

29 February 2024

SAPO Joint Business
Rescue Practitioners

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Delivered by Email To:

- All known Affected Persons of the South African Post Office SOC Ltd (in business rescue) (including: all known creditors, employees, trade unions and shareholders)
- Companies and Intellectual Property Commission

Published:

- On the website maintained by the Company and accessible to Affected Persons

To All Affected Persons,

**SOUTH AFRICAN POST OFFICE SOC LIMITED (IN BUSINESS RESCUE) WITH
REGISTRATION NUMBER 1991/005477/30 – BUSINESS RESCUE STATUS
REPORT IN TERMS OF SECTIONS 132 OF THE COMPANIES ACT, 71 OF 2008
READ WITH REGULATION 125 OF THE COMPANIES ACT**

1. Introduction

1.1 In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended (“**Act**”) when the business rescue proceedings of a company have not concluded within 3 months of the date on which they started, a business rescue practitioner is required to –

- 1.1.1 prepare a report on the progress of the business rescue, and update it at the end of each subsequent month until the end of the business rescue proceedings; and

1.1.2 deliver the report and each update to each affected person and to the CIPC.

1.2 This requirement is applicable to South African Post Office SOC Limited (in business rescue) (“**Company**”).

1.3 Accordingly, the joint business rescue practitioners (“**BRPs**”) hereby provides you with the status report of the Company’s business rescue proceedings.

1.4 Since Commencement of the business rescue proceedings, we record the following sequence of events – see **Annexure A** below:

1.4.1 On 10 July 2023 in accordance with Section 131 of the Companies Act 71 of 2008, as amended ("Companies Act"), Messrs. Anooosh Rooplal and Juanito Damons, were appointed as the Company's interim joint business rescue practitioners subject to creditors ratification at the first statutory meeting of creditors.

1.4.2 On 24 July 2023, the first statutory creditors and employees’ meetings were convened within ten (10) days following the business rescue practitioner’s appointment.

1.4.3 The business rescue practitioner’s appointment was subsequently approved by the Registrar of Financial Services on 14 July 2023 and further ratified by the holders of a majority of creditors voting interests on the 24th of July 2023.

2. Continued Trading Activities

2.1 The Company continues to operate and trade in the ordinary course of business.

2.2 The BRPs have assumed full management control over the business, conducted various site visits and conducted numerous engagements with key stakeholders, customers and with potential partners.

2.3 The BRPs continue to attend regular progress update meetings with the Department of Communications and Digital Technologies (DCDT) to update them on the progress of the business rescue proceedings. In addition, the BRPs continue to hold regular exco-meetings with management to keep

abreast of ongoing matters and to align the business rescue process with the exco team.

2.4 In addition, the BRPs continue to implement various initiatives to date and that essential key aspects are addressed to ensure that operations continue without any further delay.

2.5 It should be noted that the business rescue process has provided an opportunity for the BRPs to continue with the Business within the Company and to preserve the goodwill through an effective moratorium in respect of all legal proceedings and claims against the Company.

3. Business Rescue Plan and Implementation

3.1 On 23 November 2023, the Business Rescue Plan was published and circulated to all affected persons and is available on the Company's website.

3.2 On the 7th of December 2023, the second creditors meeting in terms of section 151 of the Act was convened to consider and vote on the proposed business rescue plan. On same date, the business rescue plan was approved. The votes received at the section 151 meeting was independently verified and a certificate was issued in this regard. The business rescue plan was approved with more than the required 75% for the adoption of the plan in terms of the Companies Act, 71 of 2008.

3.3 It should be noted that the auditors' certificate can be made available for inspection at either SNG or Legae's office by appointment.

3.4 It should be borne in mind that the effect of an adopted business rescue plan is, that all affected persons are bound by the proposals set forth in the business rescue plan.

3.5 The BRPs have commenced the implementation of the business rescue plan. The section 189A(3) of the LRA process has commenced effective from 2 January 2024 by virtue of filing of the relevant notices with the CCMA. It is anticipated that the retrenchment process will be finalised by end of March 2024. The BRP team have to date had two consultations which took place on the 26th of January 2024 and 19 February 2024 respectively, with the major unions facilitated by the CCMA.

3.6 The BRPs will commence with the branch closure process by the end of March 2024 to reduce the Post Office footprint in accordance with the adopted BR Plan.

3.7 The BRPs are actively exploring Partnerships with possible retailers and enterprises, to consider points of presence in rural areas with demand for ongoing communication services, where an actual fully fitted branch may not be feasible.

3.8 Additionally, the BRPs are in the process of engaging the top 20 key customers to assist in strengthening the relationship and to ensure a positive and smooth working relationship for the SA Post Office.

3.9 The BRPs have fully drawn down on the remaining balance of the funding of the R2.4 billion which was allocated to SA Post Office in 2023. The BRPs are still uncertain as to the quantum and timing of the additional funding requested from National Treasury. There was no mention of funding for the SA Post Office in the Minister of Finance's budget speech presented on 21 February 2024. The BRP's will continue to engage with National Treasury and the DCDT in relation to the request for the R3.8 billion as set out in the business rescue plan.

4. Claims and Claims Reconciliation

4.1 To date, we have received claim forms from multiple creditors. A verification process is underway to reconcile the claims of creditors as reflected in the records of the Company against the claim forms received. The cut-off date for submission of creditors claim forms was 7 February 2024.

4.2 It is anticipated that creditors will receive their 12-cent dividend as per the approved BR Plan by the end March/April 2024.

5. Closing Remarks

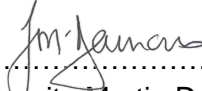
5.1 We appreciate your assistance and co-operation during the business rescue proceedings. The BRPs still believe that the Company can be rescued, within the meaning of section 128(1)(h) of the Companies Act, in a manner that will balance the rights and interests of all Affected Persons.

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5.2 If you have any queries, they may be directed to the business rescue email address in the interim at SAPO.BR@sng.gt.com and/or sapo@legaeturnarounds.co.za.



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Anooch Rooplal
Business Rescue Practitioner



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Juanito Martin Damons
Business Rescue Practitioner

Annexure A – Events Timeline

Court Order granted for the commencement of Business Rescue proceedings on	10 July 2023
Confirmation from the CIPC to commence BR Proceedings on	12 July 2023
CIPC confirmed BRP appointment on	14 July 2023
First meeting of creditors held on	24 July 2023
First Status Report issued on	27 October 2023
Business Rescue Plan published on	23 November 2023
Second Status Report issued on	4 December 2023
Section 151 meeting held on	7 December 2023
Business Rescue Plan adopted on	7 December 2023
Section 189A(3) Labour Relations Act process commenced on	2 January 2024
First Consultation ito S189A(3) of the LRA	26 January 2024
Second Consultation ito S189A(3) of the LRA	19 February 2024
Third Consultation ito S189A(3) of the LRA	6 March 2024
Fourth Consultation ito S189A(3) of the LRA	7 March 2024
Conclusion of branch analysis	31 January 2024
Branch closure process to commence	31 March 2024
Payment to creditors per the approved BR Plan	31 March/April 2024