

MONTHLY NEWSLETTER: JANUARY 2018

Dear HSAG Investor / Mr / Mrs / Ms

This newsletter is addressed to you as a member of the Highveld Syndication Action Group (“HSAG”) on account of you having made an investment in the Highveld Syndication Companies 15-22 and/or support of the HSAG.

The www.hsaction.co.za website is the primary place where you will find HSAG information although emails are also sent out from time to time. Please keep us up to date with any changes to your personal and/or contact details.

In this newsletter the HSAG welcomes the investors and we provide a brief summary as to the current state of affairs. We address the recent developments with regards to the implementation of the debit order facility and the HSAG also responds to the HSIF’s letter dated 11 January 2018.

1. WELCOME MESSAGE AND INTRODUCTION: 2018

We would like to wish each and every investor a happy new year. The legal team have already earnestly begun to prepare for Georgiou and others’ attempt to petition to the Supreme Court of Appeal (hereafter referred to as the ‘SCA’) against orders that were granted in the HSAG’s favour.

2018 promises to be a good year in general, as the winds of change for truth and justice in South Africa have already filled the air. The Government has recently been fighting injustice and corruption and the HSAG believes that this will also benefit the investors. Various criminal charges have been lodged throughout the years, and all indications for 2018 are positive.

The HSAG’s existence lies within a large group of HS investors standing together to enforce their rights in a Court of law against the Respondents who are responsible for millions of rands in damages and losses suffered by the Investors. When Investors sign new settlements with the Respondents, they forego these rights that are currently vested within the HSAG, and run the risk of losing everything.

We have recently learned from Georgiou’s / Orthotouch’s legal representatives that the SCA bundles are nearly finalised, where after the relevant parties will contact the SCA in order to set a date for the hearing of the petition.

2. DEBIT ORDER FACILITY

At the end of 2017, the HSAG-management has, after receiving numerous requests by investors who are in arrears with their costs after being unable to make a once off yearly payment, considered and decided to make available a debit order facility option to investors. This facility has been finalised and will shortly be activated for amounts owed by investors who are in arrears. The relevant investors will receive the necessary documentation and information regarding this facility early in February 2018.

If you are (1) in arrears with your payments and (2) you are interested in concluding a monthly debit order, kindly email your full name, surname and ID number to hsagdebitorder@gmail.com. After receipt of your email, the HSAG will send you the necessary documentation in order to activate the debit order facility. Kindly complete the documentation diligently and send same back to the HSAG via email, in order for the HSAG to activate your debit order facility.

3. HSAG OFFICIAL WHATSAPP GROUPS

The HSAG reminds investors who still wishes to join the HSAG's official WhatsApp groups, to kindly send their cell phone number, identification number, full names and surname via email to hsactiongroup@gmail.com. The HSAG also has a Facebook page and can be viewed at www.facebook.com/hsaction. You can also contact the WhatsApp groups at 079 635 4165 (Afrikaans) and 082 450 8854 (English).

4. HSBF SETTLEMENTS AND RECENT CORRESPONDENCE

It has recently come to the HSAG's attention that Mr Nic Georgiou's HSIF, which is driven by Mr Helgard Hancke, made another attempt to persuade investors (notwithstanding numerous previous disappointments) to do business with Mr Nic Georgiou/Orthotouch.

Firstly, the HSAG would like to warn investors against doing any business with Orthotouch. The reason being, that Orthotouch already faces serious financial problems and have been placed under a Section 155 Scheme of Arrangement. This scheme is implemented in cases where a company *cannot* meet its obligations towards its creditors.

Mr Nic Georgiou is *the* wealthy man who has possession of the investors' money, and if investors settle with Orthotouch, the settlement contract stipulates that Mr Georgiou, his family and his business empire is wholly indemnified from all his/its obligations towards the investors. The HSAG is personally acting against Mr Georgiou, his family and business empire, and we have information at our disposal that Mr Georgiou is still in charge of the investors' millions. If investors sign away their rights against Mr Georgiou it will therefore have devastating consequences.

The promises made by Mr Helgard Hancke that the investors' rights are "protected" and that they would have received payouts as of April 2017, are empty promises. Nothing has come from these promises and the due dates and payouts are constantly postponed with poor excuses. This behavior from Mr Hancke is similar to the

occurrence where (at a time when Hancke was a member of the HSAG Steering Committee) he switched sides and joined Mr Georgiou's team, whilst having a fiduciary duty towards HSAG and HSAG-management.

