

**COMMISSION OF INQUIRY OF THE PUBLIC INVESTMENT CORPORATION**

**HELD AT**

**TSHWANE, PRETORIA**

10

**2 APRIL 2019**

**DAY 23**

20

**PROCEEDINGS HELD ON 2 APRIL 2019**

**CHAIRPERSON:** Morning, morning everybody.

**ADV JANNIE LUBBE SC:** Good morning Mr Commissioner, members. We are ready to proceed with Mr Commissioner, we have as our first witness this morning the Deputy Governor the Reserve Bank Mr Kuben Naidoo and he's ready to take the prescribed oath.

**CHAIRPERSON:** Your full names please Sir?

**MR KUBEN NAIDOO:** My full name is Kuben Naidoo.

**CHAIRPERSON:** Ending with a double O not a U?

10 **MR KUBEN NAIDOO:** Double O Sir.

**CHAIRPERSON:** Yes, do you have any objections to taking the oath, prescribed oath?

**MR KUBEN NAIDOO:** No Chair.

**CHAIRPERSON:** Do you swear that the evidence you're about to give will be the truth, the whole truth, nothing but the truth, raise your right hand, so help me God.

**MR KUBEN NAIDOO:** I do.

**CHAIRPERSON:** Thank you.

**ADV JANNIE LUBBE SC:** Mr Naidoo you have prepared a written statement for the Commission, thank you for that and I also place on record that you came here voluntarily, it was not necessary to subpoena you and can I please then ask you to start  
20 your testimony by reading into the record the statement you have prepared.

**MR KUBEN NAIDOO:** Thank you Adv Lubbe. I, the undersigned, Kuben Naidoo, make oath and say I am the Deputy Governor of the South African Reserve Bank appointed in terms of section 4 of the South African Reserve Bank Act of 1989. I am also the Chief Executive Officer of the Prudential Authority, I was appointed as such in terms of section 36 of the Financial Sector Regulation Act 9 of 2017. I am authorised to

depose to this affidavit on behalf of the Prudential Authority. Unless the context indicates otherwise the facts contained herein are within my personal knowledge and are to the best of my knowledge and belief both true and correct. The purpose of this affidavit is to submit to the Commission information in terms of rule 6.2 of the Commission's Rules published in Government Gazette of 15 January 2019 by way of Government Notice 42157.

In what follows I address facts under the following headings; the investigation into the affairs of VBS Mutual Bank called the investigation; the evidence provided by Mr Paul Magula pursuant to the investigation and the confidentiality of the transcript attached to  
10 this affidavit.

Against the backdrop of inter alia a severe liquidity crisis which prevailed at VBS Mutual Bank the Minister of Finance placed VBS under curatorship with effect from 11 March 2018. On 13 April 2018 and consequent upon the initial findings of the curator, I in my capacity of Chief Executive Officer of the Prudential Authority, appointed Terry Motau SC as an investigator in terms of section 134 of the Financial Sector Regulations Act for the purpose of conducting an investigation into VBS and, amongst others Werksmans Attorneys represented by Mr Bernard Hotz in terms of section 134 of the Financial Sector Regulations Act to assist the investigator in the investigation.

The primary objectives of the investigation were to establish whether any of VBS  
20 business were conducted with the intent to defraud depositors and/or any other creditors of VBS or for any other fraudulent purpose. VBS business conduct involved any questionable and/or reckless business practices and/or material non-disclose with or without the intent to defraud depositors and/or any other creditors and;  
There had been any irregular conduct by VBS shareholders, directors, executive management, staff, stakeholders and/or related parties.

The investigator appointed by me had the power in terms of section 136 of the FSR Act to require an individual to appear at a specified time and place to answer questions. During the investigation the investigator made use of his powers and conducted a series of formal interviews with numerous individuals. Subsequent to the conclusion of the investigation and on 5 October 2018 the investigator submitted his final report to the prudential authority reflecting his findings and recommendations. The report commonly known as the Great Bank Heist was made public on 10 October 2018 save for the annexures thereto and all underlying documentation which included the transcripts of various formal interviews held pursuant to section 136 of the FSR Act. Since the  
10 submission of the report all the documents and information relating to the investigation have been and remained under the control of the Prudential Authority.

Mr Magula's evidence: Mr Magula was one of the individual's with whom the investigator held a formal interview, such interview took place on 8 June 2018 and was recorded, a transcript of the interview was also prepared. I note that Mr Magula submitted a statement to this Commission on 11 March 2019 and also gave oral evidence at the hearing of the Commission on the same date. In light of Mr Magula's statement and evidence to the Commission and which I understand from media reports included reference to VBS I believe that it is necessary and appropriate that the Commission be provided with the transcript of Mr Magula's formal interview obtained as  
20 part of the investigation undertaken by the investigator into VBS. This transcript may be of assistance to this Commission and can be considered in the context of the statement and evidence provided by Mr Magula to the Commission.

**ADV JANNIE LUBBE SC:** I'm sorry to interrupt you, just for the record the interviews conducted by Mr Matau and his assistants, those formal interviews of witnesses they testified under oath is that correct?

**MR KUBEN NAIDOO:** Yes that's correct.

As such, and in the interests of assisting the Commission in fulfilling its terms of reference, I attach a copy of the transcript marked PA1 which for the reasons stated in paragraphs 15 to 17 below the Commission is respectfully requested to keep confidential. I also attach a copy of the main part of the report being the portion of the report which was made public and which is marked PA2. Reference is made to Mr Magula in inter alia paragraphs 24, 39, 48, 49, 50, 52, 55 and 185 of the report.

**CHAIRPERSON:** The first one is 21.4. The first number is 21.4 not 24.

**MR KUBEN NAIDOO:** Yes Sir, 21.4 sorry.

10 As mentioned above whilst the main part of the report has been made public to date, the annexures and the underlying documentation thereto, which includes the transcripts of the formal interviews have not.

The Prudential Authority wishes to retain the confidentiality of the annexures to the report and the related underlying documentation given that it has referred this report together with its annexures and all related evidence to the law enforcement authorities for further investigation and the Prudential Authority is concerned that the disclosure may compromise the investigation by the law enforcement authorities. In the circumstances the Commission is respectfully requested to retain the confidentiality of the transcript attached to this affidavit by not disclosing it or any portion thereof to any  
20 third party i.e. persons who are not chairpersons, the Commission's legal team or the secretary as these terms are defined in the rules and/or regulations published in terms of section 1 of the Commissions Act 8 of 1947 in relation to the Commission dated 28 November 2018 as may be the case. Thus signed and sworn, I signed the affidavit on the 14<sup>th</sup> March Chair.

**ADV JANNIE LUBBE SC:** Mr Commissioner can I at this stage then ask you for an

order to have the annexure to be confidential and not be public, and not be publicised.

**CHAIRPERSON:** I'm just trying to think off the top of my head what the position will be if by the time we deliver our final report to the President and there's reference in the report of matters that are in the confidential document how do we deal with those?

**ADV JANNIE LUBBE SC:** Mr Commissioner the legal position and my respectful submission would be that it can be included in the report to the President and we'll give you the necessary authority for that and with the request that the order of confidentiality be respected and that it remains confidential because of the investigation by the law enforcement agencies.

10 **CHAIRPERSON:** Okay I suppose we'll cross that bridge when we get there but it's only part, is it part PA1 that should remain confidential?

**ADV JANNIE LUBBE SC:** It's only annexure PA1 that is confidential and should be ordered to be confidential and not be publicised.

#### **ORDER**

**CHAIRPERSON: IT IS THEN ORDERED THAT THE ANNEXURE PA1 SHOULD BE KEPT CONFIDENTIAL AND NOT BE MADE PUBLIC.**

**ADV JANNIE LUBBE SC:** As it pleases you Mr Commissioner. Mr Naidoo you have also referred to extracts, it's not part of your affidavit but it's been made, copies have been made and supplied to the Commission about Mr Magula and Mr Nesane, can you  
20 just read that and place it on record?

**MR KUBEN NAIDOO:** Sure, the second half of paragraph 21.6 reads; as was the case with Mr Magula and Nesane, they're referring to Phala Ramikosi who was a non-executive director and chair of the audit committee, as was the case with Mr Magula and Mr Nesane he eventually confessed after putting up strenuous denials that he had received unlawful payments made to a nominee company for his benefit. The price for

his complicity seems however to have been significantly lower than theirs.

**MS GILL MARCUS:** Advocate I think it would be useful for context to actually, if it is possible, to look at the document that you did submit which would be 39.3, 48, 49, 50, 51, 52 and on until, and we can go through that I think Mr Mohapi you've got a copy of that.

**ADV JANNIE LUBBE SC:** Yes we do.

**MS GILL MARCUS:** If we could read that into the record because I think those are very pertinent to that and then there is the additional part of 52.8 as well. So perhaps, I think it would give us context to your statement Mr Naidoo, is that possible?

10 **ADV JANNIE LUBBE SC:** It is possible, thank you Mr Commissioner.

**MR KUBEN NAIDOO:** Thank you Chair, through you. Paragraph 39.3 of the public report reads:

“The monthly payments of R300 000 all took place on the same date each month that Vele made a distribution of monies to a variety of related parties, including Magula’s front companies, Nesane’s front company and Makhavhu, who is the advisor to the Venda king. Each of Magula, Nesane, and Makhavhu admitted that there was no lawful cause whatsoever for these payments. Magula and Nesane admitted that the payments were made to them to buy their silence. Makhavhu  
20 described the very substantial payments made to him and the Venda king as “shameful”.”

**MS GILL MARCUS:** Are you able at that point to indicate the total amount received by Magula, Nesane and Makhavhu that would be the amounts paid plus the monthly fees that seemed to have been paid, so what in total did each of those parties receive as part of this VBS matter?

**MR KUBEN NAIDOO:** Through you Chair, Mr Magula received about R7.6 million in total. I just have to double-check how Mr Nesane received but it was of similar order of magnitude, if you give me 30 seconds I'll just check on that.

**MR EMMANUEL LEDIGA:** Ja sorry, hello, hi can you check paragraph 238 in the second last page, 238 in the document it's the extent of the looting and it starts at 235 and it goes to 238.

**MS GILL MARCUS:** Perhaps given that why don't we go through the text and then come to that as a specific item that then gets read into the record in its sequence because that would give you a chance to come to that and deal with it altogether, so we  
10 can go back if that's okay with you Commissioner that we do it in the sequence instead of looking at the amount now?

**MR KUBEN NAIDOO:** Paragraph 48 reads:

“Three of the non-executive directors of VBS, being Magula, Nesane and Ramikosi, all confessed that they had been rewarded in an improper manner.”

Paragraph 49 reads:

“Magula, after first giving a great deal of false evidence in this regard, eventually found himself constrained to retract his prior evidence and to seek immunity against self-incrimination. He then testified that:

20                   49.1 Hekima Capital (Pty) Ltd and Investar Connect Holdings (Pty) Ltd were front companies which were his vehicles for receiving payments from Vele and Vele Petroport amounting to in excess of R7.6 million; and  
                      49.2 in return for those payments, Matodzi was “buying silence from those that could speak the truth”.

That's Magula's words. Paragraph 50 reads:

"Magula's evidence in regard to the payments he received can best be summed up in the following exchange:

10 "MR HUTTON: Let me put it as simply as this. Vele could not have acquired all the assets that it purported to acquire, and in each case use VBS' money to do so, had it not been for the fact that a number of people at VBS, holding positions of authority, had facilitated that in different ways. Somebody had to create the accounting conditions through which such payments could be made. Somebody had to authorise payments. Somebody had to allow the flow of funds. And those were different people, at different times, in relation to different transactions. But there was a team of people who did the actual work in getting the money out of the bank and into the pockets of those who were selling assets to Vele. It doesn't appear to me that you were part of that operational methodology of Vele acquiring its assets. What you did was, you were silent, because you knew that what was going on was

20 untoward. Your experience as a lender told you that none of this was legitimate.

MR MAGULA: I can say that. I can agree.

MR HUTTON: You say that honestly.

MR MAGULA: Yes."

Chair I know go to paragraph 52.8:

“It had come to the attention of the board that very large loans had been made to clients of VBS without the requisite approvals being in place. He specifically mentioned the contract finance facility granted to Leratadima, which was initially R100 million and later increased to R250 million, as a non-performing loan. However, no steps were ever taken to remedy the position. He ascribed this to the fact that numerous members of the board, including himself and Magula, were compromised.”

I now go to paragraph 55:

10 “Ramikosi was referred to Zanoware’s bank statements and to the fact that the total of R750 000 received by it from March to October 2017 from Vermont Holdings are the sole source of money coming into Zanoware. It was put to Ramikosi that, *inter alia*, Nesane and Magula, received benefits, through the use of front companies, for keeping silent about many irregularities and that the set-up of Zanoware appeared to be the same *modus operandi*. The interview was adjourned at that stage, at Ramikosi’s request, in order to provide him with time to reflect.”

Second last paragraph 185.9:

20 “People like Magula, Nesane, Ramikosi, Makhavu and the Venda king were seduced by the vast amounts of money that were strewn about by VBS and Vele. They were paid handsomely for their influence and their silence. Ramavhunga, Mukhodobwane, Maposa and Truter were richly rewarded for their active participation in the unlawfulness that engulfed VBS and Vele. In my view ...”

This is the view of Adv Motau:

“In my view, Malaba was no different. He received vast sums and he was required to do as his paymasters required of him. I have come to the conclusion that he willingly played his part in the fraudulent scheme by signing the audit opinion for the 2017 annual financial statements of VBS, well knowing that the amounts reported in the financial statements in respect of cash and cash equivalents were grossly inflated and misstated.”

Chair let me now turn to the amounts of money in total which are ...

10 **MS GILL MARCUS**: It starts with 235.

**MR KUBEN NAIDOO**: The extent of the looting paragraph 235:

“It was not possible, in the course of the interviews, to obtain a clear picture of the precise amount of money that had been looted from VBS by its captors. Indeed, that is something that the curator would need to ascertain accurately when he completes a full restatement of VBS’ financial position. Nor was I able to ascertain, with precision, the amounts that every participant in the looting received. To a great extent, I have been limited by what the various interviewees confessed to.

20 236. The forensic accountants have, however, set out in their report a detailed analysis of cash flows which give a far clearer and more accurate picture of the extent of the looting of VBS.

237. It emerges from the forensic accountants’ report that the amount of R1 894 923 674 was gratuitously received from VBS by some fifty three persons of interest, both natural and juristic, over the period 1

March 2015 to 17 June 2018. I specifically refer to Table 8 in Appendix A.

238. Amongst the biggest recipients, directly and indirectly, of these gratuitous payments are ...”

And Chair I won't go through the entire list but paragraph 238.7 sorry no that's Paul Makhavu at R30.4 million. Paragraph 238.16 Ernest Nesane R16.6 million. I don't see Paul Magula's name on this list. Sorry 19, I missed it, Paul Magula 238.19 R14.8 million. Those were the total amounts received by those three individuals Chair.

**MS GILL MARCUS:** And if you could perhaps just advise us who Vele and its  
10 associates were because that was just under a billion?

**MR KUBEN NAIDOO:** Vele Investments were the holding company of VBS and the main shareholder of VBS, Vele Petroport was a subsidiary of Vele Investments.

**MS GILL MARCUS:** ... Was Vele?

**MR KUBEN NAIDOO:** The CEO of Vele, Vele was essentially Tshifhiwa Matodzi in the main but it was a company there were ... (intervention)

**MS GILL MARCUS:** He was the CEO.

**MR KUBEN NAIDOO:** Yes.

**MS GILL MARCUS:** He was the CEO of VBS who had that company?

**MR KUBEN NAIDOO:** No the CEO, the Chairperson of VBS was Tshifhiwa Matodzi  
20 Vele was his company.

**MS GILL MARCUS:** In essence as chairman of VBS he had a company Vele which basically got just under a billion Rand?

**MR KUBEN NAIDOO:** Yes.

**ADV JANNIE LUBBE SC:** That is the evidence of Mr Naidoo Mr Commissioner.

**MR EMMANUEL LEDIGA:** A question, do you know the assets that Vele had by any

chance?

**MR KUBEN NAIDOO:** No Chair I do not know the total value of the assets because Vele Investments also owned two or three insurance companies, they owned an interest in an insurance benefit collection agency, they own several properties. Vele is under liquidation but I'm not aware of the total amount of assets in Vele.

**MR EMMANUEL LEDIGA:** Thank you.

**MS GILL MARCUS:** Where does, the issue here obviously is distinct in relation to what your role is as the regulator and the prosecutorial side, but do you have any awareness of where the prosecutorial recommendations and that investigation is that you could  
10 share with us or not if you don't think it's appropriate?

**MR KUBEN NAIDOO:** Chair what I can say is that we have submitted a formal criminal complaint based on the evidence that we have and contained in the Motau Report to the police and the Hawks and this is being investigated by the police, the Hawks and the NPA, I cannot say any more than that Chair.

**MS GILL MARCUS:** Can I also ask you, because obviously a number of the people involved in this belong to professional bodies, legal, accounting etcetera, have you as a regulator raised with those professional bodies the question of a disciplinary or some form of investigation into them in terms of their professional conduct because if you want to look at sub consequence it also should be to the professional ethics fit and  
20 proper side of things, is that something that you have looked at?

**MR KUBEN NAIDOO:** Thank you, through you Chair, we are cooperating with both IRBA the Independent Regulatory Board of Auditors and SAICA the South African Institute of Chartered Accountants, both organisations have requested information from us to assist in their investigation of individuals mentioned in the Motau Report.

**MS GILL MARCUS:** And legal, I mean Mr Nesane is a lawyer or an advocate, I'm not

sure what his actual qualification is but from the legal side and the legal profession is there any role there and should there be?

**MR KUBEN NAIDOO**: No Chair, we have not been asked for any information from any of the legal bodies.

**MS GILL MARCUS**: Would you be in a position to, I mean would you want that to be looked at?

**MR KUBEN NAIDOO**: Yes I think that that will be good.

**MS GILL MARCUS**: A different question if I may and again this is a consequence or an outcome of what has occurred here, given the changes made to the regulatory environment with the new structure, new responsibilities, market conduct and supervision is there a role or should there be a role for formal board training on content not just, and that probably in my view should also consider ethics, values, fit and proper but the technical side what does the law allow, which laws apply to you. You as a board member of a regulated entity is different from a normal Companies Act board, banks, insurance companies have particular roles and responsibilities, have you considered whether in fact there is a requirement for formal board training certification for board members, qualification of some kind that you have had this or been through this process of training whoever provides that training, who should provide that training, have you considered a formal training program for board members as part of your approval because if I understand correctly, you approve board members sitting on boards, is that something not just oh I have this degree but do I actually know the content and requirements to sit and be fit and proper and execute my duties as a board member of a bank or a financial entity that is regulated?

**MR KUBEN NAIDOO**: Thank you Chair, let me make three points in response to that. The first is that the Mutual Banks Act I think should be updated to give the Regulator

the same kind of intrusive powers as the Banks Act in terms of the appointment of certain board members and executives, the Mutual Banks Act is far less intrusive than the Banks Act in this regard. Chair the second point is yes I think training and some sort of board certification in general would be a good idea. Chair the third point I want to make is I do not think in these particular cases that the problem was a lack of competence.

**MS GILL MARCUS:** But perhaps a question of ethics and values and fit and proper?

**MR KUBEN NAIDOO:** Yes.

**MS GILL MARCUS:** Which is a different subject matter because it doesn't matter the amount of training you would not deal with that through training. But what it might do is have other members of the board more vigilant and more aware of what their duties are so you may get rotten apples but it does mean that there may be non rotten apples who have a better appreciation of their own responsibility individually as well as collectively.

