

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

Form CoR 19.1

About this Notice

This notice is issued in terms of section 22 (2) of the Companies Act, 2008, and Regulation 19 of the Companies Regulations, 2011.

The company to whom this Notice is addressed -

(a) may apply to the Companies Tribunal in Form CTR 142, to review the Notice only on the grounds that it does not clearly set out the reasons for the Commission forming the stated belief; and

(b) subject to any order of the Tribunal, must provide the required information to the Commission within 20 business days after the date of this Notice.

If the company fails within the specified time to respond to this Notice, or to satisfy the Commission that it is not engaging in conduct prohibited by section 22 (1) of the Companies Act, or is able to pay its debts as they become due in the ordinary course of business, the Commission may issue a Compliance Notice requiring the company to cease carrying on business.

**Contacting the
Commission**

The Companies and Intellectual Property Commission of South Africa

Postal Address

PO Box 429
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Republic of South Africa
Tel: 086 100 2472

www.cipc.co.za

**Notice to Show Cause Regarding Reckless Trading or
Trading under insolvent circumstances**

Date: 4 / 02 / 2021

Concerning:

(Name and Registration Number of Company)

Name: NOVA PROPGROW GROUP HOLDINGS LTD

Registration No: 2011/003964/06

The Commission has grounds to believe that the above-named company may be carrying on its business recklessly, with gross negligence, with intent to defraud a person, or for a fraudulent purpose, or that it is unable to pay its debts as they become due in the ordinary course of business.

(Insert particulars of the grounds on which the Commission has formed the belief stated above)

As at 31 January 2021, the Commission had not yet received the annual financial statements for the financial year ended 28 February 2020, to determine if the company's financial position and performance had changed in order to invalidate the qualified opinion tabled by the external auditor in the annual financial statements for the financial year ended 28 February 2019. Moreover, the notes to the annual financial statements for the financial year ended 28 February 2019 indicate that the company has the option to elect to repay debentures post the period (10 years from 20 January 2012) specified in the Scheme of Arrangements. The Commission is of a different view in light of the contents of the Debenture Trust Deed, in that it believes the Debentures must be settled by no later than 20 January 2022. As such, the burden of proof lies with the company to prove to the Commission that:

- (i) adequate financial resources are available to meet the financial obligations due and payable in the financial year ended 28 February 2021
- (ii) for the financial year ended 28 February 2022, adequate financial resources will be available to meet the financial obligations due and payable
- (iii) the Debenture Holders are in agreement with the claim made in Note 17 of the annual financial statements for the financial year ended 28 February 2019.

In terms of section 22 (2) of the Companies Act, 2008, and Regulation 19 of the Companies Regulations, 2011, the Commission requires the company named above to show cause why the company should be permitted to carry on business or to trade.

Name and Title of person signing on behalf of the Commission:

Adv Rory Voller - Commissioner

Authorised Signature:

