



NET 1 APPLIED TECHNOLOGY HOLDINGS LIMITED

(Registration number 1997/007207/06)
Share code: APL ISIN: ZAE 000024113
("Aplitec" or "the company")

TERMS ANNOUNCEMENT REGARDING:

- **THE PROPOSED DISPOSAL OF THE ENTIRE UNDERTAKING OF APLITEC**
- **THE ADVANCE DISTRIBUTION TO SHAREHOLDERS BY WAY OF EITHER**
 - **THE CASH OPTION; OR**
 - **THE REINVESTMENT OPTION**
- **THE VOLUNTARY WINDING-UP AND DELISTING OF APLITEC**
("PROPOSED TRANSACTIONS")
- **FURTHER CAUTIONARY ANNOUNCEMENT**

1. INTRODUCTION

Further to the announcement dated 24 October 2003, Aplitec shareholders are advised that the subcommittee of the board of directors of Aplitec (being Messrs J C Livingstone and D G S Muller) ("Subcommittee of the Board") has reviewed the offer, as amended by the increase in the cash option of 25 cents per Aplitec ordinary share from Newshelf 713 (Proprietary) Limited, which is to be renamed Net1 Applied Technologies South Africa (Proprietary) Limited in due course ("New Aplitec").

2. THE DISPOSAL

2.1 Subject to the fulfilment or waiver of the suspensive conditions (see paragraph 10 below) ("suspensive conditions"), New Aplitec will acquire the entire undertaking of Aplitec ("disposal") in terms of Section 228 of the Companies Act, 1973 (Act 61 of 1973), as amended ("Companies Act") as follows:

- all of the assets and liabilities of Net1 Investment Holdings (Proprietary) Limited;
- all of the assets and liabilities of Net1 Support Services (Proprietary) Limited excluding dormant subsidiaries;
- all of the shares in and claims on loan account against Cash Paymaster Services (Proprietary) Limited, Net1 Finance Holdings (Proprietary) Limited and Net1 Southern Africa (Proprietary) Limited;
- all of the assets and liabilities of Aplitec not acquired above, excluding any dormant subsidiaries of Aplitec and ZAR300 million in cash plus so much extra cash of Aplitec as is equal to 25 cents for each Aplitec ordinary share in respect of which Aplitec shareholders elect the cash option as detailed in paragraph 4 below.

2.2 The aggregate purchase price for the disposal shall be an amount which will result in the Aplitec shareholders receiving an advance distribution ("advance distribution") of:

- 500 cents per Aplitec ordinary share in respect of those Aplitec shareholders who elect the cash option (see paragraph 4 below); or
- 475 cents per Aplitec ordinary share in respect of those Aplitec shareholders who elect to receive the reinvestment option (see paragraphs 4 and 5 below).

Note: The advance distribution shall be after taking into account any costs which Aplitec and any of its subsidiaries ("Aplitec Group") may incur in connection with the disposal, including but not limited to any Secondary Tax on Companies payable on the distribution referred to herein to the Aplitec shareholders, provided that such distribution is made in the course of or in anticipation of the winding-up or liquidation of Aplitec, any Capital Gains Tax or other taxes payable by Aplitec and any member of the Aplitec Group and transaction costs, but excluding personal taxes payable by the Aplitec shareholders.

2.3 New Aplitec is a new company incorporated in South Africa held 100% by funds under management of Brait S.A., its subsidiaries and affiliates ("the Brait Group").

Upon all the suspensive conditions being fulfilled or waived, the Brait Group will transfer 100% of the initial issued share capital of New Aplitec to Net 1 UEPS Technologies, Inc. ("NUEP"), a company incorporated in Florida in the USA and quoted on the OTC Bulletin Board, at par value.

The Brait Group will become a significant shareholder in NUEP (see paragraph 6 below) together with a consortium of investors including funds under the management of Southern Cross Capital Limited and FF&P Asset Management Limited ("Brait Consortium").

3. RATIONALE FOR THE PROPOSED TRANSACTIONS

3.1 Background

Funds Transfer System ("FTS") patent

In October 1989, Dr S C P Belamant and his late partner Mr A P Mansvelt patented the FTS methodology in South Africa. The FTS patents are currently registered in South Africa, the USA and a number of African countries.

The FTS describes a method through which funds can be transferred from one smart card to another in a secure and off-line manner.

Universal Electronic Payment System ("UEPS")

The UEPS software is a suite of applications that incorporate the FTS patent to deliver a fully integrated payment and settlement system. Since 1991, the UEPS has been enhanced to incorporate advanced functionality which allows each smart card in the system to operate as a

- New Partnership for Africa Development;
- job creation;
- development of South African people and resources;
- maintaining intellectual capital;
- providing banking to the unbanked at affordable prices;
- providing financial services to all South Africans at affordable prices;
- providing a transacting instrument for all South Africans;
- providing systems that can manage and monitor the allocation of funds in social security systems, AIDS projects, food distribution initiatives or any other subsidy that would assist the poorest of the poor; and
- complying with the intent and regulations of the Exchange Control Department of the South African Reserve Bank.

