

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

**ISSUER**

**ZCCM INVESTMENTS HOLDINGS PLC (“ZCCM-IH”)**

[Incorporated in the Republic of Zambia]

Company registration number: 771

Share Code: ZCCM-IH  
ISIN: ZM0000000037  
Authorised by: Chabby Chabala – 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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Contact Number: +260-211-232456  
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**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: 01 December 2022**



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[Incorporated in the Republic of Zambia]

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

### TRANSACTION ANNOUNCEMENT

regarding

**Kansanshi Mining PLC**

The Board wishes to inform the shareholders ("**Shareholders**") of ZCCM Investments Holdings Plc ("**ZCCM-IH**" or "**the Company**"), and the market that, ZCCM-IH has entered into a transaction with First Quantum Minerals ("**FQM**") whereby the Company will convert its dividend rights and economic value in its 20 percent equity in Kansanshi Mining Plc ("**KMP**") into a life of mine royalty (the "**Transaction**").

The Company, in consultation with its Transaction advisors, has prepared the financial and technical information which is required in the Circular to ZCCM-IH shareholders to ensure that Shareholders have sufficient information to vote on the Transaction at an Extraordinary General Meeting ("**EGM**").

In compliance with the requirements of Section 9 of the Listings Requirements of the Lusaka Securities Exchange ("**LuSE**"), the key features of the Transaction are as follows.

#### Brief Particulars of the Transaction

- The grant of a life of mine royalty (the "Royalty") to ZCCM-IH in respect of 3.1 per cent of the gross value of Royalty products to be extracted from the KMP mine pursuant to a Royalty Agreement to be executed on the Transaction **closing** date.
- Post transaction, the economic value of ZCCM-IH's 20% equity stake in KMP will be realised through the VAT refunds.
- The varied rights attached to the ZCCM-IH Class A shares in KMP will be amended and prescribed in the amended KMP Articles of Association ("**New KMP Articles**") to be adopted at Closing.
- ZCCM-IH Class A shares will entitle the Company to nominate 2 Directors to the KMP Board each with voting rights.
- At closing ZCCM-IH will de-recognise its equity stake in KMP as an investment in associate and recognise the acquired Royalty as a financial asset.

Conditions Precedent include:

Closing or completion of the Transaction is subject to the fulfilment or waiver of all the following conditions precedent in accordance with the Framework Agreement:

- ZCCM-IH Shareholders approval.
- Approval of the Transaction by the Competition and Consumer Protection Commission.
- Letter of No Objection from the Securities and Exchange Commission of Zambia concerning the New KMP Articles.
- Withdrawal of the criminal complaint against KMP directors and confirmation of such withdrawal
- Zambia Revenue Authority confirmation of the parties' tax position on the Transaction.

Key Financial Terms of Agreement

- Pursuant to the KMP shareholder resolution, KMP will make a dividend declaration of United States Dollars Nine Hundred Seventy-Five Million (US\$975,000,000) payable in proportion to the shareholding structure (ZCCM-IH:20% and Kansanshi Holdings Ltd 80%) to be paid no later than the date falling seven (7) days following the date of execution of the framework agreement as stated below:

✓ United States Dollars One Hundred and Ninety-Five Million (US\$195,000,000) to ZCCM-IH and United States Dollars Seven Hundred and Eighty Million (US\$780,000,000) to Kansanshi Holdings Limited ("**KHL**").

- At Closing, the change of KHL's Class A shares to Class C shares and the variation of ZCCM-IH's rights (*inter alia*, to reflect that ZCCM-IH's dividend right is converted into the Royalty rights as further described below) pursuant to the New KMP Articles and the Termination Agreement between KHL, KMP and ZCCM-IH relating to the termination of rights and obligations under the KMP Shareholders Agreement.
- At Closing, a Royalty consideration of Six Hundred and Eighty-Five Million Dollars (US\$ 685,000,000) representing ZCCM-IH's dividend declared on Class A shares by KMP, will be settled by issuance of a Loan Note by KMP to ZCCM-IH. The Royalty Agreement will be executed and delivered by using the Loan Note as Royalty consideration.
- At Closing, ZCCM-IH will have the right to receive quarterly Royalty payments of 3.1% of the Gross Value of Royalty Products (Copper, Gold, and all other metal products) sold or otherwise extracted at KMP, throughout the life-of-mine, pursuant to the Royalty Agreement.
- In accordance with the VAT Agreement between KMP and ZCCM-IH, KMP has agreed to pay to ZCCM-IH 20% of the aggregated

amount of the Value-Added Tax refunds as of 30 June 2022 less 20% of any VAT claim costs incurred, as and when received by KMP from ZRA post the closing of the Transaction. The aggregated amount of the VAT refund is:

- ✓ US\$ 442 million and
- ✓ ZMW 433 million

Effective Date                      The Closing Date, as defined in the Framework Agreement.

- Rationale for the Transaction
- A key objective of the ZCCM-IH Strategic Plan (2020-2026) is to extract value from the ZCCM-IH portfolio by focusing on the income flow from each investee company. The right to receive quarterly Royalty payments ensures that ZCCM-IH is guaranteed a predictable and regular revenue stream over the Kansanshi life of mine.
  - Another key objective of the ZCCM-IH Strategic Plan is the investment in greenfield and brownfield mining and mining-related ventures across a diverse range of minerals. With this regular Royalty income from KMP, ZCCM-IH will be better placed to finance these investments;

### The Proforma effect of the Transaction

	Before	Pro Forma Adjustments	After	Percentage change (%)
EPS (ZMW)	12.22	16.12	28.34	132%
HEPS (ZMW)	12.01	10.00	22.01	83%
NAV per share	168.81	16.12	184.93	10%
Ordinary Shares in issue	160,800,286	-	160,800,286	-
Shares in issue	160,800,286	-	160,800,286	-
Weighted average number of Ordinary Shares in issue	160,800,286	-	160,800,286	-

### General Meeting and the Transaction Circular

- i. A notice of the Extraordinary General Meeting ("EGM") to consider the Proposed Transaction will be published on or before [6<sup>th</sup> January 2023]; and
- ii. A circular to Shareholders giving full details of the Transaction will be mailed to Shareholders on or about [5 January 2023].

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

**Transaction 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 the completion of the Transaction.

**By Order of the Board**

**Chabby Chabala**

**Company Secretary**

**Issued in Lusaka, Zambia on 01 December 2022**

<b>Lusaka Securities Exchange Sponsoring Broker for the Transaction</b>	
	<p><b>T</b>   +260-211-232456</p> <p><b>E</b>   <a href="mailto:advisory@sbz.com.zm">advisory@sbz.com.zm</a></p> <p><b>W</b>   <a href="http://www.sbz.com.zm">www.sbz.com.zm</a></p> <p><b>Stockbrokers Zambia Limited (SBZ) is a member of the Lusaka Securities Exchange and is regulated by the Securities and Exchange Commission of Zambia.</b></p>

**First Issued on 01 December 2022**