

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 178 OF 2019

BETWEEN

OUTCROP CAPITAL LTD

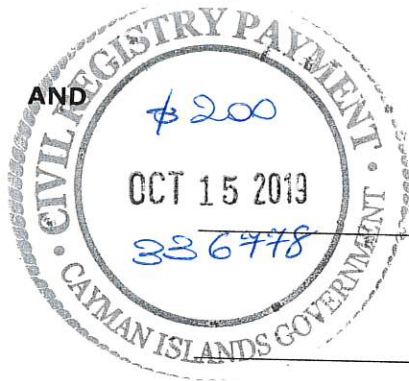


Plaintiff

AND

VERSATILE CHAIN LTD

Defendant



WRIT OF SUMMONS



TO: Versatile Chain Ltd

c/o Stuarts Corporate Services Ltd, PO Box 2510 Grand Cayman KY1-1104

THIS WRIT OF SUMMONS has been issued against you by the above-named Plaintiff in respect of the claim set out on the next page.

Within 14 days after the service of this Writ on you, counting the day of service, you must either satisfy the claim or return to the Court office, PO Box 495G, George Town, Grand Cayman the accompanying Acknowledgement of Service stating therein whether you intend to contest these proceedings.

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this day of October 2019

NOTE - This Writ may not be served later than four calendar months (or, if leave is required to effect service out of the jurisdiction, six months) beginning with the date of issue unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgement of Service are given with the accompanying form.

STATEMENT OF CLAIM

A detailed Statement of Claim is enclosed with this Writ

AND THE PLAINTIFF claims:

1. An order that the Defendant return the Promstar Bonds to the Plaintiff; and
2. Damages for breach of the agreement between the Plaintiff and Defendant dated 29 March 2019;
3. Alternatively, restitution.
4. Interest for such period and at such rate as the Court shall think just, on any amount found due.
5. Costs.

Appleby (Cayman) Ltd.
APPLEBY (CAYMAN) LTD.

Attorneys for the Plaintiff

THIS WRIT was issued by Appleby (Cayman) Ltd., of 71 Fort Street, PO Box 190, Grand Cayman KY1-1104, Cayman Islands (Ref. 446762.0001), Attorneys-at-Law for the Plaintiff whose registered office address is c/o Trident Trust Company (Cayman) Limited, PO Box 847, One Capital Place, Shedden Road, Grand Cayman.

STATEMENT OF CLAIM

PARTIES

1. The Plaintiff, Outcrop Capital Ltd is a company registered in the Cayman Islands whose registered office is c/o Trident Trust Company (Cayman) Limited, PO Box 847, One Capital Place, Shedden Road, Grand Cayman.
2. The Defendant, Versatile Chain Ltd, previously known as Vostok Ltd, is a company registered in the Cayman Islands whose registered office is c/o Stuarts Corporate Services Ltd, PO Box 2510 Grand Cayman KY1-1104.

TOKEN PURCHASE AGREEMENT

3. On 29 March 2019, the Plaintiff and the Defendant entered into a forward token purchase agreement (**Token Purchase Agreement**) whereby the Plaintiff would purchase from the Defendant certain cryptographic tokens (**Sale Tokens**) which were to be issued on a private block chain platform known as the "Vostok Platform" which the Defendant planned to launch. The purchase price paid by the Plaintiff was to be 7 per cent notes issued by Promstar KFT with an aggregate nominal value of EUR79,844,000 (**Promstar Bonds**).

TERMS OF THE TOKEN PURCHASE AGREEMENT

4. The Token Purchase Agreement contained the following material express terms:
 - 4.1 Clause 3.1 provides:

"The consideration for the Sale Tokens is the Purchase Price which shall be satisfied in kind by the [Plaintiff] transferring full legal and beneficial title in and to the [Promstar Bonds] into the name of the [Defendant] ... on or before [29 March 2019]."
 - 4.2 Pursuant to clause 3.1, the Plaintiff was to transfer the Promstar Bonds to the Defendant in consideration for the Sale Tokens on or before 29 March 2019.
 - 4.3 Clause 6.1 provides:

"Upon Completion, the [Defendant] will transfer the Sale Tokens to the [Plaintiff's] wallet address. The [Plaintiff] acknowledges and agrees that the [Defendant] may extend such delivery deadline where the [Defendant] considers it necessary or desirable in order to address any unforeseen technical difficulties provided that the [Plaintiff] is notified of the same. For the avoidance of doubt, any such extension shall

4.2 Pursuant to clause 3.1, the Plaintiff was to transfer the Promstar Bonds to the Defendant in consideration for the Sale Tokens on or before 29 March 2019.

