

PART F: SHARE CAPITAL

40. SHARE CAPITAL AND SHARE PREMIUM

The authorised and issued share capital of Blue Label Telecoms, before and after the Restructuring and the Private Placing, is set out below:

	R
Before the Restructuring and the Private Placing	
Authorised share capital of Blue Label Telecoms	
1 000 shares of R1.00 each	1 000
Issued share capital of Blue Label Telecoms	
300 shares of R1.00 each	300
Share premium	–
After the Restructuring	
Authorised share capital of Blue Label Telecoms	
1 000 000 000 shares of R0.000001 each	1 000
Issued share capital of Blue Label Telecoms	
583 127 787 shares of R0.000001 each	583
Share premium ⁽¹⁾	3 207 196 745
After the Private Placing	
Authorised share capital of Blue Label Telecoms	
1 000 000 000 shares of R0.000001 each	1 000
Issued share capital of Blue Label Telecoms	
743 127 787 shares of R0.000001 each	743
Share premium ⁽²⁾	4 168 041 585

(1) Blue Label Telecoms Shares were issued at a premium in terms of the Restructuring. All Blue Label Telecoms Shares were issued at R5.50, the market value of a Blue Label Telecoms Share prior to the Restructuring.

(2) Calculated using an assumed Private Placing Price of R6.25, being the mid-range of the Private Placing Price Range and allowing for the write-off of certain listing costs amounting to R39 155 000 as detailed in paragraph 75.

All the issued share capital of Blue Label Telecoms will be of one class, consisting of ordinary shares with a par value of R0.000001 each, ranking *pari passu* in all respects. Subject to the conditions precedent in terms of paragraph 55 of this Pre-Listing Statement, the entire issued share capital of Blue Label Telecoms will be listed on the JSE.

The unissued Blue Label Telecoms Shares have been placed under the control of the Directors, subject to the provisions of sections 221 and 222 of the Companies Act and the Listings Requirements.

Blue Label Telecoms does not hold any Blue Label Telecoms Shares in treasury.

There are no founders' or deferred shares. Other than the Blue Label Telecoms Shares which are expected to be listed on the JSE, no securities have been issued by Blue Label Telecoms nor listed on any other stock exchange. In terms of the Articles of Association any variation of the rights attached to the Blue Label Telecoms Shares will require the consent of the ordinary shareholders in general meeting, provided that any variation which directly or indirectly adversely affects the special rights or restrictions relating to the Blue Label Telecoms Shares can only be effected with the prior written consent of Blue Label Telecoms Shareholders holding at least 75% of the Blue Label Telecoms Shares, or the approval of a resolution of such Blue Label Telecoms Shareholders, passed, *mutatis mutandis*, as a special resolution.

In accordance with the Articles of Association, at a general meeting of the Blue Label Telecoms Shareholders, every Shareholder present in person or by proxy (or, if a body corporate, duly represented by an authorised representative), shall have one vote on a show of hands, and on a poll every Shareholder present in person or by proxy shall be entitled to that proportion of the total votes in Blue Label Telecoms which the aggregate amount of the nominal value of the Blue Label Telecoms Shares held, bears to the aggregate amount of the nominal value of all the Blue Label Telecoms Shares issued. Accordingly, for so long as all the Blue Label Telecoms Shares issued have the same par value, a Shareholder will have one vote for each Blue Label Telecoms Share of which that person is the registered holder. No special voting powers are reserved to any founder, vendor, director or other person.

All authorised and issued Blue Label Telecoms Shares, including those to be sold in terms of the Private Placing, will be of the same class and will rank *pari passu* in every respect. Set out in Annexure 15 to this Pre-Listing Statement are extracts from the Articles of Association dealing with the rights of holders of Blue Label Telecoms Shares to dividends, profits and/or capital, including rights on liquidation and distribution of capital assets.

In terms of the Articles of Association, dividends and any other payments due to Blue Label Telecoms Shareholders which remain unclaimed after a period of three years from the payment date, shall be forfeited to Blue Label Telecoms.

Blue Label Telecoms does not have any other class of shares, listed or unlisted.

There has been no commission, discount, brokerage or any other special terms granted to any other person during the three years preceding the Pre-Listing Statement in connection to the issue or sale of any securities in the capital of Blue Label Telecoms.

41. ALTERATIONS TO THE SHARE CAPITAL AND SHARE PREMIUM IN THE PAST 3 YEARS

Blue Label Telecoms was incorporated in 2006 with an authorised share capital of R1 000.00 divided into 1 000 Blue Label Telecoms Shares of R1.00 each and an issued share capital of R300.00, divided into 300 Blue Label Telecoms Shares of R1.00 each with no share premium.

