

Dear Mr / Mrs / Ms

NB: The official Highveld Syndication Action Group (“HSAG”) notices are the only official source of information where investors can find information regarding the HSAG and we invite you to visit the website at www.hsaction.co.za. E-mails are also sent out from time to time. The onus is always on investors to ensure that their application form for the HSAG has been completed correctly and that they keep us up to date with any amendments with regards to their contact details as well as email addresses.

Kindly visit our website and complete the HSAG Questionnaire on Survey Monkey.

ADMINISTRATIVE CUT-OFF DATE FOR REGISTRATION AT THE HSAG

PLEASE TAKE NOTE that 31 March 2017 was the cut-off date for late-registrations to join the HSAG. Any further applications would only be considered on an *ad hoc* basis with specific requirements.

All further requests and enquiries must be submitted in writing to hsagenquiries@gmail.com.

FOREWORD

It is an honour for the HSAG management to introduce and welcome a newly elected member of the HSAG steering committee, namely Mr Francois Strauss. Mr Strauss is a business man from the Western Cape and is also an Applicant in the HSAG matters against Mr Nic Georgiou and others.

The HSAG management is looking forward to work with Mr Strauss in order to protect the rights of each and every investor.

The class action continues and is positively moving forward. With a recent poll performed by the HSAG 90.63% of the participants indicated that litigation (court proceedings) is the only way in which losses incurred because of Mr Nic Georgiou and Respondents, could be recovered.

1. THE HSAG CLASS ACTION

As reported previously, the HSAG has recently received three favourable judgements from the High Courts that specifically dealt with the attempt by Mr Nic Georgiou and Others to replace Theron & Partners as attorneys of record and to withdraw the class action. (Please also see hereunder a Judgement of the Supreme Court of Appeal).

Although these matters are purely interlocutory (interim) and could thus not be appealed against, Mr Nic Georgiou and Others had served Notices on our offices informing us that they are of the intention to appeal against both judgements.

We are currently awaiting Court dates from both the High Courts of Pretoria and Johannesburg for when these Appeals will be heard and should this be done within the next two quarters.

It is quite clear that Mr Nic Georgiou and Others only intend to appeal in order to frustrate the court procedure and to buy some time. Our firm and counsel expect judgements in our favour in both courts and would seriously consider requesting punitive cost orders against Mr Nic Georgiou and Others.

We can advise of the dates on our website as soon as we receive them. Both judgements (as well as the judgement of the Supreme Court of Appeal) is available on our website at www.hsaction.co.za under Media, Press releases and notices and we invite you to read them there.

2. SETTLEMENT NEGOTIATIONS

Earlier this year Mr Nic Georgiou solemnly undertook to make the first payment on the 30th of April 2017 to those persons who indicated their willingness to settle. He furthermore undertook that the settlement documentation would be signed on or before 31 March 2017. A venue in Stellenbosch was reserved for the signing on the 30th and 31st of March 2017. The approximate 800 written Settlement Negotiations were tendered to Mr Nic Georgiou for his signature.

However, at this meeting Mr Nic Georgiou refused to sign the settlement documentation as according to him there is no benefit for him if he only settles a portion of the class action and he indicated that he would only be able to acquire financial backing if he was going to settle the class action as a whole. A final due date for an improved offer was established for April 2017.

Mr Nic Georgiou once again did not keep his promise and did not make an improved offer. The HSAG management therefor decided on 4 May 2017 to cease all settlement negotiations with Mr Nic Georgiou/Orthotouch and to continue with the litigation process.

In this regard feel free to read the letter from Mr Johan Stander, member of the HSAG Steering Committee addressed, to Mr Nic Georgiou, which was published on our website.

3. SETTLEMENTS OF HELGARD HANCKE AND OTHERS OUTSIDE THE HSAG

Any new settlements with Mr Nic Georgiou and/or Mr Helgard Hancke and other persons outside of the HSAG (referred to as the new so-called Orthotouch "Option 4") are handicapped with a provision that makes it clear that the investor waives all his/her rights to a HSAG class action and all persons against whom action have been instituted. Should you settle on these terms it would have the effect that the investor cannot partake in the HSAG class action and would thus have waived his/her rights to settle for the balance of the claim.

