

THIS OFFER CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 6 of this Offer Circular apply, *mutatis mutandis*, to this Offer Circular in its entirety, including this cover page.

Action required

This Offer Circular is important and should be read with particular attention to page 2 entitled "Action required by Lethimvula Shareholders".

If you are in any doubt as to what action you should take arising from this Offer Circular, please consult your Broker, banker, attorney, accountant or other professional advisor immediately.

If you have disposed of all of your Lethimvula Shares, this Offer Circular should be handed to the purchaser of such Lethimvula Shares or to the Broker, banker, attorney or other agent through whom the disposal was effected.



LETHIMVULA INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/005087/06)
("Lethimvula")



AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1988/000570/06)
Share code: ACT/ACTP ISIN: ZAE000078416/ZAE000082269
("AfroCentric" or "the Company")

OFFER CIRCULAR TO LETHIMVULA SHAREHOLDERS

regarding

- an Offer by AfroCentric or its nominated subsidiary to the Offeree Shareholders, to acquire all of their Lethimvula Shares for the Offer Consideration which is to be discharged in two tranches, namely the First Tranche and the Second Tranche. Offeree Shareholders may elect to receive the First Tranche entirely in AfroCentric Ordinary Shares or by way of a combination of cash and AfroCentric Ordinary Shares; and
- the offers by AfroCentric or its nominated subsidiary to the Option Holders;

and incorporating

- the recommendation from the Lethimvula Board supporting the Offer to the Offeree Shareholders and the Offers to the Option Holders;
- an independent opinion regarding the terms and conditions of the Offer to the Offeree Shareholders and the Offers to the Option Holders; and
- a Form of Acceptance, Election, Surrender and Transfer to be used by the Offeree Shareholders only.

Investment bank and
transaction sponsor
to AfroCentric



Sponsor
to AfroCentric



Legal advisor
to AfroCentric



Independent Advisor to
AfroCentric



Joint legal advisors
to Lethimvula



Corporate advisor
to Lethimvula



Independent Expert
to Lethimvula



Friday, 27 February 2009

Copies of this Offer Circular may be obtained in English only at AfroCentric and Lethimvula's registered office during normal business hours from Monday, 2 March 2009 until Friday, 20 March 2009. Details of AfroCentric and Lethimvula's addresses are set out in the "Corporate Information and Advisors" section of this Offer Circular.

CORPORATE INFORMATION AND ADVISORS

The definitions and interpretations commencing on page 6 of this Offer Circular apply, *mutatis mutandis*, to this "Corporate Information and Advisors" section.

CORPORATE INFORMATION AND ADVISORS TO AFROCENTRIC

Directors of AfroCentric

Dr N B Bam*^ (Chair)
N J M Canca*^
Dr M S V Gantsho*^
Dr B Joffe*
J M Kahn*
M I Sacks* (Company Secretary)
Prof D I Swartz*^

*Non-executive

^Independent

Investment bank and transaction sponsor to AfroCentric

Investec Bank Limited
(Registration number 1969/004763/06)
100 Grayston Drive
Sandton, 2196
(PO Box 785700, Sandton, 2146)

Legal advisor to AfroCentric

HR Levin Attorneys, Notaries and Conveyancers
(Practice number M2841)
Kentgate
64 Kent Road
Corner Oxford Road
Dunkeld, 2196
(PO Box 52235, Saxonwold, 2132)

Transfer Secretaries to AfroCentric

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/06)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Secretary and registered office of AfroCentric

M I Sacks, CA(SA), AICPA (ISR)
PKF (Jhb) Inc
(Registration number 1994/001166/21)
42 Wierda Road West
Wierda Valley
Sandton, 2196
(Private Bag X34, Benmore, 2010)

Sponsor to AfroCentric

Sasfin Capital,
A division of Sasfin Bank Limited
(Registration number 1951/002280/06)
13 – 15 Scott Street
Waverley, 2090
(PO Box 95104, Grant Park, 2051)

Independent Advisor to AfroCentric

Grant Thornton
Chartered Accountants (SA)
137 Daisy Street
Sandown, 2196
(Private Bag X28, Benmore, 2010)

CORPORATE INFORMATION AND ADVISORS TO LETHIMVULA

Directors of Lethimvula

Dr A T M Mokgokong*
D Dempers
W R C Holmes
M N Chetty*
G B Jamieson
M J Madungandaba*
A Meyer
M A Ramasia
G Ramokgopa*
S M Rothbart*
C O M Setsubi*

*Non-executive

Secretary and registered office of Lethimvula

Wallace Holmes CA(SA)
Acting Company Secretary
Medscheme Park
10 Muswell Road South
Bryanston, 2021
(PO Box 71910, Bryanston, 2021)

Joint legal advisors to Lethimvula

Edward Nathan Sonnenberg Inc
(Registration number 2006/018200/21)
150 West Street
Sandton, 2196
(PO Box 783347, Sandton, 2146)

Rothbart Inc
(Registration number 1995/001105/21)
118 Ivy Road
Norwood, 2192
(PO Box 95246, Grant Park, 2052)

Independent Expert to Lethimvula

Vunani Corporate Finance,
trading as a division of Vunani Capital (Proprietary) Limited
(Registration number 1998/001469/07)
39 First Road
Hyde Park, 2196
(PO Box 413972, Craighall, 2024)

Corporate advisor to Lethimvula

Sinergi Corporate Advisors (Proprietary) Limited
(Registration number 2004/011875/07)
2nd Floor
Holiday House
156 Bram Fischer Drive
Randburg, 2194
(PO Box 44470, Linden, 2104)

Transfer Secretaries to AfroCentric

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/06)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

ACTION REQUIRED BY LETHIMVULA SHAREHOLDERS

The definitions and interpretations commencing on page 6 of this Offer Circular apply, *mutatis mutandis*, to this "Action Required by Lethimvula Shareholders" section.

Please take careful note of the following provisions regarding the action required by Lethimvula Shareholders:

1. If you are in any doubt as to what action you should take arising from this Offer Circular, please consult your Broker, banker, attorney, accountant or other professional advisor immediately.
2. If you have disposed of all of your Lethimvula Shares, this Offer Circular should be handed to the purchaser of such Lethimvula Shares or to the Broker, banker, attorney or other agent through whom the disposal was effected.
3. If you wish to accept the Offer contained in this Offer Circular, you must complete the attached Form of Acceptance, Election, Surrender and Transfer in accordance with the instructions contained therein and lodge it with, or post it to, the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61763, Marshalltown, 2107) together with your Documents of Title and Additional Documentation so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date.
4. If you do not wish to accept the Offer, you need not take any action.

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**FORM OF ACCEPTANCE, ELECTION, SURRENDER AND TRANSFER
TO BE USED BY THE OFFEREE SHAREHOLDERS ONLY**

Attached

CIRCULAR TO AFROCENTRIC SHAREHOLDERS

To be posted to
Lethimvula Shareholders
simultaneously with the posting
of this Offer Circular

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this Offer Circular apply, *mutatis mutandis*, to this "Salient Dates and Times" section.

2009

Suspension of OTC trading of Lethimvula Shares (17:00) (note 1)	Friday, 13 February
Offer Circular posted to the Offeree Shareholders	Friday, 27 February
Opening Date of the Offer to the Offeree Shareholders	Monday, 2 March
Closing Date of the Offer to the Offeree Shareholders (12:00)	Friday, 20 March
Results of the Offer to be released on SENS	Monday, 23 March
Results of the Offer to be published in the press	Tuesday, 24 March
Offer Consideration to be posted to the Offeree Shareholders who have accepted the Offer during the Offer Period and whose acceptances have been received by the Transfer Secretaries	Within five Business Days of the date on which the Documents of Title are received by the Transfer Secretaries

Notes:

1. As disclosed to the relevant Brokers and as announced to Lethimvula Shareholders on Wednesday, 11 February 2009 on the Lethimvula website, the OTC trading of the Lethimvula Shares was suspended with effect from the close of business on Friday, 13 February 2009. Lethimvula Shareholders may therefore not trade in their Lethimvula Shares from Friday, 13 February 2009 until the Closing Date of the Offer.
2. All dates and times indicated above are references to South African dates and times.
3. These dates and times are subject to amendment. An announcement regarding any such amendment will be released on SENS and published in the press.
4. All dates and times for the Offeree Shareholders are indicated above and are equally applicable to the Option Holders. This will be communicated to the relevant Option Holders in a separate written offer letter to be submitted by the Offeror to such Option Holders.

DEFINITIONS AND INTERPRETATIONS

In this Offer Circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them in the second column below, reference to the singular shall include the plural and vice versa, words denoting one gender shall include the other genders, and an expression denoting natural persons shall include juristic persons and associations of persons:

“Absa”	ABSA Bank Limited (registration number 1986/004794/06), a public company duly registered and incorporated under the laws of South Africa, acting through its Corporate and Business Bank Division;
“ACET”	the AfroCentric Empowerment Trust, the beneficiaries of which are a broad number of historically disadvantaged persons. The initially nominated beneficiaries of ACET are The Fort Hare Foundation, The South African Council of Churches and The Leadership Foundation Trust;
“Acquiring SPV”	Lexshell 785 Investments (Proprietary) Limited (registration number 2008/025969/07), which name is to be renamed to “ACT Healthcare Assets (Proprietary) Limited” or such other name as CIPRO may approve, a private company duly registered and incorporated under the laws of South Africa and the entire ordinary share capital of which is held by AfroCentric;
“Acquisition”	the acquisition by AfroCentric or its nominated subsidiary, of 365 865 029 Lethimvula Shares, representing 63.2% of the entire issued share capital of Lethimvula, in terms of the Acquisition Agreement;
“Acquisition Agreement”	the share purchase agreement dated 22 September 2008, between AfroCentric, Lethimvula and the Sellers relating to the Acquisition;
“the Act” or “Companies Act”	the Companies Act, 1973 (Act 61 of 1973), as amended;
“Additional Documentation”	the additional documentation required to accompany the Form of Acceptance, Election, Surrender and Transfer, comprising: <ul style="list-style-type: none">• in the case of a natural person, an original certified copy of the relevant identity document;• in the case of a close corporation, a CKI form and a power of attorney authorising the representative to act on its behalf;• in the case of a company, a CMI form and a power of attorney authorising the representative to act on its behalf; and• in the case of a trust, a copy of the trust deed reflecting the IT number and a power of attorney authorising the representative to act on its behalf;
“African Vanguard”	Newshelf 755 (Proprietary) Limited (registration number 2003/030695/07) (African Vanguard Consortium), a private company duly registered and incorporated under the laws of South Africa;
“AfroCentric” or “the Company”	AfroCentric Investment Corporation Limited (registration number 1988/000570/06), a public company duly registered and incorporated under the laws of South Africa, the entire issued share capital of which, including the ordinary and preference share capital, is listed on the JSE;
“AfroCentric Board”	the board of directors of AfroCentric;
“AfroCentric Group”	AfroCentric, its Subsidiary and Associate companies;
“AfroCentric Ordinary Shareholders”	registered holders of AfroCentric Ordinary Shares from time to time;

“AfroCentric Ordinary Shares”	ordinary shares with a par value of one cent each in the share capital of AfroCentric;
“AfroCentric Preference Shareholders”	registered holders of AfroCentric Preference Shares from time to time;
“AfroCentric Preference Shares”	redeemable, participating preference shares of one cent each in the share capital of AfroCentric;
“AfroCentric Shareholders”	collectively, AfroCentric Ordinary Shareholders and AfroCentric Preference Shareholders;
“Associate”	has the meaning ascribed thereto in section 440A(2)(a)(i) of the Act;
“Dr ATM Mokgokong”	Dr Anna Theresa Masamo Mokgokong
“Audited Financial Statements”	Collectively, the 2011 Audited Financial Statements, 2012 Audited Financial Statements and 2013 Audited Financial Statements;
“Average PAT”	the average of the 2011 PAT, 2012 PAT and 2013 PAT;
“BDI”	Beyond Discovery Investments (Proprietary) Limited, (registration number 2006/028148/07), a private company duly registered and incorporated under the laws of South Africa. The beneficial shareholder of BDI is Mr Dewald Dempers;
“BJM Securities”	Barnard Jacobs Mellet Securities (Proprietary) Limited (registration number 1987/000175/07), a company duly registered and incorporated under the laws of South Africa and is a Broker;
“Bophela”	Bophela Investments Limited (registration number 2005/040033/06), a public company duly registered and incorporated under the laws of South Africa. The beneficial shareholders of Bophela are a number of individuals, none of whom own more than 5% in the issued share capital of Bophela;
“Broker”	any person registered as a “broking member (equities)” in terms of the rules of the JSE made in accordance with the provisions of the Securities Services Act;
“Business Day”	a day other than a Saturday, Sunday or official public holiday in South Africa;
“Cash Election”	the election by an Offer Participant, <i>in lieu</i> of receiving the entire First Tranche in AfroCentric Ordinary Shares, to receive the First Tranche by way of a combination of cash and AfroCentric Ordinary Shares;
“Cents”	South African cents;
“CIH”	Community Investments Holdings (Proprietary) Limited (registration number 1995/007296/07), a private company duly registered and incorporated under the laws of South Africa. The beneficial shareholders of CIH are the Merino Investment Trust (70%) and the Mantokozo Investment Trust (30%), the beneficiaries of the trusts are MJM and Dr A T M Mokgokong respectively;
“CIPRO”	the Companies and Intellectual Property Registration Office of South Africa;
“Circular to AfroCentric Shareholders”	the circular, dated 18 December 2008, including the annexures and attachments thereto, posted to the AfroCentric Shareholders, a copy of which is attached to this Offer Circular;
“Closing Date”	closing date of the Offer to Offeree Shareholders, being at 12:00 on Friday, 20 March 2009;
“Closing Date of the Acquisition”	nine Business Days after the date upon which the last of the conditions precedent to the Acquisition in terms of the Acquisition Agreement were fulfilled, which date was Friday, 30 January 2009;

“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Community”	Community Healthcare Holdings (Proprietary) Limited, (registration number 2000/022439/07), a private company duly registered and incorporated under the laws of South Africa and a wholly owned subsidiary of CIH;
“Competition Authorities”	the competition authorities established in South Africa in terms of the Competition Act, 1998 (Act 89 of 1998), as amended;
“Day”	a calendar day;
“Dewald Dempers”	Dewald Dempers
“Documents of Title”	electronic statements issued by the Transfer Secretaries evidencing shareholding, transfer deed forms, balance receipts or any other documents of title acceptable to AfroCentric in respect of Lethimvula Shareholders;
“Emigrant”	any emigrant from the Common Monetary Area whose address is outside of the Common Monetary Area;
“the First Tranche”	the first tranche of the Offer Consideration being an amount of R0.933 per Lethimvula Share, in respect of which the Offeree Shareholders are required to elect to receive either the Share Election or the Cash Election;
“Form of Acceptance, Election, Surrender, and Transfer” or “Form”	the form of acceptance, election, surrender and transfer to be used by the Offeree Shareholders only, a copy of which is attached to and forms part of this Offer Circular;
“Funding SPV”	Lexshell 784 Investments (Proprietary) Limited (registration number 2008/026008/07), which is to be renamed to “ACT Funding (Proprietary) Limited” or such other name as CIPRO may approve, a private company duly registered and incorporated under the laws of South Africa and the entire ordinary share capital of which is held by AfroCentric;
“Funding SPV Preference Shares”	200 000 cumulative, variable rate, redeemable, non-convertible, Funding SPV preference shares with a par value of one cent each in the share capital of the Funding SPV;
“Funding SPV Preference Share Subscription Agreement”	the preference share subscription agreement dated 10 December 2008 between the Funding SPV, United and ABSA;
“Golden Pond”	Golden Pond Trading 175 (Proprietary) Limited, (registration number 2004/021830/07), a private company duly registered and incorporated under the laws of South Africa and an associate company of Community and in turn CIH. The beneficial shareholders of Golden Pond are Community (36%) and SAMDP Group Holdings Limited (64%). The beneficial shareholders of SAMDP Group Holdings Limited are in turn the members of the South African Medical and Dental Practitioners Association (“SAMDP”), none of whom own more than 5% in the issued share capital of SAMDP Group Holdings Limited;
“IFRS”	International Financial Reporting Standards;
“Independent Advisor”	Grant Thornton, a South African member firm of Grant Thornton International Limited, a partnership duly registered and incorporated under the laws of South Africa;
“Independent Expert”	Vunani Corporate Finance, trading as a division of Vunani Capital (Proprietary) Limited (registration number 1998/001469/07), a private company registered and incorporated under the laws of South Africa, acting as independent advisor to Lethimvula;

“Jasco”	Jasco Electronics Holdings Limited (registration number 1987/003293/06), a public company duly registered and incorporated under the laws of South Africa, the entire issued ordinary share capital of which is listed on the JSE;
“JSE”	JSE Limited (registration number 2005/0222939/06), a public company duly registered and incorporated under the laws of South Africa, licensed as an exchange under the Securities Services Act;
“Last Practicable Date”	the last practicable date prior to the finalisation of this Offer Circular; being Friday, 20 February 2009;
“Lethimvula”	Lethimvula Investments Limited (registration number 2006/005087/06), a public company duly registered and incorporated under the laws of South Africa;
“Lethimvula Board”	the board of directors of Lethimvula;
“Lethimvula Group”	Lethimvula, its Subsidiary and Associate companies;
“Lethimvula Register”	the register of Lethimvula Shareholders;
“Lethimvula Shareholders”	registered holders of Lethimvula Shares from time to time;
“Lethimvula Shares”	ordinary shares with a par value of one cent each in the share capital of Lethimvula;
“Medscheme”	Medscheme Limited (registration number 1978/003358/06), a public company duly registered and incorporated under the laws of South Africa and a Subsidiary of Lethimvula in which Lethimvula has a beneficial interest of 100%;
“MJM”	Merika Johannes Madungandaba, Identity Number 5805165897080;
“Netpartner”	Netpartner Investments Limited (registration number 2003/014215/06), a public company duly registered and incorporated under the laws of South Africa;
“Offer”	the offer by the Offeror to the Offeree Shareholders to acquire all of their Lethimvula Shares for the Offer Consideration;
“Offer Circular”	this bound circular, dated Friday, 20 February 2009, including all annexures and attachments hereto;
“Offer Consideration”	the consideration per Lethimvula Share payable to an Offer Participant, being a maximum amount of R1.555 per Lethimvula Share plus such additional amount to be determined in accordance with the provisions of paragraph 5.1.2.2 of this Offer Circular which is to be discharged in two tranches, namely the First Tranche and the Second Tranche. An Offer Participant may elect to receive the First Tranche entirely in AfroCentric Ordinary Shares or by way of a combination of cash and AfroCentric Ordinary Shares;
“Offeree Shareholders”	Lethimvula Shareholders other than the AfroCentric Group and the Option Holders;
“Offeror”	AfroCentric or its nominated subsidiary;
“Offer Participant(s)”	Offeree Shareholders who accept(s) the Offer during the Offer Period and who surrender(s) their Documents of Title;
“Offer Period”	the period from the Opening Date to the Closing Date;
“Offers to the Option Holders”	the separate written offers by the Offeror to the Option Holders in accordance with rule 12 (e) of the SRP Code, which will be made simultaneously with the circulation of this Offer Circular to the Offeree Shareholders;
“Opening Date”	the opening date of the Offer to the Offeree Shareholders, being 9:00 on Monday, 2 March 2009;

“Option Holders”	African Vanguard in respect of the option it holds to subscribe for Lethimvula Shares and Dewald Dempers in respect of the option he holds to subscribe for Lethimvula Shares;
“OTC”	the over the counter market operated and administered by BJM Securities and on which the Lethimvula Shares were traded by the Lethimvula Shareholders;
“PAT”	the net profit after tax of the Lethimvula Group for the relevant twelve month period as determined in accordance with the provisions of IFRS and reflected in the relevant Audited Financial Statements (which shall include any reduction for amortisation of goodwill and any accelerated depreciation beyond normal); it being agreed that, for the purposes of determining PAT, the effect of any capital profits and losses, profits and losses on sales of fixed assets and exceptional profits and losses (being extraordinary items of income and expenditure that arise from events and acquisitions that are normally distinct from the ordinary activities of the businesses of the Lethimvula Group and therefore not expected to occur regularly), shall be specifically excluded from such calculation;
“Rand” or “R”	South African Rand;
“SizweNtsaluba”	SizweNtsaluba VSP (registration number 2002/021048/07), of a public company duly registered and incorporated under the laws of South Africa, acting as auditors to AfroCentric;
“the Second Tranche”	the second tranche of the Offer Consideration, being a maximum amount of R0.622 per Lethimvula Share, plus such additional amount to be determined in accordance with the provisions of paragraph 5.1.2.2 of this Offer Circular;
“the Second Tranche Payment Date”	the date on which the Second Tranche will be discharged being within 20 Business Days of finalising the 2013 Audited Financial Statements;
“the Second Tranche Shares”	the number of AfroCentric Ordinary Shares per Lethimvula Share to be issued or delivered to an Offer Participant on the Second Tranche Payment Date as determined in accordance with the provisions of paragraph 5.1.2.1 of this Offer Circular;
“Securities Services Act”	the Securities Services Act, 2004 (Act 36 of 2004), as amended;
“the Sellers”	collectively Dr A T M Mokgokong, Bophela, Community, BDI, Golden Pond and MJM;
“SENS”	the Securities Exchange News Service of the JSE;
“Settlement Date”	the date on which the Offer Consideration is posted to the Offer Participants as set out in the “Salient dates and times” section of this Offer Circular;
“Share Election”	the election by an Offer Participant to receive the entire First Tranche by way of the issue of AfroCentric Ordinary Shares;
“South Africa”	the Republic of South Africa;
“South African Exchange Control Regulations”	the regulation of The Exchange Control Department of the South African Reserve Bank;
“SRP”	Securities Regulation Panel, established in terms of section 440 of the Act;
“the SRP Code”	the Securities Regulation Code on Take-overs and Mergers and the Rules of the SRP;
“STC”	Secondary Tax on Companies or any other tax on dividends which may be levied on AfroCentric declaring the dividends at the relevant time, it being recorded and agreed that the maximum rate of STC which shall be deemed to be charged for purposes of giving effect to the Acquisition Agreement shall be 10% even if the actual STC rate at the relevant time is greater than 10%;

“Subsidiary”	has the meaning ascribed thereto in section 1(3) of the Act;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services (Proprietary) Limited (registration number 2004/003647/06), a private company duly registered and incorporated under the laws of South Africa, acting as transfer secretaries to both AfroCentric and Lethimvula;
“United”	United Towers (Proprietary) Limited (registration number 1968/015550/07), a private company duly registered and incorporated under the laws of South Africa and the entire ordinary share capital of which is held by Absa;
“VWAP”	volume weighted average price;
“2011 Audited Financial Statements”	the consolidated audited financial statements in respect of the Lethimvula Group for the twelve month period ending on 30 June 2011;
“2012 Audited Financial Statements”	the consolidated audited financial statements in respect of the Lethimvula Group for the twelve month period ending on 30 June 2012;
“2013 Audited Financial Statements”	the consolidated audited financial statements in respect of the Lethimvula Group for the twelve month period ending on 30 June 2013;
“2011 PAT”	the PAT for the twelve month period ending on 30 June 2011, as reflected in the 2011 Audited Financial Statements;
“2012 PAT”	the PAT for the twelve month period ending on 30 June 2012, as reflected in the 2012 Audited Financial Statements; and
“2013 PAT”	the PAT for the twelve month period ending on 30 June 2013, as reflected in the 2013 Audited Financial Statements.



LETHIMVULA INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2006/005087/06)
("Lethimvula")



AFROCENTRIC INVESTMENT CORPORATION LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1988/000570/06)
Share code: ACT/ACTP ISIN: ZAE000078416/ZAE000082269
("AfroCentric" or "the Company")

Directors of Lethimvula

Dr A T M Mokgokong*
D Dempers
W R C Holmes
M N Chetty*
G B Jamieson
M J Madungandaba*
A Meyer
M A Ramasia
G Ramokgopa*
S M Rothbart*
C O M Setsubi*

*Non-executive

Directors of AfroCentric

Dr N B Bam*^ (Chair)
N J M Canca*^
Dr M S V Gantsho*^
Dr B Joffe*
J M Kahn*
M I Sacks* (Company Secretary)
Prof D I Swartz*^

*Non-executive

^Independent

OFFER CIRCULAR TO LETHIMVULA SHAREHOLDERS

I. INTRODUCTION AND PURPOSE OF THIS OFFER CIRCULAR

It was announced on SENS on 23 September 2008 that AfroCentric had entered into the Acquisition Agreement to acquire 365 865 029 Lethimvula Shares, representing 63.2% of the entire issued ordinary share capital of Lethimvula, from certain Lethimvula Shareholders, being the Sellers.

It was subsequently announced on SENS on Friday, 30 January 2009 that the conditions precedent to the Acquisition had been fulfilled, including the obtaining of the approval from the Competition Authorities, and accordingly in terms of the SRP Code, AfroCentric or its nominated subsidiary is obliged to make a mandatory offer to the Offeree Shareholders to acquire all of their Lethimvula Shares on the same terms and conditions as those on which the Lethimvula Shares were acquired from the Sellers. In addition, AfroCentric or its nominated subsidiary is obliged to make appropriate Offers to the Option Holders.

The Sellers had an obligation in terms of Rule 8 of the SRP Code to make a mandatory offer to the Offeree Shareholders and appropriate offers to the Option Holders as per the Lethimvula announcement published in the press on 12 March 2008. The Offer to the Offeree Shareholders and the Offers to the Option Holders are in line with and will accordingly supercede that obligation.

The purpose of this Offer Circular is to provide the Offeree Shareholders with the relevant information relating to the Offer in accordance with the requirements of the SRP Code.

The purpose of this Offer Circular is **not** to provide the Option Holders with the relevant information relating to the Offers to Option Holders. This information will be dealt with in separate written offer letters to be circulated to the Option Holders simultaneously with the circulation of this Offer Circular to the Offeree Shareholders.

2. **RATIONALE FOR THE ACQUISITION AND THE OFFER**

The Acquisition, which in terms of the SRP Code gave rise to the Offer, falls in line with AfroCentric's strategy to operate as a broad-based black empowered diversified investment holding company that will enable AfroCentric and its shareholders to actively and beneficially participate in economic opportunities available in a transforming South Africa.

South Africa's private healthcare industry rates as one of the best in the world and Lethimvula's subsidiary, Medscheme, has proudly contributed to that ranking and reputation. Medscheme has been a leading administrator in the private healthcare sector for the past 37 years, with a growing membership in excess of 1 million members. Subsequent to the Acquisition and resulting Offer, Lethimvula will become the only black-owned healthcare administrator in South Africa forming an integral part of a JSE listed entity.

3. **BACKGROUND INFORMATION ON AFROCENTRIC**

On 20 December 2005 control of AfroCentric changed when Messrs Meyer Kahn (Chairman of SABMiller plc) and Michael (Motty) Sacks (then non-executive Chairman of Netcare Limited) purchased 80% of the Company's issued share capital. Their purpose was to reconstitute AfroCentric, which was then a cash shell, as a broad-based black empowered diversified investment holding company that would actively participate in the economic transformation presently occurring in South Africa. Pursuant to this objective a leading group of fellow directors was appointed, namely Ms Brigalia Bam (Chair of the Independent Electoral Commission), Ms Nomhle Canca (at the time of appointment, CEO of Blue IQ Investment Holdings), Mr Mandla Gantsho (at the time of appointment, CEO of the Development Bank of Southern Africa, now recently Chief Executive Officer of the African Development Bank), Mr Brian Joffe (CEO of the Bidvest Group) and Prof Derrick Swartz (Vice-Chancellor of The Nelson Mandela Metropolitan University).

The Board then resolved to recapitalise the Company to enable it to achieve its investment objectives by means of a rights offer effected on 14 August 2006. As part of the recapitalisation process, ACET, a trust established for this purpose, acquired 50.1% of the issued ordinary share capital of AfroCentric. This trust has leading broad-based black institutions as its beneficiaries.

In March 2008 AfroCentric entered into an acquisition agreement to acquire 34.9% of the shares in Jasco, an investment holding company with a core focus on the electronics and telecommunications industry.

4. **BACKGROUND TO THE ACQUISITION AND THE OFFER**

AfroCentric entered into the Acquisition Agreement to acquire 365 865 029 Lethimvula Shares representing 63.2% of the entire issued capital of Lethimvula, from the Sellers.

In accordance with the warranties provided by the Sellers to the Offeror in terms of the Acquisition Agreement, on 12 December 2008 Lethimvula declared a dividend to the Lethimvula Shareholders of R96 million or R0.165 per Lethimvula Share (net of STC), which dividend was paid to the Lethimvula Shareholders, including the Sellers, on 29 December 2008.

