

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 Plc
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]

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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: 30 January 2018



Copperbelt Energy Corporation Plc
[Incorporated in the Republic of Zambia]
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[“CEC”]

**ANNOUNCEMENT REGARDING A FIRM INTENTION TO MAKE A
BINDING OFFER FOR ALL OF THE ORDINARY SHARES OF COPPERBELT
ENERGY CORPORATION PLC FOR A CASH CONSIDERATION OF US\$0.2338
PER SHARE**

1. INTRODUCTION

Further to the Cautionary Announcement last published on 3 October 2017, the Board of CEC (the “**Board**”) wishes to inform the shareholders of CEC (“**Shareholders**”) that by a letter dated 23 January 2018 (the “**Offer Letter**”) the Board received a firm intention from Zambian Transmission LLP (the “**Offeror**” or “**Zambian Transmission**”) to make a binding offer to purchase all of the ordinary shares in the capital of CEC. The Cautionary Announcement of 3 October 2017 is hereby withdrawn.

In accordance with the requirements of the Securities (Takeovers and Mergers) Rules, Statutory Instrument 170 of 1993, this announcement sets out information regarding the firm intention to make an offer.

2. DETAILS OF OFFER

The Offeror is offering to acquire, subject to the Terms and Conditions outlined below, all of the issued CEC Shares for a cash consideration of US\$ 0.2338 per share. Based on the average mid exchange rate of ZMW 9.7614: US\$1 (being the average mid-rate on 22 January 2018 published by Bank of Zambia), this equates to ZMW 2.28220 per share and represents a premium of approximately:

- 59.59% to the Closing Price of ZMW1.43 per CEC Share on 22 January 2018 (being the last business day prior to the date of submission of the Offer Letter);

- 69.05% to the volume weighted average Closing Price of ZMW 1.35 per CEC Share for the 12 months ended on 22 January 2018 (being the last practicable business day prior to the date of submission of the Offer Letter).

Based on the Offer Letter, the issued ordinary share capital of CEC is valued at approximately US\$ 380 million or ZMW 3.709 billion (based on the exchange rate set out above).

The price alluded to above may be adjusted to take into account any dividend, distribution or return of capital declared, made or paid by CEC by the aggregate distribution, dividend or return of capital declared, made or paid by CEC, in such circumstances, CEC Shareholders would be entitled to retain any such dividend, distribution or return of capital.

3. DEFINED TERMS

"APMC"	Africa Infrastructure Fund I K/S, acting by its general partner, Africa Infrastructure Fund I GP ApS;
"Bulk Supply Agreement"	the bulk supply agreement dated 21 November 1997 between ZESCO and CEC, as amended by: (i) the first amendment to the Bulk Supply Agreement dated 31 March 2000, (ii) the second amendment to the Bulk Supply Agreement dated 9 February 2001 and (iii) the third amendment to the Bulk Supply Agreement dated 22 August 2002, each amendment made between the parties to the Bulk Supply Agreement;
"CDC"	CDC Group plc, a public limited company incorporated in England with company number 03877777;
"CEC Shareholders"	registered holders of CEC Shares;
"CEC Shares"	ordinary shares in the capital of CEC with a par value of ZMW 0.01 each;
"Closing Date"	the date on which the Offer closes for acceptance by CEC Shareholders, in accordance with the terms of the Offer;
"Closing Price"	the closing middle market quotation of a CEC Share as reported by the LuSE;
"COMESA" or "Common Market"	Common Market for Eastern and Southern Africa;
"COMESA Competition Commission"	an international organization established by COMESA Competition Regulations which were issued in the COMESA Official Gazette, Vol. 9, No. 2. as Decision No. 43 of Notice No 2 of 2004;
"Form of Acceptance"	the form of acceptance and authority relating to the Offer for

use by CEC Shareholders which will be sent to CEC Shareholders with the Offer Document;

