



MANGO AIRLINES SOC LIMITED (in business rescue)

Registration Number 2006/018129/30

("Mango" or "the Company")

31 July 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 ninth 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. INVESTOR PROCESS

The BRP is pleased to announce that significant progress has been achieved with one of the bidders. The BRP has since been presented with adequate and satisfactory proof of funding in the form of a bank confirmation letter, after which a share subscription agreement was executed by the bidder consortium on 28 July 2022. The share subscription agreement provides, among other things, for the bidder consortium to subscribe for shares in Mango, for a consideration equivalent to the agreed purchase price. One of the Conditions Precedent is that the bidder consortium must provide a bank guarantee in favour of Mango for the full purchase consideration, on or before 10 August 2022. Thereafter, the BRP will prepare a detailed application in terms of section 54(2)(c) of the Public Finance Management Act No 1 of 1999 ("**section 54 application**"), for South African Airways SOC Limited ("**SAA**") to submit to the Department of Public Enterprises ("**DPE**") for their urgent consideration in accordance with the adopted BR Plan. Following approval of the section 54 application, the distribution of a dividend to creditors will be processed and thereafter the BRP will be in a position to file a notice of substantial implementation of the BR Plan. The BRP will engage with SAA and DPE to agree on next steps, timelines, and announcements as soon as the guarantees have been provided.

4. WIND-DOWN PROCESS

In the event that the transaction contemplated in section 3 above fails for whatever reason and the BRP is not able to conclude a transaction with a reserve bidder, the BRP will implement the wind-down process that is already incorporated in the adopted BR Plan. The only asset of value is the spare engine and the BRP has already received offers for its disposal. The BRP will accept the best offer in terms of ease of implementation and price, as soon as he concludes that the investor process has failed.

There are a number of offers that exceeded the BRP's initial assessment of the realisable value of the engine. Accordingly, the BRP is of the view that the probable wind-down dividend previously communicated to creditors is likely to be achieved, assuming no material changes on the quantum of claims that are in the final stages of assessment.

5. PROOF OF CLAIMS

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 some claims as he is entitled to do so.

6. 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