CIRCULAR TO SHAREHOLDERS

Incorporating

- Notice in respect of the Extraordinary General Meeting to be held on Friday 11th December 2015 at 3.00pm at Avani Gaborone Hotel (formerly, the Gaborone Sun).
- Form of Proxy
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BACKGROUND

Shareholders in the Company, Botswana Life Insurance Limited, Flip Coin (Proprietary) Limited, Tebelelo Seretse, Kate Maphage and Petronella Matumo who together hold 75.35% of the issued shares in the Company (“the Concerned Shareholders”) believe that it is in the best interest of the Company, that its issued shares be delisted from trading on the Botswana Stock Exchange (“BSE”).

The Concerned Shareholders, as they are entitled to do, have requisitioned an extraordinary general meeting of all shareholders in the Company to consider the delisting of the issued shares in the Company, and if thought fit pass a special resolution to this effect.

RATIONALE

The Concerned Shareholders believe that it is in the best interest of the Company that the shares in the Company be delisted from trading on the BSE because:-

(1) the nature of the holding of shares in the Company has precluded a ready market in shares, so that neither the Company nor its share price benefits from liquidity;

(2) the Company has a strong balance sheet, and with most financial institutions in Botswana looking to lend to sound and creditworthy borrowers, the Company can readily raise capital required for operations and acquisitions;

(3) in the absence of liquidity, and absence of need to be listed to raise capital, the costs to the Company of maintaining a listing and complying with the BSE listing requirements are not warranted;

(4) there will be savings in costs associated with maintaining and complying with the BSE Listing Requirements inter alia annual listing fees, publication of results and costs of independent and non executive Board members and their attendance at sittings of a Board;

(5) the necessity to report intended transactions to the BSE, and obtain, as may be required, approval of the minority shareholders to a transaction hampers the speed and nimbleness with which the Company can transact, which can prejudice its seizing opportunities when these arise;

(6) the size of and the cost of maintaining a Board, with the necessary number of independent and non executive directors, as required by the BSE Listing Requirements, is not warranted for a company the size of FSG; in this regard the Concerned Shareholders have noted the provisions of the Financial Reporting Act 2010, and its draft Regulations. Obviously if the Act is made to apply to the Company, the Regulations or any Standards or Rules made by the Authority apply to the Company and impose provisions in respect of the composition of the Board, the Company will comply with the same as and when each of these comes into effect and are made applicable;

(7) the facts that the parent of the major shareholder Botswana Life Insurance Limited is Botswana Insurance Holdings Limited, which itself is a company listed on the BSE and which is subject to International Accounting Standards, ensures that the Company is to comply with the principles of corporate governance, transparency, responsibility, accountability and the International Accounting Standards, without the additional cost of maintaining a separate listing.
The Concerned Shareholders have made known an intention to offer to purchase shares held by shareholders (other than the Concerned Shareholders) registered as such on the 12 October 2015 (the Record Date) at a price equal to the average weighted traded price of a share in the Company over the three months preceding the Record Date, which enables shareholders who do not wish or who are not permitted to remain invested in securities of a non-listed entity, to exit the Company, at a fair price.

POSITION OF THE BOARD

The Board supports the proposal for delisting of the shares in the Company for trading on the BSE:-

A. The Board endorses the reasons advanced by the Concerned Shareholders;
B. The Board recognises the Company needs shareholders who are prepared to play an active role in the plans of the Company to expand beyond Botswana’s borders;
C. The Board considers that the disclosure requirements of the BSE with regard to transactions considered or embarked upon often requires the Company to impart confidential and strategic information in respect of the operations of the Company and a transaction, which often should not be disclosed until after the transaction, or at all;

The Board has noted the offer made by the Concerned Shareholders to the minorities and has appointed an independent financial advisor and legal advisor to advise it on the reasonableness and fairness of the offer. The Board will be issuing a circular in response to the offer in due course.

The Board points out that after delisting, if the number of shareholders exceed 25 the Company will remain a public company, with the obligations placed on such a company by the Companies Act with regard to:-

(i) annual reports of directors and auditors;
(ii) submission to shareholders of annual financial statements;
(iii) the holding of annual general meetings;
(iv) the grant to shareholders of an opportunity at that meeting, to question the directors and management about the affairs of the Company; and

that the directors of the Company will remain obliged to act with the all fiduciary duties toward the Company (in the sense of the general body of shareholders) as stipulated in the Companies Act.

If the number of shareholders fall below 25, and the shareholders seek to convert the Company from a public to a private company, the Companies Act, and Financial Reporting Act and its Regulations and any Standards, Rules or Guidelines, if and as applicable, will protect interests of the remaining shareholders.

The Board is of the view that the interests of shareholders who elect to remain invested in the Company will remain protected.