**MR KUBEN NAIDOO:** I fully agree.

**MS GILL MARCUS:** Well I hope that will happen in the future so that we get something going along that right. Just in relation to the updating of the Mutual Banks Act surely that is something that was in your own purview to do it does not require somebody else?

**MR KUBEN NAIDOO:** Technically it's the Minister of Finance that tables legislation in Parliament so ... (intervention)

**MS GILL MARCUS:** That's the tabling that's not the drafting.

**MR KUBEN NAIDOO:** So we're working with the Treasury to develop amendments to the Mutual Banks Act.

**CHAIRPERSON:** Just about Mr Nesane did you consider reporting to the organisation under whose jurisdiction he falls?

**MR KUBEN NAIDOO:** Chair that's not something that we thought of but since it's been mentioned here I think we should refer that to the relevant professional body, thank you for that suggestion.

**CHAIRPERSON:** I think if I recall it probably would be the Law Society of the Northern Provinces okay.

**MR EMMANUEL LEDIGA:** A different question which is a bit different but I hope you can answer that, yesterday we had someone from the PIC who said that you know the collapse of the bank you know there wasn't much they could do because they kind of relied on the auditors you like PWC and the bank you know SARB, so I just want to  
10 know that is there something that SARB could have done better to avoid the collapse of the bank given that the PIC has lost money and they said they were looking at you to regulate the bank?

**MR KUBEN NAIDOO:** Thank you for that question Chair. My answer would be both yes and no, so in one sense we too were duped by auditor reports that said everything was fine, in fact several occasions in the last three or four years where we thought or suspected something was wrong, the auditor said nothing was wrong everything was fine and for small banks we do rely heavily on audited financial statements. In hindsight we probably should rely slightly less on audited financial statements and have secondary checks or additional checks as we do with bigger banks. So in that one  
20 sense yes I think you can argue that the public was deceived, the regulator was deceived. But Chair in another sense the PIC were the second largest shareholder and had at least two people sitting on the board and it is clear from the evidence presented to the Motau Commission that those two individuals knew that there was a problem and were silent and I think that that's the crux of my testimony today here is that as shareholder representatives in one sense they had a fiduciary responsibility towards

the company on which they were serving as a board but they also had at least a legal and moral obligation to the shareholder to ensure that the company is run properly and in a sound and fiduciary, with high fiduciary standards.

**CHAIRPERSON:** Thank you. Is that it from Mr Naidoo?

**ADV JANNIE LUBBE:** That is the evidence, thank you, Mr Commissioner.

**CHAIRPERSON:** Well, thank you, Mr Naidoo, for your time and thanks very much for your statement – or affidavit that you deposed to. Thank you so much.

**MR NAIDOO:** Thank you, Chair.

**ADV JANNIE LUBBE:** Mr Commissioner, it seems I was a bit conservative in my  
10 estimate. I have arranged for the next witness to start at 11 o'clock. Can I ask that we adjourn till then? If they're earlier here I'll approach you, then we can start earlier, but that was the arrangement.

**CHAIRPERSON:** Yes, we'll adjourn until 11:00.

### **INQUIRY ADJOURNS**

### **INQUIRY RESUMES**

**ADV JANNIE LUBBE:** Mr Commissioner, my apology for starting later than  
anticipated. It is not because of the – of Dr Survé and his legal team. They were on  
time, but unfortunately at the Armscor building. And it's not the first time this has  
happened. Perhaps it's an opportune moment to advise everybody that the sittings are  
20 in this building and not an Armscor. But they are ready now and ... (intervention)

**CHAIRPERSON:** Ja, I think we can just remind – or ask – or request, rather, our  
Media Department just to remind people that the sittings are at the Sam Marks Building  
rather than... Because that's our head office, as it were, Armscor, but the sittings are  
here. So our media people must please attend to that.

**ADV JANNIE LUBBE:** Thank you.

**CHAIRPERSON:** Thank you.

**ADV JANNIE LUBBE:** Mr Commissioner, my colleague, Cassim SC, is representing Dr Survé. Can you introduce yourself, please?

**ADV NAZEER CASSIM SC:** Mr Commissioner, learned members of the commission, I appear together with my learned friends Ms Pillay and Mr Solek for Dr Survé. Our instructing attorney is present, Mr Charles Abrahams. With your leave, may I then be permitted to lead his evidence?

**ADV JANNIE LUBBE:** Just speak in the mic, sir. Just. Ja, that's it.

**ADV NAZEER CASSIM SC:** Yes, I'll do that. Thank you.

10 **ADV JANNIE LUBBE:** May we sit? You can sit while you lead the evidence.

**ADV NAZEER CASSIM SC:** Yes, thank you.

**ADV JANNIE LUBBE:** My colleague, Cassim, will lead the witness, Mr Commissioner. You can sit while you ... (indistinct)

**ADV NAZEER CASSIM SC:** Thank you.

**ADV JANNIE LUBBE:** (Indistinct). Just to have it like this.

**ADV NAZEER CASSIM SC:** Dr Survé, will you give your full names to the commission, please?

**DR IQBAL SURVÉ:** Dr Mohammed Iqbal Survé.

**ADV JANNIE LUBBE:** He must just take the oath.

20 **CHAIRPERSON:** Sorry, Mr Cassim, my – one of my colleagues says they didn't hear you. Can you just repeat ... (indistinct) your introduction?

**ADV NAZEER CASSIM:** Yes, certainly. Yes, certainly. My surname is ... (intervention)

**CHAIRPERSON:** Who you are, you are with.

**ADV NAZEER CASSIM:** My surname is Cassim. I am an advocate at the

Johannesburg Bar. I represent Dr Survé together with my colleagues Ms Pillay and Mr Solek, who sits on my left, and my instructing attorney, Mr Charles Abrahams.

**CHAIRPERSON:** Thank you.

**ADV NAZEER CASSIM:** Yes.

**ADV JANNIE LUBBE:** He must just take the oath.

**ADV NAZEER CASSIM:** Dr Survé, just repeat your full names and then the oath can be administered to you.

**DR IQBAL SURVÉ:** Dr Mohammed Iqbal Survé.

**ADV JANNIE LUBBE:** Can I just ... (indistinct)

10 **CHAIRPERSON:** Mohammed or Mahomed? Is it M-o or M-a?

**DR IQBAL SURVÉ:** M-o.

**ADV JANNIE LUBBE:** Can you please stand up?

**ADV NAZEER CASSIM:** Dr Survé, I take it you have no objections in taking the oath?

**DR IQBAL SURVÉ:** None whatsoever.

**ADV NAZEER CASSIM:** Do you swear that the evidence you will give will be the truth, nothing but the truth, so help you, God?

**CHAIRPERSON:** (Indistinct)

**ADV NAZEER CASSIM:** Sorry, will the judge administer? My colleague says 'take the oath', so I thought fine.

20 **DR IQBAL SURVÉ:** Why take it twice? It's fine.

**CHAIRPERSON:** That's fine, Mr Cassim. I understand. Dr Survé, do you have any objection to taking the prescribed oath?

**DR IQBAL SURVÉ:** None whatsoever.

**CHAIRPERSON:** Do you swear that the evidence you're about to give will be the truth, the whole truth, nothing but the truth?

**DR IQBAL SURVÉ:** Absolutely.

**CHAIRPERSON:** Do you raise your right hand, 'so help me, God'?

**DR IQBAL SURVÉ:** Help me, God.

**CHAIRPERSON:** Thank you.

**DR IQBAL SURVÉ:** Thank you.

**CHAIRPERSON:** You may be seated. Yes, Mr Cassim.

**ADV NAZEER CASSIM:** Yes, Mr Commissioner, we have prepared a written statement. Can I take it that you and your learned members have had an opportunity of working through the document, in which ... (intervention)

10 **CHAIRPERSON:** I don't know about the term 'working through the document', but we have perused it.

**ADV NAZEER CASSIM:** In which case I am going to then simply pick up the themes in the document itself. Dr Survé ... (intervention)

**CHAIRPERSON:** Let me... Just let me get my colleagues, what they want.

**MS GILL MARCUS:** When you say 'pick up the themes' I was under the impression that you would read the entirety into the text.

**ADV NAZEER CASSIM:** If you prefer that.

**MS GILL MARCUS:** Are you not wanting to do that?

**ADV NAZEER CASSIM:** No, we can do that.

20 **CHAIRPERSON:** That's preferable so that we have it on record.

**ADV NAZEER CASSIM:** That's fine. I thought I'll make him talk through the document, but if you prefer that then he can read it, yes.

**CHAIRPERSON:** And you can interject here and there if you need, if you want to.

**ADV NAZEER CASSIM:** Thank you. Thank you. Before you do that, Dr, do you – you also affirm the correctness of this document itself?

**DR IQBAL SURVÉ:** Correct.

**ADV NAZEER CASSIM:** Yes. Yes. Then will you proceed to read the document?

**DR IQBAL SURVÉ:** So, first of all, Mr Commissioner, thank you for the opportunity. I really appreciate the fact that I'm given the opportunity to set the record straight on a number of issues and hopefully provide context and clarify issues. If I may start then on the introduction?

During the week commencing the 21<sup>st</sup> of March 2019 Adv Lubbe SC, the evidence leader of the commission called upon me to deal with eight interrelated issues in respect of three legal entities. I was advised that this may be of assistance to the  
10 commission in its deliberations. As a committed South African I appreciate the opportunity to make my input.

I point out that other than Independent Media (Pty) Ltd, of which I am the Chairperson of the Board, I do not hold any office on the executive or otherwise in Ayo Technology Solutions Ltd and Sagarmatha Technologies Ltd.

The issues that I have been requested to deal with relate to Ayo, Independent Media and Sagarmatha in respect of the following: The origination of every deal; the meetings with the Public Investment Corporation with reference to date, place and PIC officials involved; the status of the Independent Media Investment; the relevance and importance of BT and the Ayo transaction; whether the total amount invested by the  
20 PIC and Ayo is still available, if not details of payments made with reference to whom, account number, amount and reason for payment; whether the PIC pay transaction fees with regard to Independent Media and Ayo and if so the amounts paid, the identity of the beneficiary and how the amount was calculated; the appointment of a new board for Ayo.

I will endeavour to deal with each of these matters that is of the interest to the

commission. In so doing I make myself available to be interrogated by members of the commission as well as the evidence leader and undertake to respond fully to the best of my ability.

I am, by training, a medical doctor and in October 1977 earmarked as a career as an entrepreneur. For completeness' sake my biography is set out in the document which I attach hereto as marked A. Okay. Do you want me to read the ... (intervention)

**ADV NAZEER CASSIM**: No, carry on. Carry on.

**DR IQBAL SURVÉ**: That's okay. Alright. I serve as Executive Chairman of the Sekunjalo Group – or the Group, with its headquarters in Cape Town. The Group has  
10 more than 200 investments across the African continent with an intrinsic market value exceeding several billion dollars. Sekunjalo is the shareholder/equity partner to a number of multinationals on the African continent including Siemens AG, Nokia Solutions and Network, SAAB AB, British Telecon, Coriant, and amongst others, and I serve as either Chairman or Deputy Chairman on many of these companies' boards. Sekunjalo's investment portfolio includes oil and gas, food, fishing, aquaculture, power resources, transport and mobility, telecoms, civil security and defence, media technology, biotechnology, healthcare and pharmaceuticals and asset management. Sekunjalo pioneers many social impact investment initiatives in Sub-Saharan Africa. The Group and its investment partners together employ tens of thousands of people on  
20 the African continent. A fuller description of the Group's business activities appears on the website [www.sekunjalo.com](http://www.sekunjalo.com).

Prior to dealing pertinently with the issues raised by Adv Lubbe in his email of 26<sup>th</sup> of March 2019 I wish to deal with two distinct topics. The first relates to PIC's role and place in the broader South African economic environment. Secondly, I will deal with the investment philosophy of the Sekunjalo Group.

The background and context. The bigger picture is this: A year ago the market capitalisation of some 200 companies on the Johannesburg Stock Exchange was R12-trillion. PIC's investment in these companies was in the region of 1.6-trillion. I venture to suggest that companies started by black entrepreneurs like myself, that are black-owned and black-managed with black beneficiaries do not have more than a few hundred billion of the total market capitalisation of 12-trillion of the JSE. This... That... Thus it is well recognised that 25 years into our democracy the capital markets in South Africa have not been transformed. Black ownership and control on the JSE remains negligible. Real economic wealth still vests in white-controlled and –dominated companies. The result is that racial inequalities exhibited elsewhere in the South African economy, such as ownership and control of land, continue to be reproduced on the JSE.

Investing in business carries risks. While the PIC's in Naspers, British American Tobacco, InBev and BHP have proven successful PIC has suffered enormous losses, in the tens of billions of rands as a result of underperformance in companies such as Steinhoff, MTN, Aspen, EOH, Group 5 and Tiso Black Star and many more. That's the bit I've just added in. Okay. Thus PIC's reluctance to promote and invest in black companies on the JSE, which makes up much less than 10% of the portfolio, requires re-evaluation. I submit this demonstrates that not enough is being done by the PIC in transforming the South African economy for the greater good of the majority of its people. PIC has recently lost its investment in Steinhoff to the tune of 24-billion and this stands out because Steinhoff was always regarded as a top performing company, controlled by whites and in the main considered a leading South African brand.

The values of the Sekunjalo Group.

**ADV NAZEER CASSIM:** This, I take it, is the second point you want to deal before

dealing with the pertinent issues in this matter.

**DR IQBAL SURVÉ:** That is correct.

**ADV NAZEER CASSIM:** Yes.

**DR IQBAL SURVÉ:** The Sekunjalo Group is a private holding company and was founded in 1997 by a group of former political activists who fought in the anti-apartheid struggle. The first chairman of the Sekunjalo Development Foundation, the controlling shareholder of the Group, was, whilst he was the Director General in President Mandela's office, Professor Jacks Gerwel, was also the Vice Chancellor of the University of the Western Cape. I left my career as a medical doctor to lead Sekunjalo

10 in this very exciting period for black economic empowerment and listed on the JSE as Sekunjalo Investments Ltd, today called African Equity Empowerment Investments, not to be confused with Sekunjalo Group and Sekunjalo Holdings. At the time, with the support of corporate finance houses and bank institutions I was one of the youngest CEOs of a diversified investment company on the JSE in May 1999, if not the youngest. Sekunjalo can be described as belonging to the first – second wave of black economic empowerment companies. This wave included prominent black companies such as NAIL, New Africa Investments Ltd, REAL, Real Africa Investments Ltd, NEC, Mvelaphanda and many others. It was the time when Madiba himself spoke about the need to transform the economy and the active role that needed to be played by

20 entrepreneurs and professionals in the transformation of the economy. It was at this time that black businesses, especially those that had been rooted in the struggle, starting investing in the support of institutions and companies that were listed on the JSE.

The model was straightforward. Black businesses lacked experience at the corporate level although there were many successful black businesses, but not at the scale of

corporate South Africa. Banks and insurance companies provided capital, working with listed companies to create the mirage of black transformation of the economy. The effect was then on paper. These institutions and their advisors, who benefited handsomely from these transactions, funded selected black entrepreneurs, including eminent individuals and friends of mine such as the late Nthato Harrison Motlana, Eric Molobi, Don Ncupe, Tokyo Sexwale and many others.

At one point the market capitalisation of companies such as NAIL reached a high of almost 10-billion, making it one of the most successful black companies on the JSE. The truth, however, is that the effective black ownership and control of these entities was negligible. The tragic outcome of that today, Mr Commissioner, is that NAIL, REAL and Mvelaphanda do not exist and there has been a marked reduction in black companies on the JSE. This, in my view, is a disgrace 25 years into our young democracy. Further, in real terms the combined economic ownership of black people in AEEI, which was then Sekunjalo Investments, in May 1999 was less than 10% compared to the remaining shareholding, which was held by institutions such as Sanlam, Standard Bank, Southern Life and Old Mutual. So black ownership was effectively less than 10%.

Upon reflection, I suggest that the model of black economic empowerment was not designed to bring about meaningful economic transformation, but served as a mere entry point into the capital markets, albeit in an artificial way. Over the next decade I watched as prominent companies were destroyed as a result of the share prices failing to perform. I refer here to black companies. The debt structures being unsustainable to the point that today black participation in the economy remains negligible. The model of economic participation was fundamentally flawed and that led to an introspection of our own model at Sekunjalo. In our first decade, like all the other black companies, we

shared the same negative experiences, a small economic interest owned by black people, high debt structures, inability to scale, dependence on development finance institutions, dependent on government businesses or quotas, lack of owned equity and capital, monopolistic market conditions that remain today, import substitution and dumping with the withdrawal of tariffs, highly geared structures that remain today for most black institutions, poorly underlined share performances.

May I just take a short bit of a break? Thank you.

10 Sekunjalo resolved to aspire and to be guided by the following policy principals: Build an industrial company that would have ownership of the business through direct economic control implicitly by black people.

**ADV NAZEER CASSIM:** Dr Survé, can I just stop you there? Mr Commissioner, do you – is it necessary for him to read out the remaining of that particular paragraph? It's peculiar to this particular business. It's documented.

**CHAIRPERSON:** It's not necessary.

**ADV NAZEER CASSIM:** It's not? Yes. Can I then ask you to move ahead and talk about what you've described as the 'new dawn of technology'?

20 **DR IQBAL SURVÉ:** Thank you. Mr Commissioner, the South African economy is monopolistic and because of that monopolism it's important to – for black entrants to the economy to look at where they can compete. One of these areas is technology because it's an area where the monopolies that are in mining, in retail, in property and in other sectors of the economy cannot prevent new entrants very easily. So the new dawn of technology:

A specific focus of Sekunjalo was in technology, and, as an example, Genius Biotherapeutics became the leading African biotechnology company in personalised medicine, cancer therapeutics, utilising the body's own immune system, dendritic cells,

and Genius is owned by us of course and it is registered in more than – with more than 30 global patents in the areas of immune therapy and personalised medicine. It also developed South Africa's first biogenetic plants, with state of the art investment in that area. The idea is that South Africa would become self-sufficient in the area of personalised medicine, which would reduce the cost to the public, in particular in the areas of prostatic cancer, breast cancer and other areas of diseases because the poor in our country cannot afford the expensive drugs that multinationals provide to them. We partnered with universities of Cape Town, Pretoria and Cardiff, researching the fields of tuberculosis, HIV-AIDS and cancer therapeutics, utilising advanced  
10 biotechnology. It was and remains pleasing to me that the leading scientists and researchers were predominantly black employees, PHDs, Masters, Honours Science from South Africa and from the African continent.

Genius is expected to be listed on an international stock exchange so they can pursue the further raising of capital, enhancing its business activities, especially in the area of clinical trials. Sekunjalo has invested hundreds of millions in Genius to fund clinical research and to promote its business. Some 10 years after it registered its patents the Nobel prize for medicine was awarded to doctors that utilised immature cells, or the body's own cells, for purpose of cancer therapeutics, and thereby validating our position as a leading biotechnology globally in this particular area.

20 **ADV NAZEER CASSIM:** Dr Survé, I want to stop you at that stage. Paragraphs 19-21 then are further examples of the strides made by Sekunjalo in this line of business activities. I want you then to turn to paragraph 22.

**DR IQBAL SURVÉ:** Thank you. The Sekunjalo Group is a recognised international – is internationally recognised as a technology investor. It brought about opportunity to enhance, promote and fulfil the aspiration of technological skills in South Africa and

Africa and spread its application in the African continent. It has received acknowledgement, Mr Commissioner, by the World Economic Forum, as one of the world's new champions. This is a highly prestigious grouping of companies in the world, and this gave the impetus for expanding the group into nine different sectors. Sekunjalo, as I say at the bottom, was one of only five African companies chosen out of a global elite of 125 to be named the new champion company. The other South African company was Sasol, just for example.

