CIRCULAR TO SHAREHOLDERS

ABC HOLDINGS LIMITED
Incorporated in the Republic of Botswana
on the 1st December 1999
Registration number: 99/4865
ISIN: BW0000000017

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION ACTION REQUIRED

1. If you are in any doubt on the action you should take, immediately seek advice from your stockbroker, bank manager, legal advisor, accountant or other professional advisor.

2. If you no longer hold any shares in ABC Holdings Limited, immediately send the document to the stockbroker, bank or other agent through whom the sale was effected for transmission to the purchaser or transferee.

3. If you are unable to attend the Extraordinary General Meeting scheduled for Monday 29 September 2008 at 08h30am at the offices of the Company, ABC House, Tholo Park, Plot 50669 Fairground Office Park Gaborone, you are entitled to be represented thereat by proxy and, should you desire to be so represented, you should complete the proxy form which is attached hereto, so as to be received by the transfer secretaries of the Company at the registered and head office of the Company by no later than 08h30am on Friday 26 September 2008.
CIRCULAR TO SHAREHOLDERS CONTAINING EXPLANATORY STATEMENTS IN RESPECT OF APPROVALS SOUGHT FOR:

(I) A CAPITAL RAISE OF UP TO USD 150 MILLION BY WAY OF A RENOUNCEABLE RIGHTS OFFER AND PRIVATE PLACEMENTS BY WAY OF ISSUES FOR CASH TO INTERNATIONAL FINANCE CORPORATION (“IFC”) AND TO CVCI AFRICA INVESTMENTS LIMITED (“CVCI”) OF PART OF THE RIGHTS OFFER SHARES;

(II) AN EXPLANATORY STATEMENT IN RESPECT OF APPROVAL SOUGHT FOR (A) THE ISSUE OF ORDINARY SHARES IN THE COMPANY TO CVCI IN THE EVENT OF CONVERSION OF A CONVERTIBLE NOTE, AND (B) THE COMPANY TO ENTER INTO THE AGREEMENTS WHICH ARE INTEGRAL COMPONENTS OF THE TRANSACTION BETWEEN THE COMPANY AND CVCI, AND (C) THE PUT OPTION, ACCORDED BY THE COMPANY TO IFC;

(III) AN INCREASE OF THE STATED CAPITAL OF THE COMPANY TO ENABLE ISSUES OF SHARES PURSUANT TO EMPLOYEE SHARE SCHEMES;

(IV) THE DIVIDEND DECLARED ON 26 FEBRUARY AND PAID ON 4 APRIL 2008;

AND

(V) A NOTICE FOR AN EXTRAORDINARY GENERAL MEETING; AND

(VI) A FORM OF PROXY.

Date of issue of Circular: 29 August 2008
DEFINITIONS:

The following definitions apply throughout this Circular unless the context otherwise requires. Additional definitions are contained as appropriate in the relevant Explanatory Statement.

"BSE" the Botswana Stock Exchange as established by the Botswana Stock Exchange Act and the regulations promulgated pursuant thereto;

"BWP" Botswana Pula, the legal tender of Botswana;

"C and U Agreement" the commitment and undertaking agreement entered into among the Company, CVCI and the Core Shareholders in terms of which the Company and the Core Shareholders give and make certain commitments and undertakings in respect of the subscription by CVCI of the Convertible Note pursuant to the Subscription Agreement, the salient details of which agreement appear in this Circular;

"Circular" this Circular to shareholders of which the Explanatory Statements form part;
“Company” or “ABC” ABC Holdings Limited, a company incorporated in the Republic of Botswana under registration number 99/4865;

“Convertible Note” the convertible note to be issued by the Company to CVCI pursuant to the terms of the Subscription Agreement, which note is for a principal amount of USD 25 million and capable of conversion, in terms of the Subscription Agreement, into ordinary shares in the Company;

“Core Shareholders” collectively, Oliver M Chidawu, Douglas T Munatsi, Bekithemba Moyo, Francis M Dzanya and Hashmon Matemera;

“CVCI” CVCI Africa Investments Limited, a company incorporated in Mauritius, and a member of Citigroup Venture Capital International;

“Directors” the directors of the Company for the time being;

“DPO Agreement” the default put option agreement entered into among the Company, CVCI and the Core Shareholders in terms of which, in certain circumstances, CVCI is entitled to put certain shares it owns in the Company to the Company
or to the Core Shareholders, the salient details of which agreement appear in this Circular;

“Employee Share Scheme” the employee scheme referred to in the Explanatory Statement pertaining to the same, as contained in this Circular;

“Explanatory Statements” the Explanatory Statement in respect of the capital raise by way of the Rights Offer and private placements, the Explanatory Statement in respect of the issue of Shares to CVCI in the event of conversion of the Convertible Note (and the agreements pertaining thereto, being the Subscription Agreement the C and U Agreement, the DPO Agreement, and the IFC Put Agreement,) the Explanatory Statement in respect of increase in the stated capital of the Company for issue pursuant to the Employee Share Purchase Schemes, and the Explanatory Statement in respect of the dividend declared on 24 February and paid on 4 April 2008;

“Group” the Company and its subsidiaries;
"IFC" International Finance Corporation, an international organization established by Articles of Agreement among its member countries including the Republic of Botswana, the Republic of Mozambique, United Republic of Tanzania, Republic of Zimbabwe and the Republic of Zambia;

"IFC Agreement" the Convertible Loan Agreement entered into among the Company, African Banking Corporation Botswana Limited, African Banking Corporation Mozambique SARL, African Banking Corporation Zambia Limited and IFC, in terms of which the IFC made USD13,548,969.00 of loan funds available to the Company, the salient terms of which have been previously approved by shareholders the relevant details of which appear in this Circular;

"Offer Price" the price per Offer Share which shall be determined prior to issue of the Pre-listing Statement and which shall take into consideration any discount to be offered in accordance with market conventions and norms in respect of an offer of the size of the
Rights Offer relative to the market capitalisation of the Company and which will not exceed the price at which CVCI is entitled to convert the principal amount of the Convertible Note under the terms of the Subscription Agreement;

"Offer Shares" such number of new Shares in the capital of the Company which equals the expected proceeds of the Rights Offer converted from USD to BWP as at the date of Record Date divided by the Offer Price, to be issued pursuant to the Rights Offer which is the subject of the relevant Explanatory Statement;

"IFC Put Option" the option to be granted by the Company to IFC under the terms of the IFC Put Option Agreement;

"IFC Put Option Agreement" the Agreement proposed to be entered into among the Company and IFC, which is subject to approval of shareholders at the Extraordinary General Meeting, in terms of which, in certain circumstances, IFC is entitled to put the Shares it holds in the Company to the Company, the salient details of which appear in the
Explanatory Statement in respect of the issue of Shares to CVCI in the event of conversion of the Convertible Note;

“Pre-listing Statement” the pre-listing statement in respect of the Rights Offer to be issued prior to the date on which the Rights Offer Subscription period opens;

“Record Date” the last date to register for the Rights Offer, to be determined by the Company and announced at the commencement of notices for the Rights Offer;

“Rights Offer” the offer by way of rights of the Offer Shares to Qualifying Shareholders at the Offer Price;

“Qualifying Shareholders” shareholders of Shares on the register of the Company on the Record Date;

“Share” a fully paid ordinary share in the stated capital of the Company;

“Shareholders” holders of Shares;
“Stockbrokers” Stockbrokers Botswana Limited, the sponsoring broker to the Rights Offer;

“Subscription Agreement” the agreement entered into among the Company, CVCI and the Core Shareholders in terms of which CVCI will pay USD 25 million to the Company and the Company will issue the Convertible Note to CVCI, which note can be converted into Shares in the Company under the terms of the agreement, the salient details of which agreement appear in this Circular;

“Transfer Secretary” ABC Transfer & Secretarial Services (Proprietary) Limited, the transfer secretary of the Company;

“Underwriter” that party or those parties which undertake, in terms of a written contract, or written contracts, to underwrite the subscription of the Offer Shares the subject of the Rights Offer; and

“USD” United States Dollars, the legal currency of the United States of America.
DIRECTORS AND ADVISORS

Board of Directors:
Oliver M Chidawu (Chairman)
Kuchi Holdings Limited
9th Floor Bard House
69 Samora Machel Avenue
Harare, Zimbabwe

Doreen Khama
Plot 50667
Block B3
Fairgrounds Office Park
Gaborone, Botswana

Johannes Wasmus
Parkweg 216
2271 BE Voorburg
The Netherlands

Tshipa S Mothibatsela
TTCS Consulting Engineers (Pty) Ltd
Plot 184, Main Street
Gaborone, Botswana

Company Secretary
Rhoss (Pty) Ltd
Plot 8884 Rizka House
African Mall
Gaborone, Botswana

Legal Advisor
Armstrongs
5th Floor, Barclays House
Khama Crescent
P O Box 1368,
Gaborone, Botswana

Registered Office
ABC House, Tholo Park
Plot 50669, Fairgrounds Office Park
Private Bag 00303
Gaborone, Botswana

Douglas T Munatsi
(Chief Executive Officer)
ABC Holdings Limited
21 Craddock Heights
Rosebank 2196
Johannesburg, South Africa

Howard J Buttery
Bell Equipment Limited
75 Columbine Place
Ring Road Industrial Park
Durban North 4051,
South Africa

John Moses
142 Lewin Road
Southbroom 4277
Kwazulu-Natal,
South Africa

Ngoni Kudenga
Kudenga & Company
Kudenga House
3 Baines Avenue
Harare, Zimbabwe

Sponsoring Broker
Stockbrokers Botswana Limited
Ground Floor United Nations Place
Khama Crescent
Private Bag 00113,
Gaborone, Botswana

Auditor and Reporting Accountant
Price Waterhouse Coopers
Plot 50371
Fairgrounds Office Park
Gaborone, Botswana

Transfer Secretary
ABC Transfer & Secretarial Services (Proprietary) Limited
Plot 50669, Fairgrounds Office Park
Private Bag 00303
Gaborone, Botswana
ABC HOLDINGS LIMITED
Incorporated in the Republic of Botswana
on the 1st December 1999
Registration number: 99/4865

EXPLANATORY STATEMENT IN RESPECT OF THE PROPOSED
RENOUNCEABLE RIGHTS OFFER AND PRIVATE PLACEMENTS TO RAISE
UP TO USD 150 MILLION

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SECTION 1 - TIMETABLE

If the proposed Rights Offer is approved by shareholders, the timetable for the proposed Rights Offer is anticipated, subject to confirmation, to be:

- First announcement in respect of the Rights Offer: the beginning of October 2008;
- Record Date for participation in the Rights Offer: second week of October 2008;
- Offer opens: third week of October 2008;
- Offer closes: first week of November 2008; and
- Certificates in respect of the new ordinary shares issued: second week of November 2008.

Exact dates will be published in the press, pursuant to the Listings Requirements of the Botswana Stock Exchange.

SECTION 2 – SUMMARY OF INFORMATION

The following information summarises the principal features of the Company and the Rights Offer proposed to be made, and should be read in conjunction with the Annual Report of the Company for the year ended 31 December 2007. Further details of the Rights Offer will be provided in the Pre-listing Statement.

2.1 THE COMPANY

ABC Holdings Limited was incorporated in Botswana on 1 December 1999. The Company's registered office is at ABC House, Tholo Park, Plot 50669, Fairgrounds Office Park, Gaborone Botswana. The office of the Transfer Secretary is at the registered offices of the Company.
2.2 EXISTING SHARE CAPITAL AND NUMBER OF OFFER SHARES

2.2.1 The number of shares issued, and class of shares:

As at 31 December 2007 132,568,680 ordinary shares
As at 14 January 2008 146,419,525 ordinary shares
(following subscription by the IFC)

2.2.2 Number of Offer Shares:

The number of Offer Shares shall be determined by converting the expected proceeds of the Rights Offer from USD to BWP based on the exchange rate determined by the Bank of Botswana on the Record Date and then further dividing the BWP value so ascertained by the Offer Price.

2.3 Rights of the IFC and CVCI to participate in the proposed Rights Offer

IFC is a shareholder in the Company and is entitled to participate in the Rights Offer to the extent of its shareholding.

