

SWORN STATEMENT

in support of a Notice Beginning Business Rescue Proceedings in respect of

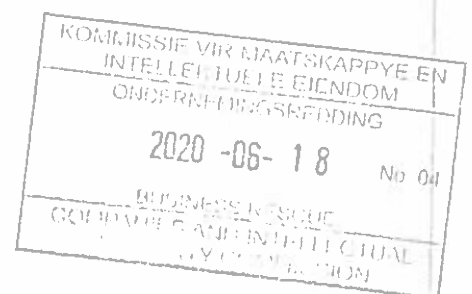
RAPITRADE 141 (PTY) LIMITED

Registration Number: 2003/003358/07

I, the undersigned

PHILIP THOMAS ABRAHAMSON

(Identity number 701117 5188 085)



do hereby make oath and say:

1. I am a South African male and sole director of **RAPITRADE 141 (PTY) LIMITED** ("Company") with registration number 2003/003358/07 and registered address at 6th Floor, 119 Hertzog Boulevard, Foreshore, Cape Town, 8001.
2. The contents of this sworn statement are true and correct and, unless stated otherwise, the facts contained herein fall within my own personal knowledge and belief.
3. I make this sworn statement in support of the Company's notice to commence business rescue proceedings as contemplated in terms of section 129 of the Companies Act, No. 71 of 2008 ("Act").
4. I was duly appointed as director of the Company on 11 June 2020 having accepted the appointment to act as a director of the Company on such date.
5. On 15 June 2020, in my capacity as the sole director of the Company, it was resolved that the Company voluntarily commence business rescue proceedings as envisaged in terms of the Act. The resolution will be filed together with this sworn statement.

proceedings as envisaged in terms of the Act. The resolution will be filed together with this sworn statement.

6. The relevant facts upon which the resolution were founded include:

6.1. The Company is a well-established business in the fashion industry for over 3 years, trading under the name and style of CODE specialising in the design, manufacture and retail of men's fashion all throughout South Africa with 19 retail stores and an online store.

6.2. As a result of a number of factors the Company is financially distressed as envisaged in terms of the Act.

6.3. The factors that have contributed to this include *inter alia* the following:

6.3.1. a lack of cash flow in relation to development, design, manufacture and distribution of clothing and accessories under the brand;

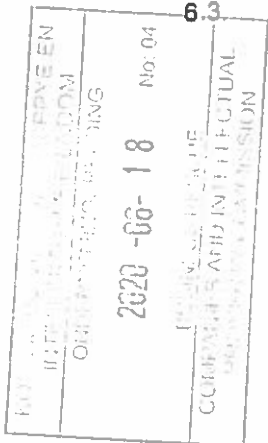
6.3.2. according to the Company's management account prepared for the period ending on March 2020, the Company is indebted to its creditors in an amount of around R69 million;

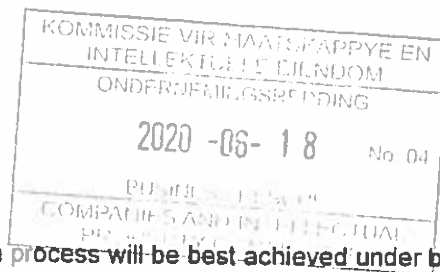
6.3.3. the Company requires time in order to restructure its affairs, debt and equity so that the creditors of the Company are afforded maximum benefit;

6.3.4. the Company is financially distressed as envisaged in terms of the Act;

6.3.5. funding from sources such as independent investors, shareholder loans and loans from the Company's financiers has ceased;

6.3.6. the Company is faced with the situation where it needs to realise its assets or to procure further funding to best effect and to negotiate with





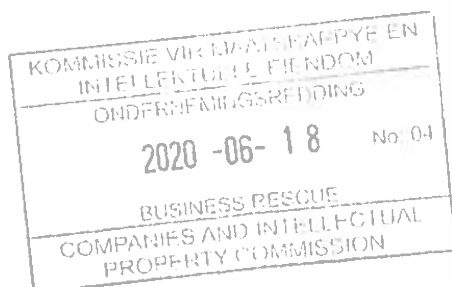
its creditors which process will be best achieved under business rescue proceedings as envisaged in terms of the Act; and

- 6.3.7 the self-evident detrimental economic effects that have arisen as a result of the international COVID-19 pandemic where the fashion retail industry's trade was virtually non-existent.
- 6.4. As a result of the aforesaid factors, the Company's projected cash flow is negatively affected with the result that the Company is unlikely to be able to meet its current liabilities and in particular it is and will not be able to pay its trade creditors who are unlikely to advance it any further credit or supply any further services to the Company. The director and shareholders of the Company are not in a position to provide further finance to the Company.
- 6.5. The Company is faced with a situation where it is forced to restructure and reorganise its financial affairs and negotiate such restructuring with its creditors which process will be best achieved under the umbrella of business rescue proceedings as envisage in terms of the Act.
7. As the recently appointed sole director, I investigated the Company's affairs and concluded that the Company is "financially distressed" as defined in section 128 of the Act as it is reasonably unlikely to be able to pay all its debts as they become due and payable within the immediately ensuing six months and/or the Company is reasonably likely to become insolvent within the immediately ensuing six months.
8. There appears, in my opinion as the sole director, to at least be a reasonable prospect that creditors will directly benefit from the Company being afforded additional time to restructure its affairs, business, property, debt, other liabilities and equity in a manner that maximises the likelihood of the Company continuing in existence on a solvent basis.

9. Business rescue will allow the Company to realise its assets, procure additional funding or to achieve a compromise or come to an arrangement acceptable to its creditors and other stakeholders.
10. There are prospects to rescue the Company, more particularly:-
- 10.1. the Company has a good name and popular fashion brand in the industry and has historically always met its financial commitments;
- 10.2. the current economic circumstances are not necessarily enduring in nature; and
- 10.3. there is still substantial demand for the Company's brand and products.
11. The business rescue process will allow for:-
- 11.1. the temporary supervision of the Company and for the management of its affairs, business and property;
- 11.2. a temporary moratorium on the rights of claimants against the Company or in respect of property in its possession;
- 11.3. the development and implementation, if approved, of a plan to rescue the Company by restructuring its affairs, business, property, debt, securities and other liabilities, and equity in a manner that maximises the likelihood of the Company continuing in existence, should result in a better return for the Company's creditors or shareholders than would result from the immediate liquidation of the Company.



PHILIP THOMAS ABRAHAMSON




I certify that:

I the deponent acknowledged to me that:

- (a) he knows and understands the contents of this declaration;
- (b) he has no objection to taking the prescribed oath;
- (c) he considers the prescribed oath to be binding on his conscience;

II the deponent thereafter uttered the words "I swear that the contents of this declaration are true, so help me God";

II the deponent signed this declaration in my presence at the address set out hereunder on this the 17th day of JUNE 2020.

SIGNED 
DEAN SANDLER CA (SA)
COMMISSIONER OF OATHS
34 Coral Grove, Royal Ascot
Millerton, 7441

COMMISSIONER OF OATHS

