



**HPL&R**  
Hosken Passenger Logistics & Rail

**NOTICE OF ANNUAL GENERAL MEETING  
For the year ended 31 March 2019**

## CONTENTS

Letter to shareholders	2
Notice of annual general meeting for the year ended 31 March 2019	3
Summarised consolidated annual financial statements	9
Appendix 1: Curriculum vitae of directors	21
Appendix 2: Remuneration policy and implementation of the remuneration policy	22
Appendix 3: Shareholder analysis	26
Proxy form	Attached
Shareholders' diary	Inside back cover
Corporate information	Inside back cover



Hosken Passenger Logistics & Rail

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

Registration number 2015/250356/06

Incorporated in the Republic of South Africa

("HPL&R" or "the Company")

ISIN Code: ZAE000255907 Share Code: HPR

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## LETTER TO SHAREHOLDERS

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Notice is hereby given in terms of sections 61 and 62 of the Companies Act, No 71 of 2008, as amended ("the Act" or "the Companies Act") of the annual general meeting of shareholders of HPL&R to be held at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Road, Sea Point, 8005 on Thursday, 12 September 2019 at 11h00 ("the AGM").

Notice is also given in terms of section 31(1) of the Companies Act to every person who holds, or has a beneficial interest in, any securities issued by the Company of the publication of the annual financial statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 March 2019.

Included in this notice are the summarised annual financial statements of the Group for the financial year ended 31 March 2019.

A copy of the complete annual financial statements and of the Integrated Annual Report ("2019 Integrated Annual Report") of the Group for the financial year ended 31 March 2019 may be obtained by a shareholder, as follows:

1. By downloading a copy from the Company's website at [www.hplr.co.za](http://www.hplr.co.za); or
2. By requesting a copy by any of the following means:
  - a. Email to [info@hplr.co.za](mailto:info@hplr.co.za); or
  - b. In person at the registered office of the Company (103 Bofors Circle, Epping Industria, 7460) during office hours.

*HCI Managerial Services  
Proprietary Limited*

HCI Managerial Services Proprietary Limited

24 July 2019



## Hosken Passenger Logistics & Rail

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### NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2019

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NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held on Thursday 12 September 2019 at 11h00 at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Road, Sea Point, 8005. Registration will start at 10:30.

This document is available in English only. The proceedings at the meeting will be conducted in English.

#### GENERAL INSTRUCTIONS AND INFORMATION

The Board of directors of the Company ("the Board") determined, in accordance with section 59 of the Companies Act, that the record date for the purpose of determining when persons must be recorded as shareholders in the securities register of the Company in order to be entitled to receive notice of the annual general meeting is Friday, 19 July 2019. The Board determined that the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 6 September 2019 with the last day to trade being Tuesday, 3 September 2019. Accordingly, only shareholders who are registered in the securities register of the Company on Friday, 6 September 2019 will be entitled to participate in and vote at the annual general meeting.

All shareholders are encouraged to attend, speak and vote at the annual general meeting and are entitled to appoint a proxy to attend, speak and vote at the meeting in place of the shareholder. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the Company. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

If you hold certificated shares (i.e. you have not dematerialised your shares in the Company) or are registered as an "own name" dematerialised shareholder (i.e. you have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively;
- you may appoint one or more proxies (who need not be shareholders of the Company) to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries (Computershare Investor Services Proprietary Limited, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2017), to be received by no later than 11h00 on Wednesday, 11 September 2019 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting; and/or
- you may participate in the annual general meeting by way of electronic participation as stipulated in this notice.

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited's ("JSE") electronic settlement system, Share Transactions Totally Electronic ("STRATE") held through a CSDP or broker (or their nominee)) and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to participate in the annual general meeting (either being physically present at the meeting or by way of electronic participation), you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the Company's transfer secretaries (Computershare Investor Services Proprietary Limited, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2017)) to be received by 11h00 on Wednesday, 11 September 2019 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

In accordance with section 63(1) of the Companies Act, participants at the annual general meeting will be required to provide proof of identification to the reasonable satisfaction of the Chairperson of the annual general meeting and must accordingly provide a copy of their identity document, passport or driver's licence at the annual general meeting for verification.

Shareholders of the Company that are companies, that wish to participate in the annual general meeting, may authorise any person to act as its representative at the annual general meeting.

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2019

## (CONTINUED)

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the annual general meeting by way of video conference in Johannesburg. Should you wish to participate in the annual general meeting by way of video conference as aforesaid, you are required to give notice of such proposed participation to the Company at its registered office or at the office of the transfer secretaries by no later than 12h00 on Tuesday, 10 September 2019. In order for the notice to be valid, it must be accompanied by the following:

- if the shareholder is an individual, a certified copy of his/her identity document and/or passport;
- if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the annual general meeting and a certified copy of the authorised representative's identity document and/or passport;
- a valid e-mail address and/or facsimile number for the purpose of receiving details of the video conference facility that will be made available.

Upon receipt of the aforesaid notice and documents, the Company shall use its reasonable endeavours to notify you of the relevant details of the video-conference facilities available in Johannesburg at which you can participate in the annual general meeting by way of electronic communication.

### VOTING AT THE ANNUAL GENERAL MEETING

On a show of hands, every shareholder present in person (or by way of electronic participation) or represented by proxy at the annual general and entitled to vote, shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, shareholders present in person (or by way of electronic participation) or represented by proxy at the annual general and entitled to vote, shall be entitled to one vote per ordinary share held by such shareholder.

Unless otherwise specifically provided in this notice of annual general meeting, for any of the ordinary resolutions to be adopted, 50% of the voting rights plus one vote exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

### Details of directors, shareholders, share capital and analysis of shareholders, no-change statement and directors' responsibility statement

This notice of annual general meeting, provides details of:

- the directors of the Company as per the Corporate Information page, and including brief CVs of the directors nominated for re-election provided as Appendix 1.
- the major shareholders of the Company reflected in the Director's report on page 10 and the analysis of shareholders as Appendix 3;
- the directors' interests in securities included in the analysis of shareholders as Appendix 3 and the Report of the Remuneration Committee as Appendix 2; and
- the share capital of the Company and an analysis of shareholders as Appendix 3.

### No-change statement

There have been no material changes to the Group's financial or trading position, nor are there any legal or arbitration proceedings that may materially affect the financial position of the Group between the signature date of the audit report and the date of this notice.

### Director's responsibility statement

The directors, whose names appear on the Corporate Information page, collectively and individually, accept full responsibility for the accuracy of the information given in this notice and certify that, to the best of their knowledge and belief, that there are no facts that have been omitted which would make any statement in this notice false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice of annual general meeting contains all information required by the Listings Requirements of the JSE ("JSE Listings Requirements").

### PURPOSE

The purpose of the annual general meeting is to transact the business set out in the agenda below, and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's memorandum of incorporation ("MOI") and, the Companies Act, as read with the JSE Listings Requirements.

### AGENDA

#### 1. Presentation of the audited annual financial statements of the Company, including the reports of the directors, external auditors and the Audit and Risk Committee, for the year ended 31 March 2019

In terms of the Act, the audited annual financial statements of the Company (including the reports of the directors and the Audit and Risk Committee) for the year ended 31 March 2019 as approved by the Board will be presented to the shareholders of the Company.

A summary of the audited annual financial statements of the Group is set out on pages 9 to 20 of this notice of annual general meeting ("notice"). This summary is not exhaustive and the complete annual financial statements of the Group should be read in their entirety for a full appreciation of their contents. The complete audited annual financial statements of the Group, including the unmodified audit opinion, are available on HPL&R's website at [www.hpl.co.za](http://www.hpl.co.za). Alternatively, shareholders of the Company may request and obtain a copy of the complete annual financial statements of the Group in person, at no charge, at the registered office of HPL&R (103 Bofors Circle, Epping Industria, 7460) during office hours.

#### 2. Presentation of Social and Ethics Committee Report

In accordance with Regulation 43 of the Companies Regulations, 2011, the Company's Social and Ethics Committee Report for the financial year ended 31 March 2019, prepared and approved by the Company's Social and Ethics Committee and set out in the 2019 Integrated Annual Report, will be presented to the shareholders of the Company. Any specific questions to the Social and Ethics Committee may be sent to the Company Secretary prior to the annual general meeting.

