

MONTHLY NEWSLETTER: MARCH 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.

1. JUDGMENT DAY ON THE LOOM

The HSAG’s determination to get justice done recently regained momentum when the President of the Supreme Court of Appeal (SCA) issued stern directives with regards to the hearing of the Appeals on 8 May 2018.

Despite the ruling of the President of the SCA for a speedy date, Mr Nic Georgiou’s team clutched to straws to get yet a distant date but was once again unsuccessful.

It is a key triumph for the HSAG and unquestionably step closer to finality. This, however, does not mean that the HSAG team can relax one second and is therefore working around the clock to prepare for the ensuing battle.

If Mr Nic Georgiou succeeds at the Supreme Court of Appeal to get the HSAG class action withdrawn, it would have a far-reaching effect on all class actions in South Africa. In simple terms it would mean that he can walk away with the billions of rand that the investors paid into the failed HS15-22 companies without even facing a trial. This can never be tolerated and would the HSAG fight to the bitter end to see that justice is seen to be done.

The HSAG is therefore determined to send the best possible legal team to Bloemfontein to represent the thousands of destitute investors. One crucial requirement to win the case is undoubtedly that the legal team requires the unconditional support of the HSAG investors. Without them, there can be no class action or success.

Although everyone feels frustrated, angry and disheartened, they must realise once and for all who the real perpetrators are. Who are the people who took your money? Who are the people that fight you with your own money? Who are the people who is prepared to pay unscrupulous people to sabotage the HSAG? We assure you that we are thoroughly aware of the extent of this case and that we interact on a daily basis

with investors who are, as enthusiastic as us, that the matter be heard, but everyone must understand that the wheels of justice grind slowly, but surely.

The reality of the matter is all the HSAG members must understand that the matters are theirs. Without the necessary element of “a focussed and positive attitude” of all HSAG members, it will not be able to successfully argue and complete the Appeals in their favour. So far, the HSAG has overwhelmingly won all their cases against the Georgious and are the equities undeniably in their favour.

The history of the HSAG has shown that you so far have backed and supported a winning team. This, despite the numerous efforts by Mr Nic Georgiou and his benefactors to derail the court cases against them. But a winning team can only be a winning team as long as it has its loyal supporters. After all, it is the supporters’ own case! So far, Mr Georgiou through his pawns attempted to do anything in his power to diminish the class action and discredit his opponents. They constantly try to demotivate the HSAG members and discourage them not have faith in their own case and their ability to win it. The HSAG supporters can be sure that, if they don’t believe in their own case, the team will not have any motivation to do their best.

We would therefor like to appeal to each and every HSAG member to support the HSAG and the HSAG legal team in order to bring your case before the Supreme Court of Appeal. The many hours the legal team has spent on this case, often at the expense of their own loved one, to win this case, is immeasurable.

We can assure you that the HSAG’s legal team acts continuously with its best endeavours to conclude your case successfully. We therefor request you to support us by bringing your membership contributions up to date, for us to have the best possible legal representation at the SCA.

2. CONFUSION BETWEEN HSAG AND HSBF?

Although Mr Georgiou and Helgard Hancke made it their primary business to confuse the HSAG members with their imitated so-called HSIF, the large majority of HSAG members immediately realised that the HSIF is nothing more than a façade for Mr Georgiou himself. Mr Hancke, who was intimately involved with the public relations of the HSAG, virtually copied the whole concept of the HSAG and, besides that, unlawfully used the HSAG member’s list that was entrusted to him when he was a member of the HSAG Steering Committee. If the two names, namely the Highveld Syndication Action Group (“HSAG”) and the Highveld Syndication Investors Forum (“HSIF”) have caused some confusion with you until now, rest assure that the HSAG is **in no way** associated with Mr Georgiou or the HSIF. The HSAG distances itself from the any unfounded comments made by the so called HSIF management (which is in fact only Mr Helgard Hancke) and it is also in no way involved with the risky settlement negotiated by the HSIF, on behalf of Mr Georgiou / Orthotouch, to the disadvantage of the investors.

The core aims of the respective groups are discussed briefly:

On the one hand, one of the the main objectives of the HSAGisto sue Mr Nic Georgiou and others in the High Court to recover the monies which the HS 15-22 Investors lost in the HS Companies. So far, the HSAG has not lost a single case on its merits and believes that this tendency will continue.