"Golden Share"	a share in CEC that may only be issued to, held by or transferred to the Minister responsible for Finance in Zambia, or his successor or nominee on his behalf, or other person acting on behalf of the Government of Zambia;
"ICB"	Independent Committee of the Board of CEC constituted to discharge the Board's responsibilities in relation to the Offer
"Kwacha", "K" or "ZMW"	the lawful currency of Zambia
"LuSE"	the Lusaka Securities Exchange Plc a company incorporated in Zambia with registration number 30495 and licensed to operate as a stock exchange under the Securities Act;
"Merger Control Clearance"	clearance from the COMESA Competition Commission for the Transaction or clearance deemed to have been obtained from the COMESA Competition Commission by the lapse of the applicable waiting periods;
"Offer"	the cash offer by the Offeror to acquire all of the CEC Shares described in the Offer Document on the terms and subject to the Conditions to be set out in the Offer Document and in the Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension or renewal thereof;
"Offer Document"	the formal offer document to be sent by the Offeror to the CEC Shareholders in accordance with the Takeover Rules;
"Offeror"	Zambian Transmission LLP, a limited liability partnership incorporated in England with partnership number OC420634;
"Offer Price"	the price per CEC Share payable pursuant to the Offer as set out in the paragraph addressing the Details of the Offer;
"Takeover Rules"	the Securities (Takeovers and Mergers) Rules, Statutory Instrument 170 of 1993;
"Securities Act"	the Securities Act No. 41 of 2016 of Zambia;
"Transaction"	the transaction contemplated by the Offer;
"UK"	the United Kingdom of Great Britain and Northern Ireland;

"US\$"	the lawful currency of the United States of America;
"Zambia"	the Republic of Zambia;
"ZECI"	Zambian Energy Corporation (Ireland) Limited, a company incorporated in Ireland with company number 414474;
"ZECI Bonds"	the non-callable exchangeable bond issued by ZECI on 6 March 2014 and as amended and restated on 21 November 2014 with a maturity date of 5 March 2019, and the non-callable exchangeable bond issued by ZECI on 21 November 2014 also with a maturity date of 5 March 2019, each of which are exchangeable into CEC Shares; and
"ZESCO"	ZESCO Limited.

4. **TERMS AND CONDITIONS OF THE OFFER**

The Offer will be subject to the Terms and Conditions set out in the Offer Letter and further terms to be set out in the Offer Document and the Form of Acceptance.

In summary, the Offer is conditional upon:

- receipt of Merger Control Clearance;
- the consent of the holder of the Golden Share to the Transaction as required by the Articles of Association of CEC;
- the consent of ZESCO to the Transaction as required pursuant to the Bulk Supply Agreement;
- the execution by CEC and ZESCO of an amendment of the Bulk Agreement which provides for an extension of the term for an additional period of 20 years;
- the lenders to CEC unconditionally consenting to the Transaction and agreeing not to demand repayment of any outstanding amounts as a result of the Transaction; and
- valid acceptance being received in respect of CEC Shares which, together with any CEC Shares acquired by the Offeror and persons acting in concert with it (whether pursuant to the offer or otherwise), will result in the Offeror and persons acting in concert with it holding more than 50% of the voting rights attaching to the CEC Shares.

The Offer can only become effective if all Conditions to the Offer have been satisfied or, where applicable, waived by the Offeror.

5. **PRINCIPAL SHAREHOLDER BEHIND OFFEROR**

The Offeror is a limited liability partnership incorporated under the laws of England. It is currently wholly owned by CDC, and has entered into a binding equity commitment letter with APMC pursuant to which APMC has agreed, subject only to the Offer becoming unconditional, to provide a fixed amount of capital which will result in it having a minority interest in the Offeror.

CDC is the United Kingdom's development finance institution and is wholly owned by the UK Government Department for International Development ("**DFID**"). As at 31 December 2016, CDC had total assets worth US\$ 6.0 billion and has a specific mandate to invest in infrastructure assets across Africa.

APMC is an alternative investment fund creating and enabling opportunities through investments in African infrastructure. The fund was launched in August 2017 with a total fund commitment of US\$650m backed by a selection of blue chip Scandinavian institutional investors.

