

HIGHVELD SYNDICATION NO 15 LIMITED: REGISTRATION NUMBER (2003/031064/06)
HIGHVELD SYNDICATION NO. 16 LIMITED REGISTRATION NUMBER: (2003/031129/06)
HIGHVELD SYNDICATION NO. 17 LIMITED, REGISTRATION NUMBER: (2003/025913/06)
HIGHVELD SYNDICATION NO. 18 LIMITED, REGISTRATION NUMBER: (2003/030778/06)
HIGHVELD SYNDICATION NO. 19 LIMITED, REGISTRATION NUMBER: (2003/030144/06)
HIGHVELD SYNDICATION NO. 20 LIMITED, REGISTRATION NUMBER: (2005/029425/06)
HIGHVELD SYNDICATION NO. 21 LIMITED, REGISTRATION NUMBER: (2005/027601/06)
HIGHVELD SYNDICATION NO. 22 LIMITED, REGISTRATION NUMBER: (2005/027390/06)

(“the companies”)

BUSINESS RESCUE STATUS REPORT IN TERMS OF SECTIONS 132 OF THE COMPANIES ACT, 71 OF 2008 (“THE ACT”) READ WITH REGULATION 125 OF THE ACT FILED BY THE BUSINESS RESCUE PRACTITIONER JF KLOPPER AND A NOTICE IN TERMS OF SECTIONS 145 AND 146 OF THE ACT.

1. This status report is addressed to former affected persons (“HS Investors” or “you”) who invested in the companies prior to 2011.
2. Having read an article that appeared in the Moneyweb on 12 March 2023: “*Orthotouch, Zephan BRP offers former HS investors five cents in the rand*” (“the article”) it has become necessary and in fact, of the utmost importance, that you read this report so that you are properly informed of all relevant facts which should affect your reasoning in determining whether or not to adopt the Zephan and Orthotouch business plans on 31 March 2023.
3. The details of the business rescue proceedings in relation to the companies that commenced in September 2011 and the appointment of Johannes Frederick (Hans) Klopper as Business Rescue Practitioner (“BRP” or “we”, “our” or “the author”) of the companies at the time are contained in previous status reports.
4. **RELEVANT FACTS YOU MUST TAKE INTO ACCOUNT**
 - 4.1. In 2014, a proposed scheme of arrangement under the Act was sanctioned by the High Court of South Africa on 26 November 2014, and the reasons for restructuring the affairs of Orthotouch were discussed in court papers and the scheme of arrangement document.
 - 4.2. Theron & Partners (whom we refer to in more detail below) then, purporting to represent all of you, launched an application in an attempt to set the scheme of arrangement aside. This it did more than 8 years ago. This application was not progressed by them for many years. It was only recently revived by them when in another legal proceeding they brought (again purporting

to represent all of you) it was drawn to their attention that until, if ever, this scheme is set aside, that litigation had no prospects of success and was doomed to failure.

- 4.3. In fact, since then they have tried to revive the application to set aside the scheme and it appears they have many legal and other hurdles to overcome which include, that it does not appear that their prospects of setting aside the scheme are good. They have created for themselves a number of procedural legal difficulties which are currently before the courts. This for another day. The bottom line is that they have not successfully concluded any of their litigation matters and are struggling to do so.
- 4.4. Unfortunately in the Moneyweb article you were not advised of the fact that since the scheme of arrangement was sanctioned, HS Investors have received approximately R406m towards their original investments and in reduction of their claims and the total payments to HS Investors from inception amounts to R2 606 735 041 (Two Billion, Six Hundred and Six Million, Seven Hundred and Thirty Five Thousand and Forty One Rand).
- 4.5. The BRP's February 2023 status report referred to a notice published in The Sunday Times and Rapport newspapers by the duly appointed business rescue practitioner ("Jacques du Toit") of Orthotouch (Pty) Limited ("Orthotouch") and Zephan Properties (Pty) Limited ("Zephan").
- 4.6. This notice was published in relation to the business rescue plan in terms of the provisions of the Act that Jacques Du Toit has published/intended to publish as part of the process of engaging with affected persons.
- 4.7. In the Moneyweb article the journalist states that some 18700 (sic) former HS Investors ("HS Investors/you") will "soon vote on a new settlement proposal"(sic) and that the "best case scenario" will see you losing "95% of the R4,6 billion that the you collectively invested". This statement is misleading as it is not entirely correct for the reasons that will follow below.
- 4.8. Because of the misrepresentations or omissions in this article it is the BRP's duty to provide you with the truth and salient and pertinent facts and information to enable you to conclude independently of influences (such as this article) and information you receive from Theron & Partners. Having read this article, you would justifiably feel angered and infuriated at the fact that you are only receiving 5 cents whereas in truth and reality you are not. You, in fact will

be receiving on your original investment, taking into account your earlier payments, approximately 61.5 cents in the Rand on your claim.

- 4.9. We would prefer, that you take into account all the information above and below so that when you come to vote on the plan, you have been meaningfully informed on the truth and the realities and that you then are in a position to make the right logical commercial decision in your best interests and you do so when you vote on the business plans on 31 March 2023.

5. RELEVANT FACTS YOU SHOULD TAKE INTO ACCOUNT

- 5.1. At huge cost, Theron & Partners, purporting to represent all of you, and utilising your money to pay his legal fees, brought and unsuccessfully so to date, extensive (number and in volume) legal proceedings founded on speculation, incorrect facts and defamatory allegations levelled against certain individuals and their family trusts.

