

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)
Blaauwklip Office Park Block 2 Webers Valley Road Jamestown
Stellenbosch 7600 (Also at Roodepoort)
P O Box 820 Stellenbosch 7599
Telephone: (021) 880 5400
International: (+27) 21 880 5400
Fax: (021) 880 5430
Website: www.corprecover.co.za

TO ALL INVESTORS

Your Ref:

Our Ref: **R PIETERS / E ARENDSE**

Direct Line: **021 – 880 5400**

Direct Fax: **021 – 880 5430**

Cell Phone: **082 376 9690**

Direct E-Mail: **rynettep@corprecover.co.za**

Date: **08 April 2010**

Dear Sir / Madam

**BIZ AFRICA 1332 (PTY) LIMITED ALSO KNOWN AS KING FINANCIAL HOLDINGS (PTY) LIMITED (IN LIQUIDATION) (“THE COMPANY”)
REGISTRATION NO.: 2001/006894/06
MASTER’S REFERENCE NUMBER: C721/2009
AND IT’S SUBSIDIARIES (“THE GROUP”)**

1. We refer to previous correspondence and communications relating to this matter.

2. EVENTS TO DATE

2.1. The past eight to nine months have been spent in taking control of every company in the group where the liquidators deemed it appropriate to exercise control and to ensure that each and every asset belonging to such companies be identified and valued.

2.2. In this process some 51 companies in the group have been placed in liquidation details of which will be found on our website www.corprecover.co.za

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”)

-
- 2.3. The details of all investors and all trade creditors in respect of each and every company had to be obtained and verified. This process is ongoing.
- 2.4. With the exception of one or two companies that own movable assets in the form of office furniture, equipment and some motor vehicles the assets of most of the 51 companies consist of immovable property.
- 2.5. Two, or in most cases, three provisional liquidators were appointed in each of the companies which have been wound up.
- 2.6. These provisional liquidators, upon the granting of the final liquidation orders, had to wait for the statutory first meetings of creditors in their respective matters before they could be finally appointed. No claims by investors or concurrent creditors were proved at any of the first meetings as the respective liquidators wanted to make sure that no investors or creditors might become liable for a contribution and that it was absolutely safe to prove claims. Details of the dates of the meetings are available on our website.
- 2.7. Upon receipt of their final certificates of appointment the liquidators convened statutory general (second) meetings of creditors at which their statutory second meeting reports were and are being submitted together with proposed resolutions relating to the continued winding up of the company. The reports and resolutions in respect of each company where a second meeting has been convened are or will be

made available on our website. Where it was and is still unclear as to whether a contribution is likely to be levied, only the claims of secured creditors (being the respective bondholders) have been submitted for proof at the second meetings. Also, pending finalisation of our investigations referred to in paragraph 6 below investor claim will not be submitted for proof and retained on file.

- 2.8. The respective liquidators are taking decision with regard to asset realisations only once second meetings have been held.

3. **THE PROCESS OVER THE NEXT TWO TO THREE MONTHS (UNTIL THE END OF JUNE 2010)**

- 3.1. The respective liquidators in certain companies are now reaching the stage in the process where they have to commence with the sale of immovable properties.
- 3.2. A number of the properties will be sold by public auction over the next two to three months.
- 3.3. The auction dates which have been decided upon may be viewed on our website.
- 3.4. Upon the successful conclusion of each and every sale the property in question has to be transferred to the new owner.

4. **THE PROCESS AFTER JUNE 2010 (UNTIL MORE OR LESS THE END OF DECEMBER 2010)**

- 4.1. As you are no doubt aware it is a legal requirement that registration of transfer of a property needs to place before any funds pursuant to the sale of any such property will become available to the seller (i.e. the respective liquidated companies).
- 4.2. It is normal that the registration of transfer of an immovable property is a process which may take from three to six months or even longer depending upon the circumstances in each case and upon any difficulties encountered with the respective purchasers, local authorities, bodies corporate etc.

5. **THE PROCESS ONCE THE PROPERTY HAS BEEN TRANSFERRED - A PERIOD OF MORE OR LESS THREE TO SIX MONTHS AFTER THE DATE OF TRANSFER**

5.1. Upon the receipt of the funds from the conveyancer pursuant to the transfer of each immovable property the respective liquidators of that specific company need to frame a liquidation and distribution account as is required by Law reflecting:

- 5.1.1. the details of the proceeds received for the assets,
- 5.1.2. the costs relating to the realisation and administration of the affairs of the company by the liquidators; and
- 5.1.3. the details of the claims proved against the company which are normally in three classes being:

-
- 5.1.3.1. secured- (the bondholder);
 - 5.1.3.2. preferent- (employees- if any and SARS); and
 - 5.1.3.3. concurrent creditors (being investors and normal trade creditors)

5.2. The First Liquidation and distribution account (“the first account”) will be submitted and lodged with the Master of the High Court (“the Master”) for examination.

5.3. This will usually take place approximately one to two months after having received the proceeds of the property pursuant to registration of transfer.

5.4. The Master normally takes about two to three months to examine the account and grant permission to the liquidators to advertise that the account is lying open for inspection. Once the account has lain open for inspection for two weeks it may take another three weeks for the account to be confirmed whereafter the liquidators may proceed to pay dividends to creditors as is provided for in the account.

5.5. Until such time as we have resolved the issues dealt with in paragraph 6 below it may only be possible to provide for the awarding of dividends to secured and/or preferent creditors in first accounts. The Law provides for subsequent accounts to be lodged.

6. **OTHER STEPS TO BE TAKEN WHILST THE PROCESSES DESCRIBED IN PARAGRAPHS THREE TO FIVE ABOVE ARE FINALISED**

- 6.1. Over and above dealing with and examining the claims of secured creditors the liquidators have to ensure that claims submitted by investors are in fact valid and actually against the company against which such claims have been lodged.
- 6.2. The liquidators have appointed Price Waterhouse Coopers (“PWC”) to assist in establishing the validity of investors' claims and the method of apportionment. They will provide a report on their findings.
- 6.3. Upon receipt of the PWC report in the above regard which we expect will be finalised within the next few weeks the liquidators will seek legal opinion regarding the validity and allocation of such claims.
- 6.4. It would appear from initial investigations that, in most instances, funds were only received by a few entities within the Group and it may be that it those entities where claims actually lie as a matter of Law.
- 6.5. It is however important to understand that accounting and legal principles will determine the conclusion arrived at by way of a legal opinion and, if necessary, by way of an Order of Court.
7. Under the circumstances and as set out above the process of finalising the affairs of the companies in the Group will still take some time as was initially communicated to investors and creditors in our very first report.

8. We would therefore urge investors to ensure in the meantime that those who have not as yet submitted their claims do so as a matter of urgency to enable us to ensure that all claims are in our possession within approximately six months from now when the process of drawing liquidation and distribution accounts will in all likelihood commence and at which stage we hope to have clarity on the legal position of the claims.

9. We trust that you will find the above in order.

Yours faithfully,

R PIETERS

(JOINT LIQUIDATOR)

(Sent electronically and therefore not signed)