On the other hand, one of the main objectives of the HSIF is to discourage and convince as many possible uninformed investors to settle their claims directly with Orthotouch, one of Mr Georgiou's hollow entities. This, whilst Orthotouch does not even have the funds to comply with its monthly interest payment duties that it has towards the investors.

The given risks with the HSIF' settlement terms are:

- Investors accept the S155 Scheme of Arrangement, which scheme indemnifies Mr Georgiou and others of all liability;
- Investors lose all their claims against Georgiou and others immediately;
- If the latter default, they must try to recover their losses from Orthotouch;
- Investors lose the support of the HSAG;
- Investors will virtually receive nothing if Orthotouch is liquidated;
- Investors will not receive on time or at all payments from Orthotouch;
- Orthotouch has so far miserably failed the people who chose Option 2 as well as those who settled through the HSIF.

The HSIF settlement leaves investors in the cold when Mr Georgiou/Orthotouch fails to honour their agreements

HSAG members must ensure that they are communicating with the right group when sending /receiving correspondence. The HSIF aims to cause confusion amongst loyal supporters, so be weary thereof. The HSIF has one primary object, and that is not to give a sustainable solution to investors, but rather to fight the HSAG an it's lawyers.

3. DEBIT ORDER FACILITY

Debit order forms will be sent to arrears HSAG members that have indicated in writing that they want to make payments by from March 2018 onwards. If you qualify for a monthly debit order, kindly email your full name, surname and ID number to hsagdebitorder@gmail.com. After receipt of your application, the HSAG will send you the necessary documentation to activate the debit order facility.

4. USE OF CORRECT EMAIL ADDRESSES

The correct use of email addresses (as indicated on the website and emails) for all communication is crucial. If HSAG members fail to adhere to this demand, any reply to their communication cannot be guaranteed.

Email addresses are as follows:

- hsactiongroup@gmail.com for all general enquiries
- hsagenquiries@gmail.com for specific enquiries.
- hsagregister@gmail.com for the registration of new members of the class action and withdrawal therefrom.
- hsagwhistle@gmail.com for all confidential information that you would like to send to us anonymously.
- hsagdebitorder@gmail.com for investors who want to make their contributions through debit orders.

You can also visit the FAQ/VGV section on our website for answers to frequently asked questions.

5. HSAG OFFICIAL WHATSAPP GROUPS

For news snippets via WhatsApp, join one of the HSAG's official WhatsApp groups.

Kindly send your cell phone number, ID, full names and surname via email to hsactiongroup@gmail.com.

Also contact the WhatsApp Group Admins on 079 635 4165 (Afrikaans) and 082 450 8854 (English).

We also have a Facebook page at www.facebook.com/hsaction.

6. IS ORTHOTOUCH SETTLEMENT OVER AND DONE?

We have been informed by numerous investors that Orthotouch failed (once again) to make payment in terms of the 50% / 55% Settlement Agreement, which settlement is administrated by Mr Helgard Hancke.

Investors was informed by Mr Helgard Hancke/Orthotouch that payment in terms of the settlement would be made after the hearing of the appeal matters.

This came as quite a surprize and a shock as the appeals should bear no effect on the settlement that was reached between investors and Orthotouch.

Even if the SCA should give Judgment in favour of Mr Nic Georgiou, he is first of all still oblige to make payments in terms of the Settlement Agreement reached between the investors who settled, and second of all, he is still obliged to make interest payments to investors in terms of the S155 Scheme of Arrangement.

We have also received confidential information that Orthotouch cannot pay the settlements, unless Mr Michael Georgiou places it in funds, which become more and more difficult. Apparently SARS is also investigating the payments to investors and queried same.

The only reasonable conclusion that one can draw from the above is that Orthotouch is in such financial dire straits that Mr Nic Georgiou / Orthotouch, with the help of Mr Helgard Hancke, is once again trying to avoid responsibility towards the investors.

7. HSIF'S RECENT CORRESPONDENCE

Some investors informed us that they received another "new" letter from the HSIF. This letter was dumped

Immediately after the good news of the appeal was dispatched from the HSAG to its members, Mr Helgard Hancke launched a scathing personal attack on the HSAG, clearly to dissuade HSAG members to continue with their legal battle against Mr Georgiou.

