

I N D E P E N D E N T

C O R P O R A T E R E C O V E R Y A D V I S O R S

Independent Trustees (Pty) Limited (Reg No 2002/025164/07)
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Your Ref:

Our Ref: **RYNETTE PIETERS/CINDY**

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Date: **12 May 2010**

Dear Sir/Madam

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
REGISTRATION NUMBER: 2006/006894/07
MASTER'S REFERENCE NUMBER: C779/2009

We advise that the Statutory General Meeting of Creditors as well as a Meeting of Members has been convened to be held before the Magistrate, Wellington, at 09h00 on Wednesday 19 May 2010. We enclose the following documents relating thereto:-

1. Copy of the Liquidators' Report;
2. Copy of the proposed Resolutions to be submitted for adoption at the meetings;

Dividend prospects are dealt with on page 6 of the Liquidators' Report.

Yours faithfully
INDEPENDENT TRUSTEES (PTY) LIMITED

R PIETERS
FOR JOINT LIQUIDATOR
(Sent electronically and therefore not signed)

Independent Trustees (Pty) Ltd is a member of **hww insolvency cooperation partners**

Austria (Vienna) Brazil (Sao Paulo) Cayman Islands (Grand Cayman) Czech Republic (Prague) France (Paris) Germany (Hamburg) Great Britain (London)
Hungary (Budapest) India (New Delhi) Italy (Rome) Mexico (Mexico City) Netherlands (Amsterdam) Poland (Warsaw) Republic of China (Hong Kong)
Romania (Bucharest) Russia (Moscow) South Africa (Johannesburg) Spain (Barcelona) Sweden (Stockholm) USA (New York)

Directors:

JF Klopper B Com B Proc R Pieters* B Econ LDR Van der Merwe* B Com LLB
MJ Maseko B Juris LLB HA Plaatjies* B Juris LLB

* Member of the Association of Insolvency Practitioners of Southern Africa ("AIPSA")

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

**REPORT SUBMITTED BY THE JOINT LIQUIDATORS IN TERMS OF SECTION 402 OF THE
COMPANIES ACT NO 61 OF 1973 AS AMENDED TO BE SUBMITTED AT A SECOND MEETING
OF CREDITORS AND CONTRIBUTORIES TO BE HELD BEFORE THE MAGISTRATE
WELLINGTON ON 19 MAY 2010 AT 09H00**

Nature of Liquidation	Trevor Philip Glaum N.O and Rynette Pieters N.O in their capacity as Joint Liquidators of Biz Africa 1332 (Pty) Ltd in liquidation
Date of liquidation	12 August 2009
Date of provisional Order	12 August 2009
Date of Final Order	11 September 2009
Provisional appointees	J F Klopper, S Moodliar and G L Paris
Date of 1 st meeting of creditors	13 January 2010
Final appointees	J F Klopper, S Moodliar and G L Paris

GENERAL AND STATUTORY INFORMATION

Registrar of Companies

The Company was duly registered with the Registrar of Companies under their reference number 2006/018609/07 with the registered address at 42 Malherbe Street, Wellington, Western-Cape Province.

Directors

It appears from our investigations that the following persons consented to serve as the directors of the company:

Adrian Warren King (Identity Number: 530711 506 4085) – subsequently sequestered

Paul Reginald King (Identity Number: 590922 507 1080) – deceased

Stephen Robert King (Identity Number: 630114 513 9081) – subsequently sequestered

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

Business of the Company

The company traded as a property owning company through which a multitude of investors invested in real estate within the "King Group" of companies. The company, Kingvest 4 (Pty) Ltd (in liquidation) owns Portion 90 of the Farm Witpoort 406 JR.