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

## 3. Ordinary resolution number 1 (1.1 to 1.3): Retirement and re-election of directors

### 3.1 Ordinary resolution number 1.1: Re-election of Mr Y Shaik as director

*“Resolved that Mr Y Shaik be and is hereby re-elected as a director of the Company.”*

### 3.2 Ordinary resolution number 1.2: Re-election of Mr TG Govender as director

*“Resolved that Mr TG Govender be and is hereby re-elected as a director of the Company.”*

#### Explanatory Note

Mr Y Shaik and Mr TG Govender (“the directors”) retire as directors in accordance with the Company’s MOI and the JSE Listings Requirements but, being eligible, each offer themselves for re-election as a director of the Company.

The Board has considered the proposed re-election of the above directors and recommends that they be re-elected as directors of the Company. Brief CV details of the abovementioned directors are included in Appendix 1 of this notice.

The reason for ordinary resolution numbers 1.1 to 1.2 is to propose the re-election of the directors who have retired as directors in accordance with the Company’s MOI and JSE Listing Requirements. These elections will be conducted by a series of separate votes in respect of each candidate. Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect the directors by way of passing the ordinary resolutions set out above.

### 3.3 Ordinary resolution number 1.3: Re-election of Ms RD Watson as director

*“Resolved that Ms RD Watson be and is hereby re-elected as a director of the Company.”*

#### Explanatory Note

Brief CV details of Ms RD Watson are included in Appendix 1 of this notice.

The reason for ordinary resolution number 1.3 is to re-elect the director of the Company who was appointed during the course of the year and who retires as a director in accordance with the Company’s MOI and JSE Listing Requirements. Accordingly, the shareholders are requested to consider and, if deemed fit, to re-elect Ms RD Watson by way of passing the ordinary resolution set out above.

## 4. Ordinary resolution number 2: Re-appointment of auditor

*“Resolved that BDO South Africa Incorporated and Mr Cillié, as designated auditor, is hereby appointed as the auditor to the Company for the ensuing year.”*

#### Explanatory Note

In terms of the Act, the Company, being a public company, must have its financial results audited and such auditor of the Company must each year at the Company’s annual general meeting be appointed or re-appointed, as the case may be, as an external auditor. The Company’s current external auditor BDO Cape Incorporated has merged into BDO South Africa Incorporated with effect from 1 August 2019 which has indicated that Mr Cillié who is a director of the firm and a registered auditor and accredited with the JSE in accordance with the JSE Listings Requirements will undertake the audit.

The Company’s Audit and Risk Committee has recommended that BDO South Africa Incorporated, into which BDO Cape Incorporated merged, be re-appointed as the auditors of the Company, for the ensuing year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2020 is Mr Cillié.

## 5. Ordinary resolution number 3 (3.1 to 3.3): Re-appointment of the members of the Audit and Risk Committee of the Company

### 5.1 Ordinary resolution number 3.1: Re-election of Mr L Govender as member of the Audit and Risk Committee

*“Resolved that Mr L Govender be and is hereby re-appointed to the Audit and Risk Committee of the Company.”*

### 5.2 Ordinary resolution number 3.2: Re-election of Ms NB Jappie as member of the Audit and Risk Committee

*“Resolved that Ms NB Jappie be and is hereby re-appointed to the Audit and Risk Committee of the Company.”*

### 5.3 Ordinary resolution number 3.3: Re-election of Ms RD Watson as member of the Audit and Risk Committee

*“Resolved that Ms RD Watson be and is hereby re-appointed to the Audit and Risk Committee of the Company.”*

#### Explanatory Note

In terms of the Act, at each annual general meeting an Audit Committee comprising at least three members must be elected. It is proposed that the following independent non-executive directors be elected as members of the Audit and Risk Committee for the ensuing year. The Board has considered the proposed appointment of Mr L Govender, Ms NB Jappie and Ms RD Watson and recommends that they be re-appointed to the Audit and Risk Committee. The appointment of each member of the Audit and Risk Committee will be voted on separately.

The re-appointment of Ms RD Watson to the Audit and Risk Committee is subject to the approval of ordinary resolution 1.3 above.

Brief CV’s of the members are included in Appendix 1 to this notice.

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

## 6. Non-Binding advisory votes: *Advisory endorsement of the remuneration policy and implementation report*

### 6.1 Non-binding advisory vote 1: Company's remuneration policy

*"Resolved, by way of a non-binding advisory vote, that the Company's remuneration policy, as set out in Appendix 2 to this notice of annual general meeting, be and is hereby endorsed".*

### 6.2 Non-binding advisory vote 2: Company's implementation report on the remuneration policy

*"Resolved, by way of a non-binding advisory vote, that the Company's implementation report in respect of the remuneration policy, as set out in Appendix 2 to this notice of annual general meeting, be and is hereby endorsed".*

#### Explanatory Note

The reason for non-binding advisory votes 1 and 2 is that in terms of Part 5.4, principle 14 (recommended practice 37) of the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. Furthermore, King IV™ recommends that the remuneration policy should record the measures that the Board commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by shareholders.

Shareholders are requested to separately endorse the Company's remuneration policy and the implementation report included in the Remuneration Report as Appendix 2, by way of separate non-binding advisory votes.

## 7. Special resolution number 1: *General authority to issue ordinary shares, options and convertible securities for cash*

*"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued ordinary shares (or to issue options or convertible securities convertible into ordinary shares) for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listings Requirements, provided that:*

- *the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond 15 months from the date of this resolution;*
- *the general issues of shares for cash under this authority may not exceed, in the aggregate, 15% of the Company's issued share capital of that class as at the date of this notice, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders and, shares issued in respect of the HPL&R Group Employee Option Scheme shall not count towards the number of ordinary shares that comprise the 15% of the ordinary shares that can be issued in terms of this special resolution. As at the date of this notice, 15% of the Company's issued ordinary share capital (net of treasury shares) amounts to 43 500 000 ordinary shares;*
- *in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such securities, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period;*
- *any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;*
- *any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and*
- *in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE ("SENS").*

#### Explanatory Note

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes), it is necessary for the Board of the Company to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements and the MOI of the Company. Accordingly, the reason for special resolution number 1 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the MOI of the Company.

## 8. Special resolution number 2: *Approval of annual fees to be paid to non-executive directors*

*"Resolved that for the period 1 October 2019 until the date of the next annual general meeting of the Company, the remuneration payable to non-executive directors of the Company for their services as directors will be as follows:*

<i>Type of fee</i>	<i>Current Fee (excl VAT)</i>	<i>New Proposed Fee (excl VAT)</i>
<i>Board members - annual fee</i>	<i>R 110 240</i>	<i>R 116 850</i>
<i>Board committee members – annual fee*</i>	<i>R 45 580</i>	<i>R 48 310</i>

*\* Where a non-executive director is a member of more than one Board Committee of the Company, the annual Board Committee fee for such director is limited to R 48 310.*

#### Explanatory Note

In terms of section 66(8) of the Act, the Company may pay remuneration to its directors for their services as directors. In terms of section 66(9) of the Act the remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by shareholders during the previous two years.

# NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

## 9. Special resolution number 3: *General authority to repurchase Company shares*

*“Resolved that the Company hereby approves, as a general approval contemplated in paragraph 5.72 of Section 5 of the JSE Listings Requirements, the repurchase by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI, the provisions of the Act and the JSE Listings Requirements, as presently constituted and which may be amended from time to time, and provided further that:*

- *acquisitions by the Company and its subsidiaries of shares in the capital of the Company in terms of this general authority to repurchase shares may not, in the aggregate, exceed in any one financial year 20% of the Company’s issued share capital of the class of the repurchased shares from the date of the grant of this general authority. As at the date of this notice, 20% of the Company’s issued ordinary shares capital (net of treasury shares) amounts to 58 000 000 ordinary shares;*
- *any such repurchase shall be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;*
- *the Company (or any subsidiary) is authorised to do so in terms of its MOI;*
- *this general authority shall only be valid until the Company’s next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;*
- *in determining the price at which the Company’s shares are repurchased by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% above the weighted average of the market price at which such shares are traded on the JSE for the five business days immediately preceding the date the repurchase transaction is effected;*
- *at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company’s behalf;*
- *the Company or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the relevant period are fixed and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company’s securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;*
- *an announcement will be published on SENS as soon as the Company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% of the initial number of shares of the class of shares in issue at the time that this general authority is granted by shareholders, and each time the Company acquires a further 3% of the initial number thereafter, which announcement(s) shall contain full details of such repurchases as required in terms of the JSE Listings Requirements; and*
- *a repurchase shall only be effected if the Board of directors have at the time of the repurchase passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries.”*

### Explanatory note

The reason for special resolution number 3 is to grant the directors of the Company and/or subsidiaries of the Company a general authority in terms of the Act and the JSE Listings Requirements to acquire the Company’s ordinary shares, subject to the terms and conditions set out in the special resolution. The directors require that such general authority should be implemented in order to facilitate the repurchase of the Company’s ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the Company and its shareholders.