3.3 Conclusion

In conclusion, it is believed that the proposed transactions will maximise the opportunities for the FTS and UEPS to be utilised on a world-wide basis for the benefit of all, including the existing South African Aplitec shareholders, existing NUEP shareholders and the proposed new international investors.

4. DISTRIBUTION TO APLITEC SHAREHOLDERS

Subject to approval by Aplitec shareholders in a general meeting (particularly the approval and registration of the special resolution for its voluntary winding-up ("voluntary winding-up")) and the fulfilment or waiver of the suspensive conditions, it is expected that Aplitec will, on Monday, 16 February 2004, distribute the advance distribution to Aplitec shareholders registered as such on the record date (expected to be Friday, 13 February 2004) as follows:

- 500 cents in cash per Aplitec ordinary share ("cash option"); or
- 190 cents in cash per Aplitec ordinary share, an investment in New Aplitec in the form of an interest in New Aplitec B class preference shares and B class loans held via a South African bewind trust ("New Aplitec Participation Trust"), and the right to receive, for no additional consideration, NUEP special convertible preference shares in due course on the occurrence of a trigger event (see paragraph 5.5 below) ("reinvestment option") (see paragraph 6 below).

Aplitec shareholders are advised to consult their professional tax advisors about their personal tax position regarding the receipt of the advance distribution and the reinvestment option.

5. REINVESTMENT OPTION

5.1 The reinvestment option entitles those Aplitec shareholders who elect the reinvestment option ("reinvesting shareholders") to receive 475 cents in anticipation of the winding-up and to reinvest 285 cents thereof in New Aplitec, through the New Aplitec Participation Trust.

Effectively, reinvesting shareholders will receive part of the distribution in cash and part of the distribution by way of Renounceable Letters of Allocation ("RLA's") in the ratio of 1 RLA for 1 Aplitec ordinary share issued by New Aplitec to Aplitec and distributed *in specie* by Aplitec to reinvesting shareholders, which will be deemed to be renounced by the reinvesting shareholders in favour of the New Aplitec Participation Trust.

5.2 The reinvesting shareholders will be deemed to have contributed capital of 183,996 cents and loans of 101,004 cents per Aplitec ordinary share in respect of which the reinvestment option is exercised to the New Aplitec Participation Trust.

5.3 The New Aplitec Participation Trust will, in turn, subscribe for New Aplitec B class preference shares and B class loans in the same proportion as is set out in paragraph 5.2 above. As the reinvestment offer is underwritten (see paragraph 5.7 below), this will result in 236 977 187 New Aplitec B class preference shares being issued.

5.4 192 967 138 NUEP special convertible preference shares will be issued at the outset to a Cayman Islands trust ("Aplitec Holdings Participation Trust"), credited as fully paid up, for the benefit of reinvesting shareholders on the occurrence of a trigger event, through the New Aplitec Participation Trust (see paragraph 5.5 below) as part of the reinvestment option. This will result in a dilution to the existing common stockholders of NUEP.

The number of 192 967 138 NUEP special convertible preference shares is calculated as follows:

$$((a-b) \times c) / d / e$$

and on an exchange rate of ZAR7:USD1 for balance sheet purposes and an average rate of ZAR9,233:USD1 for income statement purposes.

7.2 Disposal (effect on Aplitec)

	A	B	C	D	E	F
	Before the disposal (cents)	After the disposal acquisition ⁽⁵⁾ (cents)	Increase/decrease between A and B (%)	After the disposal (fair value) ⁽⁶⁾ (cents)	Increase/decrease between A and D (%)	After the distribution ⁽⁷⁾ (cents)
Market value ⁽¹⁾	420,00	475,00	13,10	475,00	13,10	–
Market value ⁽²⁾	560,00	475,00	(15,18)	475,00	(15,18)	–
Net asset value ⁽³⁾	221,17	292,94	32,45	445,88	101,60	–
Net tangible asset value ⁽⁵⁾	216,09	275,83	27,65	275,83	27,65	–
Headline earnings ⁽⁴⁾	58,57	45,15	(22,91)	45,15	(22,91)	–
Earnings ⁽⁴⁾	53,25	40,65	(23,67)	25,35	(52,39)	–

Notes:

1. The market value per Aplitec ordinary share in "Column A" is based on the closing price of the Aplitec ordinary shares on Tuesday, 22 July 2003, being the last trading date prior to the publication of the first cautionary announcement in the press. The market value per Aplitec ordinary share in "Column B" and "Column D" has been calculated as follows:
190 cents + (price of NUEP common stock x ZAR7:USD1 x 0.814286) where the price used is 50 US cents per share. The actual value attributable to an Aplitec shareholder will adjust as the price of NUEP common stock adjusts in the market.
2. The market value per Aplitec ordinary share in "Column A" is based on the closing price of the Aplitec ordinary shares on Friday, 24 October 2003, being the date prior to the publication of details of the proposed transactions in the press. The market value per Aplitec ordinary share in "Column B" and "Column D" has been calculated as per note 1 above.
3. The net asset value per Aplitec ordinary share and the net tangible asset value per Aplitec ordinary share in "Column A" are based on the audited annual financial statements of Aplitec for the year ended 30 June 2003. The net intangible asset value as at 30 June 2003 was 5,08 cents per Aplitec ordinary share.
4. The headline earnings per Aplitec ordinary share and the earnings per Aplitec ordinary share in "column A" are based on the audited annual financial statements of Aplitec for the year ended 30 June 2003.
5. "Column B" illustrates the impact of the disposal on Aplitec prior to the advance distribution (assuming the reinvestment option) and is based on the assumptions, for earnings purposes, that the purchase price has been paid on 1 July 2002, and that Aplitec invested the cash component of the purchase price at an after tax rate of 7% per annum from 1 July 2002 until 30 June 2003. For net asset value purposes, it has been assumed that the purchase price has been paid on 1 July 2003. The earnings per share decreases due to the low rate of return earned on the cash component of the purchase price compared to the historical return on equity of Aplitec. Aplitec is, after the disposal, entitled to 58,14 percent of the earnings of NUEP (which includes earnings/losses of New Aplitec) and from the acquisition of selected assets and liabilities of Net 1 Holdings SARL. The figures are based on reverse acquisition accounting.
6. "Column D" is based on the same assumptions as set out in paragraph 5 above, but using fair value accounting, which results in additional goodwill of ZAR681,079 million, which has been amortised over a period of ten years.
7. "Column F" illustrates the impact of the advance distribution. It is based on the assumption that the purchase price had been paid on 1 July 2003, and that Aplitec, on 1 July 2003, distributed the 475 cents per Aplitec ordinary share in cash and RLA's, representing a total amount of ZAR1 125,642 million, to Aplitec shareholders.
8. Potential taxes and transaction costs on the proposed transactions have been provided for insofar as New Aplitec has undertaken to pay any taxes (excluding personal taxes) and transaction costs that may arise. Such taxes and transaction costs do not, therefore, have any effect on the figures shown.

7.3 Advance distribution – cash option (effect on Aplitec shareholder)

	A	B	C
	Before the disposal ⁽¹⁾ (cents)	After the advance distribution ⁽²⁾ (cents)	Increase/decrease between A and B (%)
	420,00	500,00	19,05

The UEPS software is a suite of applications that incorporate the FTS patent to deliver a fully integrated payment and settlement system. Since 1991, the UEPS has been enhanced to incorporate advanced functionality which allows each smart card in the system to operate as a fully-fledged banking account in a totally off-line manner. UEPS version 12 is due for release in the first quarter of 2004.

Rights to the FTS and UEPS technology with respect to Aplitec and NUEP

Aplitec owns the exclusive rights to market, sell, licence, distribute, develop or modify the technology in South Africa and its surrounding territories (Namibia, Zimbabwe, Botswana, Mozambique, Lesotho and Swaziland).

NUEP owns the exclusive rights to market, sell, licence, distribute, develop or modify the technology in the rest of the world, excluding South Africa and its surrounding territories.

During the last five years, Aplitec has implemented numerous UEPS systems in South Africa, which are operated by the Aplitec Group. As a result, Aplitec has developed the unique skills required to perform UEPS implementations successfully and to develop business plans that ensure the financial success of these initiatives. Over the last two years, Aplitec has exported some of these applications to countries outside its designated territory under a licensing agreement with NUEP.

Since its listing in October 1997, NUEP has been unable to raise sufficient capital to implement its business model as most potential clients or investors require, as proof of concept, at least one successful implementation. NUEP therefore entered into a marketing and sale agreement with Aplitec, which has allowed Aplitec to become NUEP's marketing agent for the Central Europe, Middle East and African territories.

3.2 Aplitec and NUEP integration

To address the conflict of interest between Aplitec and NUEP, Aplitec's management analysed a number of alternative solutions.

Management concluded that the model most acceptable to all stakeholders would entail that the future potential benefit of the technology would accrue fairly between the two groups. This could only be achieved by effectively merging the two entities in a way in which all existing shareholders could participate and thus be on an equal footing.

The disposal is the first significant step in a proposed series of inter linked transactions that will have the effect of creating a global group positioned to develop the UEPS and FTS technologies on a world-wide basis by combining the rights to the technologies held by Aplitec and NUEP.

As a result, the business plans of Aplitec and NUEP shall be combined into a model that will maximise short, medium and long-term profitability.

The newly developed business model is based on the following principles:

- the combined group will replicate the Aplitec business model in as many developing countries as possible;
- the combined group will retain a significant ownership in all new "Aplitecs" created in these developing countries;
- licence fees or royalties will be levied on all transactions which use the FTS or UEPS technology;
- licence fees or royalties will be levied on all system developers who make use of the FTS technology, whether directly or indirectly;
- licence fees or royalties will be levied on all manufacturers of equipment that manufacture products that make use of the FTS technology;
- the combined group will develop its own complementary businesses that utilise and apply the UEPS technology, and provide higher income generating potential when compared with third party licence fees or royalties;
- once critical mass has been achieved in a number of developing countries, the combined group may become the international exchange avenue for its participants, similar to other payment gateways; and
- the Net1 brand will be recognised as the payment brand of choice for the developing world.

To achieve the above principles the following synergies between Aplitec and NUEP must be achieved:

- the FTS and UEPS technological rights must be consolidated into one group in order to prevent any future conflicts of interest and allow a single point of access through which value can be unlocked;
- the combined group must continue to be traded on an internationally recognised market in order to:
 - attract the initial funds and investors required to facilitate the proposed transactions;
 - attract future funds from large international institutional investors as and when required;
 - provide the combined group with the credibility that is often linked to an international listing and thus allow the combined group to compete effectively in global markets; and
 - provide the combined group with a suitable rating to raise capital on favourable terms;
- the South African operations of the combined group incorporated under New Aplitec will:
 - remain the developing entity for the technology;
 - remain the support and maintenance entity for the technology; and
 - remain the centre for excellence for the implementation of UEPS based systems;
- the management efforts of Aplitec and NUEP should be combined to jointly operate the combined group;
- the revised business plan mentioned above should be implemented without delay; and
- South Africa will remain, as far as possible, the test bed for new products or technological innovations.

The proposed transactions as described in this announcement have the ability to facilitate the above and allow the combined group to compete in the world-wide arena without any restrictions.

The proposed transactions also ensure that the following South African criteria are achieved:

- participation of all existing South African shareholders in the value that will be unlocked as a result of the anticipated international growth;
- the direct inflow of funds into South Africa; and
- address the following key objectives of the South African Government:

The number of 192 967 138 NUEP special convertible preference shares is calculated as follows:

$$((a-b) \times c) / d / e$$

where:

- a = purchase price of 475 cents per Aplitec share (ZAR);
- b = 190 cents (cash distribution) (ZAR);
- c = 236 977 187, being the total number of Aplitec shares in issue;
- d = 7 (fixed ZAR:USD exchange rate);
- e = 50 cents (offer price of NUEP common stock in US cents).

- 5.5 On the occurrence of a trigger event, which includes a reinvesting shareholder notifying the New Aplitec Participation Trust that it wishes to dispose of the New Aplitec B class preference shares and B class loans, the New Aplitec Participation Trust will issue a written notice to the Aplitec Holdings Participation Trust, notifying it of the intention of the reinvesting shareholder, through the New Aplitec Participation Trust, to take up its right to the relevant number of NUEP special convertible preference shares. The Aplitec Holdings Participation Trust will then distribute NUEP special convertible preference shares to the New Aplitec Participation Trust in the ratio of 0,814286 NUEP special convertible preference shares for every one New Aplitec B class preference share and B class loan ("distribution ratio").

The distribution ratio is calculated as follows:

$$a/b$$

where

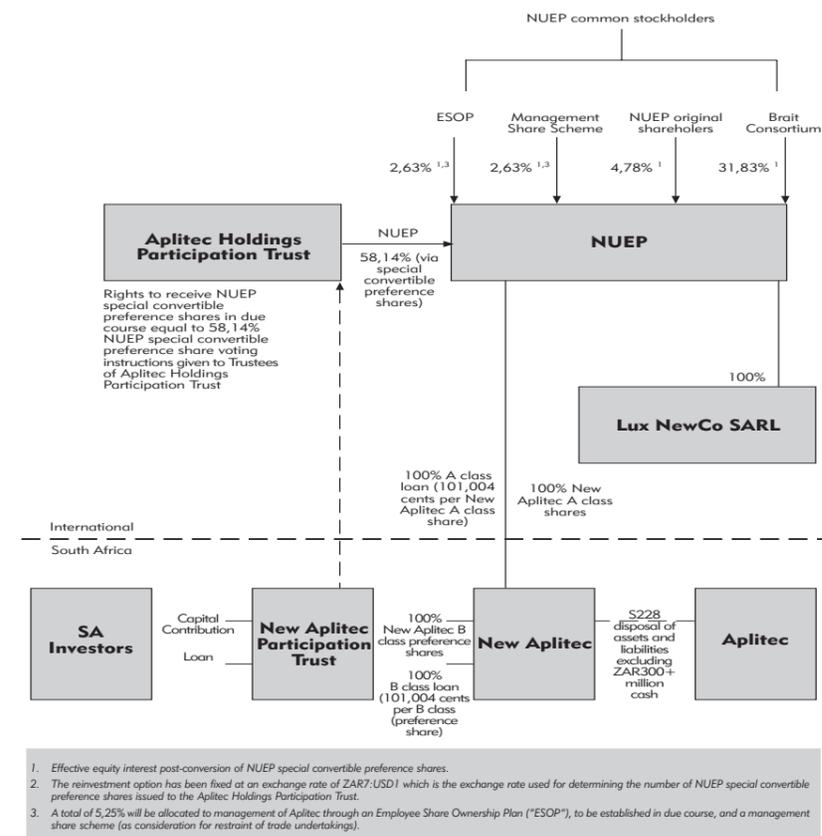
- a = 192 967 138 NUEP special convertible preference shares as determined in paragraph 5.4 above;
- b = 236 977 187 New Aplitec B class preference shares as determined in paragraph 5.3 above.