It is one of a number of companies forming part of the King Group of Companies. The ultimate holding company of the King Group is King Financial Holdings (Pty) Limited which was, itself, provisionally wound up by Order of the Western Cape High Court, Cape Town, on 22 July 2009. This company was previously known as Biz Africa 1332 (Pty) Limited and, together with its subsidiary and associated companies, was engaged in the business of providing financial services and, more particularly, intermediary services in respect of the marketing and sale of financial products as defined in the Financial Advisory and Intermediary Service Act No 37 of 2002 (*"The FAIS Act"*).

The strategy implemented by the King Group was to purchase and develop properties which were then registered in one of the subsidiary companies. Another company within the King Group, A&S King Makelaars (Pty) Limited (also now in liquidation), was used to market and sell investments that were owned by the King Group. The financial products which A&S King Makelaars offered to its clients were shareholdings, shareholders' loans and investment products in the subsidiary companies.

STATEMENT OF AFFAIRS

We have not been placed in possession of a Statement of Affairs as required in terms of Section 363 of the Companies Act No 61 of 1973 as amended.

SECTION 402(a)

Financial Statement Of Assets And Liabilities

According to information available to us the following would appear to represent the financial position of the Company as at the date of liquidation:

ASSETS	AMOUNT	AMOUNT
<u>Immovable Properties:</u>		
Portion 90 of the Farm Witpoort 406 JR –forced sale value (Subject to a Surety Mortgage Bond in favour of Absa Bank)		R8 750 000.00
Debtors: Intercompany loans – approximately R165 000.00 (Recoverability is unknown)		Unknown

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

TOTAL ASSETS		R 8 750 000.00
LIABILITIES		
<u>Secured Creditors:</u> Absa Bank	R18 531 082.77	
<u>Preferent Creditors</u> Unknown at this stage	Unknown	
<u>Concurrent Creditors</u> Estimated at	R 917 925.00	
Debtors – estimated at	R41 543 907.00	
SHORTFALL		R52 242 914.77
TOTAL	R60 992 914.77	R60 992 914.77

COMMENT ON THE ASSETS

We have applied to the Master of the High Court, Cape Town with the consent of the secured creditor, Absa Bank, for extension of our powers in terms of Section 386(2A) to sell the immovable property by way of public auction.

COMMENTS ON THE LIABILITIES

The liabilities relate in the main to monies owing to the Absa Bank First in respect of their loan to the company secured by a Mortgage Bond registered over the immovable property (secured creditor).

SECTION 402(b)

Causes Of The Company's Failure

As stated above the Company was but one of the companies within the King Group of Companies whose ultimate holding company was King Financial Holdings (Pty) Limited (formerly Biz Africa 1332 (Pty) Limited). King Financial Holdings (Pty) Limited was finally wound up pursuant to an application brought by one of the investors with the support of the Financial Services Board ("*FSB*").

The failure of the holding company inevitably led to the failure of its subsidiaries and many other associated entities within the King Group. In December 2008 the FSB conducted an inspection following the failure of A&S King Makelaars (Pty) Limited to submit the required statutory audit reports and financial statements. An extensive and complex inspection was performed and on 9 July 2009 a written report of the findings of the FSB was produced in which, inter alia, the following was stated:-

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

1. *"The King Group marketed and sold shares without registering prospectuses as required by the Companies Act.*
2. *The directors of SERVICES and HOLDINGS were aware of the fact that a prospectus was required.*
3. *The King Group sold more shares than it purported the company to be issuing and before it was converted to a public company.*
4. *In our opinion, the King Group has not acted in accordance with sections 20 and 75 of the Companies Act by selling shares that were not authorised whilst it had not been converted to a public company.*
5. *The King Group misrepresented available issued share capital and issued more shares in HOLDINGS than was initially presented to investors.*
6. *The King Group issued shares without the shares being paid up.*
7. *We are further of the opinion that the King Group contravened section 92(1), as well as section 93(3) of the Companies Act.*
8. *The King Group sold shares in HOLDINGS in blatant disregard of the requirements of the Companies Act due to financial problems.*
9. *The King Group exposed shareholders in HOLDINGS to risk by realising profits before completion of projects.*
10. *The King Group made misrepresentations in the "Share offering" used to market shares HOLDINGS to the public.*
11. *The King Group prejudiced some shareholders when the shares were reissued at a new price.*
12. *The King Group provided us with contradictory information with regard to its financial position and NAV.*
13. *The King Group misappropriated client investments.*
14. *The King Group is technically and commercially insolvent as it is unable to pay its creditors.*
15. *The concerns of the King Group's clients are not being addressed.*
16. *The King Group negated its undertaking to the FSB to discontinue marketing and selling shares in HOLDINGS.*
17. *The King Group provided inadequate and/or incorrect client disclosures.*
18. *SERVICES contravened its licence conditions."*

