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8 Sha'baan 1443 – 11 March 2022

THE MULTIPLE SHENANIGANS OF AMAANAT HOLDINGS

The miserable Board of Directors of this miserable haraam investment company has issued the following *Circular to Shareholders:*

AMAANAT
Established 1968
Amaanat Investment Holdings Limited
(Registration Number – 2015/065984/06)

131 Jan Hofmeyr Road, Westville, 3629
P.O. Box 1427, Wandsbeck, 3631

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02 March 2022

<u>CIRCULAR TO SHAREHOLDERS</u>

Dear Shareholders

1. As you know, the Board of directors of the Company ("the Board") had formally launched an independent forensic investigation on the 21 December 2021 into *inter alia* multiple instances of misconduct on the part of the former CEO, Mr H A K Omar ("HAKO") and his son, M H Omar ("M H O").

2. In this regard, we also refer to the independent and impartial report of the ASRC dated 15 February 2022 which is self-explanatory.

3. The first phase of the comprehensive forensic investigation into alleged irregularities arising from the management of the business of the Amaanat Group, relates specifically to determining the amount removed by HAKO from stated capital, without the knowledge or consent of the Board, over and above the fees paid to the related parties, Kreston KZN and Coral International Asset Managers, as disclosed in the annual financial statements for year ended 29 February 2020 (approximately, R1.7 million and R15 million, as per note 22).

4. The Board is accordingly pleased to report that the forensic investigator has now furnished a detailed comprehensive progress report, spanning 124 pages, relating to unauthorized removal of funds from stated capital under the guise of "share issue expenses" ("the Factual Finding Progress Report", or, "the forensic report").

5. The conclusions and recommendations of the forensic report are set forth in the letter dated 28 February 2022, which is annexed hereto for the benefit of shareholders.

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6. The forensic auditor has concluded that "expenses of not less than R160 million have been debited against Stated Capital over a period of approximately 10 years", and that "a significant portion of these funds were utilized by HAKO for his personal benefit." In addition, the forensic auditor concludes that the contention by HAKO that he is entitled to these funds as "anticipated fees" is unsustainable, and he goes on to conclude that, "if our version is accepted, "these unauthorized and undisclosed payments represent theft" (paragraph 7.89, at page 26 of the forensic report).

7. The forensic auditor further goes on to conclude that "Reasonable grounds exist to justify a criminal complaint against Mr HAK Omar, on charges of fraud and theft."

8. In accordance with the recommendations in the forensic report, the Board is obliged, in the exercise of its fiduciary duties, to institute criminal proceedings, against the perpetrators identified in the forensic report. The ASRC also insists on the laying of criminal charges against HAKO.

9. The forensic auditor has been instructed to lay the criminal charges immediately and to comply with the statutory reporting obligations under the Prevention and Combating of Corrupt Activities Act, 2004.

10. Unfortunately, HAKO and MHO have failed to fully cooperate with the current investigation and have in the past been obstructive.

11. HAKO and MHO have continued to present a false narrative, and have failed to make a full and frank disclosure, including failing to provide all relevant books, papers and documents, despite several requests. HAKO has instructed his staff not to release relevant information, records and documents.

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12. In particular, it is common cause that very substantial funds were paid by HAKO from the Company banking account into the bank accounts of Kreston KZN, the Mahomedy, Omar Paruk Agency account, and other related accounts ("these entities"), all such banking accounts being controlled exclusively by HAKO.

13. The bank statements of these entities, controlled by HAKO are urgently needed by the forensic auditor to conduct a flow of funds review to establish how the funds of the Company were utilized by HAKO through the conduit of the bank accounts of these entities.

14. In all the circumstances, the Company will take such legal action as it deems necessary for appropriate relief, including the recovery of all loss and damages sustained by the Company against those who perpetrated the misconduct identified in the forensic report.

15. We reiterate that the Board continues to work constructively with the ASRC in the best interests of the Company. The Board has provided it with all relevant information and documents to facilitate an independent and impartial investigation of all alleged irregularities.

16. The Board wishes to reiterate that, in the light of the findings of the forensic report, the removal of funds by HAKO, without the consent or knowledge of the Board, or any director concerned, or without shareholder approval, was completely concealed, and constructively hidden from any external scrutiny and review.

17. Members of the Board, including its management team, continue to work tirelessly at an operational level, on a day-to-day basis, maintaining a strong focus on the business in executing a turnaround strategy and enhancing shareholder value. In this regard, internal and external controls and appropriate remedial and corrective measures have already been implemented, and monitoring and oversight are being enhanced.

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18. A copy of the Factual Finding Progress Report, or extracts thereof, may be inspected by only a shareholder, by prior email arrangement, at the offices of the forensic auditor, Integrated Forensic Accounting Services, situated at 31 Salisbury Avenue, Westville, strictly on terms and conditions determined by the forensic auditor, because it is subject to legal privilege and confidentiality restrictions.

BY ORDER OF THE BOARD

(End of Circular)

The Board of Directors cannot be absolved of culpability and gross negligence for the massive scam, fraud and theft which the Board has concluded were perpetrated by Mr.HAKO and Mr.MHO. It is indeed weird and even bizarre for the Board to plead ignorance of the massive theft of hundreds of millions of rands of investor funds over a period of a decade. What were the directors doing while such huge amounts of money were being stolen from the company's coffers? The theft was not a one-time occurrence. It was perpetrated systematically over a decade. Were they partying and engaging in merrymaking?

It is not possible for all the directors of this hopeless *person'a grata* Board to have been so stupid and so dense in their brains as not to realize the shenanigans of which they are now accusing Mr.HAKO and Mr.WHO. This company should be liquidated. Perhaps there may be grounds for criminal charges against the Board of Directors as well. Why did these chaps who are totally unfit to be Board members of a large company fail to smell the stench of the cat's excreta which was repeatedly being concealed under a flimsy veneer? After all, what is the job of these miserable directors?

Any criminal investigation against Mr.HAKO and Mr.WHO should also bring within its scope the Board of Directors. It was in fact the negligence or passive co-operation of the Board which had enabled and emboldened the two fraudsters to perpetrate the massive theft of which they are being now, so belatedly, being accused.

THE SHARIAH

Besides the issue of theft of the funds of the shareholders, it is necessary for them to understand that this company itself is haraam. The dividends it paid were all riba. The dealings of the company are not compliant with the Shariah. It is imperative for investors to withdraw their funds. This company should be buried ignominiously.