

ROLFES HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2000/002715/06)

Share Code: RLF & ISIN: ZAE000159836

("Rolfes" or "the Company")

CATEGORY 2 TRANSACTION: DISPOSAL OF THE BUSINESS, STOCK AND FIXED ASSETS OF ROLFES COLOUR PIGMENTS INTERNATIONAL

1. INTRODUCTION

Shareholders are advised that Rolfes has entered into an agreement with Chromaflo Technologies South Africa (Pty) Ltd. In terms of the agreement, Rolfes will dispose of the business, stock and fixed assets of Rolfes Colour Pigments International (Pty) Ltd (a 100% subsidiary of Rolfes), for a purchase consideration amounting to R36,2 million ("Purchase Consideration") before adjustments referred to under point 4.3

2. BACKGROUND TO ROLFES COLOUR PIGMENTS INTERNATIONAL

Rolfes Colour Pigments International (Pty) Ltd ("RCPI") distributes a wide range of organic and inorganic pigments and manufactures in-plant and point of sale dispersions.

3. BACKGROUND AND RATIONALE FOR THE PROPOSED TRANSACTION

RCPI has not delivered Rolfes' required return for an extended period of time and a sale is therefore considered to be in the best interests of Rolfes shareholders.

4. KEY TERMS OF THE PROPOSED TRANSACTION

4.1. Sale of assets and Effective Date

In terms of the agreement, adjustments based on closing inventory and fixed assets balances as at 31 October 2019, may be applied to determine the final Purchase Consideration. These adjustments will not exceed 10% (R3.62 million) of the Purchase Consideration.

The Effective date of the transaction is 1 November 2019.

4.2. The Purchase Consideration

The purchase consideration will be paid in cash on 4 November 2019 and the proceeds will be used by the Company to reduce the Company's debt.

4.3. Suspensive Conditions

There are no suspensive conditions to the Transaction Agreement other than the adjustments that may be applied to the Purchase Consideration as set out above.

The Transaction Agreement contains legal warranties and indemnities which are considered standard for a transaction of this nature.

5. PROFIT AND VALUE ATTRIBUTABLE TO RCPI

The value of the business, stock and fixed assets of RCPI as per the audited financial statements for the 12 months ended 30 June 2018, were R35,4 million. The loss after tax attributable to RCPI for the 12 months ended 30 June 2018 was R12,9 million; The loss of R12.9 million comprised of a trading loss of R700,000 and impairments of R12.2 million. The audited financial statements for the 12 months were prepared in terms of IFRS.

6. CATEGORISATION OF THE TRANSACTION

The Transaction will constitute a category 2 acquisition in terms of the Listings Requirements of the JSE Limited. The Transaction is therefore not subject to Rolfe's shareholder approval.

7. CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement released on the Stock Exchange News Service on 26 July 2019. This announcement is unrelated to the aforementioned cautionary announcement and accordingly, shareholders are advised to continue to exercise caution when dealing in the Company's securities until a further announcement is made in this regard.

Johannesburg
5 August 2019

Sponsor: Grindrod Bank Limited
Legal Advisor: Harris Billings Attorneys
Corporate Advisor: Apex Partners