As previously agreed by the Shareholders, under the terms of the IFC Agreement entered into among the Company, the Core Shareholders and the IFC, IFC is entitled to convert the amount drawn down by the Company against the USD 13,548,969.00 convertible loan facility granted by the IFC to the Company, into Shares in the Company and to participate in the proposed Rights Offer. In the event that the USD 13,548,969.00 is drawn down and the IFC elects, as it is entitled to do, to convert the principal amount drawn down into Shares in the Company, before the Record Date, then the IFC shall be entitled to participate in the Rights Offer, also to the extent of the Shares acquired by it pursuant to the conversion.
2.3 Rights of the IFC and CVCI to participate in the proposed Rights Offer: continued

In terms of the IFC Agreement, the IFC consent is necessary for the issue of the Convertible Note to CVCI under the terms of the Subscription Agreement, and the rights accorded to CVCI to subscribe in cash for shares if a rights offer were to proceed prior to conversion of the Convertible Note under the terms of the Subscription and C and U Agreements as set out herebelow.

IFC has granted its consent to the issue of the Convertible Note and such rights being granted to CVCI, provided that, inter alia, if the grant of such rights to CVCI is approved by shareholders, IFC is also granted the right, if the Rights Offer proceeds prior to conversion of the principal amount outstanding under the IFC Agreement into Shares, to subscribe in cash, at a price of no more than BWP3.15 per Share, for and be issued such number of shares for which IFC would have been entitled to subscribe in the Rights Offer if the principal amount then outstanding under the IFC Agreement had been converted into Shares in the Company, and had such conversion taken place prior to the Record Date. Such issue of shares to IFC prior to conversion will constitute a private placing by the Company, for subscription in cash.

At the time of the Rights Offer the exchange rate of BWP to USD, the amount of the principal amount outstanding under the IFC Agreement in USD, and the price at which IFC may convert (BWP3.15 per Share) will be known. Thus the number of Shares in the Company to be issued to IFC and the percentage shareholding of IFC in the Company, had the principal amount outstanding under the IFC Agreement been converted to Shares, can be calculated. That percentage applied to the number of Shares to be intended to be issued under the Rights Offer will determine the number of Shares for which IFC may subscribe for in cash.

The number of Shares for which IFC may subscribe, in the event the Rights Offer proceeds prior to any conversion of the principal amount outstanding under the terms of the IFC Agreement shall be reserved and removed from the Rights Offer and be issued to IFC, for cash.

Under the terms of the Subscription Agreement, which is subject to approval by the Shareholders, as from the date of signing of the Subscription Agreement and until CVCI has fully converted the Convertible Note, CVCI has the option to subscribe for Shares equal to its participation in any rights offer had Conversion of the Convertible Note occurred, and to participate in any rights offer as Shareholder after conversion of the Convertible Note.
2.3 Rights of the IFC and CVCI to participate in the proposed Rights Offer: continued

In the event CVCI has converted the Convertible Note into Shares, then CVCI is entitled to participate in the Rights Offer to the extent of the Shares acquired as a result of the conversion.

If a rights offer were to proceed prior to conversion of the Convertible Note, then CVCI is entitled to subscribe for and be issued such number of Shares as is equal to the number of Shares for which CVCI would have been entitled to subscribe in the rights offer as if the principal amount outstanding under the Convertible Note had been converted into Shares prior to the Record Date. Such issue of shares to CVCI, prior to conversion, will constitute a private placing by the Company, for subscription in cash.

At the time of the Rights Offer the exchange rate of BWP to USD, and the price at which CVCI may convert (BWP3.15 per share) will be known. Thus the number of Shares in the Company to be held by CVCI and the percentage of CVCI shareholding in the Company, had the principal amount outstanding under the Convertible Note been converted to Shares, can be calculated. That percentage applied to the number of Shares intended to be issued under the Rights Offer will determine the number of Shares for which CVCI may subscribe for, in cash.

The number of Shares for which CVCI may subscribe, in the event that the Rights Offer proceeds prior to any conversion of the Convertible Note, shall be reserved and removed from the Rights Offer and issued to CVCI for cash.

As a result, Shareholders will not suffer any dilution as a result of the private placings of Shares to IFC and CVCI, because the capital raise represented by the private placings and the Rights Offer will remain at the anticipated maximum of USD 150 million and the number of Shares to be issued remain the same whether the Rights Offer proceeds independently, or with the private placements.
2.4 ACTIVITIES

ABC is a financial services group based in Botswana, with operating banking subsidiaries in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe. In addition, the Group has a payroll-based microfinance business in Zambia and a representative office in South Africa. The Group offers a diverse range of financial services in the areas of corporate, international, investment and merchant banking, leasing finance, asset management, stock-broking and treasury services.

The Company’s strategic goals are to:
(i) transform the Group into a leading pan-African bank with geographically diversified and stable earnings;
(ii) enhance the Group’s operating efficiency through the development of the human capital base and technology; and
(iii) build the Group into a diversified financial services business over time, including the introduction of retail banking business.

2.5 REASONS FOR THE RIGHTS OFFER

The Directors believe that additional capital needs to be raised in the form of equity to support the growth and development of the Group in order to achieve its strategic goals. Moreover, the Directors believe that existing Shareholders should be given the opportunity to participate in any additional equity fund raising by the Company and that a rights offer is the most appropriate method to achieve this participation. Accordingly, the Company proposes to raise up to USD 150 million via the Rights Offer.

In addition to the funds raised in the proposed Rights Offer, the Company can raise USD 38,548,969 million through (i) the USD 13,548,969 convertible loan facility granted by the IFC under the IFC Agreement (previously approved by the Shareholders) and (ii) the USD 25 million Convertible Note, the subject of a separate Explanatory Statement in this Circular and subject to the approval by the Shareholders.

All of the proceeds raised through the proposed Rights Offer, the IFC Convertible Loan Facility under the IFC Agreement and the Convertible Note will be used for:

- organic growth of the Group’s existing operations;
- the roll out of retail banking operations in markets in which the Group is currently present;
- the development of operations in new geographies; and
- selective acquisitions in the financial services sector in existing or new geographies.
2.5 **REASONS FOR THE RIGHTS OFFER:** continued

The Company will procure an underwriting of the Rights Offer so that any Shares not taken up by Shareholders will be taken up by the Underwriter(s) which may, at its/their election, on-sell such Shares to new local, regional and international institutional investors through a bookbuilding process. This will further facilitate the diversification and international broadening of the current Shareholder base.

2.6 **OFFER PRICE**

The size of the Offer and Offer Price shall be determined prior to the issue of the Pre-listing Statement. The size of the Offer will not exceed the BWP equivalent of USD 150 million and will take into consideration the exercise of rights by IFC and/or CVCI to subscribe for shares for cash, if any. The Offer Price will take into consideration any discount to be offered in accordance with market conventions and norms in respect of an offer of the size of the Rights Offer relative to the market capitalisation of the Company and will not exceed the price at which CVCI is entitled to convert the Convertible Note to be issued to it under the terms of the Subscription Agreement.

2.7 **ISSUE DATE**

The date of issue of the Offer Shares issued pursuant to the Rights Offer is currently anticipated to be in the second week of November 2008, which date is subject to change, and will be set forth in the Pre-listing Statement.
Dear Shareholders,

At the Meeting of the Board of Directors of ABC Holdings Limited (“the Company”) held on 14 April 2008, the Board of Directors determined that the stated share capital comprising 146,419,525 ordinary shares would need to be increased to support the growth and development of the Group in order to achieve its strategic goals. The Board proposes to raise up to USD 150,000,000 by way of a rights offer, which will allow existing Shareholders the opportunity to participate in the additional equity raising by the Company, and private placements of shares to IFC and CVCI to be issued for cash.

Background

The Company has historically achieved significant growth of its business and sees significant opportunity for the continued growth of our business as the market continues to expand. Our strategic goals are to:

(i) transform the Company and its subsidiaries (“the Group”) into a leading Pan-African bank with geographically diversified and stable earnings;
(ii) enhance the Group’s operating efficiency through the development of the human capital base and technology; and
(iii) build the Group into a diversified financial services business, over time, including the introduction of retail banking business.
SECTION 3 – LETTER FROM THE CHAIRMAN: continued

Reasons for Rights Offer

The Directors believe that additional capital needs to be raised in the form of equity to support the growth and development of the Group in order to achieve our strategic goals. Moreover, the Directors believe that existing shareholders should be given the opportunity to participate in any additional equity fund raising by the Company and that a rights offer is the most appropriate method to achieve this participation. Accordingly, the Company proposes to raise up to USD 150 million via a rights offer (“the Rights Offer”).

In addition to the funds raised in the proposed Rights Offer, the Company can raise USD 38,548,969 through (i) the USD 13,548,969 convertible loan facility granted by the IFC under the IFC Agreement (previously approved by the Shareholders) and (ii) the USD 25 million Convertible Note, the subject of a separate Explanatory Statement in this Circular and subject to the approval of Shareholders.

All the proceeds raised through the proposed Rights Offer, the IFC convertible loan facility under the IFC Agreement and the Convertible Note will be used for:
- organic growth of its existing operations;
- the roll out of retail banking operations in markets in which the Group is currently present;
- the development of operations in new geographies; and
- selective acquisitions in the financial services sector in existing or new geographies.

Any shares not taken up by Shareholders in the Rights Offer will be taken up by the Underwriter(s) who may on-sell the same to new local, regional and international institutional investors through a bookbuilding process. This will further facilitate the diversification and international broadening of the current shareholder base.

Offer Price

The size of the Offer and the offer price shall be determined prior to the issue of the Pre-listing Statement. The size of the Offer which will not exceed the BWP equivalent of USD 150 million, will depend on whether or not IFC and/or CVCI exercise their rights to subscribe for shares for cash.
SECTION 3 – Reasons for Rights Offer: continued

The offer price will take into consideration any discount to be offered in accordance with market conventions and norms in respect of an offer of the size of the Rights Offer relative to the market capitalisation of the Company and will not exceed the price at which CVCI is entitled to convert the Convertible Note to be issued to it and interest accrued thereon under the terms of the Subscription Agreement.

Underwriting

It is intended that the Rights Offer be fully underwritten by an underwriter or underwriters who may, in its/their discretion, subsequently place any equity not subscribed for by Shareholders with institutional investors locally, regionally and internationally, by way of a bookbuilding process.

Negotiations are underway with such underwriter or underwriters, in terms of which the underwriter or underwriters will agree to take up any letters of renunciation in respect of rights to Offer Shares not taken up by subscription pursuant to the Rights Offer.

Current Trading

The trading results of the Company for the six months ended 30 June 2008 indicate that the Company continues to trade in line with the Directors expectations.

Dividend Policy

Subject to the discretion of the Board of Directors, the policy of the Company is to declare a four times covered dividend.

Approval

The Directors of the Company seek authority, by way of approval of shareholders in general meeting, to proceed with the proposed Rights Offer subject to the Company having obtained the appropriate BSE approval and the offer being underwritten.
SECTION 3 – Reasons for Rights Offer: continued

Action

All and any action to be taken by Qualifying Shareholders in respect of the Rights Offer shall be detailed in the Pre-listing Statement.

Major Shareholders

Full details of the major shareholders that confirm that they will be taking up their rights, will be disclosed in the Pre-listing Statement.

Forecast financial statements, profit forecast, trading prices of shares in the Company over the last two years, and updated additional information

The forecast financial statements, assuming the proceeds of the Rights Offer remain invested for the twelve month period ending 31 December 2009 (being the abridged consolidated income statement, balance sheet cash flow statement and charges in equity), the profit forecast to the year ending 31 December 2008 (with and without the proceeds of the Rights Offer), and salient information as required by the BSE Rules shall be included in the Pre-listing Statement.

Recommendation

The Board of Directors of the Company has determined that a capital raise of USD 150 million by way of Rights Offer such private placement of shares to IFC and CVCI (the shares to be issued for cash) is in the best interests of the Company and hereby recommends that all Shareholders approve the Rights Offer and the private placements to IFC and CVCI if these institutions exercise their rights, subject to (i) the approval of the BSE, (ii) the underwriting of the Rights Offer being in place, and (iii) the Offer Shares and Shares the subject of the private placements for cash being admitted to trading by way of listing on the BSE.