- 5.6 Simultaneously, the New Aplitec Participation Trust will, on behalf of the reinvesting shareholders, cede the relevant number of New Aplitec B class preference shares and B class loans to NUEP. As consideration for the cession of the New Aplitec B class preference shares and B class loans, NUEP will convert the NUEP special convertible preference shares into NUEP common stock on a one-for-one basis.

The NUEP common stock may be freely traded through market makers with the OTC Bulletin Board. The New Aplitec Participation Trust will thereafter sell the NUEP common stock as and when directed by the reinvesting shareholders, but in any event within 12 months, and distribute the proceeds to the reinvesting shareholder concerned back into South Africa.

- 5.7 The Brait Group will underwrite the reinvestment option, taking into account the irrevocable undertakings received from shareholders to exercise the reinvestment option (see paragraph 8 below).
- 5.8 The current trading price of NUEP common stock as at close of trading on 28 October 2003 was USD6.55. The simple average traded price over the past 30 days was USD3.1361.

6. STRUCTURE



1. Effective equity interest post-conversion of NUEP special convertible preference shares.
 2. The reinvestment option has been fixed at an exchange rate of ZAR7:USD1 which is the exchange rate used for determining the number of NUEP special convertible preference shares issued to the Aplitec Holdings Participation Trust.
 3. A total of 5,25% will be allocated to management of Aplitec through an Employee Share Ownership Plan ("ESOP"), to be established in due course, and a management share scheme (as consideration for restraint of trade undertakings).

7. FINANCIAL EFFECTS

- 7.1 The following tables have been prepared for illustrative purposes only and set out the pro forma financial effects of the disposal and the advance distribution per Aplitec ordinary share. The pro forma financial effects are based on a total of 236 977 187 Aplitec ordinary shares in issue

	the disposal ⁽¹⁾ (cents)	the advance distribution ⁽²⁾ (cents)	between A and B (%)
Market value	420,00	500,00	19,05
Market value	560,00	500,00	(10,71)
Net asset value	221,17	500,00	126,07
Net tangible asset value	216,09	500,00	131,39
Headline earnings	58,57	35,00	(40,24)
Earnings	53,25	35,00	(34,27)

Notes:

1. As per "Column A" in paragraph 7.2 above.
2. "Column B" illustrates the impact of the advance distribution. It is based on the assumption that the purchase price had been paid on 1 July 2003, and that Aplitec, on 1 July 2003, distributed the 500 cents per Aplitec ordinary share in cash, to Aplitec shareholders. The headline earnings per share and the earnings per share figures in "Column B" are based on interest earned on the 500 cents cash received at an after tax rate of 7% per annum.
3. Potential taxes and transaction costs on the proposed transactions have been provided for insofar as New Aplitec has undertaken to pay any taxes (excluding personal taxes) and transaction costs that may arise on the basis contemplated in paragraph 2.2 above. Such taxes and transaction costs do not, therefore, have any effect on the figures shown.

7.4 Advance distribution – reinvestment option (effect on Aplitec shareholder)

	A	B	C	D	E
		After the advance distribution ⁽²⁾	Increase/decrease between A and B (reverse)	After the advance distribution ⁽³⁾ (fair value)	Increase/decrease between A and D
	Before the disposal ⁽¹⁾ (cents)	the acquisition (cents)	and B (%)	and D (cents)	and D (%)

Market value	420,00	475,00	13,10	475,00	13,10
Market value	560,00	475,00	(15,18)	475,00	(15,18)
Net asset value	221,17	292,94	32,45	445,88	101,60
Net tangible asset value	216,09	275,83	27,65	275,83	27,65
Headline earnings	58,57	45,15	(22,91)	45,15	(22,91)
Earnings	53,25	40,65	(23,67)	25,35	(52,39)

Notes:

1. As per "Column A" in paragraph 7.2 above.
2. "Column B" illustrates the impact of the advance distribution. For net asset value purposes, it is assumed that the purchase price has been paid on 1 July 2003, and that Aplitec on 1 July 2003 distributed cash of ZAR 450,257 million and the reinvestment option, representing a total amount of ZAR675,385 million, to Aplitec shareholders. It is assumed that the existing Aplitec shareholders will control NUEP, which results in reverse acquisition accounting. The market value per Aplitec ordinary share has been calculated as per note 1 of paragraph 7.2 above.
3. "Column D" is based on the same assumptions as set out in paragraph 2 above, but assumes that the existing Aplitec shareholders will not control NUEP which results in fair value accounting, and therefore additional goodwill of ZAR681,079 million has arisen which has been amortised over a period of ten years. The market value per Aplitec ordinary share has been calculated as per note 1 of paragraph 7.2 above.
4. Potential taxes and transaction costs on the proposed transactions have been provided for insofar as New Aplitec has undertaken to pay any taxes (excluding personal taxes) and transaction costs that may arise. Such taxes and transaction costs do not, therefore, have any effect on the figures shown.
5. The calculation of earnings per share and headline earnings per share includes earnings from NUEP (which includes earnings/losses of New Aplitec and from the acquisition of selected assets and liabilities of Net1 Holdings SARL) and the notional interest after tax of 7% per annum on the cash element of the distribution, on the assumption that the purchase price has been paid on 1 July 2002. The earnings and headline earnings per share calculations are based on the share capital of NUEP of 331 923 294 common and special convertible preference shares, adjusted by the distribution ratio to accurately reflect the entitlement of earnings of the investing shareholders. The net asset value and net tangible asset value per share have been calculated based on the net asset value and net tangible asset value of NUEP (which includes the net assets and tangible assets of New Aplitec and the acquisition of selected assets and liabilities of Net1 Holdings SARL).

8. IRREVOCABLE UNDERTAKING AND INDICATION OF SUPPORT

- 8.1 At the date of this announcement, an irrevocable undertaking to vote in favour of the disposal has been received from an Aplitec shareholder representing 31,23 percent of the issued share capital of Aplitec entitled to vote. In addition, two Aplitec shareholders representing 35,3 percent of the entire issued share capital of Aplitec have undertaken to vote in favour of the voluntary winding-up and to accept the reinvestment option resulting in a maximum cash requirement for New Aplitec of R666,8 million.
- 8.2 In addition, an indication of support to vote in favour of the disposal has been received from an Aplitec shareholder representing 23,71 percent of the issued share capital of Aplitec entitled to vote. In addition, an indication of support has been received from one shareholder representing 22,24 percent of the entire issued share capital of Aplitec to vote in favour of the voluntary winding up and to accept the reinvestment option.

9. CASH CONFIRMATION

An independent third party will provide the Securities Regulation Panel ("SRP") with the necessary written confirmation that New Aplitec has sufficient cash resources available to satisfy its full obligations pursuant to the disposal after having taken into account the irrevocable undertakings to elect the reinvestment option (see paragraph 8 above).

10. SUSPENSIVE CONDITIONS

The proposed transactions are subject to and conditional upon the following outstanding suspensive conditions being fulfilled or waived by not later than 31 May 2004:

- 10.1 receiving all approvals required in terms of the Competition Act, 1998 (Act 89 of 1998), as amended, provided that where any such approval is conditional, this suspensive condition will only be deemed to be fulfilled if Aplitec and New Aplitec, in their sole discretion, jointly agree thereto in writing;
- 10.2 receiving all and any approvals of the Exchange Control Department of the South African Reserve Bank;