5. **TERMS OF THE OFFER**

5.1 **The Offer and Offer Consideration**

The Offeror hereby offers to acquire all of the Lethimvula Shares held by the Offeree Shareholders, in respect of which the Offeror receives valid acceptances prior to the Closing Date, in exchange for the Offer Consideration.

The Offer Consideration payable to the Offeree Shareholders who elect to accept the Offer is a maximum amount of R1.555 per Lethimvula Share plus such additional amount to be determined in accordance with paragraph 5.1.2.2 below.

The Offer Consideration will be discharged in two tranches:

- R0.933 per Lethimvula Share in respect of the First Tranche; and
- a maximum amount of R0.622 per Lethimvula Share plus such additional amount to be determined in accordance with paragraph 5.1.2.2 below in respect of the Second Tranche.

5.1.1 **The First Tranche**

The First Tranche, being R0.933 per Lethimvula Share, will be settled by the Offeror on the Settlement Date by:

5.1.1.1 If the Share Election is made by an Offer Participant:

issuing or procuring the delivery of 0.35885 AfroCentric Ordinary Shares per Lethimvula Share to the Offer Participant at an issue price of R2.60 per AfroCentric Ordinary Share and paying an amount equal to any fraction that is arrived at when the provisions of this paragraph are applied, to the Offer Participant by rounding such fraction to R2.60 and issuing or procuring the delivery of one AfroCentric Ordinary Share to the Offer Participant in respect of such fractions; or

5.1.1.2 If the Cash Election is made or if no election is made by an Offer Participant:

paying the Offer Participant an amount of R0.345 per Lethimvula Share in cash; **plus**

issuing or procuring the delivery of 0.22615 AfroCentric Ordinary Shares per Lethimvula Share to the Offer Participant at an issue price of R2.60 per AfroCentric Ordinary Share and paying an amount equal to any fraction that is arrived at when the provisions of this paragraph are applied, to the Offer Participant by rounding such fraction to R2.60 and issuing or procuring the delivery of one AfroCentric Ordinary Share to the Offer Participant in respect of such fractions.

Offer Participants are required to elect to receive either the Share Election or Cash Election. In the event of an Offer Participant accepting the Offer but failing to elect to receive either the Share Election or the Cash Election, the Offer Participant will be deemed to have elected to receive the Cash Election as a default.

The tables of entitlements indicating how the Offer will affect each Offer Participant is set out in Annexure 4 to this Offer Circular.

5.1.2 **The Second Tranche**

The Second Tranche, being a maximum of R0.622 per Lethimvula Share plus such additional amount to be determined in accordance with paragraph 5.1.2.2 below will be settled by the Offeror on the Second Tranche Payment Date by:

5.1.2.1 issuing or procuring the delivery of the Second Tranche Shares to an Offer Participant at an issue price of R2.60 per AfroCentric Ordinary Share and paying an amount equal to any fraction that is arrived at when the provisions of this paragraph are applied, to the Offer Participant by rounding such fraction to R2.60 and issuing or procuring the delivery of one AfroCentric Ordinary Share to the Offer Participant in respect of such fractions. The number of Second Tranche Shares to be issued or delivered to an Offer Participant on the Second Tranche Payment Date will be determined as follows:

5.1.2.1.1 should the Average PAT be greater than or equal to R180 million, then the Offeror will, on the Second Tranche Payment Date, issue or procure the delivery of 0.23923 AfroCentric Ordinary Shares per Lethimvula Share held by the Offer Participant; or

5.1.2.1.2 should the Average PAT be less than R180 million, then the Offeror will, on the Second Tranche Payment Date, issue or procure the delivery of the Second Tranche Shares based upon the formula below:

$$A = B \times [C \div D]$$

Where

A = the number of Second Tranche Shares per Lethimvula Share held by the Offer Participant;

B = 0.23923;

C = the average PAT minus R90 million; and

D = 90 million; and

5.1.2.2 paying an amount in cash to the Offer Participant on the Second Tranche Payment Date equal to:

5.1.2.2.1 the dividends ; plus

5.1.2.2.2 any STC

which would have been paid on the Second Tranche Shares held by the Offer Participant during the period commencing on the Closing Date of the Acquisition and ending on the Second Tranche Payment Date if the Second Tranche Shares to be issued in terms of paragraph 5.1.2.1 had been issued to the Offer Participant on the Closing Date of the Offer.

The tables of entitlements indicating how the Offer will affect each Offer Participant is set out in Annexure 4 to this Offer Circular.

5.2 Offer period

The Offer will be open for acceptance from the Opening Date and will close at 12:00 on the Closing Date. The Offeror expressly reserves the right to extend the Closing Date of the Offer. An announcement regarding any such extension will be released on SENS and published in the press.

5.3 Procedure for acceptance of the Offer

5.3.1 Offeree Shareholders

Offeree Shareholders who wish to accept the Offer contained in this Offer Circular must complete the attached Form of Acceptance, Election, Surrender and Transfer in accordance with the instructions therein, and lodge it with or post it to the Transfer Secretaries, the details of which are set out in the "Corporate Information and Advisors" section of this Offer Circular, together with their Documents of Title and Additional Documentation, so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date.

Offeree Shareholders are required to elect to receive either the Share Election or the Cash Election in respect of the First Tranche of the Offer. In the event of an Offer Participant accepting the Offer but failing to elect to receive either the Share Election or the Cash Election, the Offer Participant will be deemed to have elected to receive the Cash Election as a default.

Delivery of the Forms of Acceptance, Election, Surrender and Transfer together with the Documents of Title and Additional Documentation are at the risk of the Offer Participant concerned. If such acceptances are sent to the Transfer Secretaries through the post, they are sent at the risk of the Offer Participant concerned and accordingly it is recommended that they be sent by registered post.

5.3.2 General

Offeree Shareholders who do not wish to accept the Offer need take no further action and will be deemed to have declined the Offer, subject to the provision of paragraph 5.8 below.

The Offeror reserves the right, in its discretion, to:

- treat as invalid Forms of Acceptance, Election, Surrender and Transfer not accompanied by valid Documents of Title and Additional Documentation; and/or
- require proof of the authority of the person signing the Form of Acceptance, Election, Surrender and Transfer where such proof has not yet been lodged with or recorded by the Transfer Secretaries.

5.3.3 Acceptances irrevocable

All acceptances of the Offer received by the Transfer Secretaries prior to 12:00 on the Closing Date, shall be irrevocable. Delivery, including postage, delay or loss of the Forms of Acceptance, Election, Surrender and Transfer together with the Documents of Title and Additional Documentation are at the risk of the Offer Participant concerned.

5.3.4 Transaction receipts

No receipts will be issued by the Transfer Secretaries or the Offeror for Forms of Acceptance, Election, Surrender and Transfer unless specifically requested to do so by the Offer Participant in question. Lodging agents who require special transaction receipts are requested to prepare such receipts and to submit them for stamping by the Transfer Secretaries together with the Form of Acceptance, Election, Surrender and Transfer.

5.3.5 **Acceptances of the Offer by nominee companies and representatives**

Acceptances of the Offer by recognised and registered nominee companies may be submitted in aggregate or in respect of each Offeree Shareholder represented by such recognised and registered nominee companies.

Any representative accepting the Offer warrants that it is duly authorised to do so.

5.3.6 **South African Exchange Control Regulations**

Offer Participants who are Emigrants from, or non-residents of the Common Monetary Area will receive the Offer Consideration subject to and in terms of the South African Exchange Control Regulations.

Offer Participants who are not residents in, or who have registered addresses outside of South Africa must satisfy themselves as to the full observance of the laws of any relevant territory concerning the receipt of the Offer Consideration, including any requisite governmental or other consents, observing any other formalities and paying any issue, transfer or other taxes due in such territory.

The following is a summary of the South African Exchange Control Regulations insofar as they have application to the Offer Participants, this is intended as a guide only and is therefore not comprehensive. In the event that Offer Participants have any doubts, they should consult their professional advisors as soon as possible.

5.3.6.1 *Emigrants from the Common Monetary Area*

The Offer Consideration due to Offer Participants who are Emigrants from the Common Monetary Area will be dealt with as follows:

to the extent that the Cash Election is made, the cash portion of the First Tranche of the Offer Consideration will be forwarded to the authorised dealer in foreign exchange in South Africa controlling such Offer Participants' blocked assets and held to the order of such authorised dealer. The attached Form of Acceptance, Election, Surrender and Transfer makes provision for details of the authorised dealer concerned to be given. To the extent that the Share Election is made, and to the extent of the share portion of the First Tranche of the Offer Consideration if the Cash Election is made, the share certificates representing the relevant AfroCentric Ordinary Shares will likewise be transferred to the order of such authorised dealer, and will be restrictively endorsed.

5.3.6.2 *All other non-residents of the Common Monetary Area*

The Offer Consideration due to Offer Participants who are non-residents of the Common Monetary Area, who have never resided in South Africa and whose registered addresses are outside the Common Monetary Area will be dealt with as follows:

to the extent that the Cash Election is made, the cash portion of the First Tranche of the Offer Consideration will be forwarded to the authorised dealer in foreign exchange in South Africa nominated by the Offer Participants. It will be incumbent on the Offer Participant concerned to instruct the nominated authorised dealer as to the disposal of the amount concerned. The attached Form of Acceptance, Election, Surrender and Transfer makes provision for the nomination required. To the extent that the Share Election is made, and to the extent of the share portion of the First Tranche of the Offer Consideration if the Cash Election is made, the share certificates representing the relevant AfroCentric Ordinary Shares will be restrictively endorsed; or

If the information regarding the authorised dealer is not given in terms of paragraph 5.3.6.1 and paragraph 5.3.6.2 above, the Offer Consideration will be held in trust by AfroCentric for the Offer Participants concerned, pending receipt of the necessary information or instructions. To the extent that the Cash Election is made, all interest accruing on the cash portion of the First Tranche of the Offer Consideration so held in trust will be for the benefit of the Offer Participant concerned. To the extent that the Share Election is made and to the extent of the share portion of the Offer Consideration if the Cash Election is made, all distributions of AfroCentric Ordinary Shares in respect thereof after the Closing Date will be held in trust in the same manner as the cash portion of the First Tranche of the Offer Consideration.

Acceptances of the Offer, and the selection of the Share Election versus the Cash Election may have an impact on an Offer Participant's personal tax position in relation thereto. Accordingly, Offer Participants should consult their professional advisors in this regard.

5.3.7 **Other terms of the Offer**

The Offer may be amended, varied or revised in such manner as the Offeror in its sole discretion may determine, provided that no such amendment, variation or revision shall be made unless:

- the prior consent of the SRP has been obtained;
- there is no diminution in the value of the Offer Consideration offered; and
- an announcement containing the amended, varied or revised offer is made prior to the closing time and date of the Offer or such other date which is approved by the SRP.

In addition to the above, no amendment to, or variation of the Offer will be valid unless made in writing and signed by a duly authorised representative of the Offeror. Without prejudice to its other rights, the Offeror reserves the right to condone, in its sole discretion, the non-observance by any Offeree Shareholder of any of the terms or conditions of the Offer.

If the Offer is amended, varied or revised in a manner which makes it more favourable to the Offeree Shareholders, the benefit of such improved Offer will automatically accrue to any Offeree Shareholder who has accepted the Offer prior to the amendment, variation or revision being made.

The acceptance by or on behalf of such Offeree Shareholder of the Offer in its original or previous form shall be deemed to be an acceptance of any improved offer pursuant to any such amendment, variation or revision and shall constitute an irrevocable authority and power of attorney in *rem suam* to any director or duly authorised representative of the Offeror:

- to accept such amended, varied or revised offer on behalf of such Offeree Shareholder;
- to execute on behalf of and in the name of such Offeree Shareholder all such further documents (if any) as may be required to give effect to such acceptance.

5.3.8 **No set-off consideration**

Settlement of the Offer Consideration to which an Offer Participant is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without any right of set-off, and free from all liens, counterclaims, or other analogous right to which the Offeror may otherwise be, or claim to be entitled against the Offer Participant.

5.3.9 **Partial acceptances**

Offeree Shareholders who accept the Offer are entitled to accept in respect of part of their holding of Lethimvula Shares. Partial acceptances in respect of the Offer will be accepted.

Offeree Shareholders who accept the Offer are required to elect to receive either the Share Election or the Cash Election. **Partial acceptances of the Offer Consideration will not be accepted.** In the event of an Offeree Shareholder accepting the Offer, but failing to elect to receive either the Share Election or Cash Election, the Offeree Shareholder will be deemed to have elected to receive the Cash Election as a default.

5.4 **Settlement**

The Offeror will procure the settlement of the Offer Consideration to those Offer Participants who have completed the attached Form of Acceptance, Election, Surrender and Transfer in accordance with the instructions contained therein and lodged it with or posted it to the Transfer Secretaries, the details of which are set out in the "Corporate Information and Advisors" section of this Offer Circular; together with their Documents of Title and Additional Documentation so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date .

Settlement of the Offer Consideration will be made on the Settlement Date as set forth in the "Salient dates and times" section of this Offer Circular; being within five Business days of the date on which the Documents of Title and Additional Documentation are received by the Transfer Secretaries.

5.5 **Cash confirmation**

The SRP has been given appropriate confirmations from United, a wholly owned subsidiary of Absa, (complying with its requirements) that AfroCentric or its nominated subsidiary has sufficient cash resources and/or facilities available to meet its cash commitments in relation to the Offer to the Offeree Shareholders.

5.6 The Competition Authorities approval

The Competition Authorities have approved the Acquisition of Lethimvula by AfroCentric and as a result the Offer to the Offeree Shareholders is unconditional.

5.7 Option Holders

5.7.1 African Vanguard option

Netpartner and African Vanguard entered into a memorandum of agreement on 3 February 2006 in terms of which, *inter alia*, Netpartner granted African Vanguard the right and option to subscribe for a certain number of ordinary shares in the share capital of Netpartner at a strike price to be determined in accordance with a formula set out in the abovementioned agreement.

