

**Casey Investment Holdings Limited (“Casey”)**  
**(Incorporated in the Republic of South Africa)**  
**Registration number – 1998/016433/06**  
**Share code: CSY                      ISIN: ZAE 000042537**

**ABRIDGED PROSPECTUS, CHANGE OF NAME OF COMPANY, TRANSFER OF LISTING TO  
THE ALTERNATIVE EXCHANGE (“Alt<sup>X</sup>”) AND SALIENT DATES**

**Introduction**

As previously announced on 30 June 2004, in terms of an agreement signed on 23 April 2004, the Level 4 Group directors acquired 56 234 723 shares, being control of 75% of Casey from Black Information Technology Empowerment Company Limited (“Blitec”) as well as Blitec’s loan account claims against Casey, with effect from 01 March 2004. Blitec has retained a shareholding of approximately 9% in Casey. The listing of Level 4 Group on Alt<sup>X</sup> was approved by the Alt<sup>X</sup> Advisory Committee, subject to JSE approval, ahead of the acquisition of control of Casey. During the process of obtaining formal approval from the Alt<sup>X</sup> Advisory Committee, the Level 4 Group directors acquired a controlling interest in Casey with an intention to reverse list Level 4 Group into the Casey shell in order to achieve a spread of shareholders and secure a value-adding black empowerment company in the form of Blitec. The Level 4 Group business and contracts will be introduced into Casey without any dilution to minority shareholders of Casey whereby invoices will be raised from 01 September 2004 in Casey and the Level 4 Group business will be wound down. At the same time, the Level 4 Group directors entered into negotiation with DataPro management vendors and BOE Private Equity Investments (Proprietary) Limited (“BOE Private Equity”) for the acquisition of 100% of DataPro (Proprietary) Limited (“DataPro”) by Casey.

As announced on 16 August 2004, in terms of an agreement signed on 13 August 2004, Casey acquired 100% of the preference shares in and claims against DataPro, a first tier ISP, from BOE Private Equity and 100% of the ordinary shares in and claims against DataPro, from DataPro management vendors comprising primarily Douglas Reed (53%) with the balance being widely held by management and staff. This will result in Casey holding 100% in DataPro.

The purchase price for the acquisition of the ordinary shares and claims from DataPro management vendors, equating to an effective 13,573% shareholding in DataPro, is R5 653 650, to be settled through the issue of 66 500 000 new shares in Casey at 8,5 cents per share. The purchase price for the acquisition of the preference shares and claims from BOE, equating to an effective 86,427% shareholding in DataPro, is R36 000 000, to be settled in cash. A bank guarantee has been issued for the purchase price and the minimum cash requirement of R36 000 000 has been secured through written undertakings to subscribe for an issue of up to 87 500 000 new shares in Casey at an issue price of 55 cents per share, subject to the approval of the acquisition and issue of shares for cash by the shareholders of Casey in a general meeting.

Prior to, and after, the implementation of the acquisition and issue of shares for cash, the share capital of the company will be as follows:

<b><i>Authorised</i></b>	
2 000 000 000 ordinary shares of 0,1 cent each	
<b><i>Issued</i></b>	<b>R’000</b>
<i>Total (Prior to the acquisition)</i>	
74 979 627 ordinary shares of 0,1 cent each	75
Share premium	23 498
<i>To be issued to DataPro management vendors at 8,5 cents per share</i>	
66 500 000 ordinary shares of 0,1 cent each	67
Share premium	5 586
<i>To be issued for cash at 55 cents per share</i>	
87 500 000 ordinary shares of 0,1 cent each	87
Share premium	48 038
<i>Total (After the acquisition and issue of shares for cash)</i>	
228 979 627 ordinary shares of 0,1 cent each	229
Share premium	77 122

The shares are to be placed with black empowerment companies, private individuals and institutions. The largest shareholder in Casey, after the share issue, will be Vantage Capital Group, a black economic empowerment company, at approximately 23% assuming all the shares for cash are placed. There are no agreements, arrangements or undertakings between any of the parties to these transactions that will result in shareholders, acting in concert, controlling 35% or more of the voting securities of Casey.

