

Unbundling of MultiChoice Group Limited Shares to Naspers shareholders and listing of MultiChoice Group Limited on the JSE Limited

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1. INTRODUCTION

Further to the announcement issued by Naspers on the JSE's Stock Exchange News Service ("SENS") on 17 September 2018, Naspers proposes to unbundle its video entertainment business ("Business") currently held by its wholly owned subsidiary, MultiChoice Group Limited ("MultiChoice"), to the holders of its "N" ordinary shares and "A" ordinary shares, respectively, and list the shares in MultiChoice on the JSE Limited ("JSE") as a primary listing.

To facilitate the Unbundling and Listing (as defined below), MultiChoice was incorporated as a wholly owned subsidiary of MIH Holdings Proprietary Limited and, subsequent to the restructuring contemplated in the MultiChoice pre-listing statement issued today ("Pre-listing Statement"), includes MultiChoice South Africa Holdings Proprietary Limited ("MCSA"), Irdeeto South Africa Proprietary Limited, Main Street 484 Proprietary Limited, Irdeeto Holdings B.V., Showmax B.V., MultiChoice Africa Holdings B.V., Digital Mobile Television Proprietary Limited, MultiChoice Botswana Proprietary Limited, MultiChoice Namibia Proprietary Limited and NMS Insurance Services (SA) Limited (and the subsidiaries, associates and/or affiliates of such entities as at the date on which the restructuring was implemented).

2. BACKGROUND AND RATIONALE FOR THE UNBUNDLING

Naspers, its subsidiaries, affiliates and associates ("Naspers Group") has evolved from a traditional media business into a global internet and entertainment group. The Naspers Group has gone through many investment cycles, building successful businesses that generate healthy cash flows to support the next investment cycle. One of these success stories has been MultiChoice, which is one of the fastest growing pay-TV broadcast providers globally, entertaining 13.9 million households (as at 30 September 2018) in 50 countries across multiple platforms, including digital satellite television and digital terrestrial television, as well as over-the-top ("OTT") content.

Naspers has evolved in recent years into two distinct business lines: a high-growth global internet business with international focus; and a cash generative, African video entertainment business. The Naspers board of directors ("Board"), as part of its continuing review of the Naspers business operations, has determined that, given their divergent paths, there is no longer a strategic rationale for keeping both business lines together and there are no synergies between the two businesses. This also reflects the Naspers Group's continued shift towards becoming a global consumer internet company.

As a result, the Board intends to unbundle ("Unbundling") the Business currently held by MultiChoice through a *pro rata* distribution *in specie* for no consideration of all the issued shares in MultiChoice held by Naspers, to holders of the "N" ordinary shares and "A" ordinary shares in Naspers, in terms of section 46 of the South African Companies Act, 2008 (as amended) ("Companies Act") and section 46 of the South African Income Tax Act, 1962 ("Income Tax Act"), and, simultaneously to list the issued shares in MultiChoice on the main board of the JSE as a primary listing ("Listing"). The Unbundling and Listing will result in Naspers shareholders holding a direct interest in MultiChoice rather than holding that interest through Naspers.

The Board is of the view that the Unbundling could unlock value for Naspers shareholders. In particular, the Board expects the Unbundling and Listing to:

- create an empowered, top 40 JSE-listed African entertainment company that is profitable and cash-generative, and therefore equipped to be at the forefront of the African digital transformation;
- increase investment options for South Africans and international investors, while providing them with an opportunity to support a company focused on investment, growth and local community empowerment in South Africa, sub-Saharan Africa and the adjacent islands;
- reinforce MultiChoice and Naspers's commitment to broad, socio-economic transformation in South Africa, through the allocation of an additional 5% stake in MCSA to, collectively, Phuthuma Nathi Investments (RF) Limited and Phuthuma Nathi Investments 2 (RF) Limited ("Phuthuma Nathi"), as detailed further below;
- complete the transformation of Naspers into a global consumer internet company; and
- improve focus of the respective management teams to pursue growth opportunities in the region for MultiChoice and Naspers.

Both Naspers and MultiChoice will remain South African domiciled companies with their primary listings of shares on the JSE.

In addition, Naspers will continue to operate and invest in several companies in South Africa, particularly in its core focus areas of consumer internet and e-commerce. Currently, these companies include Media24, Takealot, Mr D, OLV, Property24, AutoTrader SA, the Frontier Car Group and PayU. As an indication of Naspers's commitment to South Africa, Naspers has invested R6.9 billion over the past three years in developing its existing South African businesses and through M&A activity. In addition, Naspers also pledged (at the South Africa Investment Conference, that was held in October 2018) to invest a further R4.6 billion in new and existing technology companies in South Africa.