Yours sincerely

Oliver M. Chidawu

Chairman
Appendix I – Abridged Financial Report

1. CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2006</th>
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<tbody>
<tr>
<td></td>
<td>BWP '000s</td>
<td>BWP '000s</td>
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<tr>
<td>Interest and similar income</td>
<td>388,496</td>
<td>474,717</td>
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<tr>
<td>Interest expense and similar</td>
<td>(296,240)</td>
<td>(319,156)</td>
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<tr>
<td>charges</td>
<td></td>
<td></td>
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<tr>
<td><strong>Net interest income before</strong></td>
<td>92,256</td>
<td>155,561</td>
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<tr>
<td><strong>impairment of advances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment losses on loans</td>
<td>(32,883)</td>
<td>(26,366)</td>
</tr>
<tr>
<td>advances</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net interest income after</strong></td>
<td>59,373</td>
<td>129,195</td>
</tr>
<tr>
<td><strong>impairment of advances</strong></td>
<td></td>
<td></td>
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<tr>
<td>Non interest income</td>
<td>154,520</td>
<td>209,206</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>213,893</td>
<td>338,401</td>
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<tr>
<td>Operating expenditure</td>
<td>(171,320)</td>
<td>(165,496)</td>
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<tr>
<td>Gains/(loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>on net monetary position</td>
<td>75,907</td>
<td>(67,620)</td>
</tr>
<tr>
<td><strong>Net income from operations</strong></td>
<td>118,480</td>
<td>105,285</td>
</tr>
<tr>
<td>Share of profits of associates</td>
<td>4,542</td>
<td>11,216</td>
</tr>
<tr>
<td>and joint ventures</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>123,022</td>
<td>116,501</td>
</tr>
<tr>
<td>Tax</td>
<td>(16,353)</td>
<td>(46,557)</td>
</tr>
<tr>
<td><strong>Profit for the year</strong></td>
<td>106,669</td>
<td>69,944</td>
</tr>
</tbody>
</table>

**Attributable to:**

|                                | 2007  | 2006  |
|                                | BWP '000s | BWP '000s |
| Ordinary shareholders          | 101,626 | 69,606 |
| Monorities                     | 5,043 | 338 |
| **Profit for the year**        | 106,669 | 69,944 |
## 2. CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2007 BWP ’000s</th>
<th>2006 BWP ’000s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and short term funds</td>
<td>528,311</td>
<td>428,947</td>
</tr>
<tr>
<td>Financial assets held for trading</td>
<td>748,134</td>
<td>781,368</td>
</tr>
<tr>
<td>Financial assets designated at fair value</td>
<td>115,878</td>
<td>71,018</td>
</tr>
<tr>
<td>Loans and advances to customers</td>
<td>1,247,350</td>
<td>940,729</td>
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<tr>
<td>Investment securities</td>
<td>70,945</td>
<td>52,601</td>
</tr>
<tr>
<td>Investment in associates and joint ventures</td>
<td>47,024</td>
<td>48,896</td>
</tr>
<tr>
<td>Prepayments and other receivables</td>
<td>52,512</td>
<td>12,804</td>
</tr>
<tr>
<td>Current tax assets</td>
<td>5,015</td>
<td>-</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>61,806</td>
<td>54,136</td>
</tr>
<tr>
<td>Investment properties</td>
<td>28,402</td>
<td>24,171</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>35,255</td>
<td>42,906</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>12,873</td>
<td>5,208</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>2,953,505</strong></td>
<td><strong>2,462,784</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EQUITY AND LIABILITIES</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>1,961,479</td>
<td>1,535,272</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>5,110</td>
<td>7,110</td>
</tr>
<tr>
<td>Creditors, accruals and provisions</td>
<td>27,283</td>
<td>43,072</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>3,489</td>
<td>7,043</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>25,309</td>
<td>28,579</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td>582,589</td>
<td>548,164</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>2,605,259</strong></td>
<td><strong>2,169,240</strong></td>
</tr>
</tbody>
</table>

| Equity                                      |                 |                 |
| Stated capital                              | 270,189         | 270,157         |
| Foreign currency translation reserve        | (119,842)       | (45,616)        |
| Non distributable reserves                  | 46,767          | 19,527          |
| Distributable reserves                      | 138,746         | 40,946          |
| **Equity attributable to ordinary shareholders** | **335,860**     | **285,014**     |
| Minority interests                          | 12,386          | 8,530           |
| **Total Equity**                            | **348,246**     | **293,544**     |

| TOTAL  EQUITY AND LIABILITIES               | **2,953,505**   | **2,462,784**   |
### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

<table>
<thead>
<tr>
<th>INFLATION ADJUSTED - IFRS</th>
<th>Stated capital</th>
<th>Foreign currency translation reserve</th>
<th>Non-distributable and other reserves</th>
<th>Distributable reserves</th>
<th>Minority interest</th>
<th>Total equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>BWP’000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as previously stated at 1 January 2006</td>
<td>225,205</td>
<td>(28,386)</td>
<td>19,119</td>
<td>(21,464)</td>
<td>13,152</td>
<td>207,626</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>7,599</td>
<td></td>
<td>(6,459)</td>
<td></td>
<td></td>
<td>1,140</td>
</tr>
<tr>
<td>Restated balance at 1 January 2006</td>
<td>225,205</td>
<td>(20,787)</td>
<td>19,119</td>
<td>(27,923)</td>
<td>13,152</td>
<td>208,766</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>69,606</td>
<td></td>
<td>338</td>
<td></td>
<td></td>
<td>69,944</td>
</tr>
<tr>
<td>Shares issued</td>
<td>43,291</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>43,291</td>
</tr>
<tr>
<td>Foreign currency translation differences</td>
<td>(24,829)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>29,789</td>
</tr>
<tr>
<td>Revaluation of property</td>
<td>(443)</td>
<td></td>
<td>380</td>
<td></td>
<td>(63)</td>
<td></td>
</tr>
<tr>
<td>Movement in general credit risk reserve</td>
<td>84</td>
<td></td>
<td>(84)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in statutory reserves</td>
<td>1,033</td>
<td></td>
<td>(1,033)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in available for sale reserves</td>
<td>(266)</td>
<td></td>
<td></td>
<td></td>
<td>(266)</td>
<td></td>
</tr>
<tr>
<td>Consolidation of treasury shares</td>
<td>1,661</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,661</td>
</tr>
<tr>
<td>Restated balance at 31 December 2006</td>
<td>270,157</td>
<td>(45,616)</td>
<td>19,527</td>
<td>40,946</td>
<td>8,530</td>
<td>293,544</td>
</tr>
<tr>
<td>Profit for the year</td>
<td>101,626</td>
<td></td>
<td>5,043</td>
<td></td>
<td>106,669</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation differences</td>
<td>(74,226)</td>
<td></td>
<td>702</td>
<td></td>
<td>(73,524)</td>
<td></td>
</tr>
<tr>
<td>Revaluation of property</td>
<td>10,027</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10,027</td>
</tr>
<tr>
<td>Net investment hedging reserve</td>
<td>(2,889)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2,889)</td>
</tr>
<tr>
<td>Share of reserves in associate companies</td>
<td>18,723</td>
<td></td>
<td></td>
<td></td>
<td>18,723</td>
<td></td>
</tr>
<tr>
<td>Treasury share reserve</td>
<td>(2,933)</td>
<td></td>
<td></td>
<td></td>
<td>(2,933)</td>
<td></td>
</tr>
<tr>
<td>Purchase of preference shares from minorities</td>
<td>(1,889)</td>
<td></td>
<td></td>
<td></td>
<td>(1,889)</td>
<td></td>
</tr>
<tr>
<td>Movement in statutory reserves</td>
<td>3,826</td>
<td></td>
<td>(3,826)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Movement in available for sale reserves</td>
<td>486</td>
<td></td>
<td></td>
<td></td>
<td>486</td>
<td></td>
</tr>
<tr>
<td>Consolidation of treasury shares</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>32</td>
</tr>
<tr>
<td>Balance at 31 December 2007</td>
<td>270,189</td>
<td>(119,842)</td>
<td>46,767</td>
<td>138,746</td>
<td>12,386</td>
<td>348,246</td>
</tr>
</tbody>
</table>
## 4. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER

<table>
<thead>
<tr>
<th>BWP’000</th>
<th>Inflation adjusted (IFRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2007</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Cash available from operating activities</td>
<td>135,748</td>
</tr>
<tr>
<td>Tax paid</td>
<td>(12,905)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td><strong>122,843</strong></td>
</tr>
<tr>
<td><strong>Net (decrease)/increase in operating funds</strong></td>
<td><strong>(61,662)</strong></td>
</tr>
<tr>
<td>Increase in operating assets</td>
<td>(462,694)</td>
</tr>
<tr>
<td>Increase in operating liabilities</td>
<td>401,032</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM INVESTING ACTIVITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Purchase of property and equipment &amp; intangible assets</td>
<td>(21,057)</td>
</tr>
<tr>
<td>Proceeds on disposal of property and equipment</td>
<td>406</td>
</tr>
<tr>
<td>Disposal of subsidiary</td>
<td>8,853</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM FINANCING ACTIVITIES</strong></td>
<td><strong>19,341</strong></td>
</tr>
<tr>
<td>Proceeds from issue of shares</td>
<td>-</td>
</tr>
<tr>
<td>Repayment of preference share liability</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of treasury and preference shares</td>
<td>(4,790)</td>
</tr>
<tr>
<td>Increase in long term liabilities</td>
<td>24,131</td>
</tr>
<tr>
<td><strong>Increase in cash and cash equivalents</strong></td>
<td><strong>68,724</strong></td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the year</td>
<td>369,947</td>
</tr>
<tr>
<td>Exchange adjustment on opening balance</td>
<td>7,585</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td><strong>446,256</strong></td>
</tr>
</tbody>
</table>
APPENDIX II

REPORT OF THE INDEPENDENT AUDITORS ON THE ABRIDGED FINANCIAL REPORT

The Directors
ABC Holdings Limited
Private Bag 00303
Gaborone
29 August 2008

The accompanying abridged group financial statements have been derived from the financial statements of ABC Holdings Limited for the year ended 31 December 2007. These abridged group financial statements are the responsibility of the Group’s management. Our responsibility is to express an opinion on whether these abridged group financial statements are consistent, in all material respects, with the group annual financial statements from which they were derived.

We have audited the group annual financial statements of ABC Holdings Limited for the year ended 31 December 2007, from which these abridged group financial statements were derived, in accordance with International Standards on Auditing. In our report dated 13 May 2008 we expressed an unqualified opinion on the group annual financial statements from which the abridged group financial statements were derived.

In our opinion, the accompanying abridged group financial statements are consistent, in all material respects, with the group annual financial statements from which they were derived.