**ADV NAZEER CASSIM:** I want to stop you there before we round off this topic. How many people are employed in the Sekunjalo Group, approximately?

10 **DR IQBAL SURVÉ:** Well, if we take directly, with our investments and associates, I would say at least more than 25 000 people.

**ADV NAZEER CASSIM:** Yes. And in the technology sector?

**DR IQBAL SURVÉ:** It's very difficult to say, but different companies, I would say, if you take again invest – with associates and investees, I would say at least about 10 000 of that.

**ADV NAZEER CASSIM:** Yes. (Indistinct)

**DR IQBAL SURVÉ:** But I cannot give you an accurate number on that.

**ADV NAZEER CASSIM:** I then want to then take you to paragraph 23 of your written statement.

20 **DR IQBAL SURVÉ:** 23?

**ADV NAZEER CASSIM:** Yes.

**DR IQBAL SURVÉ:** I now proceed to deal pertinently with the issues raised by Advocate Lubbe. In so doing I am mindful that the information sought from me is limited to three legal entities, namely Independent Media, Ayo and Sagarmatha. I propose to deal with the issues raised holistically by reference to the legal entity and its

relevance in this inquiry.

**ADV NAZEER CASSIM:** Yes, please proceed. You deal firstly with Sagarmatha.

**DR IQBAL SURVÉ:** PIC has made no financial investment in Sagarmatha. In any event, to allay fears I deal more fully with this entity, its current status and why I consider it was a missed opportunity for the PIC not to have invested in this company.

**ADV NAZEER CASSIM:** Dr Survé, so can the learned commission – commissioner and his members accept that there is no financial exposure by PIC in Sagarmatha at all?

**DR IQBAL SURVÉ:** Absolutely not.

10 **ADV NAZEER CASSIM:** Yes. And I ... (intervention)

**DR IQBAL SURVÉ:** In fact, we have spent 80-million in preparing Sagarmatha for the listing on, firstly, the Johannesburg Stock Exchange and, secondly, on an international stock exchange. I visited, with my colleagues, the New York Stock Exchange in May 2017, I think, or '16, 2017. I visited the Hong Kong Stock Exchange in May 2017. Both exchanges, in fact, made it very clear to us that they would welcome the listing of Sagarmatha on those stock exchanges. And if I may just say one other thing? The only reason why we wanted to list on the JSE, because, is at that time the South African government primarily did not allow primary listing of these such companies on foreign exchanges. That policy has just recently been changed. Of course, secondly, it gave  
20 South Africans an opportunity to participate in a multisided platform company. For the first time a unicorn would emerge from the African continent that would able (*sic*) to compete and have date that is owned by Africans for Africans and platforms for Africans in an advanced economic platform business strategy.

**ADV NAZEER CASSIM:** I think, just to give context to what you've said, can you read out paragraphs 26 and 27, please?

**DR IQBAL SURVÉ:** Sagarmatha is a company that renders ... (intervention)

**MS GILL MARCUS:** Sorry, before you do, I just would like you to repeat what you said before, the witness said. What did you say we should accept? Mr Cassim, can you repeat what you said?

**ADV NAZEER CASSIM:** There is no... Sorry. Yes, yes. Can the...? I asked you whether this particular commission can accept that there is no financial exposure by the PIC in the legal entity Sagarmatha.

**MS GILL MARCUS:** I would say that I think it's a subject for discussion because it is particular that exposure is a consequence of certain things, or the lack of exposure is a  
10 consequence of certain things. So it cannot just be taken at face value, that point you're making.

**ADV NAZEER CASSIM:** Before you reach... With great respect, before you reach that level of debate there must be an outlay of money. Is ... (intervention)

**MS GILL MARCUS:** No. No, no, no. You're saying we must... You have put it on the table...

**ADV NAZEER CASSIM:** Yes?

**MS GILL MARCUS:** ...that we must accept at the outset that there is no exposure, and I am saying at this point in time I would like that to be a subject for discussion. I am not sure why you've put it out at the beginning. Let it be part of the discussion that  
20 we're having and let the testimony proceed.

**ADV NAZEER CASSIM:** Happy to do that.

**MS GILL MARCUS:** We can do that.

**ADV NAZEER CASSIM:** But as we sit here PIC is not a creditor of Sagarmatha.

**MS GILL MARCUS:** I am not prepared to debate that with you. I am asking that the submission be continued without a precondition of what we, as a commission, should

be agreeing to.

**ADV NAZEER CASSIM:** No difficulty with that.

**MS GILL MARCUS:** Thank you, please proceed.

**ADV NAZEER CASSIM:** But as a forensic fact I put on record ... (intervention)

**MS GILL MARCUS:** I'm asking you to please proceed without trying to put words or decisions in our mouths before we have an opportunity to discuss the matter.

**ADV NAZEER CASSIM:** I suggest then let's read at paragraph 26.

**DR IQBAL SURVÉ:** Thank you. So Sagarmatha is a company that renders a multisided platform defined above as an MSP, which comprises technologies, services  
10 or products that add value, primarily by enabling direct interactions to – between two or more participating parties or transaction – transacting parties. Prominent examples of this include Uber, Airbnb, E-Bay, Amazon. Essentially they serve two or more customer bases and facilitate transactions between the participating parties. One of the primary benefits to MSP companies is their scalability.

Mr Commissioner, I really would be very happy to explain to you the valuation modelling for MSPs because, looking at what has happened in this commission, there has been either naivety or complete disinformation on how these companies are valued and I'm quite happy to explain this in great detail. For example, just this last week LIFT, which is a mobile company such as Uber, is listing – has listed on the New York Stock  
20 Exchange with a market capitalisation of 23-billion, which is the same as Fiat and Chrysler, which has been in existence for a long time, bigger than Avis and Hertz. But what is more interesting is that LIFT's losses for the last two years were in the region of about \$800-million and \$1-billion. I can take you through the modelling of MSPs because if you don't understand the modelling of MSPs ... (indistinct) Sagarmatha it's very difficult to understand Sagarmatha itself, and I'm very happy to do that.

**ADV NAZEER CASSIM:** But that might become relevant at a later stage, okay. You're now at paragraph 27.

**DR IQBAL SURVÉ:** Sagarmatha has a proven track record of customising and developing technology platforms in media, ecommerce, classifieds and syndication content in its current business verticals. It has operated these with capital efficiency and has previously elected to limit its own growth until recent times, when it applied to list on the Johannesburg Stock Exchange by way of a private placement in April 2018.

**ADV NAZEER CASSIM:** And, Dr Survé, that did not take place?

**DR IQBAL SURVÉ:** That did not take place, exactly.

10 **ADV NAZEER CASSIM:** Yes. Paragraph 28.

**DR IQBAL SURVÉ:** Sagarmatha believes that South Africa and Africa needs its own leading MSP company to compete with multinational companies. If this does not happen multinationals will extract all value from Africa for the benefit of Europe and the USA. South Africa is well poised to develop the continent and upskill its people. This will just be, if I may say so, another form of colonialism. It is just neo-colonialism except in the technology space.

**ADV NAZEER CASSIM:** Paragraph 29.

**DR IQBAL SURVÉ:** The purpose of the private placing was to execute the vision of Sagarmatha, to provide African subscribers, consumers and businesses with the prime  
20 experience of digital media, ecommerce, social media and business marketplace.

**ADV NAZEER CASSIM:** Yes, please proceed.

**DR IQBAL SURVÉ:** Previously Sagarmatha had raised capital locally through the private equity markets and has utilised its limited capital to establish its technology base, which Sagarmatha has in Silicon Cape, which is an African haven for software developers. Sagarmatha has access to software providers and developers, advanced

applications because of the parent company Sekunjalo Group's investment in local ICT companies as well as in several multinationals operating in Africa. These multinationals are in the areas of industrial, engineering, telecommunications, ICT companies and defence and radar systems. Examples include Siemens, AG, Nokia, Alcatel, British Telecoms and so on.

And I want to say, these are not just partners, Mr Commissioner, of Sekunjalo. We are actual shareholders of these companies. So these are not joint venture companies. We are shareholders of these companies. Now, we have been shareholders for the last two decades and our relationships with these multinationals go on for a long, long, long time with a lot of credibility.

10

**ADV NAZEER CASSIM:** I think you can now turn to paragraph 32.

**DR IQBAL SURVÉ:** The vision of Sagarmatha is to provide 100-million African subscribers, consumers and businesses with the prime experience of digital media, ecommerce, social media, and business marketplace. This is no different to Amazon Prime, which only has, the last number which I saw, 120-million subscribers at the same demographic per capita as this and with the market capitalisation of \$1-trillion today they're one of the world's top to largest companies.

The mission is to execute this through Sagarmatha's 10-point plan achieved over a period of five to seven years with a billion users on the social media platform in 10 years. Sagarmatha will provide the African middle class consumer and businessperson with an affordable, accessible, high-quality integrated multisided platform experience in content, ecommerce, social media and video, which is called Sagarmatha Peak. Sagarmatha seeks to become the branded ecommerce/media, MSP company like the likes of Amazon and Ali Baba in the USA and China.

20

In order to achieve its vision significant capital is required at a low cost of capital.

Sagarmatha's initial strategy was to raise between 3-billion and 7,5-billion through the JSE listing as a precursor to a much more substantial capital raised on a foreign exchange. The amount raised in South Africa would be one of many funding rounds required to execute Sagarmatha's vision.

I must add at this point that the capital raised in South Africa on international stock exchange, as we have said to the Reserve Bank of South Africa, would be brought back into South Africa and Africa to upskill at least 5 000 ICT engineers, data scientists, in three regional centres in Africa, West Africa, East Africa and Southern Africa, so that Africans take control of their own multisided platform. Because all of us are on Google, Facebook, Instagram, Twitter, but these platforms are not owned by our own people. They are owned by others outside the African continent, and so the economies of those platforms, which make up the world's top five largest companies today, are not accessible to the African people and this is an attempt to allow Africans to take ownership of not only the economic factors but also the data, which is critical in order to monetise this over a period of time. We had hoped that the PIC would commit to invest in R3-billion with other investors including foreign investors committing to invest in R4.5-billion.

**ADV NAZEER CASSIM SC:** Dr Survé did any foreign investor commit to invest in this project?

20 **DR IQBAL SURVÉ:** Yes indeed they did. We had commitments from a number of foreign investors and I just want to outline at this point the advisory board and the key people involved in Sagarmatha if I may?

**ADV NAZEER CASSIM SC:** Yes I think we should do that.

**DR IQBAL SURVÉ:** So Mr Commissioner, Sagarmatha's international advisory board is second to none. There is no other South African company, not even Naspers that

has a board of this calibre. In the first instance the Chairman of the Sagarmatha advisory board is Ambassador Harold Doley. He is the first black man to own a seat and the only black man to date on the New York Stock Exchange, Doley Securities. He is a beacon among the African American community in the USA. He is one of the top, top guys and so a gentleman like this does not take on – he was the Ambassador to the African Development Bank as well.

He does not take on the Chairmanship of such an institution unless he really thought it is something important. He has a network within the capital markets of the USA and globally. The second person I want to highlight and he does not serve on  
10 many boards but what he says and you can Google this, determines what happens in the global capital markets and that is Jim Rogers. Jim Rogers is the founder of the quantum fund with George Soros. So Jim is one of the top, top most successful businessmen in the world today.

Now for him to serve on our advisory board and take up an investment in Sagarmatha tells you how seriously, you know he is and what Jim says goes in many parts of the world including in the USA and in Hong Kong. Other people that serve on this advisory board is Marcel Boekhoorn. Who is the top technology entrepreneur in Holland and an investment partner of mine in other areas. Then there are also just to ...[intervenes].

20 **ADV NAZEER CASSIM SC:** Dr Survé I'm going to stop you there. If this becomes of any further interest it will be pursued with you. Can I then ask you just to confirm that the Johannesburg Stock Exchange listing of Sagarmatha did not proceed.

**DR IQBAL SURVÉ:** The listing did not proceed because CIPC had raised an issue with one of the subsidiary companies and I can only say that that is disgraceful and in bad faith and I can elaborate on that if you wish. But there was no basis for them to do it.

They did that because you had our competitors Tiso Blackstart Publications, Business Day as they continued to do – ENCA and others as they continue to do. Blatantly put negative propaganda in the public space force the JSE to look for a reason to stop this listing.

When this was brought up by CIPC as they did once again in this instance with Ayo where they had no basis to do it. Where their facts were patently wrong. If you look at what they said in the submission to court papers Mr Commissioner. It's disgraceful that a State Regulate and Institution can be used in this way for either political or commercial objectives to undermine a legitimate business. That is not the  
10 rule of law. That is not what I as a committed South African and African expect in this country.

It's an abuse of regulator. It's an abuse and I'm glad ...[indistinct] and this was not – this was the second attempt by CIPC. In the first instance, they had never before ever raised an issue about one of the subsidiaries of Sagarmatha accordingly which they say had not filed. It's not true because those financials were in the PLS. We objected, by the time we objected to this the JSE had withdrew the listing. The JSE did not withdraw the listing because of capital rising. That is an absolute lie. They did not withdraw the listing because the PIC did not invest. That is an absolute lie.

The JSE withdrew this listing because Business Day, Tiso Blackstar  
20 Publications that are competing with Independent Media and have tried to buy Independent Media ...[indistinct] and sabotage the company saw the Independent Media would be part of the larger eco system of Sagarmatha went to CIPC and got someone to make a statement to this effect. That is in bad faith and when – really I must say this. As a committed South African and as an African when state institutions do this to a business that employs thousands of people, committed to Black Economic

Empowerment and committed to the progress of our economy and we've never been corrupt and it's one thing I pride myself on, integrity of our processes within our group and when that happens ...[intervenes].

**ADV NAZEER CASSIM SC:** Dr Survé at this stage what I want to do is just establish three more facts and then move onto Independent Media.

**COMMISSIONER:** [Indistinct].

**DR IQBAL SURVÉ:** When I see the bad faith of what CIPC did it really angers me as a committed South African, committed to the development of my country and this content.

**COMMISSIONER:** I don't know how relevant that is to the work that the commission is  
10 doing. We don't have any evidence before us in that regard. You know I'm not sure it has ...[intervenes].

**ADV NAZEER CASSIM SC:** Commissioner we'll move on thank you. Three more facts as far as Sagarmatha is concerned. It is listing presently on the New York Stock Exchange?

**DR IQBAL SURVÉ:** No the facts are that we have applied to the Reserve Bank of South Africa Exchange Control for permission for a primary listing in New York and or other exchanges. We were told by the South African Reserve Bank there should be no problem when we applied in December last year. Subsequent to that we were informally told because of Ayo and because it's a common shareholder, you know they  
20 have to go to Treasury for approval for us to list in New York. Again I have to say I find that hard. I find that unbelievable.

**ADV NAZEER CASSIM SC:** That's fine we can raise that elsewhere. The second aspect, I want to deal with Sagarmatha because it's pertinent to the questions put to you by the respective commission leader. Is that who did the negotiations with the PIC and Sagarmatha?

**DR IQBAL SURVÉ:** Once again for the record. I am not a board member of Sagarmatha. We had recruited a top international executive, Paul Lamontagne who had spent 15 years in Africa in development institutions as part of impact investing on the continent. Who was today been appointed as the head of the develop – FINDEV Canada by Prime Minister Trudeau of Canada. That's the calibre of the kind of leadership Sagarmatha had.

**ADV NAZEER CASSIM SC:** But the other gentleman there was Mr Hove.

**DR IQBAL SURVÉ:** Mr Takudzwa Hove and currently the joint CEO's that are – the head of ...[indistinct] and the head of the African News Agency ...[intervenes].

10 **ADV NAZEER CASSIM SC:** But Mr Hove is available to testify on the negotiations.

**DR IQBAL SURVÉ:** Ja.

**ADV NAZEER CASSIM SC:** And then just finally and then I am done with Sagarmatha for present purposes. Sagarmatha was approached for an investment of R3-billion. As I understand the position, no moneys were invested?

**DR IQBAL SURVÉ:** Absolutely not a cent was invested by the PIC in Sagarmatha and again I repeat.

**ADV NAZEER CASSIM SC:** That's all I want to establish. The holding company of Sagarmatha spent about R80-million for the listing.

20 **DR IQBAL SURVÉ:** Absolutely. In order to get – if you look at you know what is amazing. People talk about valuations. It's a disgrace because the two valuations that the JSE insisted on are international valuations done by Redwood Capital Partners which is a San Francisco based entity that has valued more than 500 companies including Facebook, Whatsapp and a whole host of others and Snap and we had to go to great lengths in order to satisfy the JSE through an eight month rigorous process through this international valuation.

Secondly the audit committee of Sagarmatha got the University of Columbia, head of finance faculties to provide a detailed valuation for the purposes of the board of Sagarmatha. We did not do this necessarily for the JSE although that eventually became a requirement. We did this because we were going to list in New York. Sagarmatha needed that international valuation and their valuation which no one mentions by the way, is a valuation between \$3.5-billion and \$4-billion taking into account the African Markets.

I have no doubt that if you look at Uber which to date has lost \$11-billion is valued at 120-billion. I have no doubt that Sagarmatha would have reached the \$10-  
10 billion market capitalisation on the New York Stock Exchange. So it's disgraceful when you use someone that has no concept of how to value MSP's and present that as an expert in this. I am happy to debate on any platform with such an individual, with any finance professor ...[intervenes].

**ADV NAZEER CASSIM SC:** Dr Survé we got to make progress.

**DR IQBAL SURVÉ:** ... any time.

**ADV NAZEER CASSIM SC:** We now want you to turn to Independent Media. That's the second entity you were called upon to deal with. Can you turn to paragraph 37 please and read this out?

**DR IQBAL SURVÉ:** Okay.

20 Independent Media

In 2012 I considered it necessary for a different narrative to reflect balance of South Africa as a country and as a developing nation and I want to say at this point African and South Africans are presented by predominantly the white media that have not changed until then. It is owned by the same people who owned it during apartheid. As barbarians, as corrupt, they do not give account to intellectuals and others, in any

event.

I travelled to Ireland in endeavour to persuade the Irish Independent Group to dispose of Independent News and Media plc interest in South Africa to a South African based company. At that stage there was real resistance from the Irish. About a year later things changed dramatically. The Irish company was experiencing financial problems in Europe, largely because the debt they have taken on in order to acquire other media companies in other parts of the world and it appeared it was necessary to dispose of its South African interest which was then a financially viable business.

10 It demanded approximately R4.48-billion. At that time Dennis O'Brian who was the largest investor in Independent – Irish Independent went public to say they will not accept anything less than 280-million Euros at the time for the South African business which was previously the Argus Group and renamed Independent News and Media South Africa.

Had I known that I would be subjected to such defamation and criminality on the parts of people like ENCA and other maybe I might not have done this. Maybe I might not have done this if these other media houses routed in apartheid and launched this campaign against me. From the time Mr Commissioner that I dared to enter a white domain, a white media industry and transform it for the benefit of our country.

20 Five bidders were shortlisted by the advisors, Investec who ran the process. The Sekunjalo consort - there were probably 20 or 30 I don't know – people that bid for Independent Media. There were five only that was shortlisted. The Sekunjalo consortium was however the ultimately successfully entity in 2013. Its mission was to become Africa's premium provider of quality content across all media platforms.