3. MULTICHOICE

MultiChoice, its subsidiaries, affiliates and associates ("MultiChoice Group") is one of the leading video entertainment operators on the African continent, and one of the fastest growing pay-TV broadcast providers globally, entertaining 13.9 million households (as at 30 September 2018) across 50 countries. Its carefully curated local and international content is distributed across multiple platforms, including digital satellite and terrestrial television, as well as through OTT solutions. The MultiChoice Group is structured around the following three business segments:

- South Africa, the MultiChoice Group's division that offers digital satellite television and subscription video-on-demand services to 7.2 million subscribers in South Africa (as at 30 September 2018). Connected Video, which forms part of the South Africa segment from a financial reporting standpoint, delivers online video entertainment services to subscribers;
- Rest of Africa, the MultiChoice Group's division which offers digital satellite, online services and digital terrestrial television services to 6.7 million subscribers across Africa (as at 30 September 2018); and
- Technology, which includes the MultiChoice Group's leading digital platform and application security division, Irdeeto.

As set out in the Pre-listing Statement issued today, in the past two fiscal years, the MultiChoice Group has grown its subscriber base by 14% compound annual growth rate ("CAGR"), and generated resilient organic revenue growth, while its profitability has improved. For the financial year ended 31 March 2018, the MultiChoice Group's subscriber base was 13.5 million, which represented a 13% increase over the financial year ended 31 March 2017. The MultiChoice Group's revenues were R47.5 billion compared to R47.7 billion the year before. The table below is replicated from the Pre-listing Statement and summarises the MultiChoice Group's subscriber base, revenue, and trading profit over the past three years.

MultiChoice Group Financial Performance Summary

	Unit	FY15/16	FY16/17	FY17/18
Pay-TV subscribers	'000	10 411	11 942	13 476
Revenues	ZAR million	46 797	47 708	47 452
South Africa	ZAR million	29 116	31 849	32 702
Rest of Africa	ZAR million	16 005	14 208	13 106
Technology	ZAR million	1 676	1 651	1 644
Organic revenue growth	%	n.a.	7.3%	6.6%
Trading profit	ZAR million	9 108	5 251	6 321
Trading profit margin %	%	19.5%	11.0%	13.3%

* The MultiChoice Group excludes the impact of currency fluctuations and mergers and acquisitions to assess key metrics on an organic basis, such as organic revenue growth outlined in the table above, which the MultiChoice Group considers the real growth of the underlying business segments.

As a pioneer in the African pay-TV ecosystem, the MultiChoice Group played an important role in making information and entertainment easily accessible to the people of Africa. As a leading business in the region, the MultiChoice Group's investments have brought both social and economic benefits to the communities in which it operates. Today, the MultiChoice Group employs more than 9 000 people in Africa and indirectly creates economic prosperity for over 20 000 more who are employed by its various partners and suppliers across the continent. The MultiChoice Group remains committed to broad, socio-economic transformation in South Africa, most notably through its Phuthuma Nathi share schemes that are aimed at empowering local communities.

4. B-BBEE TRANSACTION

In 2006 and 2007, Naspers undertook one of the largest Broad-based Black Economic Empowerment transactions ("B-BBEE") in South Africa by enabling the acquisition of a stake in MCSA by black investors. Naspers arranged, structured and funded the sale of a 20% interest in MCSA to black investors through Phuthuma Nathi. Today Phuthuma Nathi comprises approximately 90 000 individual and institutional shareholders and its shares are listed on the Equity Express Securities Exchange.

Through Phuthuma Nathi, MCSA has provided long-term, far-reaching benefits to B-BBEE shareholders, with an estimated return on investment of approximately 17 times. Phuthuma Nathi shareholders have benefitted from:

- Capital growth: Phuthuma Nathi shares have delivered meaningful share price appreciation – an initial investment of R10 per share (at the time of the B-BBEE transactions in 2006/2007) has increased to a price of approximately R130 per share as of the Last Practicable Date, which represents a CAGR of approximately 24%.
- Cash flow: MCSA's strong financial performance (particularly cash generation) enabled meaningful dividend payments to Phuthuma Nathi shareholders which resulted in Phuthuma Nathi being able to repay its vendor funding in 2014, two years ahead of schedule. As such, Phuthuma Nathi now realises the full value of its MCSA dividends unencumbered, which has further driven the attractive cash flow profile. To date, Phuthuma Nathi shareholders have received approximately R6.2 billion in dividends, relative to a total investment of R675 million, which reflects an internal rate of return of approximately 30%.

To underpin the MultiChoice and Naspers commitment to broad, socio-economic transformation and B-BBEE, Naspers and MultiChoice recently agreed to implement a new empowerment transaction at MCSA. This new transaction will be executed by allocating an additional 5% stake in MCSA to Phuthuma Nathi for no consideration (the "2018 Empowerment Transaction"). The 2018 Empowerment Transaction will be implemented on the Unbundling Operative Date and upon implementation, the Phuthuma Nathi shareholders' indirect interest in MCSA will increase from 20% to 25% and result in a 25% increase in Phuthuma Nathi's dividend flows. The Listing of MultiChoice may also increase Phuthuma Nathi's and its shareholders' potential upside in future value creation as a result of having a listed reference point.

