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20 March 2012

The Executive Director  
MOTHERWELL URBAN RENEWAL PROGRAMME  
P.O. Box 116  
Port Elizabeth  
6000

**ATTENTION: MR. A. BOWER**

Dear Sir

**UNAUTHORIZED PAYMENT TO HO-HUP BY NMBM ON THE MOTHERWELL  
THUSONG SERVICE CENTRE**

The above project refers.

We wish to state the following:

1. We are the Principal Agent's on the Project and have been during the contract period of Ho-Hup on the Thusong Project.
2. On the 29 September 2010, the writer was requested to attend a meeting at the offices of MURP to discuss a payment dispute to Ho-Hup.
  - 2.1 This meeting was instigated by the Principal Agent's refusal to certify payment to Ho-Hup, due to no value being visible on site.
3. Present at the meeting was Mr. Dunjana and Mr. Bower.

PRINCIPAL: R.J. MAHARAJH: BAS (UCT); B ARCH (UCT) MPHil (US), Pr Arch SACA: 4535;KZ-NIA  
TRUSTEES: R. MAHARAJH; S. MAHARAJH (MRS); S. MAHARAJH (MISS)  
(HOLDING COMPANY: RMA BUSINESS TRUST: NO. IT/32.2004)

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4. The Principal Agent was requested to explain why the payment could not be effected. Explanations were forwarded by the Principal Agent as follows:
  - 4.1 No value was evident on site, to warrant payment.
  - 4.2 That the High Court of Port Elizabeth had received an order to liquidate Ho-Hup, this being initiated by Zikhona Bricks of Port Elizabeth.
  - 4.3 In addition, several other creditors were intending to bring a class action against Ho-Hup, due to outstanding monies, not being paid on other contracts.
  - 4.4 The risk factor was too high and these risks had to be hedged against.
5. In response to the Principal Agent's comments, the Executive Director posed the question, that in the best interest of the project, what alternative methods could be sought, so as, not to stall the project. The Principal Agent's response was as follows:
  - 5.1 Ho-Hup had a surety of R1.7m lodged with the project. The following could be the possible solutions:
    - 5.1.1 Make available R1m to Ho-Hup for wages and administration costs, which will be covered by the Surety.
    - 5.1.2 A total of R3 094 515.16 be paid directly to Ho-Hup's suppliers on the project, on proof of delivery and invoicing to RMA's offices.
    - 5.1.3 In this manner the NMBM will be safeguarded against risk.
    - 5.1.4 Mr. Bower acknowledged that this route would be the safer to go and supported the idea.
    - 5.1.5 Mr. Dunjana conveyed this message to Ho-Hup in our presence. Ho-Hup rejected this proposal.

The Principal Agent then left the meeting for another commitment and did not deliberate the matter further.

Subsequent to the meeting, the Principal Agent wrote to the Acting Municipal Manager, Mr. Ntoba and relayed the same opinion. (See attachment - Annexure A)

In a letter to Mr. Dunjana date 01 October 2010, the Principal Agent wrote to the Executive Director, indicating that any payment to Ho-Hup would pose a high risk to the NMBM and especially MURP. See (Attachment - Annexure B)


A further communiqué was sent to Budget and Treasury on 18 October 2010. (See attached Annexure C)

Sometime soon thereafter, it was brought to our attention that a sum of R4m and a further R2m was paid to Ho-Hup. The Principal Agent and QS did not certify both these amounts.

We hope that his puts the matter in perspective.

Kindest Regards

**RAJ MAHARAJH ASSOCIATES  
ARCHITECTS AND PROJECT MANAGERS**

  
**RAJ MAHARAJH**

Attachments:

- |    |            |  |
|----|------------|--|
| 1. | Annexure A | Letter to NMBM                                   |
| 2. | Annexure B | Letter to Mr. Dunjana                            |
| 3. | Annexure C | Letter to Budget and Treasury (Ms. Nadia Gerwel) |