I think one of the reasons that we were successful is that we went as we do in all of our acquisitions, we appointed professional advisors. We appointed Citi Bank,

their South African and London and global office were their media advisors. I want to tell you Mr Commissioner a story. The PIC sent eight people of their private equity team to meet with us to discuss with Citi Bank and ourselves the merits of this transaction. At the end ...[intervenes].

**ADV NAZEER CASSIM SC:** Can I just stop you there. You ultimately purchased it for R2-billion is that correct?

**DR IQBAL SURVÉ:** We did.

**ADV NAZEER CASSIM SC:** And in paragraph 42 is where PIC gets involved, it says – just read paragraph 42 please?

10 **DR IQBAL SURVÉ:** In the end the purchase consideration was funded by a Chinese Investor and I can explain that in a bit more detail, investing a R1-billion and the PIC investing R850-million. The narrative, the disgraceful narrative that ...[intervenes].

**ADV NAZEER CASSIM SC:** Before you do that. From the documents I saw and I think you must clarify the PIC in fact invested a R1-billion.

**DR IQBAL SURVÉ:** But immediately we paid them 150-million – immediately.

**ADV NAZEER CASSIM SC:** You paid them.

**DR IQBAL SURVÉ:** Immediately at the time of the transaction. So their real investment with equity for their shareholding as well as the debt is 850-million and the point I'm making it's not 2-billion which is the narrative that is peddled out there. That is  
20 not true.

**ADV NAZEER CASSIM SC:** So you've now clarified the investment. They made the investment of R1-billion. They were paid 150-billion.

**DR IQBAL SURVÉ:** Million.

**ADV NAZEER CASSIM SC:** 150-million my apologies and the outstanding amount of the investment – their capital investment was 850-million ...[intervenes].

**DR IQBAL SURVÉ:** That's correct.

**ADV NAZEER CASSIM SC:** And then in 43 this is one of the pertinent issues you were asked to deal with, can you just deal with that – 43.

**DR IQBAL SURVÉ:** So the advisory fees were paid 10-million to Webber Wentzel Attorneys and amount of approximately 24-million to Citi Bank.

**ADV NAZEER CASSIM SC:** Yes and then in 44 I think that's important.

**DR IQBAL SURVÉ:** In the latter part of 2018 the Sekunjalo Group put in a firm offer to the PIC and I'm sure this will come as a surprise to the commission. This meant that Sekunjalo would take on the exposure of the PIC over and above its current support of  
10 the operating cash flow needs of the business. Again I have to add that only Sekunjalo since inception has funded Independent Media.

The PIC has not funded it since the time of the acquisitions where the payment was made to the Irish. The Chinese have not funded it. Sekunjalo Group in order to keep 1 500 people employed, in order to make sure that this country has an alternative narrative that is not white dominated and with this particular narrative we continued to fund Independent Media. I think to date my colleagues can check this with me. It's in the region of about 250 to 300-million and we continue to fund all the time.

It is Sekunjalo that funds Independent Media Mr Commissioner for the benefit of the PIC who is a shareholder of Independent Media.

20 **ADV NAZEER CASSIM SC:** Can I just stop you there. That you've dealt with in paragraph 47. Then in paragraph 48 I think you should just repeat the proposed offer, can you just repeat that?

**DR IQBAL SURVÉ:** The offer that we made to the PIC towards the last quarter of 2018 was an offer that which we intended to make also to the Chinese, to Interecom and this would have resulted in a capital exposure to the Sekunjalo Group of approximately 2.5

to 2.8-billion over the next five years. But I thought it was important to do this, so that you know the GEPP could get its money back. It's capital back. PIC would retain its equity. I thought it's important to keep people employed. I thought it's important to bring stability.

**ADV NAZEER CASSIM SC:** Just to summarise that then. You offered to take over their capital investment but their interest – their shares in Independent Media would remain intact.

**DR IQBAL SURVÉ:** They would keep their shares. Both the Chinese and the PIC would keep their shares and effectively we would take over the debt, that's correct and  
10 there was zero exposure to us right now other than the working capital that we providing to Independent Media. But I Mr Commissioner through the Sekunjalo Group's dividends of all of its investments which I've outlined earlier was prepared to take on that risk and prepared to allow GEPP and its beneficiaries an you know indirectly the tax payer to actually benefit from that.

**ADV NAZEER CASSIM SC:** To round off this topic. Was there any response from PIC to the offer?

**DR IQBAL SURVÉ:** Yes well my colleagues Mr Hove will tell you that there was agreement on the terms that both parties legal entities had looked at it and we had in fact send a signed off ...[indistinct] to the PIC and we were told by the PIC  
20 representative – I think it was Mr Mervin Muller, that it was all approved by the investment committee. Then we were informed subsequently – just recently in fact by one of the PIC representatives that, to quote – for political reasons the PIC will not accept this offer. We were told that they were going to use some excuse around the structuring.

**ADV NAZEER CASSIM SC:** Fine you don't have to go further in to that. Do you

confirm that Independent Media employs some 1 500 people?

**DR IQBAL SURVÉ:** That is correct. It is a large scale employer in the media space in South Africa today.

**ADV NAZEER CASSIM SC:** And can you just read paragraph 49 to finish this topic.

**DR IQBAL SURVÉ:** Mr Commissioner it is respectfully submitted that in the circumstances there is nothing untoward about this transaction.

**ADV NAZEER CASSIM SC:** We then turn to Ayo. Can you please tell the commission what is your position in Ayo?

10 **DR IQBAL SURVÉ:** I do not not have any position in Ayo. I am not a director or executive of Ayo.

**ADV NAZEER CASSIM SC:** Do you own any shares in Ayo?

**DR IQBAL SURVÉ:** My shareholding in Ayo – when I say my, it is very important to understand that there are various investment entities through which the Sekunjalo Group invests. So in the first instance we are the majority shareholder of African Equity Empowerment Investments. We approximately own about 65% of that more or less and the owns about 50% of Ayo. So our effective shareholding in Ayo is 30%. Then directly we have a very, very tiny percentage of Ayo as Sekunjalo Group. So in truth our effective shareholding is 30% of Ayo.

**COMMISSIONER:** So when you say we, you mean Sekunjalo Group?

20 **DR IQBAL SURVÉ:** That is correct Mr Commissioner.

**ADV NAZEER CASSIM SC:** I have asked you to ask people who can deal with detailed information, in particular the financial aspects of Ayo to be available today. Do you confirm that they are available?

**DR IQBAL SURVÉ:** They are available.

**ADV NAZEER CASSIM SC:** Can you identify them? Who is available?

**DR IQBAL SURVÉ:** I think the Chief Investment Officer is sitting somewhere here. He is Mr Malik Sadi, he is there and he would be available to provide that information.

**ADV NAZEER CASSIM SC:** Yes if it needs arises. So can you now go to paragraph 50?

**DR IQBAL SURVÉ:** So Ayo was previously known as Sekunjalo Technologies Solutions limited and has been in business for approximately 20 years. In 2016 – I stress 20 years – there are some people that think Ayo came about last week. It's been around for 20 years. In 2016 it's changed its name to Ayo Technology Solutions in anticipation of a public listing of its shareholding on the JSE. It took me a while to find  
10 out what Ayo means I must admit - from the colleagues.

Ayo is an investment associate of African Equity Empowerment Investment which in turn is a subsidiary of Sekunjalo Investment Holdings which is part of the Sekunjalo Group. Ayo is an information ...[intervenes].

**ADV NAZEER CASSIM SC:** Can I just stop you there. I also asked you to have a representative of AEEI available if need be to answer issues relating to the flow of funds because it is the holding company.

**DR IQBAL SURVÉ:** Of Ayo – associate – it's an associate.

**ADV NAZEER CASSIM SC:** Who is here from AEEI?

**DR IQBAL SURVÉ:** The Chief Executive, Mr Abdullah is here.

20 **ADV NAZEER CASSIM SC:** Thank you, please continue.

**DR IQBAL SURVÉ:** Ayo is an information and communication technology company that provides end to end solutions to a diverse range of clients. Over the last 20 years Ayo has become one of the foremost Black Empowerment ICT companies in South African and maintains a strong international footprint.

Mr Commissioner this is one of the few companies in this country that when

it says it's going to deliver, it delivers because it takes pride of black excellence in particular and so every single thing that this company has done through all of its subsidiaries, it has delivered and added value to the contracts in both the private and public sector.

Ayo has significantly grown its business in South Africa and abroad by acquiring new businesses and forging partnerships. Further Ayo through its divisions, subsidiaries and partners has strong relationships and holds key value added reseller or supplier agreements with multinational companies such as Nokia. This is independent of the Sekunjalo Group. Siemens again independent of the Sekunjalo Group. InterSystems Corporation, Cisco Systems, Microsoft Corporation, IBM and Riverbed Technology Incorporation which provides the group with continuous access to up to date and best practice technology.

Ayo has and continues to have an alliance agreement with British Telecoms Communications South Africa, otherwise known as British Telecoms or BT.

**ADV NAZEER CASSIM SC:** Now Dr Survé we going to come later back to this alliance agreement with BT, British Telecommunications. I think it's important for this particular investigation. In your next paragraph I don't want you to give more details then you have already furnished. Can you just read out Ayo's shareholdings and the entities – just name the entities, that's all I want.

**DR IQBAL SURVÉ:** Ayo is a shareholder in Saragtoga Software, in Afrozaar, World Wide Creative, Digital Matter, Healthy Systems Technologies, Headset Solutions, Puleng Technologies. So these are state of the art, highly competitive, highly successful, highly profitable technology companies that Ayo is in most instances the majority shareholder of.

**ADV NAZEER CASSIM SC:** Paragraph 55.

**MR EMMANUEL LEDIGA:** Just a question. If maybe you could just summarise what these companies do without reading the statement. Dr Survé it's been a long time, I haven't seen you in a long time. Good morning, good morning, it's been a long time.

**DR IQBAL SURVÉ:** Good morning it's been a long time, it really has.

**MR EMMANUEL LEDIGA:** Yes, yes.

**DR IQBAL SURVÉ:** If I may say. Afrozaar is one of the top software application companies in the world today. I say that because its applications are sold globally.

**ADV NAZEER CASSIM SC:** But just tell us what is the application all about, for us who are not literate in these matters.

10 **DR IQBAL SURVÉ:** Well it builds software applications and software systems for systems integrations. In particular in the digital media space where it's become an expertise. Its content integration system has become world class and in fact is the basis on which we were able to compete with Reuters and Bloomberg. Every one said we could not build a system to compete with Reuters and Bloomberg in the African News Agency. Well they were wrong. South African developers, I'm very proud to say we were able to build a system through Afrozaar that is able to filter content in a similar way as Reuters and Bloomberg and we are now ...[intervenes].

**ADV NAZEER CASSIM SC:** And those are the platforms on which brokers talk to one another.

20 **DR IQBAL SURVÉ:** No, no, no sorry those are not those. Okay so what it means is that we have about 20, 28 direct contractual relationships on the African continent with very prominent media houses. By then end of this year we'll have 40. We have built an integrated platform that allows their content from their systems, whether you in Ghana, Ethiopia, Nigeria, Kenya, Mozambique etcetera, to come into our systems. We have built algorithms in our systems which are digitally intelligence driven which are able to

filter this out and then we are able to sell it out globally to reach 1-billion users every day.

We are now in terms of scaling up Sagarmatha, when we go to New York, when we list there the capital raised will be used to get the sales footprint out in the US and Europe and China and Asia so that African content can now be given globally. Our concern was that it is foreigners that tell the story about Africa. So we as – when we acquired Independent Media what we saw was that we paid about 200-million to syndication news content services such as Reuters, Bloomberg, AFB, AP, Shinwa, etcetera and I can go on and on and on. I went to our people and our team and our leadership and developers.

**COMMISSIONER:** I think that's okay, that's okay and the others, do the others to the same thing?

**DR IQBAL SURVÉ:** No, no it's very different. So Mr Commissioner the one that I'm the most proud of if I may say so is the Hospital Information Systems Business. So one of the challenges in the South African healthcare system is that our hospitals are chaotic and it is the poor that use our hospitals – our public hospitals. When they come there x-rays are lost, results are lost. People have to repeatedly get ...[indistinct]. So what we then did is we customised a global software system with our own software engineers in a company called HST, Health Systems Technologies and we are able to now provide the ...[indistinct] – hospital information systems which has optimised and the irony is – I always say this.

The irony is the one province which has probably go the best run hospitals in the country it is because they use our hospital information systems. We've been so successful we've expand ...[intervenes].

**ADV NAZEER CASSIM SC:** If I may just stop you. That's dealt with fully in 54.2.

**COMMISSIONER:** Just before that. Which province that you talking about? Which is the province that you ...[intervenes].

**DR IQBAL SURVÉ:** Regrettably it's the DA province the Commissioner – Mr Commissioner. So we make the DA look good because ironically it is the DA that saw despite the fact they may not like me for political reasons ...[intervenes].

**COMMISSIONER:** Let's leave the political part of it. It's the Western Cape that you talking about ...[intervenes].

**DR IQBAL SURVÉ:** And we also ...[indistinct] put in about 300 hospitals so – 300 hospitals ja and we in other African states and also in the Mid East.

10 **ADV NAZEER CASSIM SC:** Can I then with the leave of the commission take you to 500 – paragraph 55.

**DR IQBAL SURVÉ:** 55?

**ADV NAZEER CASSIM SC:** Yes.

**DR IQBAL SURVÉ:** As of the 31<sup>st</sup> August 2017, prior to Ayo's listing it had a short balance sheet. This is important. Positive cash flows, consolidated group turnover of 470-million and a pre-tax profit of approximately a 130-million. So Mr Commissioner this is so important because people have said – I mean the CIPC for example said Ayo's turnover was 12-million. That's disgraceful.

20 **ADV NAZEER CASSIM SC:** Can I just ask you. As I understand the position - the interim results were released yesterday. As understand the position your profit has doubled.

**DR IQBAL SURVÉ:** Advocate Cassim I was very busy in preparation in doing yoga in preparation for today's session with the commission so I did not have the opportunity to look in detail at the results. But what I saw very quickly if I may was that Ayo's revenue had increased by almost a 100%. It's profitability for the six months only by the say had

shot up to something like pre-tax profit of 300-million. Its asset based by the way has increased to 5.2-billion and if I was to project – just if I may – if I was to project Mr Commissioner. Based on my understanding of finance I expect Ayo to probably have revenue of R2-billion for this year and profitability close onto 800-million for this year. I'm not saying that's going to happen.

I'm simply suggesting that if I use my calculations which is based on forecasting – just from my own information – from no other information. That in fact puts Ayo in inline with its forecast in it's PLS without having spent hardly any of its capital and all that remarkable. That a black company is able to achieve this level of  
10 profitability.

**ADV NAZEER CASSIM SC:** I then would ask you to just confirm what's set out in 56. Ayo and its companies and its associates employ some 1 400 people.

**DR IQBAL SURVÉ:** That is correct. So we employ about or Ayo employs about 1 400 people and I'm delighted that top of the management team is black and it's part of our process of up scaling of black ICT people. We have a training academy. We have all of these things etcetera. We are committed to the development of our country and in particular black talent in our country. We are not racial, just to be clear. We are absolutely a non-racial company.

The foundation of our company is non-racial. But we do not apologise for  
20 the fact that in order to overcome the effects of apartheid we have to promote, skill up and invest in particular in black youth and in black talent in all of our companies and so I can say that black women – our company black women occupy the most top positions in any other company. I am very proud of that Mr Commissioner.

**ADV NAZEER CASSIM SC:** We will now deal with the commencement of the engagement process between Ayo and the PIC and paragraph 57, can you read that into the record?

**DR IQBAL SURVÉ:**

“I am informed by the Chairperson of Ayo (Adv Wallace Mgoqi) and the CEO of AEEI (Mr Abdullah) that the engagement process with the PIC was as follows:

The listing process for Ayo had been envisioned as part of the AEEI 5-year strategic plan” - which was presented to analysts every year – “labelled Vision 2020. As explained, AEEI is a diversified investment group has investments in various industries and sought to grow its investment through public offerings in order to create employment opportunities for South Africa.

10 AEEI successfully listed its fishing and aquaculture business in early 2017 and invested the capital raised in expanding its aquaculture business and acquiring other fishing companies. To date it has utilised the capital for its intended purpose and has provided its shareholders with significant operational growth, profits and dividends.”

**CHAIRPERSON:** Are there people around from, you know from Premier Fishing, like Mr Mgoqi?

**DR IQBAL SURVÉ:** Adv Mgoqi has an engagement I think as an Acting Judge with the Land Bank, but he was hoping to be here today but I think he is only coming ... (intervention)

20 **CHAIRPERSON:** Whenever you refer to names, if they are you know, within the building, just indicate so that we see the faces. Adv Mgoqi there...

**DR IQBAL SURVÉ:** He told me that ... (intervention)

**CHAIRPERSON:** Ja, no it’s fine, just say whenever you go through, whenever you go through the names.

**DR IQBAL SURVÉ:** I will.

**CHAIRPERSON:** Alright.

**DR IQBAL SURVÉ:** Thank you.

**CHAIRPERSON:** Thank you.

**ADV NAZEER CASSIM SC:** You were at paragraph 59.

**DR IQBAL SURVÉ:** I think I have just read that one, so maybe paragraph 60.

**ADV NAZEER CASSIM SC:** My apologies, paragraph 60, yes.

**DR IQBAL SURVÉ:**

“During 2017 and coming from a successful fishing listing, the Board of AEEI turned its focus to building and listing its IT segment.”

At the time the board of AEEI was chaired by Reverend Vukile Charles Mehana, who  
10 unfortunately is not here today.

“The climate in this period started to favour BEE groups in the ICT sector. Ayo acquired excellent businesses at lower than market multiples during the 2017 period more than doubling its revenues from this. However, even though the investment structures and excellent payback periods and structures, sourcing of bank funding as an empowerment player continued to be a challenge.”

Most black businesses in this country do not have the networks which white businesses have and therefore cannot access the capital, and I can expand some more on that. We can go into the statistics of it Mr Commissioner, I am very happy to do so if you would like me to.

20 **CHAIRPERSON:** Not at this stage.

**DR IQBAL SURVÉ:** Thank you, okay.

“It was clear to achieve scale and mass the group would have to accelerate the listing process to source capital.

AEEI has multinational investments where it's been a long-standing empowerment partner, one of them being British Telecoms. BT customers were

coming under pressure to procure from more black empowered ICT businesses. As time passed, one of BT's primary customers, SASOL, had been significantly impacted by the changes to the empowerment codes and requested its seven largest ICT providers to develop a structure that would assist them. If BT could develop a structure with a true black empowerment ICT partner, not fronting, it could benefit from an extended 7-year contract being awarded at SASOL."

**ADV NAZEER CASSIM SC:** Let's stop there at SASOL. SASOL would give the contract to BEE?

**DR IQBAL SURVÉ:** That is correct.

10 **ADV NAZEER CASSIM SC:** Ja.

**DR IQBAL SURVÉ:**

"The CEO of BT and the AEEI board representatives were advised that if BT could use a majority black-owned ICT business with black women ownership, strong track record, broad products and services and customer base, it would be a frontrunner as these credentials were not easily sourced in the South African ICT landscape. AEEI then presented Ayo, then Technical Solutions Limited, to the BT team. This was strategically beneficial for all as there were common shareholders."

By this I mean that British – AEEI already owned, through a subsidiary, wholly-owned  
20 subsidiary, 30% of British Telecom SA of which I, until December last year Mr Commissioner, was the chairman for the last eight years or so.

**ADV NAZEER CASSIM SC:** So you were the chairman of British Telecommunications and at the same time you had an indirect interest, controlling power in AEEI.