### Director’s statement:

Pursuant to and in terms of the JSE Listings Requirements, the Board of directors of the Company hereby states that:

- it is their intention to utilise the general authority to acquire shares in the Company if at some future date the cash resources of the Company are in excess of its requirements and the opportunity presents itself to do so during the year, which the Board deems to be in the best interest of the Company and its shareholders, taking prevailing marketing conditions and other factors into account;
- in determining the method by which the Company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such repurchase will take place, the directors of the Company will only make the repurchase if at the time of the repurchase they are of the opinion that the following conditions have been and will be met:
  - the Company and the Group will be able to pay their debts for a period of 12 months after the date of this notice;
  - the assets of the Company and the Group are to be in excess of the liabilities of the Company and Group for a period of 12 months after the date of this notice (for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the audited financial statements for the year ended 31 March 2019);
  - the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this notice;
  - the working capital of the Company and the Group are adequate for the ordinary business purposes for a period of 12 months after the date of approval of this notice; and
  - resolution being passed by the Board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the Group.

The authority granted in terms of this Special Resolution number 3 is limited to paragraph 5.72(a), (c), (d) and paragraph 5.68 of the JSE Listings Requirements.

The following additional information is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- major beneficial shareholders – Appendix 3 of the document of which this notice of annual general meeting forms part; and
- share capital of the Company – Appendix 3 and page 26 of the document of which this notice of annual general meeting forms part.

## NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

10. Ordinary Resolution number 4: Directors' authority to implement Company resolutions

*"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."*

11. To transact such other business which may be transacted at an annual general meeting

By order of the Board

*HCI Managerial Services  
Proprietary Limited*

HCI Managerial Services Proprietary Limited

24 July 2019

Cape Town

# SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors of Hosken Passenger Logistics and Rail Limited ("HPL&R" or "the Group") are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the annual financial statements of the Company and the Group and for other information contained herein.

The summarised consolidated annual financial statements, set out on pages 9 to 20, and the consolidated annual financial statements for the year ended 31 March 2019, available on HPL&R's website, have been prepared, in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the South African Companies Act, 71 of 2008, as amended, on the going concern basis and incorporate full and responsible disclosure. The summarised information included in this report has been extracted from the audited consolidated annual financial statements.

The consolidated annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The consolidated annual financial statements were prepared under the supervision of the Chief Financial Officer, Mr ML Wilkin CA(SA).

The directors are satisfied that the information contained in the consolidated annual financial statements fairly represents the results of operations for the year and the financial position of the Group at year end. The accuracy of the other information included in this report was considered by the directors and they are satisfied that it accords with the consolidated annual financial statements.

The directors are also responsible for the Group's system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the foreseeable future.

The consolidated annual financial statements were audited by the independent auditor, BDO Cape Incorporated, to whom unrestricted access was given to all financial records and related information. The report of the independent auditor is presented on page 12.

The consolidated annual financial statements for the year ended 31 March 2019 were approved by the Board of directors on 24 July 2019 and are signed on its behalf by:



FE Meyer  
Chief Executive Officer

Cape Town  
24 July 2019



ML Wilkin  
Chief Financial Officer

## DECLARATION BY COMPANY SECRETARY

We certify that Hosken Passenger Logistics and Rail Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2019, all such returns as required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

*HCI Managerial Services  
Proprietary Limited*

HCI Managerial Services Proprietary Limited  
Company Secretary

Cape Town  
24 July 2019

# DIRECTORS' REPORT

## NATURE OF BUSINESS AND OPERATIONS

The Company serves as an investment holding company. Its interests consist mainly of investments in the transport sector. The Company holds 100% of HPL and R Investments Proprietary Limited, which holds 100% of Golden Arrow Bus Services Proprietary Limited (which in turn, has various subsidiaries) and 76% of Eljosa Travel and Tours Proprietary Limited.

## RESULTS

The Group made attributable net profit for the year of R233.9 million (2018: R235.9 million).

While the year under review has been testing in a number of ways, the Group has nonetheless posted steady results which augur well for the future. In the face of economic recession, the Group was able to draw on its legacy of a century and a half's operational experience when dealing with an increasingly challenging operating environment.

These challenges included a national five-week protected strike, an additional illegal strike related to in-sourcing which affected the MyCiTi operations and unusually high fuel price increases. In addition to this, the run up to the elections was marred by the disruption of services and an upsurge in vandalism and arson.

Group revenue reflected a nominal decrease of 1.6% from the prior year. Operating expenses were up by 1.7% compared to the previous year, which were mitigated by improved operating efficiencies.

The net effect for the year is a decrease in operating profit of 9.3% from the prior year.

Profit for the year is 0.2% lower than the prior year, largely due to additional interest received on the financial asset and the effect of depreciation from the reassessment of residual values of buses as detailed further in the notes to the summarised annual financial statements.

## DIVIDENDS

During the course of the year the Company declared and paid an interim dividend of 14 cents per share on 18 December 2018, and two special dividends, one of 75 cents per share paid on 18 December 2018 and another of 80 cents per share paid on 18 February 2019. The Board declared a final dividend in respect of the year ended 31 March 2019 of 40 cents per share on 23 May 2019 which was paid on 18 June 2019.

## SHARE CAPITAL

There was no change in the authorised or issued share capital of the Company during the period under review. At 31 March 2019, the total shares in issue was 290 000 000.

## MAJORITY SHAREHOLDER

The Company's ultimate holding company is Hosken Consolidated Investments Limited holding 75.07% of the issued share capital of the Company at 31 March 2019.

## DIRECTORATE

The directors of the Company who held office during the year under review and at the date of this report are as follows:

Directors	Office	Designation
Mr Y Shaik	Chairperson	Non-executive
Mr FE Meyer	Chief Executive Officer	Executive
Mr ML Wilkin	Chief Financial Officer	Executive
Mr TG Govender		Non-executive
Mr L Govender	Lead Independent	Independent non-executive
Ms NB Jappie		Independent non-executive
Ms KF Mahloma		Independent non-executive (resigned 17 April 2019)
Ms RD Watson		Independent non-executive (appointed 17 April 2019)

In accordance with the Company's MOI and Section 10.16(g) of the JSE Listings Requirements, one-third of non-executive directors will retire at the forthcoming annual general meeting. All retiring directors, being eligible, offer themselves for re-election.

## DIRECTORS EMOLUMENTS

Details of directors' emoluments and share options awarded to executive directors are included in the Remuneration Policy Implementation Report included as Appendix 2.

## SHAREHOLDINGS OF DIRECTORS

At year end the following directors held shares in the Company:

Director	Direct number of shares held	Direct % of shares in issue held	Indirect number of shares held	Indirect % of shares in issue held	Total number of shares held	Total % of shares in issue held
FE Meyer	66 725	0.0%	–	–	66 725	0.0%
TG Govender	87 808	0.0%	821 676	0.3%	909 484	0.3%
	154 533	0.1%	821 676	0.3%	976 209	0.3%

## DIRECTORS' REPORT (CONTINUED)

In addition, to the holdings reflected above, subsequent to year end and to the date of this report the following director acquired an additional interest in the shares of the Company as follows:

Director	Total additional direct number of shares acquired	Total additional direct % of shares in issue acquired
FE Meyer	28 588	0.0%

### COMPANY SECRETARY

The secretary of the Company is HCI Managerial Services Proprietary Limited, whose details are set out on the Corporate Information page.

### INVESTMENTS

Company	Nature of business	Holding
HPL and R Investments Proprietary Limited	Investment holding	100%
Golden Arrow Bus Services Proprietary Limited	Transport services	100%
Eljosa Travel & Tours Proprietary Limited	Transport services	76%
Table Bay Area Rapid Transit Proprietary Limited	Transport services	50.06%
Sibanye Bus Services Proprietary Limited	Transport services	33.33%
N2 Express Joint Venture Proprietary Limited	Transport services	33.33%

Subsequent to year end, the Group's major subsidiary Golden Arrow Bus Services acquired the remaining shares in Sibanye Bus Services and Table Bay Area Rapid Transit, details of which are set out further in the notes to the summarised annual financial statements.

