



Du Toit Business  
**RESCUE PRACTICE**

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**Your Reference:** All

**Date:** 30 June 2020

To Investors / Creditors

## **June 2020 Report: Orthotouch and Zephan Properties (Pty) Ltd (In Business Rescue)**

Dear Sirs

### **Business Rescue Proceedings**

1. Commencement of Business Rescue: 7 November 2019
2. Appointment of Business Rescue Practitioner (BRP) – J du Toit: 14 November 2019
3. First Meeting of Employees: 27 November 2019
4. First Meeting of Creditors: 28 November 2019
5. Business Rescue Plan filing date: 31 March 2020
6. 2<sup>ND</sup> Creditors meeting: In the process of finalising a way forward in Lockdown under Level 3

### **Business Progress**

1. All timelines have been met, accordingly the BRP filed the Business Rescue Plan on 31 March 2020.
2. The BRP has completed his investigations for purposes of publishing the Business Rescue Plan and used all available and relevant investigative information, at that moment in time, to finalize the Business Rescue Plan.
3. The Business Rescue Plan has been sent to all the affected parties and has been made available through public media on 31 March 2020. The investors / creditors were informed of the publication of the Business Rescue Plan.
4. Notice / correspondence was sent out to all the affected parties on 6 May 2020 together with the form of proxy and cession of shares documentation to be completed and returned to the BRP.
5. The BRP is gathering all the votes and options. He has already received a vast amount of proxies but is of the opinion that there are numerous creditors / investors that do not have access to a computer and / or internet due to them being pensioners or otherwise disadvantaged.
6. The BRP will in due course advise the way forward with regards to the next meeting of creditors. In this regard the BRP is monitoring developments pursuant to the Edcon and SAA business rescue process, since these companies also have a great number of creditors. Ultimately the BRP will be guided by sound legal advice in order to facilitate the meeting and voting.

## Litigation

1. There are certain Attorneys which endeavored upon litigation during Business Rescue with the Companies disregarding and contravening the applicability of Chapter 6 of the Companies Act, regulating the Business Rescue Process and the moratorium against legal action as regulated by Section 133 of the Companies Act.
2. The BRP has instructed an independent attorney to act on behalf of the BRP, Orthotouch and Zephan to oppose the actions of such Attorneys and their clients.
3. The BRP and his independent attorney is in the process of opposing the attorneys' actions.

## Payments Received by Investors during Investment Period

1. The BRP is in the process of reconciling payments made to investors prior to the Business Rescue of the HS Companies and involvement of Orthotouch and Zephan since this was not taken into account in the repayment schedule recorded in the the published Business Rescue Plan.
2. It appears that an additional amount of approximately R 1.4 billion was paid ~~by the HS Companies~~ to Investors prior to the HS Companies being placed in Business Rescue, which amount was not recorded in the published Business Rescue Plan of Orthotouch and Zephan. We are currently in the process of verifying and reconciling these payments, after which, such information will be disclosed to the investors / creditors.

## Amendments to BR Plan

1. Amendments will be made to the Business Rescue Plan based on information received regarding:
  - a. the repayment schedule and allocation of funds;
  - b. the reference to "inflated" property prices with specific reference to:
    - i. the devaluation of properties;
    - ii. the allocation of funds by Bosman Visser
2. Upon certification of the above, a circular will be sent in due course with the above information.

## COVID-19

The BRP is bound to engage with creditors / investors within 10 business days after the Business Rescue Plan has been published. This normally takes place as a 2<sup>nd</sup> creditors meeting but due to the COVID-19 outbreak and national state of disaster being declared, the BRP will be making alternative arrangements, in line with the Companies Act, to engage with the creditors / investors.

During Level 4 and Level 3 from 1 June 2020 meetings and gatherings remain prohibited until further notice for purposes of convening the 2<sup>nd</sup> creditors voting meeting in terms of the Companies Act.

The BRP will advise of the way forward in due course.

Yours faithfully



Du Toit Business Rescue Practice

Per: Jacques Du Toit (Senior Business Rescue Practitioner)