Further, post-implementation of the Listing and subject to obtaining the necessary Phuthuma Nathi board and shareholder approvals, it is MultiChoice's intention to enable the exchange of 25% of the Phuthuma Nathi shareholders' original shareholding (before the allocation of the additional 5% discussed above) for MultiChoice shares that will be freely tradeable, which is expected to unlock incremental value for Phuthuma Nathi shareholders.

5. NASPERS

Founded in 1915, Naspers is a global internet and entertainment group and one of the largest technology investors in the world, operating some of the world's leading platforms in internet, video entertainment and media. Today, Naspers invests and operates in more than 120 countries and markets that the group believes have long-term growth potential, including China, Central and Eastern Europe, Russia, Africa, North America, Latin America, India, Southeast Asia and the Middle East.

Naspers seeks to address big societal needs through technology by identifying changes in consumer behaviour early and building businesses that have scale, are profitable and generate healthy cash flows. The group's principal operations are in internet services and e-commerce (in particular, online classifieds, payments, online food delivery, e-tail, and online travel services) and media. The companies that Naspers has built, acquired and invested in are leaders in many of their markets, connecting people to each other and the wider world, and helping them improve their daily lives.

In the financial year ended 31 March 2018, the Naspers Group revenue, measured on an economic interest basis, was US\$ 20.1 billion, the trading profit was US\$ 3.4 billion and core headline earnings were US\$ 2.5 billion. Naspers executed well in the first half of the 2019 financial year, with Group revenue, measured on an economic interest basis, of US\$ 11 billion, trading profit of US\$ 2 billion and core headline earnings of US\$ 1.7 billion.

The Naspers Group's major listed associate investments include its 31.2% effective interest in Tencent Holdings Limited, the leading provider of internet and mobile telecommunication services in China, its 28.4% effective interest in Mail.ru Group Limited, one of the two leading internet, entertainment and social network platforms in Russia, its 43.1% effective interest in MakeMyTrip Limited, one of the largest online travel groups in India, and its 22.8% effective interest in Delivery Hero GmbH, a global leader in online food ordering.

6. UNBUNDLING

6.1 Ratio of entitlement

The Board intends to implement the Unbundling by way of a *pro rata* distribution *in specie* of ordinary shares of no par value in MultiChoice ("MultiChoice Shares") for no consideration to Naspers shareholders in terms of section 46 of the Companies Act and section 46 of the Income Tax Act. Naspers will distribute 438 837 468 MultiChoice Shares ("Unbundled MultiChoice Shares") (being 100% of the issued MultiChoice Shares and all of the MultiChoice Shares held by Naspers) to Naspers shareholders on the Naspers securities register at 17:00 South African standard time on Friday, 1 March 2019 ("Unbundling Record Date and Time") on the terms as set out in this announcement. For more information on the MultiChoice American depository shares ("ADS") facility, and the issue of MultiChoice ADSs to holders of Naspers ADSs, please see paragraph 11 below.

Naspers shareholders holding "A" and "N" ordinary shares ("Naspers Shares") on the Naspers securities register on the Unbundling Record Date and Time will be transferred one Unbundled MultiChoice Share for every one "N" ordinary share held and one Unbundled MultiChoice Share for every five "A" ordinary shares held. With effect from the Unbundling Operative Date (expected to be 09:00 on Monday, 4 March 2019), the Unbundling will be implemented and beneficial ownership in the Unbundled MultiChoice Shares will pass to Naspers shareholders.

The transfer of Unbundled MultiChoice Shares to Naspers shareholders holding "A" ordinary shares could result in fractional entitlements for such shareholders. For more detail on the treatment of fractional entitlements, please see paragraph 6.2 below.

6.2 Fractional entitlements, Cash Proceeds and Applicable Rate

In accordance with the JSE Listings Requirements, fractional entitlements will be rounded down to the nearest whole number and the aggregated excess fractions of the Unbundled MultiChoice Shares to which a Naspers shareholder holding "A" ordinary shares on the Unbundling Record Date and Time would otherwise be entitled will not be transferred to them following the Unbundling, but will instead be sold on their behalf in the market as soon as practicable after the Unbundling. Fractional entitlements will only be paid to Naspers shareholders holding "A" ordinary shares.

The cash proceeds of the sale of fractional entitlements payable to Naspers shareholders holding "A" ordinary shares in respect of MultiChoice Shares ("Cash Proceeds") will be paid net of any applicable taxes or costs. Accordingly, to the extent that any shareholder is in doubt of his or her tax position, such shareholder should consult an appropriate independent professional adviser.