The only purpose of this letter, dated 3 March 2018, is to cause division, distrust and conflict amongst the dedicated HSAG supporters before the hearing of the Appeals on 8 May.

If the HSIF can successfully discourage the HS investors to continue with the class action against Georgiou and others, it would be end of this route for investors to claim back their money.

Rumours have once again been spread by Hancke that the attorneys for the HSAG charge exorbitant legal fees and commissions. This is completely false and unsubstantiated. Few people adhered to his call and despite these false accusations, only a fraction of HSAG members opted to settle with Orthotouch through Hancke.

Mr Georgiou founded the HSIF shortly after Hancke jumped ship from the HSAG. The only right for existence of the HSIF is the monthly payment to Hancke by HSIF to undermine the HSAG not to continue against Georgiou and thereby losing their claims against his.

The HSIF would do close to everything to know how much is in the HSAG's ward kist. This will not be allowed and was referred to in previous Newsletters.

All HSAG's funds are received and held in a separate attorney's trust account, which is audited annually. Costs consultants draft the legal bills of costs in such a way that it conforms to the general legal practice.

A further allegation is that the HSAG requests funds on a monthly basis. This may be so, but the HSAG consists of thousands of members. Surely Mr Hancke only needs to ask once for his monthly payment from Georgiou? Every day, week and month members are making their contributions in lieu of our requests. The HSAG is not preaching to the "proverbially converted" but is indeed to those who have been pulling their weight! It is still merely hundreds and not thousands of HSAG members who diligently support their own case when requested to do so.

We challenge the HSIF to extract answers to the following simple questions from Mr Georgiou in its next newsletter:

- What happened to the R4.8 billion of HS Investors which Mr Georgiou received?
- How much of innocent investors' money was spent on Mr Georgiou's legal fees?
- How much of the innocent investors' money was wasted on Helgard Hancke, Elna Visagie, Herman Lombaard and others?
- Why was the HSIF newsletter published on the official website of Orthotouch?

Can expect any sensible answers?

The HSAG remains the only action group that can assist investors to claim back their money from Mr Georgiou and others.

The HSAG is on your side! Support us to support your own case!

8. PERIODICAL REQUISITIONS FROM MEMBERS

HSAG members know that they are the livelihood of the HSAG. The HSAG is driven by individuals would have accomplished the successes of the past three years due to their contributions, cooperation and support. This movement to institute a class action against a wealthy individual was made possible by an important SCA judgment merely one year before the commencement of legal action against Mr Nic Georgiou and others.

The facts and circumstances surrounding the HSAG claims are unique but not difficult to understand. This is predominantly one of the reasons why the opponents implemented the so-called Stalingrad defence. This is a strategy of wearing down a plaintiff by tenaciously fighting anything the plaintiff presents by whatever means possible and appealing every ruling favourable to the plaintiff. Here, the defendant does not present a meritorious case. This tactic or strategy is named for the Russian city besieged by the Germans in World War II. In the context of commercial litigation, Stalingrad defence is a basis for avoiding the liability of paying the plaintiffs.

The protectable interest is in this case enormous to both sides. The total monetary value attached to the claims of 18 300 claimants amount to an average of R250 000 per claimant. People ask the question whether they are throwing good money after bad money and the simple answer to that is "No!".

There are many important advantages that distinguishes the HSAG matter from any other matter, a few of which are:

- Contrary to what Mr Georgiou and his lackeys try to convince everyone else, he and his family are exceptionally affluent. This means that, if a judgment is

obtained against them, they would have the means to satisfy such judgement or at least a considerable portion thereof.

- Mr Georgiou is being accused of receiving R3.2 billion from an attorney's trust account without giving value for it. This means that there must be a paper trail to whom the money was paid and how it was spent.
- A third great advantage is that there are potentially 18 300 claimants who can drive the matter financially against the opponents (on the same side of the coin however, the large majority of these people are elderly people who have invested a substantial amount of their lifetimes in the HS companies.)
- The subject matter of the class action is immovable property. This means that each and every property can be traced from the relevant date of cause of action until judgment day.
- Mr Georgiou and others made use of legal entities that are regulated and subjected to strict compliances and enactments (e.g. public companies with prospectuses). Transgressions of these can result in serious offences and prosecution.

