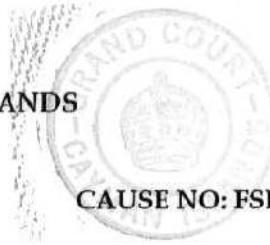


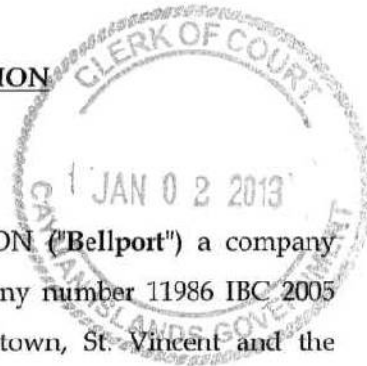
**IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION**



CAUSE NO: FSD 168 OF 2012

**IN THE MATTER OF THE COMPANIES LAW
AND IN THE MATTER OF ORCHID DEVELOPMENTS GROUP LIMITED**

AMENDED WINDING UP PETITION



TO: The Grand Court of the Cayman Islands

THE HUMBLE PETITION of BELLPORT CORPORATION ("**Bellport**") a company registered in St. Vincent and the Grenadines with company number 11986 IBC 2005 whose registered office is at 112 Bonadie Street, Kingstown, St. Vincent and the Grenadines shows that:-

Preamble

1. Bellport seeks an order for the winding up of Orchid Developments Group Limited (the "**Company**") on the ground that it is unable to pay its debts.

Background

2. The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 June 2004. Its registration number is 136434. The Company's name on incorporation was Orchid Holdings Bulgaria Limited and it changed its name to the current name on 27 June 2005.
3. The Company's registered office is at Paget Brown Trust Company Ltd, PO Box 1111 GT, Boundary Hall, Cricket Square, Grand Cayman, Cayman Islands, KY1-1102.
4. The Company is quoted on the Alternative Investment Market ("**AIM**") in the United Kingdom and, together with its subsidiaries, is an owner-manager and developer of commercial and residential property primarily in Bulgaria. The

Company, its subsidiaries and its subsidiary undertakings as defined in section 1162 of the UK Companies Act 2006 (together the "Group") have three main projects in which it is investing and managing, all of which are located in Varna. These are the Grand Mall retail centre, the Orchid Gardens multi-use commercial and residential complex and the Orchid Hills residential complex.

5. Bellport provides the services of Guy Meyohas and Ofer Miretsky to the Company in relation to the Company's business under the terms of the management services agreement dated 30 June 2005 (as amended) between (1) the Company and (2) Bellport (the "Services Agreement"). Mr Meyohas and Mr Miretsky are also the joint chief executives and directors of the Company. It is intended that, if the necessary shareholder resolutions are not passed at the Extraordinary General Meeting due to be held on 14 December 2012 as described below, Mr Meyohas and Mr Miretsky shall each give 6 months' notice to the Company to terminate their respective appointments as a director of the Company in accordance with clause 3 of each of their respective Director's Agreements dated 30 June 2005. Joseph Georg Drescher, Mark Holdsworth and Amir Rosentuler are currently non-executive directors of the Company.

Debts Due and Outstanding

6. Under the terms of the Services Agreement, Bellport provides the services of Mr Meyohas and Mr Miretsky (the "Service Providers") to the Company in relation to the Company's business.
7. Clause 4.1 of the Services Agreement provides that: -

"The Company... shall pay to [Bellport] a fee of Euro 325,000 per annum... in respect of each Service Provider (being in total the sum of Euro 650,000 per annum) which shall accrue from day to day and shall be payable in arrears by equal monthly instalments."
8. In accordance with clause 4.1 of the Services Agreement, Bellport has served the following invoices on the Company: -

- (i) an invoice in respect of the fees due for August 2012 under clause 4.1 of the Services Agreement in the sum of Euro 54,166;
 - (ii) an invoice in respect of the fees due for September 2012 under clause 4.1 of the Services Agreement in the sum of Euro 54,166;
 - (iii) an invoice in respect of the fees due for October 2012 under clause 4.1 of the Services Agreement in the sum of Euro 54,166; and
 - (iv) an invoice in respect of the fees due for November 2012 under clause 4.1 of the Services Agreement in the sum of Euro 54,166.
9. In breach of clause 4.1 of the Services Agreement, the Company has failed to pay to Bellport the fees for August, September, October and November 2012 which fell due on monthly intervals and are now payable. The total amount outstanding from the Company is the sum of Euro 216,664.
10. On 13 December 2012 a written demand was served on the Company requiring payment of this outstanding sum.
11. As pleaded below, the Company is unable to pay its debts and, on this basis, Bellport seeks an order for the winding up of the Company.

