

30 April 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,

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**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**

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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 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 or Post Office**”).
- 1.3 Accordingly, the joint business rescue practitioners (“**BRPs**”) hereby provides 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 BRPs 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 BRPs appointment.
- 1.4.3 The BRPs 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 24<sup>th</sup> 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 and operational 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 The BRPs continue to implement various initiatives to date and that essential aspects are addressed to ensure that operations continue.

2.5 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 (“the Plan”) was published and circulated to all affected persons. The Plan is available on the Company’s website.

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

3.3 The auditors’ certificate can be made available for inspection at either SNG or Legae’s office by appointment.

3.4 The effect of an adopted Plan is, that all affected persons are bound by the proposals set forth in the Plan.

3.5 The Plan detailed the need for the retrenchment of employees as a measure of saving on the salary bill, payment of which was not sustainable. The retrenchment process as determined by the Labour Relations Act was facilitated by the CCMA. Facilitations began on 4 January 2024 and were completed on 22 March 2024. The obligatory 60-day process was extended as further negotiations and input between the Employee Committee, the relevant unions and the Post Office were deemed appropriate. It was further agreed during the facilitation process that retrenchment payments would take place over 8 months in 3 tranches.

3.6 The BRP team completed the issuance of approximately 4700 termination letters for employees who were affected by the retrenchments. During the month of March 2024 and April 2024, the BRPs engaged extensively with the Unemployment Insurance Fund and the Department of Employment and

Labour in order to possibly obtain funding to limit the number of retrenchments and to provide financial relief to the entity. The BRPs submitted the TERS application during the month of April 2024, for consideration by the Single Adjudication Committee (“the Committee”). The Committee issued a ruling on the 30<sup>th</sup> of April 2024, stating that the application for TERS was not recommended by the Committee. Accordingly, all employees notice period ended on 30 April 2024 and were therefore retrenched.

3.7 The BRPs are actively exploring Partnerships in various areas of the business and will provide further updates in this regard.

3.8 As contemplated in the Plan, the BRP’s have embarked on a branch rationalisation process to reduce the number of Post Office branches nationwide. We have identified 657 branches that will be retained as part of our branch network. In this regard we have notified the respective landlords that form part of the 657 branches to be retained. We will commence with the closure of the remaining branches by the end of May 2024.

3.9 Additionally, 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 remain ongoing.

3.10 The BRPs have drawn down on the remaining balance of the funding of the R2.4 billion which was allocated to the Post Office in 2023. The BRPs are still uncertain as to the quantum and timing of the additional funding of R3.8 billion 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 the DCDT in relation to the request for the R3.8 billion as set out in the business rescue plan and will, with the guidance of the DCDT explore other alternatives in the interim.

#### 4. Creditor Claims and Payments

4.1 The verification process of the creditor’s claims remain an ongoing process 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 all creditors who have had their claims verified by the BRPs and who have shared valid bank account details will receive 12% or 12 cents in the Rand of their original claim as was outlined in the Plan.

4.3 It should be noted that approximately R45.6 million of the total creditors pool were paid from the 31<sup>st</sup> of March 2024 to 30 April 2024. The 12-cent dividend to creditors continue to be made and will be concluded by mid-June 2024.

The top up dividend of 18 cents in the Rand remains subject to the R3.8 billion funding from Treasury.

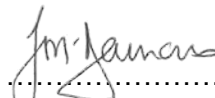
5. Closing Remarks

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.

5.2 If you have any further queries, please direct them to the business rescue email address at [SAPO.BR@sng.qt.com](mailto:SAPO.BR@sng.qt.com) and/or [sapo@legaeturnarounds.co.za](mailto: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 May 2024
Payment to creditors per the approved BR Plan	April 2024 – June 2024