

# CHOPPIES

*Great value for your money!*

CHOPPIES ENTERPRISES LIMITED

Co. Reg: BW00001142508

Incorporated in the Republic of Botswana

("the Company" or "the Group")

BSE Share Code: CHOPPIES

JSE Share Code: CHP

ISIN Number: BW0000001072

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## **FURTHER ANNOUNCEMENT IN RESPECT OF THE DISPOSAL OF THE INTERESTS OF THE COMPANY IN ITS SOUTH AFRICAN SUBSIDIARIES**

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Reference is made to the announcements in respect of the disposal by the Company of its interest in the South African subsidiaries ("the SA Subsidiaries") published on XNews and SENS on 3 December 2019 and 13 March 2020.

Pursuant to the fulfilment of the conditions precedent i.e. the approval of the South African Competition Commission to the acquisition by Kind Investment Proprietary Limited ("the Purchaser") of the shares in the SA Subsidiaries, representatives of the Company called upon the Purchaser to move to closing of the transactions making up the sale transaction, on 1 April 2020. Discussions for renegotiation of certain of the terms of the sale agreement took place throughout the remainder of March and April 2020.

In the course of those renegotiations, the Company agreed that: -

1. The obligation to underwrite any negative value in the SA Subsidiaries, to be calculated with reference to a formula, and subject to a maximum of ZAR 150,000,000 under the original agreements, was determined to be a maximum of ZAR 150,000,000 ("the Sellers Obligation").
2. As an outcome to the renegotiation the Seller agreed to pay an amount of ZAR14,931,111 to the SA Subsidiaries in addition to the Sellers Obligation, in respect of creditor obligations disputed by the Purchaser, provided that the maximum liability of ZAR 125,000,000 in respect of the Sellers warranties stated in the Sale Agreement be reduced by that amount to ZAR 110,068,889.
3. There were certain claims against the SA Subsidiaries for which the Purchaser sought the Company to account, some of which were the subject of dispute with the relevant creditor, and in light of the Purchaser's unwillingness to assume the dispute, the Company would indemnify the Purchaser and take over control of the dispute, and ultimately, settlement of the claim of the creditor, if any.

The subject matter of paragraphs 1 to 3 above are hereinafter referred to as "Financial Terms".

The parties agreed to amend the previously agreed payment terms of the Sellers Obligation to: -

- (1) two payments of ZAR32,500,000 the first payable on the Closing Date, which is 22 April 2020;

- (2) the second payable 30 days after the Closing Date, which is now 22 May 2020; and
- (3) the balance payable in instalments of BWP10,000,000 per month, such instalments commencing at the end of the month following payment of the second payment of ZAR32,500,000.

The Board and the Lenders approved the Financial Terms and the impact thereof on the cash flows of the Company. The Parties entered into the Closing Agreement on 21 April 2020 and the immediate provisions for closing of the transfer of shares in and control of the SA Subsidiaries were effected as of 22 April 2020.

The Company's primary listing is on the BSEL and its secondary listing is on the JSE. The listings on both exchanges are suspended.

By order of the Board

28 April 2020

BSEL Sponsoring Broker  
African Alliance Botswana Limited



JSE Sponsor  
RAND MERCHANT BANK (A division of FirstRand Bank Limited)