HENQUE 3935 CC
T/A PQ CLOTHING OUTLET

(in business rescue)
CK 2001/012457/23 (Member – L. Horwitz) – VAT 4870197706
*Postal Address – PO Box 1078, Bramley – 2018 ****
Street Address – Freeway Centre cnr Louise Botha and Arkwright Ave, Wynberg,
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*Telephone No. 011 – 440 8060/1/2/3 *** Email – info@pqclothing.co.za*

Notice to affected persons

30 April 2018

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

HENQUE 3935 CC t/a PQ CLOTHING OUTLET (IN BUSINESS RESCUE) ("the Corporation")

Business Rescue Process

1. On 31 January 2018 the Corporation commenced business rescue proceedings by way of a member's resolution as contemplated in section 129 of the Act.

2. John Francis Evans ("the BRP") was appointed as the business rescue practitioner of the Corporation on 31 January 2018. This appointment was confirmed by the CIPC on 2 February 2018. From the date of appointment, the Corporation's affairs, business and property have been under his temporary supervision.

3. As required by section 129(3) of the Act, notice of the resolution commencing business rescue proceedings and the appointment of the BRP was sent to all affected persons in accordance with statutory requirements.

4. In addition, various statutory meetings were held with the Corporation's employees as required by section 148 of the Act.

5. On 12 February 2018, a first meeting of creditors was convened and held as required by section 147 of the Act ("**the First Meeting**") and a meeting as contemplated in section 143(3) of the Act was similarly convened and held on this date ("**the Section 143(3) Meeting**").

6. Section 150(5) requires that a proposed business rescue plan be published within 25 days of the appointment of the BRP. This would have required publishing the proposed plan in early March with the second meeting of creditors to be convened shortly thereafter for the purposes of considering and, if appropriate, adopting the plan. Due to logistical concerns regarding the timing set out above as well as the BRP's desire to formulate any proposed plan after exploring options to sell the business as a going concern, the BRP proposed (and the creditors approved) the extension of the date for the publishing of a plan to 31 May 2018.

7. Notice of the voting outcomes for both the First Meeting and the Section 143(3) Meeting were communicated to affected persons on or about 13 February 2018.

Progress of the business rescue proceedings

8. In addition to compliance with the various statutory attendances recorded above, the BRP has attended to numerous issues arising in the business rescue including but not limited to:

    8.1. Engaging with landlords and where appropriate renegotiating lease terms and negotiating rent reductions;

    8.2. Engaging with suppliers regarding the continued supply of stock and, to the extent required, the renegotiation of the terms of supply;

    8.3. The receipt and adjudication of the reservations of ownership asserted by numerous creditors and, where appropriate, the recognition of such claims;

    8.4. Engaging with creditors regarding their claims pre-commencement of business rescue;

    8.5. The receipt and reconciliation of claims received from creditors and engaging with creditors to resolve discrepancies between claims received and the claims as recorded in the Corporation's books and records;

    8.6. Engaging with third parties regarding possible interest in acquiring the business or Corporation, including commencing and managing a formal Sale of Business Process;

    8.7. Assessing voting rights and independence of creditors as required in section 145(5) of the Act;

    8.8. Securing ongoing banking facilities from Nedbank Limited during business rescue;

    8.9. Conducting investigations as contemplated in section 141(1) of the Act;

    8.10. Considering the framework of a proposed business rescue plan and engaging with management and key stakeholders in regard thereto.

    8.11. Preparing a liquidation and distribution scenario in terms of Section 150(2)(a)(iii) of the act;

    8.12. Analysis of store performance and where apposite the closing of unprofitable stores; and

    8.13. Monitoring trading, performance and cash flows.

9. The BRP remains of the view that the Corporation is capable of being rescued and are committed to publishing a proposed business rescue plan in May 2018 for consideration by all affected persons.

10. Creditors who have yet to submit their claims are once again requested to kindly complete a claim form and email same to rescue@pqclothing.co.za before Friday, 11 May 2018.

Yours faithfully

John Francis Evans

In his capacity as the duly appointed business rescue practitioner