The Cash Proceeds will be determined with reference to the volume weighted average price in South African Rand of a MultiChoice Share traded on the JSE on the first JSE trading day (expected to be Wednesday, 27 February 2019) after the last day to trade in the Naspers Shares in order to participate in the Unbundling (expected to be Tuesday, 26 February 2019) ("LDT Date") discounted by 10%.

The basis for the Cash Proceeds will be announced by Naspers on SENS two JSE trading days after the LDT (expected to be Thursday, 28 February 2019).

6.3 Expected timetable of principal events

The following indicative timetable sets out expected dates for the implementation of the Unbundling and the Listing.¹

Event	Time and/or date ²
Publication of this announcement and declaration information	Monday, 21 January 2019
Pre-listing Statement and Abridged Pre-listing Statement published on SENS	Monday, 21 January 2019
Finalisation announcement expected to be released on SENS	Tuesday, 19 February 2019
Last day to trade in order to participate in the Unbundling ³	Tuesday, 26 February 2019
Admission to listing and trading of MultiChoice Shares on the JSE from commencement of trade (MCG ISIN ZAE000265971)	Wednesday, 27 February 2019
Naspers Shares trade "ex" entitlement to receive the Unbundled MultiChoice Shares	Wednesday, 27 February 2019
Announcement to be released on SENS on the fractional Cash Proceeds of "A" ordinary shares ⁴	By 11:00 on Thursday, 28 February 2019
The ratio apportionment of expenditure and market value in respect of "N" ordinary shares for the Unbundling released on SENS	Thursday, 28 February 2019
Unbundling Record Date and Time (both in respect of Naspers shareholders and Naspers ADS holders)	17:00 on Friday, 1 March 2019
Unbundling Operative Date	09:00 on Monday, 4 March 2019
Naspers shareholders' accounts at Central Securities Depository Participants and/or brokers expected to be updated and credited with Unbundled MultiChoice Shares	Monday, 4 March 2019
Despatch of share certificates for MultiChoice Shares to Naspers shareholders	Monday, 4 March 2019
Bank of New York Mellon, as depositary, expects to receive credit of Unbundled MultiChoice Shares at their custodian banks in South Africa for proportion allocated to ADS and to issue ADSs to holders of Naspers ADSs	Monday, 4 March 2019

Notes:

¹ The expected dates and times listed above may be subject to change. Any material changes will be announced on SENS.

² All references to times are to South African standard time, unless otherwise stated.

³ There will be no dematerialisation or rematerialisation of "N" ordinary shares from Wednesday, 27 February 2019 up to and including Friday, 1 March 2019.

⁴ The Unbundling will result in certain holders of "A" ordinary shares being entitled to fractions of Shares. Any fractional entitlements to Shares which holders of "A" ordinary shares are entitled to will be dealt with in accordance with the Naspers Announcement.

Shareholders should anticipate their holdings of Naspers Shares on the Unbundling Record Date and Time by taking into account all unsettled trades concluded on or before the LDT Date to participate in the Unbundling which is due to be settled on the Unbundling Record Date and Time.

6.4 Trading and settlement

Naspers shareholders who hold their Naspers shares in certificated form, ("Certificated Naspers Shareholders") will be issued their respective Unbundled MultiChoice Shares in certificated form. Pursuant to the Unbundling, share certificates will be posted, at the risk of the Certificated Naspers Shareholders, by registered post in South Africa on about the first business day after the Unbundling Record Date ("Operative Date") to the addresses reflected in the securities register of Naspers on the Unbundling Record Date.

Such Certificated Naspers Shareholders are advised that they will have to dematerialise the Unbundled MultiChoice Shares received by them in certificated form prior to trading in such MultiChoice Shares on the JSE.

Naspers Shareholders who hold their Naspers Shares in dematerialised form ("Dematerialised Naspers Shareholders") will have their accounts at their CSDP or broker updated on the Operative Date with the relevant Unbundled MultiChoice Shares pursuant to the Unbundling.

Documents of title in respect of Naspers Shares ("Documents of Title") are not required to be surrendered in order to receive the Unbundled MultiChoice Shares.

To the extent that Certificated Naspers Shareholders wish to receive their Unbundled MultiChoice Shares in dematerialised form, those Naspers shareholders should contact Link Market Services Proprietary Limited ("Transfer Secretaries") directly.

6.5 Approvals

Naspers shareholder approval is not required for the Unbundling under the Companies Act and the JSE Listings Requirements.

Naspers has obtained approval from the South African Reserve Bank for the Unbundling and the Listing.

The JSE has approved the admission of the entire issued share capital of MultiChoice in the "5553 – Broadcasting and Entertainment" sector of the main board of the JSE under the abbreviated name "MC Group" and share code "MCG" with effect from the commencement of trading on Wednesday, 27 February 2019.