Mr Hancke recently sent out contracts to members of the HSAG enticing them to sign settlement agreements with Orthotouch, thereby effectively settling and waiving all their claims which they have through the HSAG against Mr Nic Georgiou and the other Respondents in the HSAG Class Action.

What is more disturbing is that the people who settle through Mr Hancke agree to the following:

- Their claims are only against Orthotouch stemming from the Business Rescue Plan and not from alleged false misrepresentations by the Respondents.
- Investors accept and acknowledge the existence and legal consequences of the S155 Scheme of Arrangement, which scheme the HSAG is currently in the process of setting aside. The S155 Scheme of Arrangement regulates that Mr Nic Georgiou is entirely indemnified against all liability.
- Investors must file their original documents with Mr Nic Georgiou's own attorneys which mean amongst others that, in the event of a dispute with Orthotouch, they would not have original documents in their possession to substantiate their claims. Investors must first prove their contributions towards legal and registration costs, otherwise it won't be paid.
- Investors' offers to settle with Orthotouch are irrevocable which mean that they cannot withdraw it.
- Orthotouch does not admit legal liability in the Hancke document which could enable a liquidator to claim back monies paid out to investors by Orthotouch, in the event of a possible future liquidation of Orthotouch.
- Investors would not have the original cession documents to support any action if Orthotouch breaches the terms of the agreement.
- Investors lose all their other claims (except the 50% in the agreement) immediately because their claims are transferred immediately upon acceptance by Orthotouch, and not only when the final payment is received (as set out in the HSAG settlement agreement with Mr Nic Georgiou).
- Investors' participation with the HSAG immediately ended on signature of the Hancke document and not only suspended (as set out the HSAG settlement agreement) until full payment was made.
- All investors' claims are settled and not only the claims signed with Orthotouch on the Hancke document (i.e. if they settled their claim i.r.o. one syndication, their other claims are also deemed to be settled).
- If Orthotouch does not pay investors, investors can only sue in their /or their entities' own name based upon this contract and not through the HSAG Class Action. If they rejoin the HSAG Class Action at a later stage they might be faced with a defence of prescription.
- Investors must sign a confidentiality clause which prohibits them to disclose any information.
- No further interest will be paid to investors, even if Orthotouch is in breach of the agreement.

- If Orthotouch is liquidated persons who settled with them may be faced with a fraction of their claims against the assets registered in the name of Orthotouch.

It is a common fact that Mr Nic Georgiou and Mrs Visagie threaten to liquidate his entities and worse, that Mrs Visagie and Mr Hancke are also promoting an option, called "Option 3", where all the assets of Orthotouch are placed in a new JSE listed company, which effectively means that those people will receive little, if any proceeds if Orthotouch is liquidated (as all those assets will vest in the JSE company).

People who settle outside the HSAG will receive no protection if Orthotouch fails to honour its obligations. They must therefore institute legal action in their own names of which the costs can become enormous.

Mr Hancke is not an attorney, registered financial advisor or member of the HSAG and HSAG members must be extremely cautious to sign documents presented by him without taking proper legal advice as he is also working for Orthotouch. To the best of our knowledge, Mrs Visagie is also not a registered financial advisor. Kindly contact the Financial Services Board at 0800 110 443 or visit their website at www.fsb.co.za to verify any such queries.

Kindly take legal advice before you sign any further documents with Orthotouch, Mr Nic Georgiou or their agents, as Elna Visagie, Herman Lombaard or anyone else such as Helgard Hancke.

4. COSTS

We have informed HSAG members from the outset that, depending on the support and co-operation from prospective HSAG Claimants, it could be expected that annual financial contributions will be requested from HSAG members. At this stage, only one request for a contribution towards legal costs have been made since inception of the HSAG in August 2014. In effect members of the HSAG have therefore been contributing approximately R1 per day per syndication towards legal costs.