**DR IQBAL SURVÉ:** That is correct. It is very unusual for multinationals to appoint you as a chairman of their boards. They normally appoint you as deputy chairman in countries

that they have a significant interest in. In my case I was asked by the BT CEO to become the chairman of their South African business.

**ADV NAZEER CASSIM SC:** Okay.

**DR IQBAL SURVÉ:**

10 “However, Ayo would require capital to expand its offering and take over certain of BT’s divisions directly. Considering how difficult it was to source bank funding” - especially if you are black – “with the 2017 acquisitions, the AEEI board decided with the Ayo management to accelerate the listing process. A concurrent process was taking place at BT” - this was important – “to move away from geographical and regional focus to global industry vertical focuses. What this meant was that the top customers globally within certain industries would be focused on directly by BT, and it would partner or team local players for its smaller regional customer base. All the above then positioned AEEI and Ayo perfectly to capture much greater market share within South Africa. The accelerated customer take-on process of this scale would require significant capital.

Kevin Hardy, the then BT CEO, was positioned to move over to Ayo in order to drive the transitions of BT divisions to Ayo and activate the alliance agreement ...”

20 This told you how serious BT is or was about the investment and the business with Ayo, that its CEO was in fact to come over to Ayo –

“... the setup of which would require capital. It made sense to consolidate all ICT investments under a single company and hence the decision for AEEI to sell its 30% investment in BT to Ayo.”

This investment, as is required by JSE regulations, was in fact valued by independent JSE-

approved value, Quest. We are happy to provide the Commission the details of that valuation from Quest.

“AEEI however had to do this for value as BT had showed significant growth over time and was a fully paid up investment.”

And I want to add, if I may Mr Commissioner, this is unusual about the Sekunjalo Group, as a group we have no debt; as a group we only have significant dividends; as a group we are unique in the South African corporate space, unlike Steinhoff that has 200 billion debt, EOH that has tens of billions of debt, MTN and others, et cetera.

**ADV NAZEER CASSIM SC:** Dr Survé, then insofar as was relevant for these purposes  
10 AEEI was prepared to sell its stake to Ayo which was valued at a billion rand, is that correct?

**DR IQBAL SURVÉ:** I think if AEEI had their way they not wanted to have sold it, but they did because they wanted to give the benefit to Ayo and the PIC because by doing that, significant business that would have come to AEEI – even today as you can see in the results today that was published – has gone to Ayo and the value of Ayo has increased substantially. The profitability has increased substantially because of those alliance agreements.

**ADV NAZEER CASSIM SC:** And we are going to come to the detail because it's very important as to the benefit Ayo got in the relationship because as I understand it the  
20 income stream of AEEI now comes into Ayo.

**DR IQBAL SURVÉ:** Well, truth – no, the dividends, because AEEI is the shareholder in BT, the dividends go to AEEI but the other income streams in relation to the alliance agreements and the material contracts, which was the basis of all of this, is today in Ayo.

**ADV NAZEER CASSIM SC:** In Ayo.

**DR IQBAL SURVÉ:** And the thing is that Ayo did not pay a cent.

**ADV NAZEER CASSIM SC:** Sorry, that's the point.

**DR IQBAL SURVÉ:** Did not pay a cent for it.

**ADV NAZEER CASSIM SC:** Now you were ... (intervention)

**DR IQBAL SURVÉ:** There's significant profitability that has gone into the business for the benefit of all shareholders, including the PIC.

**ADV NAZEER CASSIM SC:** Can you then turn to paragraph 64?

**DR IQBAL SURVÉ:** The ability – sorry, 64:

“The listing would have two primary competitive advantages:

Empowered ownership and a global alliance with a multinational operating in 43 countries ...”

10

Mr Commissioner, the IP, the network global solutions, this is not easy to get if you're a South African company. BT has 3 000 people in their R&D division in different parts of the world. And therefore to get the latest technologies and the latest network solutions to be able to offer this to your customers as an integrated solution for large global corporates is very important. So the importance of that relationship cannot be – and that is not a relationship based on shareholding, that's the agreement, the alliance agreement that has been signed between the various parties.

**ADV NAZEER CASSIM SC:** 64.2?

**DR IQBAL SURVÉ:**

20

“The ability by a black empowered South African company to service large-scale local corporates.”

Mr Commissioner, regrettably the ICT sector in this country is lily white. There is hardly a major black presence. This is of course as a result of apartheid and it's important for black ICT companies to grow. Part of our philosophy is not just that we, through Ayo, grow the ICT business but we create an ecosystem for small black ICT entrepreneurs, as we have

concretely done, to come into our system as well.

**CHAIRPERSON:** I think you have made statements to that effect already, so I think we need to go ahead.

**ADV NAZEER CASSIM SC:** Yes. In paragraph 65 you deal with early meetings between AEEI representatives.

**DR IQBAL SURVÉ:**

10 “In or about 2017 meetings took place between AEEI representatives and Ayo representatives, and BT suppliers and subcontractors who could benefit from this model becoming part of Ayo’s then acquisition pipeline. This acquisition pipeline required acquisition capital.”

**ADV NAZEER CASSIM SC:** I then want to take you to paragraph 70 because I think in your discussion you have covered the nub of the remaining paragraphs. Go to paragraph 70.

**DR IQBAL SURVÉ:**

20 “The groundwork for the listing had been built over time from the inception of the 2020 plan of AEEI. Also, Ayo, previously Sekunjalo Technology Solutions and before that Sekunjalo Healthcare, was already a public company and the required legalities were set in place to enable a more efficient listing. The other advantages of using this investment holding company vehicle was that it had more than 1 000 external shareholders which would unlock significant value and assist Ayo in achieving JSE requirements without diluting its BEE status at listing.”

**ADV NAZEER CASSIM SC:** Okay. Then you deal with the details of the listing, but turn to paragraph 74.

**DR IQBAL SURVÉ:**

“During October 2017, the first formal engagement took place between the PIC and Ayo.”

October 2017, I stress.

“A meeting occurred between Ayo and the PIC led by Mr Fidelis Madavo and other members of the Listed Equities Teams. At the meeting, Ayo discussed the formation of the largest black ICT company in the country that would target just 3-5% of the market share.”

Very realistic.

**ADV NAZEER CASSIM SC:** And then in paragraph 75.

10 **CHAIRPERSON:** Can you please read paragraph 72?

**ADV NAZEER CASSIM SC:** 72, yip. Through you, Mr Commissioner:

“The listing team of advisers which were then engaged included PSG (Sponsors), Webber Wentzel and later TGR (Legal), BDO (Auditors) and AEEI (Corporate Finance advisors). The listing project set a (first) firm timetable on the 12 October 2017. PSG was responsible for project timelines with the full team holding a detailed consolidated meeting on a weekly basis. These meetings were held to ensure all JSE and other listing requirements were considered with PSG as the JSE liaison, keep on constant contact with the regulator.”

20 **CHAIRPERSON:** Thanks.

**ADV NAZEER CASSIM SC:** Can you then turn to paragraph 76?

**DR IQBAL SURVÉ:**

“This culminated in a detailed presentation by the AEEI Corporate Finance Team and Ayo executives on the 16 November 2017. It is understood that the following occurred at that meeting:

Ayo provided insight into its planned listing.

The input yielded positive feedback from the PIC representatives of the Portfolio Management Team for Listed Equities.”

**ADV NAZEER CASSIM SC:** And then paragraph – so can I just clarify one aspect? In the meetings between PIC and Ayo, were you present?

**DR IQBAL SURVÉ:** No, not at all.

**ADV NAZEER CASSIM SC:** Did you participate in any of those meetings?

**DR IQBAL SURVÉ:** Not at all.

**ADV NAZEER CASSIM SC:** Why not?

10 **DR IQBAL SURVÉ:** Well, frankly speaking, I am not on the board, I am not part of the directors of the company or the management team. I am an investor. I am no different to other large-scale investors in the South African economy.

**ADV NAZEER CASSIM SC:** Yes, then ... (intervention)

**CHAIRPERSON:** Mr Cassim, since you are going to start with the pre-listing statement part of it, would this not be convenient to take the luncheon adjournment?

**ADV NAZEER CASSIM SC:** As you please.

**CHAIRPERSON:** Yes. We'll adjourn until 2 o'clock.

#### **INQUIRY ADJOURNS**

#### **INQUIRY RESUMES**

20 **CHAIRPERSON:** Dr Iqbal you're still under oath.

**DR IQBAL SURVÉ:** Yes I am Commissioner.

**CHAIRPERSON:** Yes Mr Cassim?

**ADV NAZEER CASSIM SC:** Yes thank you Mr Commissioner. Dr Survé we were dealing with the prelisting statement of Ayo and events immediately preceding the listing, could you please turn to paragraph 77 and read its contents.

**DR IQBAL SURVÉ:** The final PLS was submitted had been through several drafts before advisors, PSG, AEEI, Webbers, TGR and BDO were comfortable. The JSE also received five submissions from Ayo the first of which was submitted to the JSE on the 10<sup>th</sup> November 2017.

**ADV NAZEER CASSIM SC:** Yes in paragraph 78 you simply record that a copy of the PLS is annexure B. Then go to paragraph 79.

**DR IQBAL SURVÉ:** As described, excuse me, as described in section 4.2 thereof the relationship between Ayo BT was premised on the fact that: Ayo planned to subscribe for 99% of the issued shares of Kilomax Investments which holds 30% of the issued  
10 shares of BT post the listing; and in addition to being an equity holder in BT Ayo had entered into BT Alliance Agreement in terms of which Ayo would be one of BT's strategic partners in South Africa.

**ADV NAZEER CASSIM SC:** I think you must continue paragraph 80.

**DR IQBAL SURVÉ:** The PLS further explained insofar as the Kilomax subscription was concerned, Ayo had concluded an AEEI MOU on the 28<sup>th</sup> November 2017, in terms of which it recorded its intention to enter into a binding agreement in order to subscribe for 99% of the issues share capital of Kilomax Investments for a consideration of R990 million.

The BT subscription would be subject to and conditional upon the fulfilment or waiver of  
20 certain suspensive conditions, annexure 16.

Kilomax Investments is an entity through which AEEI indirectly holds 30% of BT thereby effectively acquiring a 29,7% stake in BT from AEEI for approximately R1 billion note 1 annexure 1.

Insofar as the BT alliance agreement was concerned Ayo concluded the BT alliance agreement on the 12<sup>th</sup> December 2017, Annexure 16.

The agreement was subject to the following suspensive conditions as stated therein:  
Ayo provide written confirmation to BT that its shareholdings complies with the minimum broad-based black economic empowerment standards, and shall continue to comply with the minimum broad-based black economic empowerment standards following the effective date of the BT alliance agreement and on the date following the listing.

Ayo and BT agreeing on the terms upon which their products and services will be marketed to clients which will be regulated by a separate agreement to be concluded;

Ayo and BT agreeing on the terms of a consulting framework agreement in terms of  
10 which Ayo Technologies may procure agreed consulting services from BT; and  
BT and Ayo concluding an addendum to an agreement in relation to a request for a proposal already submitted to a prospective client.

As a question of fact the suspensive conditions in relation to the BT Alliance Agreement were met and the agreement is currently in operation.

The rationale for the listing remains. In this regard the PLS stated in section 7 thereafter that the rationale was a listing was to”

Raise capital in order to fund the rollout of the BT strategic relationship;

Raise capital in order to fund the BT subscription;

Raise capital in order to fund Ayo’s acquisition pipeline;

20 Allow Ayo to use listed script to fund future acquisitions;

Provide Ayo’s management and employees an opportunity to acquire an equity stake in Ayo post the listing through Ayo Technology incentive scheme which will also serve as a valuable retention incentivization tool;

Provide invited investors with an opportunity to participate in the private placement;

Provide shareholders with a liquid tradable asset within a regulated environment and

with the market determined share price.

What is clear from the foregoing is that the PLS made clear that the BT agreement was subject to a range of conditions.

The JSE process continued subsequent to the issue of the PLS until final approval was granted on the 12<sup>th</sup> December 2017.

The PIC placed its subscription order on the 14<sup>th</sup> December 2017 midday the consequences was that the listing would proceed on the 21<sup>st</sup> December 2017 this was done on an unconditional basis by the PIC.

On the afternoon of the 20<sup>th</sup> December 2017 and on the eve of the listing an e-mail from  
10 the PIC was sent to Ayo proposing conditions on Ayo as part of the subscription. I attach a copy of that e-mail together with the minutes of the meeting of the Portfolio Management Committee as C. According to the minutes:

It was recorded that the PIC intended to acquire shares up to the value of 4.3 billion or 29% of Ayo in the private placement.

It was resolved, inter alia that the committee approve the acquisition of a 29% stake in Ayo for a consideration of 4.3 billion ahead of its listing on the JSE subject to:

The PIC and Ayo entering into a put option to protect PIC's clients against a share price decline.

A commitment that Ayo will send the equity funds raised only on acquisitions for growth  
20 and within 24 months.

The legal and ESG teams performing a complete due diligence and providing feedback to the PMC-LI Committee.

Ayo implementing a conflict of interest policy.

The appointment of independent non-executive directors to the board of Ayo.

Shareholder approval for all acquisitions other than BT that are greater in value than

10% of Ayo's market cap.

It must be emphasised that the agreement was concluded on the 18<sup>th</sup> December 2017 in this context I quote from the PIC's founding affidavit in the application before the Gauteng High Court deposed to Xolani Makhwanazi the Deputy Chairperson of the Board of the PIC. At paragraph 62 where the following appears:

“With the signature of irrevocable undertaking PIC was bound to purchase shares in Ayo subject only to Ayo allotting shares to PIC. The allotment occurred for 99 782 655 shares with a value of R4 297 654 016 and was notified to PIC on the 18<sup>th</sup> December 2017.”

10 The transaction had therefore been concluded and completed at this stage. Notwithstanding the absence of their being any conditions precedent Ayo nevertheless continued to engage with the PIC as an important strategic shareholder on a number of new issues.

The listing: The listing occurred on the 21<sup>st</sup> December 2017.

The BT transaction: At the outset, the following warrants explanation in respect of BT:

First, Kilomax Investments (Pty) Ltd which is a subsidiary of AEEI held a 30% stake in BT. I served on the board of BT SA as its Chairperson until on or about December 2018.

20 Second, the BT transaction entailed Ayo acquiring that 30% stake in BT from Kilomax in effect AEEI.

Third, it had always been made clear to the PIC that Ayo's interest in BT was two-fold namely, a) through an Alliance Agreement; and b) through an acquisition stake of 30%.

Fourth, the conditions that the Alliance Agreement was subject to were met and that agreement is presently in place whereas the Acquisition Agreement was not concluded.

Fifth, the PIC was always apprised of the fact that the BT acquisition was subject to the fulfilment of certain conditions which had not been fulfilled at the time of the PIC's subscription or the listing.

Six, the conclusion of the BT acquisition was never imposed as a condition of the PIC's share subscription. Indeed, even though the PIC through one of its committees, purported to impose conditions after the subscription had occurred, the BT transaction was not one of them.

Seventh, the conclusion of the BT acquisition was ultimately dependent on the PIC consenting to the acquisition and BT being agreeable to the transactions and the terms thereof. The transaction did not materialise for two reasons.

Firstly, the PIC indicated a resistance to the transaction; this was conveyed to Ayo by Mr Hardy. I repeat it is the PIC that indicated a resistance to the transaction.

Secondly, the toxic media context which arose while the BT transaction and its final terms was being negotiated. What this meant is that BT became very concerned about the reputational harm that it would sustain if the transaction proceeded.

Eight, the import and value of the BT transaction must not be exaggerated in that there was no magic to that transaction. While it would have undoubtedly have carried with it benefits for Ayo, the fact that the acquisition did not occur would not result in the inevitable failure of the Ayo listing, a decline in the value of the PIC investment or the absence of any growth in the PIC investment. Simply put, even in the absence of the BT transaction, the value of the PIC stake in Ayo had considerable potential for growth. The fact that the PIC did not insist on the BT acquisition being a condition for its share subscription gives credence to this.

Ninth, it is correct that the share value in Ayo had declined significantly; that this is not an account of the BT transaction not having occurred but the panic response of the PIC

and the statements emanating from the PIC and the attendant media hype.

Tenth, there was ongoing engagement between BT and Ayo from the period before the listing well until August 2018 which is almost a year after the listing of Ayo in respect of the intended acquisition. The acquisition ultimately did not occur. There has however been ongoing engagement between the parties and I remain of the view that there is still some potential for that transaction to take place, and I can elaborate if you so wish Mr Commissioner on that.

Finally, the fact that the BT acquisition failed was not on account of Ayo's conduct in any way or form.

10 **ADV NAZEER CASSIM SC:** I then want you to deal with the transcripts which was made available by us by the evidence leader.

**DR IQBAL SURVÉ:** The transcript: Ayo was furnished with the transcript of certain meetings by the Commission which were unlawfully and unethically recorded without consent having been obtained from the persons who are recorded. These recordings also speak to the manifestly unethical conduct of the individuals concerned. In any event, I am able to provide limited insight into these recordings because for the most part, I was not in attendance at these meetings.

The transcripts are in respect of:

20 A board meeting that occurred on the 7<sup>th</sup> August 2018. I did not attend this meeting as I was with Jack Ma on that day.

**ADV NAZEER CASSIM SC:** But ordinarily would you attend a board meeting of Ayo?

**DR IQBAL SURVÉ:** No not at all.

**ADV NAZEER CASSIM SC:** Yes continue please.

**DR IQBAL SURVÉ:** Secondly, a separate meeting after the board meeting on the 7<sup>th</sup> August 2018 as is apparent from page 25 of 25, the transcript of which runs to page 38

of 43 I attended only part of this meeting as appears from page 10 of 43 of the transcript.

And then a telephone call which occurred with Dr Wallace Mgoqi on the 20<sup>th</sup> August 2018 as is apparent from page 38 of 43 of the transcript. I was not present during the call.

As regards the portion of the meeting that I had attended I am in position to confirm the following:

There had been a SENS announcement the previous day, a copy of which I attach as D, to the effect that the acquisition by AEEI of the interest was not proceeding.

- 10 Before the meeting I had spoken to various people, Dr Matjila and Mr Madavo. They were both furious that the BT acquisition had not materialised and that the first that they had heard of it was through the SENS announcement notwithstanding the fact that some their executives had expressed their reservations to Mr Hardy.

The meeting therefore focused on the explanation that would be given to the PIC as regards the BT acquisition not having materialised.

The meeting with the PIC with reference to date, place and PIC officials involved.

I was not a member of the executive of AEEI nor that of Ayo. This is an aspect which the representatives of Ayo and AEEI can elaborate on if need be.

Whether the total amount ... (intervention)

- 20 **ADV NAZEER CASSIM SC:** That I just point out is a topic that you were required to deal with whether the total amount invested by the PIC in Ayo is still available and if not, details of payments made with reference to whom, account number, amount and reason for payment.

**DR IQBAL SURVÉ:** Thank you. Yes that is correct and I was very pleasantly surprised to read during the break from an interim report for the JSE of Ayo's results where I saw

the assets had increased to 5.2 billion and I think that's fantastic and the performance of the company is fantastic especially in this very difficult environment I can just imagine the difficulty that these 1 400 employees must be going through with this kind of statements being made about their company but I'm very pleased that shows their commitment to all of the stakeholders and the shareholders of Ayo, I'm very pleased about that.

