

NUTRITIONAL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration Number 2004/002282/06)
Share code: NUT ISIN: ZAE000156485
("NUT" OR "THE COMPANY")

CHANGE IN STRATEGY, ACQUISITION OF VENLAI STRATEGIC SOLUTIONS PROPRIETARY LIMITED ("VSS") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

CHANGE IN STRATEGY

Shareholders are referred to the announcement released on SENS on 30 September 2016 wherein the Company announced the subscription by Ontario Private Equity Proprietary Limited ("Ontario") for 200 000 000 ordinary NUT shares for a total consideration of R4 million and in which the Company renewed the cautionary announcement relating to the discussions with Ontario with a view to reverse list certain companies within Ontario's portfolio into NUT.

The board of directors of NUT ("Board") has resolved to diversify the Company's exposure to include investments outside of the food manufacturing sector and to invest in a broader range of sectors within the industrial and manufacturing sectors. In line with this strategy the Board has continued to engage with Ontario and to investigate the acquisition by NUT of various companies within the Ontario group, the businesses of which fall outside of the food manufacturing sector.

The first step in fulfilling this revised strategy is the proposed acquisition by the Company of VSS.

ACQUISITION OF VSS

1. Introduction

Shareholders are advised that the Company has entered into an agreement ("Agreement") with Ontario Renewable Energy Proprietary Limited ("Seller") on 4 November 2016 in terms of which the Company will acquire 100% of the issued share capital of VSS ("Sale Shares") as well as all of the Seller's loan claims against VSS ("Sale Claims") ("Acquisition").

2. Description of VSS' business

VSS carries on the business of an accredited distributor of Bosch branded renewable energy and security solutions to a large base of commercial and industrial clients.

3. Rationale for the Acquisition

The Board has, over the last few years, attempted to improve NUT shareholder value organically and via potential acquisitions and mergers with limited success. The Ontario opportunity for the reverse listing of certain energy assets into NUT has therefore provided the Board with an opportunity to diversify the Company's exposure outside of the food sector, which has proven to be very challenging for a smaller ALT-X listed entity such as NUT. It has become evident to management that it would require substantial resources to be able to compete against the bigger food manufacturers.

Unfortunately the Board does not believe that the Company has access to the required reserves to be able to grow its food business and compete with the more established players in this market segment, hence the decision to pursue a more diversified investment and business strategy.

The Acquisition will be the first step towards the revised long-term strategy of the Company.

4. Acquisition Consideration, Closing Date and Effective Date

The consideration payable by NUT to the Seller for the Sale Shares and Sale Claims, in terms of the Agreement, is an amount of R9 000 000 ("Purchase Consideration").

The Purchase Consideration will be settled by NUT through the issue of 300 000 000 ordinary NUT shares at the deemed issue price of 3 cents per share ("Consideration Shares"). The Consideration Shares will be issued on the date on which all the conditions precedent contained in the Agreement have been fulfilled and after the 2018 PAT (as defined below) has been determined ("Closing Date").

Notwithstanding the Closing Date, possession, effective control, ownership of and risk in and benefit attaching to the Sale Shares and Sale Claims shall be given to the Company on 1 November 2016 ("Effective Date").

5. Profit warranty

The Purchase Consideration has been calculated based on the assumption that VSS will have a net profit after taxation (before the deduction of any administration fees charged by NUT from time to time) for the financial year ending 28 February 2018 ("2018 PAT"), of no less than R9 000 000, as calculated in accordance with IFRS and evidenced by the

audited annual financial statement of VSS as at 28 February 2018, as signed off by the registered auditors of the NUT.

In the event that the 2018 PAT is less than R9 000 000, NUT shall have the right to either cancel the Agreement or to reduce the Purchase Consideration with an amount equal to the difference between the 2018 PAT and R9 000 000.

To the extent that the 2018 PAT is equal to or more than R9 000 000, the Purchase Consideration will not be adjusted and the Consideration Shares will be issued and allotted to the Seller.

6. Additional terms of the Agreement, Warranties and Indemnities

For the period between the Effective Date and the Closing Date ("Interim Period"), the Seller and the Company shall each be entitled to appoint a single director to the board of directors of NUT.

The Seller provides detailed warranties and indemnities to the Company (including warranties in relation to conduct of the Business during the Interim Period) that are standard for a transaction of this nature

7. Conditions precedent

The Acquisition is subject to the following conditions precedent ("Conditions Precedent"):

Within fourteen 14 days from the date of signature of the Agreement:

- i) all documentation required or necessary, whether contractually or regulatory, for the transfer of the Sale Shares and the cession of the Sale Claims, the changes to the board of directors of VSS (as set out in the Agreement) and all other documentation necessary to give effect to the terms and conditions of the Agreement, have been signed; and
- ii) the financial statements, books of account and accounting records of VSS have been made available to the Company.

8. Financial Effects

The value of the net assets attributable to the Sale Shares and the Sale Assets amounts to R2 345 000 and the

attributable profit for the seven month period ending 30 September 2016 of the current financial year amounts to R1 064 231.

The financial information contained in this announcement has not been reviewed or reported on by the Company's auditors.

9. Categorisation of the Acquisition

The Acquisition qualifies as a category 2 acquisition for the Company in terms of the JSE Listings Requirements.

10. Schedule 10 of the JSE Listings Requirements

To the extent necessary, the Board shall, as soon as possible after the Effective Date, procure that the memorandum of incorporation of VSS is amended to ensure that the Company continues to comply with its obligations in terms of the JSE Listings Requirements.

WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

NUT shareholders are advised that, whereas the terms of the Company's revised long term strategy has been declared and the details of the Acquisition have now been announced, caution is no longer required to be exercised by shareholders when dealing in their NUT shares.

7 November 2016

Umhlanga

Designated Advisor and Transaction Advisor
PSG Capital Proprietary Limited