

# THIS ABRIDGED CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Abridged Circular is neither a prospectus nor an invitation to the public to subscribe for shares in Masimba Holdings Limited ('Masimba' or 'the Company' or 'the Group'), but is a document issued in compliance with the Zimbabwe Stock Exchange Requirements, to inform the existing Masimba shareholders of the proposed Unbundling of the Group on terms and conditions fully set out in this Circular.

The Directors of Masimba, whose names appear hereunder, collectively and individually accept full responsibility for the accuracy of the information contained in this Abridged Circular and further confirm that they have made all reasonable enquiries, and declare that to the best of their knowledge and belief there are no facts, the omission of which would make any statement in this Abridged Circular false or misleading.

#### Action required:

- Shareholders of Masimba are invited to attend the Annual General Meeting ('AGM') convened in terms of the Notice to Shareholders contained herein;
- Shareholders of Masimba who are unable to attend the AGM, but wish to be represented thereat should complete and sign the Form of Proxy included and return to the Company Secretaries before 1000 hours on Wednesday 27 May 2015;
- Shareholders of Masimba may attend the AGM in person, notwithstanding the completion and return of the Form of Proxy;
- If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant or other professional advisor immediately; and
- If you no longer hold any shares in Masimba, you should send this Abridged Circular as soon as possible to the stockbroker, bank or other agent through whom the sale of your shareholding in Masimba was executed for onward delivery to the purchaser or transferee of your shares.



## Masimba Holdings Limited ("Masimba")

Incorporated in Zimbabwe under company registration number 278/1974)

Directors: G. Sebborn (Chairman), C. Malunga (Chief Executive Officer)\*, M.W. McCulloch, S. Sithole, M. Tapera (Finance Director)\*, P.T. Zhanda (Jnr.) (\*Executive)

Address: 44 Tilbury Road, Willowvale, Harare, Zimbabwe

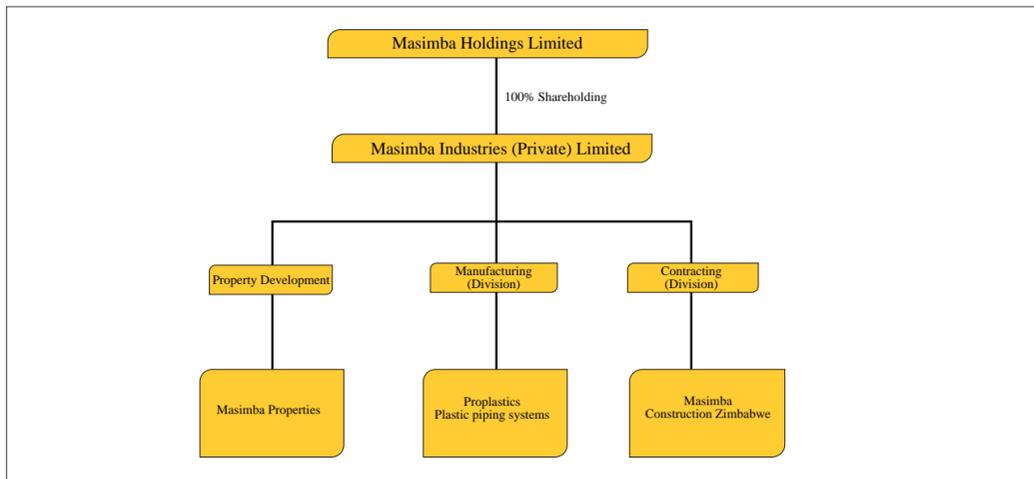
### ABRIDGED CIRCULAR TO SHAREHOLDERS REGARDING THE PROPOSED UNBUNDLING AND SEPARATE LISTING OF PROPLASTICS LIMITED



Date of issue: 8 May 2015

#### 1. COMPANY OVERVIEW

Masimba Holdings Limited, formerly Murray & Roberts (Zimbabwe) Limited, is a leading Zimbabwean contracting and industrial group operating principally in Zimbabwe. The Company has been listed as a public company on the ZSE since 1974. The diagram below shows the organizational structure of Masimba:



For several years Masimba has been underpinned by two (2) distinct strategic business units focused on contracting and manufacturing. The business environment that has prevailed since 2009 has diminished the synergies that previously existed between these two businesses. Your Board has considered the situation and is firmly convinced that there is considerable value to be unlocked in pursuing the contracting and manufacturing strategies through two independently run businesses.

The Group share price on the ZSE has also been trading at a considerable discount to net asset value (NAV) and it is the board's view that this is attributable to:-

- market perception of Proplastics' performance - Masimba is best known for its construction and civil engineering business - Masimba Construction Zimbabwe;
- perceived lack of focus - potential investors are not sure what they are backing i.e. construction and civil engineering or manufacturing; and
- general market conditions - the current illiquid conditions have resulted in reduced demand for shares.

Accordingly, the Board has decided that a strategy to separate the two divisions into two separately listed companies will benefit shareholders by making it easier to attract capital for their separate growth profiles and enable both businesses to strategically position themselves in line with their core businesses. It should be noted that Proplastics and the construction business unit have largely operated as separate businesses under Masimba Holdings Limited from a financial and governance perspective.

#### 2. PROPOSED TRANSACTION

The Board is proposing to unbundle Masimba into two (2) focused business units centered on (i) construction and civil engineering (Masimba Construction) and (ii) manufacturing (Proplastics) ("the Unbundling"). This is expected to enhance the focus of each unit while making it easier to attract capital for their separate growth. The proposed Unbundling is anticipated to unlock greater value for Shareholders, and at the same time widen their portfolio choice.