For a better understanding of the group’s financial position and the results of its operations for the period and of the scope of our audit, the abridged group financial statements should be read in conjunction with the group annual financial statements from which the abridged group financial statements were derived and our audit report thereon.
APPENDIX III

ADDITIONAL INFORMATION

1 Directors information

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oliver M Chidawu Kuchi Holdings Limited 9th Floor Bard House 69 Samora Machel Avenue Harare, Zimbabwe</td>
<td>Zimbabwean</td>
</tr>
<tr>
<td>Douglas T Munatsi ABC Holdings Limited Cradock Heights 21 Cradock Avenue Rosebank 2196 Johannesburg, South Africa</td>
<td>Zimbabwean</td>
</tr>
<tr>
<td>Howard Buttery Bell Equipment Limited 75 Columbine Place Ring Road Industrial Park Durban North 4051 South Africa</td>
<td>South African</td>
</tr>
<tr>
<td>Johannes Wasmus Parkweg 216 2271 BE Voorburg The Netherlands</td>
<td>Dutch</td>
</tr>
<tr>
<td>Tshipa S Mothibatsela TTCS Consulting Engineers (Pty) Ltd Plot 184 Main Street Gaborone, Botswana</td>
<td>Motswana</td>
</tr>
<tr>
<td>John Moses 142 Lewin Road Southbroom 4277 Kwazulu-Natal South Africa</td>
<td>South African</td>
</tr>
<tr>
<td>Ngoni Kudenga Kudenga &amp; Company Kudenga House 3 Baines Avenue Harare, Zimbabwe</td>
<td>Zimbabwean</td>
</tr>
</tbody>
</table>
ADDITIONAL INFORMATION: continued

1 Directors information

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Citizenship</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doreen Khama</td>
<td>Motswana</td>
</tr>
<tr>
<td>Plot 50667</td>
<td></td>
</tr>
<tr>
<td>Block B3</td>
<td></td>
</tr>
<tr>
<td>Fairgrounds Holdings Park</td>
<td></td>
</tr>
<tr>
<td>Gaborone, Botswana</td>
<td></td>
</tr>
</tbody>
</table>
ABC HOLDINGS LIMITED
Incorporated in the Republic of Botswana
On 1st December 1999
Registration number: 99/4865

EXPLANATORY STATEMENT IN RESPECT OF THE SALIENT TERMS AND CONDITIONS
OF CONVERTIBLE NOTE TO BE ISSUED BY THE COMPANY TO CVCI AFRICA
INVESTMENTS LIMITED AND THE AGREEMENTS WHICH ARE INTEGRAL
COMPONENTS OF THE TRANSACTION BETWEEN THE COMPANY AND CVCI AND THE
TERMS OF CONSENT OF IFC

CONTENTS
Section 1 Impact of Conversion and Example of Conversion 29
Section 2 Salient Terms of the Subscription Agreement 30
Section 3 Salient Terms of the C and U Agreement 40
Section 4 Salient Terms of the DPO Agreement 47
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Section 6 Conversion Price 53
Section 7 Recommendation of Directors 53
Section 8 Disclosure 54
Section 9 Inspection 54
**SECTION 1  IMPACT OF CONVERSION AND EXAMPLE OF CONVERSION**

**Part 1  Impact of Conversion**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current number of ABC Holdings Limited Ordinary Shares in issue prior to the Rights Offer</td>
<td>146,419,525</td>
</tr>
<tr>
<td>Forecast Value of the CVCI Convertible Note together with accrued interest as at 31 December 2008 (based on the rate of exchange USD to the BWP determined by the Bank of Botswana as at 25 April 2008 which was 6.42)</td>
<td>BWP 160,500,000</td>
</tr>
<tr>
<td>Number of Ordinary Shares to be issued in the event that the option to convert is exercised on 31 December 2008 at a price of BWP 3.15 per share</td>
<td>50,952,381</td>
</tr>
<tr>
<td>Number of Ordinary Shares in issue after the hypothetical exercise of the option to convert as set out above</td>
<td>197,371,906</td>
</tr>
<tr>
<td>Net Asset Value per Ordinary Share prior to hypothetical conversion assuming the same profit in 2008 as in 2007, and incorporating the issue of shares to CVCI as set out above</td>
<td>BWP 2.29</td>
</tr>
<tr>
<td>Net Asset Value per Ordinary Share after hypothetical conversion assuming the same profit in 2008 as in 2007, and incorporating the issue of shares to CVCI as set out above</td>
<td>BWP 1.70</td>
</tr>
</tbody>
</table>
Part 2  Example of Conversion

Assuming (i) the Rights Offer is completed; (ii) the Completion Date in respect of the issue and subscription of the Convertible Note is 1 September 2008; (iii) the interest periods (defined in the Subscription Agreement) are 31 December 2008, 30 June 2009, 31 December 2009 and 30 June 2010, and the Repayment Date defined in the Subscription Agreement, i.e. the date of maturity of the Convertible Note, is 1 July 2010, then based on a exchange rate of BWP 6.42 to USD1:-

(a) in the event CVCI elected to convert the Convertible Note at any time before the 30 June 2009, at a price of BWP 3.15 per Share then the number of Shares to be issued by the Company to CVCI in conversion would be 50,952,381 Shares.

(b) in the event CVCI elected to convert the Convertible Note at any time after 1 July 2009, at a price of BWP 3.24 per Share then the number of Shares to be issued by the Company to CVCI in conversion would be 49,537,037 Shares.

SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT

The Subscription Agreement will be entered into among the Company, CVCI and the Core Shareholders.

The Subscription Agreement is subject to certain conditions precedent being amongst others (i) the approval by the Board of the Company of the Subscription Agreement, the C and U Agreement (referred to below) and the DPO Agreement (referred to below) (collectively “the Agreements”); (ii) the approval by the Shareholders of the Company of the Agreements; (iii) all necessary approvals having been obtained by the Company, including those of the Botswana Stock Exchange (“BSE”) and the Zimbabwe Stock Exchange, which includes the approval of the Listings and Tradings Committee of the BSE to the listing of the Shares issued pursuant to the conversion of the Convertible Note at the Conversion Price; (iv) the making by the Company of certain warranties, subject to exception by way of a disclosure letter to be delivered by the Company to CVCI at signing of the Agreements and a supplemental disclosure letter (if any) to be delivered to CVCI at completion of the subscription for the Convertible Note, such warranties being true correct and complete in all respects on the date of signing the Agreements, at the date the payment of USD 25 million is made and the Convertible Note issued (“the Completion Date”) and the dates of any conversion of part or the whole of the principal amount due under the
SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

Convertible Note; (v) the IFC having granted all waivers, consents and approvals that may be necessary or required under its agreements with the Company and the Core Shareholders for the transactions contemplated by the Agreements; (vi) execution and delivery of the C and U Agreement (referred to below) by the parties thereto (vii) execution and delivery of the DPO Agreement (referred to below) by the parties thereto; (viii) the Shareholders having waived, in so far as is necessary, any pre-emptive rights they may have in respect of the Shares to be issued to CVCI in the event of exercise of the option to convert the Convertible Note; and (ix) CVCI having received legal opinions from Armstrongs, attorneys to the Company and Collins Newman, attorneys to CVCI in respect of the transactions contemplated in the Agreements, in form and substance satisfactory to CVCI.

The Company undertakes to issue, sell and deliver to CVCI the Convertible Note with full title guarantee and free and clear of all encumbrances together with all rights attached thereto, in consideration for which CVCI undertakes to pay to the Company an amount, in cash, of USD 25 million. The Company is obliged to use the proceeds of the Convertible Note for no other purpose than for the funding of and the support for the growth and development strategy of the Company and its subsidiaries (“the Company Group”) in Sub-Saharan Africa, save those members of the Company Group operating in Zimbabwe, unless CVCI gives its prior written consent to such funding into Zimbabwe. The Convertible Note shall rank pari passu equally and ratably without discrimination or preference, as an unsecured obligation of the Company.

The Convertible Note accrues interest at an annual rate equal to the London Interbank offered rate for six month deposits in USD (as quoted by the British Bankers Association at the relevant time) (“LIBOR”) plus 2.75%, as in effect on the first business day of each interest period. An interest period is a successive period of six months commencing on the Completion Date, which is the date that shall be fixed no less than five business days after the date on which the last of the conditions precedent to completion have been satisfied or waived by CVCI. Interest is payable to CVCI on a semi-annual basis on the last business day of the applicable interest period.

The Convertible Note matures, i.e., becomes due for repayment, on the first business day twenty four months after the Completion Date on which date the amount of USD 25 million and all accrued and unpaid interest is payable (“the Repayment Date”).

The Company is obliged to effect payment to CVCI of (i) a fee equal to 1% of the principal amount of the Convertible Note (USD 25 million) to be deducted
SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

from the payment by CVCI of USD 25 million for the Convertible Note; and (ii) on each yearly anniversary of the Completion Date, provided conversion has not occurred, a portfolio fee of USD 10,000.

All payments to be made by the Company to CVCI in respect of capital, interest and fees under the Subscription Agreement are to be made in USD without any withholding, set off, counterclaim or condition and free and clear of and without deduction for or on account of any taxes which shall be for the sole cost and account of the Company and, if the Company is required by law to deduct or withhold taxes from any payment, then such payment shall be increased by the amount necessary to ensure that CVCI receives a net amount free and clear of all taxes equal to the full amount which CVCI would have received had such payment not been subject to any taxes.

In the period between signature of the Subscription Agreement and the Completion Date, the Company agrees that it and each member of the Company Group shall (i) carry on or conduct its business in the ordinary course of business, keep its assets in good condition; (ii) maintain itself in good standing and comply with applicable laws, including all laws relating to taxation; (iii) not undertake any merger, spin-off, consolidation, reorganisation or dissolution or sell, transfer, lease or otherwise dispose of any assets; (iv) not engage in any capital expenditures and commitments related to future capital expenditures, other than as disclosed to CVCI, in excess of USD 1,000,000; (v) make any changes to its constituent documents; (vi) authorise, issue or redeem any outstanding debt interest (as defined in the Subscription Agreement, which definition of debt excludes deposits); (vii) except for the Rights Offer, any conversion by IFC and any approved Employee Share Incentive Scheme, issue any classes of Shares or equivalents thereof; (viii) increase or decrease its stated capital; (ix) undertake the declaration, authorization, making or payment of any dividend or other distribution (whether in cash, Shares or in kind, or the redemption of any of its Shares or other securities; (x) change the rights attached to any of its Shares or other securities; (xi) accept for the Rights Offer or any conversion by IFC, take any other action by amendment of its constituent document or through reorganization, consolidation, sale or transfer of share capital or rights therein, merger, sale of assets, or otherwise which may result in any dilution of the interests in the Company represented by the Shares into which the Convertible Notes may be Converted; (xii) sell, lease, transfer or assign any assets, accept for sales of assets in the ordinary course of business and consistent with pass practices; or (xiii) agree or commit to take any of the
SECTIONS 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

actions listed above that would make any warranty given inaccurate or which could reasonably be expected to prevent, impair or materially delay the ability of the Company to consummate the transaction contemplated by the Subscription Agreement.

If the Company fails to pay any amount whether of interest or principal on due date, then interest at a rate equal to LIBOR plus 2.75% plus 5%, compounded on a monthly basis shall be payable on such overdue amount.

At any time from the Completion Date to the Repayment Date ("the Conversion Period") CVCI has the option to convert all or any part of the principal amount outstanding on the Convertible Note into Shares in the Company (the "Conversion"). In the event that the option to convert is exercised within twelve months from the Completion Date the option price shall be BWP 3.15 per Share. In the event that the option to convert is exercised at any time after twelve months from the Completion Date but before the Repayment Date, the option price shall be BWP 3.24 per Share. The number of Shares to be issued to CVCI upon Conversion shall be calculated by multiplying the US Dollar amount of the Convertible Note ("the Conversion Amount") by the exchange rate of Botswana Pula to USD with reference to the closing mid rate of exchange of USD and BWP quoted by Barclays Bank of Botswana Limited as of the date of conversion ("the Applicable Exchange Rate") and divided by BWP 3.15 or BWP 3.24, as the case may be. Any fractional number of shares shall be rounded up to the nearest number.

The Shares issued on the Conversion are to be credited as fully paid and rank pari passu with all Shares. in issue on the date of Conversion and shall carry the right to receive all dividends and other distributions in respect of trading of the Company after the Conversion Date and declared after the Conversion Date.

As from the date of signing of the Subscription Agreement and until CVCI has fully converted the Convertible Note, CVCI has the option to subscribe for such number of shares as equals its participation in the Rights Offer had conversion of the Convertible Note occurred, and to participate in any rights offer after conversion of the Convertible Note to the extent of its shareholding acquired pursuant to the Conversion.

If a rights offer were to proceed prior to Conversion, then CVCI is entitled to subscribe for and be issued such number of Shares as is equal to the number of Shares for which it would have been entitled to subscribe in the rights offer.
SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

had the principal amount outstanding under the Convertible Note been converted prior to the Record Date.

At the time of the Rights Offer the exchange rate of BWP to USD and the price at which CVCI may convert (P3.15 per Share) will be known. Thus the number of Shares in the Company and the percentage of CVCI’s shareholding in the Company, had the principal amount outstanding under the Convertible Note been converted to Shares, can be calculated. That percentage will determine the number of Shares for which CVCI may subscribe.

As a result, Shareholders will not suffer any dilution as a result of the private placing of Shares to CVCI because the capital raise represented by the private placing and the Rights Offer will remain at the anticipated maximum of USD150,000,000 and the Shares to be issued remain the same whether the Rights Offer proceeds independently, or with the private placement.

