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THERON & VENNOTE
PARTNERS

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Our Ref.: JB THERON/bk/H080337

Your Ref.: Derek Pedoe Cohen

9 February 2016

MR DEREK PEDOE COHEN
MESSRS ORTHOTOUCH LIMITED
FOURWAYS

BY EMAIL: admin@orthotouch.co.za

Dear Sirs

Re: COHEN & ORTHOTOUCH LTD – VARIOUS MATTERS

We refer to the above matter as well as your letter to the investors in the Highveld Syndication companies ("the investors") and other interested parties, which was transmitted during December 2015.

We will respond with reference to the headings used by you:

1. LIQUIDATION AND DISTRIBUTION ("L&D") ACCOUNT

1.1 Our clients have issued a review application in the Pretoria High Court. No opposing papers have as yet been filed.

1.2 Instead of addressing the merits, a rule 30 notice, which in our view has no merit, has been filed. The notice suggests that the application was brought "late". This is not so:

1.2.1 You made your decision regarding our client's objections on 7 September 2015. Our review application was served on your offices by the Sheriff of the High Court on 21 September 2015, within the time frame provided for in term's of the Scheme of Arrangement.

1.2.2 In any event, a review application under the Promotion of Administrative Justice Act 3 of 2000 may be brought within 180 days from the date of the decision being reviewed

1.3 Perhaps not surprisingly, we have not received any application pursuant to your rule 30 notice despite the fact that the time for filing such application has expired.

2. LEGAL COSTS

2.1 In light of the review application and the contents of the founding affidavit, your allegation that we or our clients are acting in a frivolous manner is wrong.

2.2 Should your Scheme of Arrangement is set aside, the Highveld Syndication companies will continue to be in a state of business rescue, in terms of which interest still has to be paid to investors. Currently you are, in terms of the court order which is sought to be set aside, ordered to continue with monthly payments to our clients

and all the prospective claimants who form part of the Highveld Syndication Action Group.

2.3 The allegation that the investors in the Highveld Syndication companies are being "held ransom" is unfounded - it is every investor's prerogative whether or not to be part of the class action.

2.4 The threat to the investors to cease their (for some only) monthly income, which is a meagre 2% of their initial investments, seems to be aimed principally at dissuading them from remaining part of the class action.

3. *"UNLAWFUL LEGAL FEES CONTRIBUTION COLLECTION ACTIONS BY THERON"*

3.1 Your referral to an unidentified financially strained Highveld Syndication investor does not merit serious engagement

3.2 Your letter seems to imply that the class action lawyers (being us) are "not allowed" to make trust requisitions or even charge legal fees for work done for their clients, is similarly wrong Your effort to dissuade investors from joining the action group or remaining part thereof on the ground that it will "cost" them money is a transparent attempt to bring an end to the pending litigation without having to address the serious contentions raised against those persons and entities which caused our clients financial harm

3.3 We will make every effort to ensure that a court of law adjudicates upon the pending matters and facts of our clients' case.

4. ALTERNATIVES UNDER THE ARRANGEMENT

4.1 The unsubstantiated attack on our firm is regretted.

4.2 Mr Georgiou Snr or Orthotouch recently approached certain core individuals within the class action and tried to engage their services at substantial monthly salaries. A monthly salary of R100 000.00 is e.g. being paid to Ms Elna Visagie, who has in the recent past accepted employment with Orthotouch on the following terms:

"2.2 The employee ... acknowledges and warrants that prior to accepting this employment, she has consulted all relevant parties and performed a desktop due diligence on the employer's business, with particular reference to the scheme of arrangement and the options afforded to Highveld Syndication investors The employee sees merit in option 3 being the listing of Capital Growth Fund. She herein confirms that she is satisfied with the contents of her due diligence, as well as any present and future prospects. Based on her findings, <u>she hereby undertakes that she will at all times communicate positive aspects of [the] scheme of arrangement and particularly the opposed listing to the public</u>. (own emphasis)

2.3 The employee furthermore acknowledges that whilst performing her duties and functions, she will not allow any negative or disparaging remarks to be made, publicised or distributed in any form or manner to the market place, regarding the <u>Georgiou family</u> (whether collectively or individually) Pickvest, PIC Admin, <u>Orthotouch</u> and or any other associate or subsidiary of the aforementioned persons or entities. (own emphasis)

2.4 The employee shall primarily ensure that she will in particular assist in <u>clearing any negative connotations or inferences that may be related to the Georgiou family or name</u>, or any other entity as depicted in clause 2.3, in regard to their personal or business dealings, with particular emphasis related to the proposed listing. (own emphasis)

2 5 The employee shall exercise her best endeavours to communicated to the Highveld Syndication investors that the continuation of actions against the parties referred to above will result in a wastage of time, resources and funds, given that the options under the scheme of arrangement, particularly option 3, present to the investors a good opportunity to recoup their investments." (own emphasis)

4.3 Other members of the Highveld Syndication Action Group, who works closely with the investors' legal team, have also been approached by Orthotouch with similar offers.

4.4 The purpose behind the aforesaid conduct is obvious.

If Orthotouch is under the impression that the individuals who support the Highveld Syndication Action Group, are too old and frail to stand together and fight for their rights, they are mistaken.