In order to unbundle Proplastics from the Company, the Directors are proposing a dividend-in-specie of Proplastics. Shareholders of Masimba eligible to participate in this dividend-in-specie will be those registered as such on the Proplastics Distribution Record Date.

##### Details of the Unbundling transaction

The dividend-in-specie of Proplastics will be on the basis of one (1) ordinary share in Proplastics with a nominal value of US\$0.0001 each for every one (1) share already held in Masimba. Holders of Masimba ordinary shares registered as such on the Proplastics Distribution Record Date will be entitled to receive share certificates reflecting the number of Proplastics shares resulting from this dividend-in-specie.

##### Proplastics Senior Executive Share Option Scheme

In preparing Proplastics for the demerger, Masimba structured and put in place a share option scheme at Proplastics for senior executives to incentivise them, as well as align their interests with those of shareholders going forward. The Senior Executive Share Option Scheme rules approved by the ZSE Listings Committee are available for inspection by interested members. In terms of the rules, Proplastics' Directors are empowered to grant share options to senior executives up to a maximum of 20,000,000 share options. The options are granted for a maximum period of five (5) years at a price determined by the middle market price ruling on the ZSE on the day on which the options are granted.

#### 3. RATIONALE FOR THE PROPOSED UNBUNDLING

##### The Unbundling is expected to:

- Unlock value for existing Shareholders  
The Board believes the valuation by investors will become easier and will allow for each business to be evaluated on its own merits.
- Allow each business to grow separately  
Both businesses are currently adequately capitalized and able to exploit their growth opportunities in the obtaining economic environment. The Directors believe that following the delinking of the two operations, both businesses will be in a position to utilize their internally generated cash flows to finance identified growth opportunities in their respective markets.
- Restore focus on core operations  
Through focused operating units superintended by boards of directors whose focus will be solely on the emergent individual businesses, each unbundled company will be able to focus on its operations in the context of its industry specific circumstances without the need to combine its strategy with the broader Masimba Group.  
The Board realizes that the business models and resultant cash flow cycles for the construction and manufacturing sectors are significantly different and therefore the individual boards and management of each unit will be better placed to give direction to the entities and unlock shareholder value.
- Provide investment choices  
Depending on their individual preferences, the proposed Unbundling provides investors more latitude to align their investment portfolios in the manner they individually deem fit.

#### 4. BOARD CHANGES

To ensure proper transition and continuity post-unbundling, Messrs' Michael Tapera and Samuel Sithole shall retire from the Board of Masimba on approval of the Unbundling by the Members of Masimba at the AGM to be held on Friday 29 May 2015 in terms of the Notice of the AGM below. This is to allow them to focus on their fiduciary duties as Directors of Proplastics.

#### 5. COSTS OF THE UNBUNDLING

The expenses of the Unbundling amount to approximately US\$120,000 which relate to various advisory and regulatory fees as well as advertising, printing and postage charges.

#### 6. CONDITIONS PRECEDENT

The proposed Unbundling is subject to approval by the Members of Masimba at the AGM to be held on Friday 29 May 2015 in terms of the Notice of the AGM below.

##### REGULATORY APPROVALS PROCURED

This Abridged Circular is published in compliance with the ZSE Listings Requirements. The ZSE Listings Committee approved the publication of this Abridged Circular and the terms of the Unbundling, including the listing of Proplastics shares to be distributed to Shareholders. No capital gains tax will be payable on the transfer of shares of Proplastics Limited from Masimba Holdings Limited to shareholders of Masimba Holdings Limited, held in terms of section 15 (1) (b) of the Capital Gains Tax Act (Chapter 23:01).

#### 7. IMPLICATIONS OF NOT IMPLEMENTING THE PROPOSED TRANSACTION

In the event that Shareholders do not approve the proposed Unbundling, the Directors of the Company believe that the disparity between the market capitalization and NAV of the Company will likely remain. Furthermore, it will remain difficult to attract capital into the Group thus limiting growth prospects for all the different business units.

#### 8. FINANCIAL HIGHLIGHTS

Audited financial information in respect of the five financial periods ended 31 December 2014 is set out across this page.

#### Masimba Holdings Limited Abridged Consolidated Statement of Financial Position as at 31 December 2014

	31-Dec-14 US\$	31-Dec-13 US\$	30-Jun-12 US\$	30-Jun-11 US\$	30-Jun-10 US\$ (restated)
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11,792,693	12,253,294	12,703,542	10,199,825	10,483,537
Investment property	4,757,307	5,116,000	6,118,000	4,755,700	3,685,000
Investments	504	504	152,080	209,462	93,247
<b>Total non-current assets</b>	<b>16,550,504</b>	<b>17,369,798</b>	<b>18,973,622</b>	<b>15,164,987</b>	<b>14,261,784</b>
<b>Current assets</b>					
Cash and cash equivalents	1,729,139	2,476,137	1,986,789	1,117,928	1,242,187
Contracts in progress and contract receivables	6,383,944	8,420,183	7,268,615	5,730,832	1,083,842
Trade and other receivables	3,887,989	4,232,709	4,299,758	4,274,509	2,261,349
Inventories	5,365,107	4,951,542	5,659,718	5,316,218	3,411,659
Current tax assets	52,498	-	82,069	51,272	38,937
Assets classified as held for sale	-	-	-	-	1,061,203
<b>Total current assets</b>	<b>17,418,677</b>	<b>20,080,571</b>	<b>19,296,949</b>	<b>16,490,759</b>	<b>9,099,177</b>
<b>TOTAL ASSETS</b>	<b>33,969,181</b>	<b>37,450,369</b>	<b>38,270,571</b>	<b>31,655,746</b>	<b>23,360,961</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves</b>					
Issued share capital	2,204,937	2,204,937	2,147,746	2,142,746	2,129,621
Share premium	260,063	260,063	82,733	-	-
Share based payment reserve	2,570	223,653	179,632	78,379	-
Reserves	16,266,788	16,207,429	14,952,817	14,998,533	14,369,081
Retained earnings	1,377,695	1,698,096	1,906,927	606,509	(522,139)
Amounts recognised directly in equity relating to discontinued operations	-	-	-	-	570,987
<b>Total equity</b>	<b>20,112,053</b>	<b>20,594,178</b>	<b>19,269,855</b>	<b>17,826,167</b>	<b>16,547,550</b>
<b>Non-current liabilities</b>					
Borrowings	416,667	833,333	750,000	-	-
Deferred tax	2,406,933	2,575,572	2,145,896	1,991,353	1,720,289
<b>Total non-current liabilities</b>	<b>2,823,600</b>	<b>3,408,905</b>	<b>2,895,896</b>	<b>1,991,353</b>	<b>1,720,289</b>
<b>Current liabilities</b>					
Borrowings	1,166,667	2,816,666	2,362,186	1,600,000	567,088
Trade and other payables	7,167,062	6,703,776	10,959,915	6,761,225	3,346,859
Subcontractors	2,699,799	3,880,455	2,782,719	3,477,001	445,878
Current tax payables	-	46,389	-	-	-
Liabilities associated with discontinued operations	-	-	-	-	733,297
<b>Total current liabilities</b>	<b>11,033,528</b>	<b>13,447,286</b>	<b>16,104,820</b>	<b>11,838,226</b>	<b>5,093,122</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,969,181</b>	<b>37,450,369</b>	<b>38,270,571</b>	<b>31,655,746</b>	<b>23,360,961</b>

#### Abridged Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2014

	12 months to 31-Dec-14 US\$	18 months to 31-Dec-13 US\$	12 months to 30-Jun-12 US\$	12 months to 30-Jun-11 US\$	12 months to 30-Jun-10 US\$ (restated)
Revenue	28,176,959	62,314,449	43,018,590	35,623,767	18,084,633
Cost of sales	(22,720,760)	(51,574,556)	(36,400,406)	(29,304,298)	(13,807,589)
Gross profit	5,456,199	10,739,893	6,618,184	6,319,469	4,277,044
Fair value adjustment	(25,000)	(357,000)	1,362,300	290,700	-
Other operating income	304,704	951,223	713,027	288,595	947,648
Distribution expenses	(238,408)	(345,560)	(302,046)	(530,982)	(570,721)
Administration expenses	(5,704,626)	(10,015,665)	(6,568,673)	(4,873,077)	(5,556,051)
(Loss)/profit before interest and tax	(207,131)	972,891	1,822,792	1,494,705	(902,080)
Interest received	34,415	33,705	228,909	23,042	108,662
Finance costs	(482,290)	(555,004)	(404,767)	(106,860)	(35,525)
(Loss)/profit before tax	(655,006)	451,592	1,646,934	1,410,887	(828,943)
Income tax expense/ (credit)	102,583	(512,004)	(346,517)	(274,935)	758,964
<b>(Loss)/profit for the period from continuing operations</b>	<b>(552,423)</b>	<b>(60,412)</b>	<b>1,300,417</b>	<b>1,135,952</b>	<b>(69,979)</b>
Discontinued operations	-	-	-	-	-
<b>Loss for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,304)</b>	<b>(452,160)</b>
<b>(Loss)/profit for the period</b>	<b>(552,423)</b>	<b>(60,412)</b>	<b>1,300,417</b>	<b>1,128,648</b>	<b>(522,139)</b>
<b>Other comprehensive income</b>					
Gain on revaluation of property	77,337	1,731,477	-	13,650	-
Deferred tax on revaluation surplus	(17,978)	(362,533)	-	(3,515)	-
Other	-	(4,947)	(4,284)	116,680	63,640
<b>Other comprehensive income for the period net of tax</b>	<b>59,359</b>	<b>1,363,997</b>	<b>(4,284)</b>	<b>126,815</b>	<b>63,640</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>	<b>(493,064)</b>	<b>1,303,585</b>	<b>1,296,133</b>	<b>1,255,463</b>	<b>(458,499)</b>

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(\*Executive)

Address: 44 Tilbury Road, Willowvale, Harare, Zimbabwe

## ABRIDGED CIRCULAR TO SHAREHOLDERS REGARDING THE PROPOSED UNBUNDLING AND SEPARATE LISTING OF PROPLASTICS LIMITED



Date of issue: 8 May 2015

### Abridged Consolidated Statement of Cash Flows for the year ended 31 December 2014

	12 months to 31 December 2014	18 months to 31 December 2013	12 months to 30 June 2012	12 months to 30 June 2011	12 months to 30 June 2010
	US\$	US\$	US\$	US\$	US\$ (restated)
<b>Cash flows from operating activities</b>					
(Loss)/profit before interest and tax	(207,131)	972,891	1,822,792	1,494,705	(902,080)
Adjustments for:					
Depreciation of non-current assets	1,880,240	2,968,120	1,743,761	1,262,025	1,049,258
Dividend received	-	(520)	(7,724)	-	-
Fair value adjustment of investment property	25,000	357,000	(1,362,300)	(290,700)	-
Impairment of investment	-	139,015	-	-	-
Fair value adjustment of shares designated as at fair value through profit and loss	-	-	297	2,000	8,151
Expense recognised in respect of equity-settled share based payments	10,939	44,022	147,555	23,152	48,681
(Profit)/ loss on disposal of investments	-	(3,579)	9,303	7,304	(270,987)
Unrealised exchange (gain)/loss	-	(2,360)	(22,403)	27,481	(181,255)
(Profit)/ loss on disposal of property, plant and equipment	(11,352)	86,442	18,819	97,844	91,882
Profit on disposal of investment property	(5,000)	(40,000)	-	-	-
Transfer from trade receivable to investment property	(136,307)	-	-	-	-
Debtor amounts written off	-	-	25,421	-	-
<b>Net cash from operations before working capital changes</b>	<b>1,556,389</b>	<b>4,521,031</b>	<b>2,375,521</b>	<b>2,623,811</b>	<b>(156,350)</b>
Decrease/(increase) in contracts in progress and contract receivables	2,036,239	(1,151,568)	(1,537,783)	(4,646,990)	3,724,040
Decrease/(increase) in trade and other receivables	344,720	67,049	(25,249)	(2,013,160)	392,643
(Increase)/decrease in inventories	(413,565)	708,176	(343,500)	(1,904,559)	(394,066)
(Decrease)/ increase in trade and other payables and sub-contractors	(717,370)	(3,158,403)	3,504,408	6,445,489	(2,526,405)
<b>Cash generated from operations</b>	<b>2,806,413</b>	<b>986,285</b>	<b>3,973,397</b>	<b>504,591</b>	<b>1,039,862</b>
Net interest received/ (paid)	(447,875)	(521,299)	(175,858)	(83,818)	73,137
Dividends received	-	520	7,724	-	-
Income taxes paid	(182,922)	(316,402)	(224,067)	(25,000)	(180,944)
<b>Net cash generated by operating activities</b>	<b>2,175,616</b>	<b>149,104</b>	<b>3,581,196</b>	<b>395,773</b>	<b>932,055</b>
<b>Cash flows from investing activities</b>					
Payments for property, plant and equipment	(198,665)	(1,344,836)	(1,230,861)	(717,029)	(1,315,942)
-To maintain operations	(1,175,891)	-	(3,041,512)	(1,370,809)	-
Payments to acquire financial assets	-	(139,015)	-	-	-
Proceeds on sale of financial assets	-	155,165	41,775	300,000	-
Proceeds from disposal of property, plant and equipment	43,607	471,999	6,077	243,147	151,274
Proceeds from disposal of investments	475,000	685,000	-	-	162,694
<b>Net cash used in investing activities</b>	<b>(855,949)</b>	<b>(171,687)</b>	<b>(4,224,521)</b>	<b>(1,544,691)</b>	<b>(1,001,974)</b>
<b>Cash flows from financing activities</b>					
Dividends paid	-	(25,882)	-	-	-
Increase in borrowings	(2,066,665)	537,813	1,512,186	1,032,912	614,562
<b>Net cash flows from financing activities</b>	<b>(2,066,665)</b>	<b>511,931</b>	<b>1,512,186</b>	<b>1,032,912</b>	<b>614,562</b>
<b>Net cash flows attributable to discontinued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,253)</b>	<b>(45,660)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(746,998)</b>	<b>489,348</b>	<b>868,861</b>	<b>(124,259)</b>	<b>498,983</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,476,137</b>	<b>1,986,789</b>	<b>1,117,928</b>	<b>1,242,187</b>	<b>743,204</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,729,139</b>	<b>2,476,137</b>	<b>1,986,789</b>	<b>1,117,928</b>	<b>1,242,187</b>

### Abridged Consolidated Statement of Changes in Equity for the year ended 31 December 2014

	Share capital	Share premium	Share based payments reserve	Non distributable reserve	Revaluation reserve	Foreign currency translation reserve	Investments fair value reserve	(Accumulated loss)/ retained earnings	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 1 July 2009 as restated	-	-	-	17,006,049	-	-	-	-	17,006,049
Transfer from functional currency change reserve	2,129,621	-	109,780	(2,239,401)	-	-	-	-	-
Loss for the period (restated)	-	-	-	-	-	-	-	(522,139)	(522,139)
Other comprehensive income/(loss) for the period, net of tax	-	-	-	95,943	-	(30,371)	(1,933)	-	63,639
<b>Balance as at 30 June 2010</b>	<b>2,129,621</b>	<b>-</b>	<b>109,780</b>	<b>14,862,591</b>	<b>-</b>	<b>(30,371)</b>	<b>(1,933)</b>	<b>(522,139)</b>	<b>16,547,549</b>
Profit for the period	-	-	-	-	-	-	-	1,128,648	1,128,648
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-	10,135	(353)	117,033	-	126,815
Share based payments	13,125	41,430	(31,401)	-	-	-	-	-	23,154
<b>Balance at 30 June 2011</b>	<b>2,142,746</b>	<b>41,430</b>	<b>78,379</b>	<b>14,862,591</b>	<b>10,135</b>	<b>(30,724)</b>	<b>115,100</b>	<b>606,509</b>	<b>17,826,166</b>
Profit for the period	-	-	-	-	-	-	-	1,300,417	1,300,417
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-	-	1,430	(5,714)	-	(4,284)
Share based payments	5,000	41,303	101,252	-	-	-	-	-	147,555
<b>Balance at 30 June 2012</b>	<b>2,147,746</b>	<b>82,733</b>	<b>179,631</b>	<b>14,862,591</b>	<b>10,135</b>	<b>(29,294)</b>	<b>109,386</b>	<b>1,906,926</b>	<b>19,269,853</b>
Loss for the eighteen months	-	-	-	-	-	-	-	(60,412)	(60,412)
Other comprehensive income/(loss) for the period, net of tax	-	-	-	-	1,368,944	(4,947)	(109,386)	109,386	1,363,998
Share based payments	625	1,973	44,022	-	-	-	-	-	46,620
Dividend paid	56,566	175,357	-	-	-	-	-	(257,805)	(25,882)
<b>Balance at 31 December 2013</b>	<b>2,204,937</b>	<b>260,063</b>	<b>223,653</b>	<b>14,862,591</b>	<b>1,379,079</b>	<b>(34,241)</b>	<b>-</b>	<b>1,698,095</b>	<b>20,594,178</b>
Loss for the period	-	-	-	-	-	-	-	(552,423)	(552,423)
Other comprehensive income for the period, net of tax	-	-	-	-	59,359	-	-	-	59,359
Reclassification to retained earnings	-	-	(232,022)	-	-	-	-	232,022	-
Share based payments	-	-	10,939	-	-	-	-	-	10,939
<b>Balance at 31 December 2014</b>	<b>2,204,937</b>	<b>260,063</b>	<b>2,570</b>	<b>14,862,591</b>	<b>1,438,438</b>	<b>(34,241)</b>	<b>-</b>	<b>1,377,695</b>	<b>20,112,053</b>

### 9. EFFECTS OF THE PROPOSED UNBUNDLING

#### 9.1 NAV of the Group before and after the Unbundling

NAV	Before the Unbundling	After the Unbundling
NAV(US\$)	20,112,053	11,628,660
NAV per share (US\$)	0.0912	0.0527

#### 9.2 Share capital structures of Masimba and Proplastics pre and post the Unbundling

Set out below is an analysis of the authorized share capital of Masimba and the unbundled businesses before and after the Transaction:-

Company	Pre-Unbundling		Post-Unbundling	
	Issued ordinary shares	Authorized ordinary shares	Issued ordinary shares	Authorized ordinary shares
Masimba	220,493,732	875,000,000	220,493,732	875,000,000
Proplastics	244,993,024	875,000,000	244,993,024	875,000,000

#### 9.3 Effect on shareholding structure

As at 31 March 2015, being the last practicable date prior to the publication of this Circular, Proplastics had an issued share capital of US\$24,499.30 divided into 244,993,024 ordinary shares of US\$0.0001 each. All the issued shares of Proplastics are issued to its sole shareholder, Masimba Industries (Private) Limited, a wholly-owned subsidiary of Masimba Holdings Limited. Following the distribution of the Proplastics shares in terms of this Circular, the shareholding structure of Masimba Holdings Limited will not change as shown in the table below:

#### Masimba shareholding structure

Rank	Shareholder	Shares	% shareholding
1	Zumbani Capital	102,713,272	46.58%
2	Old Mutual Life Assurance Company of Zimbabwe	29,169,195	13.23%
3	Stanbic Nominees	27,416,449	12.43%
4	Standard Chartered Nominees	15,132,779	6.86%
5	Moray Investments Holdings Limited	4,000,000	1.81%
6	Roy Turner	3,062,888	1.39%
7	NSSA	2,540,728	1.15%
8	Communications and Allied Industries Pension Fund	1,737,234	0.79%
9	Marcus Richard Lobb	1,308,500	0.59%
10	Catering Industry Pension Fund	1,198,058	0.54%
	Others	32,214,629	14.63%
<b>TOTAL</b>		<b>220,493,732</b>	<b>100.00%</b>

Following the distribution of the Proplastics shares in terms of this Circular, the shareholding structure of Proplastics will be as shown in the table below:

#### Proplastics post-demerger shareholding structure

Rank	Shareholder	Shares	% shareholding
1	Zumbani Capital	102,713,272	41.92%
2	Old Mutual Life Assurance Company of Zimbabwe	29,169,195	11.91%
3	Stanbic Nominees	27,416,449	11.19%
4	Masimba Holdings Limited	24,499,292	10.00%
5	Standard Chartered Nominees	15,132,779	6.18%
6	Moray Investments Holdings Limited	4,000,000	1.63%
7	Roy Turner	3,062,888	1.25%
8	NSSA	2,540,728	1.04%
9	Communications and Allied Industry Pension Fund	1,737,234	0.71%
10	Marcus Richard Lobb	1,308,500	0.53%
11	Catering Industry Pension Fund	1,198,058	0.49%
	Others	32,214,629	13.15%
<b>TOTAL</b>		<b>244,993,024</b>	<b>100.00%</b>

#### 9.4 Financial impact

The proforma financial position of Masimba is set out below:

#### Abridged Consolidated Proforma Statement of Financial Position as at 31 December 2014

	31-Dec-2014 US\$	Proplastics US\$	Proforma US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11,792,693	(4,871,209)	6,921,484
Investment property	4,757,307	-	4,757,307
Investments	504	-	504
Total non-current assets	16,550,504	(4,871,209)	11,679,295
<b>Current assets</b>			
Cash and cash equivalents	1,729,139	(171,806)	1,557,333
Contracts in progress and contract receivables	6,383,944	-	6,383,944
Trade and other receivables	3,887,989	(2,027,488)	1,860,501
Inventories	5,365,107	(4,616,693)	748,414
Current tax assets	52,498	-	52,498
Total current assets	17,418,677	(6,815,987)	10,602,690
<b>TOTAL ASSETS</b>	<b>33,969,181</b>	<b>(11,687,196)</b>	<b>22,281,985</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Issued share capital	2,204,937	-	2,204,937
Share premium	260,063	-	260,063
Share based payment reserve	2,570	-	2,570
Reserves	16,266,788	(8,483,393)	7,783,395
Retained earnings	1,377,695	-	1,377,695
Total equity	20,112,053	(8,484,393)	11,628,660
<b>Non-current liabilities</b>			
Borrowings	416,667	-	416,667
Deferred tax	2,406,933	(595,459)	1,811,474
Total non-current liabilities	2,823,600	(595,459)	2,228,141
<b>Current liabilities</b>			
Borrowings	1,166,667	-	1,166,667
Trade and other payables	7,167,062	(2,608,344)	4,558,718
Subcontractors	2,699,799	-	2,699,799
Total current liabilities	11,033,528	(2,608,344)	8,425,184
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,969,181</b>	<b>(11,687,196)</b>	<b>22,281,985</b>

# THIS ABRIDGED CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Abridged Circular is neither a prospectus nor an invitation to the public to subscribe for shares in Masimba Holdings Limited ('Masimba' or 'the Company' or 'the Group'), but is a document issued in compliance with the Zimbabwe Stock Exchange Requirements, to inform the existing Masimba shareholders of the proposed Unbundling of the Group on terms and conditions fully set out in this Circular.

The Directors of Masimba, whose names appear hereunder, collectively and individually accept full responsibility for the accuracy of the information contained in this Abridged Circular and further confirm that they have made all reasonable enquiries, and declare that to the best of their knowledge and belief there are no facts, the omission of which would make any statement in this Abridged Circular false or misleading.

#### Action required:

- Shareholders of Masimba are invited to attend the Annual General Meeting ('AGM') convened in terms of the Notice to Shareholders contained herein;
- Shareholders of Masimba who are unable to attend the AGM, but wish to be represented thereat should complete and sign the Form of Proxy included and return to the Company Secretaries before 1000 hours on Wednesday 27 May 2015;
- Shareholders of Masimba may attend the AGM in person, notwithstanding the completion and return of the Form of Proxy;
- If you are in any doubt as to the action you should take, please consult your stockbroker, banker, accountant or other professional advisor immediately; and
- If you no longer hold any shares in Masimba, you should send this Abridged Circular as soon as possible to the stockbroker, bank or other agent through whom the sale of your shareholding in Masimba was executed for onward delivery to the purchaser or transferee of your shares.



## Masimba Holdings Limited ("Masimba")

Incorporated in Zimbabwe under company registration number 278/1974)

Directors: G. Sebborn (Chairman), C. Malunga (Chief Executive Officer)\*, M.W. McCulloch, S. Sithole, M. Tapera (Finance Director)\*, P.T. Zhandu (Jnr.) (\*Executive)

Address: 44 Tilbury Road, Willowvale, Harare, Zimbabwe

## ABRIDGED CIRCULAR TO SHAREHOLDERS REGARDING THE PROPOSED UNBUNDLING AND SEPARATE LISTING OF PROPLASTICS LIMITED



**Legal Advisors**  
ATHERSTONE & COOK  
Legal Practitioners



Date of issue: 8 May 2015

### 9.5 Tax impact of the proposed Unbundling

In terms of existing tax legislation, Masimba is obligated to withhold 10% of the value of the dividend distribution, whether in cash or in specie, to specified recipients for remittance to ZIMRA. Accordingly and as required by law, the Company will withhold from relevant Shareholders 10% of the number of Proplastics shares for the purposes of paying withholding tax to ZIMRA.

### 10. DIVIDEND POLICY

The Company's policy is to declare dividends as set out in the Articles which generally provides that the Directors may from time to time pay interim dividends to members where the Company's performance can justify such a distribution. Directors may recommend to members at a General Meeting the amount to be paid as a final dividend. If a dividend is recommended by the Directors prior to the publication of the annual accounts the dividend notice given to members shall be a statement of the estimated trading profits of the year and particulars of any amounts appropriated from reserves, capital profits or accumulated profits of the past year or any other source to provide for the dividend. The Directors may also deduct from dividends any claims which may be due on account of calls and retain any dividends to enforce any lien. No dividend shall be payable except out of the profits of the Company and no dividend shall carry interest against the Company. The Board resolved to declare a dividend-in-specie of Proplastics' issued shares to unbundle it out of Masimba.

### 11. CORPORATE GOVERNANCE

The Company is committed to the principles of good corporate governance and best practices which endorse a culture of business ethics, openness, transparency, integrity and accountability in its dealings with all stakeholders. Masimba's structures, operations, policies and procedures are continuously assessed and updated for compliance with the law and generally accepted standards of good corporate governance. The Company also complies with standards of good corporate governance as dictated by the ZSE and other regulatory authorities. The Board of Directors of Masimba comprise of the following members:

Name of Director	Age	Residential address	Position
Gregory Sebborn	61	54 Sun River Manors, Borrowdale Brooke, Harare, Zimbabwe	Non-Executive Chairman
Canada Malunga*	46	1 Tina Close, Chisipite, Harare, Zimbabwe	Chief Executive Officer
Malcolm William McCulloch	60	11A Athole Avenue, Craighall, 2196, Rivonia 2121, South Africa	Non-Executive Director
Samuel Sithole	41	Brait South Africa, 2nd Floor, The Zone 11, 77 Oxford Road, Rosebank, South Africa	Non-Executive Director
Michael Tapera*	48	9 Kennedy Road, Greendale, Harare, Zimbabwe	Finance Director
Paddy Tongai Zhandu (Jnr.)	32	Chifumbi 2 4th PT 9999-2 Chifumbi Farm, Arcturus, Zimbabwe	Non-Executive Director

\*Executive Director

### 12. THE DIRECTORS' INTERESTS

At the last practicable date, being 31 March 2015, the direct and indirect interests of the Directors of Masimba and their immediate families were as follows:

Director	Direct shareholding	Indirect shareholding	Total
Gregory Sebborn	-	-	-
Canada Malunga	-	27,327,840	27,327,840
Malcolm William McCulloch	-	25,164,752	25,164,752
Samuel Sithole	-	25,164,752	25,164,752
Michael Tapera	-	2,053	2,053
Paddy Tongai Zhandu (Jnr.)	-	26,191,884	26,191,884
<b>Total</b>	-	<b>103,851,281</b>	<b>103,851,281</b>

### 13. SHARES UNDER SHARE OPTIONS

The Directors are empowered to grant share options to senior executives of the Company up to a maximum of 20,000,000 share options. The options are granted for a maximum period of five (5) years at a price determined by the middle market price ruling on the Zimbabwe Stock Exchange on the day on which the options are granted. Details of share options outstanding are as follows:

Share option scheme	Number of shares
Balance as at 1 January 2014	3,900,000
Granted since 1 January 2014	6,300,000
Forfeited since 1 January 2014	(3,900,000)
Exercised since 1 January 2014	-
<b>Share options currently available for exercise</b>	<b>6,300,000</b>

### 14. OTHER INTERESTS

Except as disclosed in this Document, none of the Directors of Masimba nor any member of their immediate families, nor any person acting in concert with the Directors of Masimba, control has or is interested, beneficially or otherwise, in any Masimba shares or in any securities convertible to rights to subscribe for Masimba shares.

### 15. MATERIAL AGREEMENTS

As at the date of issue of this Abridged Circular, Masimba has not entered into any material contracts, other than those in the ordinary course of its business.

### 16. WORKING CAPITAL ADEQUACY STATEMENT

The Directors are of the opinion that the financial resources available to Masimba and Proplastics after the Unbundling will be adequate to meet the immediate working capital needs of these companies.

### 17. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof, are available for inspection at the Registered Office of Masimba at 44 Tilbury Road, Willowvale, Harare, during normal business hours, on week days until the date of the AGM:

- the Memorandum and Articles of Association of Masimba;
- the Memorandum and Articles of Association of Proplastics;
- the audited financial statements of Masimba as at 31 December 2014;
- the financial reporting pack of Proplastics as at 31 December 2014;
- the Accountants' Reports on the historical and proforma financial information of Masimba and Proplastics;
- the original Circular to Shareholders signed by the Directors;
- the rules of the Proplastics Senior Executive Share Option Scheme;
- ZIMRA reconstruction approval letter; and
- the experts' and advisors' consents.

### 18. IMPORTANT DATES AND TIMES

Event	Date
Masimba AGM Notice published	Friday, 8 May, 2015
Abridged Circular to Masimba Shareholders published	Friday, 8 May, 2015
Proplastics Abridged Pre-Listing Statement published	Friday, 8 May, 2015
Circular to Masimba Shareholders posted	Friday, 15 May, 2015
Proplastics Pre-Listing Statement posted	Friday, 15 May, 2015
Last day of lodging Proxy Forms (at 1000 hours)	Wednesday, 27 May, 2015
Masimba AGM (at 1000 hours)	Friday, 29 May, 2015
Publication of AGM resolution results	Tuesday, 2 June, 2015
Proplastics Distribution Record Date	Tuesday, 2 June, 2015
Proplastics shares issued and listed	Monday, 8 June, 2015

#### Notes:

- The above dates are subject to change and any amendments will be published in the Zimbabwe press.
- All times indicated above and elsewhere in this Pre-Listing Statement are Zimbabwean local times.
- Proplastics' Articles provide for the issuance and trading of the Company's shares in dematerialised form. Shareholders may however elect to receive their shares in physical form.

### NOTICE OF ANNUAL GENERAL MEETING 'AGM'

**NOTICE IS HEREBY GIVEN OF THE 40th ANNUAL GENERAL MEETING** of the Members of Masimba Holdings Limited ("the Company") to be held at the Crowne Plaza Monomotapa Hotel, 54 Park Lane, Harare on Friday 29 May 2015 at 1000 hours. Members will be asked to consider, and if deemed fit, to pass with or without modification, the resolutions set out below, the details of the special business which are more fully set out in the Circular to Shareholders dated Friday 8 May 2015:-

#### 1. ORDINARY BUSINESS

##### 1.1 Approval of Financial Statements and Reports

To receive, consider and adopt the Annual Financial Statement for the year ended 31 December 2014, including the Directors' and Independent Auditors' reports thereon.

##### 1.2 Approval of Directors' fees

Approval of Directors' fees for the year ended 31 December 2014.

##### 1.3 Election of Directors

In accordance with Article 114 of the Company's Articles of Association, Messrs. Gregory Sebborn and Paddy Tongai Zhandu (Jnr.) retire by rotation at the Company's Annual General Meeting and being eligible, offer themselves for re-election.

##### 1.4 Auditors

- To approve the auditors' remuneration for the previous year.
- To consider re-appointing Messrs. Deloitte & Touche as auditors for the ensuing year.