Subsequently, on 23 June 2006 an addendum to the memorandum of agreement was entered into between Netpartner, African Vanguard and Lethimvula in terms of which African Vanguard agreed to relinquish its right to exercise its option as against Netpartner in favour of an option as against Lethimvula, the salient features of which were as follows:

Strike price	R1.269
Expiry date	28 February 2010
Number of call options	122 714 763

5.7.2 Dewald Dempers option

In terms of his employment contract concluded on 21 June 2008 (but effective from 1 September 2007) Dewald Dempers as Chief Executive Officer of Lethimvula does not receive a review on his salary during the three year term of his appointment. Instead, he has been incentivised with an entitlement to participate in a share option scheme on the earlier of the achievement of a public listing of Lethimvula on the JSE or on the attainment, within his term, of a status akin to such a listing whether by way of a reverse listing or acquisition of the entire share capital of Lethimvula by a listed entity. The salient features of this share option are as follows:

Strike price	R0.835
Expiry date	11 February 2012
Number of call options	12 000 000

5.7.3 Offers to the Option Holders

In terms of the SRP Code, AfroCentric or its nominated subsidiary is obliged to make appropriate Offers to the Option Holders. In this regard an Independent Advisor has been appointed to value the options and advise on the determination of the appropriate Offers to the Option Holders.

Offers to the Option Holders will be made by the Offeror in separate written offer letters, simultaneously with circulation of this Offer Circular to the Offeree Shareholders. The Offers to the Option Holders will be open for acceptances from the Opening Date and will close on the Closing Date. The dates and times are subject to amendment and an announcement regarding any such amendment will be released on SENS and published in the press. Option Holders who wish to accept the relevant offer, as the case may be, must directly inform the Offeror of such acceptance in writing. Should it be accepted, the Offeror will procure settlement of the consideration, being a combination of cash and AfroCentric Ordinary Shares, due to the relevant Option Holders within five Business Days of the date on which the acceptance is received in writing.

5.8 AfroCentric's intention to invoke the provisions of section 440K of the Act

Should the Offer be accepted by Offeree Shareholders, holding not less than nine-tenths of the Lethimvula Shares held by all Offeree Shareholders, it is the intention of the Offeror to exercise its entitlement to compulsorily acquire the remaining Lethimvula Shares in issue in terms of section 440K of the Act.

Should the Offeror be entitled to and elect to exercise its entitlement in terms of section 440K of the Act, Lethimvula will become a wholly-owned subsidiary of AfroCentric. The Lethimvula Shareholders, whose Lethimvula Shares are compulsorily acquired by AfroCentric in terms of section 440K of the Act, will be deemed to have elected the Cash Election as a default.

The relevant provisions of section 440K are set out in Annexure 6 to this Offer Circular.

5.9 **Warranties and indemnities**

Warranties and indemnities as are normal in transactions of this nature were provided by the Sellers in terms of the Acquisition Agreement. The Second Tranche of the purchase price of the Acquisition will be adjusted by the amount of any such warranty and indemnity claims, if any. The warranties and indemnities apply equally to the Offer Participants and similarly the Second Tranche of the Offer will also be adjusted by such warranty and indemnity claims if any. By their acceptance of the Offer, the Offer Participants will be deemed to have furnished AfroCentric with warranties and indemnities set out in Annexure 5 to this Offer Circular. The indemnities set out in clause 7.4 of Annexure 5 to this Offer Circular shall apply to each Offer Participant in proportion to the shares which they hold in Lethimvula. Shareholders liability under such warranties and indemnities are limited to the value attributable to their shareholding under the Second Tranche payment.

The relevant extracts of the warranties and indemnities from the Acquisition Agreement are set out in Annexure 5 to this Offer Circular.

6. **MATERIAL ARRANGEMENTS, UNDERTAKINGS OR AGREEMENTS**

Other than for the Offer to the Option Holders as set out in paragraph 5.7 above, no arrangements, undertakings or agreements have been concluded between the Offeror or Lethimvula and any Lethimvula Shareholder or any person acting in concert with Lethimvula and/or AfroCentric with regard to any Lethimvula Shares.

7. **OPINIONS AND RECOMMENDATIONS**

7.1 **The opinion of the Independent Expert**

The Lethimvula Board has appointed an Independent Expert, Vunani Corporate Finance, to provide it with advice as to the fairness and reasonableness of the terms and conditions of the Offer to the Offeree Shareholders and the Offers to the Option Holders. Vunani Corporate Finance has considered the terms and conditions and has expressed an opinion that, based on their assessment, the Offer to the Offeree Shareholders is fair and reasonable and the Offers to Option Holders are appropriate and has advised the Lethimvula Board accordingly.

7.2 **The opinion of the Lethimvula Board**

The Lethimvula Board has considered the terms of the Offer to the Offeree Shareholders and the Offers to the Option Holders and, taking into account the opinion of the Independent Expert, is of the opinion that the terms and conditions of the Offer to the Offeree Shareholders is fair and reasonable and the Offers to Option Holders are appropriate and recommends that the Offeree Shareholders and Option Holders accept the Offer and offers respectively.

8. **PRO FORMA FINANCIAL EFFECTS OF THE OFFER**

The tables below set out the unaudited *pro forma* financial effects of the Offer on an Offeree Shareholder. The unaudited *pro forma* financial effects are the responsibility of the Lethimvula directors and have been prepared for illustrative purposes only, in order to provide information on how the Offer might effect the financial results and position of an Offeree Shareholder and, because of their nature, may not give a true reflection of the actual financial effects of the Offer.

			Before the Offer	After the Offer (Share Election)	Percentage Change (%)	After the Offer (Cash Election)	Percentage Change (%)
Market price	After the First Tranche ⁽¹⁾	(Cents)	80.00	61.00	(23.7%)	72.95	(8.8%)
	After the Second Tranche ⁽²⁾	(Cents)	80.00	101.67	27.1%	113.62	42.0%
30 day VWAP	After the First Tranche ⁽³⁾	(Cents)	77.37	58.17	(24.8%)	71.16	(0.8%)
	After the Second Tranche ⁽⁴⁾	(Cents)	77.37	96.95	25.3%	109.94	42.1%

Notes

1. The "Before the Offer" column reflects the Lethimvula share price on the OTC market at the close of business on Friday, 30 January 2009. The "After the Offer (Share Election)" column reflects the AfroCentric share price at the close of business on Friday, 30 January 2009 at the switch ratio of 0.35885 AfroCentric Ordinary Shares per Lethimvula Share. The "After the Offer (Cash Election)" column reflects the cash received of 34.5 cents per share plus the AfroCentric share price at the close of business on Friday, 30 January 2009 at the switch ratio of 0.22615 AfroCentric Ordinary Shares per Lethimvula Share.
2. The "Before the Offer" column reflects the Lethimvula share price on the OTC market at the close of business on Friday, 30 January 2009. The "After the Offer (Share Election)" column reflects the AfroCentric share price at the close of business on Friday, 30 January 2009 at the switch ratio of 0.59808 AfroCentric Ordinary Shares per Lethimvula Share. The "After the Offer (Cash Election)" column reflects the cash received of 34.5 cents per share plus the AfroCentric share price at the close of business on Friday, 30 January 2009 at the switch ratio of 0.46538 AfroCentric Ordinary Shares per Lethimvula Share.
3. The "Before the Offer" column reflects the Lethimvula 30 day VWAP on the OTC market at the close of business on Friday, 30 January 2009. The "After the Offer (Share Election)" column reflects the AfroCentric 30 day VWAP at the close of business on Friday, 30 January 2009 at the switch ratio of 0.35885 AfroCentric Ordinary Shares per Lethimvula Share. The "After the Offer (Cash Election)" column reflects the cash received of 34.5 cents per share plus the AfroCentric 30 day VWAP at the close of business on Friday, 30 January 2009 at the switch ratio of 0.22615 AfroCentric Ordinary Shares per Lethimvula Share.
4. The "Before the Offer" column reflects the Lethimvula 30 day VWAP on the OTC market at the close of business on Friday, 30 January 2009. The "After the Offer (Share Election)" column reflects the AfroCentric 30 day VWAP at the close of business on Friday, 30 January 2009 at the switch ratio of 0.59808 AfroCentric Ordinary Shares per Lethimvula Share. The "After the Offer (Cash Election)" column reflects the cash received of 34.5 cents per share plus the AfroCentric 30 day VWAP at the close of business on Friday, 30 January 2009 at the switch ratio of 0.46538 AfroCentric Ordinary Shares per Lethimvula Share.

9. FINANCING ARRANGEMENTS OF THE OFFER

In order for AfroCentric to discharge the upfront cash portion of the purchase price of the Acquisition and to fulfill its cash obligations in respect of the upfront cash portion of the Offer Consideration due to the Offeree Shareholders to the extent that the Cash Election is made by the Offeree Shareholders, it has created two wholly-owned subsidiaries, namely Funding SPV and Acquiring SPV.

Funding SPV has entered into the Funding SPV Preference Share Subscription Agreement with United, a wholly-owned subsidiary of Absa, and Absa itself, in terms of which the Funding SPV will issue all or the relevant portion of the Funding SPV Preference Shares at an issue price of R1 000 per share to United.

The Funding SPV will subscribe for preference shares issued by the Acquiring SPV, on terms and conditions identical to the Funding SPV Preference Shares issued by the Funding SPV to United, to discharge the upfront cash portion of the purchase price of the Acquisition and to fulfill its obligations in respect of the upfront cash portion of the Offer Consideration due to Offeree Shareholders to the extent that the Cash Election is made by the Offeree Shareholders.

Set out below are the significant terms of the facility provided:

Issuer:	The Funding SPV, a ring fenced special purpose vehicle, to be established and 100% owned by AfroCentric
Structure:	R200 million of cumulative, variable rate, redeemable, non-convertible, preference shares issued by Issuer
Redemption date:	5 years from subscription date
Dividend rate/coupon:	85% of Absa Bank Limited's prime lending rate

10. **FINANCIAL AND SHARE PRICE INFORMATION OF AFROCENTRIC AND LETHIMVULA**

The salient financial information extracted without adjustment from the published audited financial statements of AfroCentric for the years ended 30 June 2008, 30 June 2007 and 30 June 2006, as audited by SizweNtsaluba, is set out in Annexure 1 to the Circular to AfroCentric Shareholders a copy of which is attached to this Offer Circular. The historical financial information above is presented from the date on which the Company changed its name to AfroCentric Investment Corporation Limited.

The trading history of AfroCentric Ordinary Shares on the JSE is set out in Annexure 1 to this Offer Circular.

The report of historical financial information of Lethimvula for the periods ended 29 February 2008 and 28 February 2007, as audited by Pricewaterhouse Coopers, and the interim financial information of Lethimvula for the six months ended 31 August 2008, as reviewed by Pricewaterhouse Coopers, issued on 18 December 2008, is set out in Annexure 2 and 4 respectively to the Circular to AfroCentric Shareholders a copy of which is attached to this Offer Circular. Further historical financial information of Lethimvula is not presented as Lethimvula was incorporated on 20 February 2006.

The trading history of Lethimvula Shares on the OTC market is set out in Annexure 2 to this Offer Circular.

11. **LETHIMVULA SHARE CAPITAL**

The table below reflects the authorised and issued share capital of Lethimvula as at the Last Practicable Date.

	R'000
Authorised:	
2 000 000 000 ordinary shares of R0.01 each	20 000
Issued:	
578 805 500 ordinary shares of R0.01 each	5 788

12. **MATERIAL LETHIMVULA SHAREHOLDERS**

Insofar as is known to the directors of Lethimvula, Lethimvula Shareholders holding more than 5% of Lethimvula Shares, at the Last Practicable Date, were as follows:

Shareholder	Percentage interest (%)
The AfroCentric Group	63.2

13. INTERESTS OF LETHIMVULA DIRECTORS

13.1 Lethimvula directors' holdings of Lethimvula Shares at the Last Practicable Date

Director	Beneficial		Total	Total (%)
	Direct	Indirect		
M N Chetty	50 516	35 667	86 183	0.0%
D Dempers	132 033	10 837 959	10 969 992	1.9%
Dr A T M Mokgokong	–	49 032 331	49 032 331	8.5%
M J Madungandaba	–	114 408 774	114 408 774	19.8%
M A Ramasia	–	1 416 529	1 416 529	0.2%
G Ramokgopa	–	1 416 529	1 416 529	0.2%
S M Rothbart	852 000	–	852 000	0.1%
C O M Setsubi	10 000	1 416 529	1 426 529	0.2%
A Meyer	1 659 055	–	1 659 055	0.3%
Total	2 703 604	178 564 318	181 267 922	31.2%

Other than as set out above, none of the Lethimvula directors have any interests in Lethimvula Shares at the Last Practicable Date.

13.2 Lethimvula directors' intention to accept the Offer

Lethimvula directors intend to accept the Offer, in respect of all their beneficial and non-beneficial holdings of Lethimvula Shares.

13.3 Lethimvula directors' dealings in Lethimvula Shares during the six month period prior to the Last Practicable Date

Director	Date	Nature of trade	Number of Shares	Price per Share (R)
M N Chetty	28/11/2008	Purchase	50 000	0.80
D Dempers	28/07/2008	Purchase	300 000	0.75
	11/12/2008	Purchase	362 000	0.80
	28/12/2008	Sale	250 000	0.76
	05/02/2009	Purchase	61 757	0.75
Dr A T M Mokgokong	09/07/2008	Purchase	18 900	0.77
	23/07/2008	Purchase	12 600	0.78
	15/08/2008	Purchase	102 000	0.80
	04/02/2009	Purchase	166 500	0.80
M J Madungandaba	09/07/2008	Purchase	44 100	0.77
	04/02/2009	Purchase	388 500	0.80
	09/07/2008	Purchase	44 100	0.77
	23/07/2008	Purchase	29 400	0.78
S M Rothbart	28/07/2008	Purchase	52 449	0.69
A Meyer	28/12/2008	Purchase	250 000	0.76
	04/02/2009	Purchase	60 700	0.80
	05/02/2009	Transfer	711 652	0.65
	05/02/2009	Transfer	636 703	0.60

Other than as set out above there have been no share dealings of Lethimvula directors in Lethimvula Shares in the six months preceding the Last Practicable Date.

13.4 Lethimvula directors' holdings of AfroCentric Ordinary Shares at the Last Practicable Date

Director	Beneficial		Total	Total (%)
	Direct	Indirect		
Dr A T M Mokgokong	1 707 926	28 301 614	30 009 540	13.2
M J Madungandaba	3 985 159	66 037 101	70 022 260	30.9
D Dempers	50 000	6 065 254	6 115 254	2.7
M N Chetty		22 100	22 100	0.0
M A Ramasia		877 707	877 707	0.4
G Ramokgopa		877 707	877 707	0.4
C O M Setsubi		877 707	877 707	0.4
S M Rothbart	100 000	–	100 000	
Total	5 843 085	103 059 190	108 902 275	48.0

Other than as set out above, none of the Lethimvula directors have any interests in AfroCentric Ordinary Shares at the Last Practicable Date.

