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# TongaatHulett®

- Delivered by Email To:**
- All known Affected Persons of Tongaat Hulett Limited (in business rescue)
  - Companies and Intellectual Property Commission
- Displayed:**
- Registered office and principal place of business of the Company
  - Anywhere where employees are employed
- Published:**
- On the website maintained by the Company and accessible to Affected Persons
  - Availability recorded in an announcement to shareholders on the Stock Exchange News Service (SENS), after distribution.
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July 2023

## **REPORT ON THE STATUS OF THE BUSINESS RESCUE PROCEEDINGS OF TONGAAT HULETT LIMITED (IN BUSINESS RESCUE) ("Company")**

### **1. GENERAL**

- 1.1. In accordance with section 132(3)(a) and section 132(3)(b) of the Companies Act 71 of 2008, as amended ("**Act**"), when the business rescue proceedings of a company have not concluded within 3 months of the date on which they started, a business rescue practitioner is required to-
- 1.1.1. prepare a report on the progress of the business rescue, and update it at the end of each subsequent month until the end of the business rescue proceedings; and
- 1.1.2. deliver the report and each update to each affected person and to the Companies and Intellectual Property Commission ("**CIPC**").
- 1.2. Accordingly, we hereby provide you with the seventh report, being the July 2023 report, on the status of the Company's business rescue proceedings.

### **2. BUSINESS RESCUE UPDATES**

The following matters have occurred or remain relevant since the distribution and publication of the June 2023 status update report:

#### **2.1. Post-Commencement Finance ("PCF")**

2.1.1. Agreement has been reached with the Company's current funders, to extend the post-commencement funding facility to **6 October 2023**. This will allow the Company to deliver on operational and business rescue requirements while the approval process for longer-term funding is finalised.

## 2.2. **Strategic Equity Partner Process**

2.2.1. The BRPs have previously advised that it is envisaged that business rescue plan ("BR Plan") to be considered by Affected Persons is likely to incorporate the sale of all material assets of the Company following the outcome of the Strategic Equity Partner ("SEP") process, which commenced in early 2023. The objective of the anticipated disposals is to realise value and apply such proceeds towards the Company's relevant creditors' claims, while simultaneously securing the survival and operation of the underlying Tongaat Hulett businesses, under new ownership. The assets to be sold are the subject of the security held by the Lender Group and Industrial Development Corporation of South Africa Limited ("**IDC**"). The BRPs continue with their engagements with the Lender Group and the IDC to determine the most appropriate transaction to pursue, in order for them to release their security.

2.2.2. The BRPs previously advised Affected Persons that a preferred SEP had been selected for acquisition of the complete sugar division of the Tongaat Hulett Limited ("**THL**"), which comprises the South African sugar business the investments in Zimbabwe, Mozambique and Botswana ("**Tongaat Sugar Assets**"), and the group's head office in Tongaat, KwaZulu-Natal. The preferred bidder and thus the SEP selected, is Kagera Sugar Limited ("**Kagera**").

### 2.2.3. Background on Kagera

Kagera is wholly owned by a Tanzanian businessman, Mr Nassor Seif and his family, and forms part of Super Group in Tanzania. Kagera was established in 1982 under Government ownership and acquired by the Group in 2001. It is based in Tanzania.

#### 2.2.3.1. Super Group

All of the Super Group companies are owned by Mr Nassor Seif and his family. The Group has more than 30 years of experience in sugar and agriculture businesses in Africa, with a proven track record of turning around and rehabilitating businesses into standalone, profit-making going concerns, including that of Kagera itself, Mtibwa Sugar and Sucrierie du Kivu.

The Group companies forming part of Super Group in Africa are detailed in the table below:

<b>Sugar Operations</b>		
Kagera Sugar	Sugar production	Tanzania
Mtibwa Sugar	Sugar production	Tanzania
Sucrerie du Kivu	Sugar production	DRC
<b>Other Operations</b>		
Pipe Industries	Pipe manufacturer	Tanzania
Superdoll Trailer Manufacturer	Trailer manufacturer	Tanzania
General Motors Investment	Industrial solutions and trading in high-end heavy- duty construction and agricultural equipment for East Africa	Tanzania
Super Star Forwarders	Cargo haulage and logistics business servicing East and Southern Africa	Tanzania

### 2.2.3.2. Kagera

- *Market position*

At the time Kagera was acquired, it was not operational and was a derelict sugar mill with no available cane supply. It was successfully resurrected, with significant progress particularly from 2012 to 2023, when the company grew from sugar production of 35,000 tons per annum to 150,000 tons per annum. Kagera, coupled with Mtibwa, are now the largest sugar producers in Tanzania, contributing more than 45%-50% of the Tanzanian sugar market.

Kagera is expanding its operations with plans to produce 300,000 tons of sugar within the next five years through a combination of substantially increasing cane farming, installation of an additional sugar milling production line, sourcing of additional high-quality sugar milling machinery, and increasing the power generation capability of the plant. All these activities are already far advanced.

- *Employment and investment*

Kagera currently employs approximately 10,000 people. It has an employee housing programme in low-cost housing which was built by the company.

It has several community programmes in place serving the local community of over 60,000 people. The company has constructed nine schools that provide education and free meals to more than 2 000 children and has built a hospital equipped with two theatres, an outpatient clinic, laboratory, and pharmacy. These facilities are available

free of charge to the community.

It also has an established sugarcane farmer programme. The out-growers cane cultivation initiative started in 2006 in the Missenyi district, with the aim of improving farmers' socio-economic conditions through:

- A stable income from sugarcane
- Converting barren lands for sugarcane cultivation
- Involving local villagers as stakeholders, creating employment opportunities in rural areas
- Increasing cane supply for crushing by Kagera
- Boosting sugar production in alignment with the Tanzanian Government's vision of reducing sugar imports

Kagera provides support for ploughing, field preparation, seed cane from their estate fields, and transportation to farmers' fields. It also supports the out-grower's sugarcane cultivation with a dedicated team to provide technical and various other services for cultivation.

#### 2.2.4. Rationale for investment in Tongaat Hulett

2.2.4.1. With Super Group's 30 years' experience in sugar and agriculture operations in Africa and Kagera's 20 years' track record, the acquisition aims to revitalise THL's under-capitalised mills and refinery. The group is committed to transforming them into profitable ventures while providing direct access to both Middle Eastern and African markets. Kagera has a structured plan in place that involves significant investment and capex into the operations.

#### 2.2.4.2. The Group's other sugar operations

##### *Mtibwa Sugar Estates Limited, Tanzania*

Mtibwa Sugar Estates Limited (Mtibwa) currently has annual production capacity of 75,000 tons of sugar. Mtibwa is also growing rapidly and aims to produce over 150,000 tons of sugar in the next three to four years.

##### *Sucrierie du Kivu, DRC*

To broaden its international presence, Super Group acquired and rehabilitated the Sucrierie du Kivu sugar mill and estate in the DRC. It currently produces 25,000 tons of

sugar, with full-scale operational capacity of 50,000 tons of sugar expected in the next three years.

#### *Bahrain Sugar Refinery*

The Bahrain Sugar Refinery was acquired in 2022. This state-of-the-art facility has 660,000 tons per annum production capacity, with production commencing in October 2023 after completion of the rehabilitation. It is projected to reach full capacity during 2024, which will bolster the group's refined sugar production capabilities.

#### *Oman Sugar Refinery*

The Oman Sugar Refinery is currently under construction in the Sohar Port in Oman. Completion is expected in December 2023, with commissioning expected in January 2024. The refinery will have total production capacity of one million tonnes of sugar per annum by early 2024, making it one of the largest sugar refineries in the Middle Eastern region. The Oman Sugar Refinery is part of an industrial food cluster complex owned by Mr Nassor Seif, which includes a grain silo storage facility of 160,000 metric tonnes, expanding to 400,000 metric tonnes, with planned development of a one million tonnes per annum oil seed crushing plant and refinery commencing in the coming months.

### 2.3. **Creditor Claims**

2.3.1. The process of claim verification and reconciliation of all claims received remains ongoing. We remind creditors that the BRPs will accept the Company records as being correct unless the claimant can prove otherwise. Creditors who have not submitted a claim form are urged to do so as soon as possible. Claims may be submitted to the BRPs at the business rescue email address at: [BR@tongaat.com](mailto:BR@tongaat.com). We will endeavour to complete the reconciliation and verification process of all claims as soon as possible and all claims that are accepted in whole or in part and all updated claim amounts will be reflected in the amended business rescue plan. The amended business rescue plan will provide a process for Creditors to deal with any remaining disputes related to claims and Creditors who dispute their claims reflected in the amended business rescue plan, will be at liberty to follow such process, if they so wish.

2.3.2. In addition to the aforementioned processes with regard to the ongoing confirmation of Creditor claims, Creditors are further requested to review their claim as it was reflected in 'Annexure A' of the BR Plan published on 31 May 2023, which reflects all claims in accordance with the Company's records. In the event that you identify any discrepancies between your submitted claim and your claim amount recorded by the Company, we kindly request that you contact us as soon as possible on: [BR@tongaat.com](mailto:BR@tongaat.com), and submit or re-submit your completed Claim Form and any relevant

supporting documentation, in order to assist with the Company's reconciliation and updating of your pre-business rescue claim.

#### **2.4. Business Rescue Proceedings of other Tongaat Hulett Group Entities**

2.4.1. The adopted business rescue plan for Tongaat Hulett Developments Proprietary Limited ("THD") as published on Friday, 19 May 2023 continues to be implemented.

2.4.2. The amended business rescue plans for Tongaat Hulett Sugar South Africa Limited ("THSSA") and Voermol Feeds Proprietary Limited ("Voermol"), will be published at a similar time to that for THL. .

2.4.3. Separate monthly status update reports are provided for THD, THSSA and Voermol, which reports are uploaded and made accessible to Affected Persons on the Company's website at: [www.tongaat.com](http://www.tongaat.com), under the 'Business Rescue' tab.

#### **2.5. Litigation Matters**

2.5.1. Affected Persons are reminded that an important Notice to Affected Persons and additional information pertaining to an ongoing litigation matter within the Tongaat Hulett group, was distributed to Affected Persons on 15 June 2023. The BRPs request that Affected Persons consider the Notice and the supplementary information associated with the Notice, and further advise Affected Persons to contact the relevant persons detailed in the documents, if you have any further queries or concerns in this regard. The Notice and all the additional documentation has been published and made available to all Affected Persons on the Company's website at: [www.tongaat.com](http://www.tongaat.com), under the 'Business Rescue' tab. The matter is expected to be heard in court on the 13<sup>th</sup> and 14<sup>th</sup> of September 2023.

### **3. CLOSING REMARKS**

3.1. It remains our view that with your continued assistance and co-operation, the Company stands a reasonable chance of being rescued, within the meaning of section 128(1)(h) of the Companies Act, in a manner that will balance the rights and interests of all Affected Persons.

3.2. Affected Persons are reminded that all notices and documents regarding the business rescue proceedings of the Company that have been and/or will be circulated to all known Affected Persons are or will be published and made available to all Affected Persons on the Company's website at: <https://www.tongaat.com> under the 'Business Rescue' tab.



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3.3. If you have any queries, they may be directed to the business rescue email address at:  
[BR@tongaat.com](mailto:BR@tongaat.com).

Yours faithfully,

**TJ Murgatroyd**

**PF van den Steen**

**GC Albertyn**

**The Joint Business Rescue Practitioners of Tongaat Hulett Limited (in business Rescue)**

**Companies and Intellectual Property Commission  
Republic of South Africa**

**Business Rescue Status Report**

**Form CoR 125.1**

**About this Form**

- This form is issued in terms of section 132 and 141 of the companies Act, 2008, and Regulation 125 of the Companies Regulations, 2011.
- This Notice and the attached report must be published to every affected person, and to-
  - a) The Commission, if the business rescue proceedings were started by the company; or
  - b) The court, if the proceedings were ordered by the court.
- A report and Notice must be issued at the end of the first three months of the business rescue proceedings, and at regular monthly intervals after that

**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](http://www.cipc.co.za)

**Date:** July 2023

**Customer Code:** WERKMP

**Concerning**

*(Name and Registration Number of Company)*

**Name:** Tongaat Hulett Limited

**Registration No:** 1892/000610/06

The above named company commenced business rescue proceedings on 27 October 2022.

Because the business rescue proceedings have not concluded within three months, the appointed business rescue practitioner provides the attached report in terms of section 132 (3).

**Name and Title of person signing on behalf of the Practitioner:**

TJ Murgatroyd, PF van den Steen & GC Albertyn  
Joint Business Rescue Practitioners

**Authorised Signature:**

