



## **Business Rescue Plan**

Prepared in terms of section 150 of the Companies Act 71 of 2008 (as amended)

In respect of

### **MANGO AIRLINES SOC LIMITED**

(Registration Number 2006/018129/30)

Prepared by the business rescue practitioner Siphiso Sono of OPIS Advisory Proprietary Limited

**Published on 29 October 2021**

## **Corporate Information and Advisors**

### **Company**

Mango Airlines SOC Limited (in business rescue)

### **Business Rescue Practitioner**

Sipho Eric Sono

### **Independent Liquidation Calculation**

SNG Grant Thornton

### **Legal Advisor to the Business Rescue Practitioner**

Cliffe Dekker Hofmeyr Inc.

### **Restructuring and Corporate Advisory**

OPIS Advisory Proprietary Limited

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## **CHAPTER 1 - INTRODUCTION**

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### **1. Important Notice and Actions to be taken by Affected Parties**

- 1.1 This document is important and is being sent to all known Affected Persons of Mango Airlines SOC Limited in accordance with the provisions of the Companies Act 71 of 2008 ("the Act").
- 1.2 The document contains the business rescue plan, prepared in accordance with the requirements of Chapter 6 of the Act, in particular Section 150(2) of the Act.
- 1.3 Your rights as a Creditor of the Company will be affected in the manner outlined herein and you are entitled to be present or represented, and vote, at a meeting of creditors to be convened in terms of Section 151 of the Act, for the purposes of considering the business rescue plan.
- 1.4 If any Affected Person is in doubt as to what action should be taken arising from the contents of this business rescue plan, such Affected Person is advised to consult an independent attorney, accountant or other professional advisor in addition to any consultation with or direction received from the business rescue practitioner.

### **2. Interpretation and Preliminary**

The headings of the clauses in this business rescue plan are for the purpose of convenience and reference only and shall not be used in the interpretation of nor modify nor amplify the terms of this plan nor any clause hereof. Unless a contrary intention clearly appears:

- 2.1 words importing:
- 2.1.1 any one gender includes the other gender;
- 2.1.2 the singular includes the plural and vice versa; and
- 2.1.3 persons include natural persons, created entities (corporate and unincorporated and

the State) and vice versa.

- 2.2 In this plan, the following words shall have the meanings ascribed to them and cognate expressions shall have a similar meaning:
- 2.2.1 **“Acquittance”** means a document executed by a Creditor in terms of which that Creditor notifies the BR Practitioner that it will not, to the extent of the amount stated in that document, look to the Company for any distribution or other benefit under this BR Plan;
- 2.2.2 **“Act”** or **“Companies Act”** means the Companies Act 71 of 2008 (as amended), including the regulations promulgated thereunder;
- 2.2.3 **“ACMI”** means Aircraft, Crew, Maintenance, Insurance. This is an aircraft leasing arrangement whereby the lessor provides an aircraft, crew, maintenance, and insurance (ACMI) to the lessee;
- 2.2.4 **“Adopted”** and/or **“Adoption”** means that a business rescue plan has been approved in accordance with section 152(2), read with sub-sections 3(b) and 3(c)(ii)(aa) of the Act;
- 2.2.5 **“Advisor”** means advisor to the BR Practitioner and/or the Company, including the employees of the advisor(s);
- 2.2.6 **“Affected Persons”** shall bear the meaning ascribed thereto in section 128(1)(a) of the Act and in relation to the Company means shareholders, creditors, employees of the Company and any registered trade union representing employees of the Company;
- 2.2.7 **“ASK”** means Available Seat Kilometres (ASK) captures the total flight passenger capacity of an airline in kilometres. It is obtained by multiplying the total number of seats available for scheduled passengers and the total number of kilometres in which those seats were flown;
- 2.2.8 **“ATNS”** means Air Traffic and Navigation Services SOC Limited;
- 2.2.9 **“Board”** means the board of directors of the Company as at the Commencement Date;
- 2.2.10 **“BR Plan”** means this business rescue plan together with all its annexures, prepared and published by the BR Practitioner for consideration and possible adoption by Creditors in accordance with Part D of Chapter 6 of the Act;
- 2.2.11 **“BR Practitioner”** or **“BRP”** means the business rescue practitioner of the Company appointed in terms of the provisions of section 129 (3)(b), being Siphiso Sono;

- 2.2.12 “**Business Day**” means any day which is not a Saturday, Sunday or public holiday in the Republic of South Africa;
- 2.2.13 “**CCMA**” means the Commission for Conciliation, Mediation and Arbitration established in terms of section 112 of the LRA;
- 2.2.14 “**CIPC**” means the Companies and Intellectual Property Commission of South Africa, established by section 185 of the Act;
- 2.2.15 “**Claims**” means the secured, statutory, preferent or concurrent claims of Creditors of the Company, irrespective of when the cause of action arose, including claims, actual and contingent, prospective, conditional and unconditional, liquidated or unliquidated, assessed or unassessed, whether or not due for payment or performance, including for the avoidance of any doubt all claims arising out of any agreements entered into by the Company, all such claims to be determined, calculated and admitted as secured, statutory preferent or concurrent in accordance with the same ranking as envisaged by the Insolvency Act, and attached to them upon the issue of a winding-up order against the Company, whether or not such claims are proved;
- 2.2.16 “**CDH**” means Cliffe Dekker Hofmeyr Incorporated, a firm of attorneys practicing as such at 1 Protea Place, Sandown;
- 2.2.17 “**Commencement Date**” means 28 July 2021, being the date on which the Proceedings commenced in terms of section 132 (1)(a)(i) of the Act;
- 2.2.18 “**Commencement Date Creditors**” means Creditors with Claims against the company as at the Commencement Date;
- 2.2.19 “**Company**” or “**Mango**” means Mango Airlines SOC Limited with registration number 2006/018129/30, incorporated as a state owned company with limited liability in accordance with the laws of South Africa, herein duly represented by the BR Practitioner and currently in business rescue;
- 2.2.20 “**Competition Act**” means the Competition Act 89 of 1998 (as amended);
- 2.2.21 “**Contingent Claims**” means, as the context may require, a Claim that may or may not become due and payable during the Proceedings depending on the occurrence of a future event or determination of the claim;
- 2.2.22 “**Creditors**” means, as the context may require, Commencement Date Creditors;
- 2.2.23 “**Creditors Committee**” means the committee formed in terms of section 145(3) of the



Act;

- 2.2.24 “**Customers**” means persons in possession of an unused Mango ticket or voucher;
- 2.2.25 “**Disputed Claim**” means any Claim, or part thereof, that is disputed by the Company and not recorded as a Claim in this BR Plan;
- 2.2.26 “**Disputed Creditor**” means a person with a Disputed Claim, alleging to be a Creditor for an amount higher than is reflected in this BR Plan, alleging to be a Secured/Preferent Creditor contrary to what is reflected in this BR Plan, or disputing the value of their security as reflected in this BR Plan;
- 2.2.27 “**DPE**” means the Department of Public Enterprises of South Africa;
- 2.2.28 “**Employees**” means all employees of the Company that were in its employ as at Commencement Date, and who will be in its employ as at the Implementation Date;
- 2.2.29 “**Employee Representatives Committee**” means the committee formed in terms of section 144(3)(c) of the Act;
- 2.2.30 “**Fleet**” means the aircraft operated by the Company;
- 2.2.31 “**Government**” means the Government of the Republic of South Africa;
- 2.2.32 “**IATA**” means the International Air Transportation Association, incorporated in terms of an act of the Canadian Parliament;
- 2.2.33 “**IFRS**” means International Financial Reporting Standards, accounting standards that are issued by the IFRS Foundation and the International Accounting Standards Board;
- 2.2.34 “**Insolvency Act**” means the Insolvency Act 24 of 1936 (as amended);
- 2.2.35 “**Investor**” means an equity investor in the Company;
- 2.2.36 “**Lessors**” means the lessors of aircraft to the Company;
- 2.2.37 “**LRA**” means the Labour Relations Act 66 of 1995 (as amended);
- 2.2.38 “**Macquarie**” means Macquarie Aircraft Leasing Services (Ireland) Limited, an Irish tax resident and a member of the Macquarie group of companies;
- 2.2.39 “**Management**” means pre-existing members of the Company’s management and board as at the Commencement Date;
- 2.2.40 “**Month**” means –
- 2.2.40.1 in reference to a number of months, from a specific date, a period

commencing on that date to the immediately preceding day on the same date of any subsequent month; and