4.3 Clause 6.1 provides:

"Upon Completion, the [Defendant] will transfer the Sale Tokens to the [Plaintiff's] wallet address. The [Plaintiff] acknowledges and agrees that the [Defendant] may extend such delivery deadline where the [Defendant] considers it necessary or desirable in order to address any unforeseen technical difficulties provided that the [Plaintiff] is notified of the same. For the avoidance of doubt, any such extension shall not affect the [Defendant's] obligation to deliver, and the [Plaintiff's] obligation to accept, the Sale Tokens that have been acquired in accordance with this Agreement."

4.4 Pursuant to clause 6.1, upon completion of the transaction (**Completion**), the Defendant would transfer the Sale Tokens to the Plaintiff's digital wallet address.

4.5 Clause 4 provides:

"Completion of the sale and purchase of the Sale Tokens ("Completion") will take place on the last to occur of (a) the date of satisfaction or waiver in full of [various conditions], and (b) the Token Launch Date, (such date being the "Completion Date)."

4.6 Pursuant to clause 4, Completion of the transaction was to take place on the later of the satisfaction of various conditions or on "Token Launch Date." Token Launch Date was defined as being *"the date of the Token Launch being on or before 1 August 2019"*. Token Launch was in turn defined as being *"the formal launch by the [Defendant] of the Vostok Platform as notified to the [Plaintiff] by the [Defendant] in writing at which time the Tokens will become available for issue and purchase."*

4.7 Clause 5.2 provides:

"If any of the Conditions are not satisfied in accordance with clause 5.1 (unless each unfulfilled Condition is waived in writing by the [Defendant]) or if the Tokens Launch does not occur, then this Agreement shall (subject to clauses 5.3 and 5.4 below) terminate and cease to have effect on the Longstop Date [1 August 2019]."

4.8 Pursuant to clause 5.2, if Token Launch did not occur before 1 August 2019, the Token Purchase Agreement automatically terminated.

4.9 Clause 5.4 provides:

"If this Agreement is terminated in accordance with clause 5.2, the [Defendant] will ensure that the Purchase Price and/or the [Promstar Bonds] (as applicable) if already received by the [Defendant] are returned to the [Plaintiff] promptly following such

termination. The [Defendant] shall bear all transaction costs and fees of the refund, if any."

5. The Token Purchase Agreement is governed by the laws of the Cayman Islands and the parties irrevocably agreed that the Courts of the Cayman Islands have exclusive jurisdiction of any dispute arising out of or connected to it.
6. The Token Purchase Agreement was executed as a deed by Mr Dmitry Kaganovich on behalf of the Plaintiff and by Mr Alexander Ivanov on behalf of the Defendant.

PERFORMANCE BY PLAINTIFF

7. On 29 March 2019, pursuant to clause 3.1 of the Token Purchase Agreement, the Plaintiff transferred the Promstar Bonds, being 7 per cent notes issued by Promstar KFT with an aggregate nominal value of EUR79,844,000, to an account held by the Defendant with Dolfin Financial Ltd (**Dolfin**).

AUTOMATIC TERMINATION

8. Pursuant to clause 5.2, the Token Purchase Agreement was to terminate automatically if "Token Launch" did not occur. The Defendant did not notify the Plaintiff in writing that that the formal launch of the Vostock Platform had occurred before 1 August 2019. Accordingly, "Token Launch" within the meaning of the Token Purchase Agreement did not occur and the agreement automatically terminated on 1 August 2019.
9. Pursuant to clause 5.4 of the Token Purchase Agreement, in the event of the agreement terminating in accordance with clause 5.2, the Defendant was to promptly return the Promstar Bonds to the Plaintiff bearing all transaction costs associated with the transfer back to the Plaintiff.

BREACH OF CONTRACT

10. In breach of clause 5.4 of the Token Purchase Agreement, the Defendant has failed to return the Promstar Bonds to the Plaintiff as required, or at all.

LOSS AND DAMAGE

11. As a result, of the Defendant's breach of contract, the Plaintiff has suffered loss and damage. In particular:
 - 11.1 The Plaintiff has not does not have the Promstar Bonds.
 - 11.2 The Plaintiff has not had the benefit of access to the Promstar Bonds from 1 August 2019 until the present time.