As the Receiver of Orthotouch, you have an administrative and legal obligation to report to the HS Investors on all assets, liabilities, income and expenses. This we have advised our clients has now been done.

Kindly distribute this letter to the HS Investors.

Yours faithfully
THERON & PARTNERS
Per:
JB THERON

Postnet Suite 634 Private Bag X29 Gallo Manor 2052
Tel 011 262 3833 ~ Fax: 011 262 2656

2 December, 2015

AN E-MAIL FROM THE RECEIVER

Dear Madam / Sir

Further to my e-mail dated 18 August, 2015, I wish to update you on certain of the issues contained in the said e-mail.

1. LIQUIDATION AND DISTRIBUTION ACCOUNT ("L&DA")

1.1. A number of objections were received regarding the L&DA which I ruled upon. None of the objections were valid and, as required, I provided my reasons in respect thereof to the affected HS Investors via e-mail in the event that they had email addresses, and by post in the event that such HS Investors did not have email addresses.

1.2. The same HS Investors represented by Theron and Partners ("Theron") who unsuccessfully brought an urgent application against Orthotouch Limited ("Orthotouch"), myself and Mr Nic Georgiou to, inter alia, halt the process prescribed in the Scheme of Arrangement ("the Arrangement") in respect of the inspection of the L&DA and related matters, have now instituted review proceedings in the Court regarding my ruling in respect of the objections of two particular HS Investors. (See clause 4.5 of the Arrangement). Orthotouch is the second respondent in this matter. These proceedings are in addition to the application to set aside the Arrangement.

1.3. In terms of clause 4.5 of the Arrangement, such a review application must be instituted within a period of 14 (fourteen) day from the date an objector receives my notice setting out the reasons for my ruling rejecting an objection.

1.4. I am advised that the review proceedings referred to in paragraph 1.2 were not instituted within the prescribed 14 (fourteen) day period, and as a result of this late service, the review application is invalid and the I&DA process is now finalised.

2. LEGAL COSTS

2.1. Your attention is drawn to paragraphs 2.4 and 2.5 of my e-mail of 18 August, 2015 regarding the draining of Orthotouch's financial resources as a result of Theron's clients bringing frivolous cases against various parties, including an attempt to set aside the Arrangement. The new review application referred to in paragraph 1.2 above, is the latest example of another frivolous matter being brought by Theron on behalf of two of its clients in an attempt to halt the implementation of the Arrangement. One should question whether these two clients of Theron, who at best can attempt to exercise their personal rights, following from their personal objections having been lawfully dismissed by me, are having their legal fees paid by the aggregate "contributions" from historical HS Investors, or whether these two clients are personally paying Theron for the legal fees incurred by Theron in this unlawful and frivolous matter.

2.2. Once again, please refer to paragraph 2.6 of my e-mail of 18 August, 2015 where I make it clear that if Theron's clients are successful in their application to set aside the Arrangement, then HS Investors will receive **NEITHER** interest **NOR** capital as set out in the Arrangement.

2.3. With regard to paragraph 2.2 above, Mr Theron of Theron's wrote me a highly emotional letter, inter alia, accusing me of "misguiding" the HS Investors by explaining to you the sad reality that if the Arrangement is set aside by the Court, then no amounts will flow to the HS Investors. He stated that my email dated 18 August 2015 "contains an indirect threat to terminate interest payments". This is not correct. It is an undeniable consequence that if the application to set aside the Arrangement is successful, the interest payments and the capital payments in terms of the Arrangement will cease. This will not be my decision, but will flow automatically from the Court order setting aside the Arrangement.

2.4. The amounts already expended by Orthotouch on legal and related fees in defending the Arrangement are substantial. These funds, together with management time required to deal with these matters, could be spent on implementing the Arrangement to your benefit. If these fees continue to escalate, then this may well have a negative effect on Orthotouch's cash flow and ability to properly implement the Arrangement.

2.5. It is a pity that Theron's two clients are hell bent on holding some 18 000 HS Investors to ransom, in view of the damage these matters may cause to your future benefits under the Arrangement.

3. UNLAWFUL LEGAL FEES CONTRIBUTION COLLECTION ACTIONS BY THERON

3.1. It has come to my attention, and I have documentary proof in this regard, that Theron has been repeatedly requesting funds from an HS Investor to make a "contribution" to Theron's legal fees for the "class action", notwithstanding such investor having, in writing, advised Theron that he is not in a financial position to do so.

3.2. I believe it is my duty to caution HS Investors regarding such demands for funding because there is no guarantee that such funds will be recouped on conclusion of any legal action.

3.3. Should there be any other HS Investors having experienced or experiencing demands for funding from Theron under similar circumstances as described above, I would appreciate being advised thereof, and relevant documentation and detail be provided to me.

4. ALTERNATIVES UNDER THE ARRANGEMENT

I am informed by the Orthotouch Board that progress is being made regarding the listing of Capital Growth Fund Limited ("CGF") and that details will be provided to me during the first half of next year.

I will be unavailable between 3 December 2015 and 13 January 2016, and will deal with all issues relating to the Arrangement before and after these dates.

Yours faithfully

DP COHEN
Receiver