2.2.40.2 in any other context, a month of the calendar, that is, one of the 12 months of the calendar,

and "**Months**" and "**Monthly**" has a corresponding meaning;

2.2.41 "**Moratorium**" means the automatic and general moratorium, as contemplated in Section 133(1) of the Act, on legal proceedings, including enforcement action, against the Company, or in relation to any property belonging to the Company, or lawfully in its possession;

2.2.42 "**National Treasury**" means the Department of National Treasury of South Africa;

2.2.43

2.2.44 "**OPIS**" means OPIS Advisory Proprietary Limited registration number 2007/012055/07, incorporated as a private Company in accordance with the laws of South Africa;

2.2.45 "**PBTH**" means power by the hour. This refers to arrangements where costs are incurred per hour of usage;

2.2.46 "**PCF**" means post commencement finance as defined in section 135 of the Act;

2.2.47 "**PFMA**" means the Public Finance Management Act 1 of 1999;

2.2.48 "**Post Commencement Claims**" means the secured, statutory preferent or unsecured claims of creditors of the Company, the cause of action in respect of which arose after the Commencement Date, including claims, actual and contingent, prospective, conditional and unconditional, liquidated or unliquidated, assessed or unassessed, whether or not due for payment or performance, including for the avoidance of any doubt all claims arising out of any agreements entered into by the Company after the Commencement Date, all such claims to be determined, calculated and admitted as secured, statutory preferent or unsecured in accordance with the same ranking as envisaged by the Insolvency Act, and attached to them upon the issue of a winding-up order against the Company, whether or not such claims are proved;

2.2.49 "**Post Commencement Period**" means the period from the day immediately succeeding the Commencement Date up to and including the Substantial Implementation Date;

- 2.2.50 **“Preferent Creditor”** means, as the context may require, a Commencement Date Creditor or a Post Commencement Claim, that would rank in whole or in part as a statutory preferent claim as defined in section 2 of the Insolvency Act;
- 2.2.51 **“Proceedings”** means the business rescue proceedings of the Company that commenced on Commencement Date;
- 2.2.52 **“SAA”** means South African Airways SOC Limited with registration number 1997/022444/30, a state owned company incorporated in accordance with the laws of South Africa;
- 2.2.53 **“SAAT”** means SAA Technical SOC Limited with registration number 1999/024058/30, a state owned company incorporated in accordance with the laws of South Africa;
- 2.2.54 **“SARS”** means the South African Revenue Services;
- 2.2.55 **“Secured Creditor”** means, as the context may require, a Creditor whose Claim would rank in whole or in part as a secured claim as defined in section 2 of the Insolvency Act;
- 2.2.56 **“Shareholder”** means the shareholder of the Company at the Commencement Date;
- 2.2.57 **“SMF”** means the Significance and Materiality Framework developed and agreed upon between the Company and its executive authority;
- 2.2.58 **“Special Appropriation Act”** means the Special Appropriation Act 11 of 2021;
- 2.2.59 **“Substantial Implementation Date”** means the date on which the BR Practitioner files a notice with the CIPC in accordance with the requirements of section 152 (8) of the Act and as further articulated in clause 7.2;
- 2.2.60 **“UIF”** means the Unemployment Insurance Fund of South Africa administered by the Department of Labour;
- 2.2.61 **“Un-flown Ticket Liability”** and **“Forward Sales Liability”** means any liability as described and dealt with in paragraph 6.7.2.1;
- 2.2.62 **“Unsecured Creditors”** means a Commencement Date Creditor or a Creditor with a Post Commencement Claim, as the context may require, which is not a Secured Creditor or Preferent Creditor;
- 2.2.63 **“VAT”** means value-added tax in terms of the Value-Added Tax Act 89 of 1991; and
- 2.2.64 **“VSP”** means Voluntary Severance Package.
- 2.3 Any reference to:

- 2.3.1 a “clause” shall, subject to any contrary indication, be construed as a reference to a clause in this plan.
- 2.3.2 “law” shall be construed as any law (including common or customary law), or statute, constitution, degree, judgment, treaty, regulation, directive by-law, order or any other legislative measure of any government, supranational, local government, statutory or regulatory body or court.
- 2.3.3 a “person” shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality, of two or more of the foregoing).
- 2.4 If any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, notwithstanding that it is only in the definition clause, effect shall be given to it as if it were a substantive provision of this BR Plan.
- 2.5 Unless the context dictates otherwise, an expression which denotes any gender includes both the others; and to a natural person includes an artificial person and to the singular includes the plural, and vice versa in each case.
- 2.6 The annexures to this BR Plan form an integral part hereof and words and expressions defined in this plan shall bear, unless the context otherwise requires, the same meaning in such annexures.
- 2.7 When any number of days is prescribed in this BR Plan same shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a Business Day, in which the last day shall be the next succeeding Business Day.
- 2.8 In the event that the day for payment of any amount due in terms of this arrangement shall fall on a day that is not a Business Day, the relevant date shall be the immediately succeeding Business Day.
- 2.9 Where any term is defined within the context of any particular clause in this BR Plan, the term so defined, unless it is clear from the clause in question that the term so defined has limited application to the relevant clause, shall bear the same meaning as ascribed to it for all purposes in terms of this BR Plan, notwithstanding that the term has not been defined in the definitions clause.

- 2.10 Any reference in this BR Plan to an enactment is reference to that enactment as at the BR Commencement Date and as amended or re-enacted from time to time.
- 2.11 Words and expressions defined in the Act which are not defined in this BR Plan shall have the same meanings in this BR Plan as those ascribed to them in the Act.
- 2.12 Save where the contrary is indicated, any reference to this BR Plan shall be construed as a reference to this BR Plan as it may have been, or may from time to time be, amended, varied, novated or supplemented in terms of the Act.
- 2.13 Whilst every effort has been made to present an accurate and complete overview of the affairs of the Company the BR Practitioner has not independently verified all of the information contained herein. None of the BR Practitioner, the Company nor their respective affiliates, employees, officers, directors or agents make any representations or warranties (express or implied) as to the accuracy or completeness of the information contained in this BR Plan or any statements, estimates or projections contained herein. Consequently, none of those parties will have any liability for the recipient's use of the information contained herein. This BR Plan will include certain statements, estimates and projections.

### **3. Structure of the Business Rescue Plan**

For the purposes of section 150(2) of the Companies Act, this BR Plan is divided into 3 parts as follows:

#### **3.1 Chapter 1 - Introduction**

This chapter sets out general information about the BR Plan, including the structure of the BR Plan and with whom Affected Persons should engage for independent advice.

#### **3.2 Chapter 2 – Business Rescue Proposal**

This chapter provides the detailed proposal, set out in the form required by the Companies Act.

##### **3.2.1 Part A - Background**

This part sets out the background to the Company, the circumstances that resulted in the Company's financial distress and an overview of the Proceedings.

##### **3.2.2 Part B - Terms of the Proposal**

This part describes the terms of the BR Plan and includes, inter alia, the benefits, for Affected Persons, of adopting the BR Plan as opposed to the Company being placed into liquidation.

##### **3.2.3 Part C – Assumptions And Conditions**

This part sets out, inter alia, what conditions need to be fulfilled in order for the BR Plan to become effective, and to be implemented.

#### **3.3 Chapter 3 - General**

This chapter sets out certain administrative and general matters pertaining to the Proceedings and the BR Plan.

#### **3.4 Chapter 4 – Conclusion and the BRP's Certificate**

The chapter contains the BRP's recommendation and the certificate that is required to accompany each business rescue plan in terms of the Companies Act.

