



HPL&R
Hosken Passenger Logistics & Rail

NOTICE OF ANNUAL GENERAL MEETING
For the year ended 31 March 2020

SHAREHOLDERS' DIARY

Financial year-end	31 March 2020
Annual general meeting	15 October 2020
Reports	
• Interim report to 30 September 2020	November 2020
• 2020 Integrated annual report	July 2020

CORPORATE INFORMATION

Directors

Executive directors

FE Meyer (chief executive officer)
ML Wilkin (chief financial officer)

Non-executive directors

Y Shaik (chairperson)
TG Govender

Independent non-executive directors

L Govender (lead independent director)
NB Jappie
RD Watson (appointed 17 April 2019)
KF Mahloma (resigned 17 April 2019)

Company name and registration

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED
("HPLR" or "the Company" or "the Group")
Incorporated in the Republic of South Africa
Registration number: 2015/250356/06

JSE share code: HPR

ISIN: ZAE000255907

Registered office

103 Bofors Circle, Epping Industria, 7460
(PO Box 115, Cape Town, 8000)

Company Secretary

HCI Managerial Services Proprietary Limited
Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005
(PO Box 5251, Cape Town, 8000)

Auditors

BDO South Africa Incorporated.
6th Floor, 123 Hertzog Boulevard, Foreshore, Cape Town, 8001
(PO Box 3883, Cape Town, 8000)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
(Private Bag X9000, Saxonwold, 2132)

Sponsor

Investec Bank Limited
100 Grayston Drive, Sandown, Sandton, 2196
(PO Box 785700, Sandton, 2146)

Website address

www.hplr.co.za

CONTENTS

Shareholders' diary	Inside front cover
Corporate information	Inside front cover
Letter to shareholders	2
Notice of annual general meeting for the year ended 31 March 2020	3
Summarised consolidated annual financial statements	13
Appendix 1: Curriculum vitae of directors	31
Appendix 2: Remuneration policy and implementation of the remuneration policy	33
Appendix 3: Shareholder analysis	38
Proxy form	Attached



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ISIN Code: ZAE000255907 Share Code: HPR

LETTER TO SHAREHOLDERS

Notice is hereby given in terms of sections 61 and 62 of the Companies Act, No 71 of 2008, as amended ("the Act" or "the Companies Act") of the annual general meeting of shareholders of HPLR to be held at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Road, Sea Point, 8005 on Thursday, 15 October 2020 at 08h30 ("the AGM").

Notice is also given in terms of section 31(1) of the Companies Act to every person who holds, or has a beneficial interest in, any securities issued by the Company of the publication of the annual financial statements of the Company and its subsidiaries ("the Group") for the financial year ended 31 March 2020.

Included in this notice are the summarised annual financial statements of the Group for the financial year ended 31 March 2020.

A copy of the complete annual financial statements and of the Integrated Annual Report of the Group for the financial year ended 31 March 2020 ("2020 Integrated Annual Report") may be obtained by a shareholder, as follows:

1. By downloading a copy from the Company' website at www.hplr.co.za; or
2. By requesting a copy by any of the following means:
 - a. Email to info@hplr.co.za; or
 - b. In person at the registered office of the Company (103 Bofors Circle, Epping Industria, 7460) during office hours.

*HCI Managerial Services
Proprietary Limited*

HCI Managerial Services Proprietary Limited

28 July 2020



Hosken Passenger Logistics & Rail

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

Registration number 2015/250356/06

Incorporated in the Republic of South Africa

("HPLR" or "the Company")

ISIN Code: ZAE000255907 Share Code: HPR

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020

NOTICE IS HEREBY GIVEN that the annual general meeting of the Company will be held on Thursday 15 October 2020 at 08h30 at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Road, Sea Point, 8005. Registration will start at 08h00.

This document is available in English only. The proceedings at the meeting will be conducted in English.

GENERAL INSTRUCTIONS AND INFORMATION

The Board of directors of the Company ("the Board") determined, in accordance with section 59 of the Companies Act, that the record date for the purpose of determining when persons must be recorded as shareholders in the securities register of the Company in order to be entitled to receive notice of the annual general meeting is Friday, 17 July 2020. The Board determined that the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 9 October 2020 with the last day to trade being Tuesday, 6 October 2020. Accordingly, only shareholders who are registered in the securities register of the Company on Friday, 9 October 2020 will be entitled to participate in and vote at the annual general meeting.

All shareholders are encouraged to attend, speak and vote at the annual general meeting and are entitled to appoint a proxy to attend, speak and vote at the meeting in place of the shareholder. The proxy duly appointed to act on behalf of a shareholder, need not also be a shareholder of the Company. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

If you hold certificated shares (i.e. you have not dematerialised your shares in the Company) or are registered as an "own name" dematerialised shareholder (i.e. you have specifically instructed your Central Securities Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively;
- you may appoint one or more proxies (who need not be shareholders of the Company) to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries (Computershare Investor Services Proprietary Limited, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold, 2132)) or emailed to: proxy@computershare.co.za, to be received by no later than 08h30 on Wednesday, 14 October 2020 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting; and/or
- you may participate in the annual general meeting by way of electronic participation as stipulated in this notice.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE Limited's ("JSE") electronic settlement system, Share Transactions Totally Electronic ("STRATE")) held through a CSDP or broker (or their nominee) and are not registered as an "own name dematerialised shareholder", then you are not a registered shareholder of the Company, your CSDP or broker (or their nominee) would be. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to participate in the annual general meeting (either being physically present at the meeting or by way of electronic participation), you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively
- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the Company's transfer secretaries (Computershare Investor Services Proprietary Limited, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold, 2132)) or emailed to: proxy@computershare.co.za, to be received by 08h30 on Wednesday, 14 October 2020 for administrative purposes, or delivering such form by hand thereafter to the Company Secretary, before the proxy exercises any rights of the shareholder at the meeting. In order to facilitate proceedings at the annual general meeting, shareholders intending to appoint a proxy are requested to do so as soon as is reasonably practical.

In accordance with section 63(1) of the Companies Act, participants at the annual general meeting will be required to provide proof of identification to the reasonable satisfaction of the Chairperson of the annual general meeting and must accordingly provide a copy of their identity document, passport or driver's licence at the annual general meeting for verification.

Shareholders of the Company that are companies, that wish to participate in the annual general meeting, may authorise any person to act as its representative at the annual general meeting.

Please note that the Company intends to make provision for shareholders of the Company, or their proxies, to participate in the annual general meeting by way of video conference in Johannesburg. Should you wish to participate in the annual general meeting by way of video conference as aforesaid, you are required to give notice of such proposed participation to the Company at its registered office or at the office of the transfer secretaries by no later than 12h00 on Tuesday, 13 October 2020. In order for the notice to be valid, it must be accompanied by the following:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;
- if the shareholder is not an individual, a certified copy of the resolution adopted by the relevant entity authorising the representative to represent the shareholder at the annual general meeting and a certified copy of the authorised representative's identity document and/or passport;
- a valid e-mail address and/or facsimile number for the purpose of receiving details of the video conference facility that will be made available.

Upon receipt of the aforesaid notice and documents, the Company shall use its reasonable endeavours to notify you of the relevant details of the video-conference facilities available in Johannesburg at which you can participate in the annual general meeting by way of electronic communication.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

VOTING AT THE ANNUAL GENERAL MEETING

On a show of hands, every shareholder present in person (or by way of electronic participation) or represented by proxy at the annual general and entitled to vote, shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, shareholders present in person (or by way of electronic participation) or represented by proxy at the annual general and entitled to vote, shall be entitled to 1 vote per ordinary share held by such shareholder.

Unless otherwise specifically provided in this notice of annual general meeting, for any of the ordinary resolutions to be adopted, 50% of the voting rights plus 1 vote exercised on each such ordinary resolution must be exercised in favour thereof. For any special resolutions to be adopted, at least 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

DETAILS OF DIRECTORS, SHAREHOLDERS, SHARE CAPITAL AND ANALYSIS OF SHAREHOLDERS, NO-CHANGE STATEMENT AND DIRECTORS' RESPONSIBILITY STATEMENT

This notice of annual general meeting, provides details of:

- the directors of the Company as per the Corporate Information page, and including brief CVs of the directors nominated for re-election provided as Appendix 1.
- the major shareholders of the Company reflected in the Director's Report on page 15 and the analysis of shareholders as Appendix 3;
- the directors' interests in securities included in the analysis of shareholders as Appendix 3 and the Report of the Remuneration Committee as Appendix 2; and
- the share capital of the Company and an analysis of shareholders as Appendix 3.

No-change statement

There have been no material changes to the Group's financial or trading position, nor are there any legal or arbitration proceedings that may materially affect the financial position of the Group between the signature date of the audit report and the date of this notice.

Director's responsibility statement

The directors, whose names appear on the Corporate Information page, collectively and individually, accept full responsibility for the accuracy of the information given in this notice and certify that, to the best of their knowledge and belief, that there are no facts that have been omitted which would make any statement in this notice false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the annual report and this notice of annual general meeting contains all information required by the Listings Requirements of the JSE ("JSE Listings Requirements").