13.5 Lethimvula directors' dealings in AfroCentric Ordinary Shares during the six month period prior to the Last Practicable Date

Director	Date	Nature of trade	Number of Shares	Price per Share (R)
M N Chetty	January 2008	Lethimvula Acquisition	22 100	2.60
D Dempers	January 2008	Lethimvula Acquisition	9 788 702	2.60
Dr A T M Mokgokong	January 2008	Lethimvula Acquisition	14 921 021	2.60
M J Madungandaba	January 2008	Lethimvula Acquisition	34 815 713	2.60
M A Ramasia	January 2008	Lethimvula Acquisition	877 707	2.60
G Ramokgopa	January 2008	Lethimvula Acquisition	877 707	2.60
C O M Setsubi	January 2008	Lethimvula Acquisition	877 707	2.60

The dealings were as a result of the acquisition by AfroCentric of a 63.2% interest in Lethimvula. These dealings were affected indirectly through Community, Golden Pond, Bophela and BDI except for Dr A T M Mokgokong and MJM who directly acquired 1 707 926 and 3 985 159 shares, respectively.

14. INTERESTS OF AFROCENTRIC DIRECTORS

14.1 AfroCentric directors' holdings of AfroCentric Ordinary Shares at the Last Practicable Date

Director	Beneficial		Total	Total (%)
	Direct	Indirect		
Dr N B Bam	150 000	–	150 000	0.07
N M J Canca	150 000	–	150 000	0.07
Dr M S V Gantsho	250 000	–	250 000	0.11
B Joffe	–	–	–	–
J M Kahn	5 002 250	–	5 002 250	2.21
M I Sacks	1 242 250	–	1 242 250	0.55
Prof D I Swartz	150 000	–	150 000	0.07
Total	6 944 500	–	6 694 500	3.08

Other than as set out above, none of the AfroCentric directors have any interests in AfroCentric Ordinary Shares at the Last Practicable Date.

14.2 AfroCentric directors' dealings in AfroCentric Ordinary Shares during the six month period prior to the Last Practicable Date

None of the directors of AfroCentric have dealt in AfroCentric Ordinary Shares in the six months preceding the Last Practicable Date.

14.3 AfroCentric directors' holdings of Lethimvula Shares at the Last Practicable Date

Director	Beneficial		Total	Total (%)
	Direct	Indirect		
M I Sacks	4 500 000	2 004 865	6 504 865	1.12

14.4 AfroCentric directors' dealings in Lethimvula Shares during the six month period prior to the Last Practicable Date

None of the directors of AfroCentric have dealt in Lethimvula Shares in the six months preceding the Last Practicable Date.

15. INTERESTS AND SHARE DEALINGS OF AFROCENTRIC AND LETHIMVULA

15.1 Lethimvula's interest in AfroCentric Ordinary Shares

Lethimvula does not have any direct and/or indirect interest in AfroCentric Ordinary Shares.

15.2 Share dealings of Lethimvula

As Lethimvula does not have any direct and/or indirect interest in AfroCentric Ordinary Shares, Lethimvula has not dealt in AfroCentric Ordinary Shares in the six months preceding the Last Practicable Date. There have been no share dealings of Lethimvula in Lethimvula Shares in the six months preceding the Last Practicable Date.

15.3 AfroCentric's interest in Lethimvula Shares

In terms of the Acquisition, the AfroCentric Group acquired 365 865 029 Lethimvula Shares, representing 63.2% of the entire issued share capital of Lethimvula.

15.4 Share dealings of AfroCentric

Share dealings of AfroCentric in Lethimvula Shares during the six months preceding the Last Practicable Date have been set out in the table below:

Purchaser	Date	Nature of trade	Number of Shares	Price per Share ⁽¹⁾	Shares Acquired
Acquiring SPV (ACT Healthcare Assets (Proprietary) Limited), a wholly-owned subsidiary of AfroCentric	1 March 2009	Acquisition by the AfroCentric Group of majority stake in Lethimvula	365 865 029	R0.933	Lethimvula

Note

1. The price per share is reflected for the First Tranche only. The price per share after the Second Tranche may increase to a maximum amount of R1.555 per Lethimvula Share plus such additional amount to be determined in accordance with the provisions as set out in paragraph 5.1.2.2 of this Offer Circular.

There have been no share dealings of AfroCentric in AfroCentric Ordinary Shares in the six months preceding the Last Practicable Date.

16. DIRECTORS' SERVICE CONTRACT AND EMOLUMENTS

A service agreement exists between Lethimvula and Dewald Dempers (in his capacity as director and Chief Executive Officer). In terms of the service agreement, on the achievement of a public listing of Lethimvula on the JSE or on the attainment of a status akin to such a listing by way of a reverse listing or acquisition of the entire issued share capital of Lethimvula, Dewald Dempers will be entitled to participate in a share option scheme within Lethimvula for a maximum of 12 000 000 (twelve million) share options. As a result of the Acquisition, the 12 000 000 (twelve million) share options will vest with Dewald Dempers. Save for the aforesaid share options, the remuneration due to Dewald Dempers in terms of the service agreement will not be varied as result of the Acquisition and resulting Offer.

Lethimvula has not entered into any other service contracts with the directors of Lethimvula and the remuneration of such directors will not be varied as a result of the Acquisition and resulting Offer.

17. INTENTIONS REGARDING THE BUSINESS AND DIRECTORS OF LETHIMVULA

Should the Offer be accepted by Offeree Shareholders holding not less than nine-tenths of the Lethimvula Shares held by all Offeree Shareholders, it is the intention of the Offeror, to exercise its entitlement to compulsorily acquire the remaining Lethimvula Shares in issue in terms of section 440K of the Act.

Should the Offeror become entitled to and elect to exercise its entitlement in terms of section 440K of the Act, Lethimvula will become a wholly-owned subsidiary of the Offeror.

The directors of AfroCentric, at this stage, do not intend changing the nature of Lethimvula's business, however, they do intend changing the composition of the Lethimvula Board. The Lethimvula Board is in agreement with this statement.

Subsequent to the Acquisition, Lethimvula is a Subsidiary of AfroCentric, as such the financial year end of Lethimvula, being the last day of February will be amended to the financial year end of AfroCentric, being 30 June so as to comply with the Act.

As per the Lethimvula announcement published in the press on Wednesday, 11 February 2009 the Lethimvula Board advised the Lethimvula Shareholders that the trading of Lethimvula Shares on the OTC market was to be suspended with effect from Friday, 13 February 2009 in anticipation of the Offer and so as to allow the update and consolidation of the Lethimvula Registers prior to the implementation of the Offer. In addition, the Lethimvula Board advised that, depending on the outcome of the Offer, in conjunction with the AfroCentric Board, it would then consider a termination of the OTC trading platform of the Lethimvula Shares. Offeree Shareholders who accept the Offer will be able to trade in the listed environment as a result of their AfroCentric shareholding and the private OTC trading platform relating to the Lethimvula Shares will, to a large extent, no longer be viable. The cost saving benefits of the private OTC trading platform will flow through to the Lethimvula and AfroCentric Shareholders.

18. ULTIMATE OWNER OF THE LETHIMVULA SHARES

The Offeror has confirmed that the Lethimvula Shares acquired will not be transferred by the Offeror to any other person or entity outside of the AfroCentric Group.

19. MATERIAL CHANGES

On 18 December 2008 agreements were concluded between Lethimvula, Old Mutual South Africa Limited ("OMSA"), Old Mutual Health Care (Proprietary) Limited ("OMHC") and AfroCentric regarding the acquisition by Lethimvula of a 100 % interest in OMHC and at the same time but independently thereof, agreements were concluded between Medscheme Financial Services (Proprietary) Limited, OMSA, Medscheme Life Assurance Limited, Medscheme Limited, Lethimvula and AfroCentric regarding the disposal of Medscheme Limited's 100% interest in Medscheme Life Assurance Limited to OMSA. The former transaction encompasses a closer working relationship with OMSA, specifically in the area of customer/member loyalty and cross-selling opportunities.

The transactions are separate and distinct and not dependent on each other but are both subject to a number of conditions precedent, which are still to be fulfilled, including but not limited to separate approvals by the Competition Authorities and other statutory regulatory approvals.

Other than as set out in this Offer Circular and in the Circular to AfroCentric Shareholders, a copy of which is attached to this Offer Circular, there have been no material changes relating to the trading or financial position of AfroCentric or Lethimvula subsequent to the release of the AfroCentric and Lethimvula financial results for the year ended 30 June 2008 and 29 February 2008 respectively.

20. LITIGATION STATEMENTS

20.1 Litigation statement of Lethimvula

Medscheme Holdings (Proprietary) Limited is engaged in arbitration proceedings with Neil Harvey & Associates together with three of its employees. The allegations concern alleged copyright infringement, contract rectification and unlawful competition. The maximum amount of the claims is R83.5 million. The matter is being vigorously defended. Dates for the arbitration hearing still have to be set.

The retrenched employees of African Health Synergies (Proprietary) Ltd (in liquidation) filed an application for unfair dismissal with the Labour Court against inter alia I-Netinfo (Proprietary) Ltd ("I-Netinfo"). I-Netinfo delivered an exception and the Plaintiffs failed to file their heads of argument. Accordingly, the Court will not set this matter down until such time as they are required to file their heads of argument. No further action has been taken in this matter.

Barloworld Medical Scheme has alleged that due to an actuarial miscalculation by Medscheme the scheme has suffered damages. The matter has been reported to Medscheme's Insurer who appointed a loss adjuster to advise on the merits and quantum of the claim. To date Barloworld has neither quantified its purported loss nor delivered a letter of demand. This claim is covered by insurance with a maximum excess of R1 000 000 (one million Rand). The insurers have made an offer to Barloworld Medical Scheme of R2.8 million, a response to this offer is currently pending.

Bytes Healthcare Solutions (Proprietary) Limited has alleged that Interpharm Data Systems (Proprietary) Limited has copied various aspects of a Virtual Private Healthcare Network, developed by its predecessor, to facilitate the development of its system, and has infringed the rights in the copyright works in terms of Section 23 of the Copyright Act. No damages have been quantified but are disputed.

Other than as stated above there are no legal and arbitration proceedings (including any such proceedings that are pending or threatened) of which the board of directors of Lethimvula are aware which may have, or have had a material effect on Lethimvula's financial position during the twelve months preceding the Last Practicable Date.

20.2 **Litigation statement of AfroCentric**

Other than as stated above there are no legal and arbitration proceedings (including any such proceedings that are pending or threatened) of which the board of directors of AfroCentric are aware which may have, or have had a material effect on AfroCentric's financial position during the twelve months preceding the Last Practicable Date.

21. **RESPONSIBILITY STATEMENTS OF THE LETHIMVULA AND AFROCENTRIC DIRECTORS**

The directors of Lethimvula and AfroCentric, whose names are set out in the "Corporate information and advisors" section to this Offer Circular, in relation to the information pertaining to Lethimvula and AfroCentric, respectively:

- have considered all statements of fact and opinion in this Offer Circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, that the Offer Circular contains all information required by law and the SRP Code.

22. **CONSENTS**

Each of the advisors set out in the "Corporate information and advisors" section of this Offer Circular have provided their written consent to act in the capacity stated and to their names being used in this Offer Circular and in the case of the Independent Expert, reference to their report in the format and context in which they appear in this Offer Circular, and have not withdrawn such consent prior to the publication of this Offer Circular.

23. **COSTS OF THE OFFER**

AfroCentric will bear the following costs, approximating R1.7 million, pertaining to the Offer:

- the costs of its own advisors;
- all costs relating to printing and publishing any announcements and documentation relation to the Offer, including the costs of this Offer Circular; and
- all regulatory fees, including fees levied by the SRP and the JSE.

Lethimvula will bear the following costs, approximating R900 000, pertaining to the Offer:

- the costs of its own advisors

24. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered offices of AfroCentric from Monday, 2 March 2009 up to and including the Closing Date:

- a signed copy of the Acquisition Agreement;
- AfroCentric's memorandum and articles of association;
- audited financial statements of AfroCentric for the years ended 30 June 2008, 30 June 2007 and 30 June 2006;
- Lethimvula's memorandum and articles of association;
- audited financial statements of Lethimvula for the periods ended 29 February 2008 and 28 February 2007;
- reviewed financial statements of Lethimvula for the six months ended 31 August 2008;
- fair and reasonable opinion from Vunani Corporate Finance to the Lethimvula Board;
- the consent letters referred to in paragraph 22 above;
- a copy of the Circular to AfroCentric Shareholders; and
- a signed copy of this Offer Circular.

By order of the Lethimvula Board

By order of the AfroCentric Board

27 February 2009

27 February 2009

Registered office

Medscheme Park
10 Muswell Road South
Bryanston, 2021
(PO Box 71910, Bryanston, 2021)

Registered office

42 Wierda Road West
Wierda Valley
Sandton, 2196
(Private Bag X34, Benmore, 2010)

SHARE PRICE HISTORY OF AFROCENTRIC ORDINARY SHARES

The high, low and closing prices of AfroCentric Ordinary Shares listed on the JSE and the aggregate quarterly volumes traded from the quarter ended 31 March 2007 until the quarter ended 31 December 2008 were as follows.