As set out in the Pre-listing Statement, pursuant to a provision of the MultiChoice memorandum of incorporation, MultiChoice is permitted to reduce the voting rights of shares in MultiChoice (including MultiChoice Shares deposited in terms of the ADS facility) so that the aggregate voting power of MultiChoice Shares that are presumptively owned or held by foreigners to South Africa (as envisaged in the MultiChoice memorandum of incorporation) will not exceed 20% of the total voting power in MultiChoice. This is to ensure compliance with certain statutory requirements applicable in South Africa. For this purpose, MultiChoice will presume in particular that all MultiChoice Shares deposited in terms of the MultiChoice ADS facility are owned or held by foreigners to South Africa, regardless of the actual nationality of the MultiChoice ADS holder. For further information in relation to the variable voting structure in place in respect of MultiChoice, please refer to the Pre-listing Statement.

7. PRO FORMA FINANCIAL EFFECTS OF THE UNBUNDLING

The table below sets out the *pro forma* financial effects of the Unbundling.

Based on Naspers's consolidated interim results for the period ended 30 September 2018, the *pro forma* financial effects of the Unbundling on the earnings

per share (“EPS”), diluted EPS, headline earnings per share (“HEPS”), diluted HEPS, core HEPS, net asset value (“NAV”) and tangible NAV (“TNAV”) of the Naspers Group are set out below.

These financial effects are prepared for illustrative purposes only to assist shareholders to assess the impact of the Unbundling and, because of their nature, may not give a fair presentation of the effect of the Unbundling on Naspers’s results of operations.

The summarised *pro forma* financial effects have been prepared in a manner consistent in all respects with International Financial Reporting Standards (“IFRS”), the accounting policies adopted by Naspers as at 30 September 2018 and the JSE Listings Requirements. The summarised *pro forma* financial effects have not been audited, or reported on, by Naspers’s auditors or reporting accountants.

The *pro forma* financial effects are the responsibility of the Board. The material assumptions used in the preparation of the *pro forma* financial effects are set out in the notes following the table below.

Per “N” ordinary share	Period ended 30 September 2018	
	Prior to Unbundling	Post Unbundling
	Unaudited	Pro forma
EPS (US cents)	792	788
Diluted EPS (US cents)	783	779
HEPS (US cents)	640	636
Diluted HEPS (US cents)	632	627
Core HEPS (US cents)	385	362
NAV (US cents)	6 208	6 113
TNAV (US cents)	5 435	5 413
Issued share capital (‘000)	438 656	438 656
Issued share capital net of treasury shares (‘000)	431 943	431 943
Weighted average number of shares in issue (‘000)	432 126	432 126
Diluted weighted average number of shares in issue (‘000)	433 522	433 522

8. EXCHANGE CONTROL REGULATIONS

The Unbundled MultiChoice Shares are not freely transferable from the common monetary area and must be dealt with in terms of the South African Exchange Control Regulations, 1961 (as amended) (“Exchange Control Regulations”). The following summary of the Exchange Control Regulations is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations or advice. Shareholders who are in any doubt regarding the Exchange Control Regulations should contact their own professional advisers. This summary is based on the laws and regulations as in force and as applied in practice as at the date hereof and is subject to changes to those laws and regulations and practices subsequent to such date.

8.1 Emigrants from the Common Monetary Area consisting of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and eSwatini (“CMA”)

Any share certificates that may be issued by MultiChoice to emigrants from the CMA will be endorsed “non-resident” in accordance with the Exchange Control Regulations.

Uncertificated, Unbundled MultiChoice Shares and/or securities will be credited directly to the emigrants’ respective emigrant share accounts at the CSDP or broker controlling their remaining portfolios and an appropriate electronic entry will be made in the relevant register reflecting a “non-resident” endorsement. The CSDP or broker will ensure that the emigrant adheres to the Exchange Control Regulations.

Any Unbundled MultiChoice Shares and/or securities issued in certificated form, cash dividends and residual cash payments based on emigrants’ Unbundled MultiChoice Shares and/or securities controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their remaining assets.

8.2 Residents outside of the CMA

Any share certificates that may be issued by MultiChoice to non-residents of the CMA will be endorsed “non-resident” in accordance with the Exchange Control Regulations.

Uncertificated Unbundled MultiChoice Shares and/or securities will be credited directly to the non-resident’s non-resident share accounts at the CSDP or broker controlling their portfolios and an appropriate electronic entry will be made in the relevant register reflecting a “non-resident” endorsement. The CSDP or broker will ensure that the non-resident adheres to the Exchange Control Regulations.

Cash dividends and residual cash payments due to non-residents are freely transferable from South Africa, subject to being converted into a currency other than Rand or paid for the credit of a non-resident Rand account.

