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,
Entrance – Cnr Andries and Glen street.
Telephone No. 011 – 440 8060/1/2/3 *** Email – info@pqclothing.co.za

Notice to affected persons

31 July 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”)

I refer to my previous reports in this regard.

Sale of Business

1. The business rescue plan of the Corporation was approved by creditors on Wednesday, 13 June 2018.

2. The business rescue plan provided for, inter alia, the sale of the business of PQ Clothing.

3. The Sale of the Business has been implemented. The salient terms on that sale are:

   3.1. It was effective 1 June 2018;
   3.2. The purchase price of R23.3 million was calculated based on the stock on hand as at 1 June 2018 and the liabilities assumed by the purchaser.
   3.3. The purchase price is payable daily by transfer of a portion of the daily sales to the corporation. As security for these payments the business is banking its daily takings into a bank account controlled by the business rescue practitioner. To date the purchaser has paid R10.1 million of the purchase price into the Plan Fund.

Claim Adjudication

4. The business rescue practitioner has adjudicated and accepted those claims that have been properly submitted along with supporting documentation and that match the records of the corporation.

5. Creditors whose claims are not properly submitted and do not include sufficient documentation in support of their claim are being asked to provide additional documentation.

6. Reconciliations are being prepared where there are discrepancies between the claim submitted and the companies records with a view to resolving these differences as quickly as possible.

7. If the business rescue practitioner is unable to reach agreement with the creditor on the quantum of their claim the claim will be rejected and will then be resolved in terms of the dispute resolution mechanism set out in the adopted business rescue plan.

Distributions to creditors

8. Distributions to creditors are made in accordance with the provisions of the business rescue plan.

9. Distributions are only paid to those creditors whose claims have been proven, adjudicated and accepted by the business rescue practitioner.

10. In determining the pro rata distributions to concurrent creditors, the business rescue practitioner will include all known claims so that equalization distributions can be paid once a creditors claim has been properly proven, adjudicated and accepted.

11. Secured creditors in terms of reservation of ownership over stock have been paid and continue to be paid. In this regard, Huntrex 228 (Pty) Limited have since adoption of the business rescue plan successfully proven their security in the form of reservation of ownership of stock on hand as at commencement of business rescue. Their secured claim in the amount of R1,107,448.44 will be paid in full along with the secured claims of the creditors listed in paragraph 7.7 of the adopted business rescue plan.

12. Employees have been paid all amounts due to them for work done before and during business rescue. Those employees that were retrenched have received payment in full of all amounts due to them. Those employees transferred to the purchaser remain employed and have been paid all amounts due and payable to them for the period up to the date of transfer to the purchaser.

13. A first distribution of 3 cents in the rand will be paid on 1 August 2018 to concurrent creditors whose claims have been proven, adjudicated and accepted.

Yours faithfully

John Francis Evans

In his capacity as the duly appointed business rescue practitioner