### GOING CONCERN

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the consolidated and separate annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The directors are not aware of any new material changes that may adversely impact the Group nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Group.

### AUDITORS

BDO Cape Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Stephan Cillié as designated auditor for the year ended 31 March 2019.

### NO MATERIAL CHANGE

There has been no material change in the financial or trading position of the Group since the publication of its provisional results for the year ended 31 March 2019.

### SPECIAL RESOLUTIONS

The following special resolutions were passed by the Company's shareholders at the annual general meeting held on 22 October 2018:

- Granting the Company a general authority to allot and issue the Company's unissued ordinary shares (or to issue options or convertible securities into ordinary shares) for cash, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listing requirements;
- Approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 November 2018 until the next annual general meeting of the Company;
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings Requirement paragraph 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company; and
- Granting the Company authorisation to provide financial assistance to subsidiaries in accordance with sections 44 and 45 of the Companies Act.

### SPECIAL RESOLUTIONS OF SUBSIDIARIES

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

### SUBSEQUENT EVENTS

The N2 Express MyCiTi contract expired on 31 May 2019.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within the annual financial statements that would affect the operations or results of the Company or the Group significantly. Refer to the notes to the summarised annual financial statements detailing the acquisition of the remaining shares in Sibanye Bus Services and Table Bay Area Rapid Transit subsequent to year end.

### PREPARER

These annual financial statements were prepared under the supervision of the Chief Financial Officer, Mr ML Wilkin CA(SA).

# INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF

Hosken Passenger Logistics and Rail Limited

## Opinion

The summarised consolidated annual financial statements of Hosken Passenger Logistics and Rail Limited, which comprise the summarised consolidated statement of financial position as at 31 March 2019, the summarised consolidated statement of profit or loss, the statement of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated annual financial statements of Hosken Passenger Logistics and Rail Limited for the year ended 31 March 2019.

In our opinion, the accompanying summarised consolidated annual financial statements are consistent, in all material respects, with the audited consolidated annual financial statements of Hosken Passenger Logistics and Rail Limited, with the requirements of International Accounting Standard 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

## Summarised consolidated annual financial statements

The summarised consolidated annual financial statements do not contain all the disclosures required by the International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to financial statements. Reading the summarised annual consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated annual financial statements and the auditor's report thereon. The summarised consolidated annual financial statements and the audited consolidated annual financial statements do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated annual financial statements.

## The audited consolidated financial statements and our report thereon

We expressed an unmodified audit opinion on the audited consolidated annual financial statements in our report dated 24 July 2019. That report also includes our communication of key audit matters.

## Directors' responsibility for the summarised consolidated financial statements

The directors are responsible for the preparation of the summarised consolidated annual financial statements in accordance with International Accounting Standard 34: Interim Financial Reporting and the requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's responsibility

Our responsibility is to express an opinion on whether the summarised consolidated annual financial statements are consistent, in all material respects, with the audited consolidated annual financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), Engagements to Report on Summary Financial Statements.

*BDO Cape Incorporated*

**BDO Cape Incorporated**  
Registered Auditors

**Stephan Cillié**  
*Director*

Registered Auditor

24 July 2019

119-123 Hertzog Boulevard  
Foreshore  
Cape Town, 8001

# SUMMARISED ANNUAL FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	2019 R'000	2018 R'000
<b>ASSETS</b>		
<i>Non-current assets</i>	1 610 505	1 709 120
Property, plant and equipment	1 579 256	1 462 937
Goodwill	8 451	8 451
Intangible assets	57	78
Investments in associates	22 342	18 343
Other financial asset	–	218 897
Deferred taxation	399	414
<i>Current assets</i>	609 825	630 598
Other financial asset	–	237 503
Inventories	17 559	15 714
Trade and other receivables	68 933	67 816
Taxation	2 376	1 435
Cash and cash equivalents	520 957	308 130
<b>Total assets</b>	<b>2 220 330</b>	<b>2 339 718</b>
<b>EQUITY AND LIABILITIES</b>		
<i>Equity</i>	1 158 702	1 406 308
Equity attributable to equity holders of the parent	1 115 079	1 373 693
Non-controlling interest	43 623	32 615
<i>Non-current liabilities</i>	633 272	557 397
Borrowings	341 182	300 887
Post-employment medical benefit liability	64 675	58 928
Deferred taxation	227 415	197 582
<i>Current liabilities</i>	428 356	376 013
Trade and other payables	159 867	124 720
Current portion of borrowings	166 901	149 323
Taxation	5 653	4 340
Provisions	95 935	97 630
<b>Total equity and liabilities</b>	<b>2 220 330</b>	<b>2 339 718</b>

# SUMMARISED ANNUAL FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2019

	2019 R'000	2018 R'000
Revenue	1 779 849	1 808 406
Other income	14 541	4 501
Operating expenses	(1 382 392)	(1 358 793)
<b>Operating profit</b>	<b>411 998</b>	<b>454 114</b>
Depreciation and amortisation	(81 471)	(112 076)
Investment income	48 810	22 310
Income from equity accounted investments	10 999	7 283
Finance costs	(45 014)	(39 618)
<b>Profit before taxation</b>	<b>345 322</b>	<b>332 013</b>
Taxation	(100 406)	(86 619)
<b>Profit for the year</b>	<b>244 916</b>	<b>245 394</b>
<b>Profit attributable to:</b>		
Equity holders of the parent	233 908	235 947
Non-controlling interest	11 008	9 447
	<b>244 916</b>	<b>245 394</b>

## RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2019

	2019 R'000		2018 R'000	
	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent		233 908		235 947
Profit on disposal of plant and equipment	(913)	(657)	(860)	(619)
Impairment of property, plant and equipment	10 903	7 850	–	–
Insurance claim for capital assets	(9 492)	(6 834)	–	–
<b>Headline earnings</b>		<b>234 267</b>		<b>235 328</b>
Earnings per share (cents)				
Basic		80.66		81.36
Diluted*		80.66		81.36
Headline earnings per share (cents)				
Basic		80.78		81.15
Diluted*		80.78		81.15
Weighted average number of shares in issue ('000)				
Basic		290 000		290 000
Diluted*		290 000		290 000
Actual number of shares in issue ('000)		290 000		290 000

\* At the year end share price, the effect of the share options are not dilutive.

# SUMMARISED ANNUAL FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	2019 R'000	2018 R'000
Profit for the year	244 916	245 394
<b>Other comprehensive income:</b>		
<i>Items that will be reclassified subsequently to profit or loss</i>		
Cash flow hedging – current year losses	–	(343)
Cash flow hedging – amount capitalised to property, plant and equipment	–	6 633
Taxation relating to cashflow hedging	–	(1 761)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Actuarial (losses)/gains on defined benefit plans	(2 730)	16 863
Taxation relating to actuarial (losses)/gains on defined benefit plans	764	(4 722)
<b>Total comprehensive income for the year</b>	<b>242 950</b>	<b>262 064</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	231 942	252 617
Non-controlling interest	11 008	9 447
	<b>242 950</b>	<b>262 064</b>

# SUMMARISED ANNUAL FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2019

	2019 R'000	2018 R'000
Balance at the beginning of the year	1 406 308	829 570
Prior period restatements - adoption of IFRS 15	(4 272)	–
Shares issued	–	2 900 000
Share issue costs	–	(3 538)
Total comprehensive income	242 950	262 064
Equity settled share-based payments	3 816	–
Effects of changes in shareholding	–	(1 800 000)
Dividends	(40 600)	(131 986)
Special dividends/distribution to shareholders	(449 500)	(649 802)
<b>Balance at the end of the year</b>	<b>1 158 702</b>	<b>1 406 308</b>