9. TAXATION

The following summary describes certain tax consequences in connection with the Unbundling. This summary is based on the laws as in force and as applied in practice as at the date hereof and is subject to changes to those laws and practices subsequent to such date. In the case of persons who are non-residents of South Africa for income tax purposes, this summary should be read in conjunction with the provisions of any applicable double tax agreement between South Africa and their country of residence. Naspers has not attempted to qualify the Unbundling as a tax-free transaction to Naspers shareholders in terms of the rule of any jurisdiction other than South Africa. Accordingly, the Unbundling of the Unbundled MultiChoice Shares may constitute a taxable transaction in any such jurisdiction. Non-resident Naspers shareholders are advised to consult their professional advisers regarding the tax treatment of the Unbundling in light of the tax laws in their respective jurisdictions and double taxation agreements concluded between South Africa and their countries of tax residence. The summary is intended as a general guide only and is not comprehensive or determinative and should not be regarded as tax advice. Accordingly, if you are in any doubt about your tax position you should consult an appropriate independent professional adviser.

The Unbundling will constitute a disposal by Naspers of all of the Unbundled MultiChoice Shares to the Naspers shareholders. It is the intention that the disposal will be effected utilising the tax concessions provided for in section 46 of the Income Tax Act. The concessions provided for in section 46 of the Income Tax Act are outlined below:

Disposal of Unbundled MultiChoice Shares by Naspers

The distribution of Unbundled MultiChoice Shares by Naspers, in terms of the Unbundling, will be disregarded by Naspers in determining its taxable income or assessed loss in the tax year that the Unbundling takes place. On the basis that Naspers holds the Unbundled MultiChoice Shares as capital assets, the Unbundling should not attract capital gains tax as levied in terms of the Eighth Schedule of the Income Tax Act (“CGT”).

Dividends tax and returns of capital

In terms of sections 46(5) and 46(5A) of the Income Tax Act, the distribution of the Unbundled MultiChoice Shares must be disregarded in determining any liability for dividends tax and must also not be treated as a return of capital for the purposes of paragraph 76B of the Eighth Schedule to the Income Tax Act.

Naspers Shares held as trading stock

Any Naspers shareholder holding Naspers Shares as trading stock will be deemed to acquire the Unbundled MultiChoice Shares as trading stock. The combined expenditure (for the purposes of income tax) of such Naspers Shares and Unbundled MultiChoice Shares will be the amount originally taken into account by the Naspers shareholder prior to the Unbundling in respect of those Naspers Shares, as contemplated in section 11(a), section 22(1), or section 22(2) of the Income Tax Act.

The original expenditure incurred in respect of the “N” ordinary shares will be apportioned between the Unbundled MultiChoice Shares and the “N” ordinary shares by applying the ratio that the market value of Unbundled MultiChoice Shares bears to the sum of the market value of the Unbundled MultiChoice Shares and the “N” ordinary shares at the end of the day after the LDT Date, being determined with reference to Naspers and MultiChoice closing share prices on the first business day after the LDT Date. Naspers will advise Naspers holders of “N” ordinary shares of the specified ratio by way of an announcement to be released on SENS on the second business day after the LDT Date. This ratio must be used in the determination of any profits or losses derived on any future disposals of the Unbundled MultiChoice Shares or Naspers Shares.

The expenditure so allocated to the Unbundled MultiChoice Shares will reduce the expenditure of the Naspers Shares held, thus allocating the expenditure between the Naspers Shares and the Unbundled MultiChoice Shares.

Naspers Shares held as capital assets

Any Naspers shareholder holding Naspers Shares as capital assets will be deemed to acquire the Unbundled MultiChoice Shares as capital assets. The original expenditure incurred prior to the Unbundling in respect of the Naspers Shares, that is allowable in terms of paragraph 20 of the Eighth Schedule to the Income Tax Act, and (where applicable) the CGT valuation of the Naspers Shares, as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act, will be apportioned between the Unbundled MultiChoice Shares and the Naspers Shares by applying the ratio that the market value of Unbundled MultiChoice Shares bears to the sum of the market values of the Unbundled MultiChoice Shares and Naspers Shares in relation to the “N” ordinary shares at the end of the day after the LDT Date, being determined with reference to Naspers and MultiChoice closing share prices on the first business day after the LDT Date.

Naspers will advise Naspers holders of “N” ordinary shares of the specified ratio by way of an announcement to be released on SENS on the second business day after the LDT Date. This ratio must be used in the determination of the capital gain or loss derived on any future disposals of the Unbundled MultiChoice Shares or Naspers Shares.

The expenditure (and CGT valuation, where applicable) so allocated to the Unbundled MultiChoice Shares will reduce the expenditure (and CGT valuation, where applicable) of the Naspers Shares held, thus allocating this cost history between the Naspers Shares and the Unbundled MultiChoice Shares.

Naspers shareholders will be deemed to have acquired the Unbundled MultiChoice Shares on the date on which the Naspers Shares were originally acquired.

10. OVERSEAS SHAREHOLDERS

The following summary describes the restrictions applicable to Naspers shareholders in terms of the Unbundling who have registered addresses outside South Africa and/or who are nationals, citizens or residents of countries other than South Africa (“Overseas Shareholders”) or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this announcement to a jurisdiction outside South Africa, or who hold Naspers Shares for the account or benefit of any such Overseas Shareholder and will therefore hold MultiChoice Shares in a similar manner and hence may have an impact on shareholders.