Quarter ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Aggregate volume	Aggregate value
2007					
March	380	270	300	3 393 003	10 627 818
June	440	126	294	2 160 589	7 022 513
September	295	205	240	1 164 478	2 842 746
December	285	220	252	1 011 448	2 551 653
2008					
March	275	195	210	1 033 430	2 336 872
June	253	150	150	2 112 278	4 695 821
September	225	98	200	1 068 313	1 606 580
December	224	120	180	912 237	1 573 085

The high, low and closing prices of AfroCentric Ordinary Shares on the JSE and the aggregate monthly volumes traded since December 2007 were as follows:

Month ended	High (cents per share)	Low (cents per share)	Close (cents per share)	Aggregate volume	Aggregate value
2007					
December	264	220	252	197 176	485 511
2008					
January	275	200	240	363 018	918 053
February	250	198	234	118 338	269 494
March	234	195	210	552 074	1 149 325
April	253	210	220	1 696 421	4 010 475
May	200	151	197	188 476	332 939
June	195	150	150	227 381	352 407
July	189	98	150	208 035	650 339
August	185	152	165	165 515	282 241
September	225	140	225	374 463	643297
October	224	120	185	459 155	878 694
November	180	125	140	46 920	71 271
December	198	125	180	406 182	623 120

The high, low and closing prices of AfroCentric Ordinary Shares on the JSE for each trading day commencing on 1 January 2009 and ending on 30 January 2009, and the daily trading volumes are as follows:

Daily	High (cents per share)	Low (cents per share)	Close (cents per share)	Aggregate volume	Aggregate value
2009					
2 January	–	–	180	–	–
5 January	175	175	175	1 540	2 695
6 January	175	175	175	20 000	35 000
7 January	–	–	175	–	–
8 January	–	–	175	–	–
9 January	–	–	175	–	–
12 January	136	136	136	14 323	19 479
13 January	175	150	175	17 000	27 365
14 January	–	–	175	–	–
15 January	–	–	175	–	–
16 January	–	–	175	–	–
19 January	–	–	175	–	–
20 January	–	–	175	–	–
21 January	–	–	175	–	–
22 January	–	–	175	–	–
23 January	–	–	175	–	–
26 January	–	–	175	–	–
27 January	170	165	170	15 100	25 630
28 January	–	–	170	–	–
28 January	–	–	170	–	–
29 January	–	–	170	–	–
30 January	–	–	170	–	–

SHARE PRICE HISTORY OF LETHIMVULA SHARES

The closing prices of Lethimvula Shares on the OTC market for each trading day commencing on 1 January 2009 and ending on 30 January 2009, and the daily trading volumes are as follows:

Daily	Close (cents per share)	Aggregate volume	Aggregate value
2009			
2 January	80	–	–
5 January	80	–	–
6 January	80	–	–
7 January	80	–	–
8 January	80	–	–
9 January	80	–	–
12 January	80	24 500	19 600
13 January	80	–	–
14 January	75	150 725	113 044
15 January	75	–	–
16 January	75	–	–
19 January	75	20 000	15 000
20 January	75	–	–
21 January	75	40 000	30 000
22 January	75	–	–
23 January	75	–	–
26 January	75	350 000	262 500
27 January	75	–	–
28 January	75	–	–
28 January	75	–	–
29 January	80	460 000	368 000
30 January	80	20 450	16 360

FAIR AND REASONABLE OPINION

The Directors
Lethimvula Investments Limited
Medscheme Park
10 Muswell Road South
Bryanston

20 February 2009

Dear Sirs/Madams

APPROPRIATE EXTERNAL ADVICE IN RESPECT OF THE OFFER AND OFFERS TO OPTION HOLDERS

1. INTRODUCTION

The definitions outlined in the "Definitions and interpretations" section of this circular of which this letter forms a part, have been used throughout this letter.

It was announced on SENS on 23 September 2008 that AfroCentric had entered into the Acquisition Agreement to conditionally acquire 365 865 029 Lethimvula Shares, representing 63.2% of the entire issued ordinary share capital of Lethimvula, from certain Lethimvula Shareholders.

It was subsequently announced on SENS on 30 January 2009 that the conditions precedent to the Acquisition had been fulfilled and therefore in terms of the SRP Code and the Rules of the SRP, a mandatory and unconditional offer must be extended by AfroCentric or its nominated subsidiary to all Offeree Shareholders to acquire all of their Lethimvula Shares for the Offer Consideration.

Lethimvula Shareholders were advised in an announcement released on SENS on 30 January 2009 that AfroCentric had made the Offer to acquire all the shares in Lethimvula that it does not already own.

We have been appointed by the Lethimvula Board to provide appropriate external advice on whether the terms and conditions of the Offer are fair and reasonable to the Lethimvula Shareholders as is required in terms of Rule 3.1 of the SRP Code and also whether the terms and conditions of the Offers to the Option Holders are appropriate to the Option Holders as is required in terms of Rule 12 of the SRP Code.

2. DEFINITION OF FAIR AND REASONABLE

Fairness is primarily based on quantitative factors, whilst reasonableness includes the qualitative issues surrounding the Offer.

The Offer will generally be considered fair if the value received by Lethimvula Shareholders as a result of the acceptance of the Offer (namely the fair value of cash and/or AfroCentric shares received) is considered to be equal to or greater than the value surrendered by such parties (namely the fair value of Lethimvula shares surrendered).

It is conceivable, that under certain circumstances, the Offer could be considered reasonable even if it were priced at a level which is assessed to be less than fair value.

3. PROCEDURES PERFORMED AND SOURCES OF INFORMATION

We have performed, *inter alia*, the following procedures:

- reviewed general market data, including economic, governmental and legislative aspects which have an impact on the healthcare industry specifically and the economy in general;
- obtained an understanding of Lethimvula and AfroCentric, their prospects as well as the industries in which they operates through, *inter alia*;
 - discussions with the management of Lethimvula; and
 - a review of publicly available information;

- considered and analysed the historical and forecast financial information in respect of Lethimvula;
- reviewed the historical share prices, trading volumes and volatility of both Lethimvula and AfroCentric shares;
- performed a valuation of the shares of Lethimvula using the discounted cash flow ("DCF") valuation methodology. Lethimvula's key value drivers are projected membership numbers of the medical schemes managed by Lethimvula and inflation rates and we conducted appropriate sensitivity analyses given a reasonable range of key assumptions;
- corroborated the result of our DCF valuation by comparing the implied historical and forward price:earnings and earnings before interest, tax, depreciation and amortisation ("EBITDA") multiples of Lethimvula to those of comparable entities;
- performed a valuation of the shares of AfroCentric using the net asset value approach (adjusting for the fair/market value of investments) as AfroCentric is an investment holding company. AfroCentric's largest asset is its 63.2% stake in Lethimvula and accordingly we based the value of this stake on the results of our DCF valuation of Lethimvula above; and
- based on the results of the procedures mentioned above, determined the fairness and reasonableness of the Offer as it concerns Lethimvula Shareholders as well as the appropriateness of the Offers to Option Holders.

We believe that the above considerations commercially justify the conclusion outlined below.

4. **LIMITING CONDITIONS**

We have relied upon the accuracy of the information used by us in deriving our opinions albeit that where practicable, we have corroborated the reasonableness of such information through, amongst other things, reference to work performed by independent third party/ies, historic precedent or our own knowledge and understanding. While our work has involved an analysis of the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy of any information provided to us in respect of Lethimvula and/or AfroCentric.

The opinions expressed below are necessarily based upon the information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. Subsequent developments may affect our opinion, however, we are under no obligation to update, revise or re-affirm such.

5. **OPINION REGARDING THE OFFER**

Based upon and subject to the foregoing, we are of the opinion that, on the basis of an arm's length transaction concluded between a willing buyer and a willing seller, the Offer represents a premium of between 14% and 26% over the value of a Lethimvula share based on a reasonable range of potential Average PAT values. We are therefore of the opinion that the Offer is fair and reasonable to Lethimvula Shareholders.

This opinion does not purport to cater for each individual shareholder's circumstances and/or risk profile, but rather that of the general body of Lethimvula Shareholders taken as a whole.

6. **OPINION REGARDING THE OFFERS TO OPTION HOLDERS**

We have calculated the fair values of the options held by the Option Holders using a modified binomial option pricing methodology. Based upon and subject to the foregoing, as well as our valuations of Lethimvula and AfroCentric, we are of the opinion that the Offers to Option Holders are appropriate.

7. **Use of these opinions**

These opinions are provided solely for the use of the Lethimvula Board, Lethimvula Shareholders and Option Holders in connection with and for the purpose of their consideration of the Offer or the Offers to Option Holders. These opinions shall not, in whole or in part, be disclosed, reproduced, disseminated, quoted, summarised or referred to at any time, in any manner or for any purpose, nor shall any public references to Vunani Corporate Finance be made by Lethimvula or any of its affiliates, without the prior written consent of Vunani Corporate Finance.

8. **Independence and consent to publication**

We have been retained by the Lethimvula Board as an independent expert to the Lethimvula Board, Lethimvula Shareholders and Option Holders in connection with the Offer and the Offers to Option Holders and we will receive a fixed fee for the services provided in connection herewith, which fee is payable upon delivery of these opinions. We confirm that, other than the aforementioned, we have no interest, direct or indirect, beneficial or non-beneficial, in Lethimvula, AfroCentric or in the success or failure of the Offer which forms the subject matter hereof.

We hereby consent to this letter and the references thereto, being made public to Lethimvula Shareholders and Option Holders in the form and context in which they are to be published in the Offer Circular to shareholders on or about 27 February 2009. We confirm that we have given and have not withdrawn our consent prior to the issue of the said circular to Lethimvula Shareholders.

Yours faithfully

**S J GREEFF
EXECUTIVE**

39 First Road
Hyde Park
2196
(PO Box 413972, Craighall, 2024)

TABLES OF ENTITLEMENT

The tables below provide an example of the Offer Consideration (for illustrative purposes only), which an Offer Participant will receive on acceptance of the Offer.

Figure 1: If the Share Election is made

Number of Lethimvula Shares held	Number of AfroCentric Ordinary Shares received in respect of the First Tranche	Maximum number of AfroCentric Ordinary Shares received in respect of the Second Tranche
1	1	1
2	1	1
3	2	1
4	2	1
5	2	2
6	3	2
7	3	2
8	3	2
9	4	3
10	4	3
11	4	3
12	5	3
13	5	4
14	6	4
15	6	4
16	6	4
17	7	5
18	7	5
19	7	5
20	8	5
21	8	6
22	8	6
23	9	6
24	9	6
25	9	6
26	10	7
27	10	7
28	11	7
29	11	7
30	11	8
31	12	8
32	12	8
33	12	8
34	13	9
35	13	9
36	13	9
37	14	9
38	14	10
39	14	10
40	15	10
41	15	10
42	16	11
43	16	11
44	16	11
45	17	11
46	17	12
47	17	12
48	18	12
49	18	12

Number of Lethimvula Shares held	Number of AfroCentric Ordinary Shares received in respect of the First Tranche	Maximum number of AfroCentric Ordinary Shares received in respect of the Second Tranche
50	18	12
51	19	13
52	19	13
53	20	13
54	20	13
55	20	14
56	21	14
57	21	14
58	21	14
59	22	15
60	22	15
61	22	15
62	23	15
63	23	16
64	23	16
65	24	16
66	24	16
67	25	17
68	25	17
69	25	17
70	26	17
71	26	17
72	26	18
73	27	18
74	27	18
75	27	18
76	28	19
77	28	19
78	28	19
79	29	19
80	29	20
81	30	20
82	30	20
83	30	20
84	31	21
85	31	21
86	31	21
87	32	21
88	32	22
89	32	22
90	33	22
91	33	22
92	34	23
93	34	23
94	34	23
95	35	23
96	35	23
97	35	24
98	36	24
99	36	24
100	36	24

Notes:

1. It is not permissible to issue fractions of AfroCentric Ordinary Shares to the Offer Participants in settlement of the Offer Consideration. The number of AfroCentric Ordinary Shares to be issued to Offer Participants is calculated on the ratio of 0.35885 AfroCentric Ordinary Shares per Lethimvula Share and will be rounded up to the nearest whole number; as illustrated in the table above.
2. The number of AfroCentric Ordinary Shares to be issued to Offer Participants in respect of the Second Tranche is calculated on the ratio of 0.23923 AfroCentric Ordinary Shares per Lethimvula Share assuming the issue of the maximum number of Second Tranche AfroCentric Ordinary Shares to the Offer Participants assuming the profit warranties in paragraph 5.1.2.1.1 of this Offer Circular have been met, without taking into account the additional amount to be determined in accordance with paragraph 5.1.2.2 of this Offer Circular and will be rounded up to the nearest whole number; as illustrated in the table above.

Figure 2: If the Cash Election is made

Number of Lethimvula Shares held	Cash consideration received (cents)	Number of AfroCentric Ordinary Shares received in respect of the First Tranche	Maximum number of AfroCentric Ordinary Shares received in respect of the Second Tranche
1	0.345	1	1
2	0.690	1	1
3	1.035	1	1
4	1.380	1	1
5	1.725	2	2
6	2.070	2	2
7	2.415	2	2
8	2.760	2	2
9	3.105	3	3
10	3.450	3	3
11	3.795	3	3
12	4.140	3	3
13	4.485	3	4
14	4.830	4	4
15	5.175	4	4
16	5.520	4	4
17	5.865	4	5
18	6.210	5	5
19	6.555	5	5
20	6.900	5	5
21	7.245	5	6
22	7.590	5	6
23	7.935	6	6
24	8.280	6	6
25	8.625	6	6
26	8.970	6	7
27	9.315	7	7
28	9.660	7	7
29	10.005	7	7
30	10.350	7	8
31	10.695	8	8
32	11.040	8	8
33	11.385	8	8
34	11.730	8	9
35	12.075	8	9
36	12.420	9	9
37	12.765	9	9
38	13.110	9	10
39	13.455	9	10
40	13.800	10	10
41	14.145	10	10
42	14.490	10	11
43	14.835	10	11
44	15.180	10	11
45	15.525	11	11
46	15.870	11	12
47	16.215	11	12
48	16.560	11	12
49	16.905	12	12
50	17.250	12	12
51	17.595	12	13
52	17.940	12	13
53	18.285	12	13
54	18.630	13	13
55	18.975	13	14
56	19.320	13	14
57	19.665	13	14

Number of Lethimvula Shares held	Cash consideration received (cents)	Number of AfroCentric Ordinary Shares received in respect of the First Tranche	Maximum number of AfroCentric Ordinary Shares received in respect of the Second Tranche
58	20.010	14	14
59	20.355	14	15
60	20.700	14	15
61	21.045	14	15
62	21.390	15	15
63	21.735	15	16
64	22.080	15	16
65	22.425	15	16
66	22.770	15	16
67	23.115	16	17
68	23.460	16	17
69	23.805	16	17
70	24.150	16	17
71	24.495	17	17
72	24.840	17	18
73	25.185	17	18
74	25.530	17	18
75	25.875	17	18
76	26.220	18	19
77	26.565	18	19
78	26.910	18	19
79	27.255	18	19
80	27.600	19	20
81	27.945	19	20
82	28.290	19	20
83	28.635	19	20
84	28.980	19	21
85	29.325	20	21
86	29.670	20	21
87	30.015	20	21
88	30.360	20	22
89	30.705	21	22
90	31.050	21	22
91	31.395	21	22
92	31.740	21	23
93	32.085	22	23
94	32.430	22	23
95	32.775	22	23
96	33.120	22	23
97	33.465	22	24
98	33.810	23	24
99	34.155	23	24
100	34.500	23	24

Notes:

1. It is not permissible to issue fractions of AfroCentric Ordinary Shares to the Offer Participants in settlement of the Offer Consideration. The number of AfroCentric Ordinary Shares to be issued to Offer Participants is calculated on the ratio of 0.22615 AfroCentric Ordinary Shares per Lethimvula Share and will be rounded up to the nearest whole number; as illustrated in the table above.
2. The number of AfroCentric Ordinary Shares to be issued to Offer Participants in respect of the Second Tranche is calculated on the ratio of 0.23923 AfroCentric Ordinary Shares per Lethimvula Share assuming the issue of the maximum number of Second Tranche AfroCentric Ordinary Shares to the Offer Participants assuming the profit warranties in paragraph 5.1.2.1.1 of this Offer Circular have been met, without taking into account the additional amount to be determined in accordance with paragraph 5.1.2.2 of this Offer Circular and will be rounded up to the nearest whole number; as illustrated in the table above.

