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Re Conversion of Business Rescue to Liquidation

We write to you in our capacity as the appointed Business Rescue Practitioners of **Blue Crane Exports CC**¹ for (the Business) and would like to formally bring the following to your attention.

The Business has found itself in financial distress² and as a result, the member decided to initiate business rescue proceedings in terms of the Companies Act³ (the Act⁴) on the 29th of November 2023.

We⁵ were duly appointed as the Business Rescue Practitioners in this matter together with the following entities that operated as a group.

Proximitas Investments 60 (Pty) Ltd
Tracto Trading 100 CC
Steenbokvlakte Sitrus Ontwikkeling (Pty) Ltd

A Business Rescue Practitioner, as soon as practicable after being appointed, must investigate the affairs of the business⁶, including but not limited to, its business operations, its property, and its financial situation.

After having done so, the practitioners must apply their minds as to whether they continue to believe that a reasonable prospect⁷ of rehabilitating the business

1 Q. Pattinson (Snr BRP) and D. Masterton (Exp BRP)

2 Section 128(1)(f) of the Companies Act of 2008

3 Section 129 of the Companies Act

4 The Companies Act 71 of 2008

5 Quinton (Pat) Pattinson and David Masterton

6 Section 141(1) of the Companies Act of 2008

7 Section 141(2)(a) of the Companies Act of 2008

exists, and if so, to determine the best way forward that will balance the rights of all affected persons⁸.

It was however, and unfortunately, our view that no reasonable prospect existed and as the practitioners, we were duty bound⁹ to convert the business rescue proceedings to that of a liquidation.

The reason for this was the inability of the business to continue trading without securing work from the remaining entities. The practitioners have elected not to use the services as provided by this entity for the following reasons:

Failure to perform previous years.

This entity has no staff or assets – and any services that it would have invoiced for would be done by the staff of the Blackie Swart Family Trust using their assets and funds.

The BRPs have made a strategic decision to conduct all exports on a Free on Board (FOB) basis, as opposed to the Cost, Insurance, and Freight (CIF) basis previously utilized.

It is further the view of the practitioners that a large portion of debt incurred by connected entities was solely needed for Blue Crane, but as blue crane had no assets to provide as security these loans were incurred in other entities without proper process or good governance.

The practitioners are further of the view that it would be prejudicial to the creditors of the connected entities to use funds that should be used to pay those respective entities creditors, to pay the debt of Blue Crane.

Blue crane had about R43 434 219.25 debt as per the 12 proof of claims received with no way to repay this debt.

As a final motivation, a liquidator may be in a better position to investigate the affairs of Blue Crane and the actions of its members as a liquidator is far better equipped to do so in terms of the Insolvency Law.

⁸ Section 7(k) of the Companies Act of 2008

⁹ Section 141(2)(a)(i) and (ii) of the Companies Act of 2008

The practitioners have however continued to operate the remaining entities.

The Business was provisionally liquidated on the 22nd of October 2024 – a copy of the provisional order is attached hereto for review.

Should there be any questions, they should be directed at the liquidator of the entity or the liquidating attorney.

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