The HSIF settlement with Mr Nic Georgiou/ Orthotouch could place investors in jeopardy with enormous consequences. There is no guarantee that payouts will eventually materialize and the chances of investors ever getting the agreed upon amounts are slim to none. In fact, it was communicated to us that investors who settled on 50% with Mr Nic Georgiou via Mr Helgard Hancke at the start of 2017, only received one payment and no further payments thereafter!

The HSAG is not against settlements with Mr Nic Georgiou/ Orthotouch, but will **only** settle if the best interests of the HSAG-members are protected. Only if provision is made for the possibility that, in the event that Mr Nic Georgiou/ Orthotouch does not honor the agreement, investors may proceed with the HSAG class action. This is not the case with the settlement offered by Hancke (HSIF) on behalf of Mr Nic Georgiou/ Orthotouch, because investors have **definitely** put their rights in danger by signing the current agreement.

The Georgiou propaganda machine, the HSIF, attempts to convince the investors that the court proceedings are "expensive and fruitless". Clearly the propagandists do not understand the concept of "the economy of scales". For example, in a recent case that Mr Hancke lost, he had to pay 33 times more costs to the HSAG in comparison to the costs that a HSAG member has to contribute on a yearly basis!

The only aim of the abovementioned propaganda is to persuade investors to refrain from claiming back their money from Mr Nic Georgiou and the other Respondents. The question is "why would HSAG members allow someone to walk away with their hard earned money?" It has recently come to light, in court documents, that Hancke is not afraid to lie under oath and is therefore not to be trusted. Hancke has, after all, negotiated and settled with Mr Georgiou in secret whilst still being a member of the HSAG management committee and thereby in effect betraying the HSAG.

The only persons trying to delay the Court process is Mr Nic Georgiou and his followers. Why are they spending the investors' millions on litigation? The solution for Georgiou is simple: **Put your case before a court of law, and explain what has happened to the investors' money!** Thus far, they have fought with everything in their power, in order to delay the class action. This has been pointed out by Judges Spilg, Murphy and Ismail in their strongly worded judgments. These judgments indicate that the HSIF's allegations are without merit and there is no evidence to support it. These judgments and the lies fabricated by Hancke under oath are available on the HSAG website at www.hsaction.co.za.

There are a few definitive risks with regards to the settlement scheme that investors need to be wary of:

- Investors that accept the settlement, acknowledge the existence and legal consequences of the S155 Scheme of Arrangement, which scheme is in the process of being set aside. The investors' offer to settle is irrevocable and can therefore not be withdrawn once signed.
- Another risk is that investors lose their claims immediately when signing the settlement agreement, because Orthotouch takes session of the investors' shares. This means that if Orthotouch fails to pay the 55% capital in terms of

the settlement agreement, the investors will not be able to rely on their rights as it has already been ceded to Orthotouch.

- This also means that these investors will not be able to rely on the support of the HSAG, should the signed settlement agreement not be complied with.
- Investors will, in addition, also not receive any interest from Orthotouch, even if Orthotouch fails to perform in terms of the settlement contract.
- Investors should also bear in mind that the HSIF has been threatening, for some time now, that Orthotouch might be liquidated in future, but at the same time a settlement with Orthotouch is being promoted. This begs for some serious questions as well as the fact that various investors are still not receiving their interest payments in terms of Option 1.
- The HSIF alleges in their letter that investors do not want to wait until 2024 to receive their pro rata capital in terms of option 1- This statement is misleading because it is general knowledge that Orthotouch struggles to make timely interest payments and that full payment will be made in 2024, is highly unlikely.
- Orthotouch has to date hereof not made full payment of the promised payments in March 2017 in terms of Option 2, and this *despite* a court order that must be complied with.
- It is ironic that the HSIF have stated that the interest payments to the investors that have *not* settled are one of the factors which influence the payment term, when in fact some investors have not been receiving their interest payments even before this settlement offer has been made available - An inconsistency that Orthotouch still cannot address satisfactorily.

What impact will the promised payments in terms of the 55% settlement offer have on the investors who choose *not* to settle, and why should these investors be affected by a possible settlement in any event? In terms of the S 155 Scheme of Arrangement, Orthotouch is in any event obligated to pay interest to the investors and thus this aspect should not even be considered by Orthotouch in order to convince investors to settle! Orthotouch is bound by its own Court order, which it obtained in secret, and it cannot try to avoid that order now!

Why is Hancke emphasizing cash flow, when Mr Nic Georgiou already has possession of the investors' capital? Where has all the money gone, and why has only miniscule amounts thereof trickled back to investors in the form of interest? It is about time that Mr Nic Georgiou and Orthotouch open their books and explain what has happened to the investors' money. One aspect that Hancke never manages to explain to investors is as follows: What has happened with the billions of rands that Georgiou took?