**4. Notifications**

- 4.1 Insofar as possible, notice has been given to the Affected Persons, in terms of the Companies Act and the Regulations thereto, that the Company has been placed under the Proceedings and placed under the control and supervision of the BR Practitioner, in accordance with the Companies Act.
- 4.2 In terms of section 132(3) of the Companies Act, a company whose business rescue proceedings have not ended within three months after the start of those proceedings, or such longer time as the court, on application by the practitioner, may allow, the practitioner must:
- 4.2.1 prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
- 4.2.2 deliver the report and each update in the prescribed manner to each affected person, and to the court, if the proceedings have been the subject of a court order; or the Commission, in any other case.
- 4.3 As these Proceedings have not ended within three months from Commencement, the BR Practitioner has prepared and filed the progress reports in accordance with clause 4.2.

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## CHAPTER 2 – BUSINESS RESCUE PROPOSAL

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### 5. Part A – Background Information

#### 5.1 Corporate and shareholding structure

5.1.1 SAA is the sole shareholder of Mango and owns 100% of the shares in the Company.

5.1.2 The SAA group structure is depicted in 5.4 below.

5.1.3 The issued share capital of the Company comprises 1 120 (one thousand one hundred and twenty) shares.

5.1.4 The authorised but unissued share capital of the Company is 8 880, (eight thousand eight hundred and eighty) shares.

#### 5.2 Directors and Officers

5.2.1 As at the Publication Date, the directors and officers of the Company were as follows:

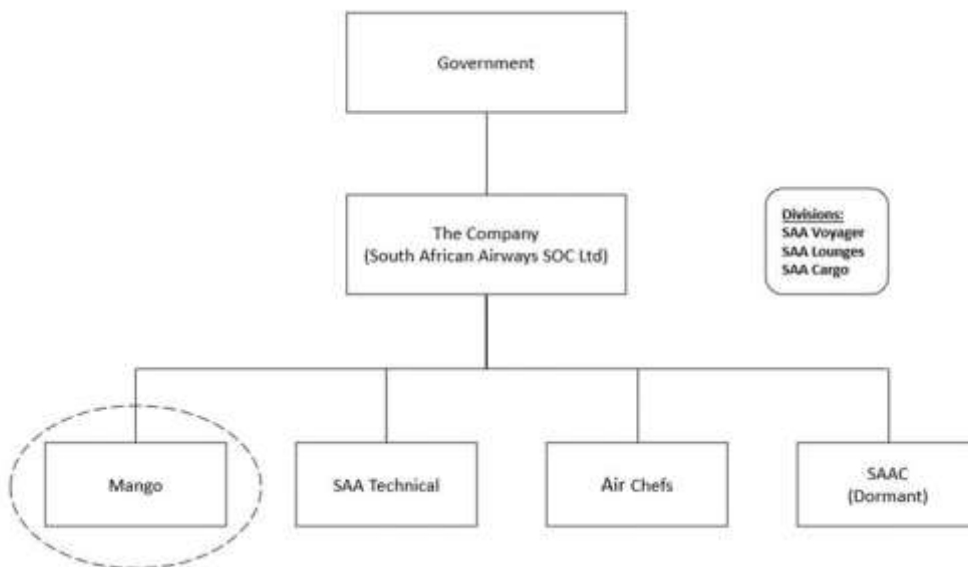
Name of Director	Role	Status	Date Appointed
Ndlovu, Moshabe William	Director	Active	20/08/2020
Zwane, Moretlana Martha Bembe	Non-Executive Director	Active	29/07/2021
Van Harte, Edna Lorraine	Non-Executive Director	Active	07/07/2021
Fadugba, Nicholas Olawande	Non-Executive Director	Active	07/07/2021



5.3 **Company Information at Commencement Date**

- 5.3.1 Financial year end: 31 March
- 5.3.2 Registered address: Mezzanine Level  
Domestic Departures Terminal  
Or Tambo International Airport  
Kempton Park 1627
- 5.3.3 Business address: Mezzanine Level  
Domestic Departures Terminal  
Or Tambo International Airport  
Kempton Park 1627
- 5.3.4 Postal Address: Mezzanine Level  
Domestic Departures Terminal  
Or Tambo International Airport  
Kempton Park 1627
- 5.3.5 Auditors: Auditor General South Africa  
4 Daventry Street,  
Lynnwood Bridge Office Park  
Lynnwood Manor  
Pretoria, SA

5.4 **SAA Group Structure**



5.5 **Company Background**

- 5.5.1 Mango is a state owned company and is a subsidiary of SAA. As a state owned entity it is governed in accordance with the prescripts of the PFMA and applicable regulations.
- 5.5.2 The Company commenced business in 2006 as a low-cost domestic airline facilitating business and tourism air travel in South Africa and regionally. Over the years Mango has built a recognisable brand in the local aviation sector.
- 5.5.3 Mango currently has a staff complement of 708 active employees and 10 additional employees on disability.
- 5.5.4 The announcement of a hard lock-down in response to the Covid-19 pandemic impacted the tourism and travel industries and resulted in the ceasing of all air traffic travel from 26 March 2020. Mango resumed operations on 20 June 2020 after traveling restrictions were relaxed due to the lockdown. In the no-flight period, Mango's Un-Flown Ticket Liability continued to increase.
- 5.5.5 Mango's creditor liability has since grown to over R2.8 billion with Forward Sales Liability and Un-flown Ticket Liability at approximately R183 million.
- 5.5.6 On 16 April 2021 the board of directors adopted the resolution to place the Company in business rescue in terms of section 129 of the Act. Approval from Minister Gordhan (the Executive Authority) was received on 22 July 2021 and on 28 July 2021 the Company was placed in voluntary business rescue.
- 5.5.7 Before the commencement of business rescue, Mango had a fleet of only 8 aircraft, all leased from Macquarie, down from a total of 14 aircraft in 2019. The fleet is all nearing the end of life and some of the aircraft and/or engines require significant repairs and maintenance and will thus not be returned to service. Accordingly, the leases in respect of aircraft for which there is no intention to operate will be cancelled by mutual consent.
- 5.5.8 Mango was allocated funding of R819 million from the Government funds granted to parent company SAA to restructure its operations, by way of the Special Appropriation Act. The funding allocation was to cover legacy debt and to provide for the restructuring of Mango.

**5.6 Reasons for the Financial Distress of the Company**

5.6.1 According to the affidavit filed with CIPC by the Mango board of directors, the financial distress of the Company was largely influenced by a number of key as follows:

5.6.1.1 The Company has been significantly affected by the unprecedented economic effects of the COVID-19 pandemic, the travel bans imposed by the President of South Africa in order to flatten the curve of infections of COVID-19, and the nationwide lock-down ordered by the President on Monday, 23 March 2020, in terms of the Disaster Management Act 57 of 2002 and the regulations promulgated thereunder.

5.6.1.2 The Company was forced to suspend all flights operated by it for almost 3 months, from 26 March 2020 due to the lock-down, until 15 June 2020, when essential business travel between Johannesburg, Cape Town and Durban then became possible. The Company generated no revenue during this period.

5.6.1.3 South Africa has continued to be under varying levels of lock-down over the course of more than 16 months. The Pandemic has had unprecedented adverse financial consequences for the tourism industry, and the Company was unfortunately not spared as passengers could at first not fly at all, and now, whilst domestic flights are allowed, choose to fly only in exceptional circumstances in order to avoid exposure to the COVID-19 virus. In addition, limitations on international travel has also had a significant impact on the Company's number of passengers.

5.6.1.4 Per illustration, prior to the Pandemic, the Company's operating profit for the year-ended 2019 was R977,508,604.00. However, since the onset of the Pandemic, the Company's operating profit declined for the year ending 2020 to R462,820,562.00, and declined further for the year ending 2021 to an operating /loss of R157,142,929.00.

5.6.1.5 The Company's financial issues were exacerbated by the inability of its shareholder, namely SAA who only exited its Business Rescue proceedings on 30 April 2021, to fund the Company.

5.6.1.6 Consequently the Company's board of directors adopted the Resolution on 16 April 2021, and reduced its flight schedule from 1 May 2021 and operated only 2 aircrafts, whilst compliance with the PFMA was awaited. It has generated limited revenue during this time, whilst it continued to incur certain fixed operational costs, such rentals on

leased aircraft.

5.6.1.7 Notwithstanding the above, the directors of the Company believe that there is a reasonable prospect of rescuing the business of the Company, if the Company commences Business Rescue immediately and receives post-commencement finance and the Company is placed under the supervision of a senior Business Rescue practitioner.

5.6.2 Furthermore, the Practitioner has also through his investigations into the affairs of the Company established the following additional reasons for the financial distress of the Company:

5.6.2.1 There were issues around technical reliability and in the 2019 and 2020 financial years technical delays attributed for more than 47% of total delay hours with sales impacted by the consequential irregular operations.

5.6.2.2 The combination of operational, technical and competitive challenges resulted in Mango's on-time performance deteriorating to the second worst from being one of the best domestically.

5.6.2.3 Mango suffered significant turnover in management during the period of instability. Loss of resources in key positions within the Board and executive management levels further impacted deliverables and decision making. In addition, as a subsidiary, Mango was not always able to make independent fleet decisions beneficial to the Company and in some cases was burdened with fleet that had significant maintenance costs that contributed to cash out flows. Mango was not in a position to adequately provide for the large cost associated with the maintenance events.

## 5.7 Business Rescue Timeline

EVENT	DATE
Directors' resolution passed to commence Proceedings	16 April 2021
Resolution of directors filed with CIPC	28 July 2021
Order of the Court	10 August 2021
Notice of appointment of BR Practitioner filed with CIPC	10 August 2021
Notice of commencement of Proceedings published	12 August 2021
Notice of appointment of BR Practitioner published	12 August 2021
First meeting of creditors held	18 August 2021
First meeting of employee representatives held	18 August 2021
Last date to publish the BR Plan	8 September 2021
Extended last date to publish the BR Plan	29 October 2021

## 5.8 Management Control

5.8.1 In terms of section 140(1)(a) of the Act, the BR Practitioner took over full management control of the Company in substitution for its Board and pre-existing management, but as he was entitled to do, the BR Practitioner delegated certain functions to pre-existing senior management of the Company, as well as the Board where considered appropriate.

5.8.2 The BR Practitioner has paid particular attention to the functions entailing the administration of the affairs of the Company and to protect its assets, to ascertain the viability of the Company and to ascertain whether the Company could be rescued or whether it was necessary to dispose of certain of the Company's assets to achieve a better dividend for Creditors in business rescue as compared to the dividend that would accrue to Creditors in a liquidation.

## 5.9 Tax Affairs

5.9.1 At the date of publication, all tax debt that arose during the Proceedings has been paid as and when it became due for payment.

5.9.2 All returns for various taxes are up to date at the date of publication.

5.10 **Status of the Fleet**

5.10.1 In 2019, ahead of the grounding of operations due to the Covid-19 lockdown, Mango operated a fleet of 14 aircraft owned by three Lessors. Two Lessors have since cancelled their leases, resulting in a reduced fleet which is entirely owned by Macquarie.

5.10.2 With the assistance of Macquarie, the BRP has selected a fleet of 3 aircraft that will be leased on a six-monthly basis, by amending the existing leases to provide for amended terms for the agreed interim period. The leases will be renewable by providing a notice of extension.

5.10.3 The targeted number of aircraft in the short to medium term is approximately 8. Currently the Company does not have a balance sheet that can accommodate the targeted fleet and accordingly will require investment.

5.11 **Status of Trading During the Post Commencement Period**

5.11.1 The Company operations have not resumed since they ceased on 27 July 2021 as Mango has not been in any position to operate its fleet.

5.11.2 Multiple engagements and negotiations were held with Lessors and service providers to explore options going forward.

5.11.3 The Government allocated R819 million to Mango via its parent company, SAA, in terms of the Special Appropriation Act, to implement its business rescue plan. The Company drew down an amount of R100 million to largely fund salaries and wages.

5.11.4 Where possible, contracts have been suspended or renegotiated to cut back on costs. The contracts will be reviewed on the resumption of operations to ensure that they are in line with the restructured organisation.

5.11.4.1 A comprehensive project plan has been put in place for a restart of operations. Included in the plan are the regulatory aspects that have to be carefully monitored to ensure that when operations do resume, there are no barriers.

5.11.5 The BRP is also engaging other Lessors for future re-fleeting purposes.

## 5.12 Creditors

5.12.1 The Company's known Creditors as at Commencement Date are set out in **Annexure A** hereto, and in aggregate amounted to R2.85 billion, all of which are unsecured.

5.12.2 Total Post Commencement Claims due at date of publication amount to R7,6 million, as reflected in **Annexure B** hereto, and are broken down into the following categories:

5.12.2.1 Employee Post Commencement Claims amounting to R13.1 million for the balance of October 2020 salaries.

5.12.3 There are currently no Disputed Claims.

5.12.4 There are currently no Contingent Claims that have come to the attention of the BR Practitioner.

5.12.5 Claims that are denominated in foreign currencies will be translated to the South African Rand at the spot exchange rate at BR Commencement Date and will be settled based on the Rand amount translated on this basis.

## 5.13 Material Assets and Security

5.13.1 The material assets of the Company at Commencement Date are reflected below:

### List of Assets

Description	R000's
Aircraft Engine	97 039
Furniture and Equipment	4 823
<b>Total assets</b>	<b>101 862</b>

5.13.2 The Company leases the significant assets required to operate the business. Therefore, the only material asset on the balance sheet is a spare engine that was acquired from SAA with a current book value of R97 million.

5.13.3 The spare engine is not contemplated for disposal as it is contemplated that Mango will resume operations. It will therefore be required to provide flexibility in case of breakdowns.

#### 5.14 Probable Liquidation Dividend

5.14.1 In accordance with the report prepared by SNG, attached hereto as **Annexure D**, in the event of liquidation, concurrent creditors are unlikely to receive a dividend.

5.14.2 Only the preferred claims of SARS and Employees are likely to receive a partial dividend.

#### 5.15 Creditors Committee

5.15.1 Section 145(3) of the Act provides that the creditors of a company are entitled to form a Creditors' Committee, and through that committee are entitled to be consulted by the business rescue practitioner during the development of the business rescue plan.

At the first meeting held in terms of section 147 of the Companies Act, the Creditors of the Company decided to form a Creditors' Committee, and the following members were appointed:

Member	Name of Creditor
Michael Mpanza	South African Airways Technical
Paula de Sousa, Neville Kelly	Amadeus
Andreas Liagos, Mrs. Silke Sorgenfrei	Lufthansa Technik (LHT)
Lara Kahn, Ryan Smith, Neerasha Singh	Macquarie - represented by Webber Wentzel
Scott Edmundson, Lara Kahn, Ryan Smith	Carlyle / Aergen - represented by Webber Wentzel
Scott Edmundson, Lara Kahn, Ryan Smith	GECAS - represented by Webber Wentzel
Gareth Cremen, Anil Ranchod	Aviation Co-Ordination Services
Heinrich Trizahn Marais	Setcom (Pty) Ltd
Mpolaheng Kekana, Anton Wykmans	Lanseria International Airport
Lwazi Gumede, Elize Mabinya, Alett Crouse	ATNS

5.15.2 The Creditors' Committee held meetings on 2 September 2021 to discuss progress of the business rescue of Mango, and again on 20 October 2021 to discuss the proposed restructuring of the Company and the BR Practitioner's indicative business rescue plan.



5.16 **Engagement with Creditors**

5.16.1 The BR Practitioner engaged with Macquarie, the only active Lessor, to renegotiate the aircraft lease rates and structure. With the assistance of Macquarie, the BRP has selected a fleet of 3 aircraft that will be leased on a six-monthly basis, by amending the existing leases to provide for amended terms for the agreed interim period. The leases will be renewable by providing a notice of extension.

5.16.2 In addition to engagements with the Shareholder and the Lessor, the BR Practitioner dealt with queries from various Creditors, pertaining to their individual claims as and when necessary.

5.16.3 The BR Practitioner has engaged with the maintenance service provider SAAT and agreed on terms to secure repair and maintenance on 3 aircraft.

5.17 **Engagement with Shareholder and DPE**

5.17.1 On 9 September 2021 the Practitioner wrote to the board of SAA to establish the intention of SAA with regards to its continued ownership of Mango by SAA in view of the potential change of control in SAA, as well as possibility that Mango might still need finding support from its Shareholder.

5.17.2 On 6 October 2021 the Practitioner received official confirmation from SAA that Mango would not form part of the SAA group in future and that no further financial support would be directed to Mango other than the funding already allocated via the Special Appropriation Act.

5.17.3 On 22 October 2021, the BR Practitioner wrote to SAA to request that the remaining funds in terms of the Special Appropriation Act be drawn and made available. On 26 October 2021, SAA wrote to the DPE to request the transfer of the funds in accordance with the BR Practitioner's request.

5.17.4 The BR Practitioner has also held several engagements with the DPE to update them on the status of the Proceedings as well as the contemplated restructuring proposals to be funded from the allocated funding.

**5.18 Investigation of the Affairs of the Company**

5.18.1 In terms of section 141(1) of the Act, the business rescue practitioner is required to investigate the affairs, business, property, and financial situation, and after doing so, consider whether there is any reasonable prospect of the company being rescued.

5.18.2 Furthermore, if in the course of such an investigation, a business rescue practitioner concludes that there is evidence of misconduct as contemplated in section 141(2)(c) of the Companies Act, then the business rescue practitioner must forward that evidence to the relevant authorities for further investigation and direct the management of the company to take any necessary steps to rectify the matter.

5.18.3 The BR Practitioner has carried out the investigations contemplated in section 141(1) for the specific purpose of determining whether there are reasonable prospects, and has concluded that there are indeed reasonable prospects of the Company being rescued in the manner dealt with in this BR Plan.

5.18.4 With regards to misconduct contemplated in section 141(2)(c), the BR Practitioner has not come across any evidence of reckless trading, fraud or voidable transactions that occurred in the last 12 months.

**5.19 Moratorium**

5.19.1 The moratorium imposed by section 133 (as read with section 150(2)(b)(i)) of the Companies Act prohibits any legal proceedings, including enforcement action, against the Company, or in relation to any property belonging to the Company or lawfully in its possession, from being commenced or being proceeded with for the duration of the Proceedings.

5.19.2 This means that Creditors will not be able to take action against a Company for non-payment of debts during the Proceedings.

5.19.3 In the current circumstances, the moratorium in relation to the Company commenced on the BR Commencement Date and will remain in place until the BR Practitioner files a notice of Substantial Implementation of the BR Plan with the CIPC.

5.20 **Conversion of Claims to Equity**

This BR Plan does not propose that any Claims be converted to equity in the Company. However, in the event that an offer is received from an investor, proposing such conversion, this BR Plan will be amended in accordance with the provisions relating to amendments subsequent to adoption.

5.21 **Creditors Voting Interest**

5.21.1 A Creditor has a voting interest equal to the value of the amount owed to that Creditor by the Company on the date of the commencement of business rescue.

5.21.2 A Creditor who would have a subordinated claim in liquidation has a voting interest, as independently appraised and valued at the request of the BR Practitioner, equal to the amount, if any, that the Creditor could reasonably expect to receive in a liquidation of the Company.

5.21.3 A Creditor who has a Disputed Claim or a Contingent Claim, will only be allowed to vote to the extent of the undisputed or non-contingent portion of their claim. For the avoidance of doubt, this will not affect the final distribution to such Creditors as the quantum of their Claims will be finalised mutually between the parties or through the dispute resolution mechanism as set out in clause 9.

5.21.4 All liquid proven Claims, including Contingent and suretyship or guarantee Claims will be allowed to vote if the claim has been accepted and approved by the BR Practitioner. The decision of the BR Practitioner in this regard will, subject to any manifest error, be final and binding on the Creditor concerned.

5.21.5 If the value of a Claim of a Commencement Date Creditor has reduced since Commencement Date, that Creditor's voting interest will be the amount of the Claim as at Publication Date.

5.22 **Fee Agreement**

5.22.1 The BR Practitioner's remuneration is at the hourly tariff for a large company based on the Company's public interest score at the Commencement Date.

5.22.2 A company is regarded as a large company if its public interest score is above 500.

- 5.22.3 The public interest score of the Company, calculated in terms of Regulation 26(2) of the Companies Act, was 4101 points at Commencement Date.
- 5.22.4 Regulation 128 of the Companies Act sets out the hourly tariffs that a practitioner is entitled to charge, in accordance with section 143(1). The hourly tariff applicable for large companies is R2 000 (including VAT).
- 5.22.5 In terms of Regulation 143, a practitioner can propose further remuneration, contingent on achievement of a particular outcome. To this extent, the BR Practitioner proposes remuneration of R4 000 per hour contingent on the adoption of the BR Plan and subject to approval in terms of section 143(3) of the Companies Act.
- 5.22.6 A fee agreement was negotiated with the Board of Mango shortly after commencement of Proceedings and an engagement letter was concluded, which inter alia provides for the tariff applicable to the BRP to be adjusted to R4 000 (excluding VAT) per hour.
- 5.22.7 The reason for this adjustment is that BRP hourly tariffs have effectively regressed since promulgation in 2008, as initially the BRP fees were benchmarked against the Department of Public Service Administration's Hourly Fee Rate for Consultants.
- 5.22.8 The same guideline currently reflects that if the fees were adjusted in accordance with the initial benchmark, the tariff applicable for large matters would currently be more or less R4 000 per hour.
- 5.22.9 The tariff adjustment, which requires approval of creditors and the shareholder, is contingent upon the adoption of the BR Plan
- 5.22.10 In terms of Regulation 143, a practitioner can propose further remuneration, contingent on achievement of a particular outcome. To this extent, the BR Practitioner hereby proposes a success fee of 2.5% of the offer price achieved on the successful sale of the Company pursuant to this BR Plan.
- 5.22.11 The success fee will only be payable if the effect of the transaction with the investor improves the dividend payable to concurrent creditors by more than 30%.
- 5.22.12 The BR Practitioner's remuneration agreement is attached hereto as **Annexure E**.

5.23 **Proposals Made Informally by a Creditor**

5.23.1 This BR Plan does not include any proposals made by any Creditors of the Company.

5.24 **Voting by Proxy**

5.24.1 Voting by proxy will be allowed as long as the form of proxy attached to the Notice of the Meeting is lodged with the BR Practitioner in terms of section 152 of the Companies Act.

5.24.2 All forms of proxy given on behalf of a company, a legal entity or a trust must be accompanied by a valid and duly authorised resolution supporting the appointment of the signatory to the proxy.

## **6. Part B – Terms of the Proposal**

### **6.1 Objective of the Proposal**

6.1.1 The main objective of business rescue, as set out in section 128(1)(b)(iii) of the Act, is to develop and implement a plan that either:

6.1.1.1 rescues the Company by restructuring its affairs, business, property, debt and other liabilities, and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis (“Primary Objective”); or

6.1.1.2 if the aforementioned is not possible, results in a better return for the Company’s creditors or shareholders than would result from the immediate liquidation of the Company (“Secondary Objective”).

6.1.2 The proposal set out in this BR Plan seeks to achieve the Primary Objective of business rescue, failing which the Secondary Objective is targeted as indicated herein.

6.1.3 The main restructuring proposal is as outlined below.

### **6.2 Restructuring Process**

6.2.1 Having established that Mango will not form part of the SAA Group, the BR Practitioner has determined that for Mango to be rescued and for it to remain sustainable into the future, the Company requires an investor that would fund ongoing operations beyond the restructuring of the Company. Securing an investor will trigger a transaction that would require approval in terms of the PFMA, read with Mango's SMF.

6.2.2 Section 54(2) of the PFMA provides for mandatory ministerial permission (through the Minister of Public Enterprises ("**the Minister**") in this instance) and general oversight (through National Treasury) when, for example, a public entity's shareholding will be materially altered through the disposal of a significant shareholding in the entity. Furthermore, compliance with the SMF also becomes mandatory.

6.2.3 On 8 October 2021, the BR Practitioner furnished the DPE with a memorandum which served to satisfy the pre-notification requirement that is prescribed by the SMF and intended to provide early notification and sharing of information regarding the concept of a significant transaction that is contemplated.

6.2.4 This BR Plan therefore proposes that the Company be sold to an interested investor.

6.2.5 In the interim, the BR Plan proposes that Mango resumes operations as soon as possible, but ideally by December 2021 to ensure that Mango preserves its route rights and licences which may be critical for the investor and also to take advantage of the higher December demand. In the event that it is not possible to resume operations it may be more prudent to rather concentrate on the Investor process and in that event contemplate a possible mothballing of operations until the investor has come on board.

### 6.3 **Resumption of Operations**

6.3.1 Mango will resume operations 3 aircraft and an additional aircraft subject to a wet lease arrangement based on availability of suitable aircraft in the short-term, and financial resources available to Mango for repair and maintenance of the aircraft.

6.3.2 As already indicated, the BR Practitioner is facilitating the conclusion of appropriate short term agreements with the Lessors and the maintenance providers.

6.3.3 Mango is in possession of several route rights and would like to fly the routes as soon as possible in order to preserve and develop these routes.

6.3.4 This will require Mango to procure additional aircraft which is hoped to be done shortly after the conclusion of a transaction with an investor.

### 6.4 **Investor Process**

6.4.1 In accordance with guidance obtained from the shareholder that Mango will not form part of the SAA group going forward, it is accordingly envisaged in this BR Plan that an investor that will acquire all of the shares in the Company will be required.

6.4.2 The process to search for a suitable investor will commence shortly after the adoption of the BR Plan. This process will entail the steps outlined in 6.4.5 below.

6.4.3 The BRP and his team will manage the process of attracting potential investors and handle all negotiations to yield a transaction.

6.4.4 The BRP is of the considered view that the Mango brand, available route rights (domestic and regional), distribution channels and operating license all justify a valuation for an investor to subscribe/acquire the shares for a consideration that may

increase the dividend payable to concurrent creditors.

- 6.4.5 The Investor Process will comprise of a two-phased process whereby each interested party will be requested to submit an indicative offer in the first phase of the Sales Process, followed by a binding offer in the second phase of the Sales Process.

**Phase 1**

- 6.4.5.1 The BRP will address a formal letter to all interested parties which will set out the terms, timelines, requirements and process to be followed and adhered to by interested parties and that more detailed information relating to Phase 2 will be provided in due course.
- 6.4.5.2 This process letter will require all interested parties to comply with the following requirements in order to participate in the Accelerated Sales Process and be granted access to the virtual data room containing relevant information:
- 6.4.5.3 signature of a confidentiality agreement; and
- 6.4.5.4 demonstration to the BRP that the interested parties have the operational and financial capacity to implement the transaction.
- 6.4.5.5 Phase 1 includes access to the virtual data room and meetings with the BRP and management as required and will conclude within 30 days, with the selection and notification of preferred bidders.
- 6.4.5.6 A shortlist of preferred bidders will be generated. Factors such as the purchase price, timing, proof of funding, operational ability to implement, stakeholder approval, support from management, impact on staff, Black Economic Empowerment requirements and other relevant requirements will be taken into account in determining the preferred bidders.

**Phase 2**

- 6.4.5.7 The preferred bidders will be invited to proceed to the second phase of the Accelerated Sales Process and to complete their due diligence and submit final binding offers.
- 6.4.5.8 Upon receipt of the binding offers, the BRP will convene meetings with representatives from the Shareholder and management to discuss the binding offers and the



acceptance of one of the binding offers.

- 6.4.5.9 The BRP will have the authority to make the final determination of the acceptable binding offer.

## 6.5 **Structured Wind Down**

In the event that an investor is not secured and the Company is not able to continue trading for whatever reason the Proceedings will be converted into a structured wind down which will entail the following:

- 6.5.1 All of the Company's assets will be realised by the BR Practitioner through a structured sale of the assets and proceeds of the sale will be applied towards payment of BR Claims in the manner indicated in the BR waterfall;
- 6.5.2 All contracts of Employment will be terminated and employees retrenched in terms of section 189A, and their Claims paid from the proceeds in the order of preference prescribed in the Companies Act; and
- 6.5.3 All other contracts will be terminated and any damages arising from the termination can only be claimed in accordance with the procedure set out in paragraph 6.12 hereto.

## 6.6 **Property Available to Pay Creditors Claims**

- 6.6.1 Creditors will be paid primarily from funds sourced from the Shareholder for the purposes of restructuring Mango. In the event that an investor is secured, the proceeds from the Investor Process will be utilised to improve the dividend paid to Creditors.
- 6.6.2 In the event of a Wind Down, all of the assets of the Company will be available for sale and proceeds therefrom will be used to pay the Claims of Creditors.

## 6.7 **Effect of the Proposal on the Customers of the Company**

- 6.7.1 Un-flown ticket liability at the commencement of Business Rescue was R183 million .
- 6.7.2 As the customers of Mango are critical stakeholders in the success of the airline, this BR Plan proposes that customers with un-flown liability be awarded vouchers to enable them to fly for the value of their tickets. Accordingly, the options for the treatment of un-flown tickets will be as follows:

- 6.7.2.1 Mango intends to honour this liability through its full value voucher system. A voucher will be issued to customers to the value of the ticket purchased. The voucher can be used to book and fly on Mango and to fly to any destination where Mango operates. The vouchers will be valid for 12 months from 2 April 2022 to 31 March 2023. The voucher is not transferable and is only redeemable in the customer's name. Customers who have pre-existing vouchers that they have not been able to redeem and that expire ahead of 1 April 2022 will be issued new vouchers valid for the full 12 month period. The vouchers redemption is subject to any differences in rates, fares and taxes;
- 6.7.2.2 Customers who do not wish to be issued a voucher may become creditors of the Company and will be treated as concurrent creditors; and/or,
- 6.7.2.3 Customers can forfeit the ticket. In this case any claim is forfeited.

#### 6.8 **Effect of the Proposal on Pre-Commencement Concurrent Creditors**

- 6.8.1 Pre-commencement Concurrent creditors will receive a dividend estimated at approximately 5 cents in the Rand and in accordance with the business rescue waterfall at **Annexure C**, which will be paid at the conclusion of the Investor process.
- 6.8.1.1 The proceeds from the Investor Process as well as any surplus cash on the effective date of the transaction, will go towards a top-up of the dividend.

#### 6.8.2 **Effect of the Proposal on SARS**

- 6.8.2.1 Any past or prospective claim which SARS may have against the Company, under Section 22(3) of the Value Added Tax Act No. 89 of 1991, or in respect of an audit under the Tax Administration Act 28 of 2011 for any years of assessment preceding the Substantial Implementation Date, will be expunged under and in terms of this business rescue plan as a concurrent creditor. In other words, SARS will be unable to initiate and / or take any recovery steps to collect such debt.

#### 6.9 **Effect of the Proposal on the Employees of the Company**

- 6.9.1 Due to the substantially reduced number of aircraft that the Company can potentially secure in the short term, it is necessary that the Company rationalise its workforce in line with fleet size.
- 6.9.2 As the intention is to scale up to 8 aircraft as soon as possible, a preliminary indication

suggests that to operate a fleet of this size, Mango would require approximately 412 employees. Mango currently has 708 active employees.

6.9.3 To mitigate the requirement of the need for retrenchment, a VSP has been initiated and the invitation to employees to apply for the VSP has been sent out.

