



**MANGO AIRLINES SOC LIMITED (in business rescue)**

**Registration Number 2006/018129/30**

**(“Mango” or “the Company”)**

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**31 January 2022**

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

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## **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 third status update report.

## **2. SALIENT DATES**

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

<b>Events</b>	<b>Date</b>
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 (“ <b>Creditors</b> ”)	18 August 2021
Extension of time to publish the business rescue plan (“ <b>BR Plan</b> ”)	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

As previously indicated, the BRP submitted a final draw down request to South African Airways SOC Limited (“SAA”) in respect of the remaining balance of R399 million, on 2 December 2021. Having not received the funds, the BRP sent a follow up letter to SAA on 21 January 2022, requesting that the funds be paid over without any further delay. SAA in turn wrote a letter to the Department of Public Enterprises (“DPE”) on 28 January 2022, requesting the DPE to process the draw down request. On 7 February 2022 the BRP, the DPE and SAA held a joint meeting where the draw down request was discussed, among other things. The DPE has promised to revert with a confirmation on when the funds will be transferred.

### 4. UPDATE ON EMPLOYEE MATTERS

All employees that applied for voluntary severance packages, and whose applications were accepted, have been paid their packages in full, inclusive of the arrear salaries that were due and payable at exit date. In addition, past employees (resignations, retirements, deaths, etc) have similarly received their exit packages.

A consultation process in terms of sections 189 of the Labour Relations Act 66 of 1996 (“LRA”) was initiated on 26 January 2022, which process may affect all of the remaining 105 permanent employees of Mango. Section 189A of the LRA provides for a maximum period of 60 (sixty) days within which the consultation must be concluded, after which the employer is entitled to dismiss the affected employees if retrenchments are unavoidable. The Company has applied for the facilitation process to be led by an allocated commissioner from the Commission for Conciliation Mediation and Arbitration.

### 5. INVESTOR PROCESS

Following the call for expressions of interest (“EOI”) from potential investors interested in acquiring all of the shares currently held by SAA, a number of EOI’s were received from interested parties in December 2021. All EOI’s that were received then did not provide sufficient information, particularly with regards to proof of funding. The BRP accordingly granted a blanket extension of 3 weeks for the interested parties to submit their EOI’s by 4 February 2022.

All interested parties will be informed of the outcome of their submissions and those interested parties that substantially meet the requirements set out in the Bid Process Letter (“**Prequalified Bidders**”) will be invited to commence their due diligence imminently, after which the Prequalified Bidders are expected to submit binding offers before the end of March 2022.

### 6. PROOF OF CLAIMS

Creditors that have not yet submitted their claims are encouraged to do so as soon as possible. We draw the attention of Creditors to the fact that claims that are submitted after 3 March 2022 will be rejected, as the BR Plan provides for a maximum claim period of 90 calendar days following



the adoption of the BR Plan.

## **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**