

TECHNIQUE

MANUFACTURING CORPORATION (PTY) LTD

2018/447932/07

Vat No: 4620174450

Metal Stamping - Component Fabrication and Assembly – Press Tooling
Specialized Production Facilities

P O Box 10379
Ashwood
South Africa, 3605
Tel: 031 – 7009610
Fax: 031 – 7005783

Unit 4A
Westgate Industrial Park
484 Stockville Road
Marianhill, Pinetown
Durban 3610

TECHNIQUE MANUFACTURING CORPORATION PROPRIETARY LIMITED (in business rescue)
Registration Number 2018/447932/07
(the "Company")

30 September 2023

**Status Report in terms of section 132(3) of the Companies Act 71 of 2008, as amended, (the
"Companies Act"), read with Regulation 125**

1. INTRODUCTION

In terms of section 132(3) of the Companies Act a company whose business rescue proceedings have not ended within three months after the start of those proceedings, or such longer time as the court, on application by the business rescue practitioner (the "**BRP**"), may allow, the BRP must:

- (a) prepare a report on the progress of the business rescue proceedings, and update it at the end of each subsequent month until the end of those proceedings; and
- (b) deliver the report and each update in the prescribed manner to each affected person, and to the court, if the proceedings have been the subject of a court order or the Companies and Intellectual Property Commission (the "**CIPC**"), in any other case.

The BRP accordingly submits the first status report.

2. SALIENT DATES

The following table sets out the dates on which certain key events took place, or that are still to take place in the future, during the business rescue proceedings of the Company:

Events	Date
Commencement of business rescue proceedings per order of the Court	2 June 2023
Board resolution commencing business rescue proceedings filed with CIPC	8 June 2023
Appointment of the business rescue practitioner ("BRP")	2 June 2023
First meeting of the creditors of the Company (the "Creditors")	19 June 2023
Extension of time to publish business rescue plan (the "BR Plan") as approved by creditors	30 September 2023
Further extension of time to publish the BR Plan as approved by creditors	24 November 2023
Meeting to consider the BR Plan	TBC

3. BACKGROUND

Technique Manufacturing Corporation Proprietary Limited ("**Technique**" or "**the Company**"), was officially placed under business rescue proceedings per Court Order on 2 June 2022. Siphon Sono was appointed as the Business Rescue Practitioner ("**BRP**" or "**Practitioner**") on the same date.

A number of unforeseen events precipitated the Company's financial distress. Most notably, the global disruption caused by the COVID-19 pandemic and the subsequent lockdowns played a significant role. In addition to these challenges, the riots of 2021, and the devastating floods in 2022 that impacted KwaZulu-Natal (KZN) further exacerbated the Company's financial position. Notwithstanding these external factors, it was an application from Toyota South Africa Manufacturing ("**TSAM**") a creditor and Technique's predominant customer, that initiated the business rescue proceedings for Technique. It is important to highlight that Technique holds a key role as a supplier of essential vehicle components to TSAM. Consequently, the operational stability and financial health of Technique are of paramount importance to TSAM.

The driver for TSAM's application to place Technique in business rescue stemmed from Technique's financial behaviour, specifically its inability to settle dues to a Chinese toolmaker that was vital for the production process. Funds that were earmarked for the re-tooling initiative were misapplied for other expenditures. These included settling arrears with the Motor Industries Bargaining Council and disbursing employee bonuses. Left with no other recourse, TSAM extended a financial loan to Technique to facilitate the procurement of the tools. In addition, Technique had accumulated a significant outstanding amount owed to the South African Revenue Service ("**SARS**"). Technique failed to provide information on how it intended to handle the SARS debt. This financial predicament was further exacerbated by a long-standing dispute between the shareholders which was affecting the day to day running of the business. The BRP has had to resort to legal correspondence to address some of the shareholder issues that are threatening to derail the business rescue process.

Upon his appointment, the BRP, Mr. Sono, investigated the Company's distress and more importantly how the Company could be rescued. Preliminary findings indicated the necessity for a restructuring process to improve operational efficiency, enhance performance, and improve future profitability. An experienced consultant was brought in to assist with this critical aspect of the business.

It also became evident that a considerable working capital was required for Technique's restructuring and ongoing operations. To this end, the BRP initiated a process to recapitalise the business which includes identification of a potential investor to inject the much-needed capital into the business. Updates on this process will be provided in upcoming status reports. The outcome of the process will

also be detailed in the business rescue plan. As the process is still ongoing, creditors have approved an extension of the time to publish the business rescue plan to 24 November 2023.

4. POST COMMENCEMENT FINANCE

TSAM has provided Post Commencement Finance (“PCF”) to enable the Company to continue to operate during business rescue, to settle some critical costs and to pay business rescue costs. In addition, TSAM has agreed to temporarily adjust its payment terms to improve the cashflow of Technique during business rescue.

5. EMPLOYEE MATTERS

Technique currently has a staff complement of 121 employees. The staff have continued to work and receive their salaries during the business rescue process.

6. PROOF OF CLAIMS

All creditors that have not yet submitted their claims are encouraged to do so as soon as possible.

7. CONCLUSION

The BRP remains of the opinion that there is reasonable prospect that Technique could be rescued or that a better outcome could be secured for creditors and shareholders than in a liquidation.

Sipho Sono
Business Rescue Practitioner
Technique Manufacturing Corporation Proprietary Limited

Transmitted electronically