Accordingly the FSB concluded:-

1. *"We recommend that the Registrar consider exercising his powers in terms of sections 5 and 6 of the FI Act.*
2. *It is further recommended that the Registrar withdraw the FSP licence of SERVICES in terms of section 10 of the FAIS Act due to the numerous irregularities referred to in this report.*

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

3. *We recommend that the Registrar urgently investigate the actions of the representatives of SERVICES who recklessly sold products in contravention of the FAIS Act and Companies Act. In our view some of these representatives do not conform to the requirements of fitness and propriety and should not be authorised to render financial services in any capacity.*
4. *We also recommend that the Registrar disclose the inspection report to the NPA and the DTI in terms of section 9 of the Inspection Act."*

On 16 July 2009 the FSP licence of A&S King Makelaars (Pty) Limited was withdrawn in terms of the FAIS Act. The King Group could thereafter no longer function effectively.

The demise of the holding company led to a series of winding-up applications being brought against most of the King Group subsidiary companies including the Company.

SECTION 402(c)

Report Under Section 400(2)

Ongoing investigations into the affairs of this company are taking place. Should any contraventions come to our attention, a report will be submitted to the Master of the High Court in regard to such contraventions.

SECTION 402(d)

Personal Liabilities Of Directors Or Officers

The undersigned are still investigating whether any director or office or former director or officer of the Company or any other party can be held personally liable for damages or compensation to the Company or for any debts or liabilities of the Company as provided for in the Companies Act.

SECTION 402(e)

Legal Proceedings

As far as we are aware there are no legal proceedings pending by or against the Company.

SECTION 402(f)

Further Enquiry

Investigations are on-going regarding the promotion, formation and failure of the Company and the conduct of its business.

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

SECTION 402(g)

Books And Records

The undersigned are not yet in possession of all the records of the Company and are therefore, at this stage, unable to state with any certainty whether the provisions of Section 284 of the Act have been complied with.

SECTION 402(h)

Progress And Prospects Of Liquidation

Based on financial information available to us there, would appear to be a danger of contribution being levied upon creditors.

SECTION 402(i)

Matters Requiring Further Directions Of Creditors And Contributories

Such directions as we desire, and sanction of the actions taken by the Provisional Liquidators and Liquidators to date, are contained in the Resolutions to be submitted for consideration and adoption, are attached hereto.

DATED at STELLENBOSCH this day of May 2010.

J F KLOPPER

DATED at CAPE TOWN this day of May 2010.

S MOODLIAR

DATED at Cape Town this day of May 2010.

G L PARIS

c/o Independent Trustees

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

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STELLENBOSCH

7599

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KINGVEST 4(PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

**RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS
HELD BEFORE THE MAGISTRATE, WELLINGTON ON 19 MAY 2010 AT 09H00**

RESOLVED THAT:

1. That the report of the liquidator(s) and his/their actions as referred to therein be and are hereby approved, ratified and confirmed.
2. That the actions of the provisional liquidator(s) and liquidator(s) in engaging the services of attorneys and/or counsel on such matters as he/they found necessary in the administration of the company in liquidation to date, are hereby approved, ratified and confirmed. That the costs thereof be paid out of the funds of the company in liquidation as part of the costs of administration. That the liquidator(s) be authorised to conclude written agreements with their attorneys in terms of the provisions of Section 73 of the Insolvency Act No. 24 of 1936 (as amended) as read with the provisions of the Companies Act No. 61 of 1973 (as amended), dispensing with the need for preparation of bills and the taxation thereof, and that the actions of the provisional liquidator(s) and liquidator(s) in concluding such written agreements to date, are hereby approved, ratified and confirmed.
3. That the liquidator(s) be and is/are hereby authorised to engage whatever further legal assistance he/they may require in the interests of the company in liquidation and that the costs thereof be paid out of the funds of the company in liquidation as part of the costs of administration.
4. That the liquidator(s) be and is/are hereby authorised to institute or defend legal actions in order to collect debts owing to the company or in respect of any other matter affecting the company in liquidation including the holding of enquiries or examinations in terms of the Companies Act, 1973, as amended, or as read with the Insolvency Act, 1936, as amended, as he/they may deem fit, and for such purposes to employ the services of attorneys and/or counsel of his/their choice and to pay the costs out of the funds of the company in liquidation as part of the costs of administration.
5. That the liquidator(s) be and is/are hereby authorised to settle or compromise any legal proceedings whether instituted or to be instituted by or against the company, on such terms and conditions and for such amount as he/they in his/their discretion may deem fit.
6. That the liquidator(s) be and is/are hereby authorised to sell any movable or immovable property of the company in liquidation of whatsoever description and including outstanding debts by public auction, public tender or private treaty in such manner, upon such terms and conditions and for such amounts as he/they may deem fit.
7. That the liquidator(s) be and is/are hereby authorised to consent to the cancellation of any bond passed in favour of the company.

KINGVEST 4 (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : C779/2009

Page 2

8. That the liquidator(s) be and is/are hereby authorised to agree to any reasonable offer of composition made to the company by any debtor, to accept payment of any part of any debt due to the company in settlement thereof, to grant an extension of time for the payment of any debt and to abandon such amounts due to the company as he/they has/have been unable to recover or dispose of as he/they may deem fit.
9. That the liquidator(s) be and is/are hereby authorised to engage the services of auctioneers or agents to sell the assets of the company in liquidation and to determine the conditions of sale and manner of advertising in his/their discretion.
10. That the liquidator(s) be and is/are hereby authorised and empowered in his/their discretion to compromise or admit any claim against the company, whether liquidated or unliquidated, arising from any guarantee or any other cause whatsoever, as a liquidated claim in terms of Section 78(3) of the Insolvency Act, as amended, at such amount as may be agreed upon between the creditor(s) concerned and the liquidator(s) provided that proof thereof has been tendered at a meeting of creditors.
11. That the liquidator(s) be and is/are hereby authorised to transfer to the purchaser thereof any immovable property sold by the company prior to its liquidation or to agree to the cancellation of any such sale and to re-sell such property or to agree to the substitution of a new purchaser under any existing Deed of Sale.
12. That the liquidator(s) be and is/are hereby authorised to abandon any asset or assets of the company where no purchaser for the asset(s) can be found.
13. That the liquidator(s) be and is/are hereby authorised to terminate leases in respect of premises or of any other object entered into by the company in liquidation.
14. That the liquidator(s) be and is/are hereby authorised to, if necessary, borrow moneys with or without providing security therefor and that the interest payable on such loans shall be paid as costs of administration of the company in liquidation.
15. That the liquidator(s) be and is/are hereby authorised to engage the services of bookkeepers, accountants, auditors or any other person for any purpose in and about the affairs of the company which he/they may require and the costs so incurred to be paid as costs of administration of the company in liquidation.
16. That the future administration of the company be left in the hands of and to the discretion of the liquidator(s).

Qq CREDITORS

PRESIDING OFFICER