# SUMMARISED ANNUAL FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2019

	2019 R'000	2018 R'000
<b>Cash flows from operating activities</b>	<b>356 795</b>	<b>249 763</b>
Cash generated from operations	456 820	467 333
Investment income	55 012	15 132
Finance cost	(45 014)	(36 940)
Taxation paid	(69 423)	(63 776)
Dividends paid	(40 600)	(131 986)
<b>Cash flows from investing activities</b>	<b>404 038</b>	<b>(97 117)</b>
Dividends received	7 000	5 000
Acquisition of property, plant and equipment <sup>1</sup>	(56 348)	(104 079)
Proceeds from settlement of financial asset	448 417	–
Proceeds from sale of property, plant and equipment	4 969	1 962
<b>Cash flows from financing activities</b>	<b>(548 006)</b>	<b>(132 913)</b>
Ordinary shares issued	–	649 802
Other liabilities raised	–	(3 538)
Funding raised <sup>1</sup>	60 000	30 000
Funding repaid	(158 506)	(159 375)
Special dividends/distribution to shareholders	(449 500)	(649 802)
Increase in cash and cash equivalents	212 827	19 733
<b>Cash and cash equivalents</b>		
At the beginning of the year	308 130	288 397
At the end of the year	520 957	308 130

<sup>1</sup> R156.4 million (2018: R155.9 million) of debt raised in the period relates to instalment sale agreements used to finance bus acquisitions, and have therefore not been included in the cash flow statement as a cash flow amount.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2019

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The summarised consolidated annual financial statements are prepared in accordance with the requirements of the JSE Listings Requirements and the Companies Act. The Listings Requirements require summarised consolidated annual financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), and Financial Pronouncements (as issued by the Financial Reporting Standards Council) and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The accounting policies applied in the preparation of the annual financial statements from which the summarised consolidated annual financial statements were derived, are compliant in terms of IFRS and are consistent with those applied in the previous annual financial statements, other than the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The adoption of IFRS 9 had no material impact on prior year figures presented and consequently no adjustments were made to opening retained earnings. IFRS 15 was adopted using the modified retrospective approach whereby no comparative figures were restated, but instead a cumulative catch-up adjustment was recognised in opening retained earnings. The adjustment was to recognise deferred revenue on the sale of multi-journey tickets which expire subsequent to year end. In prior years, revenue was recognised on the date of sale of these tickets. Details of the standards adopted are provided in the annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 4/2018 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

## OPERATING SEGMENT

The directors have considered the implications of IFRS 8: Operating segments and are of the opinion that the operations of the Group constitute one operating segment, being the provision of passenger transport services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the Chief Operating Decision-Maker, who is the Group's Chief Executive Officer.

## PROPERTY PLANT AND EQUIPMENT

	2019			2018		
	Cost R'000	Accumulated Depreciation R'000	Carrying Value R'000	Cost R'000	Accumulated Depreciation R'000	Carrying Value R'000
Buses	1 898 561	(717 595)	1 180 966	1 748 454	(679 911)	1 068 543
Computer, ticket and radio equipment	96 458	(33 316)	63 142	96 262	(27 168)	69 094
Land and buildings and leasehold improvements	327 002	(40)	326 962	313 273	(14)	313 259
Motor vehicles	21 474	(18 007)	3 467	23 750	(18 081)	5 669
Plant and machinery	28 611	(24 897)	3 714	27 974	(23 037)	4 937
Furniture and fixtures	5 996	(4 991)	1 005	6 566	(5 131)	1 435
	<b>2 378 102</b>	<b>(798 846)</b>	<b>1 579 256</b>	<b>2 216 279</b>	<b>(753 342)</b>	<b>1 462 937</b>

### Reconciliation of Property, plant and equipment – 31 March 2019

	Opening Balance R'000	Additions R'000	Disposals/ Transfers R'000	Depreciation R'000	Impairment loss R'000	Closing Balance R'000
Buses	1 068 543	199 974	(5 728)	(70 920)	(10 903)	1 180 966
Computer, ticket and radio equipment	69 094	1 736	(1 520)	(6 168)	–	63 142
Land and buildings and leasehold improvements	313 259	12 666	1 063	(26)	–	326 962
Motor vehicles	5 669	754	(607)	(2 349)	–	3 467
Plant and machinery	4 937	637	–	(1 860)	–	3 714
Furniture and fixtures	1 435	760	(1 063)	(127)	–	1 005
	<b>1 462 937</b>	<b>216 527</b>	<b>(7 855)</b>	<b>(81 450)</b>	<b>(10 903)</b>	<b>1 579 256</b>

R156 379 000 (2018: R155 909 000) of bus acquisitions for the year were financed through instalment sale agreements, and as such additions reflected in the cash flow statement are shown net of the instalment sale agreements utilised to finance these bus acquisitions.

The impairment loss relates to the destruction of Golden Arrow buses, of which R9 492 000 is recoverable from insurance proceeds, and is included in the reconciliation of headline earnings as insurance claims from capital assets.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

## CHANGE IN ACCOUNTING ESTIMATE OF RESIDUAL VALUES

As a result of the re-capitalisation of the commuter bus fleet in Golden Arrow Bus Services over the last 15 years, the make-up of the fleet has changed leading management to re-estimate the residual values of commuter buses during the year, the impact of which is considered significant. The net effect of the changes in the current financial year was a decrease in depreciation of R42 240 000.

## OTHER FINANCIAL ASSET

On 1 October 2018, R237 503 000 was received as part settlement of the promissory notes ceded to HPL&R on the restructure of the Group. On 21 December 2018, the remaining instalment of the promissory note was sold for R240 248 000, which reflected a discount of R1 781 000 on the carrying value of the financial asset at the date of sale.

Included in Investment income in the statement of profit and loss is interest earned on the financial asset for the year ended 31 March 2019 of R23 132 000 (2018: R6 202 000).

The statement of cash flows reflects the total proceeds realised from this financial asset as cash flows from investing activities. The equivalent interest received on this financial asset is included as Investment income in the statement of cash flows. Summarised as follows:

	R'000
Proceeds from part settlement of financial asset	237 503
Proceeds from sale of financial asset	240 248
Total proceeds from financial asset	477 751
Less: Interest received on the financial asset included in Investment income	(29 334)
Proceeds on settlement of financial asset	448 417

## BORROWINGS

Group borrowings at year end are made up as follows:

	2019 R'000			2018 R'000		
	Non-Current	Current	Total	Non-Current	Current	Total
Term Loans	48 188	21 586	69 774	17 109	6 934	24 043
Instalment sale agreements	292 994	145 315	438 309	283 778	142 389	426 167
<b>Total Borrowings</b>	<b>341 182</b>	<b>166 901</b>	<b>508 083</b>	<b>300 887</b>	<b>149 323</b>	<b>450 210</b>

Instalment sale agreements are entered into with financial institutions to finance the acquisitions of buses by Golden Arrow Bus Services Proprietary Limited. Interest was charged for the year at a weighted average effective rate of 9.09% (2018: 9.04%) and monthly instalments are repayable over a period of five years. These instalment sales are secured over the cost of the vehicles financed, however this security is limited to the outstanding balance owing on the instalment sale agreement.

The term loans are unsecured, bear interest at prime less 0.5% and are repayable in monthly instalments over the four-year term of the individual loans maturing in 2021 to 2022. In the current year Golden Arrow Bus Services Proprietary Limited financed the acquisition of the Automated Fare Collection system by raising R60 000 000 in term loans.

# NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2019

## REVENUE

Group revenue at year end is made up as follows:

	2019 R'000	2018 R'000
<b>Revenue from bus services provided</b>		
Operational contract carrying revenue risk	896 809	867 557
Operational contracts with no revenue risk	113 916	192 829
Sale of single journey tickets	209 290	181 587
Sale of multi-journey tickets	472 682	471 999
Charter hire services	69 943	67 175
<b>Total revenue from bus services</b>	<b>1 762 640</b>	<b>1 781 147</b>
<b>Revenue from automotive repair services</b>		
Bus and vehicle repair and maintenance	7 982	10 606
<b>Other income</b>	<b>9 227</b>	<b>16 653</b>
<b>Total Revenue</b>	<b>1 779 849</b>	<b>1 808 406</b>

## BUSINESS COMBINATION SUBSEQUENT TO YEAR END

At year-end Golden Arrow Bus Service Proprietary Limited ("Golden Arrow") held 33.33% of the issued share capital of Sibanye Bus Services Proprietary Limited ("Sibanye") and 50.06% of the issued share capital of Table Bay Area Rapid Transit Proprietary Limited ("TBRT").