The acquisition and the issue of shares for cash (“the transactions”) will require the approval of Casey shareholders in a general meeting in terms of the JSE Listings Requirements. In addition, it is proposed that Casey change its name to DataPro Group Limited in order to more accurately reflect the nature of its current and future business activities. The name reservation has been approved by CIPRO. The memorandum and articles are to be substituted in their entirety in order for the articles to more accurately reflect the recent changes in the Act.

### **General meeting**

A general meeting to approve the acquisition of DataPro, the issue of shares for cash, the change in name of the company and the adoption of new articles of association is to be held at 10h30 on Monday, 27 September 2004 at Arcay House II, Number 3 Anerley Road, Parktown, Johannesburg. Irrevocable undertakings to vote in favour of the transactions of 56 234 723 shares or 75% of the existing issued share capital of Casey have been secured.

### **History and nature of business**

DataPro is a premier ISP focused on providing permanent Internet connections to the corporate market in South Africa through the supply of leased lines or ADSL. The company is currently rated amongst the top five South African first tier ISPs by BMI (BMI TechKnowledge Group). It has a substantial base of customers, one of the most advanced networks in the world and provides a basket of quality communication products and services. DataPro currently services businesses of all sizes. In Gauteng the customer base consists predominately of mid to large corporate companies, and in the Cape Town and Durban regions, small to medium enterprises.

A large portion of DataPro’s business is annuity based income covering a wide customer base comprising almost 3 000 customers. At 01 August 2004 DataPro’s contracted monthly annuity revenue was approximately R6 million.

Prior to 1 January 1998, DataPro developed the software for Control Instrument Limited’s onboard vehicle computers. The software became core to Control Instruments strategy and as a result they purchased the business, redeployed the software development team and Douglas Reed was tasked with managing and developing the remaining business section. It was decided to refocus the business as an ISP.

On restricted resources, the business grew steadily until April 2001 when the business became cash positive. In terms of January 2001 market share information, the market was dominated by three large ISPs. A number of companies of similar size were positioned below these.

The economic climate combined with DataPro’s lean base enabled management to affect a buyout with the assistance of BOE Private Equity. Later in 2001 BTGNet, (formerly Uskonet), was acquired and this propelled DataPro to the fourth largest corporate ISP by market share. With direct links to Intermedia in Washington DC, DataPro acquired first tier status.

In 2002 there was rapid consolidation and rationalisation in the Internet industry and DataPro emerged as a leading player with significant market share and strong financials. Organic sales growth of 118% and a signed interconnection agreement with an international telecommunications company marked the highlights of a great year.

To position DataPro to maximise the opportunities presented by convergence of voice and data, DataPro established a *Voice Over Internet Protocol* (“VOIP”) VOIP switch in London in 2003 and launched VOIP services using least-cost routing and call back protocols. These services provided the basis to build a comprehensive Voice division offering businesses a complete service.

DataPro also provides IT outsourcing services and supplies, which division will now be run under the brand name of Level 4 Group and managed by former Level 4 Group directors.

### **Growth prospects**

The ISP business is a subset of the Telecommunication sector. This sector faces enormous change in South Africa due to deregulation, convergence of broadcasting, voice and data technologies, technological innovation and enhancements and the exploding growth of the Internet.

The barriers to entering the permanent ISP market are significant. It is now extremely difficult to start an ISP from a zero base. Economies of scale limit small start-up ISPs. ISPs are typically in the bulk-breaking business, which involves the purchase of bulk bandwidth and the break up and sale to customers. If a company cannot buy in bulk it cannot attract the volume discounts that allows it to compete.

Another barrier to entry is the so-called "J-Curve". A level of infrastructure is required to successfully operate and this leads to a J-Curve where infrastructure and operating costs are financed until a point is reached in turnover that results in the business breaking even. DataPro reached this breakeven in April 2001 and has been cash generative since then. The costs of financing J-curves are well documented with various businesses investing enormous amounts of cash to finance infrastructure and operating costs.

Finally, the last barrier to entry is the nature of an ISP sale – which is a technical sale with a long sales cycle and generally requires a trained and experienced sales force, which comes with an expensive price tag. From the moment a customer is seen to the time a sale occurs, averages ten months. New entrants are therefore required to finance at least ten months in operating costs before the first sale and will further require a level of sales in the future that will cover operating costs and infrastructure – that is, the J-curve.