PURPOSE

The purpose of the annual general meeting is to transact the business set out in the agenda below, and to consider and, if approved, to pass with or without modification, the following ordinary and special resolutions, in the manner required by the Company's memorandum of incorporation ("MOI") and, the Companies Act, as read with the JSE Listings Requirements.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

AGENDA

1. Presentation of the audited annual financial statements of the Company, including the reports of the directors, external auditors and the Audit and Risk Committee, for the year ended 31 March 2020

In terms of the Act, the audited annual financial statements of the Company (including the reports of the directors and the Audit and Risk Committee) for the year ended 31 March 2020 as approved by the Board will be presented to the shareholders of the Company.

A summary of the audited annual financial statements of the Group is set out on pages 19 to 30 of this notice of annual general meeting ("notice"). This summary is not exhaustive and the complete annual financial statements of the Group should be read in their entirety for a full appreciation of their contents. The complete audited annual financial statements of the Group, including the unmodified audit opinion, are available on HPLR's website at www.hplr.co.za. Alternatively, shareholders of the Company may request and obtain a copy of the complete annual financial statements of the Group in person, at no charge, at the registered office of the Company (103 Bofors Circle, Epping Industria, 7460) during office hours.

2. Presentation of Social and Ethics Committee Report

In accordance with Regulation 43 of the Companies Regulations, 2011, the Company's Social and Ethics Committee Report for the financial year ended 31 March 2020, prepared and approved by the Company's Social and Ethics Committee and set out in the 2020 Integrated Annual Report, will be presented to the shareholders of the Company. Any specific questions to the Social and Ethics Committee may be sent to the Company Secretary prior to the annual general meeting.

3. Ordinary resolution number 1 (1.1 to 1.2): *Retirement and re-election of directors*

3.1 Ordinary resolution number 1.1: *Re-election of Mr L Govender as director*

"Resolved that Mr L Govender be and is hereby re-elected as a director of the Company."

3.2 Ordinary resolution number 1.2: *Re-election of Ms NB Jappie as director*

"Resolved that Ms NB Jappie be and is hereby re-elected as a director of the Company."

Explanatory Note

Mr L Govender and Ms NB Jappie ("the directors") retire as directors in accordance with the Company's MOI and the JSE Listings Requirements but, being eligible, each offer themselves for re-election as a director of the Company.

The Board has considered the proposed re-election of the above directors and recommends that they be re-elected as directors of the Company. Brief CV details of the abovementioned directors are included in Appendix 1 of this notice.

The reason for ordinary resolution numbers 1.1 to 1.2 is to propose the re-election of the directors who have retired as directors in accordance with the Company's MOI and JSE Listing Requirements. These elections will be conducted by a series of separate votes in respect of each candidate. Accordingly, shareholders are requested to consider and, if deemed fit, to re-elect the directors by way of passing the ordinary resolutions set out above.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

4. Ordinary resolution number 2: *Re-appointment of auditor*

“Resolved that BDO South Africa Incorporated and Mr Cillié, as designated auditor, is hereby appointed as the auditor to the Company for the ensuing year.”

Explanatory Note

In terms of the Act, the Company, being a public company, must have its financial results audited and such auditor of the Company must each year at the Company’s annual general meeting be appointed or re-appointed, as the case may be, as an external auditor. The Company’s current external auditor is BDO South Africa Incorporated, which has indicated that Mr Cillié who is a director of the firm and a registered auditor and accredited with the JSE in accordance with the JSE Listings Requirements will undertake the audit.

The Company’s Audit and Risk Committee has recommended that BDO South Africa Incorporated be re-appointed as the auditors of the Company, for the ensuing year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 March 2021 is Mr Cillié.

5. Ordinary resolution number 3 (3.1 to 3.3): *Re-appointment of the members of the Audit and Risk Committee of the Company*

5.1 Ordinary resolution number 3.1: *Re-election of Mr L Govender as member of the Audit and Risk Committee*

“Resolved that Mr L Govender be and is hereby re-appointed to the Audit and Risk Committee of the Company.”

5.2 Ordinary resolution number 3.2: *Re-election of Ms NB Jappie as member of the Audit and Risk Committee*

“Resolved that Ms NB Jappie be and is hereby re-appointed to the Audit and Risk Committee of the Company.”

5.3 Ordinary resolution number 3.3: *Re-election of Ms RD Watson as member of the Audit and Risk Committee*

“Resolved that Ms RD Watson be and is hereby re-appointed to the Audit and Risk Committee of the Company.”

Explanatory Note

In terms of the Act, at each annual general meeting an Audit Committee comprising at least three members must be elected. It is proposed that the following independent non-executive directors be elected as members of the Audit and Risk Committee for the ensuing year. The Board has considered the proposed appointment of Mr L Govender, Ms NB Jappie and Ms RD Watson and recommends that they be re-appointed to the Audit and Risk Committee. The appointment of each member of the Audit and Risk Committee will be voted on separately.

The re-appointment of Mr L Govender and Ms NB Jappie to the Audit and Risk Committee is subject to the approval of ordinary resolutions 1.1 and 1.2 above.

Brief CV’s of the members are included in Appendix 1 to this notice.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

6. Non-Binding advisory votes: *Advisory endorsement of the remuneration policy and implementation report*

6.1 Non-binding advisory vote 1: Company's remuneration policy

"Resolved, by way of a non-binding advisory vote, that the Company's remuneration policy, as set out in Appendix 2 to this notice, be and is hereby endorsed."

6.2 Non-binding advisory vote 2: Company's implementation report on the remuneration policy

"Resolved, by way of a non-binding advisory vote, that the Company's implementation report in respect of the remuneration policy, as set out in Appendix 2 to this notice, be and is hereby endorsed."

Explanatory Note

The reason for non-binding advisory votes 1 and 2 is that in terms of Part 5.4, principle 14 (recommended practice 37) of the King IV Report on Corporate Governance™ for South Africa, 2016 ("King IV™") the Company's remuneration policy and implementation report should be tabled to shareholders for separate non-binding advisory votes at the annual general meeting. This vote enables shareholders to express their views on the remuneration policies adopted and on their implementation. Furthermore, King IV™ recommends that the remuneration policy should record the measures that the Board commits to in the event that either the remuneration policy or the implementation report, or both, have been voted against by 25% (twenty-five percent) or more of the voting rights exercised by shareholders.

Shareholders are requested to separately endorse the Company's remuneration policy and the implementation report included in the Remuneration Report as Appendix 2, by way of separate non-binding advisory votes.

7. Special resolution number 1: *General authority to issue ordinary shares, options and convertible securities for cash*

"Resolved that the directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue any of the Company's unissued ordinary shares (or to issue options or convertible securities convertible into ordinary shares) for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listings Requirements, provided that:

- the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond 15 months from the date of this resolution;*
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 15% of the Company's issued share capital of that class as at the date of this notice, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders and, shares issued in respect of the HPLR Group Employee Option Scheme shall not count towards the number of ordinary shares that comprise the 15% of the ordinary shares that can be issued in terms of this special resolution. As at the date of this notice, 15% of the Company's issued ordinary share capital (net of treasury shares) amounts to 43 500 000 ordinary shares;*
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such securities, as determined over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE will be consulted for a ruling if the Company's securities have not traded in such 30 business day period;*
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;*

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

7. Special resolution number 1: *General authority to issue ordinary shares, options and convertible securities for cash* (continued)

- any such issue will only be comprised of securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE (“SENS”).”

Explanatory Note

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, in consideration for acquisitions and/or to duly approved share incentive schemes), it is necessary for the Board of the Company to obtain the prior authority of shareholders in accordance with the JSE Listings Requirements and the MOI of the Company. Accordingly, the reason for special resolution number 1 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the MOI of the Company.

8. Special resolution number 2: *Approval of annual fees to be paid to non-executive directors*

“Resolved that for the period 1 November 2020 until the date of the next annual general meeting of the Company, the remuneration payable to non-executive directors of the Company for their services as directors will be as follows:

<i>Type of fee</i>	Current Fee (excl VAT)	New Proposed Fee (excl VAT)
<i>Board members – annual fee</i>	<i>R 116 850</i>	<i>R 116 850</i>
<i>Board committee members – annual fee*</i>	<i>R 48 310</i>	<i>R 48 310</i>

* Where a non-executive director is a member of more than one Board Committee of the Company, the annual Board Committee fee for such director is limited to R 48 310.

Explanatory Note

In terms of section 66(8) of the Act, the Company may pay remuneration to its directors for their services as directors. In terms of section 66(9) of the Act the remuneration may only be paid to directors for their services as directors in accordance with a special resolution approved by shareholders during the previous two years.