On 1 April 2019, Golden Arrow acquired an additional 33.33% of the issued share capital of Sibanye for a purchase consideration of R26 583 000 and an additional 24.97% of the issued share capital of TBRT for a purchase consideration of R39 240 000. In addition, Golden Arrow has entered into sale of share agreements, which will be effective 31 July 2019, to acquire the remaining 33.33% of the issued share capital of Sibanye for a purchase consideration of R26 583 000 and the remaining 24.97% of the issued share capital of TBRT for a purchase consideration of R39 240 000. Following these transactions Golden Arrow will increase its holdings in both these companies to 100%.

The fair value of net assets acquired in Sibanye on 1 April 2019, for which the acquisition accounting in respect of this business combination is provisional, is as follows:

	2019 R'000
Property, plant and equipment	59 050
Current assets	48 069
Non-current liabilities	(34 626)
Current liabilities	(20 226)
<b>Net assets</b>	<b>52 267</b>
<b>Calculation of Goodwill</b>	
Aggregate of consideration transferred	26 583
Non-controlling interest	17 421
Fair value of previously held interest	17 421
	61 425
Acquisition date fair value of assets and liabilities	(52 267)
<b>Goodwill</b>	<b>9 158</b>

# APPENDIX 1: CURRICULUM VITAE OF DIRECTORS

## Yunis Shaik (“Yunis”)

Non-executive Chairperson  
B. Proc  
Appointed: 1 February 2018  
Nationality: South African  
Age: 61  
Board Committees: Social and Ethics

**Expertise and experience:** Prior to his appointment at Hosken Consolidated Investments Limited (“HCI”), Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union (“SACTWU”) and a director of Workers’ College. He has served as Senior Commissioner of the Commission for Conciliation, Mediation and Arbitration (“CCMA”) in KwaZulu-Natal. He was appointed to the HCI board in August 2005 as a non-executive and appointed as an executive director in 2014. He serves on the boards of Tsogo Sun Gaming Limited, Deneb Investments Limited, eMedia Holdings Limited and Niveus Investments Limited. He has served on the board of Golden Arrow Bus Services Proprietary Limited since 2014 and was appointed to the Board of HPL&R on 1 February 2018.

## Theventheran Govindsamy Govender (“Kevin”)

Non-executive Director  
B.Comm (Hons), B.Compt (Hons)  
Appointed: 1 February 2018  
Nationality: South African  
Age: 49  
Board Committees: Remuneration

**Expertise and experience:** Kevin joined the HCI Group in 1997 and held the positions of company secretary and chief financial officer from 2001. He was appointed to the HCI board as an executive director in June 2009, and is the current financial director of HCI. He serves on the boards of Deneb Investments Limited, eMedia Holdings and Montauk Holdings Limited. He has served on the board of Golden Arrow Bus Services Proprietary Limited since 2006 and was appointed to the Board of HPL&R on 1 February 2018.

## Francois Eckhard Meyer (“Francois”)

Chief Executive Officer  
Dip Trans, B.Comm, MBA  
Appointed: 6 March 2018  
Nationality: South African  
Age: 57  
Board Committees: Social and ethics

**Expertise and experience:** Francois has been working in the scheduled bus operations industry for the past 30 years and started his career in transport at United Transport’s Western Bus Lines, in the North West, in 1985. He joined Golden Arrow Bus Services Proprietary Limited in 1991 as project manager overseeing the Company’s Mossgas contract. He was appointed operations manager in 1993, assumed the position of general manager in 2004 and became Chief Executive Officer in 2015. He was appointed to the Board of HPL&R as Chief Executive Officer on 6 March 2018. He is a director of the South African Bus Operators Association (SABOA).

## Mark Llewellyn Wilkin (“Mark”)

Chief Financial Officer  
B.Comm, CA (SA)  
Appointed: 6 March 2018  
Nationality: South African  
Age: 65  
Board Committees: None

**Expertise and experience:** Mark worked for Deloitte Haskins and Sells in London, United Kingdom, from 1980 to 1982. He joined City Tramways in 1983 and was appointed Financial Director in 1988. In 1992 he was part of the consortium formed by the management team to buy the business of City Tramways from TGH Limited and formed Golden Arrow Bus Services, where he has been Financial Director since 1992. He was appointed to the Board of HPL&R as Chief Financial Officer on 6 March 2018.

## Loganathan Govender (“Logie”)

Lead Independent non-executive Director  
B.Comm, CA (SA)  
Appointed: 6 March 2018  
Nationality: South African  
Age: 71  
Board Committees: Remuneration, Audit and Risk

**Expertise and experience:** Logie is the sole proprietor of the auditing firm, Logie Govender & Co which is the oldest black-owned auditing practice in South Africa. He has over 40 years’ experience as a practicing auditor. He also serves on the board of eMedia Holdings Limited. He was appointed to the Board of HPL&R on 6 March 2018.

## Naziema Begum Jappie (“Naziema”)

Independent non-executive Director  
B.SocSc (Hons), M.SocSc, PGDip (HE)  
Appointed: 6 March 2018  
Nationality: South African  
Age: 59  
Board Committees: Remuneration, Social and Ethics, Audit and Risk

**Expertise and experience:** Naziema brings with her a distinguished and varied background in fields including education, labour law, conflict resolution and performance and project management. She has served as SACTWU’s National Education Officer, as executive director at the Durban University of Technology and Dean of Students at the University of the Witwatersrand. She is currently employed as director of the Centre for Educational Testing for Access & Placement at University of Cape Town. She also holds directorships in Deneb Investments Limited and Montauk Holdings Limited. She has served on the board of Golden Arrow Bus Services from 2013 and was appointed to the Board of HPL&R on 6 March 2018.

## Rachel Doreen Watson (“Rachel”)

Independent non-executive Director  
Appointed: 17 April 2019  
Nationality: South African  
Age: 60  
Board Committees: Audit and Risk, Social and Ethics

**Expertise and experience:** Rachel served as a manager at a regional radio broadcaster. Prior to this appointment she was employed for 33 years within the clothing industry, serving as a trade union representative and national media officer. Rachel is an independent non-executive director of eMedia Holdings Limited, Tsogo Investment Holdings, Hospitality Property Fund and HCI. She was appointed to the Board of HPL&R on 17 April 2019.

# APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY

## REPORT OF THE REMUNERATION COMMITTEE

The Group's Remuneration Committee has the following members:

- TG Govender (Chairperson);
- L Govender; and
- NB Jappie

Y Shaik resigned as Chairperson of the Remuneration Committee effective 12 June 2018 and was succeeded by TG Govender.

The majority of the members of the Remuneration Committee are independent non-executive directors. The Chairperson of the Remuneration Committee is not independent, the Board however, deems this necessary to align the Company's remuneration policy with that of the larger HCI Group. The Chief Executive Officer attends the meetings of the Committee at the request of the Committee, but recuses himself from the meeting before any decisions are made.

The Committee held one formal meeting during the financial year ended 31 March 2019, which was attended by both non-executive Directors constituting a quorum. The Chairperson was briefed on the contents of the meeting and provided his recommendations, which were in line with the Committee meeting, directly to the Board. Informal meetings were conducted during the year to approve executive Director's salary increases and incentive bonuses, which were approved by the Group's major shareholder, HCI, and endorsed by the Remuneration Committee and Board. The Committee is scheduled to hold two meetings per financial year.

The Group's Remuneration Policy and the Implementation Report is tabled at each annual general meeting of the Group for a separate non-binding advisory vote by Shareholders. Such policy will record the measures that the Board will adopt should either the Remuneration Policy or the Implementation Report, or both, be voted against by 25% or more of the votes exercised at such annual general meeting. In this regard, should 25% or more of the votes exercised on this resolution at the annual general meeting be against such Policy or Report, HPL&R will in its voting results announcement include an invitation to dissenting shareholders to engage with HPL&R and the Board, as well as the manner and timing of such engagement.

## REMUNERATION POLICY

The Remuneration Committee is primarily responsible for reviewing and approving the remuneration and incentives of the executive directors and approving and awarding share incentives to executives and the Group's key management. It takes cognisance of local best practice relating to remuneration in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. In addition, the Remuneration Committee assists the Board in reviewing non-executive directors' remuneration recommendations, which are voted on at each annual general meeting of shareholders.

The Remuneration Committee focuses on ensuring that the Company's Remuneration Policy and framework is appropriate and relevant based on key principles including:

- the alignment of executive's remuneration and incentives with the Group's strategy to enhance and protect shareholder value;
- to determine and monitor the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities. The level of remuneration should be directly linked to corporate and individual performance; and
- remuneration packages should be designed to attract and retain people of the required calibre.

