

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

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TO ALL INVESTORS

Independent Trustees (Pty) Limited (Reg No 2002/025164/07)
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31 AUGUST 2009

Dear Sir / Madam

**NAME OF ESTATE: BIZ AFRICA 1332 T/A KING FINANCIAL HOLDINGS (PTY) LIMITED (IN LIQUIDATION) (“THE COMPANY”)/
REGISTRATION NO.: 2001/006894/06
MASTER’S REFERENCE NUMBER: C721/2009**

1. We refer to the above matter and confirm that the company was placed in final liquidation by the High Court of South Africa, Western Cape Division, on 25th August 2009.
2. As a consequence the provisional liquidators (“the liquidators”) are now able to take control of the affairs of the company and will in due course take control of the entire group of companies of which the company was the holding company.
3. At the hearing of the application for the final order of liquidation the Presiding Judge commented that all the companies in the group should be placed under the control of liquidators. The purpose of the liquidation of each company in the group is:
 - 3.1. that the appointed liquidator in each company be in a position to investigate the affairs of each individual company independently;
 - 3.2. to determine the assets and liabilities of each and every company;
 - 3.3. that every company in the group be placed under the control of a party/parties appointed as liquidator/s by the Master of the High Court.
4. The present position is that the companies in the group are “rudderless” without any direction and what is mentioned hereinabove is an effort to change the status quo by ensuring that appointed liquidators take control of the affairs of the companies.

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

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5. The Judgement handed down by the Judge referred to above will be made available immediately upon receipt thereof and a copy will be posted on our website.
 6. The liquidators:
 - 6.1. in the meantime, have taken control of the company's records and information.
 - 6.2. will in due course, in conjunction with a legal team and auditors, investigate the affairs of the company in the greatest of detail.
 7. Although the investigation process has already commenced it should be noted that the verification of all factual information and the evaluation of all information will be a long and tedious process. It should be noted that the Companies Act, in Sections 415 and 417, provides for a mechanism to convene enquiries where all role players such as:
 - 7.1. the directors;
 - 7.2. brokers;
 - 7.3. officers – (see Section 414 (1) of the Companies Act) which includes managers and/or the company secretary;
 - 7.4. any person who is known or on reasonable grounds believed to be:
 - 7.4.1. in possession of any property which belongs or belonged to the company;
 - 7.4.2. have information relating to the affairs of the company.

may be served with witness summonses (“subpoenae”) and may as such be forced to attend such proceedings, be examined under oath and be summonsed to produce documentation. This process is only available under the liquidation process and as such a further reason why the liquidation process is the only manner in which to investigate a company's affairs.
 8. The abovementioned processes are available to the liquidators of each company in the group as and when they are appointed and is there to ensure that all information is accurate and that every investor and all creditors of that specific company are assured that the specific company's true financial position has been determined. All claims by the company against third parties will as a result be determined in addition to the assets (movable or immovable) which the company may own. Only once this entire process is complete will the full picture be known to each creditor and investor.
 9. Liquidation is therefore the only orderly manner available to determine which assets each company owns and provides for an orderly manner, as is determined in terms of the Insolvency Act, for the determination of the company's liabilities. A liquidator is bound by law to processes as are set out in the Companies Act read with the provisions of the Insolvency Act to ensure that the proceeds from the realisation of assets are distributed amongst creditors.

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10. It is by way of example conceivable that an investor might be of the view that his investment is recorded in the company's books against a certain company in the group. It may also be that such funds were in fact invested in that company's banking account but the company then lent the funds to another company in the group. In such cases complex legal issues may arise and the claim that the investor might have may only be against the entity that received payments from the investor. The circumstances relating to each and every transaction must therefore be investigated.
 11. For the above reasons it is therefore necessary, as a matter of urgency, for each and every investor to complete a claim document setting out the investors claim against the company to whom they have in fact made payment. For this purpose we would require a copy of the source document relating to the payment such as a cheque or proof of an electronic funds transfer. This must be attached to every claim document. Claim forms are available on our webpage and must therefore:
 - 11.1. be submitted against the company to whom the investor made payment;
 - 11.2. contain details of the amount invested (without interest) together with the date on which such investment was made;
 - 11.3. be signed by the investor in the presence of a Commissioner of Oaths and as an attachment to the document we require the proof of payment in respect of the investment as referred to above.
 - 11.4. the Commissioner of Oaths would be:
 - 11.4.1. a police official,
 - 11.4.2. a bank manager
 - 11.4.3. an attorney; or
 - 11.4.4. an auditor

to which the investor has access. It is not necessary to attach the original documentation to the claim document where such originals do not exist. Copies will be in order.
 12. Investors must please also take note that it has come to our attention that there are certain parties with different agendas which parties are endeavouring to provide "information" to investors. Such information is invariably wrong and the communication often contains information which represents the opinion of the party purporting to provide such information.
 13. It was also evident from the abovementioned Judgement by the Presiding Judge that certain parties are presenting some scheme or "plan" to investors which has been devised with a view to achieving the co-operation of the investors for the purposes of such parties' own interest.
 14. It has, for example, been alleged that the application for final liquidation should be opposed in view of an envisaged scheme of arrangement or compromise in terms of Section 311 of the Companies Act 61 of 1973.

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15. It was also alleged that such scheme of arrangement could only be proposed whilst the company is not under final liquidation. This is simply false as a scheme of arrangement or compromise may be proposed to the High Court at any time (there are numerous incidences where schemes of arrangements have been proposed more than two years after final liquidation and which scheme of arrangements were accepted by creditors).
16. Should the Court be of the view that a scheme is commercially viable the Court may at any stage, where an application for leave to convene meetings of creditors (investors) is launched, provide an Order of Court authorising leave to convene meetings of creditors to enable investors to consider any scheme of arrangement that may be proposed to them and for them to vote for or against such a scheme.
17. Wrong information, such as the above, which is being provided to investors, has the effect that the liquidators, in each and every instance, have to communicate afresh with investors with a view to providing the correct information.
18. Investors must also be mindful of the fact that the liquidation process is complicated and may be a long process. We are advised that there are approximately 95 companies in the group. Certain of the companies own assets, which assets the liquidators have to take control of. This process must be managed in an orderly manner as is described above.
19. A page has been created on our webpage at www.corprecover.co.za for investors to post queries and to obtain access to reports which will from time to time be submitted with regard to the progress in this matter.
20. Investors who do not have access to the internet may communicate with our offices and such information will be sent via fax or email to investors on a regular basis.
21. It is however preferred that communication is effected via the webpage as this simplifies communication due to the fact that all information will be electronically available and there will be a full record of all communications.
22. There is at present a helpline available on (021) 864 2136 where people are available to assist with queries and problems.
23. We assure investors of our best service at all times and hope to resolve this matter in the most satisfactory manner for all investors.

Yours faithfully

RYNETTE PIETERS
JOINT PROVISIONAL LIQUIDATOR
INDEPENDENT TRUSTEES
(PTY) LIMITED

TREVOR GLAUM
JOINT PROVISIONAL LIQUIDATOR
SANEK TRUST RECOVERY
SERVICES (PTY) LIMITED