9. Special resolution number 3: *General authority to repurchase Company shares*

“Resolved that the Company hereby approves, as a general approval contemplated in paragraph 5.72 of Section 5 of the JSE Listings Requirements, the repurchase by the Company or any of its subsidiaries from time to time of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI, the provisions of the Act and the JSE Listings Requirements, as presently constituted and which may be amended from time to time, and provided further that:

- acquisitions by the Company and its subsidiaries of shares in the capital of the Company in terms of this general authority to repurchase shares may not, in the aggregate, exceed in any one financial year 20% of the Company’s issued share capital of the class of the repurchased shares from the date of the grant of this general authority. As at the date of this notice, 20% of the Company’s issued ordinary share capital (net of treasury shares) amounts to 58 000 000 ordinary shares;
- any such repurchase shall be effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- the Company (or any subsidiary) is authorised to do so in terms of its MOI;

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Special resolution number 3: *General authority to repurchase Company shares* (continued)

- *this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;*
- *in determining the price at which the Company's shares are repurchased by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% above the weighted average of the market price at which such shares are traded on the JSE for the five business days immediately preceding the date the repurchase transaction is effected;*
- *at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf;*
- *the Company or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless there is a repurchase programme in place and the dates and quantities of shares to be repurchased during the relevant period are fixed and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period. The Company must instruct an independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;*
- *an announcement will be published on SENS as soon as the Company and/or its subsidiaries has/have acquired shares in terms of this authority constituting, on a cumulative basis, 3% of the initial number of shares of the class of shares in issue at the time that this general authority is granted by shareholders, and each time the Company acquires a further 3% of the initial number thereafter, which announcement(s) shall contain full details of such repurchases as required in terms of the JSE Listings Requirements; and*
- *a repurchase shall only be effected if the Board of directors have at the time of the repurchase passed a resolution authorising the repurchase in terms of sections 48 and 46 of the Act and it reasonably appears that the Company and its subsidiaries have satisfied the solvency and liquidity test and that, since the test was performed, there have been no material changes to the financial position of the Company and its subsidiaries."*

Explanatory note

The reason for special resolution number 3 is to grant the directors of the Company and/or subsidiaries of the Company a general authority in terms of the Act and the JSE Listings Requirements to acquire the Company's ordinary shares, subject to the terms and conditions set out in the special resolution. The directors require that such general authority should be implemented in order to facilitate the repurchase of the Company's ordinary shares in circumstances where the directors consider this to be appropriate and in the best interests of the Company and its shareholders.

Director's statement:

Pursuant to and in terms of the JSE Listings Requirements, the Board of directors of the Company hereby states that:

- it is their intention to utilise the general authority to acquire shares in the Company if at some future date the cash resources of the Company are in excess of its requirements and the opportunity presents itself to do so during the year, which the Board deems to be in the best interest of the Company and its shareholders, taking prevailing marketing conditions and other factors into account;
- in determining the method by which the Company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such repurchase will take place, the directors of the Company will only make the repurchase if at the time of the repurchase they are of the opinion that the following conditions have been and will be met:
 - the Company and the Group will be able to pay their debts for a period of 12 months after the date of this notice;
 - the assets of the Company and the Group are to be in excess of the liabilities of the Company and Group for a period of 12 months after the date of this notice (for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the audited financial statements for the year ended 31 March 2020);

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

9. Special resolution number 3: *General authority to repurchase Company shares* (continued)

- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of this notice;
- the working capital of the Company and the Group are adequate for the ordinary business purposes for a period of 12 months after the date of approval of this notice; and
- resolution being passed by the Board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the Group.

The authority granted in terms of this special resolution number 3 is limited to paragraph 5.72(a), (c), (d) and paragraph 5.68 of the JSE Listings Requirements.

The following additional information is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- major beneficial shareholders – Appendix 3 of the document of which this notice of annual general meeting forms part; and
- share capital of the Company – Appendix 3 and page 15 of the document of which this notice of annual general meeting forms part.

10. Special resolution number 4: *Shareholders' general authorisation of financial assistance*

“Resolved that, to the extent required by sections 44 and 45 of the Act, the Board may, subject to compliance with the requirements of the Company’s MOI and the Act, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, to;

- *any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company; and/or*
- *any of its present or future subsidiaries and/or any other company or corporation that is or becomes related to or inter-related with the Company for any purpose or in connection with any matter; and/or*
- *any of the present or future directors or prescribed officers (or any person related to any of them or to any company or entity related or inter-related to any of them), or to any other person who is or may be a participant in any of the HPLR Group Employee Option Scheme, current or future employee share plans or other incentive schemes, or any share scheme trust or other entity facilitating any such scheme, for the purpose of, or in connection with, the subscription for any option, or any securities, issued or to be issued by the Company or a related or inter-related company or entity or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such plan or scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Act.*

The financial assistance may be provided at any time during the period commencing on the date of the adoption of this resolution and ending two years after such date.”

Explanatory Note

As part of the normal conduct of the business of the Company and its subsidiaries from time to time, the Company, where necessary, provides financial assistance to its related and inter-related companies and entities (as contemplated in the Act) including the provision of guarantees and other forms of security to third parties which provide funding to the Company’s subsidiaries, whether by way of loans, subscribing for shares (including preference shares) or otherwise. In the circumstances and in order to ensure that, among other things, the Company and its subsidiaries and other related and inter-related companies and entities continue to have access to, and are able to appropriately structure their financing for purposes of funding their corporate and working capital requirements, it is necessary that the Company obtains the approval of shareholders in terms of this special resolution number 4.

NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 MARCH 2020 (continued)

10. Special resolution number 4: Shareholders' general authorisation of financial assistance (continued)

The Company may furthermore wish to provide financial assistance to its subsidiaries and other related and inter-related companies and corporations including pursuant to the Company's employee and other share schemes.

Sections 44 and 45 of the Companies Act provide that the financial assistance required can only be provided pursuant to a special resolution of the shareholders, adopted within the previous two years, which resolution must have approved such financial assistance either for the specific recipient or generally for a category of potential recipients (and the specific recipient falls within that category), and the directors must be satisfied that:

- immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as defined in section 4 of the Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

The passing of this special resolution number 4 will have the effect of authorising the Company to provide direct or indirect financial assistance in accordance with sections 44 and 45 of the Companies Act, for a period of two years after the adoption of this resolution.

11. Ordinary Resolution number 4: Directors' authority to implement Company resolutions

"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary for or incidental to the implementation of the resolutions passed at this meeting."

12. To transact such other business which may be transacted at an annual general meeting

By order of the Board

*HCI Managerial Services
Proprietary Limited*

HCI Managerial Services Proprietary Limited

28 July 2020

Cape Town

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

STATEMENT OF RESPONSIBILITY OF THE BOARD OF DIRECTORS

The directors of Hosken Passenger Logistics and Rail Limited (“HPLR” or “the Group”) are responsible for the maintenance of adequate accounting records and the preparation, integrity and fair presentation of the annual financial statements of the Company and the Group and for other information contained herein.

The summarised consolidated annual financial statements, set out on pages 19 to 30, and the consolidated annual financial statements for the year ended 31 March 2020, available on HPLR’s website, have been prepared, in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the South African Companies Act, 71 of 2008, as amended, on the going concern basis and incorporate full and responsible disclosure. The summarised information included in this report has been extracted from the audited consolidated annual financial statements.

The consolidated annual financial statements are based upon appropriate accounting policies and supported by reasonable and prudent judgements and estimates. The consolidated annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

The directors are satisfied that the information contained in the consolidated annual financial statements fairly represents the results of operations for the year and the financial position of the Group at year end. The accuracy of the other information included in this report was considered by the directors and they are satisfied that it accords with the consolidated annual financial statements.

The directors are also responsible for the Group’s system of internal financial controls. The system was developed to provide reasonable, but not absolute, assurance regarding the reliability of the financial statements, the safeguarding of assets, and to prevent and detect misrepresentation and losses.

The directors are of the opinion that the Group will continue as a going concern in the foreseeable future.

The consolidated annual financial statements were audited by the independent auditor, BDO South Africa Incorporated, to whom unrestricted access was given to all financial records and related information. The report of the independent auditor is presented on page 18.

The directors, whose names are stated below, hereby confirm that –

- (a) the consolidated annual financial statements, fairly present in all material respects the financial position, financial performance and cash flows of the Company in terms of IFRS;
- (b) no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the Company and its consolidated subsidiaries have been provided to effectively prepare the annual financial statements of the Company; and
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having applied the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls, and have taken the necessary remedial action. There has been no fraud that involved directors.

The consolidated annual financial statements for the year ended 31 March 2020 were approved by the Board of directors on 28 July 2020 and are signed on its behalf by:



FE Meyer
Chief executive officer



ML Wilkin
Chief financial officer

Cape Town
28 July 2020

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

DECLARATION BY COMPANY SECRETARY

We certify that Hosken Passenger Logistics and Rail Limited has lodged with the Companies and Intellectual Property Commission, for the financial year ended 31 March 2020, all such returns as required by a public company in terms of the Companies Act of South Africa and that such returns are true, correct and up to date.