- 10.3 the Aplitec shareholders authorising the disposal as required by Section 228 of the Companies Act and Section 9.22 of the Listings Requirement of the JSE Securities Exchange South Africa ("JSE");
- 10.4 receiving the consent, to the extent required, of third parties to the contracts to which the Aplitec Group is a party, to the assignment of rights and obligations under such contracts to New Aplitec, or to the change of control in Aplitec, provided that where any consent is subject to any conditions, this suspensive condition will only be deemed to have been fulfilled if Aplitec and New Aplitec, in their sole discretion, agree in writing to such conditions;
- 10.5 New Aplitec making an offer to the Aplitec shareholders of the reinvestment option;
- 10.6 New Aplitec causing a prospectus to be issued and registered with the Registrar of Companies as required by Section 145 of the Companies Act and causing the prospectus and copies of the S4 and proxy statement for NUEP to be circulated to Aplitec shareholders;
- 10.7 the signature of all documents that will enable the assignment to New Aplitec of all intellectual property rights of the Aplitec Group;
- 10.8 the completion by New Aplitec to its satisfaction, and written notification thereof to Aplitec, of a due diligence investigation into the businesses, business assets, including intellectual property, the liabilities and the affairs and operations of the Aplitec Group;
- 10.9 all third parties having pre-emptive or similar rights in respect of the businesses, including the business assets, of the Aplitec Group agreeing in writing to waive the exercise of any such rights;
- 10.10 New Aplitec and the key executives of Aplitec identified by New Aplitec concluding written service agreements and undertakings in restraint of trade to the satisfaction of New Aplitec;
- 10.11 the approval by existing NUEP shareholders of the increase in the authorised NUEP share capital, the issue of additional NUEP common stock to the Brait Consortium and the issue of NUEP special convertible preference shares to the Aplitec Holdings Participation Trust and the registration with the Security Exchange Commission of the NUEP special convertible preference shares and the NUEP common stock issuable upon conversion of such NUEP special convertible preference shares;
- 10.12 the acquisition by NUEP, through a new Luxembourg 1929 company to be incorporated ("Lux NewCo SARI") of selected assets and liabilities of Net1 Holdings SARI (specifically excluding the shares held by it in NUEP) and the assignment of Net1 Holdings SARI's rights and obligations under the existing Patent and Technology Agreement with NUEP, as well as all other intellectual property rights, including copyrights, patents, designs, trademarks and licence agreements;
- 10.13 receiving the approval of the JSE and the SRP in respect of the proposed transactions;
- 10.14 in the reasonable opinion of the Brait Consortium, there being no material adverse change in the financial position in respect of the Aplitec Group between the date of signature of the agreement recording the disposal and the date of implementation of the disposal ("closing date"). A material adverse change shall mean a decrease of 5 percent or more in the consolidated net earnings after taxation of the Aplitec Group for the corresponding period in the last financial year of Aplitec;
- 10.15 New Aplitec providing Aplitec with:
- all such documents as will enable Aplitec to verify that the New Aplitec B class preference shares and the NUEP special convertible preference shares have been created and that all resolutions have been passed and all things have been done as will authorise and enable New Aplitec and NUEP to lawfully issue such shares upon the closing date in accordance with the terms and conditions of the reinvestment option;
 - the deeds of trust of the New Aplitec Participation Trust and the Aplitec Holdings Participation Trust and all such further documents as will enable Aplitec to verify that the New Aplitec Participation Trust and the Aplitec Holdings Participation Trust will comply with their respective obligations under the reinvestment option; and
 - all such further agreements and documents as will enable Aplitec to verify that the terms and conditions of the reinvestment option will be fully complied with,
- and Aplitec confirming to New Aplitec in writing that it is satisfied with all of the foregoing, which confirmation will not be unreasonably withheld;
- 10.16 New Aplitec, Aplitec, Net1 Investment Holdings (Proprietary) Limited and Net1 Support Services (Proprietary) Limited having agreed the value as at the effective date of the disposal of the leave pay accrued to Aplitec employees, the severance pay that would be payable to the Aplitec employees in the event of a dismissal for operational requirements and any payments accrued to such employees but not paid in terms of Section 197(7) of the Labour Relations Act, 1995 (Act 66 of 1995), as amended;
- 10.17 all necessary agreements in respect of the proposed transactions having been concluded.

11. OPINIONS AND RECOMMENDATIONS

- 11.1 Rand Merchant Bank Corporate Finance, a division of FirstRand Bank Limited ("RMB"), in its capacity as independent advisor to the minority shareholders, has advised the Subcommittee of the Board that it is of the opinion that the terms and conditions of the proposed transactions are fair and reasonable to Aplitec shareholders.
- 11.2 The Subcommittee of the Board is in agreement with the conclusion of RMB as set out in the preceding paragraph. The Board of Directors of Aplitec ("the Board"), on the advice of RMB and the Subcommittee of the Board, recommends that Aplitec shareholders vote in favour of the necessary resolutions to approve the proposed transactions. The members of the Board, to the extent allowed by the JSE and SRP, intend to vote in favour of such resolutions and to elect the reinvestment option. RMB has no interest in the proposed transactions and holds 9 952 988 Aplitec ordinary shares through RMB Asset Management.
- 11.3 The Board advises Aplitec shareholders who are uncertain as to how to vote, to take counsel from their legal and financial advisors.

12. DELISTING AND VOLUNTARY WINDING-UP

- 12.1 Aplitec shareholders will be entitled to elect (in their sole and absolute discretion) whether they wish to receive the reinvestment option instead of the cash option in respect of all or part of their Aplitec ordinary shares. Aplitec shareholders will be required to indicate on a form of election the total number of Aplitec ordinary shares held and the number of Aplitec ordinary shares for which they elect to receive the reinvestment option. Aplitec shareholders who do not make an election will be deemed to have elected the cash option. A further circular detailing the election and incorporating a prospectus on New Aplitec together with a form of election and the S4 prospectus filing with the SEC and proxy statement on NUEP is expected to be issued to Aplitec shareholders on Friday, 23 January 2004. An announcement is expected to be released on SENS on Thursday, 22 January 2004 and published in the press on the following day.
- 12.2 Subject to the passing of the relevant resolutions and the fulfilment or waiver of the suspensive conditions, the listing of the Aplitec ordinary shares on the JSE will be suspended on Monday, 9 February 2004 and will be terminated at commencement of trading on or about Tuesday, 17 February 2004. Following the registration of the relevant special resolution, the winding-up will take effect.
- 12.3 In the event that Aplitec shareholders fail to pass the required resolution for the winding-up or such resolution is not registered, Aplitec will exercise the reinvestment option in full, there will not be an advance distribution, Aplitec will not be voluntarily wound up and Aplitec will continue to be listed on the JSE.

