

CHOPPIES

Great value for your money!

CHOPPIES ENTERPRISES LIMITED

REGISTRATION NUMBER 2004/1681

BSEL SHARE CODE: CHOPPIES

JSE SHARE CODE: CHP

ISN: BW0000001072

(“THE COMPANY”)

NOTICE TO SHAREHOLDERS AND CHANGES TO THE BOARD

Shareholders are advised that the Board of the Company (“the Board”), elected at the Extraordinary General Meeting on 04 September 2019, met on Monday 09 September 2019

Led by the independent non-executive directors of the Board, the Board recognised the need to stabilize the business of the Company, to preserve value for shareholders, and enable the Company to meet its obligations whilst at the same time undertake a complete review of all governance structures in the business to restore these to best practice standards.

To this end and based on an initial review of the reports by the Desai Law Group as well as Ernst & Young, which reports will be reviewed holistically in due course, the Board considered;

1. That these reports do not disclose any malfeasance;
2. That to pursue the disciplinary proceedings against Mr Ramachandran Ottapathu which have been recommended by the Desai Law Group, at this time, would be inimical to the interests of the business, shareholders and the value of the Company, particularly in view of the collective responsibility of the Board as referred to in the Desai Law Group report;
3. That accordingly Mr Ramachandran Ottapathu be reinstated as Chief Executive Officer, subject to enhanced control and proper oversight by the Board.

The Board considered the recommendations on governance in these reports and determined that:

1. Without delay, to review all aspects of the Company’s governance structures, policies, Board and committee charters and implement approval frameworks;
2. An Investment Committee be re-established to review acquisitions and disposals within the framework of a clearly defined charter with strict requirements for approvals including feasibility studies, funding proposals, purchase price allocations, due diligence reports as well as the salient terms of any agreement.
3. A review to be undertaken of all legal contracts and formal approval processes to be put in place starting from the first level of transactions.
4. Clear written policy and guidelines to be established for dealing with excess stock and the disposal thereof when necessary

5. Related party transactions, including the reporting of the involvement of directors and/or executives in any entity which carries on a business relationship with the Company, in the annual financial statements.

6. Clear and unambiguous limits of authority be put in place for members of executive management

The Board further determined that the following actions be immediately pursued: -

1. Engagement of PricewaterhouseCoopers, with a view to early completion of the outstanding financial statements;
2. The commencement, by attorneys appointed by the Company, of action against Pay-Less Supermarket (Proprietary) Limited for the recovery of the outstanding dues of approximately BWP120,000,000 which is due and payable by that company to a subsidiary of the Company, Choppies Distribution Centre (Pty) Limited;
3. Completion, by attorneys appointed by the Company, of the settlement proposed by the Fours Group of companies of an amount of BWP42,000,000 representing the indebtedness of that group of companies to the subsidiary of the Company, Choppies Distribution Centre (Pty) Limited;
4. The engagement by the Company with its lenders, in order to secure their continued support to the company and its subsidiary Choppies Distribution Centre (Pty) Limited and of their businesses;
5. The engagement with the appropriate regulatory authorities in respect of compliance by the Company with the Companies Act, the Botswana Stock Exchange Listing Requirements and the Competition Act;
6. The recruitment of a Chief Financial Officer for the Group, preferably with retail experience;
7. To address the succession planning, the commencement of recruitment of a Deputy Chief Executive Officer. The expansion of the Board to enhance its skillset by adding independent non-executive directors in liaison with shareholders.

The following appointments were made by the Board:

1. Mr Uttum Corea (whose curriculum vitae is available on request) as director and the interim Chairman of the Board, to hold such office until the forthcoming Annual General Meeting.
2. Mr Tom Pritchard be appointed chairperson of the Audit and Risk Committee;
3. Ms Carol Jean Harward be appointed chairperson of the Investment (Acquisition and Disposals) Committee;
4. Mrs Vidya Sanooj as interim Chief Financial Officer.

Immediately following the publication of the 2018 annual financial statements, and results of the Group, the Chief Executive Officer supported where appropriate by independent non-executive directors, will engage with shareholders on an individual and group basis, to deliver a results presentation and update on the business of the Company and the goals set out by the Board in respect thereof.

Thereafter, at the Annual General Meeting, shareholders will be afforded the opportunity to discuss with the Board and executives, the business of the Group.

By Order of the Board

11 September 2019

The Company's primary listing is on the Botswana Stock Exchange and its secondary listing is on the Johannesburg Stock Exchange.

Per the announcement published on 1 November 2018, the trading of the Company shares on both the BSEL and Johannesburg Stock Exchange ("JSE") remains suspended until further notice.

BSEL Sponsoring Broker



JSE Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)