In the event the Company completes one or more acquisitions of a bank or other financial institution (“a Qualifying Acquisition”) prior to the Repayment Date where the cumulative equity consideration to be paid by the Company for the bank(s) or financial institution(s) acquired is equal to or greater than the sum of (i) the subscription by IFC of USD 13 548 969 to the Company; (ii) the principal amount of the Convertible Note USD 25 million; and (iii) the Rights Offer the subject of the preceding Explanatory Statement in the Circular estimated in an amount of USD 150 million and the value of any other rights issues or private placements made within twelve months of the Completion Date (“the Capital Raisers”) then CVCI is obliged to convert the principal amount outstanding under the Convertible Note in its entirety, into Shares, not later than the Repayment Date.

In the event that the Company completes one or more Qualifying Acquisitions prior to the Repayment Date and the cumulative equity consideration paid by the Company in respect of such Qualifying Acquisitions is less than the sum of the Capital Raisers then CVCI is obliged to convert into Shares an amount of the Convertible Note equal to USD 25 million divided by the value of the Capital Raisers and then multiplied by the cumulative equity consideration paid for the Qualifying Acquisitions not later than the Repayment Date.

In the event that the Company has not effected any Qualifying Acquisition prior to the Repayment Date and part or all of the principal amount of the Convertible Note has not been converted into Shares by the Repayment Date then, at the option of CVCI: (i) the Convertible Note can be converted in whole or in part into
SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

Shares; or (ii) be immediately repaid to CVCI in full pursuant to the terms of the Convertible Note.

During the period from the date of issue of the Convertible Note to date of Conversion or the Repayment Date (“the Conversion Period”) if the Company offers any new Shares to Shareholders or investors, the Company shall give to CVCI the opportunity to subscribe for such number of such new Shares which CVCI would have been entitled to acquire had the Convertible Note been converted into Shares immediately prior to the offering, at the same price per share (or equivalent) and on the same terms and conditions as offered to other Shareholders or investors participating in the offering or transaction.

If, due to any action, omission or any other default whatsoever of the Core Shareholders or the Company, CVCI is unable to effect the Conversion, then CVCI shall be entitled to reinstate that portion of the Convertible Note that was to be Converted, and any interest that would have otherwise been due on such portion of the Convertible Note during this period shall bear interest at LIBOR plus 2.75% plus 5%, and shall be compounded on a monthly basis.

Subject to the preceding paragraph, if, due to the inability of the Company or CVCI to obtain any necessary authorizations or on account of applicable laws, CVCI is unable to (i) effect Conversion, or (ii) enforce any of its rights under the Subscription Agreement, CVCI shall be entitled to reinstate that portion of the Convertible Note that was to be converted as again being due and owing according to the terms of the Convertible Note.

If CVCI is unable to obtain Repayment (whether on account of applicable laws or otherwise), then upon receiving written notice from CVCI, the Company shall, insofar as it is permitted under applicable laws, repay on demand to CVCI all amounts then outstanding in respect of the Convertible Note, together with any accrued interest and all other amounts due thereunder.

If the Company, during the Conversion Period undertakes inter alia any capitalization issue, subdivision or consolidation or share distribution in specie, repayment, return or distribution of capital, or similar action which has the effect of diluting the interest of CVCI when the Convertible Note is issued, then the Conversion Price is to be adjusted in a manner determined by the auditors of the Company to ensure that CVCI is accorded, upon Conversion, the same percentage in the stated capital of the Company as if the dilution had not occurred.
SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

During the Conversion Period and until Conversion – CVCI is entitled to appoint two persons to the Board of Directors of the Company. After Conversion CVCI shall be entitled to appoint and maintain two directors on the Board of Directors of the Company. In the event that after Conversion, the holding of shares by CVCI in the Company is reduced to below 15% of the stated capital of the Company, then CVCI shall be entitled to appoint and maintain only one director to the Board of Directors of the Company. CVCI is entitled to remove from office any director so appointed and appoint another in the place of the director so removed.

The Company covenants that it and each member of the Company Group shall (i) carry on and conduct its business and affairs in accordance with the terms of the Subscription Agreement in compliance with applicable laws and in a prudent and efficient manner; (ii) transact all of its business on arm’s length terms except as otherwise may be approved by the Board of the Company or of the relevant member of the Company Group; (iii) ensure that policies and decisions as regard to taxation are in accordance with applicable law; (iv) honour applicable laws with respect to employees; (v) follow the highest standards of ethical business practice and maintain internal procedures satisfactory to CVCI to prevent money laundering, terrorism financing, fraud or other corrupt or illegal purposes; (vi) not pay or make, directly or indirectly any bribes or corrupt payments, loans, gifts or offers or promises of payments, loans or gifts to any public officer; (vii) not conduct any business activities in the United States of America in contravention of United States Law; (viii) ensure that all activities are complied with Regulation K of the United States Federal Reserve Systems; and (ix) maintain in force appropriate policies of insurance.

During the Conversion Period and the term of the Subscription Agreement, the Company agrees timely to provide CVCI with (i) unaudited consolidated and consolidated quarterly financial statements for the Company and the Company Group, prepared in accordance with both IFRS and other accounting standards applied in Botswana, within 30 days of the end of each quarter; (ii) annual consolidated (certified by the auditors for the Company and the Company Group) and semi-annual unaudited and consolidated financial statements prepared in accordance with both IFRS and other accounting standards applied in Botswana, within 120 days of the end of each calendar year; (iii) a monthly management report, within 15 days of the end of each calendar month; (iv) a quarterly management report, within 45 days of the end of each quarter; (v) an annual operating plan and budget of the Company, at least 30 days prior to the first day of each financial year to which plan and budget shall apply; and (vi) any other information that CVCI and its affiliates may require for purposes of compliance with applicable laws and other obligations to which they are bound.
While any amount of principal or interest due on the Convertible Note or otherwise under the Agreement is outstanding then if (i) the Company fails to pay any amount due under the Convertible Note when and as due and fails to effect payment within a period of 10 days after written notice; or (ii) the Company fails to pay amount due to IFC when and as due and the IFC declares the Company to be in default under its agreements with the Company; or (iii) the Company fails to pay any amount due to any other single creditor or depositor in excess of USD 100,000 or aggregate obligations to multiple creditors or depositors in excess of USD 1 million when and as due and such creditors and depositors declare such amounts to be in default; or (iv) the Company materially breaches any mortgage or other agreement for the provision of security to secure its obligations with IFC or any other creditor; or (v) any other event or series of events occurs which has or is reasonably likely to have a material adverse effect on the ability of the Company to perform its payment obligations under the Subscription Agreement and such event or events continue for a period of 30 days after written notice to the Company; or (vi) the Company fails to issue Shares in conversion of the Convertible Note under the terms of the Subscription Agreement; or (vii) there is a breach of warranty given by the Company or covenant applicable to the Company or warranty given by the Core Shareholders or covenant applicable to the Core Shareholders or breach by the Company of any material obligations applicable to it or by the Core Shareholders of any material obligations applicable to them, which is not cured within 30 days of the written notice to the Company; or (viii) any representation or warranty made or confirmed by the Company or the Core Shareholder was false or misleading when made or confirmed; or (ix) the Company fails to perform in timely manner any obligation under a material contract of the Company or a member of the Group and if capable of remedy, such failure to perform has continued for a period of 30 days after notice thereof has been given to the Company (provided that such failure to perform its obligations is not subject to a dispute undertaken in good faith by the Company); or (x) the Company suspends or ceases to carry on its business or substantially the whole of its business; or (xi) it becomes unlawful for the Company to perform any of its obligations under the Subscription Agreement or any authorization necessary for the Company’s performance of the Agreement is denied, withheld, cancelled, suspended or adversely modified; or (xii) any principal of or interest on any debt of the Company or any member of the Company Group is not paid when due or a default of any nature occurs under any agreement pursuant to which there
SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

is outstanding any debt, and default continues beyond any applicable period of grace, or any such debt becomes prematurely due and payable or placed on demand; or (xiii) any Government or Governmental Authority condemns, nationalises, ceases or otherwise expropriates all or any substantial part of the business, property or other assets of the Company, then the outstanding principal amount of the Convertible Note together with any accrued interest thereon and all other amounts due under the Subscription Agreement and not previously paid shall upon notice to the Company by CVCI become immediately payable.

The Company pursuant to the terms of the Subscription Agreement, has given substantial warranties and indemnities as to its business and affairs, which warranties and indemnities are usual in a transaction of the nature of the Subscription Agreement. The Core Shareholders have similarly given substantial warranties and indemnities in relation to their obligations as recorded in the Subscription Agreement.

In terms of the Subscription Agreement the following actions shall require the prior written consent of CVCI: (i) any change in the scope of the business of the Company or any Group Company; (ii) the appointment or removal of auditors or other professional advisors; (iii) changes in accounting periods and reference dates and policies; (iv) changes in the constituent documents of the Company and any other Group Company; (v) changes in size rules or procedures relating to designation, nomination or election of members of the Board; (vi) mergers and/or acquisitions, joint ventures or consolidations; or selling or otherwise disposing of the portion of the assets of the Company or any Group Company whose value is in excess of 10% of the net asset value, on a consolidated basis, of the Company, except for those transactions included in the annual budget; (vii) or any changes in the equity capital structure of the Company or any other Group Company or the issuance of new equity or capital (other than the proposed Rights Offer the subject of this Circular, conversion by the IFC of its loan to shares as contained in the agreement between IFC and the Company, or issue of shares of bona fide employees of the Company or Group Company pursuant to an Employee Share Scheme) or (viii) redemption or reduction of shares or other equity securities or floatation or listings on stock exchanges (the establishment and incorporation of any new member of the Group Company or the establishment of a branch in jurisdictions where the Company does not have current operations); (ix) or actions to grant security interests in any fixed asset of the Company or Group Company and shares held from time to time by the Company in a Group Company with a value in excess of USD 500,000, except for transactions included in the annual budget; or (x)
SECTION 2: SALIENT TERMS AND CONDITIONS OF THE SUBSCRIPTION AGREEMENT: continued

voluntary commencement of any bankruptcy, insolvency, winding, dissolution or liquidation proceedings or any other action or proceedings that would constitute or result in a liquidation event; (xi) approval of the annual budget of the Company on any material variations to any component of the budget exceeding a figure greater than or equal to 15% of such component, including any new business development projects or the scope location or strategy therefor or any new or material change to a component in capital expenditure budget exceeding a figure greater than or equal to 15% of such component; (xii) approval of the dividend policy of the Company and its Group and any amendments to the policy; or the declaration and payment of any dividend not in accordance with the approved dividend policy; (xiii) approval of any employee share incentive scheme; (xiv) the appointment of chief executive officer or the removal of the current chief executive officer, chief financial officer, chief operating officer; (xv) except for those transactions or series of related transactions carried out in the ordinary course of business, entering into any transaction or series of transactions not provided for in the annual budget or annual accounts outside the ordinary course of business giving rise to contingent liability in excess of USD 2 million; and (xvi) waiving any material rights or claims for the benefit of third parties or settling claims or litigation, outside the ordinary course of business.

If any of the above matters requiring the prior written consent of CVCI are to be discussed, tabled and / or voted upon at a meeting of the Board of Directors of the Company, (i) the Board is required to notify CVCI and its appointed Directors on the Board (“the CVCI Directors”) of such matter; (ii) at least one of the CVCI Directors is required to be present in person or via teleconference at such meeting and, if not, the meeting shall be required to adjourn and shall reconvene in 14 business days at the same time and location; (iii) if, at such reconvened meeting, neither of the CVCI Directors is present, either in person or via teleconference, the Board shall be able to proceed and pass a resolution approving a matter that requires the consent of CVCI, provided that such resolution shall be subject to and shall not be effective until CVCI has granted its consent; and (iv) once the Board has passed a resolution approving a matter that requires the consent of CVCI the Board shall notify CVCI that such matter has passed and provide all information requested by CVCI in order to make an informed decision. Upon receipt of all information requested by CVCI, CVCI shall have a period of 10 business days to review such information and provide its notice of its consent or refusal to grant its consent. If CVCI has not provided its consent within such 10 business day period, consent shall be deemed not to have been given.
Among the obligations of the Core Shareholders in the Subscription Agreement is an obligation on each Core Shareholder to follow his respective rights in relation to the Rights Offer and for them collectively to hold and maintain not less than 20% of the total stated capital of the Company. For avoidance of doubt, subject to any permitted encumbrances (as defined in the Subscription Agreement) or other encumbrances that have been approved in writing by the Investor, all of such Shares shall be subject to terms and conditions of the Subscription Agreement and the other Agreements.

The Subscription Agreement is governed by English Law and any dispute controversy or claim is to be settled by arbitration in accordance with the Rules of the London Court of International Arbitration with seat and place of arbitration being London, England.

SECTION 3 SALIENT TERMS OF THE C AND U AGREEMENT

As a condition precedent to the Subscription Agreement, CVCI, the Company and the Core Shareholders executed the C and U Agreement, the salient terms of which are set out below.

In terms of the C and U Agreement, the Company (through its officers or Directors) undertakes not to take any of the following actions, without first obtaining the prior written consent of CVCI:

(i) any change in the scope of business of the Company or any Group Company or the domicile or head office of the Company or any Group Company;

(ii) the appointment or removal of auditors or other professional advisors;

(iii) any change in the accounting periods, accounting reference dates or accounting policies;

(iv) any change in the constituent documents of the Company and any other Group Company;

(v) any changes in size, rules and procedures relating to designation, nomination or election of the members of the Board of Directors of the Company;
SECTION 3  SALIENT TERMS OF THE C AND U AGREEMENT: continued

(vi) any merger, and/or acquisition transactions including any sale, merger, joint venture or consolidation with or into another company or entity by the Company or any Group Company;

(vii) the sale lease or other disposal of a portion of the assets of the Company or a Group Company the value of which is in excess of 10% of the net asset value on a consolidated basis of the Company, except for transaction 5 in the annual budget;

(viii) the disposition of a significant portion of the assets of the Company or any Group Company (including the issue of new equity capital), redemption or reduction of shares, listings or shares or securities on a stock exchange, the establishment of a new Group Company or branch of the Company or Group Company;

(ix) any changes in the equity capital structure of the Company other than the Rights Offer the subject of this Circular, the conversion by the IFC of the Convertible Loan under the IFC Agreement or issues to employees under an employee share purchase scheme approved by CVCI;

(x) the grant of any security interests in any fixed assets or shares of the Company with a value in excess of USD 500,000 except for transactions included in the annual budget;

(xi) voluntary commencement of any bankruptcy, insolvency, winding up, dissolution or liquidation proceedings, or any other action or proceedings that would constitute or result in a liquidation event;

(xii) the approval of the annual budget or any material variations to any component of the budget exceeding a figure greater than or equal to 15% of such component including any new business or any new or material changes to a component of capital expenditure exceeding a figure greater than or equal to 15% of such component;

(xiii) the approval of the dividend policy and changes thereto, and the declaration and payment of any dividends or other distributions not in accordance with the dividend policy;

(xiv) the approval of any share incentive scheme;
SECTION 3   SALIENT TERMS OF THE C AND U AGREEMENT:

continued

(xv) the appointment of the CEO, CFO or COO of the Company or the removal of the current CEO, CFO or COO of the Company;

(xvi) entering into any transactions or series of related transactions which are not provided for in the annual budget or annual accounts that give rise to contingent liabilities in excess of USD 2 million;

(xvii) waiving any material rights or claims for the benefit of third parties, settling any claims or litigation or commencing any claims or litigation outside of the ordinary course of business;

(xviii) entering into any Related Party Transactions (as defined) whose aggregate value thereof exceeds 15% of the Company’s Tier 1 Capital; and

(xix) entering into any individual Related Party Transaction with a value in excess of USD500,000;

As indicated in the section above on the Subscription Agreement, if any of the above matters requiring the prior written consent of CVCI are to be discussed, tabled and / or voted upon at a meeting of the Board of Directors of the Company, (i) the Board is required to notify CVCI and the CVCI Directors of such matter; (ii) at least 1 of the CVCI Directors is required to be present in person or via teleconference at such meeting and, if not, the meeting shall be required to adjourn and shall reconvene in 14 business days at the same time and location; (iii) if, at such reconvened meeting, neither of the CVCI Directors is present, either in person or via teleconference, the Board shall be able to proceed and pass a resolution approving a matter that requires the consent of CVCI, provided that such resolution shall be subject to and shall not be effective until CVCI has granted its consent; and (iv) once the Board has passed a resolution approving a matter that requires the consent of CVCI (which is then subject to the consent of CVCI) the Board shall notify CVCI that such matter has passed and provide all information requested by CVCI in order to make an informed decision. Upon receipt of all information requested by CVCI, CVCI shall have a period of 10 business days to review such information and provide its notice of its consent or refusal to grant its consent. If CVCI has not provided its consent within such 10 business day period, consent shall be deemed not to have been given. Where a matter which requires CVCI consent is the subject of Shareholders approval, the Company shall submit the same to CVCI for approval prior to proposing the matter to the general body of Shareholders. CVCI has 10 business days to grant or refuse consent.
SECTION 3 SALIENT TERMS OF THE C AND U AGREEMENT: continued

The Company shall meet and ensure that certain group companies meet performance milestones for 2008 that are scheduled to the C and U Agreement. In the event that the Company misses any of such performance milestones for a relevant group company, then, subject to the written consent of CVCI, the Company shall replace the chief operating officer of the Company with a person approved by CVCI. In the event that a relevant group company misses its performance milestones, then, subject to the written consent of CVCI, such breaching group company shall replace its managing director with an individual approved by CVCI.

Where a matter which requires CVCI consent is the subject of shareholders approval, the Company shall submit the same to CVCI for approval prior to proposing the matter to the general body of shareholders. CVCI has 10 business days to grant or refuse consent.

In the C and U Agreement the Company undertakes to and to procure that each Group Company will:

(i) conduct its business and affairs in accordance with the annual budget approved by the Board in a prudent and efficient manner and perform and observe all obligations imposed under the Subscription Agreement, the Convertible Note, the C and U Agreement and the DPO Agreement;

(ii) transact all its business on an arms length and commercial basis independent of political and other consideration not in the ordinary course of business in accordance with sound and good business practice;

(iii) not acquire, dispose, hire or lease any assets, goods rights or services otherwise than at the best price reasonably obtainable in the circumstances;

(iv) maintain insurances against such risks for the full replacement or reinstatement value of its assets;

(v) keep CVCI fully and promptly informed as to all material developments regarding its business and financial affairs;

(vi) comply with all applicable laws;

(vii) maintains necessary licences;
SECTION 3 SALIENT TERMS OF THE C AND U AGREEMENT: continued

(viii) follow the highest standards of ethical business practice and maintain internal procedures satisfactory to CVCI to prevent money laundering, terrorism financing, fraud or other corrupt or illegal purposes;

(ix) not effect any bribes or corrupt any public official or political candidate, contrary to applicable laws and the United States Foreign Corrupt Practices Act; and

(x) conduct employment of employees in accordance with applicable laws; and

(xi) not conduct business in the United States in violation of United States law.

If CVCI becomes aware that a group company has not complied with any of the matters related to such group company set out in the C and U Agreement, CVCI shall have the right to appoint an individual nominated and approved by CVCI to the Board of Directors of the breaching group company.

In terms of the C and U Agreement, the Company is to (i) provide to CVCI 10 days prior to any notice being sent to shareholders, a copy of that notice highlighting matters requiring CVCI’s consent; (ii) provide to CVCI and the directors appointed by CVCI to the Board of the Company a schedule of quarterly Board meetings, and 14 days notice of any special Board meeting, highlighting any matters requiring CVCI’s consent, and (iii) indemnify Directors as and to the extent permitted by the Companies Act for Botswana.

In terms of the C and U Agreement CVCI is entitled to appoint 2 of the 12 Directors on the Board of Directors, and if the number of Directors increases beyond 12, such number of Directors as is equal to 20% of the total number of Directors on the Board provided that if CVCI’s shareholding falls below 15%, after the Conversion Period, it is entitled to appoint only one Director to the Board.

As regards financial information the Company is obliged to keep the books of account of the Group in accordance with IFRS; and allow CVCI access to the financial risk and management controls and policies operational and statutory books, and supply CVCI with information reasonably required to keep it properly informed as to the business, affairs and condition of the Group; and to provide to CVCI:
SECTION 3       SALIENT TERMS OF THE C AND U AGREEMENT: continued

(i) unaudited consolidated and unconsolidated quarterly financial statements for the Company and its subsidiaries within 45 days of the end of each quarter;

(ii) annual audited consolidated and semi annual unaudited unconsolidated financial statements within 120 days of end of each calendar year and half year, and 60 days after the end of each;

(iii) the business plan and annual budget for the Company and the Group Companies 30 days prior to the first day of each new calendar year;

(iv) unaudited unconsolidated and consolidated balance sheets and cashflows of the Company and Company Group containing specified information, within 45 business days of the end of each respectively; and

(v) a monthly management report containing specified information within 15 business days of the end of each month.

The Company pursuant to the terms of C and U Agreement has given indemnities as to its business and affairs, which indemnities are usual in a transaction of the nature of the C and U Agreement.

Furthermore the Company undertakes to pursue the admission of all its Shares to a recognised international stock exchange, either the London Stock Exchange (the official list or alternative investment market), NASDAQ, the New York Stock Exchange, the Johannesburg Stock Exchange or such other stock exchange as may be agreed by CVCI, the Company and the Core Shareholders, with an imputed aggregate market value (on the date that the admission takes place) of all Shares including the Shares being offered in the Offering not being less than USD 250 million with the existing Shareholders being entitled to sell their shares in the listing with a value of not less than USD 150 million and the price per Share in the listing not being less than 300% of the Conversion Price, with a lock up period in respect of CVCI's remaining shares not exceeding 6 months.

In terms of the C and U Agreement, the Core Shareholders agree:

(i) to procure that the Company carries out its obligations under the C and U Agreement;
SECTION 3  SALIENT TERMS OF THE C AND U AGREEMENT: continued

(ii) that, in the event the admission to listing on the recognized international exchange, as contemplated hereinbefore, is not achieved within twelve months after the third anniversary of the date of the C and U Agreement, to, jointly with CVCI, appoint an approved bank to conduct a competitive sale process to locate a purchaser for their combined Shares;

(iii) if the Core Shareholders have after the period of twelve months after the third anniversary of the C and U Agreement given notice to CVCI that they seek to purchase all the Shares of CVCI at a price proposed by the Core Shareholders, and CVCI has rejected the price proposed, then CVCI shall proceed with the process to obtain a purchaser for their combined Shares;

(iv) in the event that a price is offered by a third party for the combined shareholding of the Core Shareholders and CVCI, the Core Shareholders shall have the right to match that price; if that price is not accepted by CVCI then an offer from the third party at a price greater than that which was matched by the Core Shareholders may be accepted;

(v) in the event any of the Core Shareholders desire to sell any or all of his shares in the Company prior to the admission of the issued shares of the Company on a recognised international exchange, that Core Shareholder may not so transfer its shares without the prior written consent of CVCI; if the Company receives the consent of CVCI, as a condition of such transfer, the purchasing party shall agree to be bound by the terms of the C and U Agreement by executing a deed of adherence, which is in the agreed form schedule to the C and U Agreement. CVCI shall at any time be freely entitled to conduct the transfer of all or any of its Shares;

(vi) if any of the Core Shareholders receives an offer from a third party purchaser for the acquisition of any of the Shares of that Core Shareholder then that Core Shareholder shall provide notice to CVCI of the identity of the intended third party purchaser and the proposed consideration for the Shares and other terms of the offer; CVCI shall be entitled (not later than 15 days after receipt of the notice) to require the Core Shareholder to procure that the third party purchaser extends to CVCI an irrevocable offer to purchase from CVCI any or all of the Shares held by CVCI on the same terms and conditions; the Core Shareholder shall procure that the third party issues an extended
SECTION 3  SALIENT TERMS OF THE C AND U AGREEMENT: continued

offer to CVCI which shall be capable of acceptance by CVCI for 10 business days after the date on which it was received;

(vii) in the event of (a) the admission to listing of the issued Shares on a recognised international exchange as contemplated hereinbefore or (b) the issue or sale of Shares and/or other voting securities of the Company with a majority of voting right or power to elect the majority of the Board of Directors; or (c) a change of control in the Company, then, as among the Core Shareholders and CVCI, CVCI shall be entitled to receive first from the proceeds from the transaction an amount equal to the higher of (I) the amounts paid by CVCI to the Company under the Subscription Agreement plus any other investments and contributions provided by CVCI to the Company at the time; and (II) the proceeds of the admission or issue or sale multiplied by the percentage of CVCI’s shareholding at the time; and

(viii) save for permitted encumbrances (as defined in the C and U Agreement) not to pledge mortgage, charge or create a lien or otherwise encumber their shares in the Company, without the prior written consent of CVCI.

