



MANGO AIRLINES SOC LIMITED (in business rescue)

Registration Number 2006/018129/30

(“Mango” or “the Company”)

28 February 2023

**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 sixteenth 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

Although the selected investor has agreed to keep its offer open pending the conclusion of the section 54(2) litigation, a risk still exists that the investor may pull out should the issues under contention not be resolved timeously.

4. LITIGATION SUMMARY

The section 54(2) application: On 8 February 2023, the BRP instituted an urgent application in the High Court seeking inter alia an order declaring that a valid section 54(2) application was submitted to the Minister of Public Enterprises and that either, the Minister's lack of response can be deemed to be an approval alternatively, that the Minister be compelled to take a decision on the information currently before him. The Department of Public Enterprises, the Minister of Public Enterprises, National Treasury and the Minister of Finance ("the **state respondents**") all filed notices opposing the application. The urgent application was due to be heard on 28 February 2023, however due to the very late filing of the state respondents' answering papers (on 27 and 28 February 2023 respectively) as well as an intervening application brought by NUMSA to join the BRP and Mango as a co-applicant, the parties requested the urgent court judge to stand the matter down in order to consult with the Deputy Judge President to agree on the further conduct of the matter. The result of the meeting with the Deputy Judge President ("**DJP**") was an agreement between the parties on a timetable for filing further papers. The DJP has since issued a directive confirming the agreed timetable and set down of the matter as a special motion on 29 and 30 May 2023.

International Air Services Council: On 9 February 2023, a letter was addressed to the International Air Services Council ("**IASC**") requesting it to reconsider and reverse its decision to cancel Mango's licence. The letter also demanded reasons for the IASC's decision in terms of Mango's right to receive reasons under the International Air Services Act, 1993. Unfortunately, there has been no response from the IASC and therefore the reasons sought have not been provided. The BRP has therefore taken a decision to lodge an appeal against the decision of the IASC and instructed his attorneys to commence those proceedings.

Aviation Co-Ordination Services: On 13 December 2022, Aviation Co-Ordination Services (Pty) Ltd ("**ACS**"), a creditor of Mango, issued an application in the High Court seeking inter alia a declaratory order that (i) the cession contained in clause 6.2.6 of the BR Plan is invalid, and (ii) as a result of the invalidity of the cession, the BR Plan cannot be implemented in its current form. The BRP understands that ACS has served its application on all affected persons by email. The BRP and Mango have delivered a notice of intention to oppose the ACS application, as well as a notice of an irregular step in terms of Rule 30(2)(b) of the Uniform Rules of Court, in terms of which ACS has been called upon to remove causes of complaint. ACS has not removed the causes of complaint and accordingly the BRP will be proceeding with an interlocutory application in terms



of Rule 30(2). An answering affidavit will be filed in due course once the interlocutory proceedings have been finalised.

5. WIND-DOWN PROCESS

In the event that the transaction or Investor Process contemplated in section 3 above fails for the reasons articulated above and in previous status reports, the BRP will implement the wind-down process that is already incorporated in the adopted BR Plan.

6. 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.

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

Transmitted Electronically