

OUR REFERENCE
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YOUR REFERENCE

DATE
11 June 2020

E-mail : christine.seger@gb.co.za
E-mail : madamson@gb.co.za

Direct Tel No 031 570 5334
Direct Fax No 031 570 5310
Cellphone No 083 637 1850

Attention: Neil Butcher / Melinne Nathram

URGENT!

GOLD CIRCLE RACING

E-Mail Address:

neilb@goldcircle.co.za / melinnen@goldcircle.co.za / companysecretary@goldcircle.co.za

Dear Sirs

MR NICK JONSSON & OTHERS

We act on behalf of Mr Nick Jonsson and on behalf of a concerned group of members of the Gold Circle Racing Club ("Gold Circle"). Our instructions are that a Special General Meeting of Gold Circle is to be convened on 18 June 2020, and that notice of the aforesaid meeting was given on 21 May 2020 which was followed by a letter dated 3 June 2020.

The proposed Special Resolutions contemplate *inter alia* the deletion of Paragraph C.10 of Annexure C to the Constitution of Gold Circle, the deletion of article 68 of the Memorandum of Incorporation ("the MOI") of Gold Circle (Pty) Ltd, the deletion of articles 30.2.3, 30.2.4 and 30.2.5 of the MOI of Natal Racing Properties (Pty) Ltd as well as the deletion of article 5.2 of the MOI of Natal Racing Properties (Pty) Ltd, and the reason and effect of the aforesaid proposed resolutions is proffered as the removal of restrictions on the ring-fenced funds pursuant to the sale of Clairwood racecourse.

The proposed Special Resolutions which have been tabled for consideration are to be placed before a meeting of the members via the Zoom online conferencing platform at 17h00 on Thursday, 18 June 2020. The matters to be discussed are of an important and serious nature which require vigorous debate, given that they seek to amend the very basis upon which Gold Circle was founded as an institution. No provision is made anywhere in either the Constitution or the MOI for such a meeting to take place via Zoom or any other electronic platform. On the contrary, article 18.1 of the MOI of Gold Circle (Pty) Ltd specifically states in regard to a general meeting that "*A quorum at a general meeting shall consist of at least GCRC personally present or represented by proxy. No business shall be transacted at any general meeting unless a quorum of shareholders is present at the commencement of and throughout the meeting*".

In addition, the Constitution of the Club stipulates in regard to a quorum for a general meeting of members that "*a meeting of members, including an AGM, will be quorate when at least 25 members are present in person or by proxy.*"

ADDRESS 7 TORSVALE CRESCENT LA LUCIA RIDGE OFFICE ESTATE • PO BOX 1219 UMHLANGA ROCKS 4320 SOUTH AFRICA
TELEPHONE +27 31 570 5300 FACSIMILE +27 31 570 5301 DOCEX DoceX 5 Umhlanga EMAIL mailur@gb.co.za WEBSITE www.gb.co.za

DIRECTORS B Mgaga (Chief Executive Officer) BS Jennings (Chairman) YL Boden AS De Lange IAE Esat PL Forbes AW Liebenberg PP Magwaza
SM Maphumulo VJ McDonald SM Nyasulu GC Palmer GF Phillips DH Ramsay BA Rist CJ Seger HJ Stephenson C Vabaza
EXECUTIVE CONSULTANTS RN Knowles TS Mjoli AH Trikamjee CONSULTANTS MG Hands D Pistorius
SENIOR ASSOCIATES B Bam R Bipraj ST Khanyile RL Kinder CJ Martin H Skosana JN Will FINANCIAL MANAGER L Blaikie

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Henochsberg on the Companies Act, 71 of 2008 provides in the commentary on S61 of the Act that insofar as a shareholders meeting in regard to a company is concerned (which relates to the proposed resolutions 2, 3 and 4) that a special resolution must be passed at a properly constituted meeting and our client's position is that no such meeting may be properly constituted, given the clear wording of the MOI.

The Constitution of the Club must be interpreted on its own wording and it is clear that being present in person at a general meeting (and even more so at a special meeting) is required.

Your letter of 3 June 2020 states that "to facilitate the process of managing the meeting Members are encouraged to submit their questions in advance in view of the difficulties that will be experienced due to the nature of convening the meeting on a virtual platform which will limit normal interaction. Questions received will be read and responded to by the Chairman at the meeting".

Section 63(2) of the Companies Act, 71 of 2008 is clear that a meeting may only be conducted by electronic communication as long as the electronic communication employed ordinarily enables all persons participating in the meeting to communicate concurrently with each other without an intermediary, and to participate reasonably effectively in the meeting. Our client's submission is that directing matters via the Chairman offends against the wording of this section and that the parties are precluded from participating reasonably effectively in the meeting, and as such the meeting does not comply with S63(2) and cannot proceed in the proposed format via Zoom.

The proposed Zoom meeting does not permit proper interactive communication or real time participation between the participants and is no substitute for, nor can it be in compliance with, a meeting in person as is required by the Constitution and MOI, on such an important and serious issue. It may be that in order to enable a proper and compliant meeting in person, it would need to be held at a large venue which would permit social distancing between the participants.

In addition, it is our clients' view that once the members are privy to the required full debate regarding the proposed amendments as set out in the Special Resolutions, many of them would be inclined to vote against the proposal and would require more information on alternative options to resolve Gold Circle's financial difficulties. **Our clients acknowledge that the members and the board need to resolve the current financial situation and are prepared, along with any other concerned members, to engage with the board to discuss and seek more appropriate relief.**

Accordingly, please furnish your urgent confirmation by no later than **noon tomorrow, 12 June 2020**, which is the date and time when the proxies are due, that the meeting will not proceed via Zoom and that fresh notice will be provided for a date when it is possible for the meeting to take place in person and as is required. Should we fail to receive such confirmation by noon tomorrow, 12 June 2020, our clients intend urgently applying to the High Court for an interdict in respect of the proposed Zoom meeting.

Please direct future correspondence to our offices for the writer's attention.

Yours faithfully


CHRISTINE SEGER
GARLICKE & BOUSFIELD INC.