

**Date:** 25 July 2023

## **South African Post Office ('SAPO') Business Rescue Practitioners presents at First Meeting of Creditors**

- Joint BRPs status ratified by simple majority of creditors
- Extension of Business Recue plan to 30 November 2023 agreed to by Creditors
- Open branches are operating. BRPs to assess the branch network in their order of business

The joint BRP's of SAPO, Mr Anoosh Rooplal and Mr Juanito Damons convened the First Meeting of Creditors yesterday.

On 9 February 2023, an order was granted by the High Court to place SAPO into provisional liquidation. On 7 July 2023, the Department of Communications and Digital Technologies made an application to place SAPO into Business Rescue. The order to place SAPO into Business Rescue was granted on 10 July 2023 and the court appointed Rooplal and Damons as the Joint Interim Business Rescue Practitioners ('BRPs').

In terms of the Companies Act 71 of 2008 ('Companies Act'), the objectives of the first meeting is to inform creditors as to whether or not there is a reasonable prospect of a successful business rescue, to receive valid claims from Creditors and to request an extension for the business rescue plan to be published.

Due to the fact that the Business Rescue practitioners had been appointed by the High court in an interim capacity, the creditors also needed to ratify their appointments by a simple majority.

Joint Business Rescue Practitioner, Anoosh Rooplal commented, "Our primary objective will be to either rescue the company by restructuring its financial and operational affairs in a manner that maximizes the likelihood of the company continuing its existence on a solvent basis or if that is not possible, results in a better return for the company's creditors and shareholders that would otherwise have been obtained from the immediate liquidation of the company."

### **Opinion of the BRPS that there is a reasonable prospect that the company can be rescued**

The joint Business Rescue Practitioners are of the view that there is a reasonable prospect of rescuing the SAPO within the ambit of Chapter 6 of the Companies Act.

This is based on the allocated R2.4 billion funding from Treasury in the medium-term budget, the additional funding requirement of R3.8 billion to recapitalise the SAPO, the BRPs interventions and the ongoing support from all stakeholders, including Government, Employees, Trade Unions and Trade Suppliers as well as the Implementation of the restructuring plan.

### **Ratification of BRPs**

The Companies and Intellectual Property Commission ('CIPC') and Financial Sector Conduct Authority ('FSCA') approved the BRPs appointment in terms of the Court Order appointing the BRPs. The joint BRP's achieved the 51% majority vote to ratify their appointment at the meeting of creditors.

Business Rescue Plan- Request for extension.

The BRPs proposed that the date for publication of the Business Rescue Plan be extended to 30 November 2023. This is due to the magnitude of the size of the company, the large number of stakeholders that need to be engaged with and sufficient time required to thoroughly investigate the affairs of the company.

Rooplal noted that the business rescue team needed to thoroughly understand the business in order to draft an effective and qualitative Business Rescue Plan. He further noted, "We cannot simply put a band aid on this or else SAPO may be in the same position in a years' time, which would be to no one's benefit."

There were no objections received in the meeting and the BRPs noted that the Plan would be issued on or before the 30 November 2023.

### **Submission of claims**

The claim form templates had been circulated prior to the meeting and published on the SAPO website. Valid claims are to be submitted with supporting documentation, which will be investigated by the BRPs and dealt with in the Business Rescue Plan. Claims should be submitted as soon as possible to SAPO.BR@sng.gt.com

### **Creditors committee**

The BRPs are of the view that a creditors committee with an independent chair would add significant value to the process, to consult with the BRPs about any matter relating to the proceedings, raise issues constructively and receive and consider reports related to the proceedings. To that end, certain creditors asked for representation on the committee, which was noted.

A list of the committee members will be drawn up from the creditors on the call and be posted on the SAPO website in due course.

### **Employees committee**

In a separate meeting held with employees yesterday, Juanito Damons noted that that the Employees Committee must represent all employees including unionised and non-unionised members. The committee will consult with the BRPs on any matter relating to

the proceedings, will receive and consider reports related to proceeding. Several employees and union members noted their interest on being on this committee. In the interest of time, Damons requested that all those parties interested in being on the committee were to submit their interest to the BRPs via email.

This list will be drawn up by the BRPs and posted on the SAPO website in due course after further consultation.

Damons noted that Chapter 6 of the Companies Act calls for a monthly update reports to affected parties but noted that the joint BRPs would undertake to engage with the Employees Committee every two weeks, given the complexities of the issues surrounding staff. He further elaborated that he and Rooplal were “to make independent decisions on SAPO and would not take instruction from the employees”, as is prescribed in the Companies Act

Rooplal concluded, “We thank the creditors for ratifying our BRP appointments as well as granting us an extension to publish the Business Rescue Plan. We are pleased to have opened the lines of communications with the creditors and intend to publish the Plan by no later than end of November 2023.”

ENDS

Louise Brugman 083 504 1186 on behalf of Joint South African Post Office (‘SAPO’) Business Rescue Practitioners (BRPs), Mr Anoosh Rooplal and Mr Juanito Damons

### **Notes to editors**

SAPO provides traditional postal delivery services, which enables people, especially in remote and otherwise underserved areas to access communications and government services where they would otherwise be unable to do so. SAPO’s services are not limited to traditional postal services. SAPO serves as the South African Postbank SOC Ltd (‘Postbank’) physical branch network. It is responsible for distributing social grants at its branches; it delivers medication to those in need; and it facilitates convenient renewal of motor vehicle registration.

SAPO is presently financially distressed. SAPO is unable to honour its financial obligations as and when they fall due. SAPO has failed to honour its contractual, statutory and employment obligations. While there are several reasons for SAPO’s predicament, the main reason is that SAPO was designed to provide traditional physical postal services. With rapid improvements in technology, demand for traditional postal services has diminished. SAPO has for various reasons been slow to adjust its business model to this modern state of affairs.