

GEN – General – Trustco Group Holdings Limited

Public Censure imposed by the JSE on Trustco Group Holdings Limited (“**Company**” or “**Trustco**”)

The JSE hereby informs stakeholders of the following finding in respect of the Company:

BACKGROUND

1. Huso Investments Proprietary Limited (“**Huso**”) was previously owned by Trustco’s Chief Executive Officer and shareholder, Mr Quinton van Rooyen. Mr van Rooyen provided a loan to Huso of N\$295 million. Based on the original terms of agreement between the parties, the loan was initially accounted for in Huso’s financial statements as an equity loan.
2. Trustco undertook to acquire Huso from Mr van Rooyen (“**Huso Transaction**”), which transaction shareholders approved in 2015 and 2017 respectively, based on Huso’s financial position that reflected an equity loan of N\$295 million. Shareholders approved the Huso Transaction on the facts presented by the Company in its circulars to shareholders dated 11 September 2015 and 11 May 2017 respectively. The 11 May 2017 circular contained financial information and pro-forma financial effects of the Huso Transaction based on Huso’s net equity position of N\$92 million, inclusive of the N\$295 million equity loan.
3. In 2018, after the relevant shareholders meeting, there was a change in the terms of the loan from Mr van Rooyen to the Huso group, which resulted in the loan to Huso being reclassified from equity to a liability. Although Trustco was acquiring the issued share capital of Huso, the change in the terms of the loan significantly affected the net equity position of Huso as the entity to be acquired by the Company. Notably, the presence of a financial liability changed Huso’s net asset value of N\$92 million into a negative net asset value of N\$240 million.
4. The change in the terms of the loan to Huso was identified in 2020 by the JSE’s Pro-Active Monitoring Unit in their review of the Company’s interim financial statements for the six months ended 30 September 2018 and the annual financial statements for the year ended 31 March 2019.

THE JSE'S DECISION TO CENSURE TRUSTCO

5. The provisions of paragraph 9.19(b) of the JSE Listings Requirements requires that when a significant change to a matter or transaction has arisen and which is identified after the relevant shareholders meeting, a supplementary announcement would be required if such information falls into the ambit of paragraph 3.4(a) of the Listings Requirements i.e. if it constitutes price sensitive information. The Company did not disclose to shareholders and the market that the financial position of the entity it was acquiring had changed significantly from what was contained in the circular that shareholders had previously approved. Such a significant change in the underlying financial position of the entity to be acquired was specific, precise and had the potential to influence the economic decisions of shareholders and investors.
6. On 4 September 2018, the Company announced on SENS that the Huso Transaction became effective and unconditional. Trustco published its 2018 interim financial statements on 19 December 2018 where it disclosed the *“book value of assets acquired and liabilities assumed of Huso”* inclusive of a N\$401 million related party liability, which was significantly higher than the related party liabilities disclosed to shareholders in the circular of N\$532 000. It was only after the transaction became effective on 4 September 2018 and disclosed in the Company's interim financial statements that shareholders and the market were made aware of the impact of Huso's change in financial position on the Trustco group.
7. The JSE disagreed with the Company that it did not need to inform shareholders and the market that subsequent to their approval of the Huso Transaction, there was a significant change in the make-up of the entity being acquired by Trustco, which was in the JSE's view, specific, precise and had the potential to influence the economic decisions of shareholders and investors.
8. Accordingly, the JSE found the Company to be in breach of paragraph 9.19(b) read with 3.4(a) of the Listings Requirements.
9. Issuers have a duty to comply with the Listings Requirements at all times. Compliance with the Listings Requirements is aimed at, but not limited to, investor protection and investor confidence. To aid in this objective of transparency and a trusted marketplace, issuers are obliged to inform the market if there

has been a significant change to a matter or transaction after the relevant shareholder's meeting that is price sensitive.

10. For these reasons, the JSE decided to impose this public censure against the Company in relation to the above-mentioned breach of the Listings Requirements.

TRUSTCO'S APPLICATIONS TO THE FINANCIAL SERVICES TRIBUNAL ("FST" OR "TRIBUNAL")

11. On 14 October 2021, Trustco applied to the FST for the reconsideration of the decisions of the JSE in terms of section 230(1) of the Financial Sector Regulation Act ("**FSRA**"), under reference number JSE4/2021. On the same day, Trustco applied to the FST in terms of section 231 of the FSRA for an order suspending the JSE's decision, pending the outcome of the reconsideration application. The JSE did not oppose Trustco's suspension application but opposed its reconsideration application.
12. Trustco's suspension application was granted by Retired Justice Harms on 18 October 2021.
13. The reconsideration application was heard before the FST on 27 June 2023. The Tribunal, chaired by Advocate Woodrow SC, handed down its decision today, 2 October 2023, wherein it dismissed Trustco's reconsideration application.
14. The effect of the Tribunal's decision is that the JSE's decision to publicly censure Trustco for its breach of the Listings Requirements is upheld.

2 October 2023