
DETAILED CAUTIONARY ANNOUNCEMENT: PURCHASE OF THE BUSINESS OF GALEPROPS 2661 CC (TRADING AS GENMATICS) BY NEW WAY POWER PROPRIETARY LIMITED

1. Introduction

- 1.1. The board of enX is pleased to announce the salient terms of a transaction in terms of which New Way Power Proprietary Limited ("**New Way**"), a wholly-owned subsidiary of enX, will acquire the diesel generator rental business of Galeprops 2661 CC (trading as Genmatics) ("**Genmatics**") (the "**transaction**").
- 1.2. On 21 June 2015, New Way, Genmatics and Anthony Vassilatos ("**Vassilatos**") entered into a sale of business agreement (the "**agreement**") in terms of which, subject to the fulfilment or waiver of the conditions precedent set out in paragraph 4 below (the "**conditions precedent**"), New Way will, with effect from the first business day of the month following the month during which the last of the conditions precedent is fulfilled or waived, as the case may be (the "**effective date**"), purchase the business of Genmatics ("**the business**") as a going concern, for an aggregate purchase price of R70 000 000.

2. Rationale for the transaction

- 2.1. Established in 2005 and with a fleet located in Durban and Johannesburg, Genmatics operates a diesel generator rental business offering generators ranging in size from 30kVa to 1500 kVa to clients across South Africa.
- 2.2. enX, through New Way, owns and operates a diesel generator rental business under the name of Neptune Plant Hire, with a fleet located in Johannesburg and Cape Town.
- 2.3. The transaction will give enX's diesel generator rental business an immediate and substantial presence in KwaZulu Natal, thereby establishing a national footprint. The combined fleet will be in excess of 240 units, ranging in size from 4 kVa to 1,500 kVa. This national presence and enhanced fleet will enable enX to service large customers and projects more effectively. In addition, enX will be better equipped to meet the higher demand for temporary power resulting from Eskom's supply shortages, and be able to improve the overall utilisation of its fleet.

3. Salient terms of the transaction

The salient terms of the transaction are as follows:

3.1. Purchase of the business

On and with effect from the effective date, New Way will purchase the business of Genmatics (excluding those assets, obligations and liabilities set out below) as a going concern. This purchase will encompass:

- 3.1.1. the acquisition of all assets, of whatsoever nature, used or owned by Genmatics in relation to the normal, ordinary and regular operation of the business, excluding:
 - 3.1.1.1. accounts receivable;
 - 3.1.1.2. cash on hand and credit balances in the bank accounts of Genmatics;
 - 3.1.1.3. the property owned by Genmatics, which will in turn be leased from Genmatics by New Way in terms of a lease agreement concluded on or about 21 June 2015;

- 3.1.1.4. Genmatics' right, title and interest as at the effective date under any contracts, other than those contracts and arrangements entered into in respect of the business which are in existence and/or in force as at the effective date; and
- 3.1.1.5. any deferred taxation asset arising or related to the period prior to the effective date; and
- 3.1.2. the assumption of all obligations and liabilities of Genmatics arising after the effective date under those contracts and arrangements entered into in respect of the business in existence and/or in force as at the effective date (the "**contracts**"), and all liabilities in respect of employees as at the effective date under section 197 of the Labour Relations Act, 1995, but excluding:
 - 3.1.2.1. trade payables;
 - 3.1.2.2. tax liabilities arising or related to the period prior to the effective date;
 - 3.1.2.3. any liabilities relating to the assets listed in paragraphs 3.1.1.1 to 3.1.1.5 above;
 - 3.1.2.4. any and all of Genmatics' indebtedness to any bank or other lender, to any of its members or any person related or inter-related to either Genmatics or its members;
 - 3.1.2.5. any liabilities under any instalment sale, financial lease or hire purchase agreements; and
 - 3.1.2.6. any other liabilities of the business which arose or which relate to any period falling prior to the effective date.

3.2. **Vassilatos employment**

Vassilatos has extensive experience running rental fleets, and has built the business over the past 10 years. With effect from the effective date, he will be employed by New Way for a period of at least three years and assume responsibility for the entire diesel generator rental business of enX.

3.3. **Purchase price**

- 3.3.1. The purchase price payable by New Way for the business will be an amount of R70 000 000 (the "**purchase price**"), payable as follows:
 - 3.3.1.1. R55 000 000 payable within three business days of receipt by New Way of the unaudited management accounts of Genmatics as at the date preceding the effective date, together with up-to-date information relating to the assets and liabilities of the business; and
 - 3.3.1.2. three instalments of R5 000 000 each payable on the first, second and third anniversary of the effective date respectively (the "**deferred portion of the purchase price**").
- 3.3.2. New Way shall not be obliged to pay all or any remaining instalments of the deferred portion of the purchase price in the event of Vassilatos resigning or otherwise leaving the employment of New Way of his own volition prior to the first, second or third anniversary of the effective date (as the case may be).
- 3.3.3. The purchase price will be adjusted upwards by the costs of any additional generators purchased by Genmatics during the period from 28 February 2015 up to the effective date.

3.4. **Restraints of trade**

In terms of the agreement, each of Vassilatos and Genmatics are subject to a restraint of trade in favour of New Way, applicable throughout South Africa, for a period of three years calculated from the effective date. Vassilatos is subject to a further restraint of trade for a period of three years following termination of his employment.

3.5. **Warranties**

Each of Genmatics and Vassilatos have, on a joint and several basis, given warranties to New Way that are typical of a transaction of this nature. Genmatics and/or Vassilatos must be notified of any claim arising from such warranties by the third anniversary of the effective date. Their maximum aggregate liability in

relation to any such claim(s) is limited to an amount equal to the purchase price, with the deferred portion of the purchase price serving as collateral for any such claims.

4. Conditions precedent

The transaction is subject to and conditional on the fulfilment or waiver of the following conditions precedent, on or before 31 August 2015:

- 4.1. the delivery to New Way of Genmatics' financial statements for the 12 month period ending 28 February 2015, including a statement of comprehensive income and a statement of financial position for the business;
- 4.2. the conclusion by New Way of a legal, tax, financial and operational due diligence into the business, and New Way notifying Genmatics in writing that it is, in its sole discretion, satisfied with the results of such due diligence;
- 4.3. to the extent that such consent is required, Genmatics procuring that each of the counterparties to each of the contracts unconditionally agrees in writing to the cession and delegation of such contracts to New Way; and
- 4.4. no adverse fact, change, development or circumstance affecting the business and/or any of the markets in which the business operates arising or occurring prior to the date of fulfilment or waiver of the last outstanding condition precedent, which is or might reasonably be expected to be material with regard to the business, conditions, assets, liabilities, operations, financial performance, net income or prospects of the business.

5. Categorisation

The transaction constitutes a category 2 transaction in terms of the JSE Listings Requirements and accordingly does not require approval by enX shareholders.

6. Cautionary announcement

The value of the net assets of the transaction and the profits attributable to the business will be determined upon finalisation of the due diligence contemplated in paragraph 4.2 above, and a further announcement will be published on SENS and in the press once these have been determined. enX shareholders are accordingly advised to exercise caution when dealing in their enX shares until a further announcement is made.

24 June 2015

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