**ADV NAZEER CASSIM SC:** Can you then turn to paragraph 94?

**DR IQBAL SURVÉ:** It must be stated that the billion Rand earmarked for the acquisition by Ayo of AEEI's interest, through its subsidiary Kilomix, in BT, did not  
10 proceed. No payment was made in respect of this transaction. I wish to emphasise no payment was made in respect of this transaction. My attention is drawn to a letter attached to Ayo's court papers, addressed to the PIC's attorneys dated 4 March 2019 and marked E hereto, which records the information sought for herein. For present purposes, I repeat the table which appears at paragraph 6 of Annexure E containing:

Material contracts and investments;

The counter parties thereto;

The investment and expenditure in respect thereof.

I am not involved in the operations of Ayo. The Chief Investment Officer Mr Malick Salie, through you Commissioner, who is here sitting at the back there, is available to  
20 deal with any aspect relating to the financials. I am advised that the interim financial statements for the sixth month period ending 28 February may be realised some time in April 2019 and can be made available to the Commission. Of course, these statements were released yesterday, I think yesterday evening and I saw a copy of it this morning and this afternoon.

**ADV NAZEER CASSIM SC:** Dr Survé you must just go back to the table for a moment

please. You will see the first column is material contracts and investments that's where the investments are made?

**DR IQBAL SURVÉ:** Correct.

**ADV NAZEER CASSIM SC:** Then the counterparties, what will that mean?

**DR IQBAL SURVÉ:** Well in the case of the British Telecom Alliance Agreement I am, and the executives can deal with this in far more detail than I can, but I would assume that this means that they are taking over the employees of a large part of the BT SA business in relation to, I think in particular the Sasol contract, and in order to set up and capacitate that particular business they would need to spend that amount of money and  
10 in terms of the expenditure framework they would have budgeted that amount in order to effect the seven year contract. So that's really employing more people, building the infrastructure, building the ... (intervention)

**ADV NAZEER CASSIM SC:** So the last column will show the investments and expenditure?

**DR IQBAL SURVÉ:** That is correct,.

**ADV NAZEER CASSIM SC:** And I just want to take you to the last column, of the last column on page 37 you will see that there's R3.6 billion in financial institutions?

**DR IQBAL SURVÉ:** That is correct but you also have to add to that the asset management R400 million with Oasis Asset Management, the additional R470 million  
20 which was repaid and the investments in the other entities together.

**ADV NAZEER CASSIM SC:** Yes thank you.

**DR IQBAL SURVÉ:** So together they make up R4.9 billion and I'm pleased to see from the financials as published yesterday, it's now R5.2 billion.

**ADV NAZEER CASSIM SC:** And then I don't think it's necessary to labour the paragraphs 96, 97 you are required to indicate where transaction fees were paid and

that's set out in 96, 98 some R10 million to the attorneys who were involved in the listing and R24 million to Citi Bank.

**DR IQBAL SURVÉ**: That is correct.

**ADV NAZEER CASSIM SC**: That was insofar as Independent Media is concerned.

**DR IQBAL SURVÉ**: That is correct.

**ADV NAZEER CASSIM SC**: And then insofar as the Ayo transaction is concerned, I'm sorry Webber Wentzel were not paid for listing in 96 but they were paid for the Independent Media transaction.

**DR IQBAL SURVÉ**: That is correct in 2013.

10 **ADV NAZEER CASSIM SC**: And in 98 Ayo paid transaction fees of approximately R78 million to different service providers, this is recorded at page 41 of the PLS, that is the prelisting statement which is attached as B.

**DR IQBAL SURVÉ**: Ja which is standard in any listing of this size.

**ADV NAZEER CASSIM SC**: Yes.

**DR IQBAL SURVÉ**: You'd have the transaction advisors listed in the PLS or prospectus.

**ADV NAZEER CASSIM SC**: Then I want you to deal with the Board of Ayo because you were required to comment on the appointment of a new Board for Ayo.

20 **DR IQBAL SURVÉ**: I was informed by the Chairman of the Board of Ayo Mr Salim Young who's also an attorney at the time, that the PIC was very unhappy about the structure of the Board and in particular the presence of AEEI representatives and for that reason Mr Young apparently had had quite a few meetings with the PIC and at these meetings the PIC insisted on changes to the Board. Mr Young then presented that to AEEI and frankly speaking had no problems with that because I felt it's good from a governance point of view that we have more independent people on the Board

of Ayo because that would put an end to the negativity and it would also assure the PIC that their investment is in fact a very good investment and I encouraged as the ultimate controlling shareholder of the Sekunjalo Group I encouraged even Mr Salim Young who at that stage was on the Board of AEEI I suggested to him that he should take the PIC's advice and rather not remain as Chairman and the PIC had indicated to him that they wanted the following people, Adv Wallace Mgoqi, Mr Dennis George ... (intervention)

**ADV NAZEER CASSIM SC:** So you're dealing with 98?

**DR IQBAL SURVÉ:** 98 yes Dr ... (intervention)

**ADV NAZEER CASSIM SC:** Ja in August 2018 a new board was reconstituted at the  
10 insistence of the PIC.

**DR IQBAL SURVÉ:** A new board was reconstituted at the insistence of the PIC. The PIC nominated Adv Naoko Ramogodi former Minister of Justice, Adv Wallace Mgoqi, Dr Dennis George, and Mr Sello Rasethaba through the Commission who's sitting here, he was sitting here earlier today. All of these eminent persons were accepted as board members.

I'd like to make a point at this point which is that this diluted significantly the board representation of the Sekunjalo Group and some of my colleagues said to me Dr Survé do you really think you should effectively give up control of this Board and I said that's a good thing because by doing that we are demonstrating good faith and we are showing  
20 to the PIC but by them adding these representatives that the business will do well and they in turn can have better insight into the strategy, better insight into what is happening and that's just a good thing. So I ... (intervention)

**CHAIRPERSON:** Are they still members of the Board?

**DR IQBAL SURVÉ:** Absolutely they are all members of the Board and Adv Wallace Mgoqi, Mr Commissioner has taken over from Mr Salim Young as Chairman of the

Board and Mr Salim Young in fact as a result of this stepped off the Board and I think it demonstrates the kind of governance that we wanted at Ayo and even today we do not have a majority representation on the Board of Ayo, we have a minority representation on the Board of Ayo and I'm happy with that ... (intervention)

**ADV NAZEER CASSIM SC:** Dr Survé the four people mentioned in paragraph 98, they're four well-known South Africans, they're all members of the Ayo Board.

**DR IQBAL SURVÉ:** That is correct, I see Ms Rosemary Mosia is in fact here, I saw her earlier ... (intervention)

**ADV NAZEER CASSIM SC:** Well she's an independent is that right?

10 **DR IQBAL SURVÉ:** She's one of the top accountants and really top class director and we're really privileged to have her on the Board.

**ADV NAZEER CASSIM SC:** But she's in addition to the four people mentioned in paragraph 98?

**DR IQBAL SURVÉ:** That is correct yes.

**ADV NAZEER CASSIM SC:** Yes fine.

**DR IQBAL SURVÉ:** That is correct.

**ADV NAZEER CASSIM SC:** And then in the conclusion you basically sum up your position.

**DR IQBAL SURVÉ:** That is correct, thank you Adv Cassim.

20 **ADV NAZEER CASSIM SC:** Yes that is the evidence of this witness, thank you Mr Chairman.

**CHAIRPERSON:** Yes thank you Adv Lubbe?

**ADV JANNIE LUBBE SC:** Thank you Mr Commissioner. Dr Survé I have a couple of questions to ask you and perhaps it would be easier if I do so by dealing with your statement paragraph by paragraph but before I do so, you stated earlier in your

evidence if I remember correctly that there is no exposure to the PIC by Sagarmatha is that correct?

**DR IQBAL SURVÉ:** I need to elaborate on that Adv Lubbe, Mr Commissioner through you ... (intervention)

**CHAIRPERSON:** Yes please address us.

**DR IQBAL SURVÉ:** Sorry Mr Commissioner, so what I had meant earlier is that at the time of the listing the PIC did not invest a single cent in Sagarmatha however, there was an agreement at the time which made perfect sense whereby the PIC would convert its debt and equity into Sagarmatha shares on a listing. This conversion gave the PIC, it was obviously spelt out in the PLS, and this conversion gave the PIC significant premium so as an example the investment of debt and equity of the PIC in Independent Media was R850 million, the effective conversion at the listing would have given, and even today if it had to continue, would have given the PIC about R1.6 billion so a double return and should Sagarmatha list overseas the PIC would more than likely make 10 times its investment in this thing. However, as the ultimate Chairman of the group the listing did not take place and I just think its proper from a governance point of view to give the PIC the opportunity whether they want to be a shareholder of Sagarmatha or not and they can elect to do so. But as far as I am concerned but I will not impose that condition on the PIC and in fact the offer which I made to the PIC towards the last quarter of 2018 presumed that the conversion did not take place and it was – and so I would never do that, you know these are pensioners and taxpayers money and I think it's so important that they must be given the opportunity without all the hype and all the noise to evaluate and I do hope that the Reserve Bank gives Sagarmatha the opportunity to list offshore so that the PIC can participate. It is the next Naspers, you know when the PIC invested in Naspers it was really in trouble in 2001

and as a result of the Tencent investment the PIC's investment went from R100 million to R120 billion or something, some crazy number.

**CHAIRPERSON:** Okay, yes Mr Lubbe?

**ADV JANNIE LUBBE SC:** The reason for my question is I have information, that's what I wanted to ask you that, the PIC via Independent Media lent money to Sagarmatha is that not correct?

**DR IQBAL SURVÉ:** That is absolutely not correct, how is that possible?

**ADV JANNIE LUBBE SC:** So you deny it?

**DR IQBAL SURVÉ:** PIC lent money Independent Media?

10 **ADV JANNIE LUBBE SC:** The PIC via Independent Media lent money to Sagarmatha that's the question.

**DR IQBAL SURVÉ:** Not at all.

**ADV JANNIE LUBBE SC:** Is that not true?

**DR IQBAL SURVÉ:** That' not true.

**ADV JANNIE LUBBE SC:** Okay thank you.

**DR IQBAL SURVÉ:** Not that I'm aware of, I can ask the CFO of Sagarmatha to give us that correct information.

**ADV JANNIE LUBBE SC:** Then let's start with your statement, if I can refer you to paragraph 5, you state there that the intrinsic market value exceeding several billion  
20 dollars, US dollars.

**DR IQBAL SURVÉ:** Correct.

**ADV JANNIE LUBBE SC:** Now I'm not an auditor but my information is that intrinsic market value is not a recognised accounting term, what I want to know is according to you what is the nett asset value of the Sekunjalo Group?

**DR IQBAL SURVÉ:** We, because the Sekunjalo Group is an investment holding

company with equity investments in several multinationals in three public companies in multiple media technology companies, in oil and gas businesses you calculate its value based on the market value of those investments and so we don't use a NAV, we are not a mining house for instance or we are not a retail business, we're an investment house.

**ADV JANNIE LUBBE SC:** Thank you. You mentioned that you invest ... (intervention)

**CHAIRPERSON:** Sorry, Mr Lubbe. Are you able to give a sum, or an amount?

**DR IQBAL SURVÉ:** No, we don't do that, Commissioner – Mr Commissioner, because we – what we do is that we account for our investments at costs from the date of inception. So if you take one of our multinational investments, we may have paid a few  
10 hundred million for it but today the investment may be worth tens of billions. Just a point I do want to make, Adv Lubbe, if I may, through you, Mr Commissioner, is that we have absolutely no debt in the Sekunjalo Group, so at the holding company level we are dividend rich and substantial capital and we – what I have done over the last two decades, with my family that is in agreement with this, we have reinvested hundreds and millions and billions back into our businesses in order to grow them and to make acquisitions and surplus capital that comes up from the business we donate to Survé philanthropies in order to effect lots of social impact and philanthropic initiatives. I live a simple life, despite what the Sunday Times says.

**MR EMMANUEL LEDIGA:** Just as a follow-up there is that I – sort of it looks like the  
20 website says you guys are worth \$3-4-billion. Is that true?

**DR IQBAL SURVÉ:** I'm not sure when that website was updated, but let's just say all of our investments are worth several billions dollars, of course, ja. We are very unusual, through you, Mr Commissioner, in that we have built up our business without debt, and that is very unusual, so we have – we are not enslaved to any white businesses or banks or institutions.

**MR EMMANUEL LEDIGA:** So ... (intervention)

**DR IQBAL SURVÉ:** Which makes us unique.

**MR EMMANUEL LEDIGA:** Ja.

**DR IQBAL SURVÉ:** As a South African business ... (indistinct)

**MR EMMANUEL LEDIGA:** Yes.

**MS GILL MARCUS:** Would you be unique if it was indebted to black business or something? I mean, you refer all the time to white, white, white, white and I'm finding it a bit offensive, to be quite frank. This isn't about a platform for your personal views around white/black in South Africa. This is a non-racial country as far as I'm aware and  
10 can we have some respect?

**DR IQBAL SURVÉ:** Thank you. Through you, Mr Commissioner. I am in total agreement with you that ... (intervention)

**MS GILL MARCUS:** I don't want a reply, please.

**DR IQBAL SURVÉ:** Oh, but I ... (intervention)

**MS GILL MARCUS:** I think the question has been put that you're saying that it is a question that you're not indebted to white banks or white something.

**DR IQBAL SURVÉ:** But we are not. I am speaking factually.

**MS GILL MARCUS:** I am saying to you that let us have some respect here that it is banks, it is institutions, whether you want to have them whichever way you like, but this  
20 is a commission of inquiry, not a political platform.

**DR IQBAL SURVÉ:** I am respectfully disagreeing with you, through you, Mr Commissioner, because this country is still white dominated and the capital markets are white dominated and I am demonstrating ... (intervention)

**MS GILL MARCUS:** I think we understand that extremely well.

**DR IQBAL SURVÉ:** Yes.

**MS GILL MARCUS:** But we're trying to get to the understanding of what Sekunjalo is about and what the projects have been about and we do not need this to be your political platform and that's what I'm asking you to respect.

**DR IQBAL SURVÉ:** It's not. It's not. I respect that, but it's not a political platform. It is simply the facts which I am stating. We are not a front for any white business. We are not. We are absolutely not. We are a proudly black-owned company with our own capital base that we invest in our country. We have not taken 450-billion out of this country on the basis that Europe and Australia is a good investment place, of which the PIC has lost 100-billion. We have not done that. Steinhoff has taken 240-billion out of  
10 this country to Germany. We're a proudly South African business.

**CHAIRPERSON:** We've taken note of that. We've taken note of that, Doctor.

**DR IQBAL SURVÉ:** Thank you. Through you, Mr Commissioner. I am proud to be black and I'm proud to be not owned by any white person or institution in this country.

**MR EMMANUEL LEDIGA:** Dr Survé, thanks. I just want to follow up. So the website says you are worth \$3-4-billion. Does it mean, like, given the exchange rate, like R40-billion? Is that correct? Minimum?

**DR IQBAL SURVÉ:** I think the website is outdated.

**MR EMMANUEL LEDIGA:** H'm.

**DR IQBAL SURVÉ:** We'll have to update the website because it's significantly greater  
20 than that.

**MR EMMANUEL LEDIGA:** Oh, it could be more than that?

**DR IQBAL SURVÉ:** Yes, definitely.

**MR EMMANUEL LEDIGA:** Alright, so the group is worth more than R50-billion?

**DR IQBAL SURVÉ:** Definitely. Well, the group is a World Economic Forum group, one of only two black countries in this country. I hate to emphasise. I'm a non-racialist,

by the way. Just to be clear, I have nothing against anyone that's white. The point I'm making is that why must I apologise for the fact that I am promoting black business and black excellence?

**MR EMMANUEL LEDIGA:** Ja.

**DR IQBAL SURVÉ:** Why must we be silenced, you know.

**MR EMMANUEL LEDIGA:** No.

**DR IQBAL SURVÉ:** This is not fair.

**MR EMMANUEL LEDIGA:** No, thanks. I just wanted to get the number.

10 **DR IQBAL SURVÉ:** During the struggle, with respect, we spoke about racial capitalism, and racial capitalism has just continued into this thing. I make... I don't serve on some of these boards that exploit our people in this country. I refuse to do that. And I am entitled to my view and I stand by my view.

**ADV JANNIE LUBBE SC:** Mr Commissioner, can I at this stage ask you to make a Ruling on this topic. We cannot allow, with great respect to Dr Survé, to carry on with his political views. It is not part of this commission and if we do that we're going to sit here with Dr Survé till next year.

**CHAIRPERSON:** Okay. Sorry, Dr Survé, we've taken note of your comments.

**DR IQBAL SURVÉ:** I accept ... (indistinct). I will ... (intervention)

**CHAIRPERSON:** And please try and concentrate on the question that is asked now.

20 **DR IQBAL SURVÉ:** I will pare back my views about transformation in this country. Thank you.

**ADV NAZEER CASSIM:** Mr Commissioner, may I just have a word with my client, please? Thank you.

**CHAIRPERSON:** Just try and listen to the question and then answer the questions.

**ADV JANNIE LUBBE SC:** Okay, Dr Survé, can we start again? Thank you. In

paragraph 16.6 of your statement you mentioned the need to participate in genuine empowerment initiatives and not fronting initiatives. Now, my information is that on the 17<sup>th</sup> of February in 2019 the Sunday Times published an article of how one of your 300-million beneficiaries, Mntuwekhaya Cishe, under Ayo's BBBEE scheme, lived in an RDP house in Delft. How do you explain this if this is not fronting? I know it's from the Sunday Times, but how do you explain it?

**DR IQBAL SURVÉ:** Well, you know, Commissioner, through you, you've said it all. It's from the Sunday Times. I mean, does anyone believe the Sunday Times? Come on, they've been so discredited in every possible respect, with the Cato Manor death squads, the SARS ... (indistinct), etcetera. So you've said that. Let me answer the question.

**ADV JANNIE LUBBE SC:** Is it not true?

**DR IQBAL SURVÉ:** It's absolutely not true. The fact of the matter is that Mr Khaya Sizwe – Khaya Cishe and Sizwe Ngqame are people that led and lead the black the Black Business Chamber, which represents hundreds of black entrepreneurs in the Western Cape and the only organisation for the last two decades that has supported the Black Business Chamber. I myself, through my family foundation and Sekunjalo, set up the iKapa Business Place to support black... Black African entrepreneurs in particular are marginalised in the Western Cape, they have no access to the Western Cape economy, and for that reason part of the selection of the Black Business Chamber was to give them the shareholding so after a period of five years they would be able to use the dividends, the capital appreciation, to support black business in the townships.

**ADV JANNIE LUBBE SC:** I don't want to deal with all the other investments in the Africa continent, but can we, just for a moment, pause with Genius Biotherapeutics?

**DR IQBAL SURVÉ:** Of course.

**ADV JANNIE LUBBE SC:** You mentioned that you invested hundreds of millions in Biotherapeutics. Where did this money come from? And how much, exactly, did you invest?

**DR IQBAL SURVÉ:** Well, we have invested in Genius Biotherapeutics through a number of entities. First of all it was through AEEI, secondly through Sekunjalo and thirdly through Futuremed Pharmaceuticals. Those were the legal entities that we've invested in.

**ADV JANNIE LUBBE SC:** And where did the money come from?

10 **DR IQBAL SURVÉ:** A number of different entities. Some had come from our businesses. Some had come from... I forgot the institution, the scientific institution that supports technology in the State. I've forgotten that name. Specifically for a biogenetic plant. But in terms of the personalised medicine, that all came from the Sekunjalo Group and Futuremed Pharmaceuticals.

**ADV JANNIE LUBBE SC:** Thank you. In paragraph 20 you mention 100s of millions were invested in aquaculture farms. Are you referring perhaps to the 500-million that the PIC invested in Premier Fishing in January 2017?

