Dear Mr Myburgh

MultiChoice rejects your insinuations in the strongest possible terms. They are based on three assumptions, none of which is correct.

**Firstly, on the submission that was sent to the then-Minister of Communications, Ms Faith Muthambi, in 2014:**

MultiChoice, like other companies in the sector, regularly engages the industry regulator and government on matters that affect the broadcasting sector. This includes making proposals that may take a specific regulatory or legislative form.

It is common practice in the sector to make submissions, and there is nothing wrong with that.

On 25 May 2014, the President announced the creation of two new Ministries – the Ministry of Communications and the Ministry of Telecommunications & Postal Services. In July 2014, the President later published a proclamation that defined the powers of each Minister:

- The Minister of Communications was given control of broadcasting; and
- The Minister of Telecommunications and Postal Services was given control over telecommunications.

However, there was a problem with the legal wording of the proclamation, as the SABC would fall under the Minister of Communications and commercial broadcasters like MultiChoice and eTV would fall under telecommunications.

This didn’t make sense to a number of stakeholders in the sector, as it seemed to be an obvious error, and several of these stakeholders made submissions to the Minister suggesting it be corrected. MultiChoice was one of these.

Our submission – which was sent directly to the Minister -- included detailed proposals on the wording of the proclamation. In the end, many of our proposals were rejected.

MultiChoice has absolutely no knowledge of the Minister sending our proposals to any other person, and can in no way be held responsible for that.

**Secondly, on the contractual relationship between MultiChoice and ANN7:**

There is nothing unusual in the fact that MultiChoice pays ANN7 to carry its channel. We have similar channel agreements with other news channels. ANN7 is definitely not the highest-paid of these local channels.

MultiChoice decided to include ANN7 on its platform because we wanted to encourage diversity of choice for our customers by assisting with the development of a new South African news channel. The only other local news
channel on the DStv platform at that stage was eNCA. The eNCA contract was up for renewal, and there were signs that it was not going to be renewed.

It must be borne in mind that there was nothing in the public domain at that stage about alleged state capture controversies involving the Gupta family, and the launch of the new channel was widely supported and encouraged.

After several rounds of negotiations over a period of 3 years, during which we developed an understanding of the channel’s operating costs and the need for improvements in production quality over time, the final fee was set. We believe the fee represented fair value at the time, particularly considering that ANN7 was a start-up channel requiring significant initial investment to get off the ground – as opposed to others, who could leverage existing infrastructure and content.

To someone who is not familiar with the broadcasting industry and what it costs to run a news channel, the fee increases may appear significant. But they are not, particularly when one considers the scale of resources and capital required to run a 24-hour news channel.

In relation to the timing of payments for our contracts, this is a product of negotiation between the parties.

Thirdly, on the interaction between Mr Imtiaz Patel and the owners of Infinity Media:

Mr Patel was NOT involved in any business partnership with the Guptas and Duduzane Zuma, including Islandsite Investments 255.

He states the following: “My appointment as a director of Islandsite Investments 255 was done without my permission and, as you will see from the attached CIPC records (addendum 1), I ensured that I was removed as director as soon as this was brought to my attention. The CIPC records reflect that I was appointed and resigned as a director on the very same day. In no way can I be considered to have been a business partner.

“It is also completely untrue that I flew to India at the Guptas’ expense. The trip you refer to was arranged at the invitation of the President of India. In my capacity as CEO of SuperSport, I participated as one of 200 business leaders who accompanied President Zuma in a delegation convened by Business Unity South Africa (see addendum 2). You will see from media reports that the companies that participated included FirstRand, Sasol, Standard Bank and SAA.

“And, as you will see from the attached documentation (addendum 3), my travel costs were covered by SuperSport.

“There is nothing untoward in my past social interaction with the Gupta family, and most of my contact with them was when I was an employee at SuperSport.”

Drawing links between these three issues is therefore incorrect.
We deny that there is any relationship between our submission on the proclamation, the channel supply agreement for ANN7, and any fees or increase in fees paid for that channel.

If you proceed with the story despite this response (which we believe would not be justified given the facts), we require that you include our entire response.

Addendums:
1. CIPC documents
2. BUSA invitation
3. Travel payments
LIST OF ADDENDA

1. ADDENDUM 1 - CIPC's director's report for Imtiaz Patel in respect of Islandsite Investments 255 (Pty) Ltd

2. ADDENDUM 2 - Invitation from the Business Unity of South Africa to a Delegate Briefing on the India State Visit of 25 May 2010

3. ADDENDUM 3.1 - SuperSport International (Pty) Ltd ("SuperSport") remittance advice

4. ADDENDUM 3.2 - Proof payment by SuperSport to Flywell Travel (Fordsburg) (Pty) Ltd ("Flywell Travel")

5. ADDENDUM 3.3 - Invoice of Flywell Travel addressed to SuperSport
ISLANDSITE INVESTMENTS 255
2007/035324/07
MOHAMMED IMTIAZ AHMED
- PATEL
- PATEL
6405265127089
1964/05/26
2009/11/01
- True
- South Africa
Director
Resigned
- 2010/03/31
- -
- -
- 0
- 0
- EXCL_CON
- -
- -
- REMOVED: 01/11/
- BUSINESSMAN
- 2009/11/01
- -
- -
- - Residential Address
125 KOMATIE STREET
EMMERENTIA
- - 2195
- Business Address
125 KOMATIE STREET
EMMERENTIA
- - 2195
- 2195
- Postal Address
125 KPMATIE STREET
EMMERENTIA
- - 2195
**Invitation to a Delegate Briefing on the India State visit: 25 May 2010**

BUSA in conjunction with First Rand will be hosting a delegate briefing ahead of the India State visit scheduled for 02 – 04 June 2010.

The briefing will be held as detailed below:

**Date:** Tuesday, 25 May 2010  
**Time:** 17:30 for 18:00 – 19:00  
**Venue:** FNB Conference Centre, 114 Grayston Drive, Sandown, Sandton  
(Map and directions attached for ease of reference)

The purpose of the briefing is to provide delegates with updated information regarding the visit i.e. programme and logistical details. Delegates will also have the opportunity to make input into issues to be raised by business during the event.

**Agenda**

1. Welcome – Catherine Grant, Director: Trade Policy, BUSA  
2. Introductions  
3. Opening remarks – First Rand representative  
4. Briefing on opportunities and challenges in the India Market  
5. Overview of logistics –  
   (a) Visas  
   (b) Flights  
   (c) Accommodation  
   (d) Transport  
   (e) Programme  
   (f) B2B meetings – profiles, photos  
6. Closing

Kindly RSVP by Monday, 24th May to Carmen Thomas:

Carmen.thomas@fnbcommercial.co.za
## ADDENDUM 3.1

**FLYWELL TRAVEL (FORDSBURG)**  
PO BOX 1456  
JOHANNESBURG  
GAUTENG  
RSA  
2000

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