*HCI Managerial Services
Proprietary Limited*

HCI Managerial Services Proprietary Limited

Company Secretary

Cape Town
28 July 2020

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

DIRECTORS' REPORT

Nature of business and operations

The Company is an investment holding company and holds interests in various subsidiaries operating within the transport sector. Its investment holdings are detailed below.

There have been no material changes to the nature of the Group's business from the prior year.

Results

Group profit for the period is reflected at R262.9 million (a 7.3% increase on prior year) and headline earnings at R250.5 million (an increase of 6.9% on prior year). Group revenue increased by 15.1% on the prior year and operating costs increased by 14.2%, resulting in an 18.6% increase in operating profit (EBITDA). The prior year comparative results were predominantly affected by a five-week labour strike in the first quarter of FY2019.

During the review period, the Group concluded the acquisition of the remaining shares in both Sibanye Bus Services Proprietary Limited and Table Bay Area Rapid Transport Proprietary Limited on 1 April 2019 and 31 July 2019 respectively, acquiring an additional 33.33% of Sibanye on each of these dates for a total consideration of R53.1 million and an additional 24.97% in TBRT on each of these dates for a total consideration of R78.5 million. The acquisition of the additional shares in Sibanye Bus Services Proprietary Limited, previously held as an Investment in associate, contributed R91.3 million to revenue for the Group and R17.3 million to Group profit after tax for the year.

Cash dividends

During the course of the financial year, the Company paid a final ordinary dividend in respect of the year ended 31 March 2019 of 28 cents per share on 18 June 2019 and an interim ordinary dividend in respect of the year ended 31 March 2020 of 14 cents per share on 17 December 2019. The Board declared a final ordinary dividend in respect of the year ended 31 March 2020 of 31 cents per share on 29 May 2020 which was paid on 22 June 2020.

Share capital

There was no change in the authorised or issued share capital of the Company during the period under review. At 31 March 2020, the total shares in issue was 290 000 000.

Majority shareholder

The Company's ultimate holding company is Hosken Consolidated Investments Limited holding 82.11% of the issued share capital of the Company at 31 March 2020 (2019: 75.07%).

Directorate

The directors of the Company who held office during the year under review and at the date of this report are as follows:

Directors	Office	Designation
Mr Y Shaik	Chairperson	Non-executive
Mr FE Meyer	Chief executive officer	Executive
Mr ML Wilkin	Chief financial officer	Executive
Mr TG Govender		Non-executive
Mr L Govender	Lead independent	Independent non-executive
Ms NB Jappie		Independent non-executive
Ms RD Watson		Independent non-executive (appointed 17 April 2019)
Ms KF Mahloma		Independent non-executive (resigned 17 April 2019)

In accordance with the Company's MOI and Section 10.16(g) of the JSE Listing Requirements, one-third of non-executive directors will retire at the forthcoming annual general meeting. In terms of which Mr L Govender and Ms NB Jappie, being the retiring directors, and being eligible, offer themselves for re-election.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

DIRECTORS' REPORT (continued)

Directors emoluments

Details of directors' emoluments and share options awarded to executive directors are included in the Remuneration Policy and Implementation of the Remuneration Policy section on pages 33 to 37.

Shareholdings of directors

At year-end and at the date of this report the following directors held shares in the Company:

Director	Direct number of shares held	Direct % of shares in issue held	Indirect number of shares held	Indirect % of shares in issue held	Total number of shares held	Total % of shares in issue held
FE Meyer	102 813	0.0%	4 756	0.0%	107 569	0.0%
TG Govender	87 808	0.0%	821 676	0.3%	909 484	0.3%
	190 621	0.1%	826 432	0.3%	1 017 053	0.4%

Company secretary

The secretary of the Company is HCI Managerial Services Proprietary Limited, whose details are set out on the Corporate Information page.

Investments

Company	Nature of business	Holding
HPL and R Investments Proprietary Limited	Investment Holding	100%
Golden Arrow Bus Services Proprietary Limited	Transport services	100%
Table Bay Area Rapid Transit Proprietary Limited	Transport services	100%
Sibanye Bus Services Proprietary Limited	Transport services	100%
K2019623129 Proprietary Limited (Shuttle Up)	Transport services	90%
Eljosa Travel & Tours Proprietary Limited	Transport services	76%
N2 Express Joint Venture Proprietary Limited	Transport services	33.33%

On 1 March 2020 the Group acquired 90% of the shares of K2019623129 Proprietary Limited, a shuttle service business trading as Shuttle Up (see also note 3 Business combinations).

Going concern

The directors believe that the Group and the Company have adequate financial resources to continue operations for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The impact of the COVID-19 pandemic and the subsequent national lockdown on 27 March 2020 has had a severe impact on the South African economy. The Group's bus services have been designated as essential services during the lockdown period and all companies in the Group have been able to operate limited bus services during the lockdown period, although at reduced passenger numbers in comparison to the prior year.

The directors are not aware of any other material changes that may adversely impact the Group nor are they aware of any material non-compliance with statutory or regulatory requirements which may affect the Group.

In preparing the cash flow forecasts utilised, the impact of the COVID-19 pandemic on the Group's operations and liquidity together with measures taken by subsidiaries to mitigate the financial and operational impact of COVID-19 were considered. The Group has no financial covenants imposed by its funders. Based on these cash flow forecasts the directors are of the view that the Group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

DIRECTORS' REPORT (continued)

Auditors

BDO South Africa Incorporated was appointed in office in accordance with section 90 of the Companies Act 71 of 2008 with Stephan Cillié as designated auditor for the year ended 31 March 2020.

No material change

There has been no material change in the financial or trading position of the Group since the publication of its provisional results for the year ended 31 March 2020.

Special resolutions

The following special resolutions were passed by the Company's shareholders at the annual general meeting held on 12 September 2019:

- Granting the Company a general authority to allot and issue the Company's unissued ordinary shares (or to issue options or convertible securities into ordinary shares) for cash, subject to the provisions of the Company's MOI, the Companies Act and the JSE Listing requirements;
- Approval of the fees payable to non-executive directors for their services as directors or as members of the board sub-committees in respect of the financial period 1 October 2019 until the next annual general meeting of the Company; and
- Granting the Company and the subsidiaries of the Company a general authority contemplated in terms of the JSE Listings Requirement paragraph 5.72, for the acquisition by the Company, or a subsidiary of the Company, of ordinary issued shares issued by the Company.

Special resolutions of subsidiaries

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company.

Subsequent events

Due to a reduction in demand during the COVID-19 lockdown and the uncertainty going forward, Golden Arrow Bus Services Proprietary Limited entered into a Section 189 retrenchment process with its workforce, resulting in the retrenchment of approximately 12.5% of its workforce in July 2020 at a total termination cost of approximately R9.2 million.

The directors are not aware of any further matter or circumstance arising since the end of the financial year to the date of this report, not otherwise dealt with within the annual financial statements that would affect the operations or results of the Group significantly.

Preparer

These annual financial statements were prepared under the supervision of the chief financial officer, Mr ML Wilkin CA(SA).

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

To the shareholders of Hosken Passenger Logistics and Rail Limited

Opinion

The summarised consolidated financial statements of Hosken Passenger Logistics and Rail Limited, set out in the Notice of Annual General Meeting, which comprise the summarised consolidated statement of financial position as at 31 March 2020, the summarised consolidated statement of comprehensive income, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Hosken Passenger Logistics and Rail Limited for the year ended 31 March 2020.

In our opinion, the accompanying summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements of Hosken Passenger Logistics and Rail Limited, in accordance with the JSE Limited's (JSE) requirements for summarised financial statements, as set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

Summarised consolidated financial statements

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and our Report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 28 July 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Directors' Responsibility for the Summarised Consolidated Financial Statements

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the JSE's requirements for summarised financial statements, set out in the note "Basis of presentation of summarised consolidated financial statements" to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summarised consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

BDO South Africa Incorporated

BDO South Africa Incorporated

Registered Auditors

Stephan Cillié

Director

Registered Auditor

28 July 2020

119-123 Hertzog Boulevard

Foreshore

Cape Town, 8001

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	Notes	2020 R'000	2019 R'000
ASSETS			
Non-current assets		1 786 707	1 610 505
Property, plant and equipment	2	1 730 134	1 579 256
Right-of-use asset	1	25 360	-
Goodwill		27 298	8 451
Intangible assets		62	57
Investments in associates		3 358	22 342
Deferred taxation		495	399
Current assets		576 927	609 825
Inventories		19 541	17 559
Trade and other receivables		60 826	68 933
Taxation		6 937	2 376
Cash and cash equivalents		489 623	520 957
Total assets		2 363 634	2 220 330
EQUITY AND LIABILITIES			
Equity		1 226 588	1 158 702
Equity attributable to equity holders of the parent		1 228 751	1 115 079
Non-controlling interest		(2 163)	43 623
Non-current liabilities		695 780	633 272
Borrowings		25 700	48 188
Instalment sale obligations		314 200	292 994
Lease liability	1	23 549	-
Post-employment medical benefit liability		55 835	64 675
Deferred taxation		276 496	227 415
Current liabilities		441 266	428 356
Trade and other payables		161 980	155 513
Post-employment medical benefit liability		4 559	4 354
Borrowings		22 603	21 586
Instalment sale obligations		155 027	145 315
Taxation		2 028	5 653
Provisions		95 069	95 935
Total equity and liabilities		2 363 634	2 220 330