The Board believes that delisting of the shares of the Company from trading on the BSE is in the interests of the Company, and worthy of favourable consideration.

Dated at Gaborone on 23 October 2015

By order of the Board

Company Secretary

Corporate Services (Pty) Ltd

CS

Corporate Services

Sponsoring Broker
NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS OF THE COMPANY

Notice is hereby given of an Extraordinary General Meeting of Shareholders of the Company to be held on Friday 11 December 2015 at the Avani Gaborone Hotel (formerly, Gaborone Sun) at 3.00pm to consider and if thought fit adopt, with or without amendment, the following resolution (as a special resolution)

“That the ordinary issued shares of the Company be delisted for trading on the Botswana Stock Exchange, and the directors of the Company be authorised to pursue the process for such delisting”

Shareholders are entitled to be present in person, or by proxy.

A proxy need not be a shareholder the Company.

The proxy form may be sent by post, or delivered, or faxed to the office of the Company Secretaries of the Company, Corporate Services (Pty) Ltd to reach that office by not later than 3.00pm on Wednesday 9 December 2015.

Postal Address: P.O. Box 406 Gaborone
Physical Address: Unit 5, Kga Mews, Gaborone
Fax: +267 316 7036

By order of the Board
23 October 2015

Company Secretary
Corporate Services (Pty) Ltd.

CS
Corporate Services

Sponsoring Broker
motswedisecurities
A member of the Botswana Stock Exchange
in respect of the Extraordinary General Meeting of shareholders in the Company to be held on Friday 11 December 2015 at 3.00pm at Avani Gaborone Hotel (formerly, Gaborone Sun).

I, the undersigned

………………………………………………………………………………………………………………

………………………………………………………………………………………………………………

a shareholder in the Company holding ................... ordinary shares do hereby appoint

Name:
Address:
Passport No/Omang No:

or failing him/her

Name:
Address:
Passport No/Omang No:

or failing him/her

the Chairman of the meeting to be my proxy to attend and vote at the meeting on my behalf as follows:

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<th>FOR</th>
<th>AGAINST</th>
<th>ABSTAIN</th>
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<tr>
<td>Special Resolution in respect of delisting</td>
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Please indicate with an “X” how you wish your votes to be cast. Unless otherwise directed, the proxy will vote or abstain as he thinks fit in respect of your entire holding.

Signed this ...................................................... day of.......................................................2015

Signature of Shareholder…………………………………………………………………………………………

Name: ……………………………………………………………………………………………….

Capacity: ……………………………………………………………………………………………

Assisted by me (where applicable)………………………………………………………………………………………
NOTES:

1. Every Shareholder present in person or represented by proxy and entitled to vote at the EGM of the Company shall, on a show of hands, have only one vote, irrespective of the number of Shares such Shareholder holds and on a poll, be entitled to such number of votes as is equal to the number of Shares held by it.

2. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the member’s choice in the space/s provided overleaf, with or without deleting “the Chairman of the EGM”, but any such deletion must be initialled by the Shareholder. Should this space be left blank, the proxy will be exercised by the Chairman of the EGM. The person whose name appears first in the list of names which has not been deleted on the form of proxy and who is present at the EGM will be entitled to act as proxy to the exclusion of those whose names follow.

3. A Shareholder’s voting instructions to the proxy must be indicated by the insertion of an “X”, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the EGM, as he/she thinks fit in respect of all the Shareholder’s exercisable votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.

4. The proxy shall have the power to attend at any adjournment of the EGM and to vote on any amendment to the resolution which may be proposed at the EGM.

5. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

6. To be valid, the completed forms of proxy must be lodged with the Company Secretaries, Corporate Services (Pty) Ltd at Unit 5 Kgale Mews Gaborone, or posted to the Company Secretaries at P.O Box 406 Gaborone, or faxed to Fax No: +267 316 7036, to be received by them by not later than 3.00pm on Wednesday 9 December 2015.

7. The power of attorney or other authority establishing the authority of a person signing this form of proxy in a representative capacity, or a notarially certified copy hereof, must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the EGM.

8. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the EGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

9. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

10. The Chairman of the EGM may accept any form of proxy which is completed, other than in accordance with these instructions and notes, provided that the Chairman is satisfied as to the manner in which a Shareholder wishes to vote.

11. A vote given in accordance this form of proxy shall be valid notwithstanding the previous legal incapacity of the principal or revocation of the form of proxy or the transfer of the Shares in respect of which the vote is given, unless an intimation in writing of such legal incapacity or transfer shall have been delivered to the Company Secretaries Corporate Services (Pty) Ltd, or posted to the Company Secretaries at P.O. Box 406 Gaborone, or faxed to Fax No: +267 316 7036, to be received by them by not later than 3.00pm on Wednesday 9 December 2015.