

GEN – General – Mr Abdul Malick Salie – Former director of African Equity Empowerment Investments Limited

Censure imposed by the JSE on Mr Salie in his capacity as a former director of African Equity Empowerment Investments Limited

The JSE hereby informs stakeholders of the following findings in respect of Mr Salie:

1. Stakeholders are referred to the JSE's announcement published on SENS on 27 August 2020 wherein the JSE imposed a public censure and financial penalties amounting to R6.5 million against AYO Technology Holdings Limited ("**AYO**") as a result of its transgressions of the Listings Requirements.
2. African Equity Empowerment Investments Limited ("**AEEI**"), a separately listed company on the JSE, is the parent company and major shareholder in AYO. Mr Salie was the Chief Investment Officer of AEEI between February 2018 to January 2019.
3. Pursuant to the JSE's investigation into the conduct of certain individuals that presided at AYO during the periods in question, Mr Salie, in his capacity as a director of AEEI at the time, was identified as one of the parties responsible for AYO's transgressions referred to in paragraph 1 above.

Background

4. Ms Naahied Gamielien, AYO's former Chief Financial Officer ("**former CFO**"), drafted AYO's maiden interim financial statements for the six months ended 28 February 2018 ("**unaudited 2018 interim results**"). On 26 April 2018, the former CFO emailed a copy of the draft unaudited 2018 interim results to AYO's then non-executive director, Mr Khalid Abdulla and AEEI's Chief Investment Officer, Mr Salie, before going on leave. In the former CFO's absence, Mr Abdulla instructed Mr Salie, who was not a director or employee of AYO at the time, to effect adjustments to specific line items in AYO's draft unaudited 2018 interim results, namely the sales commission, warranty provision, Sasol project salaries, certain legal fees/listing costs and the treatment of an IFRS 2 sharebased payment charge. AYO management approved the unaudited 2018 interim results for publication which contained these adjustments.

Mr Salie's conduct as a director of a listed company

5. Mr Salie, as a director of AEEI and AYO's parent company and major shareholder, had no authority to involve himself in the financial and other affairs of AYO and complied with instructions placed on him by Mr Abdulla to alter the financial information of AYO. The adjustments made by Mr Salie did not comply with IFRS and AYO's unaudited 2018 interim results in respect of Mr Salie's adjustments were subsequently restated.

6. Mr Salie was a Chartered Accountant with more than 10 years of post-qualification experience at the time and he knew or ought to have known that effecting adjustments to certain line items in AYO's financial statements for which he had no knowledge, context or understanding could result in non-compliance with IFRS. Mr Salie's role in adjusting the specific line items in AYO's unaudited 2018 interim results caused and/or contributed to AYO breaching IFRS and the Listings Requirements for which the JSE imposed a financial penalty. Furthermore, AYO's restatement directly impacted the parent company, AEEI's consolidated results for the interim period ended 28 February 2018, which also had to be restated as a result of AYO's corrections.

7. Accordingly and for these reasons, the JSE found Mr Salie, in his capacity as a director of AEEI at the time, to be in breach of the following provisions of the Listings Requirements:
 - a) Paragraph 8.57(a) for the adjustments that he made to certain line items in AYO's unaudited 2018 interim results which did not comply with the requirements of IFRS and had to be restated, which adjustments directly resulted and/or contributed to AYO breaching the Listings Requirements; and
 - b) General Principle (vii) as he was neither an employee nor a director of AYO when effecting adjustments to AYO's unaudited 2018 interim results and he therefore failed to ensure that the Listings Requirements and continuing obligations promote investor confidence in standards of disclosure and corporate governance in the conduct of AYO's affairs and in the market as a whole.

JSE's decision to censure Mr Salie

8. The accuracy and reliability of financial information published by companies is of critical importance in ensuring a fair, efficient and transparent market. The provisions of the Listings Requirements, which

impose various important obligations on listed companies in respect of the disclosure of financial information, contributes to the integrity of the market and promotes investor confidence.

9. As a result of Mr Salie's actions and with reference to the JSE's findings of breach, the JSE has decided to impose a public censure and a fine in the amount of R250 000 (two hundred and fifty thousand rand) on Mr Salie for his failure to comply with important provisions of the Listings Requirements.
10. In arriving at this decision, the JSE considered amongst other factors, that Mr Salie was constructive and transparent to the JSE and fully co-operated with the JSE's investigation.
11. The fine imposed against Mr Salie will be appropriated in accordance with section 11(4) of the Financial Markets Act, 19 of 2012 read with section 1.25 of the Listings Requirements which includes, inter alia the settlement of any external costs incurred by the JSE which may arise through the enforcement of the provisions of the Listings Requirements and/or in furtherance thereof.
12. The investigation into the conduct of other individuals that presided at the Company during the periods in question and who were bound by the Listings Requirements is ongoing.

29 November 2022