Requisitions for costs were made since 2016 and thereafter annually. Although the vast majority of members understand that this case is driven on their behalf, an unacceptably high number of investors still refrain from paying their dues towards his/her own case. This places a financial burden on the other investors, and especially the legal team. Due to the large number of members who have not paid their contributions timeously or at all, this impacts on the frequency of trust requisitions. The HSAG has kept the cost requisitions nominal but without the drastic cooperation of the majority of members, this would not be sustainable.

Many thanks to each and every HSAG member who has faithfully made their contributions to the class action. The life blood of the HSAG is the right of access to courts due to the yearly contributions by its members and supporters. The HSAG's opponents, on the other hand, sit with the investors' hard-earned billions, and they will unscrupulously do everything in their power to prevent a court from ordering the repayment of the investors' capital.

Thus far, the HSAG had a 100% success rate where the courts decided the issues on the merits. In more than 15 applications the courts have ruled in the HSAG's favour. This in itself should motivate the HSAG to support their own case.

Membership contributions are allocated carefully and utilised wisely. All funds are paid into a separate trust account and are allocated towards past legal fees, expenses and the administration of the HSAG, representing approximately 7000 members. This account is audited by independent auditors.

If members fail to make their payments timeously, it damages their chances of success prevents the HSAG to take the class action legally forward.

The HSIF furthermore attempts to demotivate investors from contributing nominal amounts towards the class action. Without financial support the class action cannot continue. Currently, the attorneys have only been paid in full for services rendered up to March 2015.

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 be R 2000 per person and the latest trust requisition will appear on your statement.

9. 2018 HSAG INFORMATION SESSIONS

The HSAG management reviewed the success of the information sessions as well as the costs thereof and arrived at the decision that limited information sessions will be held in 2018.

Considering that the HSAG management will be in **BLOEMFONTEIN** during the week of 8 May 2018 for the hearing of the Appeals, it was decided at the HSAG management meeting that an information session will be held on **WEDNESDAY, 9 MAY 2018**, in Bloemfontein.

If you are interested in attending the information session in Bloemfontein, we kindly request that you email your full names, surname and identity number to hsregister@gmail.com in order to add your name to the register.

Further information regarding the time and venue will be sent to all HSAG members by the middle of April 2018.

Keep an eye on our website for information relating to the 2018 HSAG information sessions. For obvious reasons, the costs relating to these sessions will play a significant roll where and when sessions will be held.

10. THE CURRENT STATE OF AFFAIRS

The HSAG legal team and advocates are currently busy preparing for the Appeals on 8 May 2018 that will be heard in the Supreme Court of Appeal (SCA).

In terms of the directive issued by the President of the SCA, the Appellants should have issued and filed their heads of arguments on or before 16 March 2018, where

after the HSAG's heads of arguments would have to be issued and filed on 23 March 2018.

We confirm that we that the HSAG legal team already received the Appellants heads of arguments and that our advocates are in the process of preparing our heads of arguments. After the heads of arguments are issued and filed, copies thereof will be posted on our website.

As previously mentioned, the Supreme Court of Appeal in Bloemfontein has to adjudicate 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 abovementioned legal question has never been considered in South African law and therefor the SCA's decision in this regard will have far reaching consequences for class actions in the future.

The benefit of the SCA decision will be, to prevent a situation where an unscrupulous Respondent has the power to bribe corrupt applicants to withdraw the class action.

If the SCA follows the judgments by Judges Ismail and Murphy in the Gauteng High Court, the HSAG will be able to proceed with the application to set aside the Scheme of Arrangement and to certify the class action.

11. 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.

12. 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 similar trust requisition will most likely follow in 2018.
4. A once-off registration fee of R1 000 per syndication was also levied and should also be reflected on your statement.
5. In February 2018/ March 2018 there will be a further requisition of R 2000 per person towards legal and administrative costs.
6. 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
7. 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
8. 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.
9. 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.
10. 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.
11. 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.
12. 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.
13. 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.

14. We thank you for your loyal support, without which the HSAG and class action would not have been possible.
15. If you wish to discontinue your support and membership of the HSAG, you must send an e-mail to hsagregister@gmail.com where after the process will be explained. No exceptions will be allowed.
16. At the same time, you can be certain of our undivided loyal support to the members and associates of the HSAG.
17. All specific enquiries must be sent to hsagenquiries@gmail.com.

Kind regards

HSAG Steering Committee

Contact the HSAG Attorneys at:

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