

111945922

Companies and Intellectual Property Commission
Republic of South Africa

Form CoR 123.1

About this Form

- This form is issued in terms of section 129 and 131 of the Companies Act, 2008, and Regulation 123 of the Companies Regulations, 2011.
- A company resolution to committee business rescue proceedings has no force or effect until it has been filed with this notice.
- This notice must be published to every affected person within 5 business days after -
 - (a) It has been filed, in the case of a resolution; or
 - (b) The date of the court order, in such a case.
- If this Notice is issued following a board resolution-
 - (a) The company must appoint a business rescue practitioner with 5 business days after filing this notice ; and
 - (b) Any affected person may apply to a court in terms of section 130 for an order setting aside the resolution.
- The fee for filing this notice is R0.

Contacting the Commission

The Companies and Intellectual Property Commission of South Africa

Postal Address
PO Box 429
Pretoria
0001
Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

Notice of Beginning of Business Rescue Proceedings

Date: 8 MAY 2020

Customer Code: ROODT2

Concerning

(Name and Registration Number of Company)

Name: PHUMELELA GAMING AND LEISURE LIMITED

Registration No: 1997/016610/06

The above named company advises that business rescue proceedings have commenced in terms of Chapter 6 of the Companies Act, as a result of:

The Board of the company having adopted the attached resolution in terms section 129, on 8 MAY 2020

A Court having made the attached order in terms of section 131, on

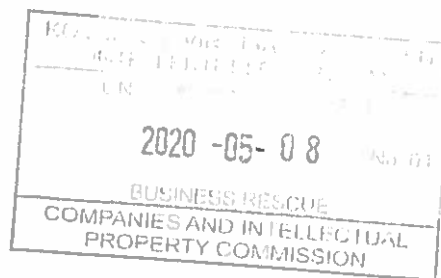
In terms of section 132 (1)(a), the company's business rescue proceedings commenced on 8 MAY 2020, being the date on which:

This notice was filed with the Commission.

The court issued the attached order.

(Only in the case of a company resolution)

In support of this Notice, the company has attached a sworn statement of the relevant facts upon which the resolution was founded by a director representing the Board.



Name and Title of person signing on behalf of the Company:

ANDREW RALPH LANGHAM – CHIEF FINANCIAL OFFICER

Authorised Signature:

WRITTEN RESOLUTION OF THE BOARD OF DIRECTORS OF PHUMELELA GAMING AND LEISURE LIMITED (REGISTRATION NUMBER: 1997/016610/06) ("THE COMPANY") IN TERMS OF SECTION 129(1) OF THE COMPANIES ACT 71 OF 2008 ("THE ACT")

1 BACKGROUND

1.1 In terms of section 129(1) of the Act, the board of a company may, subject to subsection 129(2)(a) of the Act, resolve to voluntarily begin business rescue proceedings and place the company under supervision, if the board has reasonable grounds to believe that:

1.1.1 the company is financially distressed; and

1.1.2 there appears to be a reasonable prospect of rescuing the company.

1.2 In terms of section 128(1)(f) of the Act, a company is financially distressed if it appears reasonably:

1.2.1 unlikely that the company will be able to pay all of its debts as they become due and payable within the immediately ensuing 6 months [section 128(1)(f)(i)]; or

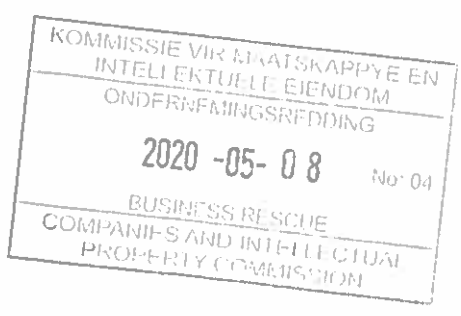
1.2.2 likely that the company will become insolvent within the immediately ensuing 6 months [section 128(1)(f)(ii)].

1.3 The restructuring sub-committee of the board of directors of the Company ("the Board"), consisting of Steve Muller, Andrew Langham and Moses Tembe, has:

1.3.1 made representations to the Board in respect of the financial position of the Company and the prospect of rescuing the Company; and

1.3.2 informed the Board that, in the committee's view, there are reasonable grounds to believe that the Company is financially distressed in terms of section 128(1)(f)(i) of the Act and that there is a reasonable prospect of rescuing the Company.