The Unbundling will be implemented as a *pro rata* distribution *in specie* for no consideration to all Naspers shareholders recorded as such in the register of Naspers on the Unbundling Record Date and Time.

The distribution of Unbundled MultiChoice Shares to Overseas Shareholders in terms of the Unbundling may be affected by the laws of such Overseas Shareholders’ relevant jurisdiction. Overseas Shareholders should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other laws, requirements or formalities to receive or access this announcement and/or enable them to take up their entitlements and/or have Unbundled MultiChoice Shares transferred to them in terms of the Unbundling.

It is the responsibility of any Overseas Shareholder (including, without limitation, nominees, agents and trustees for such persons) being notified by this announcement of the Unbundling and wishing to take up their entitlement to Unbundled MultiChoice Shares and/or have Unbundled MultiChoice Shares transferred to them in terms of the Unbundling to satisfy themselves as to the full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite laws, requirements or formalities and paying any issue, transfer or other taxes due in such territories.

Accordingly, persons (including, without limitation, nominees, agents and trustees) being notified in terms of this SENS announcement should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would or might contravene applicable law or regulation including local securities laws or regulations. Any person who does distribute this SENS announcement into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient’s attention to the contents of this paragraph.

Naspers reserves the right, but shall not be obliged, to treat as invalid any distribution or transfer of Unbundled MultiChoice Shares in terms of the Unbundling, which appears to Naspers or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction; or if Naspers believes (in its discretion) or its agents believe that the same may violate applicable legal or regulatory requirements; or if Naspers believes (in its discretion) that it is prohibited or unduly onerous or impractical to distribute or transfer the Unbundled MultiChoice Shares to such Overseas Shareholder in terms of the Unbundling.

If an Overseas Shareholder is of the view that the distribution or transfer of Unbundled MultiChoice Shares in terms of the Unbundling to such Overseas Shareholder may involve a breach of the securities laws or regulations or violate applicable legal or regulatory requirements; such Overseas Shareholder must as soon as reasonably practicable notify Naspers of such fact or circumstance.

Naspers shall be entitled (in its discretion), including in either of the aforementioned instances, to do all things necessary or desirable to ensure compliance with applicable law and/or regulation including selling Unbundled MultiChoice Shares that would otherwise have been transferred to the Overseas Shareholder under the Unbundling on their behalf and at their risk, with the net proceeds of such sale (after deduction of any applicable taxes, withholdings or costs) to be paid to the Overseas Shareholder. In this regard, the Unbundled MultiChoice Shares may be aggregated and disposed of on the JSE in an orderly manner by the Transfer Secretaries on behalf of and for the benefit of such Overseas Shareholders as soon as is reasonably

practical after the implementation of the Unbundling at the best price that can reasonably be obtained at the time of sale.

11. ADS FACILITY

Naspers has an ADS programme managed by Bank of New York Mellon as depository. MultiChoice expects to establish an ADS facility in the United States of America. Bank of New York Mellon, as depository for the MultiChoice ADS facility, will deliver the MultiChoice ADSs. Each MultiChoice ADS will represent an ownership interest in MultiChoice Shares and a *pro rata* share of any other securities, cash or other property that may be held by the depository, under the terms of the deposit agreement to be entered into between MultiChoice, the depository and the registered holders, indirect holders and beneficial owners of the MultiChoice ADSs from time to time.

Following implementation of the Unbundling, holders of the Naspers ADSs at the Unbundling Record Date and Time will be issued on the Operative Date with MultiChoice ADSs in respect of their entitlement to Unbundled MultiChoice Shares in terms of the Unbundling.

On the Unbundling Operative Date, the MultiChoice Shares will not be listed on any securities exchange in the United States of America, and MultiChoice expects to rely on an exemption from registration under the US Securities Exchange Act of 1934 (as amended) provided by Rule 12g3-2(b) thereunder.

MultiChoice will not treat MultiChoice ADS holders as its shareholders and, accordingly, MultiChoice ADS holders will not have shareholders’ rights, which are governed by South African law. The ADS holders’ rights will be governed by the deposit agreement, which will be governed by the laws of the State of New York. The deposit agreement will also set out the rights and obligations of the depository.

The depository or its nominee will be the record holder of the MultiChoice Shares underlying the ADSs and, therefore, ADS holders must rely on the depository to exercise shareholder rights on their behalf. ADS holders may exercise their voting rights with respect to the MultiChoice Shares underlying the ADSs in accordance with the provisions of the deposit agreement. The depository will not itself exercise any voting discretion in respect of the MultiChoice Shares. Upon receipt of instructions from an ADS holder pursuant to the deposit agreement, if MultiChoice asked the depository to solicit voting instructions, the depository is required to endeavour (insofar as practicable and permitted under MultiChoice’s memorandum of incorporation) to vote or cause to be voted the MultiChoice Shares represented by the ADSs in accordance with such instructions. If MultiChoice did not request the depository to solicit voting instructions, ADS holders can still give voting instructions and the depository may, but is not required to, endeavour to carry out those instructions.

