

28 July 2023

CIRCULAR 17

THIS DOCUMENT IS A CIRCULAR TO THE AFFECTED PERSONS RELATING TO THE BUSINESS RESCUE PROCESS OF **SURFACE PREPARATIONS EQUIPMENT AND COATINGS (PTY) LTD** IN TERMS OF THE COMPANIES ACT, 71 OF 2008 AS AMENDED (THE ACT).

OUTCOME OF THE MEETING TO VOTE ON THE PROPOSED BUSINESS RESCUE PLAN

The business rescue practitioners¹ wish to advise all the affected persons of the outcome of the meeting to vote on the proposed business rescue plan, held on the 25th of July 2023. The purpose of this meeting was solely to discuss the published business rescue plan and to vote on the adoption of same.

The practitioner took time at the commencement of the meeting to explain the procedures that would be followed during this meeting and the manner in which the relevant votes would be conducted.

Presenting of the Business Rescue Plan:

The practitioner presented the proposed business rescue plan to the affected persons who were present at the meeting to vote. There were minor amendments that were discussed and addressed (listed below) which were included in the plan presented to the affected persons at the meeting to vote.

Confirmation of a Reasonable Prospect:

The practitioner continued to confirm his belief of a reasonable prospect of a successful rescue – in that the plan proposed provides a substantially better return to the affected persons than that which would be received if the business were immediately and traditionally liquidated.

¹ Quinton (Pat) Pattinson, Senior Business Rescue Practitioner and Jaco Durandt, Junior Business Rescue Practitioner.

Comments from Staff:

Opportunity was provided for staff to present any comments. A separate meeting was held prior to the vote meeting to receive such commentary from staff. At this meeting the staff elected to vote in favour of the adoption of the rescue plan as presented above and that they appointed Jaco Durandt to be their representative at the meeting with a proxy to vote on their behalf.

If the Business Rescue Plan is Adopted:

The practitioner confirmed that should the plan be adopted, that in terms of Section 154 of the Companies Act, any creditor may oppose the process by means of an application to court within 5 business days of the adoption of the plan. Failing which, the practitioners would continue with the implementation of the adopted rescue plan and to subsequently file for implementation of the plan once the milestones are achieved per the plan.

If the Business Rescue Plan is Not Adopted:

However, should the plan not be adopted, Section 153 of the Companies Act would apply. In terms of this section, creditors would be given the opportunity to ask for an amended proposed business rescue plan. If there is no request for an amended rescue plan, then the practitioner would need to file a notice of termination with the CIPC and return the business to the shareholders.

Disputed Claims Discussed:

It was also important that at this stage, the practitioner confirmed the manner in which the disputed claims are to be dealt with in terms of the business rescue plan, although fully detailed in Annexure G of the rescue plan. All of these instances will be addressed shortly after the adoption of the rescue plan – commencement upon the conclusion of the 5 business days for opposition to the adoption.

The first vote was taken, and creditors voted with 99.62% in favour to proceed to the second vote and to thus accept the plan with the amendments as presented to them prior to the vote.

Please note the proposed and accepted amendments below (in red):

- The inclusion of 4 additional claims that were received prior to the vote – in the total amount of approximately R3 691 704.

- However, R1 854 934 of this of this amount is already held in trust by the creditor whose claim it is. Therefore, the actual claims increased by only R1 836 796.
- Additionally, Nedbank are owed approximately R600 000 in legal fees for a judgment that was handed down prior to the commencement of rescue. These fees are therefore due and will be included in the proposed business rescue plan.
- Lastly, Wesbank Fleet vehicles were discussed. The 3 vehicles that the business will be retaining will have their arrears brought up to date within a 3-month period from the adoption of the plan. Furthermore, the arrears on those vehicles surrendered already, will be settled from any remaining funds from the auction after the payments in terms of the Act and the plan.

As a point of clarity more than anything else:

- The properties that were made available for sale by SPEC Holding Trust, have security over them in favour of Nedbank for their bonds, and the overdraft provided by the bank. Therefore, the bank will be settled first and in full, from the funds received from the sale of these immovable properties.

A 99.62% vote from affected persons at the meeting and those who had given proxy was achieved, they did not wish to delay the process and were happy to vote on the plan with the amendments as discussed above.

The second vote cast was to determine whether the attendees wished to accept or reject the amended (as per above) business rescue plan.

A 99.62% vote from affected persons at the meeting and those who had given proxy was achieved in favour of the adoption of the business rescue plan.

The result of the above votes thus entail that the business rescue plan is in force as at the time of voting.

The practitioners will file for substantial implementation of the business rescue plan once the milestones have been achieved as per the now adopted business rescue plan.