

**GNIKPROP 1 (PTY) LTD (IN LIQUIDATION)**  
**("the Company")**

**MASTER'S REFERENCE NUMBER : C1326/2009**

**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	Application by Trevor Philip Glaum N.O and Rynette Pieters in their capacities of Joint Liquidators of Biz Africa 1332 (Pty) Ltd (in liquidation) Western Cape High Court, Cape Town.
Date of liquidation	15 December 2009
Date of provisional Order	15 December 2009
Date of Final Order	29 January 2010
Provisional appointees	J F Klopper and Z H Ngogodo
Date of 1 <sup>st</sup> meeting of creditors	10 March 2010
Final appointees	J F Klopper and Z H Ngogodo

**GENERAL AND STATUTORY INFORMATION**

**Registrar of Companies**

The Company was duly registered with the Registrar of Companies under their reference number 2006/014508/07 with its registered address of the company at 42 Malherbe Street, Wellington.

**Directors**

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

Paul Reginald King (Identity Number: 5909225071080)

Stephen Robert King (Identity Number: 6301145139081)

**Business of the Company**

The company traded as a share capital company within the "King Group" of companies.

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

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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.

**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:

<b><u>ASSETS</u></b>		
Furniture and Equipment – valued at		R 41 910.00
<b>TOTAL</b>		<b>R41 910.00</b>
<b><u>LIABILITIES</u></b>		
<u>Secured Creditors:</u> Unknown	Unknown	
<u>Preferent Creditors:</u> Unknown	Unknown	
<u>Concurrent Creditors:</u> Estimated at	R1 507 048.79	
<b>Deficit</b>		<b>R1 465 138.79</b>
<b>TOTAL</b>	<b>R1 507 048.79</b>	<b>R1 507 048.79</b>

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**Notes:**

***The assets and liabilities reflected above are subject to change and verification, depending on the claims submitted for proof.***

**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:-

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.*

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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.*
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)**

At this stage we do not have anything to report under this heading, however, 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**

At this stage we are unable to comment on whether the former director/s or officer of the company can be held personally liable for the debts of the company. A report will be submitted, should it become necessary.

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**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**

The liquidators do not intend to hold an enquiry at present. Creditors will be informed if the liquidators decide to proceed with an enquiry into the affairs of the company.

**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 no danger of contribution being levied upon creditors who submitted their claims for proof.

**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**

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DATED at CAPE TOWN this            day of May 2010.

**ZHNGOGOD**

C/O Independent Trustees

Po Box 820

Stellenbosch

Telephone: 021 880 5400

Telefax: 021 8805430

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

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**RESOLVED THAT:**

- 1 The report of Liquidator or Joint Liquidators, as the case may be, hereinafter referred to as (the Liquidator"), as submitted be received and adopted and all his actions referred to therein be and are hereby confirmed, ratified and approved.
- 2 All actions of whatsoever nature heretofore taken by the Provisional Liquidator and/or Liquidator be and are hereby confirmed, ratified and approved.
- 3 The Liquidator be granted the authority and is vested with all the powers mentioned in Section 386(4)(a) – (i) of the Companies Act No 61 of 1973, as amended, such powers to be exercised at his sole and absolute discretion.
- 4 The Liquidator be and is hereby authorised in his sole and absolute discretion to:
  - 4.1 Take legal advice on any question of law affecting the administration and distribution of the company;
  - 4.2 Institute or defend on behalf of the company any action or other legal proceedings of a civil nature for the recovery of monies due to the company or otherwise and subject to the provisions of any law relating to criminal procedure, institute any criminal proceedings;
  - 4.3 Hold any enquiry into the affairs of the company and/or any matter relating thereto;
  - 4.4 Investigate and institute legal proceedings for the recovery of any voidable or undue preferences, voidable dispositions of property or any other impeachable transactions of whatsoever nature and to abandon same at any time;
  - 4.5 Write up the books of the company as may be required, and if necessary, to produce a balance sheet, audited or not, as at the date of liquidation, either for the purpose of

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investigating the affairs of the company, establishing the claims of creditors, or any other purpose.

- 5 The Liquidator be and is hereby authorised in his sole and absolute discretion to employ and engage the services of attorneys and/or counsel (senior and/or junior) and/or accountants and/or bookkeepers and/or any employee of the insolvent and/or recording agents and/or any other person who in the sole discretion of the Liquidator may be of assistance in the winding-up of the company in relation to any matter referred to in 4 above and further to pay all the costs thereof of whatsoever nature out of the estate as costs incurred in the liquidation.
  
- 6 The Liquidator be and is hereby authorised to collection any debts due to the company and for the purpose thereof to sell or compound or compromise any of these debts for such sum and upon such terms and conditions as he in his sole discretion may deem fit, and to accept any part of the debt in settlement thereof, and to grant an extension of time for the payment of any such debt, and to abandon any debt which he in his sole discretion may deem to be irrecoverable.
  
- 7 The Liquidator be and is hereby authorised to dispose of any movable and immovable property of the company, whether in his possession or under his control now or to come into his possession or under his control in the future by public auction, private treaty or public tender upon such terms and conditions as he in his sole and absolute discretion shall determine and to abandon any such assets for which he can find no purchaser or abandon them to a secured creditor at the value placed thereon by such creditor or at such value as is agreed upon by the Liquidator and the creditor if such creditor's claim is secured by such assets and to sign all such documents as may be necessary to give effect to such disposition.
  
- 8 The Liquidator be and is hereby authorised and empowered in his sole discretion to compromise and admit any claim against the company of whatsoever nature and howsoever arising and whether disputed or not and whether actual, contingent, prospective, conditional, unconditional, assessed, unassessed, liquidated or unliquidated as a liquidated claim in terms of Section 78(3) of the Insolvency Act No 24 of 1936 as amended, read with Section 339 of the



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Companies Act No 61 of 1973, as amended, at such amount as may be agreed upon by the Liquidator, provided that proof thereof has been tendered at a meeting of creditors.

- 9 The Liquidator be and is hereby authorised to make application for the destruction of books and records of the estate six months after the confirmation of the Final Liquidation and Distribution Account.
- 10 The Liquidator be and is hereby authorised to perform any act or exercise any power for which he is not expressly required by the Companies Act No 61 of 1973, as amended, to obtain the leave of the Court.
- 11 The Liquidator be and is hereby authorised to submit to the determination of arbitrators any dispute concerning the company or any claim or demand by or upon the company.
- 12 The Liquidator be and is hereby authorised to carry on or discontinue any part of the business of the company insofar as may be necessary for the beneficial winding-up thereof.
- 13 The Liquidator be and is hereby authorised to exercise *mutatis mutandis* the powers conferred upon a Liquidator by Section 35 (uncompleted acquisition of immovable property before liquidation) and 37 (effect of liquidation upon a lease) of the Insolvency Act No 24 of 1936, as amended, read with Section 339 of the Companies Act No 61 of 1973, as amended.
- 14 The further administration of the affairs of the company be left entirely in the hands and at the discretion of the Liquidator.

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q.q. CREDITORS

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PRECIDING OFFICER

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