Investors therefore have to ask themselves an important question, which is whether Orthotouch is capable of honoring a settlement agreement, whilst being mindful of its apparent financial inability to meet its obligations under the current Scheme of Arrangement?

The HSAG-members are again earnestly warned (and are advised to seek legal advice from their own lawyers) when doing business and negotiating with Mr Nic Georgiou/ Orthotouch as it can have a negative impact on their rights and is inherently risky.

The Hawks have recently been in contact with HSAG, and confirmed that investigations are proceeding. It is clear that certain persons must tread lightly and will have to explain what has happened to the missing billions.

5. MEMBERSHIP CONTRIBUTIONS AND REGISTRATION COSTS

The life blood of the HSAG is the right of access to courts and the nominal yearly contributions by members and supporters. The HSAG's opponents, who sit with the investors' hard earned millions, will do everything in their power to prevent a court from ordering the repayment of the investors' capital. Thus far the courts have decided on the merits in more than 15 applications (with the exclusion of one case) in the HSAG's favour. The overwhelming indications are therefore that the investors are supporting a case which has merits in their favour.

It is of utmost importance that members make their payments timeously, and that they settle any outstanding accounts in order to enable the HSAG legal team to take the class action forward. The HSIF continuously attempts to demotivate investors from contributing nominal amounts towards the class action, which in turn is claiming billions of rands from Mr Nic Georgiou / Orthotouch. The HSIF furthermore states that the legal team of the HSAG has only been appointed in order to fill their pockets. The fact of the matter is that the attorneys have only been fully paid for services rendered up until March 2015. Can the same be said for Hancke?

Members are therefore urged to keep showing their support towards the HSAG (such investors will in any event be supporting their own case by making a contribution in order to support their own interests) which is in the process of recovering the enormous losses suffered by the investors. Although it places strain on the HSAG's administration, members are allowed to pay their yearly contributions in installments. Members that are in arrears with their contributions may make use of the new debit order facility which will be activated in February 2018.

We can assure you that the membership contributions are allocated carefully and utilized wisely. All the funds with regards to the HSAG are paid in to a separate trust account and are allocated towards legal fees, expenses and administration of the HSAG, which exists for approximately 7000 members.

This account, which was opened specifically for the HSAG, is audited by independent auditors. The HSAG legal team, only charges fees as and when it becomes necessary and only after the necessary work has been completed.

We therefore request investors to make a genuine attempt to pay their membership fees and settle any outstanding amounts in order for the HSAG to take this matter further.

6. 2018 HSAG INFORMATION SESSIONS

During October 2017 the HSAG management, upon request from its members, undertook to trial run information sessions in different regions in order to find out if there was a need for these sessions and if it would be practical.

It deserves to be mentioned that the information sessions require time and capital. The HSAG management will have to weigh up the success of these sessions against the cost thereof and are of the intention to provide feedback relating to possible 2018 sessions in the February 2018 newsletter. The probability of additional financial

support by regions that request such an information session is unfortunately not ruled out.

7. SURVEY MONKEY

In 2017 the HSAG started with quarterly questionnaires via Survey Monkey on the HSAG website amongst its members. These questionnaires have provided us with valuable insight into the needs of the investors, as well as establishing the investors' current opinion regarding the class action.

The new set of Survey Monkey questions will be available on our website at www.hsaction.co.za throughout the course of the first quarter of 2018 (possibly in February 2018). We kindly invite you to complete the current questionnaire, if you have not already done so, and to also complete the new questionnaire as soon as it is made available on the website.

8. COSTS

From the very beginning the HSAG members have been informed that they would be expected to make yearly contributions depending on the cooperation and support from the prospective HSAG claimants. Fortunately, the vast majority of members understand that this case is being driven on behalf of and for the benefit of the investors. Unfortunately, there are some investors that cannot and / or will not make contributions towards this case, which in turn places a financial burden on the other investors, and especially the legal team. Due to the number of members who have not paid their contributions timeously, there had to be trust requisitions on a more frequent basis. Fortunately, the HSAG has been able to keep cost requisitions nominal.

Registration, administration and legal costs will be payable from time to time and is not repayable.

The management has decided that the costs for 2018 will once more be R 2000 per person and the latest trust requisition will appear on your statement within the next two months.

9. THE CURRENT STATE OF AFFAIRS

As noted above, the courts have predominantly found in favor of the HSAG.

The vast majority of members have realised that Georgiou and his followers are literally fighting the investors with their own money, but fortunately the wheel has already begun to turn in the investors' favour. Besides the fact that the HSAG members' claims have not prescribed, the High Courts have also taken note of their case.