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
Revenue	5	2 048 402	1 779 849
Other income		18 827	14 541
Operating expenses		(1 578 572)	(1 382 392)
Operating profit (EBITDA)		488 657	411 998
Depreciation and amortisation		(93 411)	(81 471)
Investment income		25 774	48 810
Income from equity accounted investments		436	10 999
Fair value adjustment on associate on change of control		9 163	-
Finance costs		(50 312)	(45 014)
Profit before taxation		380 307	345 322
Taxation		(117 397)	(100 406)
Profit for the year		262 910	244 916
Profit attributable to:			
Equity holders of the parent		261 042	233 908
Non-controlling interest		1 868	11 008
		262 910	244 916
Earnings per share (cents)			
Basic and diluted		90.01	80.66

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	2020 R'000	2019 R'000
Profit for the year	262 910	244 916
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains/(losses) on defined benefit plans	12 709	(2 730)
Taxation relating to actuarial gains/(losses) on defined benefit plans	(3 559)	764
Total comprehensive income for the year	272 060	242 950
Total comprehensive income attributable to:		
Equity holders of the parent	270 192	231 942
Non-controlling interest	1 868	11 008
	272 060	242 950

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2020

	2020		2019	
	R'000 Gross	R'000 Net	R'000 Gross	R'000 Net
Earnings attributable to equity holders of the parent		261 042		233 908
Profit on disposal of plant and equipment	(11 568)	(8 329)	(913)	(657)
Impairment of plant and equipment	13 151	9 469	10 903	7 850
Insurance claim for capital assets	(6 287)	(4 527)	(9 492)	(6 834)
Fair value adjustment on associate on change of control	(9 163)	(7 110)	-	-
Headline earnings		250 545		234 267
Earnings per share (cents)				
Basic and diluted		90.01		80.66
Headline earnings per share (cents)				
Basic and diluted		86.39		80.78
Weighted average number of shares in issue ('000)				
Basic and diluted		290 000		290 000
Actual number of shares in issue ('000)		290 000		290 000

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
Balance at the beginning of the year		1 158 702	1 406 308
Adjustment on initial application of IFRS 15		-	(4 272)
Adjustment on initial application of IFRS 16		293	-
Total comprehensive income		272 060	242 950
Equity settled share-based payments		4 876	3 816
Acquisition of subsidiaries (non-controlling interest portion)	3	17 520	-
Effects of changes in shareholding	4	(105 063)	-
Dividends		(121 800)	(490 100)
Balance at the end of the year		1 226 588	1 158 702

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2020

	Notes	2020 R'000	2019 R'000
Cash flows from operating activities		276 403	356 795
Cash generated from operations		509 101	456 820
Investment income		25 774	55 012
Finance costs		(50 312)	(45 014)
Taxation paid		(86 360)	(69 423)
Ordinary dividends paid		(121 800)	(40 600)
Cash flows from investing activities		(9 584)	404 038
Dividends received		2 000	7 000
Business combinations	3	13 056	-
Acquisition of property, plant and equipment		(38 587)	(56 348)
Acquisition of intangible assets		(5)	-
Proceeds from settlement of financial asset		-	448 417
Proceeds from sale of plant and equipment		13 952	4 969
Cash flows from financing activities		(298 153)	(548 006)
Funding raised	6	-	60 000
Funding repaid	6	(192 487)	(158 506)
Principal paid on lease liabilities		(603)	-
Transactions with non-controlling shareholders	4	(105 063)	-
Special dividends paid		-	(449 500)
Total cash movement for the year		(31 334)	212 827
Cash and cash equivalents			
At the beginning of the year		520 957	308 130
At the end of the year		489 623	520 957

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 March 2020

Basis of preparation and accounting policies

The summarised consolidated annual financial statements are prepared in accordance with the requirements of the JSE Listings Requirements and the Companies Act. The Listings Requirements require summarised consolidated annual financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”), the SAICA Financial Reporting Guides (as issued by the Accounting Practices Committee), and Financial Pronouncements (as issued by the Financial Reporting Standards Council) and to also, as a minimum, contain the information required by IAS 34 – Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated annual financial statements from which the summarised consolidated annual financial statements were derived, are compliant in terms of IFRS and are consistent with those applied in the previous annual financial statements, other than the adoption of IFRS 16 Leases. IFRS 16 has been adopted from 1 April 2019 using the modified retrospective approach whereby no comparative figures were restated, but instead the transitional adjustments were recognised in opening retained earnings. The application of IFRS 16 has resulted in the Group recognising a right-of-use asset and a corresponding lease liability in its statement of financial position. Refer to the change in accounting policy note below for further details on the application of IFRS 16. Details of the standards adopted are provided in the annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 1/2019 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

Operating segment

The directors have considered the implications of IFRS 8: Operating segments, and are of the opinion that the operations of the Group constitute one operating segment, being the provision of passenger transport services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the Chief Operating Decision-Maker, who is the Group’s chief executive officer.

1. Change in Accounting Policy

The Group adopted IFRS 16 using the modified retrospective approach from 1 April 2019. Applying the specific transition provisions of IFRS 16, the comparatives for the 2018 reporting periods have not been restated, and instead, the resulting adjustments and reclassifications have been recognised in the opening balance sheet on 1 April 2019.

The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 April 2019.

IFRS 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- a single discount rate was applied to a portfolio of leases with reasonably similar characteristics;
- initial direct costs were excluded from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if IFRS 16 had been applied since the commencement date; and
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of the lease term remaining as of the date of initial application.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Change in Accounting Policy (continued)

The Group further elected not to recognise right-of-use assets and lease liabilities for leases of low value assets based on the value of the underlying asset when new.

On adoption of IFRS 16, the Group recognised a right-of-use asset and lease liability in relation to the lease of a property which had previously been classified as an operating lease. Included in the measurement of this lease liability is an option to purchase the property on the expiry of the lease term in February 2022 for a consideration of R22.5 million.

The right-of-use asset was measured at the carrying value that would have resulted from IFRS 16 being applied from the commencement date of the lease.

The lease liability was measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 April 2019. The Group's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 9%.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 April 2019:

	R'000
Right-of-use asset	25 425
Deferred tax liability	(114)
Lease liability	(25 018)
Restatement of retained earnings as at 1 April 2019	293

The following table reconciles the minimum lease commitments disclosed in the Group's 2019 annual financial statements to the amount of the lease liability recognised on 1 April 2019:

	R'000
Minimum operating lease commitment at 31 March 2019	8 813
Plus: effect of option to purchase reasonably certain to be exercised	22 500
Undiscounted lease payments	31 313
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	(6 295)
Lease liability recognised at 1 April 2019	25 018

Included in profit for the period are R0.07 million of depreciation on right-of-use assets and R2.23 million of finance costs on the lease liability. Short-term and low-value leases included in other operating expenses for the year were R1.69 million and R0.40 million respectively. Lease payments of R2.83 million were recognised in respect of the lease liability, of which R0.60 million related to the principal amount.

Reconciliation of right-of-use asset	R'000
Recognised on adoption of IFRS 16 (1 April 2019)	25 425
Depreciation	(65)
Carrying value as at 31 March 2020	25 360

The right-of-use asset is depreciated on a straight-line basis over the remaining economic life of the asset.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

1. Change in Accounting Policy (continued)

Reconciliation of lease liability	R'000
Recognised on adoption of IFRS 16 (1 April 2019)	25 018
Finance costs	2 228
Lease payments	(2 831)
Carrying value as at 31 March 2020	24 415
Of which:	
Current (included in trade and other payables)	866
Non-current	23 549
	24 415

Subsequent to initial measurement, the lease liability increases as a result of interest charged at a constant rate on the balance outstanding and is reduced by lease payments made.

2. Property, plant and equipment

The movement in property, plant and equipment is summarised as follows:

	Carrying value at 31 March 2019 R'000	Additions R'000	Business Combi- nations R'000	Depre- ciation R'000	Disposals R'000	Impair- ments R'000	Carrying value at 31 March 2020 R'000
Buses	1 180 966	180 117	58 850	(83 177)	(2 242)	(12 462)	1 322 052
Computer hardware, fare collection and radio equipment	63 142	3 941	188	(6 491)	-	(689)	60 091
Land and building and leasehold improvements	326 962	12 297	-	(43)	-	-	339 216
Motor vehicles	3 467	1 794	1 850	(1 891)	(67)	-	5 153
Plant and machinery	3 714	639	-	(1 500)	(75)	-	2 778
Furniture and fixtures	1 005	71	10	(242)	-	-	844
Total	1 579 256	198 859	60 898	(93 344)	(2 384)	(13 151)	1 730 134

3. Business combinations

In line with the Group's strategy to expand its interests in transport-related businesses, Golden Arrow Bus Services acquired 33.33% of the shares in Sibanye Bus Services Proprietary Limited ("Sibanye"), previously a 33.33% held associate, effective 1 April 2019 for a purchase consideration of R26.5 million resulting in the Group gaining control on this date. The remaining 33.34% shares were acquired on 31 July 2019 for a purchase consideration of R26.5 million and reflect as a change in shareholding in the statement of changes in equity, as detailed below.