Set out below are the alterations to the share capital and share premium of Blue Label Telecoms which occurred during the past three years:

- On 9 October 2007, the Blue Label Telecoms Shares were sub-divided by 1 000 000, resulting in the authorised share capital of Blue Label Telecoms being R1 000 divided into 1 000 000 000 Blue Label Telecoms Shares of R0.000001 each, and the issued share capital being R300 divided into 300 000 000 Blue Label Telecoms Shares of R0.000001 each;
- 299 999 000 Blue Label Telecoms Shares were repurchased, resulting in the authorised share capital of Blue Label Telecoms being R1 000.00 divided into 1 000 000 000 Blue Label Telecoms Shares of R0.000001 each and an issued share capital of R0.001 divided into 1 000 Blue Label Telecoms Shares of R0.000001 each with no share premium;
- Prior to the Listing, pursuant to the Restructuring and in terms of the BLI Share Sale Agreement, Blue Label Telecoms will have issued 583 126 787 Blue Label Telecoms Shares to acquire 100% of BLI and BLI shareholders loans, 30.4% of TPC and the minority interests in the Blue Label Group companies (Please refer to paragraph 42 below for a detailed description of Blue Label Telecoms Shares issued, otherwise than for cash). Share premium of R3 207 196 745 will have been created in terms of these acquisitions.

42. SHARES ISSUED OTHERWISE THAN FOR CASH

Blue Label Telecoms will issue the following Blue Label Telecoms Shares, before the Listing Date, in terms of the Restructuring:

- 314 623 074 Blue Label Telecoms Shares will be issued at a value of R5.50 per Blue Label Telecoms Share, the proceeds of which will be used to acquire 100% of the shares in BLI from the BLI Shareholders;
- 132 654 545 Blue Label Telecoms Shares will be issued at a value of R5.50 per Blue Label Telecoms Share, the proceeds of which will be used to acquire the remaining 30.4% of TPC not already owned by Blue Label Telecoms from Shotput Investments;
- the following additional interests in Blue Label Group companies will be acquired in terms of the Restructuring – the total consideration payable for the acquisition of the below mentioned interests and claims being R495 574 613 of which R177 512 848 will be settled in cash and 57 477 076 Blue Label Telecoms Shares will be issued at R5.50 per share to settle the remainder of the consideration:

Company	% acquired	% acquired for cash	% acquired for Shares	Number of Shares issued
Virtual Voucher	85	42.5	42.5	3 477 272
Kwikpay	5	–	5	204 545
Matragon	50	25	25	8 818 182
APS	44	–	–	4 591 452
Blue Label One	25	–	25	1 818 191
Cellfind	57.3	10	47.3	24 940 000
HOBS	66.7	33.35	33.35	7 603 800
Datacel	36	18	18	4 909 090
Budding Trade	50	25	25	272 727
Velociti	49	24.5	24.5	727 272

- Blue Label Telecoms Shares are to be issued at R5.50 per share on the Restructuring Date, the proceeds of which will be used to settle a portion of the shareholder loans acquired from the following shareholders:

Company	Shareholder loan	% settled with cash	% settled with Shares	Number of Shares issued
APS	3 917 383	50%	50%	356 126

- Brett Marlon Levy and Mark Steven Levy will subscribe, in equal portions for an aggregate total of 14 545 455 Blue Label Telecoms Shares at R5.50 per share, using the proceeds received by them from the Management Bonus Settlement Agreement. (please refer to paragraph 20 of this Pre-Listing Statement for a summary of this agreement).;
- 63 473 839 Blue Label Telecoms Shares will be issued at R5.50 to the below mentioned Blue Label Telecoms Shareholders for the settlement of their shareholder loans, acquired from BLI:

Shareholder	Shareholder loan	Number of Shares issued
Brett Levy	123 801 805	22 509 419
Mark Levy	147 426 810	26 804 875
Sean Kaplan	2 755 887	501 070
Selwyn Diamond	3 674 517	668 094
Maropa Trust	2 755 887	501 070
Nthwese	36 888 889	6 707 071
PIC	19 880 672	3 614 668
Investec	11 921 647	2 167 572

43. OPTIONS OR PREFERENTIAL RIGHTS IN RESPECT OF SHARES

Neither Blue Label Telecoms nor any of its subsidiaries are party to any contract or arrangement (or proposed contract or arrangement) whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any Blue Label Telecoms Shares, except for the shares issued in terms of the Preferential Placement.

44. PREVIOUS OFFERS

There have been no offers for sale or issue of any shares of Blue Label Telecoms or any of the other Blue Label Group subsidiaries during the three years prior to the date of issue of this Pre-Listing Statement, other than the issues and sales already mentioned in this Pre-Listing Statement.