

ORTHOTOUCH

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Dear Investor

ORTHOTOUCH LIMITED (“ORTHOTOUCH”) & HIGHVELD SYNDICATIONS 15 – 22 LIMITED (“UNDER BUSINESS RESCUE”) (“THE HIGHVELD SYNDICATION COMPANIES” OR “THE HS COMPANIES” OR “HS15-22”)

- 1 Shortly after my last communication to you, the interest payments in HS15 to HS21 were brought up to date to the end of February 2013, and half the interest to that date for HS22 was paid. I am pleased to advise that interest payments on HS15 to 21 up to 31 March 2013 (which was due and payable on 7 April 2013) is up to date and we are working towards bringing interest payments completely up to date in all the HS Companies .
- 2 The impending listing of a new entity (“Listco”) has caused some confusion and even some consternation amongst the investors in the HS Companies (“the HS Investors”). It has also presented the persons seeking our ruin (“detractors”) with an opportunity to try and further their malevolent intentions. Consequently, we have had comments and questions such as the following:
 - When will I get my shares in the listed company?
 - If the listing happened in April, why have I not been paid?
 - They have reduced our assets to advance their listing.
 - The listing is a ploy to buy time and will never happen.
- 3 It is therefore prudent that I again explain the listing and how it impacts on Orthotouch and benefits all the HS Investors.
- 4 It is important to clarify at the outset that it is not the HS Companies or Orthotouch which is in the process of listing, but Listco.
- 5 At the risk of repeating what was clearly stated in the Business Rescue Plan, and explained in various communications since, here follows a synopsis of events:
 - 5.1 The HS Companies and related companies got into financial difficulty during the early part of 2011 as a result of which the continued payment of interest to investors became a problem;
 - 5.2 The difficulties had come about primarily as result of a dispute relating to the payment of funds on account of properties sold to a company known as Bosman & Visser (Pty) Limited (“B&V”) by Zephan Properties (Pty) Limited (“Zephan”), as was fully explained in the Business Rescue Plan;
 - 5.3 A great risk existed that B&V might be liquidated, which could in turn have led to the liquidation of the HS Companies and would definitely have led to substantial loss of interest and capital to the HS Investors;
 - 5.4 In March 2011 an agreement was concluded between all the roleplayers in terms whereof a shelf company, Orthotouch Limited, would acquire (as one indivisible transaction) all the properties from the HS Companies on the basis that the purchase price would be paid at the end of a 5 year period and interest, albeit at a reduced rate, would be paid to the HS Investors on a monthly basis;
 - 5.5 This plan constituted a bail-out to avoid the devastating losses which would have resulted in the event of a liquidation;

- 5.6 Although a liquidation could never have been to the benefit of the HS Investors the detractors with their self-serving agendas tried to take that route. In fact, they persist in their endeavours to derail the process to this day;
- 5.7 The "Orthotouch deal" was subject to approval from the then Securities Regulation Panel and the HS Investors in General Meeting;
- 5.8 Before approval could be obtained, an application for the liquidation of HS 19 was brought and in September 2011, to avoid liquidation and its calamitous consequences, the directors of the HS Companies placed them under Business Rescue Proceedings;
- 5.9 Mr Hans Klopper was appointed as Business Rescue Practitioner ("the Practitioner") and with a committee comprised of advisors and investors negotiated a deal with Orthotouch substantially on the same terms as the "Orthotouch deal";
- 5.10 That transaction was presented by the Practitioner to the HS Investors on 14 December 2011 and was sanctioned by an overwhelming majority;
- 5.11 Despite the obvious benefits to the HS Investors the detractors have not ceased in their endeavours which together with the prevailing weak economy have made it difficult for Orthotouch to maintain regular payments on time;
- 5.12 This notwithstanding, the HS Investors have been paid all their interest in terms of the Orthotouch deal for a period of 26 months. To date an amount well in excess of R500,000,000.00 (five hundred million rand) has been paid to the HS Investors.
- 6 In terms of the Business Plan which forms a part of the Business Rescue Plan, it was always envisaged that Orthotouch would need freedom to develop, sell, purchase and redevelop properties in order to grow the Property Portfolio value sufficiently to pay the investors their capital. There has been constant interference and innuendo from the detractors with regard to Orthotouch's dealings, which has hindered the ability of Orthotouch to optimise the portfolio and obtain the necessary funding. This notwithstanding, the directors of Orthotouch are proud to announce that the asset value has not diminished.
- 7 The proposed listing of Listco created an opportunity for Orthotouch to dispose of a number of properties which were difficult to manage and to convert a portion of its assets to cash or shares in a listed company, thereby increasing its liquidity and ability to grow its portfolio.
- 8 The benefits of the Listco deal, which will result in interest being brought and kept up to date and a better prospect for succeeding to attain the end-goal, clearly does not suit the detractors.
- 9 Lately there has been more activity from the detractors and an increased attempt to motivate investors to adopt an aggressive stance towards Orthotouch.
- 10 HS Investors are requested to look at the bigger picture and to compare the results so far with the consequences which would have followed, had the detractors been successful.
- 11 The listing process itself has been delayed for a number of reasons, not least of all the change in legislation, but is being pursued and will be finalised. We are advised that the target date is around the end of July 2013.
- 12 Until that happens, we will continue with our best endeavours to bring payments up to date and to keep you as fully informed as possible.
- 13 In closing , I would ask you to bear in mind that there are in excess of 18 000 investors in the HS Companies which makes it difficult for all your queries to be dealt with telephonically. I would therefore ask you (as far as possible) to let us have your queries in writing by post to Postnet Suite 1132, Private Bag X9, Benmore, 2010 or e-mail to theo@4sytebusiness.co.za.
- 14 We thank you for your patience and cooperation.

Yours sincerely

CAS DE VILLIERS
Chairman