WARRANTIES AND INDEMNITIES

Set out below are the warranties and indemnities as extracted without adjustment from the Acquisition Agreement. The Acquisition Agreement in its entirety is a document available for inspection as detailed in paragraph 24 of this Offer Circular.

- 7.1 “None of the parties will be entitled to cancel this agreement as a result of the breach or inaccuracy of any of the warranties or representations recorded in this agreement unless such breach or inaccuracy is material and is incapable of remedy by a money payment. If any breach is capable of remedy by a money payment and the party in breach fails to remedy such breach within the period specified in clause 12 below then the party which gave notice of the breach shall be entitled to cancel this agreement.
- 7.2 The sellers give the warranties and make the representations set out in this agreement and in **Appendix B** hereto in respect of the group.
- 7.3 The only warranties and representations given by the sellers are those contained in this agreement. The sellers make no other warranties or representations of any nature whatsoever, whether express or implied, in regard to the sale shares and/or the group. The purchaser acknowledges that except for the warranties and representations set out expressly in this agreement the purchase of the sale shares is made voetstoots.
- 7.4 The sellers jointly and severally indemnify the purchaser against –
- 7.4.1 **63,2%** (sixty three comma two per centum) of all loss, liability, damage or expense which the purchaser may suffer as a result of or which may be attributable to any liability of the group (including any liability for taxation) which or the cause of which:
- 7.4.1.1 arose prior to the effective date and which is not reflected in or provided for as an actual loss, liability, damage or expense in the latest audited financial statements; or
- 7.4.1.2 arose or arises during the interim period otherwise than in the ordinary course of conduct of business and for amounts which are paid in excess of amounts which have normally been paid by the group in respect of the relevant matter in the ordinary course of the conduct of the group’s business; or
- 7.4.1.3 arose or arises as a result of any breach of contract on the part of or any delict committed by any member of the group which occurs or occurred during the interim period; and
- 7.4.2 63,2% (sixty three comma two per centum) of any contingent liability the cause of action in respect of which arose or act or omission giving rise thereto which arose before the effective date which becomes an actual liability after the effective date, unless such contingent liability was noted in the disclosure schedule which forms part of the warranties,
- to the extent that the actual liability is in excess of the provisions set out in the latest audited financial statements.
- 7.5 The purchaser shall notify the sellers of any claim which may be made against the relevant member of the group in respect of any matter referred to in clause 7.4 within 30 (thirty) days of the purchaser becoming aware thereof (or within such shorter period as may be reasonable in the circumstances).
- 7.6 Any amount against which the purchaser is indemnified in terms of clause 7.4 and which is accompanied by certificate prepared by the auditors of the purchaser verifying the causa and the amount of the relevant claim shall, prima facie, be deemed to be proof of the matters therein stated for all purposes including the purpose of obtaining summary judgement or provisional sentence against the sellers, and in the absence of rebuttable proof, such amounts owing by the sellers to the purchaser shall be set off against the cash portion of the second tranche.
- 7.7 It is recorded and agreed that the amount of any claim by the purchaser in terms of clause 7.4 shall be limited to the amount of the cash which is payable as part of the second tranche.
- 7.8 Notwithstanding anything to the contrary contained in this agreement, a claim by the purchaser in respect of any breach by any of the sellers of any of the warranties or in terms of any of the indemnities shall not entitle the purchaser to make a claim against the sellers (or any of them) more than once where such breach and claim arises from or is attributable to the same cause of action.

- 7.9 All the rights and obligations of the sellers in terms of, under and pursuant to this agreement shall be joint and several in all respects.
- 7.10 Should the purchaser have proved a claim against all or any of the sellers (other than a claims in respect of which an indemnity is furnished in terms of clause 7.4 which is specifically dealt with in terms of clause 7.7) then the purchaser shall be entitled to set off the amount of such claim against any AfroCentric ordinary shares which are to be issued as part of the second tranche to the relevant seller in terms of this agreement. The value of the AfroCentric ordinary shares at which such set off shall occur shall be R2,60 (two Rand and sixty cents) per AfroCentric ordinary share. It is recorded that the purchaser's claim against all or any of the sellers (other than a claims in respect of which an indemnity is furnished in terms of clause 7.4 which is specifically dealt with in terms of clause 7.7) shall be limited to 63,2% (sixty three comma two per centum) of the damages suffered by the purchaser as a result of that breach."
-

Set out below are the warranties and indemnities as extracted without adjustment from the Appendix B to the Acquisition Agreement. The Acquisition Agreement in its entirety is open for inspection as detailed in paragraph 24 of this Offer Circular:

"Unless the context clearly indicates a contrary intention all references in this **Appendix B** to:

1. "the seller" shall be deemed to be a separate and distinct reference to each of the sellers;
2. "the company" shall be deemed to be separate and distinct reference to each company which is a member of the group;
3. the Purchaser shall be deemed to be a reference to AfroCentric.

The seller provides the Purchaser with the warranties set out below.

Save where the context clearly indicates a contrary intention, terms used in this **Appendix B** shall bear the same meanings attributable thereto in the heads of agreement to which these warranties are attached as **Appendix B**.

SECTION I

The seller warrants that:

- A. to the best of the sellers' knowledge and belief, having taken all steps reasonably necessary to ascertain the correctness thereof; and
- B. save as recorded in **Appendix BB** hereto (the disclosure schedule) and the latest audited financial statements:
 1. The latest audited financial statements:
 - 1.1 have been prepared in accordance with IFRS;
 - 1.2 have been prepared in accordance with principles previously followed by the company insofar as those principles are not in conflict with IFRS;
 - 1.3 take into account all the actual and contingent liabilities of the company;
 - 1.4 will contain proper provisions in accordance with IFRS for all contingent liabilities, bad and doubtful debts, redundant and obsolete stock and accrued leave and bonus payments;
 - 1.5 will value stock at the lower of actual cost or net realisable value, determined on a first in, first out method;
 - 1.6 will clearly and fairly represent the financial and trading position of the company at the date in respect of which they were prepared
 - 1.7 clearly show the net asset value of the company.
 2. During the interim period:
 - 2.1 the business of the company has and will be carried on in the ordinary course and manner and in accordance with the trading style presently adopted by it;
 - 2.2 the company has not and will not acquire or dispose of any material assets or assume any material liabilities, including contingent liabilities, otherwise than in the ordinary course of carrying on its business, except with the prior written consent of the Purchaser;
 - 2.3 the company has not and will not vary the terms and conditions of employment or working conditions of any of its employees without the prior written consent of the Purchaser;

- 2.4 no aggregate dividends of more than **R140 000 000,00** (one hundred and forty million Rand), net of STC which is payable in respect of the declaration of the dividend, will have been declared or paid by the company prior to the closing date and which is made up of a dividend of approximately **R44 000 000,00** (forty four million Rand) which was declared and paid on or about 19 June 2008 and the special dividend which will be declared once this agreement becomes unconditional in accordance with its provisions;
- 2.5 the company has not and will not have entered into any transaction save in the ordinary and regular course of conduct of its business other than this agreement;
- 2.6 no resolution for the acquisition of a business or for major capital expenditure has or will have been passed by the members or directors of the company, save for such resolutions which:
 - 2.6.1 may have been necessary to give effect to this agreement;
 - 2.6.2 will have been approved by the Purchaser; which approval may not be withheld or delayed unreasonably;
- 2.7 the company has not and will not have done or omitted to do anything which will:
 - 2.7.1 materially prejudice the continued goodwill of the company ;
 - 2.7.2 materially reduce the scope of the company's business; or
 - 2.7.3 result in any business of a customer or supplier of the company ceasing to transact business with the company or to vary the terms upon which it transacts the business with the company.
3. At the signature date the company will have complied with and during the interim period the company will comply with all wage and employee rules, regulations and legislation and all terminations and conciliation agreements which apply to it and its employees.
4. At the signature date and the effective date:
 - 4.1 the company will be incorporated with limited liability according to the laws of the Republic of South Africa;
 - 4.2 no steps in terms of Section 73 of the Companies Act No.61 of 1973, as amended, will be pending or contemplated in respect of the company;
 - 4.3 the assets and business of the company will be insured against the risks to which they are subject for amount which accord with sound business practice for a period terminating not earlier than the close of business on the effective date, all premiums due in respect of such insurance will have been paid and the company will have complied with all of the material conditions to which the liability of the insurers under the policies of insurance will be subject;
 - 4.4 the company will not be bound by any material contracts whatsoever, save for those contracts which are to be disclosed during the due diligence investigation, and contracts with its employees, all of which will be lawfully terminable in accordance with generally accepted labour practices;
 - 4.5 the company will have maintained a register of its assets in accordance with generally accepted and sound accounting practices;
 - 4.6 all of the patents, trademarks and designs used by the company will be registered in its name either as the owner or lawful user;
 - 4.7 the company will not be engaged in any legal action, proceeding or arbitration (other than as plaintiff for the collection of debts arising in the normal course of its business);
 - 4.8 the issued share capital of the company will comprise **578 805 500** (five hundred and seventy eight million eight hundred and five thousand five hundred) ordinary shares of a nominal value of **R0,01** (one cent) each;
 - 4.9 the authorised share capital of the company will comprise **2 000 000 000** (two billion) ordinary shares of a nominal value of **R0,01** (one cent) each;
 - 4.10 no alterations will have been made to the Memorandum or Articles of Association of the company, after the signature date;
 - 4.11 the company will not have bound itself as surety or guarantor for the obligations of any third party;

- 4.12 no party will hold any option or preferential right to subscribe for any shares in the capital of the company other than:
 - 2..12.1 African Vanguard Capital (Proprietary) Limited which has an option to subscribe for **122 714 763** (one hundred and twenty two million seven hundred and fourteen thousand seven hundred and sixty three) ordinary shares in the capital of the company at a price of **R1.269** (one Rand and twenty six comma nine cents) per ordinary share in the capital of the company; and
 - 2..12.2 Dewald Dempers who has an option to subscribe for **12 000 000** (twelve million) ordinary shares in the capital of the company at a price of **R0.83,5** (eighty three and a half cents) per ordinary share in the capital of the company;
 - 4.13 the company will be the owner of all licences and authorities required to enable it to conduct its business and will have complied fully with all such terms;
 - 4.14 the company will have complied fully with all the provisions of the Companies Act No. 61 of 1973, as amended, and will have correctly made all returns which it is obliged to make;
 - 4.15 all records, statutory books and books of account of the company will be accurate and will be capable of being written up within a short period of time;
 - 4.16 the company will not have declared any dividends which will not have been paid in full save as specifically provided for herein;
 - 4.17 the company will not have passed any resolutions other than those appearing in its minute books;
 - 4.18 the company will not be under an obligation to alter any of the rights attaching to any of its shares;
 - 4.19 no person will have any right to obtain an order for the rectification of the register of members of the company;
 - 4.20 none of the assets of the company will be subject to any hire purchase agreement, lease, pledge, mortgage, lien, notarial bond or other encumbrance;
 - 4.21 no person will have the right to purchase any of the assets of the company other than in the normal, regular and ordinary course of business;
 - 4.22 the company will not be a party to any proceedings in terms of the Labour Relations Act, 1995 and has complied fully with all the provisions of the Employment Equity Act, No. 55 of 1998.
 - 4.23 the company will not have engaged in and will not be engaged in any activities which contravene the environmental laws of the Republic of South Africa;
 - 4.24 no employee of the company will have any right to exceptional leave privileges, pension or other benefits other than those disclosed in the audited financial statements and during the due diligence investigation;
 - 4.25 the company will not have any contingent liabilities known to the seller; or which should reasonably have been anticipated by the seller; and which have not been disclosed in the latest audited financial statements;
 - 4.26 the company will own share capital of Medscheme.
5. To the best of the seller's knowledge and having taken all steps that are necessary to ascertain the correctness hereof:
 - 5.1 the trading methods and style used by the company including any designs, marks and the like applied in connection with its business or products do not constitute an infringement of the rights of any other person;
 - 5.2 no person is entitled to an order requiring the company to change its corporate name, its trading style, or to cease using any of the marks or designs applied by it to its products;
 - 5.3 no person is entitled to an order for the expungement of any of the company's patents, designs or trademarks, if any.
 6. At the signature date no work remained to be performed and no expense remained to be incurred in connection with the completion and auditing of the company's financial statements in respect of any of its financial years ended prior to the signature date.
 7. No professional indemnity claims, actions or litigation which could have a material effect on the company shall have been made, taken or instituted against the company prior to the effective date nor.

8. To the best of the knowledge and belief of the seller no professional indemnity claims, actions or litigation which could have a material effect on the company are pending against the company prior to the effective date.
9. No agreements of any kind have been entered into by the company with any trade unions other than as disclosed to the Purchaser and the present status of the agreements and relationship with any such trade unions have been disclosed to the purchaser.
10. The company does not have any disputes or disagreements with or demands from any trade unions except as disclosed to the purchaser; and the seller is not aware of any such financial disputes or claims.
11. Between the signature date and the effective date the assets of the company will continue to be in good order and condition and fully operational apart from breakdowns in the ordinary course.
12. To the best of the seller's knowledge and belief, at the effective date the company will have no liabilities other than those disclosed in the latest audited financial statements.
13. The transaction set out in the agreement does not constitute a breach of any of the contractual obligations of the company, nor will it entitle any person to terminate any contract to which the company is a party.
14. No person is entitled to an order requiring the company to change the trading style of its business, or to cease using any of the marks or designs applied by it to its products.
15. The net asset value of the group at 28 February 2009 as set out in the consolidated audited financial statements in respect of the group for the **12** (twelve) month period ending 28 February 2009 to be prepared in accordance with the provisions of clause 5 of the agreement will exceed the net asset value of the group at 29 February 2008 as set out in the latest audited financial statements. In the event of a breach of this warranty the purchaser shall only be entitled to claim an amount equal to **63,2%** (sixty three comma two per centum) of the difference between the net asset value of the group at 29 February 2008 and the net asset value of the group at 28 February 2009 from the sellers. Any dividends paid in terms of 2.4 above and any potential claims set out in **Appendix BB** hereto and which are provided for in the latest audited financial statements shall be excluded from determining the net asset value of the group at 28 February 2009."