#### 2. SPECIAL BUSINESS

##### AS ORDINARY RESOLUTIONS:-

**2.1 Distribution of shares in Proplastics Limited via a dividend-in-specie**  
"That in terms of Article 147 of the Company's Articles of Association, the Directors be and are hereby authorized to distribute to Shareholders registered as such on the Proplastics Distribution Record Date, being 2 June 2015, by way of a dividend-in-specie, the 220,493,732 (two hundred and twenty million, four hundred and ninety three thousand seven hundred and thirty two) ordinary shares in Proplastics on the basis of one (1) Proplastics share for every one (1) Masimba share held. The Directors are authorized to transfer from such amounts from the Company's non-distributable reserves to distributable reserves as may be necessary to enable the dividend-in-specie of Proplastics shares."

##### 2.2 Directors' authority to give effect to the above resolution

"That the Directors of the Company be and are hereby authorized to do any and all such things as may generally be required or necessary to give effect to the above Resolution."

By order of the Board 8 May 2015

Masimba Corporate Services (Private) Limited  
Company Secretaries  
44 Tilbury Road  
Willowvale  
Harare, Zimbabwe

Members are notified that they are entitled to appoint one or more proxies who need not be a member of the Company, to act in their alternative, to attend, speak and vote in his/her stead at the AGM. Proxies must be lodged at the Registered Office of the Company at least forty-eight hours before the meeting.

I/We \_\_\_\_\_  
(Name in block letters)

Of \_\_\_\_\_

Being the holder of \_\_\_\_\_

Shares in the Company hereby appoint

- \_\_\_\_\_ of \_\_\_\_\_ or failing him/her
- \_\_\_\_\_ of \_\_\_\_\_ or failing him/her
- the Chairman of the AGM

as my/ our proxy to act for me/ us at the AGM for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat, and at each adjournment or postponement thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name (see note 2) in accordance with the following instructions:

Resolutions	For	Against	Abstain
<b>1 ORDINARY BUSINESS</b>			
1.1 Approval of 2014 Financial Statements and Reports.			
1.2 Approval of Directors' fees			
1.3 Re-election of Messrs. G. Sebborn and P.T. Zhandu (Jnr.) as Directors			
1.4.1 Approval of Auditors' remuneration			
1.4.2 Re-appointment of Auditors			
<b>2 SPECIAL BUSINESS</b>			
2.1 Distribution of shares in Proplastics Limited via a dividend-in-specie "That in terms of Article 147 of the Company's Articles of Association, the Directors be and are hereby authorized to distribute to Shareholders registered as such on the Proplastics Distribution Record Date, being 2 June 2015, by way of a dividend-in-specie, the 220,493,732 (two hundred and twenty million, four hundred and ninety three thousand seven hundred and thirty two) ordinary shares in Proplastics on the basis of one (1) Proplastics share for every one (1) Masimba share held. The Directors are authorized to transfer from such amounts from the Company's non-distributable reserves to distributable reserves as may be necessary to enable the dividend-in-specie of Proplastics shares."			
2.2 Directors' authority to give effect to the above resolutions "That the Directors of the Company be and are hereby authorized to do all such things as may generally be necessary to give effect to the above Resolution."			

Every person present and entitled to vote at the AGM shall, on a show of hands, have one vote only, but in the event of a poll, every share shall have one vote.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2015

Signature(s) \_\_\_\_\_

Assisted by me \_\_\_\_\_  
Full name(s) of signatory/ies if signing in a representative capacity (see note 2). (PLEASE USE BLOCK LETTERS).

#### Notes to the form of proxy

#### INSTRUCTIONS FOR SIGNING AND LODGING THIS FORM OF PROXY

- A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairman of the AGM", but any such deletion must be initiated by the Shareholder. The person whose name appears first on the form of proxy will, unless his/her name has been deleted, be entitled to act as proxy to the exclusion of those whose names follow.
- A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space/s provided as well as by means of a cross whether the Shareholder wishes to vote, for, against or abstain from the resolutions. Failure to comply with the above will be deemed to authorize the proxy to vote or abstain from voting at the AGM as he/she deems fit in respect of the entire shareholder's votes exercisable thereat. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by the Shareholder or by his/her proxy, or cast them in the same way.
- A deletion of any printed matter and the completion of any blank spaces need not be signed or initialed. Any alteration or correction must be initiated by the signatory/ies.
- The Chairman shall be entitled to decline or accept the authority of a person signing the proxy form:
  - under a power of attorney
  - on behalf of a company unless that person's power of attorney or authority is deposited at the offices of the Company's Transfer Secretaries, or the Registered Office of the Company by 1000 hours on Wednesday, 27 May 2015.
- If two or more proxies attend the meeting then that person attending the meeting whose name appears first on the proxy form and whose name is not deleted, shall be regarded as the validly appointed proxy.
- When there are joint holders of shares, any one holder may sign the form of proxy. In the case of joint holders, the senior who tenders a vote will be accepted to the exclusion of other joint holders. Seniority will be determined by the order in which names stand in the register of members.
- The completion and lodging of this form of proxy will not preclude the member who grants this proxy form from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such member wish to do so.
- In order to be effective, completed proxy forms must reach the Company's Transfer Secretaries or the Registered Office of the Company by 1000 hours on Wednesday, 27 May 2015.
- Please ensure that name(s) of the member(s) on the form of proxy and the voting form are exactly the same as those on the Share Register.
- Please be advised that the number of votes a member is entitled to will be determined by the number of shares recorded on the share register by 4:00 pm on Wednesday, 27 May 2015.

OFFICE OF THE TRANSFER SECRETARIES	ZIMBABWE REGISTERED OFFICE OF THE COMPANY
First Transfer Secretaries (Private) Limited 1 Armagh Road, Eastlea Harare	44 Tilbury Road, Willowvale Harare Zimbabwe