

**SENS ANNOUNCEMENT**  
(the “Notice” or “Announcement”)

**ISSUER**



**COPPERBELT ENERGY CORPORATION PLC (“CEC”)**

[Incorporated in the Republic of Zambia]

Company registration number: 39070  
Share Code: CEC  
ISIN: ZM0000000136  
Authorised by: Julia C Z Chaila – Company Secretary

**SPONSOR**



**STOCKBROKERS ZAMBIA LIMITED**

**Stockbrokers Zambia Limited**

[Founder Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

Contact Number: +260-211-232456  
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**APPROVAL**

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

**RISK WARNING**

The Notice or Announcement contained herein contains information that may be of a price sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED: 23 May 2018**



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[“CEC” or “the Company”]

## DIVESTMENT – CEC LIQUID TELECOMMUNICATION LIMITED

Copperbelt Energy Corporation Plc (“CEC”) has entered into a Sale and Purchase Agreement (the “**Agreement**”) with Liquid Telecommunications Holdings Limited (“**Liquid**”) for the sale of CEC’s 50% shareholding in CEC Liquid Telecommunication Limited (“CEC Liquid Telecom”) (the “**Sale Shares**”) and payment of all amounts owed by CEC Liquid Telecom to CEC (the “**CEC Payables**”), in its jointly owned subsidiary, CEC Liquid Telecom to Liquid for a cash consideration (the “**Consideration**”) (the “**Transaction**”).

### 1. TRANSACTION OVERVIEW

- a. CEC is the legal and beneficial owner of 50% of the allotted and issued share capital of CEC Liquid Telecom.
- b. Disposal of the Sale Shares to Liquid.
- c. On or prior to Completion, Liquid shall procure the release of the CEC Guarantee, being the guarantee extended to Stanbic Bank Zambia Limited (as Lender and as Agent) in relation to a loan facility provided by Stanbic Bank Zambia Limited to CEC Liquid Telecom.
- d. Liquid will pay CEC an initial sum (the “**Initial Consideration**”) on Completion with the balance (the “**Deferred Consideration**”), being payable by the Deferred Consideration date (the “**Deferred Consideration Date**”), which date shall be no later than 31 January 2019.
- e. Liquid shall provide CEC with an irrevocable and unconditional Bank Guarantee to support the payment of the Deferred Consideration.
- f. Completion of the Transaction shall be conditional upon and subject to receipt of the relevant regulatory approvals and any other third-party consents that are required.

### 2. BACKGROUND

CEC Liquid Telecom provides wholesale telecommunications services in Zambia. Headquartered in

Lusaka, CEC Liquid Telecom owns and operates a national long haul broadband fibre based backbone from Chirundu to Kasumbalesa as well as a new long haul broadband fibre from Lusaka to Livingstone and Livingstone to Sesheke. CEC Liquid Telecom also has fibre rings in most major towns and provincial capitals in Zambia. The CEC Liquid Telecom provides competitive high-quality products and services through the wholesale of national and international fibre bandwidth. In 2016, CEC Liquid Telecom acquired a license allowing it to provide services to the enterprise and retail markets.

Hai Telecommunications Limited (“**Hai**”) is a 100% subsidiary of CEC Liquid Telecom, focused on providing internet services to corporate and retail customers. Its core business is the provision of high speed internet services, private leased circuits using optic fibre technology and internet over radio technology. The focus of this business is to drive internet content delivery which drives internet usage and to increase internet penetration in the country.

### **3. RATIONALE FOR THE TRANSACTION**

CEC’s investment rationale in CEC Liquid Telecom was to facilitate for the full commercialization of CEC’s telecoms assets, ensuring adequate ring-fencing of the telecoms operations from the power business. The model was based on leased infrastructure capacity, aligning well with the CEC power business model.

The recent convergence of technology and licencing in the telecoms sector covering infrastructure, voice and services requires service providers to build sufficient capacity to drive their business strategy; taking into account the ever-changing technological and business environment. As a result of these developments, coupled with the need to ensure that the company’s medium-term strategy is aligned with that of its operational investors, who actively manage the investment to achieve operational excellence, it became necessary for CEC to review its strategy vis-à-vis its investment in the sector.

Based on the above, the CEC Board, at its meeting of 23 November 2016, passed a resolution to divest from CEC Liquid Telecom on condition that the exit price meets the expected floor price.