SECTION 2

1. At the effective date:
 - 1.1 the company will have duly and correctly made all returns in regard to taxation in terms of the Income Tax Act, up to and including the financial year ended 29 February 2008;
 - 1.2 the company will have complied fully with all the provisions of the Value Added Tax Act."

Notes:

1. The special dividend for an amount of R96 000 000.00 (ninety six million Rand) referred to in clause 2.4 of Section 1 of this Annexure was declared on 12 December 2008 and paid on 29 December 2008.
2. The party referred to in clause 2.12.1 should be Newshelf 755 (Proprietary) Limited and not African Vanguard Capital (Proprietary) Limited.

PROVISIONS OF SECTION 440K OF THE ACT

“440K. COMPULSORY ACQUISITION OF SECURITIES OF MINORITY IN AFFECTED TRANSACTION

- (1) (a) If an offer for the acquisition of securities under an affected transaction involving the transfer of securities or any class of securities of a company to an offeror; has within four months after the date of the making of such offer been accepted by the holders of not less than nine-tenths of the securities or any class of securities whose transfer is involved (other than securities already held at the date of the issue of the offer by, or by a nominee for, the offeror or its subsidiary), the offeror may at any time within two months after the date of such acceptance give notice in the prescribed manner to any holder of such securities who has not accepted the said offer, that he or it desires to acquire his or its securities, and where such notice is given, the offeror shall be entitled and bound to acquire those securities on the terms on which under the affected transaction the securities of the holders who have accepted the offer, were or are to be transferred to the offeror, unless on an application made by such holder within six weeks from the date on which the notice was given, the Court:
- (i) orders that the offeror shall not be so entitled and bound; or
 - (ii) imposes conditions of acquisition different from those of the offer.
- (b) If the said offer has not been accepted to the extent necessary for entitling the offeror to give notice under sub-section (1)(a), the Court may, on application by the offeror, issue an order authorising him to give notice under that sub-section if the Court is satisfied that:
- (i) the offeror has after reasonable enquiry been unable to trace one or more of the persons holding securities to which the offer relates;
 - (ii) the securities whose transfer is involved, by virtue of acceptances of the offer, together with the securities held by the person or persons referred to in sub-paragraph (i), amount to not less than the minimum specified in sub-section (1)(a); and
 - (iii) the consideration offered is fair and reasonable,
- but the Court shall not issue an order under this paragraph unless it considers that it is just and equitable to do so having regard, in particular, to the number of holders of securities who have been traced but who have not accepted the offer.
- (2) Where a notice has been given by the offeror under sub-section (1) and the Court, on an application made by a holder of the securities who has not accepted the offer, has not ordered as contemplated in subsection (1)(a), the offeror shall, on the expiration of six weeks from the date on which the notice was given, or, if an application to the Court by such holder is then pending, after the application has been disposed of, transmit a copy of the notice to the offeree company, together with an instrument of transfer executed on behalf of such holder by any person appointed by the offeror, and pay or transfer to the offeree company the amount or other consideration representing the price payable by the offeror for the securities which by virtue of this section he or it is entitled to acquire, and subject to the payment of the stamp duties ordinarily payable, the offeree company shall thereupon register the offeror as the holder of those securities: Provided that an instrument of transfer shall not be required for any security for which a share warrant is for the time being outstanding.
- (3) Where, in pursuance of an affected transaction referred to in sub-section (1), securities of an offeree company were or are to be transferred to a person and those securities, together with any other securities of the said offeree company held by, or by a nominee for, the offeror or its subsidiary at the date of the acceptance of the offer in question, comprise or include nine-tenths of the securities in the offeree company or of any class of those securities, then:
- (a) the offeror shall within a month from the date of such acceptance (unless he or it has already complied with this requirement under sub-section (1)) give notice of that fact in the prescribed manner to the holders of the remaining securities or of the remaining securities of that class, as the case may be, who have not accepted the offer under the affected transaction in question; and

(b) any such holder may within three months from the giving of the notice to him require the offeror to acquire the securities in question,

and where the holder gives notice under paragraph (b) in relation to any securities, the offeror shall be entitled and bound to acquire those securities on the conditions on which under the affected transaction the securities of the holders who have accepted the offer were or are to be transferred to him or it, or on such other conditions as may be agreed upon or as the Court on the application of either the offeror or the holder may think fit to order.

(4) Any sum, and any dividend or other sum accruing from any other consideration, received by the offeree company under this Section shall be paid into a separate bank account with a banking institution registered under the Banks Act, 1965 (Act No. 23 of 1965), and any such sums, dividend or any other consideration so received shall be held in trust by the offeree company for the person entitled to the securities in respect of which the said sums, dividend or other consideration was received.

(5) In this Section any reference to a 'holder of securities who has not accepted the offer' includes any holder who has failed or refused to transfer his securities to the offeror in accordance with the affected transaction.'



LETHIMVULA
Investments Limited

**LETHIMVULA INVESTMENTS
LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number 2006/005087/06)
("Lethimvula")



**AFROCENTRIC INVESTMENT
CORPORATION LIMITED**

(Incorporated in the Republic of South Africa)
(Registration number 1988/000570/06)
Share code: ACT/ACTP ISIN: ZAE000078416/ZAE000082269
("AfroCentric" or "the Company")

**FORM OF ACCEPTANCE, ELECTION, SURRENDER AND TRANSFER TO BE USED
BY THE OFFEREE SHAREHOLDERS ONLY**

The definitions and interpretations commencing on page 6 of this Offer Circular apply, *mutatis mutandis*, to this Form of Acceptance, Election, Surrender and Transfer, unless the context clearly indicates otherwise.

This Form is only applicable to Offeree Shareholders who wish to accept the Offer as set out in the Offer Circular to which this form is attached.

This Form is not applicable to the Option Holders. The Option Holders who wish to accept the relevant offer, as the case may be, must directly inform the Offeror of such acceptance in writing.

Notes and instructions:

1. Offeree Shareholders completing this form are required to take note of the information in the "Salient dates and times" section of the Offer Circular to which this Form is attached.
2. Persons who have acquired Lethimvula Shares after the date of posting the Offer Circular setting out the Offer, can obtain copies of the Offer Circular and this Form from the Transfer Secretaries, Computershare Investor Services (Proprietary) Limited, at the address given below.
3. Part A must be completed by all Offeree Shareholders who wish to accept the Offer.
4. Section 1 of Part B must be completed by all Offeree Shareholders who are emigrants of the Common Monetary Area.
5. Section 2 of Part B must be completed by all other Offeree Shareholders who are non-residents of the Common Monetary Area (and who are not required to complete Section 1).
6. No receipts will be issued for Documents of Title and Additional Documentation lodged unless specifically requested.
7. If you are in any doubt as to how to complete this Form, please consult your Broker; banker; attorney; accountant or other professional advisor immediately.
8. This Form must be returned to the Transfer Secretaries together with the Documents of Title and Additional Documentation, so as to be received by the Transfer Secretaries by no later than 12:00 on the Closing Date. If your Documents of Title and Additional Documentation have been lost or destroyed, you should nevertheless return this Form, together with a duly executed indemnity provided by the Transfer Secretaries. The Offeror may, in its sole discretion, dispense with the surrender of such Documents of Title and Additional Documentation upon production of satisfactory evidence that the Documents of Title and Additional Documentation have been lost or destroyed and upon provision of a suitable indemnity. Unless otherwise agreed by the Offeror, only indemnity forms obtained from the Transfer Secretaries (available on request) will be regarded as suitable.
9. Signatories may be called upon for evidence of their authority or capacity to sign this Form.
10. Any alteration to this Form must be signed in full and not initialled. Any alteration may not be accepted by the Offeror.
11. If this Form is signed under a power of attorney, then such power of attorney or a notarially certified copy thereof must be sent with this form for noting, unless it has already been noted by the Transfer Secretaries.
12. Where the Offeree Shareholder is a company or a close corporation or other juristic person, a certified copy of the directors' or members' or other resolution authorising the signing of this form must be submitted together with this form, unless it has already been registered with the Transfer Secretaries.

13. Where Lethimvula Shares are jointly held, this Form must be signed by all joint holders; however, the Offeror shall be entitled to, in its absolute discretion, accept signature only of that holder whose name stands first in the register in respect of such Lethimvula Shares.
14. The Offer Consideration due to a non-resident Offeree Shareholder who is an emigrant from the Common Monetary Area will be sent to the authorised dealer in foreign exchange controlling such non-resident Offeree Shareholders' blocked assets in terms of the South African Exchange Control Regulations and you are referred to paragraph 5.3.6 of the Offer Circular in this regard.
15. Offeree Shareholders are advised to consult their professional advisors about their personal tax positions regarding the receipt of the Offer Consideration.
16. Offeree Shareholders are referred to the Offer Circular for the further terms and conditions applicable to the Offer and its acceptance, which Offer Circular should be read in its entirety for a full appreciation thereof.
17. In the event of any conflict between this Form and the Offer Circular setting out the terms of the Offer, the Offer Circular shall prevail.

The Transfer Secretaries

By hand

Computershare Investor Services (Pty) Limited
 Ground Floor
 70 Marshall Street
 Johannesburg
 2001

By post

Computershare Investor Services (Pty) Limited
 PO Box 61763
 Marshalltown
 2107

ACCEPTANCE

Dear Sirs,

I/We hereby being duly authorised, irrevocably accept the Offer on the terms and conditions set out in this Offer Circular in respect of the _____ Lethimvula Shares, held by me/us and accordingly surrender and enclose the initialed electronic statement issued by the Transfer Secretaries, certified transfer deeds and/or other Documents of Title and Additional Documentation, in respect of my/our holding of such Lethimvula Shares.

I/We hereby instruct the Transfer Secretaries to register transfer of such Lethimvula Shares to the Offeror in return of the Offer Consideration elected by me/us below and on the further terms and conditions set out in the Offer Circular to which this Form is attached. I/We hereby appoint any one of the directors of the Offeror and the Transfer Secretaries acting on his/her/its/their own as my attorney and agent with full power and authority to on my behalf (in rem suam) sign all documents and do all such acts as may be necessary or desirable for the purpose of transferring such Lethimvula Shares to the Offeror pursuant to the Offer.

PART A

To be completed by all Offeree Shareholders who wish to accept the Offer:

Surname/Name of corporate body

First names (in full, if applicable)

Title (Mr, Mrs, Miss, Ms, etc)

Physical/registered address

Postal address (to which the Offer Consideration should be sent) (Preferably a PO Box)

Postal code

Telephone number ()

Telefax ()

Cell phone number ()

ELECTION OF OFFER CONSIDERATION

Please indicate in the appropriate box, by marking with an "X", whether you wish to elect to receive the Share Election or the Cash Election in respect of the First Tranche of the Offer Consideration.

Share Election

Cash Election

To be completed by all Offeree Shareholders who wish to accept the Offer **and** elect the Cash Election in respect of the First Tranche of the Offer Consideration above (unless Part B applies):

Banking details:

Bank _____

Branch _____

Branch number _____

Account number _____

If you fail to indicate your election or elect both the Share Election and the Cash Election, this form will be rejected as invalid and you will be deemed to have elected the Cash Election in respect of all your Lethimvula Shares in respect of which the Offer is accepted.

Payment to Offer Participants who do not have an existing bank mandate with the Transfer Secretaries will be made by cheque, posted at the Offer Participant's own risk.

In order to comply with FICA requirements, the Transfer Secretaries will be unable to record any changes of address or payment mandates unless the following certified true copy of the undermentioned documentation is received from the relevant shareholder:

- a copy of an Identification Document (in respect of change of address and payment mandate); and
- a copy of a Bank statement (in respect of bank mandate).

I/We hereby surrender and enclose the initialed electronic statement issued by the Transfer Secretaries, certified transfer deeds and/or other Documents of Title, details in respect of which are set out in the table below, in respect of my/our holding of Lethimvula Shares:

Name of the registered holder (separate form for each holder)	Number(s) on electronic statement (in numerical sequence)	Number of Lethimvula Shares covered by each electronic statement issued by Computershare enclosed
Total		

I/We hereby enclose the following Additional Documentation, details in respect of which are set out below (please indicate in the appropriate box, by marking with an "X"):

Additional Documentation:

- an original certified copy of the relevant identity document
- a CKI form and a power of attorney authorising the representative to act on its behalf
- a copy of the trust deed reflecting the IT number and a power of attorney authorising the representative to act on its behalf
- other (please specify) _____
- _____
- _____
- _____

Signature of Lethimvula Shareholder _____

PART B

1. **To be completed only by Offeree Shareholders who are emigrants from the common monetary area (see note 4 above and paragraph 5.3.6.1 of the Offer Circular)**

Name and address of authorised dealer in South Africa

Blocked Rand account number

2. **To be completed by all Offeree Shareholders who are non-residents of the common monetary area, other than those required to complete 1 above (see paragraph 5.3.6.2 of the Offer Circular).**

The AfroCentric Ordinary Shares to the extent that the Share Election is made and to the extent of the share portion of the Offer Consideration if the Cash Election is made, will be restrictively endorsed and will be posted to the address of the non-resident concerned as reflected in the Lethimvula Register, unless written instructions to the contrary are received and a substitute address is provided below:

Name and address of authorised dealer in South Africa

Substitute address in South Africa

The cash portion of the Offer Consideration to the extent that the Cash Election is made, will be paid to the nominated authorised dealer in South Africa and it will be incumbent on the Lethimvula Shareholder concerned to instruct the nominated authorised dealer(s) as to the disposal of the amount concerned:

Name and address of authorised dealer in South Africa

Substitute address in South Africa

3. If no nomination is made in terms of 1 and 2 above, the Offer Consideration will be held in trust in accordance with paragraph 5.3.6 of this Offer Circular:

Signature of or on behalf of Lethimvula Shareholder

Stamp and address of agent lodging this form
(if any)

Name:

(Who warrants that he/she is duly authorised)

Capacity:

Assisted by me (if applicable):

(State full name and capacity of assistance)

Date:
