



MANGO AIRLINES SOC LIMITED (in business rescue)

Registration Number 2006/018129/30

(“Mango” or “the Company”)

28 February 2022

**Status Report in terms of section 132(3) of the Companies Act 71 of 2008, as amended,
 (“Companies Act”), read with Regulation 125**

1. INTRODUCTION

In terms of section 132(3) of the Companies Act a company whose business rescue proceedings (“**BR Proceedings**”) have not ended within three months after the start of those proceedings, or such longer time as the court, on application by the business rescue practitioner (“**BRP**”), may allow, the BRP must:

- (a) prepare a report on the progress of the BR Proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
- (b) 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 Companies and Intellectual Property Commission (“**CIPC**”), in any other case.

The BRP accordingly submits the fourth status update report.

2. SALIENT DATES

The following table sets out certain key events that took place during the BR Proceedings of the Company:

Events	Date
Board resolution commencing the BR Proceedings filed with the CIPC	16 April 2021
Commencement of the BR Proceedings	28 July 2021
Appointment of the BRP	3 August 2021
First meeting of the creditors of the Company (“ Creditors ”)	18 August 2021
Extension of time to publish the business rescue plan (“ BR Plan ”)	29 October 2021
Meeting to consider the BR Plan	15 November 2021
Publication of the amended BR Plan	25 November 2021
Meeting to consider the amended BR Plan	2 December 2021



3. FUNDING

The final draw down request in respect of R399 million funding submitted in December 2021 has still not been processed by the Department of Public Enterprises (“DPE”), which is now cause for concern, bearing in mind that if for whatever reason DPE fails to disburse before 31 March 2021, the funds would go back to the fiscus. The officials from the DPE have confirmed that they are indeed aware of the risk and are doing everything possible to ensure the funds flow as soon as possible. The latest feedback is that the process is at final approval stage, after which funds should flow to South African Airways SOC Limited (“SAA”) and thereafter paid to Mango.

The BRP will continue following up to ensure the funds are received during the course of the month.

4. UPDATE ON EMPLOYEE MATTERS

Further to the notice issued on 26 January 2022, in terms of section 189 of the Labour Relations Act 66 of 1996 (“LRA”) initiated, the first consultation meeting was held with employee representatives on 23 February 2022, facilitated by a commissioner from the Commission for Conciliation Mediation and Arbitration. Three more consultation meetings have been scheduled, all to be held in March 2022, after which the process conclude in line with the 60 days provided for in terms in section 189A of the LRA.

5. INVESTOR PROCESS

Subsequent to the amendment to the bid process letter, which, in part extended the period of time within which expressions of interest or any amendments to existing expressions of interest would be accepted, the BRP received a total of 13 EOIs, of which 6 were shortlisted as qualifying bidders and have been allowed to progress to the due diligence phase of the disposal process. The virtual data-room was opened to pre-qualified bidders (“bidders”) on 16 February 2022 and bidders are required to complete their due diligence and submit binding offers on 25 March 2022. Bidders are required, among other things, to provide bank guarantees backing up their offers, as well as a copy of a marked-up draft sale of shares and subscription agreement (“**Transaction Agreement**”). The draft Transaction Agreement has been shared with SAA, as SAA will be a party to the Transaction Agreement, in its capacity as the shareholder of Mango.

6. PROOF OF CLAIMS

As indicated in the previous status reports, the deadline for submission of claims was 3 March 2022, after which no new claims will be entertained. The BRP is in the process of considering the claims that were submitted.

7. CONCLUSION

The BRP remains of the opinion that there is a reasonable prospect of rescuing the Company, or that the BR Proceedings would result in a better outcome for Creditors and the shareholder of the



Company than would otherwise be achieved should the Company be placed in liquidation.

Sipho Sono

Business Rescue Practitioner

Mango Airlines SOC Limited