The Internet is a significant area of growth as a business network in South Africa. Like all networks they are subject to exponential growth factors. Generally network usage grows slowly until critical mass is achieved, then the growth increases in leaps and bounds. A good example of this is the fax machine. A fax network of two people had very little value, a business with a 100 customers who had a fax machine had more value and once enough users were added to achieve critical mass the faxing network grew significantly. Today, the majority of businesses in the world regard having a fax machine as a necessity to do business. This factor, known as Metcalf's Law, quantifies a network's value as the sum of the users squared. The majority of businesses - regardless of size - have to utilise telephone, postal, fax and email networks. This was not always the case and soon a permanent connection to the Internet will become a requirement to do business in South Africa. In South Africa, the Internet is still in its infancy - critical mass has just recently been achieved. Towards the end of 2002 an estimated 8,000 businesses were permanently connected. With the launch of ADSL the costs of being connected were lowered and there are now an estimated 25,000 South African based businesses permanently connected to the Internet – this represents roughly 21% of the market with growth of 17,000 users achieved in only two years.

It is estimated that the total size of the private sector component of the South African permanent connection Internet market is 80,000 to 100,000, comprising businesses that will ultimately need a permanent Internet connection. In support of this estimate, there are an estimated 350,000 businesses in South Africa, listed with the various directories. Approximately 120,000 of these businesses are insured by the various credit bureaus and credit insurance companies.

The South African Public Sector is potentially double the Private Sector. Individual public enterprises number in the thousands especially when schools, hospitals, clinics, police stations, municipalities, parastatals and institutions such as Custom & Excise are taken into account.

The permanent Internet connection market has a number of factors influencing growth. There is growth in the number of users and current users are also using more bandwidth. The increase in use of Internet is expected to follow the same growth pattern demonstrated in the cellular market.

DataPro is uniquely positioned. It is the only independent company in the top six, has already achieved critical mass with a foundation necessary to exploit opportunities, and is a business in the expansion phase of its life cycle. It achieved breakeven levels of cash generated from operations, and earnings in late 2000. In addition, with Blitec, Blitec minorities and Vantage Capital Group as shareholders, DataPro Group is a broad based, black empowered ISP, with over 400 black IT professionals as direct shareholders.

DataPro's independence enables it to be decisive, to focus on core activities and to be flexible. The critical mass ensures that it is competitive, profitable and able to generate the cash required to fund growth and debt repayments. The foundation includes the infrastructure, customer base and the entrepreneurial team with the necessary skills required to move fast with innovative products and services. DataPro has a cost advantage relative to its competitors, which has been achieved with innovative technologies like bandwidth accelerators.

DataPro has historically seen 35% of its growth from existing customers increasing their usage by upgrading their bandwidth requirement and 15% achieved by selling new products and services to the existing base. The other 50% of its growth is achieved by selling products and services to new customers.

DataPro's growth strategy focuses on three principal drivers, its current lease line business that contributes 80% of turnover and profit and two new divisions, namely ADSL and Voice. All are expected to contribute equally to the overall contribution to turnover and profit in the future.

Although DataPro is not a consumer dial up ISP, an acquisition of a dial-up consumer business can be highly contributory to profit since the pattern of bandwidth usage at DataPro is concentrated during the day. The acquisition of a consumer dial up customer base would increase overall capacity utilisation with an enhanced contribution to the bottom line as the consumer dial up market has its usage concentrated after normal business hours.

Another major factor ensuring the success of DataPro is the fact that the company is a lean organisation when compared to its competitors. It is a low cost operator rather than a cheap operator. Normal manufacturing principles have been applied to a high tech business. This has resulted in cost reductions, shorter implementation lead times, faster time to market for new products, continuous quality improvement and customer satisfaction. These principles have been extended right down to DataPro being the only ISP in South Africa to have an ISO 9001:2000 certification and is one of the few ISPs in the world with this certification. These are DataPro's key differentiators.