ADS holders will be required to pay fees under the terms of the deposit agreement, including fees for cancellation of ADSs and upon dividends and distributions. The depository has agreed to reimburse MultiChoice for certain reasonably incurred expenses directly related to the ADS facility.

ADS holders should read the entire deposit agreement and the form of the depository receipt. A copy of the deposit agreement will be filed as an exhibit to the registration statement on Form F-6 to be filed by or on behalf of MultiChoice with the US Securities Exchange Commission. ADS holders may find the registration statement and the deposit agreement on the US Securities Exchange Commission’s website at <http://www.sec.gov>.

For further information on the ADS Facility, please refer to the Pre-listing Statement.

The Pre-listing Statement

A Pre-listing Statement containing information on MultiChoice and the Listing was issued by MultiChoice today and can be accessed on Naspers’s website at <https://www.naspers.com> and MultiChoice’s website at www.multichoice.com.

About Naspers

Founded in 1915, Naspers is a global internet and entertainment group and one of the largest technology investors in the world. Operating in more than 120 countries and markets with long-term growth potential, Naspers builds leading companies that empower people and enrich communities. It runs some of the world’s leading platforms in internet, video entertainment and media.

Naspers companies connect people to each other and the wider world, help people improve their daily lives, and entertain audiences with the best of local and global content. Every day, millions of people use the products and services of companies that Naspers has invested in, acquired or built, including Avito, Brainly, BYJU’S, Codecademy, eMAG, Honor, ibibo, iFood, letgo, Media24, Moviel, MultiChoice, OLX, PayU, Showmax, SimilarWeb, Swiggy, Takealot, Udemu and WeBuyCars.

Similarly, hundreds of millions of people have made the platforms of its associates a part of their daily lives: Tencent (www.tencent.com; SEHK 00700), Mail.ru (www.corp.mail.ru; LSE: MAIL), MakeMyTrip Limited (www.makemytrip.com; NASDAQ:MMYT) and DeliveryHero (www.deliveryhero.com; Xetra: DHER).

Naspers has a primary listing on the Johannesburg Stock Exchange (NPN.SJ) and a secondary listing on the A2X Exchange (NPN.AJ) in South Africa, and has an ADS listing on the London Stock Exchange (LSE: NPSN).

For more information, please visit www.naspers.com.

Disclaimer

The release, publication or distribution of this announcement in jurisdictions other than South Africa may be restricted by law and therefore persons into whose possession this announcement may come should inform themselves about, and observe, any such applicable restrictions or requirements. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws and regulations of any such jurisdiction. To the fullest extent permitted by applicable law, Naspers disclaims any responsibility or liability for the violation of such restrictions or requirements by any person. This announcement has been prepared for the purposes of complying with the JSE Listings Requirements and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws and regulations of any jurisdiction outside of those outlined above.

This announcement does not constitute an offer or form part of any offer or invitation to purchase, subscribe for, sell or issue, or a solicitation of any offer to purchase, subscribe for, sell or issue, any securities including Unbundled MultiChoice Shares (whether pursuant to this announcement or otherwise) in any jurisdiction, including an offer to the public or section of the public in any jurisdiction. This announcement does not comprise a prospectus or a prospectus equivalent announcement, nor does it constitute an advertisement of an offer as envisaged in the Companies Act.

This announcement may include forward-looking statements including those about the Naspers Group, the MultiChoice Group, their prospects and/or the Unbundling and/or the Listing, which are based on current expectations and projections about future events. These statements may include, without limitation, any statements preceded by, followed by or including words such as “target”, “believe”, “expect”, “aim”, “intend”, “may”, “anticipate”, “estimate”, “plan”, “project”, “will”, “can have”, “likely”, “should”, “would”, “could” and other words and terms of similar meaning or the negative thereof. These forward-looking statements are subject to risks, uncertainties and assumptions including about the Naspers Group, the MultiChoice Group, the Unbundling and the Listing. In light of these risks, uncertainties and assumptions, the events in the forward-looking statements may not occur or occur in the manner suggested by the forward-looking statement. No representation or warranty is made that any forward-looking statement will come to pass and, in particular, no representation or warranty is made that the Unbundling or the Listing will be implemented (either wholly or in part). No one undertakes to publicly update or revise any such forward-looking statement. The information contained in this announcement is provided as at the date of this announcement and is subject to change without notice. Naspers and the MultiChoice Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based.

Cape Town
21 January 2019

Sponsor



Joint Financial Adviser
to Naspers



Joint Financial Adviser
to Naspers



South African legal adviser
to Naspers and the Company

