

Ecsponent buys an asset from its biggest shareholder and loses the investment

George Manyere benefiting for the Purchase of a Zim deal directly

## 8. Director's interests in the Proposed Transaction

- 8.1. A portion of the GetBucks shares acquired by Pink Orchid have been purchased from MHMK Capital, Rockcastle and the Zahra Investment Trust, which are a Related Parties by virtue of their relationships with G Manyere. The details of the number of shares and the price paid per share are set out in the table below:

Party name	Price per share	Number of shares	Value
MHMK Capital	USD0.38796 cents	54 083 027	USD 2 098 212 (R30.47 million as at the Last Practicable Date)
Rockcastle	USD0.38796 cents	134 382 335	USD 5 213 497 (R75.70 million as at the Last Practicable Date)
Zahra Investment Trust	USD0.38796 cents	85 293 713	USD 3 309 055 (R48.05 million as at the Last Practicable Date)

The circular which included the acquisition of Zim was the Pink Orchid circular as the SPV had acquired the 34.89% from George Manyere, Walter and Tim Nuy. The value of the Zim shares was R 203 284 000. General meeting was held on 22<sup>nd</sup> January 2019.

[https://www.ecsponentlimited.com/wp-content/uploads/2018/12/20181224\\_Ecsponent-Shareholder-Circular\\_Pink-Orchid-Acquistion.pdf](https://www.ecsponentlimited.com/wp-content/uploads/2018/12/20181224_Ecsponent-Shareholder-Circular_Pink-Orchid-Acquistion.pdf)



The R99m goodwill which was raised from the transaction was written off in the first financials at June 2019. By then the asset also had to be further impaired by R41m.

	Group 12-month period ended 30 June 2019 R'000
<b>Goodwill acquired as part of business combinations in 2019</b>	
Other financial assets	780 344
Deferred tax asset	36 538
Other financial liabilities	(679 410)
Deferred tax liability	(51 676)
Total identifiable net assets	85 796
Non-controlling interest	-
Purchase consideration	185 013
<b>Goodwill</b>	<b>99 217</b>

RELATED PARTY TRANSACTIONS		
<b>Associate companies - equity accounted loss</b>	(3 581)	(1173)
<b>Fair value gains/(losses)</b>		
› MyBucks S.A Limited	123 545	-
› <b>GetBucks</b> Microfinance Bank Ltd*	(41 065)	-
› MHMK Group Limited	(45 835)	-
› Ngwedi Capital Holdings (Pty) Ltd	3 642	-

In the current 9 month Y/E financials a further valuation knock of R330m was taken.

The valuation of the Group's private equity portfolio has been subject to extreme price volatility, with a material devaluation of R1.18billion in its largest investment, MyBucks and a R330 million devaluation in its investment in GetBucks Zimbabwe. The Board still believes the overall portfolio of investments provide the Group's investment platform with longer-term growth prospects. The current equity portfolio holds value which is estimated to require the next three to five years to fully materialise.

The financials show that George bought Eswatini for R1! This was done on 31 March and there were no disclosure around it.

#### **Disposal of 100% of Eswatini domiciled companies ("Eswatini")**

Ecsponent Limited entered into an agreement with its major shareholder, G. Manyere, to dispose of its 100% shareholding in Ecsponent Holdings Ltd (Eswatini), which held interests in Ecsponent Ltd (Eswatini) and Ecsponent Enterprise Development (Pty) Ltd (Eswatini). The investment was disposed on 31 March 2020 for a total consideration of R1.