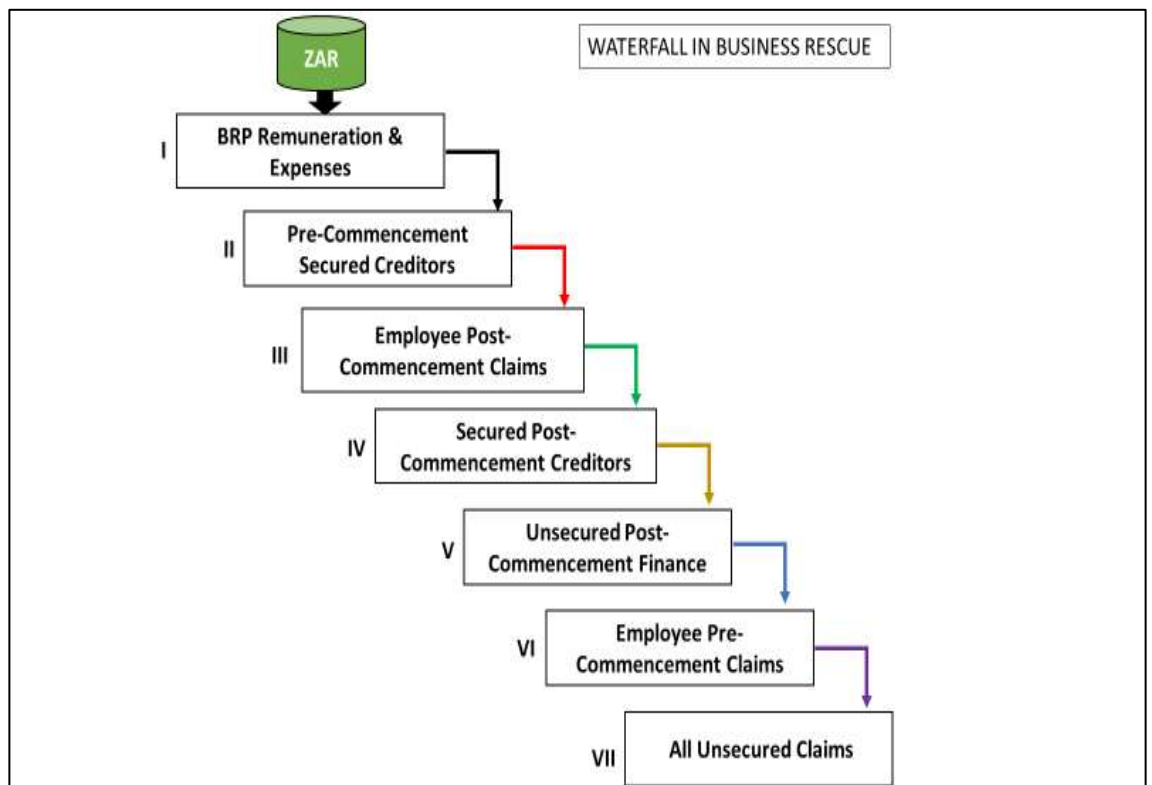
6.9.4 In the event that the uptake for the VSP is low, there might be a need for the Company to restructure, and subject to consultation, may have to retrench some of its workforce.

6.9.5 Pre-commencement Employee arrear salaries for continuing employees will be settled over a period of 4 months from December 2021 to March 2022.

6.9.6 Until the fleet is increased to 8, it may be necessary to implement a variable remuneration structure on the revised employee numbers, as another option to mitigate retrenchments.

6.10 **Order of Distribution**

6.10.1 In terms of the Companies Act, Creditors are to be paid the amounts to be distributed in the following order of priority (to the extent that there are funds available to pay all categories of Creditors in terms of the waterfall below):



6.10.2 The probable dividend, as appears in **Annexure C** hereto, which Creditors will receive, in their respective classes, as a result of the adoption of the BR Plan will be as follows:

Class	Dividend
Employee Post Commencement Claims	100 cents
Secured Post Commencement Claims	100 cents
Unsecured Post Commencement Claims	100 cents
Employee Pre Commencement Claims	100 cents
Pre-Commencement Concurrent Creditors	5 cents

6.10.3 The additional probable dividend which Creditors will receive under the Investor Process cannot be ascertained at this stage, as the Investor Process has not been concluded.

#### 6.11 **Discharge of Debts and Claims**

6.11.1 If the BR Plan is Adopted and implemented in accordance with its terms and conditions, any Creditor who has acceded to the discharge of the whole or part of a debt owing to that Creditor will lose the right to enforce the relevant debt or part thereof in accordance with Section 154(1) of the Companies Act.

6.11.2 Accordingly, in terms of Section 154(2) of the Companies Act, if a BR Plan has been approved and implemented, a Creditor will not be entitled to enforce any debt owed by the company immediately before the beginning of the Proceedings, except to the extent provided for in this BR Plan.

#### 6.12 **Ongoing Role of the Company and Treatment of Existing Agreements**

6.12.1 Any contracts considered to be onerous to the Company have been or will be renegotiated or cancelled either by (i) agreement between the parties thereto and the BR Practitioner or, (ii) failing agreement, the BR Practitioner will apply to court to cancel all the Company's obligations under such Contracts. In the event that the counterparties to the contracts claim damages against the Company:

6.12.1.1 Litigation in respect of such damages must be brought against the Company before the date of Substantial Implementation Date, failing which, a Creditor in these circumstances will be precluded from bringing a Claim for damages against the

Company;

6.12.1.2 Their Claims shall be deemed to have been compromised in terms of this BR Plan and shall be regarded as Unsecured Claims for the purposes of the BR Plan. As such, the counterparties to Contracts who bring their damages claim timeously (i.e. before Substantial Implementation Date) shall only be entitled to receive an amount as an Unsecured Creditor pursuant to the provisions of this BR Plan and if the Claim is not disputed. If such Claim is disputed the matter will be resolved in terms of the Dispute Resolution process set out herein; and

6.12.1.3 Any Claim for damages will be limited to either the actual direct damages suffered or to an amount equivalent to a maximum of three (month's contractual payment, whichever amount is the lower and no claims for contingent or indirect damages will be accepted by the BR Practitioner. Such damages will be treated as Unsecured Claims.

6.13 **Benefits of Adopting the Business Rescue Plan Compared to Liquidation**

6.13.1 Dividends envisaged in this BR Plan are likely to be far better than the dividends that would be paid in liquidation.

6.13.2 The BR Plan will be implemented in a far shorter time-frame than liquidation proceedings. The average time it takes to conclude a liquidation process and pay liquidation dividends can be between 18 – 36 months, or longer depending on the complexity of the estate.

6.13.3 In the event that the business is rescued employees will receive their unpaid remuneration and severance packages in full, whereas in liquidation employee claims are limited to a maximum of R28 000 per employee. In addition, unlike in liquidation where employment contracts are suspended by operation of law, in the event that the Investor Process Plan is implemented, some or all employees may continue their employment.

6.13.4 Some of the Creditors of the Company are likely to resume or continue to trade with the business and thus generate revenue that otherwise would be lost in the event that the business is rescued, unlike in liquidation where the cessation of business is a finality.

6.14 **The Effect of the BR Plan on Holders of the Company's Issued Securities**

This BR Plan will affect the rights of the holders of the Company's issued securities if the Investor Process is implemented successfully.

**7. Part C – Assumptions and Conditions**

**7.1 Assumptions**

- 7.1.1 The main assumption is that the R719 million will be received immediately upon adoption of the BR Plan.
- 7.1.2 That new short-term aircraft lease agreements on less onerous terms than the previous leases will be signed with a Lessor.
- 7.1.3 Conclusion of maintenance work currently being undertaken by SAAT on the aircraft within the timelines agreed with SAAT.
- 7.1.4 It is also assumed that if an investor is found, most of the employees who will be in the employ of the Company at the time of the investment will retain their employment.
- 7.1.5 As regards the amount which Creditors could receive in terms of the BR Plan, the exact quantum could be lower than contemplated herein should the following adverse events, inter alia, occur:
  - 7.1.5.1 Delays in consummating and implementing the investor transaction contemplated in this BR Plan;
  - 7.1.5.2 unforeseen litigation of any nature whatsoever, howsoever arising, from any cause of action whatsoever;
  - 7.1.5.3 late Claims and unforeseen damages Claims arising from the cancellation of any contracts or agreements of any nature whatsoever, howsoever arising;
  - 7.1.5.4 any changes in legislation that impacts business rescue;
  - 7.1.5.5 any challenges to this BR Plan, the rejection thereof of any amendments thereto;
  - 7.1.5.6 any regulatory challenges of any nature whatsoever, howsoever arising;
  - 7.1.5.7 any unforeseen circumstances, outside of the control of the BR Practitioner of any nature whatsoever howsoever arising that impacts on Business Rescue; and
  - 7.1.5.8 material discrepancies in the information made available to the BR Practitioner by the directors and management.

