



## **ASTRAL FOODS LIMITED**

("Astral" or "the Company")

Registration number 1978/003194/06

(Incorporated in the Republic of South Africa)

Share code: ARL

ISIN: ZAE000029757

### **Directors:**

Dr T Eloff (*Independent Non-executive Chairman*)  
Mr DJ Fouché (*Lead Independent Non-executive Director*)  
Mrs TP Maumela (*Independent Non-executive Director*)  
Mrs T Shabangu (*Independent Non-executive Director*)  
Dr MT Lategan (*Independent Non-executive Director*)  
Mr CE Schutte (*Chief Executive Officer*)  
Mr DD Ferreira (*Chief Financial Officer*)  
Mr GD Arnold (*Managing Director: Agriculture*)  
Mr AB Crocker (*Managing Director: Commercial*)

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## **NOTICE TO SHAREHOLDERS**

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Notice is hereby given that a General Meeting of the Company will be held in the Company's boardroom, 92 Koranna Avenue, Doringkloof, Centurion on Thursday, 19 April 2018 at 08:00.

### **BUSINESS OF THE GENERAL MEETING**

*Shareholders will be requested to consider, and if deemed fit pass, with or without modification, the following Special Resolution in the manner required by the Companies Act, 71 of 2008 ("the Act") and subject to the Listings Requirements of the JSE Limited:*

### **REMUNERATION PAYABLE TO THE NON-EXECUTIVE CHAIRMAN**

#### **1. SPECIAL RESOLUTION NUMBER 1**

Resolved to approve that in terms of article 41.1 of the Company's Memorandum of Incorporation, the remuneration of the Chairman who holds office from time to time be:

- a) ZAR1 100 000 for the financial year ending 30 September 2018, all of which shall be payable over the remaining period of the aforesaid financial year (on such date/s as the Human Resources, Remuneration and Nominations Committee may determine); and
- a) For the period from 1 October 2018 until a further special resolution authorising the Chairman's remuneration in terms of section 66 of the Act, is approved, shall be an annual amount of ZAR1 100 000 pro rated to the aforesaid period (on such date/s as the Human Resources, Remuneration and Nominations Committee may determine).

Special resolution number 1 is proposed in order to comply with the requirements of the Act and the Company's Memorandum of Incorporation.

An additional amount equal to the Value Added Tax amount, will be payable to the Chairman. The proposed remuneration is considered to be fair and reasonable and in the best interests of the Company. This is a composite fee. The Chairman does not earn any other fees despite being the Chairman of the Nominations Section of the Human Resources, Remuneration and Nominations Committee and a member of the Social and Ethics Committee. He is required to attend all sub-committee meetings of the Company.

Percentage of voting rights required for Special Resolution Number 1 to be adopted: at least 75 percent of the voting rights exercised on the resolution.

#### **Reason for and effect of Special Resolution Number 1**

The reason for and effect of Special Resolution Number 1 is to grant the Company the authority to pay remuneration to its Chairman for his services as Chairman as proposed in the Notice of Resolution at the General Meeting. The passing of this resolution is critical to ensure that the position of Chairman is not vacated. Article 37.1 of the Memorandum of Incorporation states that the board shall be entitled, from time to time, to appoint a Chairman of the board. Section 3.84 (b) of the JSE Limited Listing requirements states that a company must have an appointed Chief Executive Officer and a Chairman.

At the previous Annual General Meeting, the proposed Chairman's fee did not receive a favourable vote. The support of at least 75 percent of the voting rights exercised on the resolution was required, however, this required level of support was missed by 2.38 percent as only 72.62 percent of shareholders present and by proxy voted in favour of the resolution.

In determining an appropriate level for the Chairman's fee relative to benchmarks the following points should be considered:

- The Company's Chairman's fee is all-inclusive (including all additional fees payable for committee memberships) and should not be compared to an exclusive Chairman's fee to which additional retainer and meeting fees are added.
- There is an insufficient number of representative companies in the Company's sector to derive an appropriate benchmark. Accordingly, it is viewed as good practice in South Africa to use a comparator group comprising similar sized companies, even if these companies do not operate within the Company's sector.

Prior to the recommendation of the proposed Chairman's fee, a detailed benchmarking analysis was performed by our external independent advisors as follows:

- An appropriate comparator group of companies was selected based on the following size parameters: total assets, turnover and market capitalisation.
- Due to the insufficient number of representative companies in the food producers sector, the comparator group was expanded to include the wider consumer goods and services industries.
- The benchmarking was performed on an all-inclusive basis. A chairperson usually receives an all-inclusive fee which is not broken down based on specific sub-committee roles. Where the Chairman's fee is not disclosed as an all-inclusive fee, fees related to serving on other committees are added in order to calculate an all-inclusive fee.

In the context of the above analysis the Company's proposed fee was between the median and the upper quartile of the market data for fees paid to non-executive directors of other similar sized publicly listed companies in South Africa. However, in response to the negative vote, and to mitigate the significant risk of not being able to retain a Chairman, the Company proposes that the remuneration of the Chairman remains unchanged from the fee previously approved at the 2017 Annual General Meeting.