The opposition is so desperate that the matter must not proceed, that they have resorted to unethical and improper attempts to derail the class action more than a year ago. Not only have certain persons, placed in fiduciary positions by the HSAG, been bribed, but former supporters of the HSAG have been corrupted in order to advance

the interests of the opposition and to spread blatant lies. Some individuals have, at the cost of the investors' hard earned investments, received astronomical amounts in compensation. The main goal of the HSAG's opponents is to bring about division amongst HSAG members, and to prevent the group from gaining access to the courts.

As previously mentioned, the Supreme Court of Appeal in Bloemfontein has to answer an extremely important legal question in 2018, namely whether a nominal applicant (an individual investor who is a mere "placeholder" for thousands of other investors) in a class action can bring an application to withdraw both the application to certify the class action, as well as the application to have Orthotouch's Scheme of Arrangement set aside.

The above mentioned legal question has never been raised in the history of South African law, and the SCA judgement will therefore have far-reaching consequences for class actions in the future. The advantage of the SCA decision will be to prevent a situation where an unscrupulous Respondent can merely bribe an Applicant in order to withdraw a class action. If the SCA follows the judgments of Ismail and Murphy of the Gauteng High Court, the HSAG will be able to proceed unencumbered with an application to have Orthotouch's Scheme of Arrangement set aside, as well as to certify the class action,

As mentioned above, if the opposition is whatsoever of the intention to proceed with the appeal, the HSAG currently awaits a court date to be allocated by the SCA for the hearing of the petition, as raised by Mr Nic Georgiou and Orthotouch. Investors will be kept up to date with further developments.

Investors are kindly reminded to visit our website with regards to the publication of all court dates and information.

10. LATE APPLICATIONS FOR REGISTRATION WITH THE HSAG

Late applications shall be considered strictly on an *ad hoc* basis. Registration forms are available on our website at www.hsaction.co.za or can be requested from us at hsagregister@gmail.com. All requests and completed registration forms must be sent to hsagregister@gmail.com.

11. STATEMENT FOR PARTICIPATION IN THE HSAG

Please find attached your statement for contribution in the HSAG.

Kindly take note of the following:

1. If no trust requisition regarding registration, legal or administration costs or a credit appears on your statement, it means that you are in a group which has not yet been processed and/or allocated and will the amount only reflect on a later statement.
2. The requested amount for 2016 legal costs was R1 000 per syndication.
3. In May 2017 a further requisition for a contribution towards legal and administration costs of R2 000 per person was made, and a trust requisition of R2 000 per person for 2018 will reflect on your statement within the next two months.

4. A once-off registration fee of R1 000 per syndication was also levied and should also be reflected on your statement.
5. If a credit balance appears on your statement, it confirms that you are a registered member, but we have not received your completed application form. Kindly download same from our website or request same from hsagregister@gmail.com.
6. Please be advised that the information on our records was gathered from the application forms.
 - a. If your application form is faulty, vague or incomplete, there is a possibility that you may not receive statements or emails from us.
 - b. Kindly complete the HSAG Questionnaire via Survey Monkey that is posted on our website from time to time, in order to update your information, or send an email to hsagregister@gmail.com.
7. Please click on the **email link** at the bottom of the newsletter to enter the "Customer Zone" where you will see all your trust requisitions for registration and legal costs, as well as all payments made.
8. 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 rather on a later statement. Please ensure that your information is correct.
9. Automated statements will be sent out from time to time (usually 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.
10. If there are any outstanding amounts with reference to your registration and / or legal costs, you are kindly requested to pay such outstanding balances as soon as possible to prevent unnecessary administration and/or further costs, and also to prevent such members' membership from being suspended from the HSAG.
11. Registration surcharges are payable on all new and arrear (90 days and older) registrations. Registration costs 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 requisition for registration costs per syndication for new registrations, in order to relieve the financial contributions made by our current HSAG members.
12. Participation in the HSAG is entirely voluntarily, however, persons that do not belong to the HSAG or who are not up to date with their requested payments, will not be able to claim any rights or privileges that faithful members of the HSAG can. Persons who persistently refuse or neglect to pay their membership contributions will have their membership suspended.
13. We thank you for your loyal support, without which the HSAG and class action would not have been possible.

14. At the same time, you can be certain of our undivided loyal support to the members and associates of the HSAG.

15. All enquiries must be sent to hsagenquiries@gmail.com.

Kind regards

HSAG Steering Committee

Contact the HSAG Attorneys at:

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