Cash Flow

12. By the Company's own admission, the global financial crisis has presented major challenges for the Group. These include a reduction in the availability of debt financing for real estate investments on the domestic and European markets and a reduction in the number of potential buyers for Group assets due to inactivity in the residential and commercial property markets resulting from poor financing and economic uncertainty. High levels of unemployment in the domestic market and GDP per capita remaining persistently low has also had a detrimental effect on transaction volume.

13. As a result of the challenges faced by the Group, the quantum of free cash flow which the Group is able to generate in the short to medium term from the sales of the Company's assets is unpredictable.
14. Given the financial state of the Company, on 24 September 2012 the Company announced to the London Stock Exchange that the existing ordinary shares had been suspended pending clarification of the Group's financial position. The shares remain suspended. Further, the Company did not publish the Group's half yearly report for the six month period to 30 June 2012 which is required to be published in accordance with the AIM Rules. This is due to the Company's inability to give a going concern statement.
15. As a result of the suspension of shares, the Group is seen as a forced seller of assets, leading to further financial pressure on the Group.
16. According to the Company, the Group's net loss for the six months ended 30 June 2012 was Euro 3,029,000.
17. The Company has assets which include mainly residential projects under development and inventory of residential units for sale. However, as mentioned at paragraph 12 above, the recession and the lack of credit have had a negative impact on the ability to sell these properties. The economic environment in which the Group is operating in Bulgaria remains difficult and, with the continuing crisis in the Eurozone, the Company has stated that it is likely to remain volatile for the foreseeable future.
18. The Company has been trading at a loss and is unable to sell its assets at a fair value. Accordingly, the Company has no funds with which to pay its liabilities and, in particular, the debt owed to Bellport referred to at paragraph 9 above.

Extraordinary General Meeting (the "EGM")

19. In order to address the cash flow concerns pleaded above, the board of the Company determined that it needed to raise further funds to (i) enable it to

pursue the strategy of realising assets to maximise shareholder returns and (ii) meet the Group's working capital requirements which it estimates to be a minimum of GBP 1.36 million for the period through to 30 November 2013 (on the assumption that Bellport's fees and future fees are capitalised or deferred as the case may be and as set out below).

20. On 20 November 2012, the Company issued a circular (the "**November Circular**") announcing proposals to (i) raise up to GBP 2,114,240.85 by way of an open offer of 93,966,260 new ordinary shares on the basis of one share for each existing share held and (ii) capitalise GBP 671,621 of fees due to Bellport (as detailed below) by the issue of 29,849,813 ordinary shares (the "**Fundraising Proposals**"). Mr Meyohas and Mr Miretzky committed to invest up to GBP 1.36 million (the "**Minimum Subscription**") as part of the proposals.
21. As part of the offer, and pursuant to an irrevocable undertaking, Mr Meyohas, Mr Miretzky and Bellport agreed:
 - (i) to take up their respective offer share entitlements;
 - (ii) subscribe for a further 32,281,756 shares to the extent that such shares had not been taken up by other qualifying shareholders in order that the Minimum Subscription was met;
 - (iii) extinguish GBP 671,621 (to include the fees due to Bellport) by the issue of shares as set out above; and
 - (iv) in respect of future fees payable to Bellport for the period from 1 January 2013 to 30 November 2013 under the terms of the Services Agreement, if there is insufficient cash to pay such fees, to accept further shares or to defer payment until the earlier of a sale of assets of the Group to raise sufficient surplus cash to make the repayment and 31 December 2013.
22. The Fundraising Proposals are conditional on the directors obtaining the relevant shareholder authorities at an EGM convened in London at 11.00 am on 14

December 2012. Based on the feedback received to date from the shareholders whose votes are required in order to pass the resolutions, it is almost certain that the necessary shareholder resolutions will not be passed at the EGM and therefore the Fundraising Proposals will not go ahead.

23. By the Company's own admission in the November Circular, if the Fundraising Proposals do not go ahead, liquidation is likely to be the only option for the Company. The following is taken from the November Circular: -

"Existing Shareholders should be aware that, if the Resolutions are not approved at the Extraordinary General Meeting, the Minimum Subscription will not be received by the Company and the Capitalisation will not occur. If this were to happen the Company would not have sufficient working capital to continue to trade, would need to cease to trade, and would most likely be placed into liquidation."

24. If the Fundraising Proposals fail, it is apparent by the Company's own admission that the Company is unable to pay its debts.

Other Financial Assistance

25. Given the Company's financial difficulties, Bellport has provided the Company with significant financial assistance as detailed below.
26. Under a letter agreement dated 23 April 2012 (the "**Letter Agreement**"), Bellport agreed with the Company to defer payment of: -
- (i) the sum of Euro 541,660 due to Bellport in relation to its fees under the Services Agreement for the period from January 2011 to December 2011 until 25 April 2013; and
 - (ii) the sum of Euro 324,996 due to Bellport in relation to its future fees under the Services Agreement for the period from January 2013 to June 2013.

unless property owned by the Group was sold or the Group's cash flow during that period would be such as to allow such payment or part thereof.

27. The Letter Agreement also provided that (i) in the event of insolvency of the Company, all amounts due to Bellport would become payable imminently (which Bellport will say should have read "immediately" and (ii) as a condition of the deferment, Bellport shall be entitled to interest at 5% per annum on the due not paid amount, such calculation commencing on 1 January 2012.
28. It is likely that the Company will not be able to pay the sums set out at paragraphs 26 (i) and 27(ii) as and when they fall due.
29. Pursuant to a facility agreement dated 9 November 2012 (the "**Facility Agreement**"), Bellport provided a secured Euro 207,000 facility to the Company. The Company has borrowed the sum of Euro 130,000 from Bellport under the Facility Agreement. If the Fundraising Proposals do not proceed, the remaining funds amounting to Euro 77,000 will no longer be available to the Company under the terms of the Facility Agreement. Clause 3 of the Facility Agreement provides that all amounts borrowed under the Facility (as defined in the Facility Agreement) together with interest shall be repaid on 7 January 2013 (if not earlier subject to the occurrence of specified events). Bellport considers that the Company will be unable to pay the sums due under the Facility Agreement on 7 January 2013.
30. Bellport is also the registered holder of an unsecured loan note issued to the Company in the amount of GBP 548,150. The loan is due for repayment on 31 December 2013 (if not earlier subject to the occurrence of specified events).
31. Without further financial support to the Company Bellport considers that the Company will be unable to pay the above sums as and when they fall due.
32. The petitioner nominates (1) Eleanor Fisher of Zolfo Cooper of 38 Market Street, 2nd Floor, Canella Court, Camana Bay, Grand Cayman, Cayman Island, KY1-9006 and (2) ~~Mr Stephen Katz of David Rubin and Partners LLP of 26-28 Bedford Row, London, WC1R 4HE, England~~ Alastair Beveridge of Zolfo Cooper LLP, 10 Fleet Place, London, EC4M 7RB, United Kingdom for appointment as official liquidators.

YOUR PETITIONER THEREFORE HUMBLY PRAYS THAT: -

- (1) Pursuant to s.92(d) Companies Law (2012 Revision) the Company be wound up;
- (2) Eleanor Fisher of Zolfo Cooper of 38 Market Street, 2nd Floor, Canella Court, Camana Bay, Grand Cayman, Cayman Island, KY1-9006 and ~~Mr Stephen Katz of David Rubin and Partners LLP of 26-28 Bedford Row, London, WC1R 4HE, England~~ Alastair Beveridge of Zolfo Cooper LLP, 10 Fleet Place, London, EC4M 7RB, United Kingdom be appointed as official liquidators of the Company (the "Official Liquidators").
- (3) The Official Liquidators shall not be required to give security for their appointment.
- (4) The Official Liquidators are hereby authorised to take such steps as may be necessary or expedient for the protection of the Company's assets, and for that purpose may exercise any of the powers specified in Part II of the Third Schedule to the Companies Law (2012 Revision) without further sanction of this Court.
- (5) The Official Liquidators be authorised to act jointly and severally.
- (6) The Official Liquidators shall be at liberty to apply for further directions concerning their functions and the exercise or proposed exercise of their powers.
- (7) The Official Liquidators shall within 14 days notify all known creditors and shareholders of their appointment and there shall be no other requirement to advertise.
- (8) No suit, action or other proceeding shall be proceeded with or commenced against the Company except with the leave of the Court and subject to such terms that the Court may impose.
- (9) No disposition of the Company's property by or with the authority of the Official Liquidators in carrying out their duties and functions and exercise their powers

under this Order shall be voided by virtue of section 99 of the Companies Law (2012 Revision).

- (10) The remuneration and expenses of the Official Liquidators shall be paid out of the assets of the Company.
- (11) Bellport's costs of and incidental to this petition shall be paid from the assets of the Company as expenses within the liquidation.
- (12) Such further or other relief be granted as the Court deems appropriate.

AND your Petitioner will ever pray etc.

Dated the 13th day of December 2012.

Amended the 21st day of December 2012.

Mourant Ozannes

MOURANT OZANNES

NOTE: This petition is intended to be served on the Company.

This Petition was presented by Mourant Ozannes whose address for service is 94 Solaris Avenue, Camana Bay, PO Box 1348, Grand Cayman KY1-1108, Cayman Islands, Attorney for the Petitioner.

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this petition will take place at the Law Courts, George Town, Grand Cayman, on 25th January 2013 at 10.00am.

Any correspondence or communication with the Court relating to the hearing of this petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, Grand Cayman, KY1-1106, telephone 345 949 4296.