



MANGO AIRLINES SOC LIMITED (in business rescue)

Registration Number 2006/018129/30

(“Mango” or “the Company”)

30 April 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 sixth 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	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

Although the Department of Public Enterprises (“DPE”) transferred the balance of R399 million to South African Airways SOC Limited (“SAA”), to date SAA has only transferred to Mango R89 million which was required for certain urgent payments. SAA has instead indicated that the DPE has imposed certain conditions attaching to the balance of funds, which conditions, in the opinion of the BRP, are unjustified and do not find application in the approved business rescue plan (“BR Plan”).

The BRP has briefed legal counsel with the objective of approaching court on an urgent basis for declaratory relief for SAA to transfer the balance of funds to Mango unconditionally and without delay.

4. INVESTOR PROCESS

The Investor Process has reached an advanced stage. On 7 April 2022 the BRP received four (4) binding offers from qualifying bidders. The binding offers were evaluated per the criteria set out in the Process Letter. Two (2) of the binding offers received were found to substantially meet the requirements as set out in the Process Letter. A preferred bidder and a reserve bidder were therefore selected and notified. In the event that the preferred bidder is unable to fulfil the conditions of the Transaction Agreements, the reserve bidder will be approached to conclude the transaction. To this extent, the reserve bidder has been given a timeline by which to provide certain information, following which they will be provided the draft Transaction Agreements.

The BRP is however concerned that the refusal by SAA and / or the DPE to transfer the balance of funds could have a negative impact on the Investor Process.

In the event that the transaction cannot be concluded, the BRP will have to implement the wind-down plan that is incorporated in the BR Plan and further details in this regard will only be communicated in future status reports.

5. UPDATE ON EMPLOYEE MATTERS

In terms of section 189 of the Labour Relations Act 66 of 1996 (“LRA”), a final supplementary meeting facilitated by a commissioner of the Commission for Conciliation, Mediation, and Arbitration (“the CCMA”) was held on 4 April 2022 where agreement was reached with all parties. The Retrenchment Agreement was signed on 7 April 2022. Following signature of the Retrenchment Agreement, the Company issued termination notices to all affected employees and applied for tax directives, which directives have been received from SARS. The Company will process the final retrenchment packages for employees on Monday 9 May 2022.



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 continues to evaluate the claims and has disputed other claims as he is entitled to do so.

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