1.4 Accordingly, this written resolution is submitted to the directors of the Company for their consideration.



- 2 NOW THEREFORE IT IS RESOLVED BY A MAJORITY OF THE BOARD THAT:
- 2.1 the Board has reasonable grounds to believe that the Company is financially distressed, within the meaning of section 128(1)(f)(i) and 129(1) of the Act, as it appears to be reasonably unlikely that the Company will be able to pay all of its debts as they become due and payable within the immediately ensuing six months;
- 2.2 based on the representations made to it by the sub-committee, the Board has reasonable grounds to believe that there is a reasonable prospect of rescuing the Company in terms of section 129(1)(b) of the Act;
- 2.3 the Company voluntarily commences business rescue proceedings and that it be placed under supervision in terms of section 129(1) of the Act;
- 2.4 Mr John Evans of Richtrau Trading 29 CC, trading as RS Advisors, be appointed as the business rescue practitioner in terms of section 129(3)(b) of the Act;
- 2.5 the Company apply to the JSE for the suspension of its listing and an exemption from continued compliance with the JSE Listings Requirements;
- 2.6 the chairperson of the Board, the chairperson of the nominations committee, the chairperson of the audit and risk committee and the Chief Financial Officer be authorised to settle the terms of and conclude termination agreements with executives, in order to fulfil suspensive condition for post-commencement finance; and
- 2.7 Andrew Ralph Langham (ID number: 610207 5720 183) in his capacity as Chief Financial Officer of the Company, be and is hereby authorised to sign all documents and do all things necessary to give effect to above resolutions, including the signing of and deposing to the sworn statement as required in terms of section 129(3)(a) of the Act.

CERTIFIED AND SIGNED AS A TRUE COPY OF THE PROCEEDINGS



THE CHAIRPERSON

| |
|--|
| KOMMISSIE VIR 'N AANSKAPPE EN INTELLEKTUELE EIENDOM |
| ONDERNEMINGSREDDING |
| 2020 -05- 08 No 04 |
| BUSINESS RESCUE |
| COMPANIES AND INTELLECTUAL PROPERTY COMMISSION |

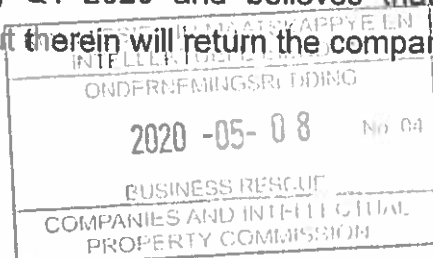
**SWORN STATEMENT IN TERMS OF SECTION 129(3)(a) OF THE COMPANIES
ACT, 71 OF 2008 ("THE ACT")**

I, the undersigned;

**ANDREW RALPH LANGHAM
(ID NO: 6102075720183)**

do hereby make oath and state that:

- 1 I am the Chief Financial Officer of **PHUMELELA GAMING AND LEISURE LIMITED** ("the Company"), a public company duly registered in terms of the company laws of the Republic of South Africa, with registration number **1997/016610/06**.
- 2 The board of the Company has considered the financial position of the Company and has resolved that:
 - 2.1 it is financially distressed, due to the fact that it is reasonably unlikely that the Company will be able to pay all of its debts, as they become due and payable, within the immediately ensuing six months;
 - 2.2 there appears to be a reasonable prospect of rescuing the Company, for the reasons set out in paragraph 3 below; and
 - 2.3 the Company voluntarily begin business rescue proceedings, in accordance with section 129(1) of the Companies Act, 71 of 2008.
- 3 The board of the Company has reasonable grounds to believe that there is a reasonable prospect of rescuing the company, due to the fact that:
 - 3.1 the company has secured an offer from a third-party for post-commencement finance, in excess of the projected cashflow required to trade for the next 6 months. The board is of the view that the conditions subject to which the finance has been offered to the company are reasonably capable of being fulfilled;
 - 3.2 the Board developed a turnaround strategy in respect of the Company's business during Q1 2020 and believes that implementation of the measures set out therein will return the company to profitability;



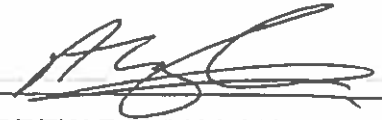
ARL
E.E

- 3.3 the Company has an experienced management team that will largely remain in place during the business rescue process;
- 3.4 the Company has a long history of successfully operating horse-racing and betting operations. Through the increased use of technology, reducing costs, stopping marginally profitable operations, settling with overdue creditors and renegotiating onerous contract terms, it is anticipated that the Company should return to positive cash flows and profitability;
- 3.5 the Company has estimated its cash requirements to maintain its business in "care-and-maintenance" mode to be in the order of R20m per month with an additional R20m cost to restarting all operations once legally allowed to do so. Within 6 weeks of becoming fully operational, post lockdown restrictions being lifted, the Company is forecast to be able to run its business on a cash positive basis;
- 3.6 the Company has funds available to meet costs likely to be incurred in the next few weeks;
- 3.7 the company has negotiated and is confident of agreeing Post-Commencement-Finance of up to R100m in funding over the next 5 months;
- 3.8 the Company's bankers have advised that they will make available bridging finance of R10m should the Company require funds before the terms of the Post-Commencement-Finance are finalised; and
- 3.9 the Board has considered the effects of the national lockdown on its strategy and available funding and has reasonable grounds to believe that the implementation this strategy, together with the benefits of business rescue and the proposed post-commencement-finance, will enable the Company to be rescued.
- 4 All legal proceedings in which the Company is involved, the nature of such legal proceedings and the status thereof, are set out in Annexure A hereto.



Handwritten signature
E.E

- 5 The Company has undertaken most of its business activities in the current financial year at 14 Turf Club Street, Turffontein, Johannesburg South, 2190.



ANDREW RALPH LANGHAM

Thus signed and sworn before me at SANDHURST on this the 8th day of MAY 2020 by the deponent who has declared that he has read the contents of this affidavit and to the best of his knowledge and belief it is the truth, understands the contents thereof and has no objection to the taking of the prescribed oath, and regards the oath as binding on his conscience.



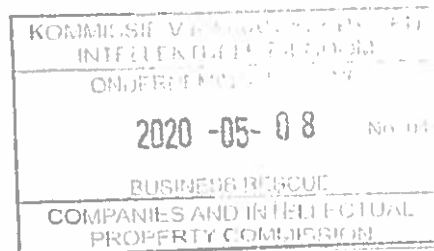
COMMISSIONER OF OATHS

Full names:

Address:

Capacity:

EHIREMEN OMOLOLU ENABOR
COMMISSIONER OF OATHS
PRACTISING ATTORNEY (RSA)
MKHABELA HUNTLEY ATTORNEYS INC.
Block C, 7 Eton Road, Sandhurst, 2196
PO Box 1049 Gallo Manor 2052
Docex 20, Nelson Mandela Square
Telephone: 011 783-8020 Fax: 011 783-3842
Website: www.mhalaw.co.za





Phumelela Gaming and Leisure Limited
Turffontein Racecourse
14 Turf Club Street, Turffontein, 2190
P O Box 82625, Southdale, 2135
Gauteng, South Africa
Tel: (+2711) 681-1500
Fax: (+2711) 681-1895
e-mail: phumelela@phumelela.com
registration number 1997/016610/06
website: www.phumelela.com

The Companies and Intellectual Property Commission

businessrescue@cipc.co.za

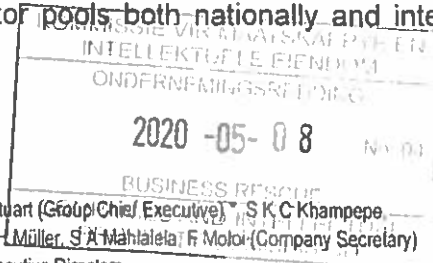
To whom it may concern,

PHUMELELA GAMING AND LEISURE LIMITED ("PHUMELELA") / BUSINESS RESCUE

- 1 Phumelela's board of directors has resolved to place the company into business rescue.
- 2 This letter is addressed to the Companies and Intellectual Property Commission, in accordance with the Practice Note relevant to business rescue.
- 3 Phumelela's public interest score is **4906**, which has been calculated as follows:
 - 3.1 **2050**, being the number of points equal to the average number of employees of the company during the financial year;
 - 3.2 **761**, being one point for every R1 million (or portion thereof) in third party liability of the company, at the financial year end;
 - 3.3 **1221**, being one point for every R1 million (or portion thereof) in turnover during the financial year; and
 - 3.4 **874**, being one point for every individual who, at the end of the financial year, is known by the company to directly or indirectly have a beneficial interest in any of the company's issued securities.
- 4 The primary business activities undertaken by Phumelela during the current financial year are:
 - 4.1 the staging of thoroughbred horseracing [SIC Codes: 93110 and 93190];
 - 4.2 online and retail totalisator betting on horseracing and other sports, including the commingling of totalisator pools both nationally and internationally [SIC Code 92000];

Directors: M Tembe (Chairman), J A Stuart (Group Chief Executive), S K C Khampepe
N J Mboweni, Dr. E Nkosi, J B Walters, S H Müller, S A Mahalela, F Molo (Company Secretary)

* Executive Directors



- 4.3 online and retail fixed-odds betting, through its subsidiaries [SIC Code 92000]; and
- 4.4 the production and licensing (nationally and internationally) of audio-visual content of thoroughbred horseracing [SIC Code: 60200].
-
- 5 The company has resolved to appoint Mr John Evans of RS Advisors as the business rescue practitioner. A copy of a letter from Mr Evans, declaring his capacity to accept the nomination, his independence from the business and the fact that he is not disqualified as prescribed in the Companies Act, 71 of 2008, is enclosed.

Yours sincerely,



Andrew Langham

Chief Financial Officer

