

SENS ANNOUNCEMENT
(the "Notice" or "Announcement")

ISSUER



ZCCM INVESTMENTS HOLDINGS PLC ("ZCCM-IH")

[Incorporated in the Republic of Zambia]

Company registration number: 119540000771
Share Code: ZCCM-IH
ISIN: ZM0000000037
Authorised by: Chabby Chabala – Company Secretary

SPONSOR



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
Website: www.sbz.com.zm

APPROVAL

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange ("LuSE")
- ii. the Securities and Exchange Commission ("SEC")
- iii. Stockbrokers Zambia Limited ("SBZ")

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: 12 June 2021



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[Incorporated in the Republic of Zambia]

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["ZCCM-IH" or the "Company"]

TRANSACTION ANNOUNCEMENT

The Board of ZCCM Investments Holdings Plc ("ZCCM-IH" or "the Company"), wishes to advise the shareholders and the market participants that the Company has signed a Group Restructuring and Reorganization Agreement with the Industrial Development Corporation Limited ("IDC" or the "Corporation"). ZCCM – IH to transfer its entire 71.4 % of issued share capital in Investrust Bank PLC ("Investrust") and its entire 100 % of issued share capital and shareholder loan in Mushe Milling Limited ("Mushe") to IDC at market value and on an arm's length basis, and simultaneously acquire the IDC's 25% of issued share capital in Kagem Mining Limited ("Kagem") at fair value and on an arm's length basis, as a Group Reorganization exercise at a total net consideration of US\$ 19 Million (Nineteen Million Dollars) as final settlement and net payment by ZCCM-IH to IDC ("the Transaction").

The Board wishes to inform the shareholders and the market that ZCCM-IH, with its advisors, has prepared the technical and financial information which is required in the Circular to ZCCM-IH shareholders ("Shareholders") to ensure Shareholders have sufficient information to vote on the Transaction at an Annual General Meeting ("AGM"). In line with the requirements of Section 9 of the Lusaka Securities Exchange ("LuSE") Listings Requirements, the salient features of the Transaction are as follows.

| | |
|--------------------------------|---|
| Particulars of the Transaction | Group Restructuring and Reorganization involving ZCCM-IH and the Industrial Development Corporation Limited |
| Conditions Precedent include: | <ul style="list-style-type: none">• Various regulatory approvals, including LuSE, Securities and Exchange Commission, relevant competition authorities; and• ZCCM-IH Shareholder approval. |

Net Consideration: US\$ 19,000,000

The net payment shall be paid in the following manner and conditions as follows:

- a) Two Hundred and Fifty Thousand United States Dollars (US\$250,000) shall be paid by ZCCM-IH to IDC within Five (5) Business Days from the Group Re-organisation Completion Date;
- b) Interest on the balance of Eighteen Million Seven Hundred and Fifty Thousand United States Dollars (US\$18,750,000) (the "Net Difference Amount Balance") referred to at (c) below shall be payable in ten semi-annual instalments commencing one hundred and eighty two (182) days from the Group-Reorganisation Completion Date (the "First Instalment Date") and thereafter the remaining nine (9) instalments shall be paid no later than one hundred and eighty three (183) days from the date for payment of the previous instalment;
- c) interest at the rate of LIBOR + Six Point Two Five Percent (6.25%) shall be payable on all or any amounts of the Net Difference Amount Balance outstanding (notwithstanding that such amount is not due) pursuant to (b) above;
- d) in the event ZCCM-IH receives in cash any Extraordinary Income within Five (5) years from the Group-Reorganisation Completion Date exceeding Five Million United States Dollars (US\$5,000,000) ("Extraordinary Receipt") it shall pay Twenty Five Percent (25%) of such Extraordinary Receipt within Sixty (60) days of such receipt towards settlement of the outstanding amount of the Net Difference Amount Balance; and
- e) In the event that any part of or all of the Net Difference Amount Balance has not been paid within a period of Five (5) years from {Date to be connected to (b)} then such part or all of the Net Difference Amount Balance shall no longer be payable by ZCCM-IH to IDC and IDC hereby waives its right to claim such amount in such circumstances.

Other terms of the Acquisition:

- IDC transfers its 25% equity stake in Kagem, at fair value, to ZCCM-IH;
- ZCCM IH transfers its 71.4% stake in Investrust, at market value to IDC; and
- Mushe Milling is transferred to IDC by ZCCM-IH at fair value or via a novation.

Rationale for the Transaction

- In order to achieve realignment, rationalisation and seize benefits of greater efficiencies, it is proposed that IDC transfers the Kagem asset to ZCCM-IH while ZCCM-IH transfers the Investrust and Mushe Milling investments to IDC via an arm's length transaction. The ZCCM-IH Board, therefore, considers that the proposed Group Reorganization and the subsequent acquisition and direct ownership of 25% shareholding in Kagem, Africa's largest emerald mine, will significantly enhance the investments portfolio of ZCCM-IH going forward and support the Company to sustain growth and unlock value for its shareholders.

| | Before | Pro Forma Adjustments | After | Percentage change (%) |
|---|-------------|-----------------------|---------------|-----------------------|
| EPS (ZMW) | 11.87 | 0.43 | 12.30 | 3.62 |
| HEPS (ZMW) | 8.59 | 0.56 | 8.03 | -6.52 |
| NAV per share | 130.60 | 0.4 | 131.00 | 0.31 |
| Ordinary Shares in issue | 160,800,286 | | 160,800,286 | 0 |
| Shares in issue | 160,800,286 | | 160,800,286 | 0 |
| Weighted average number of Ordinary Shares in issue | 160,800,286 | | 160,800,286 | 0 |

Annual General Meeting and the Transaction Circular

- i. A notice of Annual General Meeting ("AGM") to consider the Proposed Transaction published on 09 June 2021; and
- ii. A circular to Shareholders giving full details of the Transaction will be mailed to Shareholders on or about Monday, 14 June 2021.

The Circular will also be available in electronic form on the LuSE's website (www.luse.co.zm) or Stockbrokers Zambia Limited (SBZ) website (www.sbz.com.zm). Alternatively, shareholders may collect the Circular from the Company's Transfer Secretaries and/or Sponsoring Broker whose details are below:

Sponsoring Broker

Stockbrokers Zambia Limited
32 Lubu Road
Longacres
P.O. Box 38956
Lusaka

Transfer Secretary

Corpserve Transfer Agents Limited
6 Mwaleshi Road
Olympia Park
Lusaka
Zambia

Shareholders are advised to continue to exercise caution when dealing in the Company's securities until completion of the Transaction which is expected on 30 June 2021.

By Order of the Board

Chabby Chabala
Company Secretary

Issued in Lusaka, Zambia on June 12, 2021

Lusaka Securities Exchange Sponsoring Broker



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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 12 June 2021