#### **Directors' information**

The directors of the company after the transactions will be as follows:

<i>Name</i>	<i>Age</i>	<i>Business Address</i>	<i>Occupation</i>	<i>Other directorships</i>	<i>key</i>
Yvonne Thato Moerane*	39	Block B1 Green Oaks Office Park Vorna Valley Midrand	Businesswoman	Blitec SAP Public Services (Pty) Ltd	
Douglas Graham Reed	45	DataPro Building Rutherford Estate 1 Scott Street Waverley	Businessman	DataPro	
James Charles Herbst	33	Suites 5 & 6 Lower Ground Floor Stellenryk Building Constantia Square 526 16th Road Midrand	Finance	Level 4 Group Level 4 IT Services Limited Herbst Investments (Pty) Ltd	
Gary Paul Sweidan	27	DataPro Building Rutherford Estate 1 Scott Street Waverley	Operations	DataPro	
Karl Chelius	34	Suites 5 & 6 Lower Ground Floor Stellenryk Building Constantia Square 526 16th Road Midrand	Sales and marketing	Level 4 Group Level 4 IT Services Limited IT-Net Solutions (Pty) Ltd	
Michelle Julie Krastanov*	38	Arcay House Number 3 Anerley Road Parktown	Accountant	Arcay Corporate Services	

\* Non-executive

## Salient Dates

	<b>2004</b>
Last day to lodge forms of proxy for the general meeting by 10h30 on	Thursday, 23 September
General meeting of shareholders to be held at 10h30 and results of general meeting published on SENS on	Monday, 27 September
Results of general meeting published in the press on	Tuesday, 28 September
Offer opens at 09h00	Tuesday, 28 September
Offer closes at 12h00 (see note below)	Friday, 08 October
Last day to trade	Friday, 15 October
Change of name effective from commencement of trading on	Monday, 18 October
Transfer of sector and list and trade new shares in the new name of DataPro Group Limited on	Monday, 18 October
Listing of new securities at commencement of business on	Monday, 18 October
Refund cheques posted to shareholders who applied for certificates (dematerialised shareholders will not get refunds as payment is only made on delivery versus payment method)	Tuesday, 19 October
Record date	Friday, 22 October
New share certificates posted to certificated shareholders and, in respect of dematerialised shareholders, CSDP and broker safe custody accounts updated	Monday, 25 October

Share certificates in the name of Casey may not be dematerialised or rematerialised after Friday, 15 October 2004.

### Transfer to Alt<sup>X</sup>

The directors are pleased to announce that the JSE Securities Exchange South Africa has formally approved the transfer of the company's listing to Alt<sup>X</sup>, subject to the approval of the acquisition of DataPro (Proprietary) Limited on 27 September 2004. The company's securities will commence trading on Alt<sup>X</sup> from commencement of business on 18 October 2004 in the new name of the company DataPro Group Limited under the share code DTP and the new ISIN will be ZAE000058061.

In accordance with the JSE Listings Requirements the following wording is included in this announcement:

*"In accordance with Alt<sup>X</sup> Listings Requirements, shareholders are advised of the risks of investing in a company listed on the Alt<sup>X</sup>. Shareholders are advised that the JSE does not guarantee the viability or the success of a company listing on Alt<sup>X</sup>. In terms of JSE Listings Requirements a Designated Adviser has to be retained by the company. The Designated Adviser is required to, *inter alia*, attend all board meetings held by the company to ensure that all JSE Listings Requirements and applicable regulations are complied with, approve the financial director of the company and guide the company in a competent, professional and impartial manner. If the company fails to retain a Designated Adviser it must make arrangement to appoint a new Designated Adviser within 10 business days, failing which the company faces suspension of trading of its securities. If a Designated Adviser is not appointed within 30 days of its suspension the company faces the termination of its listing without an offer to minorities."*

Shareholders are advised that in order to be admitted to Alt<sup>X</sup>, *inter alia*, the company has to first present to, and be approved for listing by, the Alt<sup>X</sup> Advisory Committee. Casey believes that the company, and its shareholders, will be better suited for Alt<sup>X</sup>, based on the benefits that Alt<sup>X</sup> presents.

### Copies of this document

Copies of this document will be available for inspection at the registered office of the company at Number 3 Anerley Road, Parktown, Johannesburg during normal business hours from Wednesday, 01 September 2004 up to and including Tuesday, 28 September 2004.

Johannesburg  
03 September 2004

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<b>Sponsor</b>	<b>Independent reporting accountants</b>
Arcay Corporate Services	Grant Thornton
<b>Attorneys</b>	<b>Auditor</b>
Webber Wentzel Bowens	SAB&T Incorporated

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