## EXECUTIVE DIRECTORS REMUNERATION

The Remuneration Committee is satisfied that the Remuneration Policy is aligned with the Company's remuneration philosophy. The executives' remuneration is reviewed annually by the Remuneration Committee, who seek to ensure a balance between the executives' base salary, which is fixed, and the variable elements of their remuneration such as bonuses and share options. The salary increases of the executives are usually similar to the average employees' salary increase, for non-union staff members.

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the Remuneration Committee focuses on the following strategic components to remuneration:

- Fixed: representing basic salaries and benefits commensurate with market levels and with the goal of attracting and retaining suitable executives.
- Annual incentive awards: an incentive bonus linked to performance of the Group.
- Long term incentives: The Company has introduced a share incentive scheme, which is discussed in more detail below. Awards are linked to corporate performance measures and subject to holding periods.

The remuneration and incentive bonuses of the executive directors are paid by the Group's major subsidiary, Golden Arrow Bus Services, however are subject to approval by the Remuneration Committee.

## NON-EXECUTIVE DIRECTORS REMUNERATION

Non-executive directors receive fixed fees for their services as directors of the Board and as members of Board sub-committees. These fees are reviewed annually by the Remuneration Committee and are recommended by the Board to shareholders for approval at the annual general meeting.

The proposed fee structure, subject to shareholder approval, effective from 1 October 2019 to the 2020 annual general meeting of shareholders is set out in the table below:

Type of fee	Current Fee (excl VAT)	New Proposed Fee (excl VAT)
Board members - annual fee	R 110 240	R 116 850
Board committee members – annual fee*	R 45 580	R 48 310

\* Where a non-executive Director is a member of more than one Board Committee of the Company, the annual Board Committee fee is limited to R 48 310.

These fees are comparable with those of similarly sized companies. Non-executive directors do not receive short-term incentives and do not participate in the Group share option scheme.

The Group pays all reasonable travelling and accommodation expenses incurred to attend Board and Committee meetings.

## APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY (CONTINUED)

### HPL&R GROUP EMPLOYEE OPTION SCHEME

During the 2018 financial year end, the Group implemented a share option scheme, known as the HPL&R Group Employee Option Scheme ("the Scheme"), in terms of which shares in the Company are offered on a share option basis to participants, provided they remain in the Group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives the number of shares which equate in value to the gain made on exercise date. Options must be exercised within six months of the vesting date, where after the options lapse. Options vest over a period of three to five years. The maximum number of shares that may be utilised for the purposes of the Scheme is 21 750 000 shares.

In terms of the Scheme, share options, other than the first grant, are awarded to eligible participants at a 10% discount to the 20-business-day volume weighted average middle market price, as at the grant date. The number of share options granted is determined using a multiple of the participant's salary, divided by the discounted market price.

On 22 March 2019, the Remuneration Committee awarded a total of 2 544 126 options at an option price of R3.70 (2018: 6 572 422 options at an option price of R6.98). Refer to the Implementation Report below for details of the share options awarded to executive directors.

### IMPLEMENTATION REPORT OF THE REMUNERATION POLICY

The Remuneration Committee is satisfied that the Group complied with the Remuneration Policy for the 2019 financial year. The Board endorses the Committee's position that the Group's Remuneration Policy appropriately takes into account the remuneration and employment conditions of employees in the Group as well as relevant external factors.

### REMUNERATION

The executive Directors' remuneration and incentive bonuses were approved by the Group's major shareholder, HCI and endorsed by the Remuneration Committee and Board. Salary increases were in line with inflation and average increases applied to non-unionised staff across the Group.

The following sets out the remuneration paid to Directors for the years ended 31 March 2019 and 31 March 2018.

Year ended 31 March 2019	HPL&R Group Directors' Fees R'000s	Directors' fees R'000s	Salary R'000s	Fringe benefits including medical aid R'000s	Pension contributions R'000s	Bonus R'000s	Gain from share schemes R'000s	Total R'000s
<b>Executive Directors</b>								
FE Meyer	–	–	2 939	694	275	3 602	–	7 510
ML Wilkin	–	–	2 302	499	215	2 822	–	5 838
	–	–	5 241	1 193	490	6 424	–	13 348
<b>Non-executive Directors</b>								
Y Shaik	151	130	3 787	–	–	1 600	2 146	7 814
TG Govender	140	130	1 908	67	–	806	1 854	4 905
L Govender	148	169	–	–	–	–	–	317
NB Jappie	159	183	–	–	–	–	–	342
KF Mahloma	148	–	–	–	–	–	–	148
Paid by HCI subsidiaries not in the HPL&R Group	–	(612)	(5 695)	(67)	–	(2 406)	(4 000)	(12 780)
<b>Total paid by HPL&amp;R Group</b>	<b>746</b>	<b>–</b>	<b>5 241</b>	<b>1 193</b>	<b>490</b>	<b>6 424</b>	<b>–</b>	<b>14 094</b>

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2019 and 31 March 2018.

Y Shaik was remunerated by HCI as executive director for the years ended 31 March 2019 and 31 March 2018. Y Shaik was also remunerated as non-executive director by Deneb Investments Limited (subsidiary of HCI) for the years ended 31 March 2019 and 31 March 2018.

TG Govender was remunerated by HCI as executive director for the years ended 31 March 2019 and 31 March 2018. TG Govender was also remunerated by Deneb Investments Limited as non-executive director for the years ended 31 March 2019 and 31 March 2018.

L Govender was remunerated by eMedia Holdings Limited (subsidiary of HCI) as non-executive director for the year ended 31 March 2019 and by Deneb Investments Limited and eMedia Holdings Limited for the year ended 31 March 2018.

NB Jappie was remunerated by Deneb Investments Limited and Golden Arrow Bus Services Proprietary Limited as non-executive director for the years ended 31 March 2019 and 31 March 2018.

## APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY (CONTINUED)

Year ended 31 March 2018	HPL&R Group Directors' Fees R'000s	Directors' fees R'000s	Salary R'000s	Fringe benefit including medical aid R'000s	Pension contributions R'000s	Bonus R'000s	Gain from share schemes R'000s	Total R'000s
<i>Executive Directors</i>								
FE Meyer	–	–	2 761	703	258	3 000	–	6 722
ML Wilkin	–	–	2 162	494	202	2 329	–	5 187
	–	–	4 923	1 197	460	5 329	–	11 909
<i>Non-executive Directors</i>								
Y Shaik	23	250	3 609	–	–	1 758	1 371	7 011
TG Govender	17	123	2 271	425	–	1 107	1 715	5 658
L Govender	8	371	–	–	–	–	–	379
NB Jappie	76	173	–	–	–	–	–	249
KF Mahloma	8	–	–	–	–	–	–	8
Paid by HCl subsidiaries not in the HPL&R Group	–	(917)	(5 880)	(425)	–	(2 865)	(3 086)	(13 173)
<b>Total paid by HPL&amp;R Group</b>	<b>132</b>	<b>–</b>	<b>4 923</b>	<b>1 197</b>	<b>460</b>	<b>5 329</b>	<b>–</b>	<b>12 041</b>

## APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY (CONTINUED)

### HPL&R GROUP EMPLOYEE SHARE SCHEME

The following share options have been awarded to executive Directors:

	2019		2018	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
<b>FE Meyer</b>				
Balance at the beginning of the year	2 016 344	6.98	–	–
Options granted	210 900	3.70	2 016 344	6.98
Balance at the end of the year	2 227 244	6.67	2 016 344	6.98
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	672 115	6.98	672 115	6.98
Between 22 March 2022 and 22 September 2022	70 300	3.70	–	–
Between 31 March 2022 and 30 September 2022	672 115	6.98	672 115	6.98
Between 22 March 2023 and 22 September 2023	70 300	3.70	–	–
Between 31 March 2023 and 30 September 2023	672 115	6.98	672 115	6.98
Between 22 March 2024 and 22 September 2024	70 300	3.70	–	–
<b>ML Wilkin</b>				
Balance at the beginning of the year	1 263 484	6.98	–	–
Options granted	132 240	3.70	1 263 484	6.98
Balance at the end of the year	1 395 724	6.67	1 263 484	6.98
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	421 161	6.98	421 161	6.98
Between 22 March 2022 and 22 September 2022	44 080	3.70	–	–
Between 31 March 2022 and 30 September 2022	421 161	6.98	421 161	6.98
Between 22 March 2023 and 22 September 2023	44 080	3.70	–	–
Between 31 March 2023 and 30 September 2023	421 161	6.98	421 161	6.98
Between 22 March 2024 and 22 September 2024	44 080	3.70	–	–

No additional share options have been awarded to Directors from year end to the date of this report. As these are the first two tranches of share options awarded and the first tranche only vests in 2021, there are no long-term incentive outcomes to report for the year ended 31 March 2019.

