
31 October 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 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 historical sequence of events in **Annexure A** attached below.

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 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.

3. Business Rescue Plan and Implementation

3.1 The section 189A retrenchment process has been finalized. The employee retrenchment packages will be paid over three (3) tranches. The first two tranches have already been paid and the final tranche will be paid by November 2024.

- 3.2 The BRPs are continuing to explore partnerships in various areas of the business and will provide further updates in this regard. The BRPs have managed to clean up six dormant SA Post Office companies which are now available to house possible partnerships on separate SPV structures. Additionally, the BRPs have commenced with a last mile pilot project and have procured motorbikes as a solution for route optimization.
- 3.3 The branch rationalization process has been finalized and SA Post Office now remains with 657 branches as part of its branch network.
- 3.4 Operationally, the BRPs have secured 422 leased vehicles which have been deployed for the movement of mail between the major mail processing centers for the purpose of collection and delivery of mail to branches and for the transportation of mail and postman to the delivery depots and street delivery.
- 3.5 Timeline of events for required funding
- 3.5.1 The BRPs have fully 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.
- 3.6 The BRPs together with management have completed the MTEF submission for the R3.8 billion in July 2024, for National Treasury's consideration.
- 3.7 The funding was not allocated in the Minister of Finance's Medium-Term Budget Policy Statement on 31 October 2024.
- 3.8 The BRPS are in the process of submitting a new TERS application.
- 3.9 Deliberate focus is on the collection of outstanding debt.
- 3.10 Given the fact that no funding was allocated to the SA Post Office per the Medium-Term budget speech, austerity measures have been put in place.
- 3.10.1 A hold has been placed on all capital investments such as leasehold improvements; building infrastructure upgrades; and IT upgrades.
- 3.10.2 The BRPs are continuing to engage with 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. In this regard we are engaging with DCDT on the proposed

Joint SAPO and DCDT Strategic Partners/Investment Task Team.

3.10.3 In light of the uncertainty of the R3.8 billion in funding, the BRPs are actively focusing on sales and increasing revenue.

4. Creditor Claims and Payments

A total of 99,6% of creditor dividends of 12 cents amounting to R1.015 million have been paid at 31 August 2024. The top-up dividend of 18 cents in the Rand remains subject to the R3.8 billion funding from the Fiscus. The remaining 0,4% of creditors is a combination of disputed claims and unverified landlord queries.

5. Pending Litigation

5.1 An order placing SAPO under provisional liquidation was granted on 9 February 2023. This order was not discharged when SAPO was subsequently placed in business rescue, as such the BRPs have filed an application to discharge the order.

5.2 Furthermore, the BRP's, through their attorneys of record, have applied for a special motion court date to have the matter heard. The matter will be heard on 20 November 2024. Further developments will be communicated as they become available.

5.3 SA Post Office is the only entity that has the exclusive license to deliver mail items less than 1kg. The regulator should impose fines, and whereby monies derived from such fines should be ring-fenced for the use of SA Post Office. The BRPs have filed their answering affidavit on the matter on or about 11 November 2024. Our involvement in this matter has been placed on hold as part of the austerity measures put in place by the BRP's due to the lack of funding from the fiscus.

6. An extensive amount of work has gone into preparing a digital strategy which were presented to the DCDT and National Treasury. The BRPs continue to implement the BR Plan to the extent possible despite funding constraints.

7. The BRPs continue to report to the DCDT, being the oversight committee, to keep

the DCDT abreast with new developments as it relates to the implementation of the BR Plan.

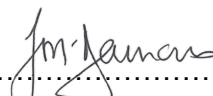
8. Closing Remarks

8.1 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. We await further outcomes and decisions that may arise from the Joint SAPO and DCDT Strategic Partners/Investment Task Team that will be constituted.

8.2 If you have any further queries, please direct them to the business rescue email address at SAPO.BR@sng.gt.com and/or sapo@legaturnarounds.co.za



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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	30 June 2024
Payment to creditors per the approved BR Plan	April 2024 – July 2024
Retrenchment process finalised	March 2024
Service of notice period for retrenched employees ends	April 2024