## 7.2 **Conditions for the BR Plan to come into operation and Substantial Implementation**

7.2.1 The BR Plan will come into operation and Substantial implementation will be deemed to have occurred under the following circumstances:

7.2.1.1 Adoption of the BR Plan;

7.2.1.2 Receipt of the balance of the funding from the Shareholder to provide for the restructuring of Mango;

7.2.1.3 Obtaining of the necessary approvals or exemptions in terms section 54(2) of the PFMA read together with Mango's SMF (to the extent necessary);

7.2.1.4 Completion of the Investor Process;

7.2.1.5 Payment to Affected Parties as contemplated in the BR Plan.

## 7.3 **Employee Matters**

7.3.1 An Employee Representatives Committee was formed in terms of section 144(3)(c) of the Companies Act for the purposes of consulting with the BR Practitioner. The Employee Representatives Committee was comprised of members from each of the unions represented at Mango and also non-unionised members of staff and management where represented.

7.3.2 The Employee Representatives Committee meetings were held as per the schedule below:

Date	ERC Meeting
18 August 2021	First Meeting of Employees
31 August 2021	<ul style="list-style-type: none"> <li>o Proposal and discussion on independent Chairperson of the Committee</li> <li>o Discussions of the business rescue and the ongoing investigations into the affairs of the company</li> </ul>
21 September 2021	Update on the business rescue
30 September 2021	Employee Workshop – presentation and discussion of proposed operating model
5 October 2021	Update on the business rescue
14 October 2021	Operating model presentation and discussion by labour (NUMSA,



	SACCA, MPA)
<b>19 October 2021</b>	Preliminary discussions on the VSP
<b>20 October 2021</b>	ERC Meeting – presentation of the proposed operating plan and the VSP

7.3.3 Employees have been paid their full salaries for the months of July, August and September 2021. 50% of salaries have been paid to Employees for the month of October 2021 and the balance will be paid together with November salaries.

7.3.4 It is anticipated that the Company may have to retrench either all of its Employees or a significant proportion of its Employees, depending on whether an investor is secured and what the terms of such investment are.

7.3.5 A VSP has been offered to employees in anticipation of the requirement for a reduced staff complement in line with the proposed fleet.

#### 7.4 **Termination**

The Proceedings will end:

7.4.1 if the BR Plan is rejected and no Affected Person acts to amend the BR Plan in any manner contemplated by the Act; or

7.4.2 this BR Plan is Adopted and implemented (with the conditions fulfilled) and the BR Practitioner has filed a notice of substantial implementation of the BR Plan with the CIPC; or

7.4.3 a court orders the conversion of the Proceedings into liquidation proceedings.

#### 7.5 **Projected Balance Sheet and Income Statement**

The projected balance sheet and income statement are attached as **Annexure F** and **G**

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## **CHAPTER 3 - GENERAL**

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### **8. Litigation**

There is currently no litigation involving the Company and third parties.

### **9. Dispute Resolution**

9.1 Save as provided for in section 133 of the Companies Act, in respect of all or any disputes by the BR Practitioner on Claims submitted by Creditor, which disputes include, but are not limited to, disputes on the existence or otherwise of a Claim, on quantum of the Claim, security claimed by a Creditor, the nature of the security, the extent and value of the security and the like (“the dispute”), such dispute can only be resolved in accordance with the dispute mechanism outlined below.

9.2 The dispute mechanism procedure will be as follows:

9.2.1 Any Creditor that has received a notification from the BR Practitioner of a dispute must contact the BR Practitioner in order to resolve such dispute within 15 days from the date of the notice.

9.2.2 If the Creditor does not avail itself of this 15-day opportunity then the BR Practitioner’s decision is final. If after having availed itself and the dispute is not resolved within the 15 day period, the Creditor will be afforded 7 days (reckoned from the date of expiry of the 15 days) to nominate a retired judge as an expert (not as an arbitrator or mediator) to preside over and to resolve the dispute. Should the Creditor not make this nomination the BR Practitioner will do so on its behalf and this nomination will be binding on the Creditor.

9.3 The retired judge when nominated and who agrees to accept such appointment (hereinafter referred to as the “expert”) will endeavour to complete his mandate within 30 days of his appointment or within such further time period as he in his sole discretion may determine. To the extent that any expert as nominated by the Creditor refuses to

act or is not available to act, the Creditor, or if he refuses or does not do so within three days of being requested by the BR Practitioner to do so, the BR Practitioner is then entitled to choose another retired judge who is available to act and is agreeable to act.

- 9.3.1.1 The expert will in his sole and absolute discretion determine:
  - 9.3.1.2 the venue at which the dispute is to be resolved;
  - 9.3.1.3 the rules, regulations and procedures that will govern the determination of the dispute;
  - 9.3.1.4 the date(s) for the determination of the dispute;
  - 9.3.1.5 will give his award / determination within 5 days of the completion of the process as determined by him; and
  - 9.3.1.6 will as part of his award / determination determine who is liable for the costs of the determination such costs to include his costs, legal costs, venue costs, recording equipment (if applicable), transcript of evidence (if applicable) and the like.
- 9.4 The Creditor agrees that, save for any manifest error the determination of the expert will be final and binding on the Creditor, the Company and the BR Practitioner and will not be subject to any subsequent review or appeal application / procedure / process.
- 9.5 The expert shall be entitled to make an award for costs in his discretion.
- 9.6 The Creditor, the Company and the BR Practitioner agree to use their utmost endeavours to ensure that the entire dispute is determined by the expert within the 30-day period as set out above.

**10. Amendment of the Business Rescue Plan Subsequent to Adoption**

- 10.1 Provided that any amendment will not be prejudicial to any of the Affected Persons, the BR Practitioner shall have the ability, in his sole and absolute discretion, to amend, modify or vary any provision of this BR Plan, provided that at all times the BR Practitioner acts reasonably. The Amendment will be deemed to take effect on the date of written notice of the amendment to all Affected Persons.
- 10.2 Should the BR Practitioner wish to effect an amendment to the BR Plan that will be prejudicial to any of the Affected Persons, he will convene a further meeting of creditors and call for a vote to approve the amendment.

10.3 It is specifically recorded that the provisions of business rescue shall mutatis mutandis apply to the extension or reduction of any timeframes by the BR Practitioner.

**11. Late Claims**

11.1 Creditors who, for whatever reason, did not submit their claims to the BR Practitioner prior to the date of Adoption of the BR Plan, may at any time up until 90 calendar days after the date of Adoption, submit to the BR Practitioner, documentation in support of their claim against the Company and upon receipt and acceptance thereof by the BR Practitioner such claims will be considered valid and form part of the Adopted BR Plan.

11.2 Creditors who, for whatever reason, do not submit their claims to the BR Practitioner within 90 days after the Adoption Date will be deemed to have abandoned their claim/s and their right to participate in any distribution under this BR Plan and shall have no further Claims against the Company.

**12. Severability**

Any provision in this BR Plan which is or may become illegal, invalid or unenforceable shall be ineffective to the extent of such prohibition or unenforceability and shall be treated pro non scripto and severed from the balance of this BR Plan, without invalidating the remaining provisions of this BR Plan or affecting the validity or enforceability of such provision in any other jurisdiction.

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## CHAPTER 4 – CONCLUSION AND BRP CERTIFICATE

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### 13. Conclusion

For the reasons set out above, it is the view of the BRP that, notwithstanding the inevitable risks and challenges:

- 13.1 there is a reasonable prospect that the Company can be rescued within the meaning of the Companies Act;
- 13.2 this BR Plan balances the rights and interests of all relevant stakeholders; and
- 13.3 should the BR Plan not be Adopted, the Proceedings will have to be converted to liquidation proceedings.

### 14. BRP's Certificate

I, the undersigned, Sipho Sono, hereby certify to the best of my knowledge and belief that:

- (a) any actual information provided herein appears to be accurate, complete and up to date; and
- (b) projections provided are estimates made in good faith on the basis of factual information and assumptions as set out contained in this BR Plan.



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Sipho Sono, in his capacity as the duly appointed  
Business rescue practitioner (in terms of the Act)