The acquired business contributed R91.3 million to revenue for the Group and R17.3 million to Group profit after tax for the year ended 31 March 2020.

On 1 March 2020 the Group acquired 90% of the shares of K2019623129 Proprietary Limited, a shuttle service business trading as Shuttle Up, for a total consideration of R2.3 million. This Company did not trade for the year ended 31 March 2020 and as such it had no effect on Group revenue nor profit after tax for the year ended 31 March 2020.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

3. Business combinations (continued)

A summary of the cost of acquisitions, net cash flow on acquisitions and analysis of assets and liabilities acquired are as follows:

	Sibanye R'000	Shuttle Up R'000	Total R'000
Non-current assets	59 050	1 850	60 900
Current assets	48 070	580	48 650
Non-current liabilities	(35 540)	-	(35 540)
Current liabilities	(19 804)	-	(19 804)
Net assets acquired	51 776	2 430	54 206
Non-controlling interest	(17 257)	(263)	(17 520)
Fair value of previously held interest	(26 583)	-	(26 583)
Goodwill on acquisition	18 647	200	18 847
Purchase consideration	26 583	2 367	28 950
Cash and cash equivalents on date of acquisition	(41 426)	(580)	(42 006)
Net cash (in)/outflow on acquisition	(14 843)	1 787	(13 056)

Goodwill arose on acquisition and can be attributed to the benefits of expected synergies and revenue growth.

4. Effects of changes in shareholding

Reflected in the statement of changes in equity is an amount of R105 million, which reflects the total changes in shareholding from the acquisition of the remaining non-controlling interests in both Table Bay Area Rapid Transport Proprietary Limited ("TBRT") and Sibanye.

Further reflected in the cash flow statement is the R105 million payment for the transaction with the non-controlling shareholders, comprising R26.5 million for the final 33.33% of Sibanye acquired on 31 July 2019 and R78.5 million for the remaining 49.94% of TBRT acquired equally on 1 April 2019 and 31 July 2019.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

5. Revenue

Group revenue for the year is made up as follows:

	2020 R'000	2019 R'000
Revenue from bus services provided		
<i>Revenue recognised over time</i>		
Operational contract carrying revenue risk	1 006 182	896 809
Operational contract with no revenue risk	136 433	113 916
Sale of multi-journey tickets	545 728	472 682
<i>Revenue recognised at a point in time</i>		
Sale of single journey tickets	263 244	209 290
Charter hire services	84 562	69 943
Total revenue from bus services	2 036 149	1 762 640
Revenue from automotive repair services		
<i>Revenue recognised at a point in time</i>		
Bus and vehicle repair and maintenance	1 332	7 982
Other income		
<i>Revenue recognised over time</i>	3 649	1 833
<i>Revenue recognised at a point in time</i>	7 272	7 394
	10 921	9 227
Total revenue	2 048 402	1 779 849

6. Borrowings arising from financing activities

Movements in the carrying value of borrowings are as follows:

	2020 R'000	2019 R'000
Carrying value at the beginning of the year	508 083	450 210
Cash-flows:		
Raising of new debt (term loan)	-	60 000
Debt repayments	(192 487)	(158 506)
Non-cash:		
Raising of instalment sales obligations	160 272	156 379
Arising on business combination	41 662	-
	517 530	508 083

R160.2 million (2019: R156.4 million) of debt raised in the period relates to instalment sale obligations used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

NOTES TO THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

For the year ended 31 March 2020

7. Commitments

	2020 R'000	2019 R'000
Capital expenditure		
Property, plant and equipment authorised but not yet contracted	7 521	-
Property, plant and equipment authorised and contracted to be expended	109 008	109 278

It is intended that this expenditure will be funded from bank finance and operating cash flows.

8. Related party transactions

Related party transactions similar to those disclosed in the Group's 2019 annual financial statements took place for the year ended 31 March 2020, and are disclosed in the Group's annual financial statements for the year ended 31 March 2020.

APPENDIX 1: CURRICULUM VITAE OF DIRECTORS

Yunis Shaik (“Yunis”)

Non-executive chairperson

B.Proc

Appointed: 1 February 2018

Nationality: South African

Age: 62

Board Committees: Social and Ethics

Expertise and experience: Prior to his appointment at Hosken Consolidated Investments Limited (“HCI”), Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former Deputy General Secretary of the Southern African Clothing and Textile Workers Union (“SACTWU”) and served as a senior commissioner to the Commission of Conciliation, Mediation and Arbitration (“CCMA”) in KwaZulu-Natal. He was appointed to the HCI board in August 2005 as a non-executive director and appointed as an executive director in 2014. He serves on the boards of Tsogo Sun Gaming Limited, Deneb Investments Limited, eMedia Holdings Limited and Niveus Investments Limited. He has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2014.

Theventheran Govindsamy Govender (“Kevin”)

Non-executive director

B.Comm (Hons), B.Compt (Hons)

Appointed: 1 February 2018

Nationality: South African

Age: 50

Board Committees: Remuneration

Expertise and experience: Kevin joined the HCI Group in 1997 and held the position of financial officer from 2001 until 2019. He was appointed to the HCI board as an executive director in June 2009. He serves on the boards of Deneb Investments Limited, eMedia Holdings and Montauk Holdings Limited. He has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2006.

Francois Eckhard Meyer (“Francois”)

Chief executive officer

Dip Trans B.Comm, MBA

Appointed: 6 March 2018

Nationality: South African

Age: 58

Board Committees: Social and ethics

Expertise and experience: Francois has been working in the scheduled bus operations industry for the past 35 years and started his career in transport at United Transport’s Western Bus Lines, in the North West, in 1985. He joined Golden Arrow Bus Services Proprietary Limited in 1991 as project manager overseeing the Company’s Mossgas contract. He was appointed operations manager in 1993, assumed the position of general manager in 2004 and became chief executive officer in 2015. He was appointed to the Board of HPLR as chief executive officer on 6 March 2018. He is a director of the South African Bus Operators Association (SABOA).

Mark Llewellyn Wilkin (“Mark”)

Chief financial officer

B.Comm, CA (SA)

Appointed: 6 March 2018

Nationality: South African

Age: 66

Board Committees: None

Expertise and experience: Mark worked for Deloitte Haskins and Sells in London, United Kingdom, from 1980 to 1982. He joined City Tramways in 1983 and was appointed financial director in 1988. In 1992 he was part of the consortium formed by the management team to buy the business of City Tramways from TGH Limited and formed Golden Arrow Bus Services Proprietary Limited, where he has been financial director since 1992. He was appointed to the Board of HPLR as chief financial officer on 6 March 2018.

APPENDIX 1: CURRICULUM VITAE OF DIRECTORS (continued)

Loganathan Govender (“Logie”)

Lead independent non-executive director
B.Comm, CA (SA)
Appointed: 6 March 2018
Nationality: South African
Age: 72
Board Committees: Remuneration, Audit and Risk

Expertise and experience: Logie is the sole proprietor of the auditing firm, Logie Govender & Co which is the oldest black-owned auditing practice in South Africa. He has over 40 years’ experience as a practising auditor. He also serves on the board of eMedia Holdings Limited.

Naziema Begum Jappie (“Naziema”)

Independent non-executive director
B.SocSc (Hons), M.SocSc, PGDip (HE)
Appointed: 6 March 2018
Nationality: South African
Age: 60
Board Committees: Remuneration, Social and Ethics, Audit and Risk

Expertise and experience: Naziema brings with her a distinguished and varied background in fields including education, labour law, conflict resolution and performance and project management. She has served as SACTWU’s National Education Officer, executive director at the Durban University of Technology and Dean of Students at the University of the Witwatersrand. She is currently employed as director for the Centre for Educational Testing for Access & Placement at University of Cape Town. She also holds directorships in Deneb Investments Limited and Montauk Holdings Limited. She has also served on the board of Golden Arrow Bus Services Proprietary Limited since 2013.

Rachel Doreen Watson (“Rachel”)

Independent non-executive director
Appointed: 17 April 2019
Nationality: South African
Age: 61
Board Committees: Audit and Risk, Social and Ethics

Expertise and experience: Rachel served as a manager at a regional radio broadcaster. Prior to this appointment she was employed for 33 years within the clothing industry, serving as a trade union representative and national media officer. Rachel is an independent non-executive director of eMedia Holdings Limited, Tsogo Investment Holdings, Hospitality Property Fund and HCI.

APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY

REPORT OF THE REMUNERATION COMMITTEE

The Group's Remuneration Committee has the following members:

- TG Govender (Chairperson);
- L Govender; and
- NB Jappie

Members of the Remuneration Committee are all non-executive directors, the majority of which are independent. The Chairperson of the Remuneration Committee is not independent, the Board however, deems this necessary to align the Company's remuneration policy with the corporate strategy of the larger HCI Group. The chief executive officer attends the meetings of the Remuneration Committee at the request of the Committee, but recuses himself from the meeting before any decisions are made.

The Remuneration Committee held two formal meetings during the financial year ended 31 March 2020, which was attended by Committee members as follows:

Committee member	No. of meetings attended by member
TG Govender	2
L Govender	2
NB Jappie	1

The Group's Remuneration Policy and the Implementation Report is tabled at each annual general meeting of the Group for a separate non-binding advisory vote by Shareholders. Such policy will record the measures that the Board will adopt should either the Remuneration Policy or the Implementation Report, or both, be voted against by 25% or more of the votes exercised at such annual general meeting. In this regard, should 25% or more of the votes exercised on this resolution at the annual general meeting be against such Policy or Report, HPLR will in its voting results announcement include an invitation to dissenting shareholders to engage with HPLR and the Board, as well as the manner and timing of such engagement.

Function and role of the Remuneration Committee

The Remuneration Committee is primarily responsible for reviewing and approving the remuneration and incentives of the executive directors and approving and awarding share incentives to executives and key management of the Group. It takes cognisance of local best practice relating to remuneration in order to ensure that such total remuneration is fair and reasonable to both the employee and the Company. In addition, the Remuneration Committee assists the Board in reviewing non-executive directors' remuneration recommendations, which are voted on at each annual general meeting of shareholders.

The Remuneration Committee focuses on ensuring that the Company's Remuneration Policy and framework is appropriate and relevant based on key principles including:

- the alignment of executive's remuneration and incentives with the Group's strategy to enhance and protect shareholder value;
- to determine and monitor the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities. The level of remuneration should be directly linked to corporate and individual performance; and
- remuneration packages should be designed to attract and retain people of the required calibre.

Remuneration Policy

Executive directors remuneration

The Remuneration Committee is satisfied that the Remuneration Policy is aligned with the Company's remuneration philosophy. The executives' remuneration is reviewed annually by the Remuneration Committee, who seek to ensure a balance between the executives' base salary, which is fixed, and the variable elements of their remuneration such as bonuses and share options. The salary increases of the executives are usually similar to the average employees' salary increase, for non-union staff members.

APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY (continued)

As part of achieving and maintaining reasonable, acceptable levels of remuneration, the Remuneration Committee focuses on the following strategic components to remuneration:

- Fixed: representing basic salaries and benefits commensurate with market levels and with the goal of attracting and retaining suitable executives.
- Annual incentive awards: an incentive bonus linked to performance of the Group.
- Long term incentives: The Group operates a share scheme, The HPLR Group employee option scheme, which is discussed in more detail below. Awards are linked to corporate performance measures and subject to holding periods.

The remuneration and incentive bonuses of the executive directors is paid by the Group's major subsidiary, Golden Arrow Bus Services, however is subject to approval by the Remuneration Committee.

Non-executive directors remuneration

Non-executive directors receive fixed fees for their services as directors of the Board and as members of Board sub-committees. These fees are reviewed annually by the Remuneration Committee and are recommended by the Board to shareholders for approval at the annual general meeting.

The proposed fee structure, subject to shareholder approval, effective from 1 November 2020 to the 2021 annual general meeting of shareholders is set out in the table below:

Type of fee	Current Fee (excl VAT)	New Proposed Fee (excl VAT)
Board members – annual fee	R 116 850	R 116 850
Board committee members – annual fee*	R 48 310	R 48 310

* Where a non-executive director is a member of more than one Board Committee of the Company, the annual Board Committee fee is limited to R 48 310.

These fees are comparable with those of similarly sized companies. Non-executive directors do not receive short-term incentives and do not participate in the Group share option scheme. Taking into consideration, the potential effect from the COVID-19 pandemic on Group performance for the 2021 financial year-end the Remuneration Committee (supported by the Board) proposed that no fee increase would be implemented for the 2021 financial year-end.

The Group pays all reasonable travelling and accommodation expenses incurred to attend Board and Committee meetings.

The HPLR Group employee option scheme

The Group operates a share option scheme, known as The HPLR Group Employee Option Scheme (“the Scheme”), in terms of which shares in the Company are offered on a share option basis to participants, provided they remain in the Group’s employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date. Options must be exercised within six months of the vesting date, where after the options lapse. Options vest over a periods of three to five years. The maximum number of shares that may be utilised for the purposes of the Scheme is 21 750 000 shares.

In terms of the Scheme, share options, other than the first grant, are awarded to eligible participants at a 10% discount to the 20-business day volume weighted average middle market price, as at the grant date. The number of share options granted is determined using a multiple of the participant’s salary, divided by the discounted market price.

During the financial year ended 31 March 2020, the Remuneration Committee awarded a total of 1 194 437 options at a weighted average option price of R3.33 (2019: 2 544 126 options at an option price of R3.70). Refer to the Implementation Report below for details of the share options awarded to executive directors.

APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY (continued)

IMPLEMENTATION OF THE REMUNERATION POLICY

The Remuneration Committee is satisfied that the Group complied with the Remuneration Policy for the 2020 financial year. The Board endorses the Remuneration Committee's position that the Group's Remuneration Policy appropriately takes into account the remuneration and employment conditions of employees in the Group as well as relevant external factors.

Remuneration

The executive directors' remuneration and incentive bonuses were approved by the Remuneration Committee and endorsed by the Board. Salary increases were in line with inflation and average increases applied to non-unionised staff across the Group.

The following sets out the remuneration paid to directors for the years ended 31 March 2020 and 31 March 2019.

Year ended 31 March 2020	HPLR Group directors' fees R'000s	Directors' fees R'000s	Salary R'000s	Fringe benefits including medical aid R'000s	Pension contributions R'000s	Bonus R'000s	Gain from share schemes R'000s	Total R'000s
Executive directors								
FE Meyer	-	-	3 115	784	291	3 833	-	8 023
ML Wilkin	-	-	2 440	509	228	3 288	-	6 465
	-	-	5 555	1 293	519	7 121	-	14 488
Non-executive directors								
Y Shaik	160	-	3 976	-	-	-	2 017	6 153
TG Govender	160	-	1 965	-	-	-	2 373	4 498
L Govender	185	187	-	-	-	-	-	372
NB Jappie	160	193	-	-	-	-	-	353
RD Watson	153	1 165	-	-	-	-	-	1 318
KF Mahloma	7	-	-	-	-	-	-	7
Paid by HCI subsidiaries not in the HPLR Group	-	(1 545)	(5 941)	-	-	-	(4 390)	(11 876)
Total paid by HPLR Group	825	-	5 555	1 293	519	7 121	-	15 313

APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY (continued)

FE Meyer and ML Wilkin were remunerated by Golden Arrow Bus Services Proprietary Limited as executive directors for the years ended 31 March 2020 and 31 March 2019.

Y Shaik was remunerated by HCI as executive director for the years ended 31 March 2020 and 31 March 2019.

TG Govender was remunerated by HCI as executive director for the years ended 31 March 2020 and 31 March 2019.

L Govender was remunerated by E-Media Holdings Limited (subsidiary of HCI) as non-executive director for the year ended 31 March 2020 and 31 March 2019.

NB Jappie was remunerated by Deneb Investments Limited as non-executive director for the years ended 31 March 2020 and 31 March 2020.

RD Watson was remunerated by HCI, E-Media Holdings Limited and Deneb Investments Limited as non-executive director for the year ended 31 March 2020.

KF Mahloma resigned from the Board on 17 April 2019 and RD Watson was appointed to the Board on 17 April 2019.

