

SUPER DIAMOND COMPUTERS (PTY) LTD (IN LIQUIDATION)
("the Company")

MASTER'S REFERENCE NUMBER : T7877/99

**REPORT OF THE LIQUIDATOR, J F KLOPPER , 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 OF JOHANNESBURG ON THURSDAY 2
 November 2000 AT 09H00**

ORDER OF THE COURT AND MEETINGS

- 1 I wish to advise that upon an application brought by Stand Two Nine Nought Wynberg (Pty) Ltd ("the Applicant"), Super Diamond Computers (Pty) Limited ("Super Diamond") was placed in liquidation by an Order of the High Court of South Africa, (Witwatersrand Local Division) on 30 November 1999. The Master of the High Court appointed Johannes Frederick Kloppe as provisional liquidator on 19 January 2000.
- 2 The first meeting of creditors and contributories was held before the Magistrate of Johannesburg on 24 February 2000. At the meeting no claims were proved.
- 3 No voting took place at the first meeting of creditors and the meeting was closed. Although I have requested the Master to provide me with my Final Certificate of Appointment, I have not received same from the Master.

History and information of the Company

- 4 According to the Registrar of Companies, Super Diamond is a company duly incorporated and registered according to the Company Laws of the Republic of South Africa. Super Diamond was formally known as Super Diamond Computers CC, a Close Corporation registered under number CK89/26869/23 which has since been converted to a Private Company.

Registered Address

- 5 The registered address of the company is 1st Floor, Pollock House, 440 Louis Botha Avenue, Highlands North.

Directors

- 6 It appears from my investigations that the following persons consented to serve as directors:
 - 6.1 Clive Greer Anderson
 - 6.2 Ghien Chang Hsu
 - 6.3 Jan Christoffel Botha

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Share Capital

- 7 The authorised share capital of the company is R1000 divided into 1000 ordinary shares par value shares of R1 each.
- 8 The issued share capital of the company is 100 ordinary par value shares of R1 each.
- 9 It appears from information on hand that the shareholding as at the date of liquidation was as follows:
- 9.1 M M W Technologies Holdings 100 shares (100%).

Business of the Company

- 10 The main business of Super Diamond was the distribution of computer products, both software and hardware products.

Auditors

- 11 The auditors of the company are Pollack & Pollack Chartered Accountants.

STATEMENT OF AFFAIRS

- 12 I have not been place 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 79(A) : FINANCIAL STATEMENT OF ASSETS AND LIABILITIES

- 13 The following represents the assets and liabilities of the company at date of liquidation. Unless otherwise stated, these figures only represent estimates of the assets and liabilities and will change depending on the amounts of realisation of unsold assets and claims submitted for proof.

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ASSETS

IMMOVABLE PROPERTY	NOTES	AMOUNT	AMOUNT
			0.00
MOVABLE ASSETS			
			0.00
LIABILITIES			
<u>Secured</u>			
		0.00	
<u>Preferent Creditors</u>			
Receiver of Revenue		706,285.43	
<u>Concurrent Creditors</u>			
Trade Creditors		10,104.96	
Outstanding Rental		600,273.40	
TOTAL LIABILITIES		1,316,663.70	
DEFICIT			1,316,663.70

NOTES

The statement of assets and liabilities must be read in conjunction with the following notes:

The four original shareholders in Super Diamond held their shares in Super Diamond through Family Trusts. These Trusts subsequently disposed of their shareholding to a holding company and the holding company then sold these shares to a company known as Mustek Limited. The sale to Mustek Limited took place in 1996. Mustek Limited allowed Super Diamond to trade as a separate entity within the Mustek Group.

Mustek sold its shareholding in Super Diamond to M M W Holdings Limited ("M M W Holdings") which sale became effective in January 1998. For a while Super Diamond continued to trade from stand Two Nine Nought, but in June 1999 vacated the premises and relocated to an address in Midrand.

As at June 1998 Super Diamond had nett assets of not less than R4,000,000.00.

After M M W Holdings took over the business, the assets of Super Diamond were acquired by a company known as M M W Technologies (Pty) Limited ("M M W Technologies"). The assets were "taken over" at book value and a loan account of not less than R4,000,000.00 was raised in the books of Super Diamond against M M W Technologies in respect of the assets.

M M W Technologies subsequently sold the assets into a joint venture company established with Mustek Limited and Super Diamond was never paid in respect of its loan account.

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In light of the above information, it became apparent to me that an enquiry in terms of Section 417 read with Section 418 of the Companies Act was the only proper way to deal with these issues. Subsequent to the enquiry, a settlement was reached between M M W Technologies and myself, as the Liquidator of Super Diamond. In terms of the Settlement Agreement, M M W Technologies will pay Super Diamond an amount of R700,273.40 which amount is calculated as follows:

- 1 An amount of R600,273.40 in respect of the claim of Stand Two Nine Nought Wynberg (Pty) Ltd;
- 2 An amount of R100,000.00 in respect of Section 89 costs.

M M W Technologies also undertook to indemnify Super Diamond for any of a claim received from the Receiver of Revenue as well as any other claims received from concurrent creditors.

CAUSES OF THE COMPANY'S FAILURE

- 14 The Managing Director attributes the failure of the company to the fact that a dispute arose between Super diamond and the Receiver of Revenue. A further dispute between Super Diamond and the Applicant led to the situation that Super Diamond ceased trading and became a dormant company.

REPORT TO THE MASTER IN TERMS OF SECTION 400 OF THE COMPANIES ACT

- 15 It is not my intention at this stage to submit a report to the Master of the High Court. However, I am still investigating this aspect and if necessary, a detailed report will be submitted to the Master in due course.

SECTION 402(d) : PERSONAL LIABILITIES OF DIRECTORS OR OFFICERS

- 16 Form my investigations, it does not appear that the former directors of the company can be held personally liable for the debts of the company. A report will be submitted should it become necessary.

LEGAL PROCEEDINGS

- 17 I have no knowledge of any legal proceedings pending by or against the company.

ENQUIRY

- 18 An enquiry in terms of Section 417 read with Section 418 of the Companies Act was held on 22 May 2000. Subsequent to the enquiry, a settlement was reached between Super Diamond and M M W Technologies and I managed to recover an amount of approximately R700,000.00 which is available for distribution to concurrent creditors.

BOOKS AND RECORDS

- 19 We have taken control of the books and records found at the offices of the auditors of the company.

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PROGRESS AND PROSPECTS OF WINDING UP

- 20 I have investigated the business and financial affairs of Super Diamond thoroughly and further investigations will not be necessary.

ESTIMATED DIVIDEND

- 21 M M W Technologies has indemnified Super Diamond of any claims from concurrent creditors as well as a claim from the South African Revenue Service. It is therefore likely that a dividend will accrue to concurrent creditors.

MATTERS REQUIRING THE FURTHER DIRECTIONS OF CREDITORS

- 22 Such directions as required of creditors are contained in the draft resolutions numbers 1 – 13 which is submitted for consideration and adoption by the creditors at the second meeting of creditors in conjunction with this report. Creditors are requested to adopt these resolutions to enable the administration of the company in liquidation to continue.

SIGNED at JOHANNESBURG on this 12th DAY OF OCTOBER 2000.

J F KLOPPER

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RESOLUTIONS SUBMITTED AND ADOPTED AT THE SECOND MEETING OF CREDITORS HELD BEFORE THE MAGISTRATE JOHANNESBURG, ON THURSDAY, 2 NOVEMBER 2000 at 09H00

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 heretobefore 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;

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- 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 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

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Act No 24 of 1936 as amended, read with Section 339 of the 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.