numbers of Follow-on Rights Offer Shares will be issued and shareholders will be entitled to subscribe for rounded numbers of Follow-on Rights Offer Shares once the Ratio of Entitlement has been applied. Fractional entitlements of 0.5 or greater will be rounded up and less than 0.5 will be rounded down.

**FOREIGN SHAREHOLDERS**

Any shareholder resident outside the common monetary area who receives the Follow-on Rights Offer circular and form of instruction, should obtain advice as to whether any governmental and/or any other legal consent is required and/or any other formality must be observed to enable such a subscription to be made in terms of such form of instruction.

The Follow-on Rights Offer does not constitute an offer in any jurisdiction in which it is illegal to make such an offer ("**Restricted Territories**") and the Rights Offer circular and form of instruction should not be forwarded or transmitted by recipients thereof to any person in any territory other than where it is lawful to make such an offer.

## United States of America

The letters of allocation and the Follow-on Rights Offer Shares have not been and will not be registered under the Securities Act, 1933 ("**US Securities Act**") or under securities laws of any Restricted Territory and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States of America, except in respect of Qualified Institutional Buyers as contemplated under the US Securities Act ("**QIB**") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States of America. Investors who are located in the United States of America will be required to execute and deliver a QIB investor letter ("**QIB Letter**"), a copy of which is available from shareholders' CSDPs, prior to taking up or transferring rights in the Follow-on Rights Offer or acquiring Follow-on Rights Offer Shares in the Follow-on Rights Offer.

Shareholders who are required to submit a QIB Letter must do so by emailing same to [edinah.mandizha@aveng.co.za](mailto:edinah.mandizha@aveng.co.za) on or before 12:00 on Friday, 4 June 2021.

Accordingly, the Company is not extending the Follow-on Rights Offer into the United States of America unless an exemption from the registration of the US Securities Act is available, and subject to certain exceptions, the Follow-on Rights Offer circular neither constitutes nor will it constitute an offer or invitation to apply for, or an offer or an invitation to acquire, any letters of allocation or Follow-on Rights Offer Shares in the United States of America.

Subject to certain exceptions, the Follow-on Rights Offer circular will not be sent to any foreign Aveng shareholder in, or with a registered address in, the United States of America. Subject to certain exceptions, any person who acquires letters of allocation or the Follow-on Rights Offer Shares will be deemed to have declared, warranted and agreed, by accepting delivery of the Follow-on Rights Offer circular, taking up their rights or accepting delivery of the letters of allocation or the Follow-on Rights Offer Shares, that it is not, and that at the time of acquiring the letters of allocation or the Follow-on Rights Offer Shares it will not be, in the United States of America or acting on behalf of, or for the account or benefit of, a person on a non-discretionary basis in the United States of America or any state of the United States of America.

In addition, until 40 days after the commencement of the Follow-on Rights Offer, an offer, sale or transfer of the Follow-on Rights Offer Shares or the letters of allocation within the United States of America by a dealer (whether or not participating in the Follow-on Rights Offer) may violate the registration requirements of the US Securities Act. Subject to certain exceptions, Aveng shareholders with a registered address in the United States of America will be treated as non-exercising holders and Aveng expects that the applicable rights will be sold by the transfer secretaries on behalf of such Aveng shareholders. The cash proceeds therefrom will be distributed to such Aveng shareholders (net of applicable fees, expenses, taxes and charges), in proportion to such Aveng shareholder's right to the Follow-on Rights Offer Shares.

There can be no assurances as to what price such Aveng shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt, to the extent applicable.

Although letters of allocation may be credited to the CSDP or broker accounts of qualifying dematerialised Aveng shareholders:

- with a registered address, or resident, in one of the Restricted Territories;
- in the United States of America; or
- with a registered address, or who hold on behalf of persons located in the United States of America, or who hold on behalf of any person on a non-discretionary basis who is in the United States of America or any state of the United States of America, such crediting of letters of allocation does not constitute an offer to restricted Aveng shareholders and such restricted Aveng shareholders will not

be entitled to take up or transfer rights in the Follow-on Rights Offer or acquire Follow-on Rights Offer Shares in the Follow-on Rights Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

### **Restricted Territories**

Subject to certain exceptions, the letters of allocation and the Follow-on Rights Offer Shares may not be transferred or sold to, or renounced or delivered in, the Restricted Territories.

No offer of Follow-on Rights Offer Shares is being made by virtue of the Follow-on Rights Offer circular into the Restricted Territories.

No person may forward or otherwise transmit the Follow-on Rights Offer circular to any territory other than where it is lawful to make the Follow-on Rights Offer contemplated in the Follow-on Rights Offer circular.

Although letters of allocation may be credited to the CSDP or broker accounts of qualifying dematerialised Aveng Shareholders:

- with a registered address, or resident, in one of the Restricted Territories;
- in the United States of America; or
- with a registered address, or who hold on behalf of persons located in the United States of America, or who hold on behalf of any person on a non-discretionary basis who is in the United States of America, or any state of the United States of America, such crediting of letters of allocation does not constitute an offer to restricted Shareholders and restricted Shareholders will not be entitled to take up or transfer rights in the Follow-on Rights Offer or acquire Follow-on Rights Offer Shares in the Follow-on Rights Offer unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

Subject to certain exceptions, Aveng shareholders with a registered address in the Restricted Territories will be treated as non-exercising holders and Aveng expects that the applicable rights will be sold by the transfer secretaries on behalf of such Aveng shareholders.

The cash proceeds therefrom will be distributed to such Aveng Shareholders (net of applicable fees, expenses, taxes and charges) in proportion to such Aveng shareholder's right to the Follow-on Rights Offer Shares. There can be no assurances as to what price such Aveng shareholders will receive for such disposal or the timing or exchange rate conversion of such receipt to the extent applicable.

Johannesburg  
11 May 2021

JSE Sponsor: UBS South Africa Proprietary Limited

Transaction advisor: DG Capital Proprietary Limited

Legal advisor: Baker & McKenzie Incorporated