- 5.2. It is certainly in this attorney's interests that he persuades you not to accept the business rescue plan as this would then entitle him, contrary to your best financial interests, to bring about the liquidation of Zephan and Orthotouch. If he is permitted to do so then the following will take place:

- 5.2.1. You will receive a substantially lower dividend than currently proposed. The estimate of the dividend on liquidation is 1.7 cents in the Rand. The dividend offered pursuant to the business rescue plan if adopted is 5 cents in the Rand;

- 5.2.2. The 1.7 cents will only be paid many years into the future. The 5 cents will be paid within a short period after the adoption of the business rescue plan;

- 5.2.3. If the monies in the estate are consumed in legal fees for inquiries and litigation, then we doubt whether there will be 1.7 cents in the Rand available to be paid at a future date to you. This is a real concern and risk you must take into account;

- 5.2.4. Investors will be called upon to contribute additional funds to this litigation with no prospect of any returns;

- 5.3. The Moneyweb article, clearly on information supplied to the journalist by Theron & Partners, have thus then misrepresented the following facts:

- 5.3.1. that you will only receive 5 cents in the Rand for your investments;
 - 5.3.2. as stated, this is patently incorrect. HS Investors have already collectively received to date for their investment an average of 56.5 cents in the Rand (totalling some R2,6m billion);
 - 5.3.3. you are now receiving, if you adopt the plan, an additional 5 cents in the Rand on your investment, a repayment of 61.5 cents in the Rand;
 - 5.3.4. by any standards, in liquidation and in business rescue, this is a more than reasonable return;
 - 5.3.5. this important fact has not been communicated to you by Theron & Partners, nor has it featured in any news article drafted by journalists he has befriended and/or provided information to.
- 5.4. It emanated from the litigation papers brought by Theron & Partners many years ago that he has advised the courts that they represent yourselves and that your members are pensioners and it was mooted that they were then of an average age of 75 years or more. This statement was made more than eight years ago. We must then assume, if correct (and we have no evidence hereof) that of those investors who are still alive, they are of 83 years old or more. This being so, it is thus certainly in your/their interests that you/they bring an end to this unfortunate chapter in your/their lives and that you/they achieve certainty. This can only be achieved if the business rescue plan as proposed by Jacques Du Toit is adopted. This will bring an end to all the unnecessary litigation, your having to fund it going forward and all the other stress, trauma and unpleasantness associated with such funding and litigation.
- 5.5. We do not expect that you accept our word. We are also not trying to persuade you to adopt the business rescue plan contrary to Theron & Partners' advices. We are suggesting as we do below that you make an independent decision in your own best interests relying on truth and fact only.

6. OUR RECOMMENDATIONS

- 6.1. **What we ask you to do is the following:**

- 6.1.1. do not be influenced by those who have personal agendas and who would benefit personally if the plan is not adopted;
 - 6.1.2. take into account all relevant facts and circumstances and not only those which have been recently provided to you by Theron & Partners and the journalists they work with;
 - 6.1.3. seek proper and independent professional advice from your trusted attorneys and accountants so that you can in an unemotional manner, free from anyone's influence (including the BRP's of Zephan, Orthotouch and the author of this letter) make a proper reasoned and unemotional commercial decision in your best interests.
- 6.2. From a commercial, convenience and practical perspective, it appears that it is in your best interests to adopt the business rescue plan as this, from a financial and emotional perspective, must be the best decision you can make at this time. It will provide you with a more than reasonable return on your original investment, a better return than if the companies were placed in liquidation and bring an end to this stressful, sad and unfortunate investment made in your life and free you of any future stresses, burdens, anxiety and the like associated with the history of this matter and the expensive uncertain future it will lead you into if you vote against the plan.
7. Please take this report in the spirit in which it is intended, i.e to give you the correct context and enable you to free yourself of external influences and to reach a decision which is in your best interests from a financial, emotional and other perspective.
8. The Moneyweb article, makes much of the fact that there aren't any audited financial statements. This article, furthermore, criticises the fact that there is a lack of financial information in the form of audited financial statements. It appears that the author of the article and the legal representatives quoted in the article may have misunderstood the requirements of the Companies Act regarding the contents and the BRPs obligations in regard to the publication of a business rescue plan.
9. While audited financial statements are a common means of providing financial information about a company, they are not a mandatory requirement for a business rescue plan under the Act. The Act sets out certain minimum requirements for the contents of a business rescue plan, such as a

list of the company's assets and liabilities, as well as the proposed restructuring of the company's affairs.

10. The purpose of the business rescue plan is to provide a proposal for the rescue of the distressed company or to provide creditors with a better return, and the focus is on the restructuring of the company's affairs rather than the presentation of financial statements. While audited financial statements may be useful in providing additional financial information, they are not necessarily required as long as the minimum requirements of the Act are met.
11. The reality of the present position is what HS Investors will have to contend with. The journalist responsible for the article and the legal representatives also failed to record that it has been widely reported that the actual value of the entire HS companies' property portfolio at the outset was only R2.7 billion, which is lower than the R4.6 billion allegedly invested by the HS Investors. In comparison to other investment schemes that became financially distressed or were liquidated over the years, a return of R2.6 billion out of an initial value of R2.7 billion is indeed a reasonable return. In many cases, investors in financially distressed schemes received no pay out or only a minimal pay out.
12. Ultimately, it is up to the investors to make an informed decision about whether to accept or reject the proposed business rescue plan, based on their individual circumstances and the information available to them.



JF KLOPPER

BUSINESS RESCUE PRACTITIONER

DATE: 16 MARCH 2023