

14 November 2022

CIRCULAR 03

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

OUTCOME OF THE 1ST MEETING OF CREDITORS

The business rescue practitioners wish to advise all the affected parties the outcome of the 1st meeting of creditors of Star of Azania (Pty) Ltd held on 9th of November 2022.

Mr Masterton gave a brief introduction of the Business Rescue team and welcomed all of the affected persons to the meeting.

CONDITIONS FOR BUSINESS RESCUE

The practitioner explained the process of filing for business rescue and why a business would consider business rescue and the conditions of filing for business rescue.

1. The first question - Is the Company Financially distressed?

YES

1.1. Based on information at hand, yes, the business cannot pay its debts as and when they become due and payable, therefore it is clear that the business is in financial distress in terms of Section 128(1)(f) of the Companies Act and has filed for Business Rescue in terms of Section 129 of the Companies Act.

2. Second Question - Does a reasonable prospect of a rescue exist? YES

2.1. Based on the information provided to the practitioner to date, the total debt of the business is about R 2.15mil

2.2. The practitioner believes that there is a reasonable prospect of success because of funds that are due to become available shortly – from one of the connected entities, which is also in rescue - which will certainly ensure the success of the business rescue process.

Information Provided

Liabilities : R 2 146 524
(including Bank and other accounts not in arears)

Turnover : R 2 718 963

REASONS FOR THE FINANCIAL DISTRESS:

1. The continued Success of Star of Azania is largely dependent on Ncedisa Assignments.
2. Ncedisa Assignments went into business rescue for the following reasons:
 - 2.1. *There was an unforeseen and dramatic increase in operating expenses of the business*
 - 2.2. *National downturn in Citrus Farming which could not be predicted by anyone.*
 - 2.3. *This resulted in a loss of clients and reduced margins*
3. As a result of the financial difficulty in which Ncedisa Assignments now finds themselves, Star of Azana, which largely depends on the success of the main entity now finds itself in a similar struggle.

About the Business

	2022	2021	2020
2020 - Turnover	R 2 718 963	R 3 796 891	R 3 296 621
2020 - Cost of Sales	R 796 653	R 768 928	R 884 986
2020 - Expenses	R 1 517 519	R 1 848 134	R 2 533 196
2020 - Profit / loss before Tax	R 155 781	R 1 045 912	- R 341 337

Year end February

Important Dates

Board Resolution Submitted : 20 October 2022, (133 Protection date)

Practitioner Appointed : 27 October 2022

Ist Meeting of Creditors : 9 November 2022

FORMING A COMMITTEE

1. The Business Rescue Practitioner advised the attendees that they can form a committee of creditors in terms of section 147 of the Act.

1.1. The attendees voted against this proposal.

1.1.1. The business rescue practitioner will thus interact with all the creditors of the business directly.

REQUEST FOR AN EXTENSION

1. The plan is currently due to be published on the 1st of December 2022.
2. The practitioner did not request an additional extension of the publication date for the business rescue plan and will therefore publish within the prescribed timeline, if not sooner.

PROOF OF CLAIMS

1. The practitioner confirmed that Jaco Durandt has sent out the proof of claim forms and these proof of claim forms must be completed and returned to Jaco Durandt on the prescribed document.

Kind Regards

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