## APPENDIX 3: SHAREHOLDER ANALYSIS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2019.

### DISTRIBUTION OF SHAREHOLDERS

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 – 1 000	1 788	48.23%	719 347	0.25%
1 001 – 10 000	1 401	37.79%	5 066 529	1.75%
10 001 – 50 000	406	10.95%	8 201 025	2.83%
50 001 – 100 000	49	1.32%	3 411 685	1.18%
100 001 – 500 000	41	1.11%	8 920 742	3.08%
500 001 – 1 000 000	7	0.19%	5 128 609	1.77%
1 000 001 shares and over	15	0.40%	258 552 063	89.16%
<b>Total</b>	<b>3 707</b>	<b>100.00%</b>	<b>290 000 000</b>	<b>100.00%</b>

### TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Banks	5	0.13%	178 589	0.06%
Broker	1	0.03%	192	0.00%
Close Corporation	42	1.13%	1 505 212	0.52%
Endowment Fund	4	0.11%	27 835	0.01%
Individual	3 170	85.51%	37 533 858	12.94%
Investment Company	49	1.32%	232 534 457	80.18%
Pension Fund	2	0.05%	68 541	0.02%
Private Company	127	3.43%	12 371 830	4.27%
Public Company	11	0.30%	1 477 480	0.51%
Trust	296	7.98%	4 302 006	1.48%
<b>Total</b>	<b>3 707</b>	<b>100.00%</b>	<b>290 000 000</b>	<b>100.00%</b>

### SHAREHOLDING GREATER THAN 5%

The following beneficial shareholder held, directly or indirectly, 5% or more of the issued shares of the Company.

SHAREHOLDER	Number of shares	% of issued capital
Hosken Consolidated Investments Limited	217 703 492	75.07%

### SHAREHOLDER SPREAD

To the best of the knowledge of the Directors and after reasonable enquiry, the spread of shareholders at 31 March 2019, was as follows:

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Public shareholding	3 703	99.89%	71 320 299	24.59%
Non-Public Shareholding	4	0.11%	218 679 701	75.41%
HCI	1	0.03%	217 703 492	75.07%
FE Meyer*	1	0.03%	66 725	0.02%
TG Govender (direct)*	1	0.03%	87 808	0.03%
TG Govender (indirect)*	1	0.03%	821 676	0.28%
<b>Total</b>	<b>3 707</b>	<b>100.00%</b>	<b>290 000 000</b>	<b>100.00%</b>

\* Directors

## PROXY FORM

I/We, \_\_\_\_\_ (name in full)

of address \_\_\_\_\_

being a registered holder of \_\_\_\_\_ ordinary shares in HPL&R hereby appoint

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

3. \_\_\_\_\_ or failing him/her

the Chairperson of the meeting as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held at 11h00 on Thursday, 12 September 2019 at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Road, Sea Point, 8005 and at any adjournment thereof as follows:

(Indicate instruction to proxy by way of a cross in space provided below)

Resolution in respect of items of business:				
Resolution number		For	Against	Abstain
<b>ORDINARY RESOLUTIONS</b>				
1	Retirement and re-election of directors			
	1.1 Re-election of director: Mr Y Shaik			
	1.2 Re-election of director: Mr TG Govender			
	1.3 Re-election of director: Ms RD Watson			
2	Re-appointment of auditor: BDO South Africa Incorporated			
3	Re-appointment of Audit and Risk Committee			
	3.1 Mr L Govender			
	3.2 Ms NB Jappie			
	3.3 Ms RD Watson			
4	Directors' authority to implement Company resolutions			
<b>NON-BINDING ADVISORY VOTES</b>				
1	Non-binding advisory vote on the Company's remuneration policy			
2	Non-binding advisory vote on the Company's implementation report on the remuneration policy			
<b>SPECIAL RESOLUTION</b>				
1	General authority to issue ordinary shares, options and convertible securities for cash			
2	Approval of annual fees to be paid to non-executive directors			
3	General authority to repurchase Company shares			

Unless otherwise instructed, my proxy may vote as he thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

## NOTES

1. A form of proxy is only to be completed by those shareholders who are:
  - holding shares in certificated form; or
  - recorded in the sub-register in dematerialised electronic form in “own name”.
2. If you have already dematerialised your ordinary shares through a Central Securities Depository Participant (“CSDP”) or broker, other than with “own name” registration, and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a Letter of Representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into yourself and the CSDP or broker.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
4. Every person present and entitled to vote at the meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents but, in the event of a poll, a member 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/her bears to the aggregate amount of the nominal value of all the shares issued by the Company.
5. Please insert the relevant number of shares/votes and indicate with an “X” in the appropriate spaces on the face hereof, how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.
6. A deletion of any printed details and the completion of any blank space(s) need not be signed or initialled. Any alteration must be initialled.
7. The Chairperson of the annual general meeting shall be entitled to decline to accept the authority of the signatory under a power of attorney, or on behalf of a company, unless the power of attorney or authority is produced or has been registered.
8. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his/her proxy, in the blank space(s) provided for that purpose.
9. When there are joint holders of shares and if more than one such joint holder be presented or represented, then the person whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
10. A minor should be assisted by his parent or legal guardian unless the relevant documents establishing his legal capacity are produced or have been registered.
11. The completion and lodging of this proxy form will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
12. A shareholder’s instructions must be indicated by the insertion of a cross, or where applicable, the relevant number of votes exercisable by the shareholder, in the appropriate box of this proxy form.
13. If the signatory does not indicate how he/she wishes to vote in the appropriate place(s) on the face hereof in respect of the resolution, his/her proxy shall be entitled to vote as he/she deems fit in respect of the resolutions.
14. If the shareholding is not indicated on the proxy form, the proxy will be deemed to be authorised to vote the total shareholding.
15. The Chairperson of the general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
16. Forms of proxy must be completed and returned to be received by the transfer secretary of the Company, Computershare Investor Services Proprietary Limited, 15 Biermann Avenue, Rosebank 2196 (PO Box 61051, Marshalltown, 2017) by no later than 11h00 on Tuesday, 10 September 2019, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the Chairperson of the annual general meeting at any time prior to the commencement of the annual general meeting.

# SHAREHOLDERS' DIARY

Financial year-end	31 March 2019
Annual general meeting	12 September 2019

## Reports

- Interim report to 30 September 2019 November 2019
- 2019 Integrated annual report July 2019

## CORPORATE INFORMATION

### Directors

#### Executive directors

FE Meyer (Chief Executive Officer)  
ML Wilkin (Chief Financial Officer)

#### Non-executive directors

Y Shaik (Chairperson)  
TG Govender

#### Independent non-executive directors

L Govender (Lead Independent Director)  
NB Jappie  
RD Watson (appointed 17 April 2019)  
KF Mahloma (resigned 17 April 2019)

### Company name and registration

**HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED**  
("the Company" or "the Group" or "HPL&R")  
Incorporated in the Republic of South Africa  
Registration number: 2015/250356/06

JSE share code: HPR

ISIN: ZAE000255907

### Registered office

103 Bofors Circle, Epping Industria, 7460  
(PO Box 115, Cape Town, 8000)

### Company Secretary

HCI Managerial Services Proprietary Limited  
Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005  
(PO Box 5251, Cape Town, 8000)

### Auditors

BDO Cape Incorporated  
6th Floor, 123 Hertzog Boulevard, Foreshore, Cape Town, 8001  
(PO Box 3883, Cape Town, 8000)

### Transfer Secretaries

Computershare Investor Services Proprietary Limited  
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196  
(PO Box 61051, Marshalltown, 2107)

### Sponsor

Investec Bank Limited  
100 Grayston Drive, Sandown, Sandton, 2196  
(PO Box 785700, Sandton, 2146)

### Website address

[www.hplr.co.za](http://www.hplr.co.za)