6. **RATIONALE**

The Offeror views CEC as a well-regarded company, managed by a strong Zambian team. The Offeror believes that the Zambian energy sector is one of the most well developed in Africa and, over the last decade, has managed to evolve and reform in order to enhance its long-term sustainability. The legislative and regulatory frameworks in place already help to encourage private investment and the Offeror intends to capitalise on this investor-friendly environment in order to support management in their quest both to provide reliable power to its existing customers and to expand the Company's activities.

Both CDC and APMC believe that they have the requisite expertise to support CEC's management team and enhance shareholder value over the long term through improved efficiencies and performance, increased market share, and greater diversification.

7. **EXISTING HOLDING RIGHTS OR INTERESTS IN CEC**

As at 22 January 2018 (being the latest practicable date prior to the date of the submission the Offer Letter), none of CDC, APMC, the Offeror nor any director of CDC, APMC or the Offeror nor, so far as the Offeror is aware, any person acting or deemed to be acting in concert with the Offeror:

- owned or had control or direction over any voting rights in CEC;
- had procured an irrevocable commitment to accept the offer in respect of any holding or voting rights in CEC; or
- held an option to purchase or warrants or other convertible securities in respect of any holding of voting rights in CEC.

8. IRREVOCABLE UNDERTAKINGS

The Offeror has received an irrevocable undertaking to accept, or procure the acceptance of the Offer from Standard Chartered Private Equity Limited and Marina IV (Singapore) Pte. Ltd., as holders of the ZECI Bonds, in respect of 562,888,648 CEC Shares (representing approximately 34.6 per cent. of the CEC Shares in issue on 25 January 2018). These CEC Shares are currently held by ZECI, and the undertaking is subject to ZECI not exercising its option to settle the ZECI Bonds in cash upon the exercise of the exchange rights in accordance with the provisions of the ZECI Bonds.

Should the Offer lapse or fail to become unconditional, Standard Chartered Private Equity Limited and Marina IV (Singapore) Pte. Ltd. have granted the Offeror an option to purchase their CEC Shares, following the exchange of the ZECI Bonds for CEC shares, at the Offer Price.

The Offeror has also received an irrevocable undertaking not to accept the Offer from ZCCM Investment Holdings PLC in respect of 325,000,000 CEC Shares (representing approximately 20.0 % of the CEC Shares in issue on 25 January 2018).

9. IMPLEMENTATION OF OFFER

The Board has received confirmation from the Offeror's financial advisors and bankers that resources are available to the Offeror to satisfy full acceptance of the Offer.

10. LISTING ON THE LuSE

If the Offer becomes, or is declared, unconditional in all respects, the Offeror intends to keep CEC listed on the LuSE provided it is in full compliance with the requirements of the LuSE, the Companies Act and the Securities Act.

11. OFFER DOCUMENT AND CIRCULAR

The full terms of the Offer will be set out in the Offer Document to be posted by the Offeror within 21 days of the date of this Offer announcement (or such longer period as may be agreed with the SEC). A circular to the CEC Shareholders containing all such information as is reasonably necessary to enable CEC Shareholders reach a properly informed decision in relation to the Offer, including the opinion of an independent financial advisor on the fairness and reasonableness of the Offer and the ICB's recommendation, shall be posted within 14 days of the date of posting the Offer Document (or such longer period as may be agreed with the SEC).

12. ARRANGEMENTS IN RELATION TO SHARES OF CEC OR MATERIAL TO THE OFFER

The Board has initiated the appropriate steps and actions in line with the requirements of the Takeover Rules, including the appointment of the ICB to review and assess the Offer.

Shareholders are therefore advised to continue exercising caution when dealing in their CEC shares until the Offer Document is issued.

By order of the Board

Julia C Z Chaila (Mrs)

Company Secretary

Issued in Lusaka, Zambia on Tuesday, 30th January 2018

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First Issued on Tuesday, 30th January 2018