## SALIENT DATES AND TIMES

2018

Record date for determining which shareholders are entitled to receive the General Meeting notice	Friday, 2 March
Record date for attending and voting at General Meeting ("Meeting record date")	Friday, 13 April
General Meeting held at 08:00	Thursday, 19 April
Results of the General Meeting announced on SENS	Thursday, 19 April
Results of the General Meeting published in the press	Friday, 20 April

*Note:*

*All dates and times in this notice are local dates and times in South Africa and are subject to change. Any changes will be announced on SENS and published in the press.*

## VOTING AND PROXIES

The special resolution will require the support of at least 75% of the total voting rights exercised thereon at the General Meeting to be approved.

On a show of hands a shareholder of the Company present in person or by proxy shall have only 1 (one) vote irrespective of the number of shares he holds or represents, provided that a proxy shall irrespective of the number of shareholders he represents have only 1 (one) vote. On a poll a shareholder who is present in person or represented by proxy shall be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him bears to the aggregate amount of the nominal value of all the shares issued by the Company.

A shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in place of that member. A proxy need not be a shareholder of the company.

It is recommended that registered holders of certificated Astral shares and holders of dematerialised Astral shares in their own name and who are unable to attend the General Meeting and who wish to be represented at the General Meeting, complete and return the attached form of proxy in accordance with the instructions contained in the form of proxy, so as to be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 (P O Box 61051, Marshalltown, 2107) or electronically at proxy@computershare.co.za by 08:00 on Thursday, 19 April 2018. Forms of proxy may also be delivered to the Chairman of the General Meeting at any time prior to the vote.

Holders of Astral shares (whether certificated or dematerialised) through a nominee should timeously make the necessary arrangements with that nominee or, if applicable, Central Securities Depository Participant (CSDP) or broker to enable them to attend and vote at the General Meeting or to enable their votes in respect of their Astral shares to be cast at the General Meeting by that nominee or a proxy or a representative. The completion of the form of proxy will not preclude the shareholders from subsequently attending the General Meeting.

## ELECTRONIC COMMUNICATION AND PARTICIPATION

Shareholders or their proxies may participate in the General Meeting by way of a teleconference call and, if they wish to do so:

- must contact the Company Secretary: maryna.eloff@astralfoods.com or 012 667 5468 during business hours (08:00 to 16:30) on week days;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

By order of the board

**Maryna Eloff**  
Company secretary

Pretoria  
13 March 2018



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**FORM OF PROXY**

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**Form of proxy for the use of shareholders, registered as such and who have not dematerialised their shares or hold own name dematerialised shares, at the General Meeting of the Company to be held at 92 Koranna Avenue, Doringkloof, Centurion on Thursday 19 April 2018 at 08:00**

Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the General Meeting and request their CSDP or broker to issue them with the necessary authorisation to attend or provide their CSDP or broker with their voting instructions should they not wish to attend the General Meeting in person. Such shareholders must not return this form of proxy to the transfer secretaries.

I/We

of

(address)

being the registered holder of  shares in the company and unable to attend the General Meeting of the Company to be held on 19 April 2018, do hereby appoint (see note below)

or failing him/her

or failing him/her

the Chairman of the meeting<sup>(1)</sup> with the mandate to speak on my behalf, and to exercise my votes as instructed below, on the proposed resolution and any amendments thereto that are within the scope of the notice convening the General Meeting.

Signature

Signed this

day of

20

(\* Indicate instructions to proxy by way of a cross in the space provided below)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit or abstain from voting.

	Number of votes		
	*In Favour	*Against	*Abstain
<b>Special Resolution Number 1</b> To approve the remuneration payable to the Non-executive Chairman			

<sup>(1)</sup> A chairman of the meeting will be appointed by the board on the day of the General Meeting. In terms of good corporate governance, the chairman of the board will not act as the chairman of the meeting due to the fact that his remuneration is the subject of voting at the General Meeting.

**Notes to the proxy form:**

1. A shareholder may insert the name or the names of two alternative proxies of his/her choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who needs not be a shareholder of the company, is entitled to attend, speak and vote on behalf of the shareholder.
2. A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.
3. If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against the resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the General Meeting be proposed, the proxy shall be entitled to vote as he thinks fit.
4. This form of proxy must be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (P O Box 61051, Marshalltown, 2107) or electronically to proxy@computershare.co.za by no later than Thursday, 19 April 2018 at 08:00. Forms of proxy may also be submitted to the Chairman of the General Meeting at any time prior to the vote.
5. Documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached hereto unless previously recorded by the company's transfer secretaries.
6. The completion and lodging of this form of proxy will not preclude a shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms of this proxy form.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. The Chairman of the meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes.
9. Shareholders who have dematerialised their shares must inform their CSDP or broker of their intention to attend the General Meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the General Meeting or provide their CSDP or broker with their voting instructions should they not wish to attend the General Meeting in person but wish to be represented thereat. This must be done by the cut-off time as requested by the CSDP or broker.

**If you are in any doubt as to what action you should take in relation to this notice of meeting and form of proxy, please consult your CSDP, broker, banker, investment adviser or other professional adviser immediately.**