Year ended 31 March 2019	HPLR Group directors' fees R'000s	Directors' fees R'000s	Salary R'000s	Fringe benefits including medical aid R'000s	Pension contributions R'000s	Bonus R'000s	Gain from share schemes R'000s	Total R'000s
Executive directors								
FE Meyer	-	-	2 939	694	275	3 602	-	7 510
ML Wilkin	-	-	2 302	499	215	2 822	-	5 838
	-	-	5 241	1 193	490	6 424	-	13 348
Non-executive directors								
Y Shaik	151	130	3 787	-	-	1 600	2 146	7 814
TG Govender	140	130	1 908	67	-	806	1 854	4 905
L Govender	148	169	-	-	-	-	-	317
NB Jappie	159	183	-	-	-	-	-	342
KF Mahloma	148	-	-	-	-	-	-	148
Paid by HCI subsidiaries not in the HPLR Group	-	(612)	(5 695)	(67)	-	(2 406)	(4 000)	(12 780)
Total paid by HPLR Group	746	-	5 241	1 193	490	6 424	-	14 094

APPENDIX 2: REMUNERATION POLICY AND IMPLEMENTATION OF THE REMUNERATION POLICY (continued)

The HPLR Group employee option scheme

The following share options have been awarded to executive directors:

	2020		2019	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
FE Meyer				
Balance at the beginning of the year	2 227 244	6.67	2 016 344	6.98
Options granted	272 707	3.28	210 900	3.70
Balance at the end of the year	2 499 951	6.30	2 227 244	6.67
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	672 115	6.98	672 115	6.98
Between 22 March 2022 and 22 September 2022	70 300	3.70	70 300	3.70
Between 31 March 2022 and 30 September 2022	672 115	6.98	672 115	6.98
Between 16 March 2023 and 16 September 2023	90 902	3.28	-	-
Between 22 March 2023 and 22 September 2023	70 300	3.70	70 300	3.70
Between 31 March 2023 and 30 September 2023	672 115	6.98	672 115	6.98
Between 16 March 2024 and 16 September 2024	90 902	3.28	-	-
Between 22 March 2024 and 22 September 2024	70 300	3.70	70 300	3.70
Between 16 March 2025 and 16 September 2025	90 902	3.28	-	-
ML Wilkin				
Balance at the beginning of the year	1 395 724	6.67	1 263 484	6.98
Options granted	170 883	3.28	132 240	3.70
Balance at the end of the year	1 566 607	6.30	1 395 724	6.67
Unconditional between the following dates:				
Between 31 March 2021 and 30 September 2021	421 161	6.98	421 161	6.98
Between 22 March 2022 and 22 September 2022	44 080	3.70	44 080	3.70
Between 31 March 2022 and 30 September 2022	421 161	6.98	421 161	6.98
Between 16 March 2023 and 16 September 2023	56 961	3.28	-	-
Between 22 March 2023 and 22 September 2023	44 080	3.70	44 080	3.70
Between 31 March 2023 and 30 September 2023	421 162	6.98	421 162	6.98
Between 16 March 2024 and 16 September 2024	56 961	3.28	-	-
Between 22 March 2024 and 22 September 2024	44 080	3.70	44 080	3.70
Between 16 March 2025 and 16 September 2025	56 961	3.28	-	-

No additional share options have been awarded to directors from year-end to the date of this report. As the first tranche of share options only vest in the 2021 financial year-end, there are no long-term incentive outcomes to report for the year ended 31 March 2020.



TG Govender
Chairperson

Remuneration Committee

APPENDIX 3: SHAREHOLDER ANALYSIS

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2020.

DISTRIBUTION OF SHAREHOLDERS

SHARE RANGE	Number of shareholders	% of shareholders	Number of shares	% of issued capital
1 - 1 000	1 711	49.55%	683 873	0.24%
1 001 - 10 000	1 258	36.43%	4 500 966	1.55%
10 001 - 50 000	385	11.15%	7 756 443	2.67%
50 001 - 100 000	44	1.27%	3 044 504	1.05%
100 001 - 500 000	36	1.04%	7 329 770	2.53%
500 001 - 1 000 000	6	0.17%	4 430 158	1.53%
1 000 001 shares and over	13	0.38%	262 254 286	90.43%
Total	3 453	100.00%	290 000 000	100.00%

TYPE OF SHAREHOLDER

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Banks	3	0.09%	138 605	0.05%
Broker	1	0.03%	192	0.00%
Close corporation	35	1.01%	341 333	0.12%
Endowment fund	4	0.12%	40 550	0.01%
Individual	2 973	86.10%	23 989 259	8.27%
Investment company	39	1.13%	242 646 879	83.67%
Pension fund	4	0.12%	324 922	0.11%
Private company	119	3.45%	12 892 115	4.45%
Public company	12	0.35%	5 389 910	1.86%
Trust	263	7.62%	4 236 235	1.46%
Total	3 453	100.00%	290 000 000	100.00%

SHAREHOLDING GREATER THAN 5%

The following beneficial shareholder held, directly or indirectly, 5% or more of the issued shares of the Company.

SHAREHOLDER	Number of shares	% of issued capital
Hosken Consolidated Investments Limited ("HCI")	238 107 145	82.11%

SHAREHOLDER SPREAD

To the best of the knowledge of the directors and after reasonable enquiry, the spread of shareholders at 31 March 2020, was as follows:

	Number of shareholders	% of shareholders	Number of shares	% of issued capital
Public shareholding	3 447	99.83%	50 875 802	17.54%
Non-Public shareholding	6	0.17%	239 124 198	82.46%
HCI (direct)	1	0.03%	232 777 041	80.27%
HCI (indirect)	1	0.03%	5 330 104	1.84%
FE Meyer (direct)*	1	0.03%	102 813	0.04%
FE Meyer (indirect)*	1	0.03%	4 756	0.00%
TG Govender (direct)*	1	0.03%	87 808	0.03%
TG Govender (indirect)*	1	0.03%	821 676	0.28%
Total	3 453	100.00%	290 000 000	100.00%

* Directors



Hosken Passenger Logistics & Rail

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

Registration number 2015/250356/06

Incorporated in the Republic of South Africa

("HPLR" or "the Company")

ISIN Code: ZAE000255907 Share Code: HPR

PROXY FORM

I/We, _____ (name in full)

of address _____

being a registered holder of _____ ordinary shares in HPLR hereby appoint

1. _____ or failing him/her

2. _____ or failing him/her

3. _____ or failing him/her

The Chairperson of the meeting as my proxy to vote for me and on my behalf at the annual general meeting of the Company to be held at 08h30 on Thursday, 15 October 2020 at the offices of Hosken Consolidated Investments Limited, Suite 801, 76 Regent Road, Sea Point, 8005 and at any adjournment thereof as follows:

(Indicate instruction to proxy by way of a cross in space provided below)

Table with columns: Resolution number, Description, For, Against, Abstain. Rows include Ordinary Resolutions (Retirement of directors, Re-election of directors, Re-appointment of auditor, Re-appointment of Audit and Risk Committee members), Non-binding Advisory Votes (remuneration policy, implementation report), and Special Resolutions (authority to issue shares, fees to directors, repurchase shares, financial assistance).

Unless otherwise instructed, my proxy may vote as he thinks fit.

Signed this _____ day of _____ 2020

Signature _____

Assisted by me (where applicable) _____

NOTES

1. A form of proxy is only to be completed by those shareholders who are:
 - holding shares in certificated form; or
 - recorded in the sub-register in dematerialised electronic form in “own name”.
2. If you have already dematerialised your ordinary shares through a Central Securities Depository Participant (“CSDP”) or broker, other than with “own name” registration, and wish to attend the annual general meeting, you must request your CSDP or broker to provide you with a Letter of Representation or you must instruct your CSDP or broker to vote by proxy on your behalf in terms of the agreement entered into yourself and the CSDP or broker.
3. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
4. Every person present and entitled to vote at the meeting as a member or as a proxy or as a representative of a body corporate shall, on a show of hands, have one vote only, irrespective of the number of shares such person holds or represents but, in the event of a poll, a member shall be entitled to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company.
5. Please insert the relevant number of shares/votes and indicate with an “X” in the appropriate spaces on the face hereof, how you wish your votes to be cast. If you return this form duly signed without any specific directions, the proxy will vote or abstain from voting at his/her discretion.
6. A deletion of any printed details and the completion of any blank space(s) need not be signed or initialled. Any alteration must be initialled.
7. The Chairperson of the annual general meeting shall be entitled to decline to accept the authority of the signatory under a power of attorney, or on behalf of a company, unless the power of attorney or authority is produced or has been registered.
8. The signatory may insert the name of any person(s) whom the signatory wishes to appoint as his/her proxy, in the blank space(s) provided for that purpose.
9. When there are joint holders of shares and if more than one such joint holder be presented or represented, then the person whose name stands first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
10. A minor should be assisted by his parent or legal guardian unless the relevant documents establishing his legal capacity are produced or have been registered.
11. The completion and lodging of this proxy form will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
12. A shareholder’s instructions must be indicated by the insertion of a cross, or where applicable, the relevant number of votes exercisable by the shareholder, in the appropriate box of this proxy form.
13. If the signatory does not indicate how he/she wishes to vote in the appropriate place(s) on the face hereof in respect of the resolution, his/her proxy shall be entitled to vote as he/she deems fit in respect of the resolutions.
14. If the shareholding is not indicated on the proxy form, the proxy will be deemed to be authorised to vote the total shareholding.
15. The Chairperson of the annual general meeting may reject or accept any proxy form which is completed other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.
16. Forms of proxy must be completed and returned to the office of the transfer secretaries (Computershare Investor Services Proprietary Limited, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold, 2132)) or emailed to: proxy@computershare.co.za to be received by no later than 08h30 on Wednesday, 14 October 2020, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the Chairperson of the annual general meeting at any time prior to the commencement of the annual general meeting.