Regardless of the abovementioned there are still many members that are not up to date with their contributions, which naturally increases the liability on the paid-up members of the HSAG. Even though the non-paying members are thus being subsidised, it has been decided that members of the HSAG who are not complying or fully paid up, are in danger of having their HSAG membership terminated or suspended. Members are thus urgently requested to bring their contributions up to date.

Earlier this year it was decided that the HSAG management would in due course ask for a further contribution for administrative and legal costs for 2017. The amount of R 2000 is to be levied per person/investor (and not per syndication as with the previous request) which would thus accommodate investors with more than two syndications. Aforementioned contributions have been set out in the monthly statements which are being forwarded by email.

Due to the large number of HS investors currently registered with the HSAG, it makes it possible for investors to only pay a fraction of the costs and not to surrender up to

25% of their claims or double the fee of legal representatives as is allowed in terms of South African legislation.

The average claim (in size) of individual Investors/prospective Claimants is approximately R250 000. If we were to work on a contingency basis (commission) it would mean that with an average claim of R250 000 a maximum amount of R62 5000 plus VAT would be recovered for costs. With a successful conclusion of the matter it would therefore entail that a maximum amount of between R70 000 and R80 000 would have to be paid by Investors/proposed Claimants to the legal representatives, which is much more than the previous and current contributions required.

For 2017, persons with a total investment value of R20 000 or less would, with prior written applications to Theron & Partners, be accommodated and would not be expected to contribute towards administration or legal costs.

Please note: No registration, administration or legal costs are refundable at any stage.

5. JUDGEMENT – SUPREME COURT OF APPEAL IN BLOEMFONTEIN

On 30 November 2016 the Supreme Court of Appeal in Bloemfontein ruled in favour of the HSAG with costs, and specifically ruled in an attempted appeal by Orthotouch against a previous judgment of Judge Spilg in Johannesburg, that the matter was purely interlocutory and that, in any event, there is no prospect of success in the appeal and no other compelling reason why an appeal should be heard. Business Rescue Practitioner Hans Klopper withdrew his application for appeal.

Orthotouch and Hans Klopper are now in terms of the judgement obliged to supply the attorneys of the HSAG with a list of all persons who were entitled to vote in respect of the S155 Scheme of Arrangement and to whom notice thereof was given. The Receiver of Orthotouch, Mr Derek Cohen, is also obliged to provide the HSAG Attorneys with a list of all persons who voted in favour or against the approval of the S155 Scheme of Arrangement.

The Receiver of Orthotouch, Mr Derek Cohen, provided a list of persons that were apparently in favour of or against the approval of the Section 155 Scheme of Arrangement, but this list is vague and faulty to such a degree that it is uncertain who voted against or for the Scheme of Arrangement.

Neither Orthotouch nor Hans Klopper have sent us the list of persons who were entitled to vote in terms of the S155 Scheme of Arrangement or to whom notices were handed and are thus in contempt of a court order. The HSAG management will decide which steps to take.

Theron & Partners have already taken the necessary steps in order to enforce the favourable Court order and shall report to you in this regard as soon as possible.

6. OPTION 2 – PAYMENTS

Many investors indicated that they have received payment in terms of Option 2 (40% pay out). Option 2 is one of the 3 options that investors could choose from in terms of the Scheme of Arrangement in 2014. Orthotouch is obliged in terms of a court judgment, to pay out the monies to persons who elected Option 2.

It is our counsel's advice that by choosing such Option, the investors did not automatically abandon their rights to be part of the HSAG class action. Thus investors that received payments have done so in terms of Option 2, without any amendments to, or infringements of their rights concerning the HSAG class action. Even though it could at a later stage be argued by Mr Nic Georgiou and Orthotouch that the election of Option 2 meant that such an investor could not be a member of the class action, the acceptance of such monies at this stage (in terms of Option 2) would not change or negatively influence the position of the investor. In the event that there was any abandonment of their rights to be part of the HSAG class action, this would have been when Option 2 was elected – and not with the receipt of the monies. The receipt of the money now, is the necessary result of the erstwhile election of Option 2.