**DR IQBAL SURVÉ:** Not at all. No. So Premier Fishing is... The PIC investment in Premier Fishing is part of its capital and equity investment in Premier Fishing, as are all  
20 the other shareholders, and of course that particular business has invested itself, as Premier Fishing, in the aquaculture business. But we have invested in the aquaculture business since, let me get the date, I think it would be roundabout 2002, over the last almost 15 years and we have built up and I invite you, through the commission, to come and see, one of the largest aquaculture farms on the African continent that employs, once again I don't know how many, but at least 150, 200 people from the poorest

communities of the Southern Western Cape and I'm very proud. It's a solar-powered aquaculture farm with the latest technology and we continue to expand this farm and we'll continue to invest a few more hundred million over time.

**ADV JANNIE LUBBE SC:** Thank you. If we can now deal with the Sagarmatha listing, or non-listing. If I understand you correctly in paragraph 36 of your statement, are you suggesting that you had absolutely no dealings with the PIC in relation to the Sagarmatha listing?

**DR IQBAL SURVÉ:** No, not at all. I was not, however, the team that was involved in the Sagarmatha listing. The team was the CEO, Paul La Montagne, who then became  
10 chairman, along with Ms Rosemary Masiya, who is sitting here today, Mr Takudzwa Hove, sitting here today, and the CEOs of the various two largest businesses, Grant Fredericks and Gary Hatfield. However, I was called in at a specific point in time. When they were deliberating the valuations there was a meeting that took place between the executives of the PIC. I think it was a number of meetings, but I was specifically asked by the CFO, who is sitting here today, Mr Takudzwa Hove, to please come and attend a meeting at the PIC because it is clear that the PIC analysts do not understand the valuation models for MSP listings, and I, frankly speaking, because of my exposure as chairman of the World Economic Forum's Global Growth Company's board and other technology investments and other institutions, I understand this quite  
20 well. I was very happy to go. I met, at that meeting, I think it was Mr Fidelis Madavo, Mr Lebogang Molebatsi, Mr Victor Seanie. At that meeting they presented a valuation model which was very different. The valuation model was based on what you would value South African companies at. And I explained to them that let me give you the Harvard Business Review case study on the valuation modelling. Secondly, let me give you the works of Professor Damon Durand. Let me give you the works of Professor

Scott Galloway, who wrote a book, and I in fact gave them the book. And also Thales Teixeira of Harvard, who has valued companies such as Amazon, Uber, Airbnb, etcetera. But we agreed to differ. I respect the analysts' point of view, they had a certain modelling, and I left the meeting saying, well, I'm more than happy to provide you with the data, the science, the information, but I have to respect your point of view.

**ADV JANNIE LUBBE SC:** Can I ask you, our investigations shows that there was a meeting in November 2017 in Cape Town at the offices of Independent Media and you were there and Fidelis Madavo was also there.

**DR IQBAL SURVÉ:** Is this in terms of Ayo or Sagarmatha?

10 **ADV JANNIE LUBBE SC:** Both of them.

**DR IQBAL SURVÉ:** No, I don't think that's correct. Through you, Mr Commissioner. I think that that must be a meeting that took place... I can check with my colleagues, but I don't think I was there.

**ADV JANNIE LUBBE SC:** My instructions are you were there and there was a meeting with the Ayo Senior Executive, the CO, CIO and CFO, and that followed after a meeting between you, Fidelis Madavo and the CO and CFO of Sagarmatha and the meeting was at the Independent Media offices in November 2017.

**DR IQBAL SURVÉ:** It's very easy to check that with the CFO and CEO of Ayo. I mean, you're asking me something which was a year ago. Frankly speaking, I would  
20 like to see the evidence for such a meeting, but I was – I don't recall being present for such a meeting. I don't know if they are here or not.

**ADV JANNIE LUBBE SC:** But let me ask you this then.

**DR IQBAL SURVÉ:** Ja.

**ADV JANNIE LUBBE SC:** What is your personal relationship with Dr Matjila?

**DR IQBAL SURVÉ:** I am so glad, Commissioner, that you're asking me this, Adv

Lubbe. I am the chairman of a very large company that employs tens and thousands of people. I have relationships with auditors, with lawyers, with asset managers, bankers, etcetera. Dr Matjila is a very important person in this country. He is the CEO, or was the CEO, of the PIC, one of the largest asset managers on the African continent, someone that I have enormous respect for as a professor, and I hate to say it, a black professional that is very successful, was able to build the PIC from 400-billion to 2-trillion, and I respect him a lot, and it's that professional relationship. You know, people like ourselves, Adv Lubbe, with respect, we don't have the networks that the, again I say this with caution, white businesspeople have. You know, white  
10 businesspeople, networks were built up through conscription of 600 000 white men in the army and those networks and those people that were conscripted into the army under apartheid are today the captains of industry. They've been together. They socialise together.

**ADV JANNIE LUBBE SC:** Can I...? I'm sorry ... (intervention)

**DR IQBAL SURVÉ:** And so we don't have those networks. So when there is a black person heading up an institution for us it's important, as the chairman of a company, to know such a person, and so that is my relationship with Matjila. It is in the context of being chairman of Independent Media, being chairman of such an important institution because I don't have the networks of the white community.

20 **ADV JANNIE LUBBE SC:** Would you describe him as a friend, a personal friend?

**DR IQBAL SURVÉ:** Not a social friend. Not at least. As a friend in the context that anyone that is black, that is successful and that has excelled I consider a friend.

**ADV JANNIE LUBBE SC:** Did you describe him at a meeting at the PIC where Seanie and these other people were present as a friend?

**DR IQBAL SURVÉ:** I don't recall that. I saw that from Mr Victor Seanie, but I don't

recall that at all.

**ADV JANNIE LUBBE SC:** Do you deny it?

**DR IQBAL SURVÉ:** I don't recall it.

**ADV JANNIE LUBBE SC:** But do you deny it?

**DR IQBAL SURVÉ:** No, but you're asking me to remember something that happened a long time ago. I mean that... I absolutely don't recall.

**CHAIRPERSON:** So it may or may not have happened?

**DR IQBAL SURVÉ:** No, I don't think so. I don't think so.

**ADV JANNIE LUBBE SC:** Mr Madavo Fidelis, is he a friend?

10 **DR IQBAL SURVÉ:** In the same way I respect him, as someone who's at the head of Listed Equities at the PIC, a black individual that has excelled, but certainly not a social friend.

**ADV JANNIE LUBBE SC:** I believe you have an annual function in Cape Town. It is called... I can't recall the name now. What's it called? Raging Bull.

**DR IQBAL SURVÉ:** Through you, Mr Commissioner. I don't have any annual function that I am aware of. The Raging Bull Awards has existed for 20-odd years. Independent Media, through personal finance, is the entity that has the Raging Bull Awards. All asset managers are invited because they are ranked according to their performance, and that is the function, and the editor of Business Report, sitting here, Ms Adri  
20 Senekal, is in fact the person that hosts that event as the editor of the business and personal finance newspapers and she is the one that hosts those awards. I have nothing to do with those awards other than the fact, as is normal with the Group's awards, I have to attend it as chairman of the Group when I'm invited by the... Sometimes they don't want me present, but on other occasions I am happy to go and be present.

**ADV JANNIE LUBBE SC:** Did Mr Madavo deliver a keynote address at one of these functions?

**DR IQBAL SURVÉ:** It's possible that he could have delivered a keynote address. I think so. I think there was a function... All asset managers are asked to deliver, sometimes, keynote address. This is not unusual.

**ADV JANNIE LUBBE SC:** And my instructions are he sat at your table.

**DR IQBAL SURVÉ:** Not my table. He probably sat at the main table, of which I was also invited to sit.

**ADV JANNIE LUBBE SC:** Thank you.

10 **DR IQBAL SURVÉ:** I don't have a specific table.

**ADV JANNIE LUBBE SC:** Talking about Mr Hove... Is it Hove? Is that the correct pronunciation?

**DR IQBAL SURVÉ:** That is correct.

**ADV JANNIE LUBBE SC:** When was he appointed on the Ayo board? I believe it's recently.

**DR IQBAL SURVÉ:** I would have to ask the chairman of Ayo, Advocate Wallace Mqoqi.

**ADV JANNIE LUBBE SC:** Okay. We'll come back to that. If I can take you to paragraph 41?

20 **ADV NAZEER CASSIM:** What was the paragraph?

**ADV JANNIE LUBBE SC:** 41.

**ADV NAZEER CASSIM:** 41?

**ADV JANNIE LUBBE SC:** It's perhaps a side issue, but let me just ask you this: According to my instructions it is well documented that the Guptas took you to court for reneging on a deal you had struck with them regarding their participation with you in the

Independent Media acquisition. Is there any truth in that?

**DR IQBAL SURVÉ:** No, that is not true. I did not renege on anything at all. We were the successful bidder for Independent Media. The Guptas were bidding against us. They were not successful at all. And it is a matter of public record that I have opposed the Guptas personally on many occasions. But specifically in this particular instance what had happened is that Mr Nazeem Howa and Mr Mogsiem Williams, whom I knew, who actually worked for Independent Media, came to meet me and suggested that we work with the TNA because they had a newspaper, and I think they had a channel with – advising a channel. My response was very simple. It was that, look, as far as I am  
10 concerned we have a black empowerment consortium. I am happy that we can engage on some kind of partnership, but fundamentally the PIC, as an investor, would have to agree and unless the PIC gives me instructions accordingly I am not going to have the Guptas participate in Independent Media, and that was an agreement that we had reached and the PIC was given the right to make a decision and the PIC said no, then they said yes, then they said no. And the Guptas then took us to court and we have opposed it because until then we had not known about the Guptas, we had not known about Waterkloof and all of these things. And when these things came to, you know, came to play we were very glad in a way that the PIC said no. I'm really happy about that.

20 **ADV JANNIE LUBBE SC:** Thank you. If I can deal with you now in more particularity with the Ayo transaction and start with the BEE deal? My understanding is that the BEE consortium purchased shares in Ayo at R1,50 a share. Is that correct?

**DR IQBAL SURVÉ:** Again, Adv Lubbe, this is something which the corporate finance team of Ayo and AEEI must deal with. It's not something that I should be dealing with.

**ADV JANNIE LUBBE SC:** Can I ask you then again? In the prelisting phase of Ayo

were you in contact with Dr Matjila to discuss the transaction with Dr Matjila?

**DR IQBAL SURVÉ:** Not... You see, I, in my capacity as chairman of Independent Media definitely was in contact with Dr Matjila and, of course, as I've told you before, as a captain of industry and chairman of a very large corporation with different businesses, it's not unusual, but the Ayo transaction was specifically done by the Ayo and AEEI corporate finance teams.

**ADV JANNIE LUBBE SC:** My instructions are, my information, is that you had various direct interactions with Dr Matjila prior to the listing.

10 **DR IQBAL SURVÉ:** It's possible we could have discussed something, but I don't recall that.

**ADV JANNIE LUBBE SC:** Did you call him?

**DR IQBAL SURVÉ:** I don't recall. That's possible. Anything's possible. But the point is that the Ayo listing was driven by the Ayo team and their engagements with the PIC.

**ADV JANNIE LUBBE SC:** Were you at any stage with that team at the PIC?

**DR IQBAL SURVÉ:** No. Not at... Not ever.

**ADV JANNIE LUBBE SC:** Are you sure?

**DR IQBAL SURVÉ:** Absolutely. Not ever.

**ADV JANNIE LUBBE SC:** Right.

20 **DR IQBAL SURVÉ:** Not ever. I was never at the PIC with the Ayo team. To the best of my recollection I was never there.

**ADV JANNIE LUBBE SC:** Can you ... (intervention)

**DR IQBAL SURVÉ:** The Ayo team was dealing with their own listing.

**ADV JANNIE LUBBE SC:** Can you explain to the commission: What was the urgency of the listing on the 20 – is it the 21<sup>st</sup> of December?

**DR IQBAL SURVÉ:** My understanding of it, Commissioner, is that there were a

number of factors that made this urgent. The first was that the BT alliance agreement was important because Sasol was a major client and Sasol needed the empowerment status and Sasol needed to see that the company had the capacity to be able to do this. So I think if you speak to the Ayo executives and if you speak to the AEEI corporate finance people they will tell you that drove, to a large extent, the urgency of the process. Secondly, there was a first-to-market opportunity, which is quite normal, and I think the idea was that if they could raise the capital they could effect acquisitions and they could grow the business and this would make sense, so I guess... But I am not convinced that it's urgent because if I look at the timeline I don't know what the  
10 timelines are of the PIC but it looks to me like the Ayo transaction took place over several weeks or if not months.

**ADV JANNIE LUBBE SC:** The reason why I'm asking you this, and that is according to my information and also the evidence of Victor Seanie, the listing was scheduled for December 2017. Via... The PIC, via Victor Seanie, requested that the listing be delayed in January 2018 for the PIC to properly assess the transaction. Mr Malik Salie, you say is in the hall, Head of Corporate Finance at the time and Business Development, indicated in an email on 14 December to Victor as follows, and I'm quoting:

20 "An impending contract with one of the big corporates and the need for a black-empowerment ICT player is what is driving all the urgency."

Is that the Sasol deal you're talking about?

**DR IQBAL SURVÉ:** He must be referring to the Sasol deal, but I wouldn't know. I wasn't there.

**ADV JANNIE LUBBE SC:** He further says:

“I will check with Halid and the team, but I know that the listing is definitely proceeding this year and this was a critical discussion which was held with the senior PIC executives.”

You were not part of that?

**DR IQBAL SURVÉ:** I was not part of that, no.

**ADV JANNIE LUBBE SC:** And you never participated in any discussions with PIC executives on this listing?

**DR IQBAL SURVÉ:** I don't recall participating in any Ayo discussions because my focus was slightly different. It was Sagarmatha.

10 **ADV JANNIE LUBBE SC:** Alright. Now, to get back to the... You say the R1,50 share for the BE deal you can't answer?

**DR IQBAL SURVÉ:** I can talk about it in principal.

**ADV JANNIE LUBBE SC:** Yes, can you talk about it in principal?

**DR IQBAL SURVÉ:** In principal I think it's important that union groupings in particular... You know, when you talk about empowerment, let's take, for instance, a number of transactions on the JSE. The problem with those transactions is that black people, I'm afraid I have to say it again, but because it's a empowerment transaction, that's the context, black people are asked to buy shares and what happens is that eventually when the shares – when the transactions materialise they're underwater, and  
20 there are numerous high-profile transactions that this has happened and I think it's a good thing that major trade unions in the country, representing, I think, 2-million workers, black women's groups and various other entities, were given an opportunity to participate for a period of time and they would eventually get the benefit of this. That is real economic empowerment. I think that's a good thing, but also it helped the company, Ayo, because it had to have a BEE broad-based shareholding. It had to

acquire other companies and the BEE shareholding was critically important to its business plan. So I think it's a very good thing.

**ADV JANNIE LUBBE SC:** And what justified the change to a prelisting valuation of R43,00 a share?

**DR IQBAL SURVÉ:** Those, I think, are two very different things. If you look at the PLS, from what I've read certainly, the R1,50 was based on the last acquisitions in 2016 that were done in terms of Ayo, and these were the Puleng and Headset's acquisitions. But that based on the PLS. And if you look at the PLS and if you look at the valuation... And in fact, if I look... Because I came here very seriously. I looked at the deliberations

10 in this commission. If I listen to the senior representatives... Mr Victor Seanie is an Assistant Portfolio Manager. He does his job well. But senior representatives from Mr Fidelis Madavo, Mr Sunil Varghese, Mr Lebogang Molebatsi, have clearly indicated the modelling for the Ayo transaction and they indicated clearly that the base case was R43,00, the mid case was R45,00 and the high-end case was R47,00. So if you look at the seniors to Mr Victor Seanie... And they... In fact, Mr Sunil Varghese's evidence at this very commission was that him and Mr Seanie had discussed the valuation model. So they had three. This is the first time I've heard this, which is very interesting, that they had three base cases, they had three pricings for Ayo. So unlike what people have said. The PIC, through its own modelling, found that in fact Ayo was – the listing was at

20 its low value. The high value was 47, the mid value was 45 and the low value was 43. So, you know, that is... I think you should take... You know, Mr Seanie reports to someone who reports to someone who reports to someone. He, frankly speaking, with respect, is the most junior of that chain of very senior analysts and general managers and head of equities that are responsible for a very significant portfolio. So I don't see why you're focusing on the evidence of a junior as opposed to the seniors that came to

this commission and gave the modelling, the DCF modelling versus, and I read that somewhere in one of the transcripts, in relation to EOH, it was at 22 times or 30 times and Ayo was done on a forward earnings of 16 times with the DCF. I think that's a very, very reasonable valuation.

**ADV JANNIE LUBBE SC:** Can I ask you: Aside from the PIC, Ayo claims parties subscribed for an additional 1-billion in shares, but PIC was allocated the full number of listed shares. The parties referred to, Mirmay Investments, Capital 1 Investments, Selwyn Roy, Lewis and 3 Laws Capital (Pty) Ltd. They are all associated with AEEI. Is that correct?

10 **DR IQBAL SURVÉ:** That is correct.

**ADV JANNIE LUBBE SC:** For what purpose did they subscribe?

**DR IQBAL SURVÉ:** Look, I think, again, I am not involved in the Ayo listing, but these, some of these institutions, in my view certainly, have done very well with the investments in the Sekunjalo Group and they're very wealthy, high-nett-worth individuals, asset managers, and I think they subscribed for that reason. The only problem is that I think they were – most of them, I think, were white and the problem was that with the BT transaction coming over and the ICASA licencing there needed to be a greater, like, shareholding. And so when the PIC invests you take out the PIC investment and you calculate the black shareholding. And I think one of the Ayo  
20 representatives mentioned to me that the requirement was for a 70% black shareholding for the ICASA licence, something to that effect. I have not verified that independently, but there was no, you know, reason why they could not – the PIC could not have invested and taken the full amount. But we can check that with the ...  
(intervention)

**ADV JANNIE LUBBE SC:** You don't know why they were not allocated shares?

**DR IQBAL SURVÉ:** I think you'd have to check that with the Ayo team, ja. I would think it's for the Black Empowerment shareholding, to retain the BEE shareholding. I would think that.

**ADV JANNIE LUBBE SC:** Do you know who proposed that the Ayo listing takes the form of a private placement ...[intervenes].

**DR IQBAL SURVÉ:** Can you repeat that question?

**ADV JANNIE LUBBE SC:** Who proposed that the Ayo listing take the form a private placement to be taken up by PIC?

**DR IQBAL SURVÉ:** I think that would be a standard approach to a listing. Either you  
10 go with the prospectus or the PLS.

**ADV JANNIE LUBBE SC:** What pressure if any – if you can answer that – the potential conclusion of a contract, Sasol or BT placed on the timing of the listing?

**DR IQBAL SURVÉ:** I think I mentioned it earlier that based a lot on what I have read and seen, the BT alliance agreement and the need for Sasol to have a Black Empowerment Shareholding probably put a lot of timing pressure on the system.

**ADV JANNIE LUBBE SC:** Thank you. Now if I remember correctly you mentioned that the AEEI charged a placement fee to Ayo of R57-million is that correct?

**DR IQBAL SURVÉ:** That I think is in the pre-listing statement ja.

**ADV JANNIE LUBBE SC:** What services were performed to justify this?

**DR IQBAL SURVÉ:** You would have to check that with AEEI corporate finance and Ayo  
20 itself.

**ADV JANNIE LUBBE SC:** And Ayo repaid to AEEI a shareholder loan of 70-million shortly after the listing, is that correct?

