



Our ref: AA/CI/573
Your ref:
Date: 5th July 2017

Corporate Recovery & Insolvency Specialists

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Sent by post and by email to:

To All Known Creditors

Dear

Azovmashinvest Holding Ltd (in Provisional Liquidation) (the "Company")

As you know, the hearing in relation to the winding up petition against the Company took place on **16th May 2017**, judgment was reserved and expected to be delivered before the court's vacation on **7th July 2017**.

In the event the Court decides to wind up the Company this will mean my appointment as Provisional Liquidator will cease and, by virtue of his office, the Official Receiver ("OR") will be appointed liquidator pursuant to the provisions of section 228 of the Laws of Cyprus Cap 113 (the "Law"). I attach a copy of this section for your ease of reference.

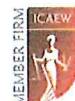
It is well known in Cyprus that the OR's office is severely understaffed and does not have the necessary resources to administer this case; I have no doubt, therefore, that the OR, as Liquidator, will not seek to take any action to prevent the UBO's and/or their associates from continuing to misappropriate assets of the Company.

It is crucial therefore that creditors understand the process which will follow and what options are open to them.



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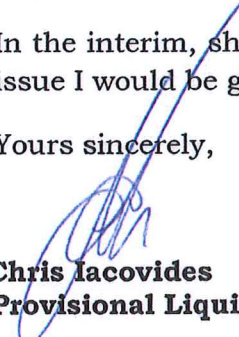
In order for another Liquidator to be appointed to replace the OR the OR will need to convene the First Statutory Meetings of Members and Creditors, where those present, in person or by proxy, can vote in favour of the individual who they wish to be appointed Liquidator. I regret to inform you, however, that it usually takes several years before the OR convenes such meetings.

Alternatively, the OR could apply to Court for the appointment of a Liquidator, and in this regard, the OR will bear in mind, based on previous experience, the wishes of creditors.

I will continue monitoring the situation and will inform you as soon as judgment is delivered. In any event, if the Court winds up the Company it is imperative, if creditors wish to protect their interests, to actively participate in the appointment of a replacement Liquidator.

In the interim, should creditors require any clarifications on this or any other issue I would be glad to assist.

Yours sincerely,



Chris Iacovides
Provisional Liquidator

Appointment,
style, etc., of
liquidators.
11(a) of 63(I)
of 2015

(3) Where a liquidator is provisionally appointed by the Court, the Court may limit and restrict his powers by the order appointing him.

228. The following provisions with respect to liquidators shall have the effect on a winding-up order being made:-

(a) the official receiver shall by virtue of his office become the liquidator and shall continue to act as such, unless following a petition to the Court by the official receiver, another person is appointed liquidator or another person becomes liquidator according to section 228A and is capable of acting as such;

(b) at any time during which the official receiver is the liquidator of the company he may, within sixty days from the service of the order of the Court appointing him liquidator, summon and preside over separate meetings of the creditors and contributories of the company for the purpose of choosing a person who shall be liquidator in the place of the official receiver.

(c) the official receiver is obliged:

(i) to decide whether to exercise his power, according to paragraph (b), to summon meetings within a period of forty days from the day on which the order appointing him is served; and

(ii) notify his decision to the Court and the creditors and contributories of the company before the expiration of the period determined in sub paragraph (i), in case he decides not to exercise his power, according to sub paragraph (i); and

(iii) whether he has decided or not to exercise his power for summoning meetings according to the present paragraph, if this is requested of him at any time by one tenth, in value, of the creditors of the company, he shall immediately summon separate meetings of the creditors and contributories of the company,

and, as the case may be, where the duty imposed by subparagraph (iii), occurs before the official receiver executes the duty imposed upon him by subparagraphs (i) or (ii), he is not obliged to exercise the duty by virtue of subparagraphs (i) or (ii).



- 11(b) of 63(I) of 2015 (cc) the notification under the provisions of subparagraph (ii) of paragraph (c) to the creditors of the company shall include an explanation of the power vested in the creditors in accordance with subparagraph (iii) of paragraph (c) to request from the official receiver to convene meetings of creditors and contributories of the company;
- 11(b) of 63(I) of 2015 (d) in a case where a liquidator is not appointed by the creditors, the official receiver shall be the liquidator of the company;
- (e) the official receiver shall by virtue of his office be the liquidator during any vacancy;
- (f) a liquidator shall be described, where a person other than the official receiver is liquidator, by the style of "the liquidator", and, where the official receiver is liquidator, by the style of "the official receiver and liquidator", of the particular company in respect of which he is appointed and not by his individual name.
- Choice of liquidator at the meetings of creditors and contributories. 12 of 63(I) of 2015 228A.-(1) This section applies in case the company is wound up by the creditors and separate meetings of the creditors and the contributories of the company are summoned for the purpose of choosing a person to be the liquidator of the company.
- (2) The creditors and contributories at their respective meetings may nominate one person as liquidator.\
- (3) The liquidator shall be the person nominated by the creditors or, where such person is not nominated by the creditors, the person nominated by the contributories, if the contributories nominate such person.
- (4) In case different persons are nominated, any contributor or creditor may, within seven (7) days from the date on which a person was nominated by the creditors, apply to the Court for an order-
- (a) appointing the person nominated by the contributories as liquidator, in place or together with the person nominated by the creditors; or
- (b) appointing another person as liquidator, except the person nominated by the creditors.