ZEPHAN PROPERTIES (PTY) LTD (IN BUSINESS RESCUE)

REGISTRATION NUMBER: 2003/020174/07

(“ZEPHAN”)

ORTHOTOUCH (PTY) LTD (IN BUSINESS RESCUE)

REGISTRATION NUMBER: 2010/004096/07)

(“ORTHOTOUCH”)

(COLLECTIVELY REFERRED TO AS “THE COMPANIES”)

BUSINESS RESCUE STATUS REPORT TO AFFECTED PERSONS AND CIPC IN TERMS OF SECTION 132 (3)(a) AND (b) OF THE COMPANIES ACT, 71 OF 2008 FILED BY THE JOINT BUSINESS RESCUE PRACTITIONERS, THOMAS H SAMONS AND THAKHANI R MAKHUVHA (“THE BRPs”)

FOR THE PERIOD ENDED 31 MAY 2026

1. BACKGROUND TO THE BUSINESS RESCUE PROCEEDINGS

1.1 The Companies Act 71 of 2008, as amended (“the Act”), and more specifically section 132(3) thereof, provides that where a company’s business rescue proceedings have not ended within three months after the start of those proceedings, the practitioner must prepare a report on the progress of the business rescue proceedings and update it at the end of every subsequent month until the end of those proceedings. The report must be delivered to all affected persons.

1.2. The Companies commenced business rescue proceedings on 07 November 2019. On 14 November 2019, Jacques du Toit was appointed as the Business Rescue Practitioner of the Companies. First meetings of employees and creditors were held on 27 November 2019 and on 28 November 2019, respectively. The Business Rescue Plans for the Companies were filed on 31 March 2020 but not put to a vote. Subsequently, special creditors meeting was held on 10 January 2023, and a Claim Registration Site went live on 1 February 2023. The 2nd Creditors meeting was held on 31 March 2023 in which date the Business Rescue Plan was adopted.

1.3. In March 2025, du Toit was terminated as Business Rescue Practitioner of the Companies and on 08 April 2025, Lebogang Mpakati was appointed as BRP and she subsequently resigned in February 2026.

2. <u>CURRENT STATUS INCLUDING LITIGATION</u>

2.1. In this report, we as the joint business rescue practitioners, would like to reiterate to the affected persons on the notice we issued on 15 May 2026 wherein we mentioned of a material development concerning the litigation presently pending against the Companies under case numbers 3201/2023 and 3202/2023 in the Free State Division of the High Court, Bloemfontein ("**the Liquidation Application**").

2.2. As previously communicated to affected persons, the aforesaid proceedings concern applications brought for the liquidation of the Companies and the conversion of the business rescue proceedings into liquidation proceedings in terms of section 132(2)(a)(ii) of the Companies Act 71 of 2008 ("**the Act**").

2.3. The Liquidation Application was argued before the Honourable Acting Deputy Judge President Reinders on 27 and 28 November 2025, following which judgment was reserved.

2.4. On 7 May 2026, judgment was delivered in the matter. In terms thereof, the Honourable Court:

2.4.1 granted leave to the applicants to proceed with the applications in terms of section 133(1)(b) of the Act;

2.4.2 converted the business rescue proceedings of the Companies into liquidation proceedings in terms of section 132(2)(a)(ii) of the Act; and

2.4.3 placed both Zephan and Orthotouch under provisional liquidation in the hands of the Master of the High Court.

2.5. The Court further issued a *rule nisi* calling upon interested parties to show cause on **<u>18 June 2026 at 09h30</u>** why final orders of liquidation should not be granted against the Companies.

2.6. A copy of the judgment is annexed hereto for the attention of affected persons.

2.7. We confirm that we are presently considering the judgment together with the Companies' legal representatives and counsel. Whilst the granting of the provisional liquidation orders is unfortunate, we remain of the view that there are various material considerations pertaining to the Companies, the adopted Business Rescue Plan, and the broader interests of affected persons, which require further ventilation before any final determination is made in respect of the liquidation of the Companies.

2.8. In the circumstances, we intend opposing the confirmation of any final liquidation order on the return date of 18 June 2026 and are presently taking the necessary legal steps in this regard.

2.9. In view of the provisional liquidation position we are in now, we do not see the need to include other litigation matters in this report as we reported in the past as they have now become inconsequential.

3. CONCLUSION

3.1. At present, the provisional liquidation orders constitute the only remaining impediment to the continued implementation of the adopted Business Rescue Plan. Notwithstanding this development, we remain committed to the lawful implementation of the adopted Business Rescue Plan and to advancing the interests of affected persons in accordance with the objectives contemplated in Chapter 6 of the Companies Act.

3.2. As the BRPs, we remain mindful of our statutory obligations in terms of Chapter 6 of the Act and will continue to keep affected persons informed of all material developments as matters progress.

3.3. Following our consultation with our attorneys of record, we are confident that the provisional liquidation will be discharged on the 18th June 2026.

3.4. The discharge will enable us to implement the Business Rescue Plan within the initial timelines we initially set ourselves, thus by 31 August 2026.

3.5. Our estimated completion and successful implementation of the Business Rescue Plan remain at between 75% and 100%.

We shall keep the affected parties informed of all material developments.

Thomas H Samons

Senior Business Rescue Practitioner

Thakhani R Makhuvha

Senior Business Rescue Practitioner