### **4. CONDITIONS PRECEDENT**

The Transaction is subject to the following Conditions being satisfied:

- a. the approval of the sale of the Sale Shares and matters ancillary thereto by the Competition and Consumer Protection Commission (“**CCPC**”) or the COMESA Competition Commission as the case may be;
- b. the approval of the sale of the Sale Shares and matters ancillary thereto (including the proposed changes to the board of directors of CEC Liquid Telecom and Hai by the Zambia Information and Communication Technology Authority (“**ZICTA**”));
- c. the Lusaka Securities Exchange (“**LuSE**”) and Securities and Exchange Commission (“**SEC**”) having been notified of the Transaction, insofar as may be required in terms of the LuSE Listings Requirements and the Securities Act No. 41 of 2016 and the requisite approvals have been obtained;
- d. CEC Liquid Telecom having obtained the consent of Stanbic Bank Zambia Limited to the sale of the Sale Shares and matters ancillary thereto (including the termination of the Joint Venture Agreement);

- e. discharge of the CEC Guarantee in a form satisfactory to CEC;
- f. Liquid having obtained the consent of its lenders to the acquisition of the Sale Shares and matters ancillary thereto; and
- g. the boards of CEC and Liquid approving the Transaction.

## 5. EFFECTIVE DATE

The effective date is on the third Business Day after the date on which the last of the Conditions is satisfied or waived.

## 6. CONSIDERATION

- a. The Consideration shall be the payment by the Liquid to the CEC of:
  - i. the Initial Consideration; and
  - ii. the Deferred Consideration,
 the aggregate amount being the Consideration.

## 7. PRO FORMA EFFECTS ON NET ASSETS AND EARNINGS

The table below sets out the pro forma financial effects of the proposed Transaction on the audited consolidated annual financial statements of CEC. The pro forma financial effects have been prepared for illustrative purposes only and because of their pro forma nature, they may not fairly present CEC's financial position, changes in equity, results of operations or cash flows; nor the effect and impact of the Transaction going forward. The pro forma financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited consolidated annual financial statements of CEC. The pro forma financial effects are presented in accordance with the LuSE Listings Requirements.

	<b>CEC BEFORE</b>	<b>CEC AFTER</b>	<b>CHANGE</b>	<b>PERCENTAGE CHANGE</b>
<b>NET ASSETS (USD'M)</b>	350.910	332.827	18.083	5.15%
<b>NET PROFIT (USD'M)</b>	48.378	47.930	0.448	0.93%
<b>NAV PER SHARE (USD)</b>	0.216	0.205	0.011	5.15%

## 8. OTHER SIGNIFICANT TERMS OF THE AGREEMENT

### Items for Delivery by CEC

CEC shall deliver to Liquid, among other things, an executed share transfer form transferring the single share in Hai held by Hanson Sindowe to Liquid or such other person as directed by Liquid and

the share certificate for the single share in the subsidiary, held by Hanson Sindowe.

### **Restricted Period**

From the date of Completion up until the end of year 3, CEC is restricted to carry on or be engaged, concerned or interested in, or assist a business which competes, directly or indirectly, with Liquid's business in Zambia.

### **9. APPLICATION OF THE SALE PROCEEDS**

The sale proceeds shall be used to fund power projects in support of CEC's growth strategy for its power business.

### **10. CATEGORISATION OF THE TRANSACTION ON THE LUSE**

The Transaction is classified as a Category 2 transaction in terms of Section 9 of the LuSE Listings Requirements. Accordingly, it is not subject to approval by CEC shareholders.

<b>For additional information on the Transaction, please contact:</b>	
<b>CEC</b>	Tel: +260 (0) 212 244 000
Owen Silavwe, Chief Executive Officer Mutale Mukuka, Chief Financial Officer Julia C. Z. Chaila, Chief Legal Counsel/Company Secretary	
<b>Pangaea Securities Limited (Transaction Advisor)</b>	Tel: +260 (0) 211 220 707
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<b>Corpus Legal Practitioners (Zambian Legal Counsel)</b>	Tel: +260 (0) 211 372 300
Sharon Sakuwaha, Partner Bwalya Chilufya-Musonda, Partner	
<b>Trinity LLP (International Legal Counsel)</b>	Tel: +44 (0) 207 997 7049
Hugh Naylor, Partner	

### ***Information on CEC***

CEC is a Zambian incorporated power supply, transmission, distribution and generation company with interests in closely linked businesses in Zambia and the African region; including optic fibre based telecommunications. A major developer of energy infrastructure in Africa, it is respected for its skills in designing and operating transmission systems. It is a member of the Southern African Power Pool and listed on the Lusaka Securities Exchange. CEC owns, operates and maintains power transmission, generation and

distribution assets servicing customers in Zambia and the DRC, and is one of the largest international power traders in Zambia and the DRC.

***Information on Liquid***

Liquid is the leading independent data, voice and IP provider in Eastern, Central and Southern Africa. It supplies fibre optic, satellite and international carrier services to Africa's largest mobile network operators, ISPs and businesses of all sizes. It also provides payment solutions to financial institutions and retailers, as well as award winning data storage and communication solutions to businesses across Africa and beyond.

**By order of the Board**

**Julia C Z Chaila (Mrs)**

**Company Secretary**

**Issued in Lusaka, Zambia on Wednesday, 23<sup>rd</sup> May 2018**

**Lusaka Securities Exchange Sponsoring Broker**



**STOCKBROKERS ZAMBIA LIMITED**

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**Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia**

**First Issued on Wednesday, 23<sup>rd</sup> May 2018**