13. IMPORTANT DATES AND TIMES

2003

Circular and notice of general meeting posted to Aplitec shareholders on
Last day for receipt of forms of proxy from Aplitec shareholders

Thursday, 13 November

2003

Circular and notice of general meeting posted to Aplitec shareholders on Thursday, 13 November
 Last day for receipt of forms of proxy from Aplitec shareholders
 for the general meeting by not later than 10h00 on Thursday, 4 December
 General meeting to be held at 10h00 on Friday, 5 December
 Announcement of the results of general meeting released on SENS on Friday, 5 December
 Announcement of the results of general meeting published in the press on Monday, 8 December

Thursday, 13 November
 Thursday, 4 December
 Friday, 5 December
 Friday, 5 December
 Monday, 8 December

2004

*SEC registration of additional NUEP common stock and NUEP special convertible preference shares on Thursday, 22 January
 *Announcement of the fulfilment or waiver of the suspensive conditions released on SENS on Thursday, 22 January
 *Publication of declaration data and finalisation information and announcement of the fulfilment or waiver of the suspensive conditions published in the press on Friday, 23 January
 *Election circular incorporating the New Aplitec prospectus and the S4 prospectus filing and Proxy Statement for NUEP posted to Aplitec shareholders on Friday, 23 January
 *Last day to trade in Aplitec ordinary shares to be recorded in the shareholders' register of Aplitec as an Aplitec shareholder on the record date on Friday, 6 February
 *Suspension of the listing of Aplitec ordinary shares on the JSE from commencement of trading on Monday, 9 February
 *Registration of additional NUEP common stock with the OTC Bulletin Board on Monday, 9 February
 *Election which closes at 14h30 on (see note 1) Friday, 13 February
 *Record date for purposes of the advance distribution on Friday, 13 February
 *Electronic transfer of funds or cheques posted by ordinary mail to certificated shareholders on Monday, 16 February
 *Dematerialised Aplitec shareholders' accounts held at their Central Securities Depository Participant ("CSDP") or broker credited on Monday, 16 February
 *Renunciation of RLA's to the New Aplitec Participation Trust on Monday, 16 February
 *Termination of the listing of Aplitec ordinary shares on the JSE from commencement of trading on Tuesday, 17 February
 *These dates are dependent on the required Aplitec shareholder approval being obtained and the fulfilment or waiver of all the suspensive conditions particularly the suspensive conditions detailed in paragraph 10.11 above which may take longer than indicated. If the special resolution for the winding-up is not approved or such resolution is not registered, Aplitec will remain listed as set out in paragraph 12.3 above.

Thursday, 22 January
 Thursday, 22 January
 Friday, 23 January
 Friday, 23 January
 Friday, 6 February
 Monday, 9 February
 Monday, 9 February
 Friday, 13 February
 Friday, 13 February
 Monday, 16 February
 Monday, 16 February
 Monday, 16 February
 Tuesday, 17 February

Notes:

- Dematerialised shareholders are required to notify their duly appointed CSDP or broker of their election in the manner and time stipulated in the agreement governing a relationship between the Aplitec shareholder and his/her CSDP or broker.
 - The JSE has introduced Share Transactions Totally Electronic ("STRATE") for all share transactions concluded on the JSE. Accordingly, Aplitec ordinary share certificates need to first be dematerialised before Aplitec shareholders will be able to trade in the Aplitec ordinary shares concerned. Aplitec shareholders are advised to contact a CSDP or broker to make the necessary practical arrangements for dematerialisation if they wish to trade in their Aplitec ordinary shares prior to the last day to trade. The dematerialisation of Aplitec ordinary shares may take up to 10 days to be finalised once an Aplitec shareholder has made the necessary arrangements with the CSDP or broker.
 - No Aplitec ordinary share certificates may be dematerialised or rematerialised after Friday, 6 February 2004.**
 - The above dates and times are subject to amendment. Any amendment to the dates and times, which is anticipated, will be announced on SENS and published in the press.
- 14. CIRCULAR TO SHAREHOLDERS, GENERAL MEETING AND ANNUAL GENERAL MEETING**
 The circular to Aplitec shareholders will be issued on or about Thursday, 13 November 2003.
 The general meeting of Aplitec shareholders will be convened for 10h00 on Friday, 5 December 2003 in the boardroom at 4th Floor, North Wing, President Place, Corner Jan Smuts Avenue and Bolton Road, Rosebank for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions required to approve and implement the proposed transactions.
 The annual general meeting of Aplitec shareholders will be held at 11h00 on Friday, 5 December 2003.
- 15. FURTHER CAUTIONARY ANNOUNCEMENT**
 Aplitec shareholders are advised to continue to exercise caution in respect of their dealings in Aplitec shares until a further announcement is made.

Johannesburg
 30 October 2003

Corporate advisor to New Aplitec



Legal advisor to Aplitec



Sponsor to Aplitec



Legal advisor to New Aplitec



Auditors and reporting accountants



Independent advisor to the minorities