7. WHISTLE HERE FOR FALSE AND UNDERMINING INFORMATION

Our offices have received positive reaction from investors informing us of third parties (i.e. Mr Helgard Hancke and Mrs Elna Visagie) that are actively busy with smear campaigns and suspicion mongering against the HSAG, pretending to be acting in the good interest of the HSAG members, and would like to thank you for bringing the information to our attention. We encourage members to send such information to this email address anonymously.

We invite investors and supporters of the HSAG to send us any relevant or important information concerning the HSAG or the class action, or those who want to disclose documents to hsagwhistle@gmail.com. The HSAG would at all times endeavour to protect such whistle blowers.

8. USE OF CORRECT EMAIL ADDRESSES

It is of utmost importance that investors use the correct email addresses (as indicated on the website and emails) for all communication as well as their reference numbers (i.e. identity number etc.). Should an investor send an email to the wrong email address such correspondence might not be attended to ending up to be time consuming and costly.

Email addresses are as follows:

- hsactiongroup@gmail.com and hsagenquiries@gmail.com for all enquiries concerning the class action and settlement procedures.
- hsagregister@gmail.com for the registration of new members of the class action.
- hsagsettle@gmail.com for all settlement agreements and relevant documentation.

- hsagwhistle@gmail.com for all confidential information that you would like to send to us anonymously.

9. STATEMENT FOR PARTICIPATION IN THE HSAG

Please find attached your Statement for participation in the HSAG.

Kindly take note of the following:

1. Since the beginning of 2016 our firm has started with trust requisitions for a contribution towards legal costs towards the Highveld Syndication court cases and related matters, driven by the HSAG. By doing so the HSAG members' individual and HSAG group's interests are protected. This amount will be reflected on your statement. If no trust requisition regarding legal costs appears on your statement, it means that you are in a group which has not yet been processed and/or allocated and will the said amount only reflect on a later statement. The requested amount for 2016 legal costs was R1 000 per syndication. In May 2017 a further requisition for contribution towards legal and administration costs of R2 000 per person are being made. A once-off registration fee per syndication was also levied and should also be reflected on your statement. Please be advised that the personal information on our system was gathered from the application forms. If your application form is faulty or incomplete you may not receive statements or emails from us. Kindly complete the HSAG Questionnaire (Monkey Survey) on our website in order to update your information.
2. Please click on the link to enter the "Customer Zone" where you will see all your trust requisitions for registrations and legal costs, as well as all payments made.
3. Due to the continuous high volume of enquiries, registrations, the amendment of personal information and allocations it is possible that your payment/s and/or registration/s will not yet appear on the attached Statement but on a later Statement. Please ensure that your information is correct.
4. Automated statements will be sent out from time to time (normally monthly), but your link to the Customer Zone will stay active and you may therefore view your future payments and transactions as they are being allocated.
5. If there are any outstanding amounts you are kindly requested to pay such outstanding balances as soon as possible to prevent unnecessary administration and/or further costs and further to prevent such members' membership from being suspended from the HSAG.

6. Registration surcharges are payable on all new and arrear (90 days and older) registrations. Registration cost currently amount to R1 500 per syndication and, if further registrations are allowed beyond the deadline, it is probable that there will be a further levy for registration costs per syndication for new registrations, in order to relieve the financial contributions made by our current HSAG members.
7. Participation in the HSAG is voluntary, however, persons that do not belong to the HSAG or who are not up to date with their payments, would not be able to claim any rights or privileges that faithful members of the HSAG can. Persons that refuse or neglect to pay their membership fees, would be removed as members of the class action.
8. We thank you for your loyal support without which the HSAG and class action would not have been possible. At the same time you can be sure of our undivided loyal support to the members and associates of the HSAG.
9. All enquiries must be sent to hsagenquiries@gmail.com.

Kind regards

Theron & Partners

Tel: (021) 887 7877

hsactiongroup@gmail.com