



**Phumelela Gaming and Leisure Limited
(in Business Rescue)**

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Notice to affected persons

27 December 2024

**REPORT IN TERMS OF SECTION 132(3)(a) and (b) OF THE COMPANIES ACT 71 OF 2008 (AS AMENDED)
(“the Act”)**

**PHUMELELA GAMING AND LEISURE LIMITED (IN BUSINESS RESCUE) (REGISTRATION NUMBER
1997/016610/06) (“the Company”)**

Dear Sir/Madam,

1. I refer to my previous status reports issued in respect of the business rescue of the Company.
2. The BRP continues to implement the business rescue plan, by, *inter alia*:
 - 2.1. maintaining financial records and filing all tax returns;
 - 2.2. attending to share transfer requests and maintaining the Company’s share register;
 - 2.3. paying distributions from the Plan Fund in terms of the adopted business rescue plan;
 - 2.4. attending to the finalisation of litigation which was ongoing at the commencement of business rescue;
 - 2.5. pursuing the VAT input claims;
 - 2.6. attending to the Department of Labour audit.
3. Annual Financial Statements
 - 3.1. The Company’s annual financial statements for the year ending 31 July 2024 have been published on the company’s website.
4. Department of Labour
 - 4.1. During the month of January and February 2024 the department of labour commenced 6 separate audits of Phumelela’s various UIF and other payroll related submissions and claims spanning the period 2010 to 2024. These are being attended to and will hopefully be resolved efficiently.
 - 4.2. Information has been provided to the audit teams who will consider the submissions and issue their preliminary findings.

4.3. A meeting between the Company and the Department of Labour has been set up for early January 2025 to try to resolve the matter.

5. Gauteng Gambling Board Review Application

5.1. The Company, prior to commencement of business rescue launched an application in the high court to review and set aside an amendment to legislation made by the Gauteng Gambling Board and Gauteng MEC to the Gambling legislation. This amendment removed the payment of a 3% levy on winning fixed odds bets on horse racing to the Company.

5.2. Prior to this amendment, Phumelela received and was paid this levy. This levy contributed substantially to the Company's revenue.

5.3. The matter was heard on 6 May 2024 and judgement was handed down on 30 May 2024.

5.4. The MEC for Economic Development, Environment, Agriculture and Rural Development (Gauteng) and the Gauteng Gambling Board have successfully petitioned the Supreme Court of Appeal of South Africa and have been granted leave to appeal the whole of the judgement and all of the orders (except the order granting leave to appeal to 4Racing (Pty) Limited) to intervene) by the Gauteng Local Division of the High Court per Wilson J on 30 May 2024.

5.5. The court file is available on request and will be provided to affected persons should they submit a request in writing to the business rescue practitioner at johnevens@rsadvisors.co.za.

6. Input VAT Claims

6.1. The Company has, in accordance with legal opinion in this regard, claimed input VAT on stakes paid for the period from July 2017 to 30 November 2021, the date the horse racing business was transferred to 4Racing. The total value of the input VAT claimed is R97.5 million.

6.2. Phumelela has filed the necessary documents to appeal the decisions of SARS to assess the VAT returns and to decline Phumelela's objections to those assessments.

6.3. Phumelela and 4Racing have launched an application for declarator in the High Court of South Africa, Gauteng Local Division. The application was issued on 20 December 2024.

6.4. The court file is available on request and will be provided to affected persons should they submit a request in writing to the business rescue practitioner at johnevens@rsadvisors.co.za.

7. Distributions to shareholders

7.1. The Company has returned capital to shareholders since adoption of the business rescue plan of R3.25 per share.

7.2. Payment of the above distributions to shareholders who have not yet and subsequently update their FICA and banking details will be processed monthly.

7.3. Further distributions to shareholders will only be considered by the Company after either the Gauteng Gambling Board Review Application or the Input VAT Claims have been fully finalised including all legal processes which may include appeal to the Supreme Court of Appeals and any funds that are or become due to the Company have been received.

Yours faithfully

A handwritten signature in black ink, appearing to be 'J. Evans', with a long horizontal flourish extending to the right.

JOHN EVANS

Duly signed in his capacity as business rescue practitioner of the Company.