As with the Subscription Agreement, among the obligations of the Core Shareholders in the C and U Agreement is an obligation on each Core Shareholder to follow his respective rights in relation to the Rights Offer and for the Core Shareholders collectively to hold and maintain not less than 20% of the total stated capital of the Company. For avoidance of doubt, subject to any permitted encumbrances (as defined in the C and U Agreement) or other encumbrances that have been approved in writing by the Investor, all of such Shares shall be subject to terms and conditions of the C and U Agreement and the other Agreements.

The C and U Agreement is governed by English law and any dispute, controversy or claim arising out of the C and U Agreement is to be settled by arbitration in accordance with the rules of the London Court of International Arbitration with the seat and place of arbitration being London, England.

SECTION 4  SALIENT TERMS OF THE DPO AGREEMENT

Similarly, as a condition precedent to the Subscription Agreement, the Company and the Core Shareholders are required to enter into a DPO
SECTION 4  SALIENT TERMS OF THE DPO AGREEMENT: continued

Agreement with CVCI. In terms of the DPO Agreement in the event of a Company Default Put Event (being (i) an event of default by the Company under the terms of the Subscription Agreement or Convertible Note; (ii) any action or failure to act by the Company which will or is likely to result in a dilution of the Shares held by CVCI in the Company without the prior written approval of CVCI (unless such dilution results from a capital increase of the Company where CVCI has waived any pre-emptive rights); (iii) any action by the Company which requires CVCI’s prior written consent is taken without that consent; or (iv) the Company fails to perform in a timely manner any obligations under the Subscription Agreement, the C and U Agreement, or the Convertible Note; or (v) any representation or warranty made or confirmed by the Company in the Subscription or C and U Agreement was false and misleading when made and confirmed; or (vi) the Company takes any action that causes the Investor to fail to comply with all applicable laws with respect to Regulation K issued by the Board of Governors of the United States Federal Reserve System and other related statutes; or the Company or any Group Companies carry out any business which is not permitted by Regulation K; (vii) the Company or any Group Company makes or offers to make any corrupt payment to a public official or political candidate; or (viii) the Company fails to maintain internal procedures satisfactory to CVCI to prevent the Company or any Group Company becoming an instrument for money laundering terrorism-financing or corrupt and illegal purposes) CVCI is entitled to give notice to the Company of the event and the Company shall have 30 calendar days from notice to cure or remedy the event of default to the satisfaction of the Investor.

If the Company Default Put Event is not capable of cure or remedy or if the Company has not cured or remedied the Company Default Put Event, then CVCI has the right to put to the Company which is obliged, subject to the Company complying with any provisions of the Companies Act and particularly the solvency test as therein defined, to purchase all or a portion of the Shares of CVCI in the Company at a price equal at a price equal in USD of the total investment of CVCI in the Company (i) multiplied by the product of the number of default put option shares (being all or part of any Shares held by CVCI from time to time) divided by the total number of Shares held by CVCI; and (ii) multiplied by 1.5. The price payable by the Company for the Shares put to them by CVCI in terms of the DPO Agreement is to be paid within 30 days of appropriate approvals for the transaction.

In the event of a Core Shareholders Default Put Event (being (i) the Core Shareholders failing to perform in a timely manner any of their obligations under the Subscription or C and U Agreement or Convertible Note (ii) any warranty or
SECTION 4    SALIENT TERMS OF THE DPO AGREEMENT: continued

representation made and confirmed by the Core Shareholders in the Subscription or C and U Agreement or Convertible Note being false and misleading when made or confirmed; or (iii) any Core Shareholder offers a bribe or attempts to corrupt a public official or political candidate contrary to law) CVCI shall be entitled to give notice of such event to the Core Shareholders. If the Core Shareholders fail to remedy the Core Shareholder Default Put Event within 30 days of the notice or if such Event is not capable of remedy, then CVCI is entitled to put part or all of the Shares acquired as a result of the Conversion of the Convertible Note it holds to the Core Shareholders who shall be obliged to purchase the same for purchase at a price equal in USD of the consideration at which such Shares were converted and paid (i) multiplied by the product of the number of default put option shares (being any Shares converted by CVCI pursuant to the Convertible Note) divided by the total number of Shares held by CVCI; and (ii) multiplied by 1.5. The price payable by the Core Shareholders for the Shares put to them by CVCI in terms of the DPO Agreement is to be paid within 30 days of appropriate approvals for the transaction.

The Core Shareholders are jointly and severally liable for all of the obligations and liabilities of the Core Shareholders to CVCI under the DPO Agreement.

In the event that the Core Shareholders fail or the Company fails, as the case may be, to purchase or buy back and pay for all of the default put option shares, then CVCI shall be discharged from any obligations to transfer such default put option shares and shall be free to transfer (at the expense of the Core Shareholders or the Company, as the case may be) any such default put option shares to any entity or person. Each of the Core Shareholders or the Company, as the case may be, shall be required to compensate CVCI to the extent that any payment or payments received by CVCI from a purchaser or purchasers in respect of the default put option shares is less than relevant default put price set out above.

The DPO Agreement is subject to English law, and any dispute, controversy or claim arising out of or relating to the DPO Agreement is to be settled by arbitration in accordance with the rules of the London Court of International Arbitration, with the seat and place of arbitration being London, England.

SECTION 5    SALIENT TERMS AND CONDITIONS OF THE IFC PUT OPTION

In terms of the IFC Agreements, the consent of IFC to the transactions envisaged under the terms of the Subscription Agreement, the C and U Agreement and the DPO Agreement is required.
SECTION 5  SALIENT TERMS AND CONDITIONS OF THE IFC PUT OPTION

IFC has granted such consent on the conditions that:-

(i) if the right granted to CVCI under the terms of the Subscription and C and U Agreements to subscribe in cash for Shares if a rights offer were to proceed prior to conversion of the Convertible Note are approved by shareholders then IFC is also accorded, with the approval of shareholders, if the Rights Offer proceeds prior to conversion of the principal amount outstanding under the IFC Agreement to Shares, the right to subscribe, in cash at a price of no more than BWP3.15 per Share, for and be issued such number of Shares for which IFC would have been entitled to subscribe in the Rights Offer if the principal amount then outstanding under the IFC Agreement had been converted into Shares and had such conversion taken place prior to the Record Date;

(ii) that IFC be granted by the Company a Put Option on substantially the same terms as the Default Put Option granted by the Company to CVCI under the DPO Agreement;

(iii) management of IFC ratifies such consent; and

(iv) the IFC Put Option Agreement is executed;

(v) all authorizations for the IFC Put Option Agreement are obtained;

(vi) (a) all authorizations corporate or otherwise for the subscription by both the IFC and CVCI for shares in cash, in the event the Rights Offer proceeds prior to the conversion of the principal amount outstanding under the IFC Agreement and prior to conversion of the Convertible Note into shares as set forth in Section 2.3 of the Circular (together the “private placements”); or

(b) the Company fails to obtain such authorizations in respect of the private placements; and

(vii) the Company procures that no Party to the Subscription Agreement C and U Agreement and DPO Agreement make any amendment or variation thereto or waive any part thereof prior to execution of the IFC Put Option Agreement, without the prior written consent of IFC.
On the 12th of August 2008 the Board of the Company resolved to grant to IFC the IFC Put Option and authorised the Managing Director and Chief Executive to negotiate and execute the IFC Put Option Agreement.

The conditions to the IFC consent, set forth hereinbefore, will be met prior to the date of the Extraordinary General Meeting. It is necessary for the Company to obtain the approval of shareholders to the IFC Put Option Agreement and the private placements. At the time of seeking such shareholder approval the Company will confirm fulfillment of all conditions (save shareholders approval) to the Meeting.

In terms of the IFC Put Option Agreement the IFC is entitled to put to the Company all the Shares then held by IFC in the event that (i) the CVCI exercises its rights, under the DPO Agreement, to put the Shares held by CVCI to the Company or (ii) the Company commits a breach of its undertaking in the Investor Rights Agreement entered into amongst others the Company and IFC in August 2007 ("the Investor Rights Agreement")not to make and to procure that none of its affiliates or any person acting on its behalf makes a prohibited payment being any offer, gift, payment, promise to pay or authorization of the payment of money or anything of value, directly or indirectly, to or for the use or benefit of any officer of a political party or candidate for political office in Botswana or countries in which the affiliates operate, or any officer or employee of the Government of Botswana or the country in which an affiliate operates or of a public organization or to another person for the benefit of any such official, for the purpose of influencing any act or decision or omission of any official in order to obtain, retain or direct business to or secure any improper benefit or advantage for the Company or any affiliate thereof which payment is not lawful under applicable laws and regulations and is not made for the purpose of expediting or securing the performance of a routine Governmental action (as such term is construed under applicable law), or (iii) the Company breaches the undertaking given by it in terms of the Investor Rights Agreement to institute maintain and comply with appropriate internal procedures and controls satisfactory to IFC and in compliance with applicable laws of Botswana or the jurisdiction in which its affiliates operate and following best international banking standards including, without limitation, the standards promulgated by the BASEL Committee on Banking Supervision for the purpose of (a) preventing the company or any of its affiliates from being used for money laundering , the financing of terrorist activity, fraud or other corrupt or illegal purposes or practices; and (b) ensuring that the Company will not enter into transactions with, or the benefit of, any individuals or institutions named on lists of sanctioned persons promulgated
by the United National Security Council or its committees as per Security Council Resolution 1267 (1999) 1373 (2001) or related or successor resolutions in connection with money laundering or anti-terrorism matters.

In the event IFC exercises its rights to put part or all of the Shares which it holds in the Company, the Company is obliged, subject to the Company complying with any provisions of the Companies Act and particularly the solvency test as therein defined, to purchase all or that part of the Shares held by IFC in the Company at a price equal in BWP to the price in USD of the total investment of IFC in the Company (i) multiplied by the number of Shares being put by IFC divided by the total number of Shares held by IFC; and (ii) multiplied by 1.5. The price payable by the Company for the Shares put to it by IFC is to be paid no less than 15 no more than 30 days after receipt by the Company of the Put subject to the necessary authorisations having been obtained.

The IFC Put Option Agreement is subject to English Law, and any dispute, controversy or claim arising out of or relating to the IFC Put Option Agreement is to be referred to the High Court of Justice of London England.
SECTION 6 CONVERSION PRICE:

The conversion price to be used to calculate the number of Shares to be issued upon conversion of the Convertible Note (i.e. BWP 3.15 per Share if the option to convert is exercised within twelve months of the subscription for the Convertible Note and BWP 3.24 if the option is exercised after twelve months but within twenty four months after the subscription for the Convertible Note) was negotiated as between CVCI and the Company in October 2007. Completion of the transaction was subject to CVCI conducting a due diligence in respect of the affairs of the Company and its subsidiaries. CVCI has the right, thereafter, provided it is satisfied with the results of the due diligence, to give notice to proceed with the transaction. By virtue of the geographical spread of the subsidiaries of the Company, the due diligence took some time to be completed with the result that the Subscription Agreement and other ancillary agreements were proceeded with as of the end of March 2008.

The weighted average traded price of a Share traded in the 30 days prior to October 1 2007 when the price for conversion was negotiated between the Company and CVCI was BWP 3.50 per share. The price of BWP 3.15 per share represents a discount of 10% to that weighted average traded price.

The weighted average traded price of a Share in the 30 days prior to 20 June 2008 was P3.80. The price of Conversion of BWP 3.15 represents a discount of 17% to that average weighted price.

The Board, in resolving to pursue the Rights Offer the subject of the previous explanatory statement in this Circular, is at pains to ensure that existing shareholders are not prejudiced by way of pricing and dilution as regards the transaction proposed to be entered into with CVCI and as such commits to issue shares under the Rights Offer at an offer price that will not exceed the price at which CVCI is entitled to convert the Convertible Note to be issued to it under the Subscription Agreement.

SECTION 7 RECOMMENDATION OF THE BOARD OF DIRECTORS

The Company’s strategic goals are to transform the Group into a leading pan-African bank with a geographically diversified and stable earnings, enhance the Group’s operating efficiency through the development of the human capital base and technology and build the Group into a diversified financial services business over time, including the introduction of retail banking business. To meet these strategic goals the Company is seeking to raise approximately USD 188.5 million. The USD 13,548,969.00 available from the IFC under the Convertible Loan under the IFC Agreement and assuming a successful capital
SECTION 7 RECOMMENDATION OF THE BOARD OF DIRECTORS
: continued

raise including the Rights Offer, of up to USD 150 million, the Company has need for an additional USD 25 million. The subscription by CVCI of such an amount, for the issue to it of the Convertible Note will allow the Company to have available funds necessary to achieve the strategic goals.

Bearing in mind the benefits for the Company of the funding being made available by CVCI and the fact that existing shareholders of the Company are not going to be prejudiced by way of pricing or dilution, the Board of Directors recommends to Shareholders that Shareholders resolve to approve, inter alia and in the context of the Rights Offer, the Subscription Agreement, the C and U Agreement and the DPO Agreement and resolutions 1 to 11 inclusive as set forth in the Notice of the Extraordinary General Meeting of the Company scheduled for 29 September 2008, a copy of which Notice forms Section V of this Circular.

SECTION 8 DISCLOSURE

The Company will advise shareholders, on publication of its audited financial statements for 31 December 2008 and 31 December 2009 and unaudited financials for 30 June 2009 and 30 June 2010 of the status of the Conversion and provide Shareholders with information as regards the number of Shares to be issued if the Conversion were to occur on that date and, based on the conversion of the capital and interest accrued on the Convertible Note, at the rate of exchange BWP to USD prevailing as at that date.

The Company will by advertisement in the press notify Shareholders of any exercise by CVCI of its option to Convert, the value of principal amount of the Convertible Note and interest being converted, the rate of exchange of BWP to USD, the BWP being converted, the price at which the Conversion is to occur, the number of Shares to be issued to CVCI in Conversion, and the dilution and financial effects for Shareholders.

SECTION 9 INSPECTION

Copies of the Subscription Agreement, the C and U Agreement, the DPO Agreement, the Convertible Note, the IFC Consent, and the IFC Put Option Agreement, are available for inspection at the principal office of the Company.
SECTION 9    INSPECTION: continued

at ABC House, Tholo Park, Plot 50669 Fairgrounds Office Park, Private Bag 00303 Gaborone, Botswana during office hours, Monday to Friday, from the 5th of September 2008 until the day preceding the Extraordinary General Meeting.

Oliver M. Chidawu    Douglas T. Munatsi
Chairman                                                                        Chief Executive Officer
SECTION 1  BACKGROUND

At the Annual General Meeting of the Company on 31 May 2005, shareholders approved the termination of the then existent Employee Share Option Scheme (“the Option Scheme”) and Employee Share Purchase Scheme and the establishment of two Employee Share Purchase Schemes, one for employees resident in Zimbabwe and the other one for employees not resident in Zimbabwe (“the New Schemes”) and the terms and conditions of the New Schemes

- These would be available to all employees of the Company and its subsidiaries who had been employed by the Company or a subsidiary thereof for a period of at least 6 months as at 1 January 2005.

- The Company would set aside 15% of the issued share capital of the Company, for the Schemes, and any shares acquired pursuant to options available, until the 30 June 2007 under the Option Scheme.

It is necessary to accommodate increases in stated capital from time to time, to make available ordinary shares in the Company for purchase by employees who qualify for participation in the New Scheme, under the terms of the New Schemes.

SECTION 2  APPROVAL SOUGHT

Accordingly, the Company seeks the approval of and authority for the Board of Directors to increase the stated capital of the Company from time to time, to such value divided into such number of ordinary shares as will not exceed 15% of the aggregate of the stated capital (in value and in number of shares after the increase of the stated capital (in value and in number of shares) as may be necessary to enable the Company to honour its obligations to employees under the New Schemes and issue and allot the shares thereby created, to employees which purchase the same under the terms of the New Schemes.

Oliver M. Chidawu
Chairman

Douglas T. Munatsi
Chief Executive Officer
EXPLANATORY STATEMENT IN RESPECT OF APPROVAL SOUGHT FOR DIVIDEND DECLARED AND PAID

The Annual Report of 2007 disclosed the intention of the Board to declare a final dividend for the period to 31 December 2007 of BWP0.14 (ZWD529,839.00) per ordinary share. This dividend was in fact declared on 26 February 2008 and paid to Shareholders as at close of business on 4 April 2008. Through inadvertence approval and ratification of that dividend was not sought at the Annual General Meeting held on 26 June 2007.

Such ratification and approval is now sought.

Oliver M. Chidawu
Chairman

Douglas T. Munatsi
Chief Executive Officer
Notice is hereby given of the aforesaid Extraordinary General Meeting of Shareholders, to consider and, if thought fit, to adopt, with or without amendment, the following resolutions:

**Resolution 1:**

To approve with IFC abstaining in respect of the rights accorded to IFC to subscribe for shares as envisaged herein, the proposed Capital Raise of up to USD150,000,000 by way of a Rights Offer in terms of which the Company will offer such number of Shares equal to the result of the conversion of the USD value of the Rights Offer to BWP on the Record Date for the proposed Rights Offer, divided by the Offer Price (the value of the Rights Offer to be determined with regard to USD value of the private placements in the event CVCI Africa Investments Limited ("CVCI") and/or the International Finance Corporation ("IFC") exercise their rights to subscribe for Shares the Offer Price, to be determined prior to issue of the Circular and Prelisting Statement in respect of the Rights Offer which shall be issued prior to the date when the Rights Offer opens to Shareholders as at the said Record Date) on the basis that (i) the Offer Price for each Offer Share does not exceed BWP3.15, (ii) the Rights Offer is underwritten, and (iii) the BSE grants approval to the listing of the Offer Shares.

**Resolution 2:**

To approve, in the event the Rights Offer proceeds prior to conversion by IFC of such principal amount as is outstanding under the Convertible Loan Agreement entered into among the Company, African Banking Corporation Mozambique SARL, African Banking Corporation Botswana Limited, African Banking Corporation Zambia Limited and IFC on August 20 2007, the reservation of such number Shares out of the Rights Offer as IFC would have been entitled to be offered in the Rights Offer had IFC converted the principal amount outstanding under
the Convertible Loan Agreement to Shares as of the Record Date for the Rights Offer, and the issue and allotment of those Shares to IFC against subscription therefor by IFC in cash, at a price per share calculated at the offer price payable per share by Shareholders in terms of the Rights Offer, in the event IFC exercises its option to subscribe for such Shares.

Resolution 3:

To approve, in the event the Rights Offer proceeds prior to conversion of the Convertible Note by CVCI the reservation of such number of Shares out of the Rights Offer as CVCI would have been entitled to be offered in the Rights Offer had it converted the principal amount outstanding under the Convertible Note to Shares as of the Record Date for the Rights Offer and the issue and allotment of those Shares to CVCI against subscription therefor by CVCI in cash, at a price calculated at the offer price payable by Shareholders in terms of the Rights Offer, in the event CVCI exercises its option to subscribe for such Shares.

Resolution 4:

Subject to approval of the preceding Resolution Nos. 1 and 2, to authorise the directors to increase the stated capital of the Company as required, to implement the proposed Capital Raise by way of Rights Offer and issues for cash by private placement to IFC and CVCI, if applicable.

Resolution 5

To approve the terms of (i) the Subscription Agreement, (ii) the Commitment and Undertaking Agreement, and (iii) the Default Put Option Agreement entered into among the Company, CVCI and certain Shareholders (“the Core Shareholders”) on 25 June 2008, the salient terms of which are recorded in the Circular delivered contemporaneously with this Notice.

Resolution 6:

To approve the terms of the IFC Put Option Agreement to be entered into among the Company and IFC, the salient terms of which are recorded in the Circular delivered contemporaneously with this Notice.

Resolution 7:

To approve the increase of the number of directors to 12 and the appointment of 2 representatives of CVCI to the Board of Directors of the Company.
Resolution 8:

To approve the issue of such number of shares to CVCI at the appropriate Conversion Price, in the event that CVCI exercises its right to convert all or part of the principal amount outstanding under the Convertible Note, all under the terms of the Subscription and Commitment and Undertaking Agreements.

Resolution 9:

To waive any pre-emptive rights accruing to shareholders in respect of the Shares in the Company which may be issued and allotted to IFC pursuant to Resolution 2, and to CVCI pursuant to the exercise by CVCI of the rights of conversion the subject of the Subscription and Commitment and Undertaking Agreements and Resolution 8, and to CVCI pursuant to Resolution 3.

Resolution 10:

To authorise the directors to increase the stated capital of the Company by such amount and as to such number of Shares as is necessary to enable the Company to issue and allot shares to CVCI in discharge of the obligation of the Company to honour the rights of Conversion accruing to CVCI and the rights of CVCI to subscribe for shares reserved out of the Rights Offer under the Subscription and Commitment and Undertaking Agreements, in the event such rights are exercised by CVCI and the rights of IFC to subscribe for shares reserved out of the Rights Offer, in the event that such rights are exercised by IFC.

Resolution 11:

To authorise the directors to increase the stated capital of the Company from time to time, to such value divided into such number of Shares as will not exceed in value and number, 15% of the aggregate of the stated capital (in value and in number) after such issue to enable the Company to honour its obligations under the Employee Share Purchase Schemes referred to in the Circular and issue and allot such shares to employees who have been offered and who purchase the Shares.

Resolution 12:

To waive any pre-emptive rights of the Shareholders in respect of Shares to be issued and allotted pursuant to the Employee Share Schemes referred to in Resolution 11.
Resolution 13:

To approve the dividend of BWP0.14t per Share declared on the 28 February 2008 and paid on the 4 April 2008.

By order of the Board
M De Klerk
Board Secretary
ABC HOLDINGS LIMITED
Incorporated in the Republic of Botswana
on the 1st December 1999
Registration number: 99/4865

FORM OF PROXY

For use at the Extraordinary General Meeting of Shareholders of ABC Holdings Limited
to be held at 08h30 on Monday 29th September 2008 at the office of the Company,
ABCH House, Tholo Park, Plot 50669, Fairground Office Park, Gaborone, Botswana

PLEASE READ THE NOTES HERETO BEFORE COMPLETING THIS FORM

I/We.............................................
(NAME(S) IN BLOCK LETTERS)

being the holder of shares in ABC Holdings Limited do hereby appoint (see notes below):

1 .................................................. or failing him/her;
2 .................................................. or failing him/her;
3 the Chairman of the Extraordinary General Meeting;

as my/our proxy to act for me/us at the Extraordinary General Meeting, for the purpose
of considering and, if deemed fit, passing, with or without modification, the resolutions
to be proposed thereat and at each adjournment thereof, and to vote for and/or against
the resolutions and/or abstain from voting in respect of the ordinary shares registered
in my/our name/s in accordance with the following instructions:

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Each ordinary shareholder is entitled to appoint one or more proxies (who need not be a member of the Company, to attend), speak and vote in place of the ordinary shareholder at the Extraordinary General Meeting.

NOTES

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder’s choice in the space provided, with or without deleting “the Chairman of the Extraordinary General Meeting”, but such deletion must be initialed by the shareholder. The person whose name appears first on the form of proxy and whose name has not been deleted shall be entitled to act as proxy to the exclusion of those whose names follow.

2. If the shareholder completing the form does not indicate how the proxy is to vote on any resolution, the Chairman shall be deemed authorized and be entitled to vote on such resolution as he/she deems fit.

3. The authority of a person signing proxy under a power of attorney or on behalf of a company must be attached to the proxy unless that authority has already been recorded by the Company Secretary or waived by the Chairman of the Extraordinary General Meeting.

4. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the Extraordinary General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof should the shareholder wish to do so.

5. The Chairman of the Extraordinary General Meeting may accept a proxy form which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a shareholder wishes to vote.

6. Any alteration or correction to this form must be initialed by the signatory/signatories.

7. Proxies must be lodged at the registered office of the Company by 17h00 on Friday 26 September 2008.