**DR IQBAL SURVÉ:** I have no idea but that could be in the financials, would have to check that. I know there were audited financials for 2018 and would have to check that

again with AEEI corporate finance and Ayo.

**ADV JANNIE LUBBE SC:** Can you just again explain to the commission what was the rationale for transferring AEEI shareholding via sale of 99% of AEEI shares in Kilomix which held 30% of BT Communication to Ayo?

**DR IQBAL SURVÉ:** If I had to venture and answer to this one, it is as straightforward as this. Ayo was now the ICT investment house; if you like the Sekunjalo Group and we had invited other investors to participate, in particular the PIC. It just made a lot of sense to consolidate all of those ICT investments under one umbrella. I think it was an act of good faith on the part of AEEI that they in fact gave Ayo the opportunity to  
10 acquire the stake. I think it was good faith, it was good for everybody.

AEEI could have retained the BT stake. It still today is a shareholder to BTSA. But it was only stopped because there was some media noise and there was a misplaced view which is completely erroneous that the funds that Ayo was paying to AEEI was going to go to Sekunjalo which was then going to go to my family trust or which was going to go to Independent Media.

I mean that is absolute nonsense, even the suggestion that that would happen. When there are independent boards of Ayo, the independent boards of AEEI. Sekunjalo Group has substantial capital. It in fact invests in other companies. It does not need any of that. So the point is that negativity resulted in the PIC by the way  
20 making lots of statements about Ayo and about BT. The PIC suddenly said according to Mr Kevin Hardy that they did not want to do the BT transaction. Then they wanted to question the valuation of the BT transaction.

So you know it is sad that the PIC panicked in response to media articles around BT. In truth had they just acted normally, the BT transaction would have happened. There would not have been any issues with BT at all. I can say that in my

capacity as Chairman of BT. But BT was very willing right until August 2018 to – and I have subsequently again introduced the Chairman of Ayo, Advocate Wallace Mgoqi and the Head of Strategy Mr Z Gwebu. I flew with them to London to meet with the BT executives responsible for global services so that they could explain. One of the things that came out of that meeting was that BT said to them, look we were informed by Mr Hardy that the PIC did not wish to do the Ayo transaction.

Subsequent to that the BT said can the PIC give a letter to BT saying that they do want to do the Ayo transaction. Advocate Wallace Mgoqi informed me when we came back from London that he contacted a mister – I think Lebogang Molebatsi, in a  
10 conference call with the PIC. Mr Molebatsi said to him no, the PIC is not going to give the letter. BT must in fact give the request ...[indistinct]. So really here – this is the PIC that panicked in response to media pressure. It's the PIC that up to today does not want to give a letter to BT indicating that they want to do the transaction from AEEI to Ayo.

I don't understand why because it doesn't make sense to me. I would think that it would be nice for BTSA to be in Ayo itself and you know the issue of valuation. Well it's very simple. The only party that can vote for the BT transaction is in fact the PIC. Because AEEI is a related party, AEEI cannot vote to sell its shares in AEEI to Ayo. It cannot do that in terms of the JSE regulations, only the PIC with 29%.  
20 Effectively it means the PIC has 60% in terms of voting.

It has the veto right. So if the PIC is not happy with the BT valuation they simply vote against it or they go back to AEEI and Ayo and say can we discuss this valuation, bearing in mind that the BT valuation at the time was done by an independent JSE valuer called Quest. I don't know the details of Quest but that is what I was informed. So I don't understand why would the PIC really procrastinate, make it

so difficult? Why did they respond to this negativity in the media in this way.

I also don't understand why the PIC makes statements of recovery of funds in Ayo when it's such a great investment. When over time they'll more than triple or quadruple the value of their investment. This is a great company and it's demoralising to the people. It's terrible for the share price when you make these kind of – how do you make such statements when you own 29% of a company.

The irony in all of this Advocate Lube is that Ayo has the money whereas all the other companies that have lost money from EOH to Tomgard Hulet, to Steinhoff, to MTN etcetera, the money is gone. In Ayo's case – in a perverted sense one would  
10 even think ...[indistinct]. Anyway that is my point of view.

**ADV JANNIE LUBBE SC:** Can I ask you, are you still the Chair of BTSA?

**DR IQBAL SURVÉ:** No I stepped down as the Chair of BTSA towards the end of last year. I think end of last year January 2019, I'm not exactly certain ...[indistinct] in the last period.

**ADV JANNIE LUBBE SC:** With regard to the BTSA transaction, was the approval of BTUK needed?

**DR IQBAL SURVÉ:** If I look at the PLS there was certainly a clause in the PLS which said that the BT transactions is subject to the consent of BT. I think it is BT Global.

**ADV JANNIE LUBBE SC:** Yes.

20 **COMMISSIONER:** Advocate Lubbe if we just look a bit forward? What do you envisage, should we break end of the day?

**ADV JANNIE LUBBE SC:** Perhaps I think we have – it's necessary to have a 10, 15 minutes convenience break Mr Commissioner and we have agreed that this will spill over till tomorrow. We'll carry on till tomorrow.

**COMMISSIONER:** [Indistinct].

**ADV JANNIE LUBBE SC:** My colleague suggests that we go till 03:30 and then continue tomorrow morning. I'm in your hands Mr Commissioner.

**COMMISSIONER:** How far are you now?

**ADV JANNIE LUBBE SC:** I have still a couple of questions but I'm in another predicament. I need to get – check some information before I put questions to Dr Survé. So I also need time.

**COMMISSIONER:** But is the suggestion that we go on – carry on now and break at 03:30 – we've lost some time. You know waiting for the team.

**ADV JANNIE LUBBE SC:** Perhaps if I can suggest perhaps a better option is if we can  
10 carry on till 16:00. I have some questions still on the Ayo transaction and some other questions and perhaps some of the members of the commission can perhaps – questions but I think what we do need is a five, ten minute comfort break.

**COMMISSIONER:** Yes alright, alright. Then if need be you can discuss ...[intervenes].

**ADV JANNIE LUBBE SC:** Will do that.

**COMMISSIONER:** ... with Advocate Cassim. Right we will take the adjournment until 03:30.

**ADV JANNIE LUBBE SC:** Thank you Mr Commissioner.

**COMMISSIONER:** Dr Iqbal you still under oath.

**DR IQBAL SURVÉ:** Mr Commissioner yes I am thank you.

**ADV JANNIE LUBBE SC:** Thank you Mr Commissioner. Just to get back to the BT  
20 deal Dr Survé. Is it correct that Mr Hardy as the CIO, I think it's an Erwey Ledwaba, is that his name. They were moved from BTSA to Ayo, is that right?

**DR IQBAL SURVÉ:** No that's not correct sir. Mr Hardy was the CEO of BTSA whilst I was the Chairman and I encouraged him to come across ...[intervenes].

**COMMISSIONER:** Can you just pull the mic towards you please?

**DR IQBAL SURVÉ:** Sorry, Mr Hardy was the CEO of BTSA and I was the Chairman and I encouraged to him come across to Ayo at the time as part of the alliance agreement etcetera. Mr Simphiwe was in fact a young man that was working for EOH. He was not part of BT. I think he was recruited if I'm not mistaken by Mr Hardy from EOH. He is a young man that I gave a lot of advice to Mr Chairman.

He told me specifically for instance that he had a data storage device with all EOH's corrupt transactions and I advised him to take it to the police. I told him at Sekunjalo we do not do corruption, we play by the book. We do it harder and I'd encourage him to do proper business practices and so ...[intervenes].

10 **COMMISSIONER:** But did he come over to Ayo?

**DR IQBAL SURVÉ:** He came from EOH correct yes.

**ADV JANNIE LUBBE SC:** Sorry it's my mistake. He came from EOH and why did you encourage Mr Hardy to come to Ayo? Had it anything to do with the acquisition of the 30% stake in BT?

**DR IQBAL SURVÉ:** Not at all. Because there was the Sasol contract, the first of a number of large contracts. There were many other contracts in terms of the strategic relationship. Well let me just say relationship with BT by which a large black ICT company would be formed which would go after about a – you know 3 to 5% of a business over a 100-billion and for that reason many of the employees of BTSA were  
20 coming over and so was Mr Hardy. That was the reason. It had nothing to do with the sale of the asset.

BT itself was restructuring globally and so they were changing their structure from regional entities to vertical entities. In other words based on the kind of solutions that are providing to clients.

**ADV JANNIE LUBBE SC:** Thank you. Now can I take you to the recording you have

dealt with in your statement? That is the recording where you tried to persuade Mr Hardy to make a call to the PIC, do you remember that?

**DR IQBAL SURVÉ:** Yes I do.

**ADV JANNIE LUBBE SC:** He was not prepared to tell the story to the PIC what you wanted him to tell the PIC, is that correct?

**DR IQBAL SURVÉ:** No not at all. I think Mr Hardy was – let's go back if I may a little bit. Is that – at that time I was with Jack Mar who was visiting Cape Town and the previous day there was a sense announcement on BT. I think it was also the CEO of AEEI that had informed me that Mr Hardy had said Mr Victor Seanie specifically had  
10 told him that the PIC was no longer going to do the BT transaction. I found that very hard to believe because I didn't understand why the – you know the PIC wouldn't want to.

I called up Dr Matjila and Mr Fidelis Madavo and I asked them the question, is this true that you no longer want to do the BT transaction. They had informed me that that's not true. I don't know where we heard that and I told them that I was informed by the CEO of AEEI that PIC, specifically Mr Seanie had told Mr Hardy that. I then was on the way from meeting Mr Jack Mar, I was going to a dinner with Mr Jack Mar at the Zeitz MOCAA. On my way there they had finished their board meeting and I said to them, look I will come over and the Chairman of Ayo is there. I said I'd like to  
20 ask Mr Hardy directly if this is the case and what's going on etcetera. I understand it's difficult – I conveyed to them what Dr Matjila had said. I conveyed to them ...[intervenes].

**ADV JANNIE LUBBE SC:** I'm sorry to interrupt you. I'll have the hard copy tomorrow available but if I remember reading that recording. You mentioned to them that Fidelis and Dr Matjila were furious that the BT deal is not going on.

**DR IQBAL SURVÉ:** Absolutely because they had seen the BT transaction - the announcement the day before. But I had also informed Dr Matjila and Fidelis that I was informed that Mr Seanie had communicated to Mr Hardy. If I may just continue on this one. So I came there and I asked Mr Hardy to phone the PIC in my presence and not say I was present.

**ADV JANNIE LUBBE SC:** Why was – sorry to interrupt again, I apologise. Why was Mr Hardy unwilling to make the call?

**DR IQBAL SURVÉ:** Because I can tell you what I think today. I think Mr Hardy was going to be caught out. Because I think Mr Hardy if he had phoned the PIC he would  
10 have heard from Dr Matjila and Mr Madavo that they did want to do the PIC transaction but that maybe Mr Victor Seanie did not want to do the PIC transaction.

What I wanted to establish is who is telling the truth. Is Mr Hardy telling the truth? It then turns out Advocate Lubbe, in the same transcript as you correctly say, Mr Hardy says I don't want to do the BT transaction. He says that and I would venture to say the reason for that Mr Commissioner is that Mr Hardy and Mr Sipi Ndwela came to the Ayo board with a number of transactions but at inflated value. They were trying to get these transactions through the Ayo board and they did not want to spend the money on BT. Those transactions, thank heavens the Ayo board is good governance, good structures, rejected those.

20 Because otherwise you would have a situation where you do transactions which do not make sense to the group. In the Sekunjalo Group itself we generally tend to do transactions between 6 to 8 times multiples, has to have strong cash flows. Management must be involved. Warranties from the vendors etcetera and my understanding is that Mr Hardy and Ndwela had a relationship with some of these people.

There was a suggestion by Advocate Mgoqi who told me that he wanted to institute a forensic investigation into Mr Hardy and Mr Ndwela for their involvement in some of these transactions. When he had informed them that he was going to do that they resigned the very next day in order to prevent themselves from being subjected to the forensic enquiry.

So I can only venture that Mr Hardy did not want to take the billion rand and pay AEEI for the BT transaction because he wanted to use it for transactions that possibly and I say this without knowing the facts. Possibly he may for whatever reason wanted to pursue maybe because of friendships with people like Dave King and others.  
10 Maybe for other reasons, I don't know. But I think he had – he just – and I don't know Mr Seanie had told him this and I don't know whether he was lying and I needed to find out because I had spoken to both Dr Matjila and Fidelis Madavo. They said to me it's not true that we don't want to do this transaction.

I went to that and I didn't have to go there I went and I wanted to find out from Kevin and I said, you know you saying that's not true then phone the PIC.

**COMMISSIONER:** I think you've given us sufficient to that answer.

**ADV JANNIE LUBBE SC:** Thank you Mr Commissioner. The facts as stated by you, my instructions are, are not correct and other witnesses will come and testify to the contrary. But be that as it may. Let me take you back to the raging bull function, 2016.

20 **MS GILL MARCUS:** Sorry before you move of f that Advocate. Do you have the actual transcript of the conversations so that we know exactly what was said in that?

**ADV JANNIE LUBBE SC:** We do.

**MS GILL MARCUS:** Can we get that please?

**ADV JANNIE LUBBE SC:** It will be made available. That is one of the reasons I'm asking to ...[intervenes].

**MS GILL MARCUS:** Okay but we'll have that tomorrow?

**ADV JANNIE LUBBE SC:** It will be available.

**MS GILL MARCUS:** [Indistinct] record of exactly what was said there?

**ADV JANNIE LUBBE SC:** Yes, yes, thank you Mr Commissioner. Now to get back to the raging bull function 2016.

**COMMISSIONER:** Sorry Mr Lubbe. Can I just – we cannot, not see what's happening behind you. I'm just worried that – I wonder whether there is sufficient rooms in this locality for people to be able to sit and eat because I've been watching people having either their lunch or late lunch behind. Can you please make some – you know  
10 solution, enquiries as to whether there is space for people to sit and eat.

**ADV JANNIE LUBBE SC:** I'll take it up with security people as well, thank you Chair.

**COMMISSIONER:** Please.

**ADV JANNIE LUBBE SC:** Alright, if we can just go to the raging bull function 2016, Cape Town, you were there.

**DR IQBAL SURVÉ:** More than likely yes I would be there.

**ADV JANNIE LUBBE SC:** Well I have a photograph of you there with Mr Fidelis Madavo making the keynote speech.

**DR IQBAL SURVÉ:** It's nothing unusual about that. I'm the Chairman of Independent Media. Independent Media host the raging bull awards. The ...[intervenes].

20 **ADV JANNIE LUBBE SC:** And he sat at your table or not your table, the table you invited to.

**DR IQBAL SURVÉ:** But there is nothing unusual.

**ADV JANNIE LUBBE SC:** No I'm not saying unusual I'm just asking as a fact, you sat at the same table, is that correct?

**DR IQBAL SURVÉ:** But am I not allowed to sit at tables with ...[intervenes].

**COMMISSIONER:** Can you remember that, that you shared a table?

**DR IQBAL SURVÉ:** It's possible yes. I would – I think I attended at least two or three of the raging bull awards in the last three years Mr Commissioner and it's definitely possible that I would have been at that table. I was invited by the editor of – she is sitting here by the way, through you Commissioner. The editor – I'm not anti-white, as you can see my editor is white ...[intervenes].

**COMMISSIONER:** What I just want to establish is can you remember or can't you remember that you sat Mr Madavo?

**DR IQBAL SURVÉ:** It's possible Commissioner, I would have been there and I would –  
10 and even if I was I would see nothing wrong in being there.

**COMMISSIONER:** No one is suggesting that there is something wrong. We just want to establish whether you can remember ...[intervenes].

**DR IQBAL SURVÉ:** I can check in my diary Mr Commissioner, that's not a problem.

**ADV JANNIE LUBBE SC:** Well I can show you a photograph but be that as it may.

**DR IQBAL SURVÉ:** [Indistinct].

**ADV JANNIE LUBBE SC:** Do you know a lady by the name of Magda Verzika, I think I pronounced the surname correctly – Verzika.

**DR IQBAL SURVÉ:** Do I know her, I think I've met her once and at a time when she was listing her company on the JSE she came to ask me to underwrite her listing and  
20 participate in a share placement. I was convinced by one of my colleagues to do that and so we invested in her company, much to our regret today. The share prices performed tremendously and in fact she tried to extort the shares back from us and we have laid a criminal charge against her and that charge is now in the – with the police and the criminal department of Cape Town and it's regrettable that she did what she did.

**ADV JANNIE LUBBE SC:** It's a long explanation. The question Dr Survé is have you met this lady do you know her?

**DR IQBAL SURVÉ:** I've met her once.

**ADV JANNIE LUBBE SC:** Is it correct that that evening she sat at the same table as you and Mr Fidelis Madavo?

**DR IQBAL SURVÉ:** Well if she did then I've met her twice right because I remember meeting her at her offices in terms of the listing but she could possibly have sat there.

**ADV JANNIE LUBBE SC:** The reason why I'm asking this. She has informed me that that evening you told her that you have Mr Fidelis Madavo in your pocket.

10 **DR IQBAL SURVÉ:** That must be a very big pocket I smut tell you that to have Mr Fidelis Madavo in my pocket.

**ADV JANNIE LUBBE SC:** Is it correct or not correct?

**DR IQBAL SURVÉ:** Advocate Lubbe this woman is delusional right. If you look at her tweets, if you look at what she says, if you look at her conduct. She goes to the press club and she makes the most crazy statements. You know she needs to see a psychiatrist. I can recommend one for her and she is clearly delusional.

**ADV JANNIE LUBBE SC:** Do you deny ...[intervenes].

**DR IQBAL SURVÉ:** And she is an extortionist as the charges demonstrate ...[intervenes].

20 **ADV JANNIE LUBBE SC:** Let me repeat the question again Dr Survé.

**DR IQBAL SURVÉ:** I deny it.

**ADV JANNIE LUBBE SC:** You deny it.

**DR IQBAL SURVÉ:** I mean that's an insult to me. I mean to even suggest that someone that operate with integrity. It's a complete insult. Because I'm sitting at the table with someone and someone as delusional as Magda says that. I mean really,

where are we going to in this country?

**ADV JANNIE LUBBE SC:** Mr Commissioner I'm just putting it on record that the lady confirmed to me that she is prepared to come to the commission and she's prepared to tell that story under oath. That is the business for today. Can we then adjourn as with agreement with my learned friend Mr Nazeer Cassim, 09:30 tomorrow morning.

**COMMISSIONER:** Yes thank you and Mr Cassim before you go can you come and see me please?

**ADV NAZEER CASSIM SC:** Certainly.

**COMMISSIONER:** With of course Advocate Lubbe. We shall then adjourn until 10  
10 o'clock tomorrow morning.

**ADV JANNIE LUBBE SC:** 09:30.

**COMMISSIONER:** 09:30 sorry. Let me repeat we adjourn until 0930 tomorrow morning.

**ADV NAZEER CASSIM SC:** Mr Commissioner I understand that we have a short day tomorrow. Just to – if it will facilitate matters we prepared to start at 9 o'clock. We'll try to finish this witness tomorrow.

**COMMISSIONER:** We finish at 12:00. I'm sure we'll be able to finish at 12:00.

**ADV NAZEER CASSIM SC:** Then we leave it for 09:30.

**COMMISSIONER:** Sorry?

20 **ADV NAZEER CASSIM SC:** Do we leave it for 09:30 or 09:00 am?

**COMMISSIONER:** Let's leave it at 09:30.

**MR EMMANUEL LEDIGA:** 09:30 until 12 o'clock – 12:15 – 12 o'clock tomorrow.

**ADV NAZEER CASSIM SC:** Thank you.

**INQUIRY ADJOURNS TO 3 APRIL 2019**