RESULTING TRUST

12. Given that the Token Purchase Agreement automatically terminated on 1 August 2019, the Defendant has held the Promstar Bonds on a resulting trust for the Plaintiff from 1 August 2019.
13. On 27 September 2019, the Plaintiff's solicitors, Appleby, wrote to the Defendant putting it on notice of the resulting trust.
14. In the circumstances, the Defendant must transfer the Promstar Bonds to the Plaintiff.

TOTAL FAILURE OF CONSIDERATION

15. Further or in the alternative, by reason of the matters set out above, the consideration for the Promstar Bonds has wholly failed and the Defendant has received the bonds at the expense.
16. Token Launch did not occur and the contract is void due to total failure of consideration as the Plaintiff did not receive the Sale Tokens or any other consideration.
17. The Defendant, therefore, holds the Promstar Bonds on a resulting trust for the Plaintiff.
18. In the circumstances, the Defendant must return the Promstar Bonds to the Plaintiff.

ACTIONS FOLLOWING TERMINATION

19. Following the failure of "Token Launch" to take place before 1 August 2019 and the resulting automatic termination of the Token Sale Agreement, Dmitry Kaganovich, the director of the Plaintiff, wrote a letter to Versatile on 21 August 2019 demanding the return of the Promstar Bonds. No response was received to that letter.
20. Accordingly, on 18 September 2019, the Plaintiff sent an email to Dolfin, with whom the Promstar Bonds were held, requesting the return of the Promstar Bonds in accordance with clause 5.4 of the Token Purchase Agreement. Alexander Ivanov, the Chief Executive Officer of the Defendant, responded to that email by an email to Dolfin blocking the return of the Promstar Bonds.
21. On 21 September 2019, Mr Ivanov sent an email to Mr Kaganovich denying all knowledge of the Plaintiff, Mr Kaganovich and the Token Purchase Agreement and claiming that his signature on the agreement was a forgery.
22. Given that the Promstar Bonds were transferred by the Plaintiff to Dolfin and are still held in an account with Dolfin in the name of the Defendant, it is not clear how Mr Ivanov's signature could have been forged and the Promstar Bonds nevertheless end up in the Defendant's account with Dolfin.

23. In the event that Mr Ivanov's signature has been forged, there must have been a fraud within the Defendant conducted by its officers' or employees.
24. If that is the case, the Defendant holds the Promstar Bonds on constructive trust for the Plaintiff and must return them to the Plaintiff.

AND THE PLAINTIFF CLAIMS

- (1) An order that the Defendant return the Promstar Bonds to the Plaintiff; and
- (2) Damages for breach of the agreement between the Plaintiff and Defendant dated 29 March 2019;
- (3) Alternatively, restitution.
- (4) Interest for such period and at such rate as the Court shall think just, on any amount found due.
- (5) Costs.

Dated this 15th day of October 2019

Appleby (Cayman) Ltd.

APPLEBY (CAYMAN) LTD

Attorneys for the Plaintiff

THIS STATEMENT OF CLAIM was issued by Appleby (Cayman) Ltd., of 71 Fort Street, PO Box 190, Grand Cayman KY1-1104, Cayman Islands (Ref. 446762.0001), Attorneys-at-Law for the Plaintiff whose registered office address is c/o Trident Trust Company (Cayman) Limited, PO Box 847, One Capital Place, Shedden Road, Grand Cayman.

NO. 8

Acknowledgment of Service of Writ of Summons (O.12, R.3)

**DIRECTIONS FOR ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS**

1. The accompanying form of Acknowledgment of Service should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.

After completion it must be delivered or sent by post to the Law Courts, P.O. Box 495G, George Town, Grand Cayman.

2. A Defendant who states in his Acknowledgment of Service that he intends to contest the proceedings must also serve a defence on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).

If a Statement of Claim is indorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 2), the Defence must be served within 14 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.

If the Statement of Claim is not indorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.

If the Defendant fails to serve his defence within the appropriate time, the Plaintiff may enter judgment against him without further notice.

3. A Stay of Execution against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If A Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgment of Service, that he intends to apply for a stay, execution will be stayed for 14 days after his Acknowledgment, but he must, within that time, issue a Summons for a stay of execution, supported by an affidavit of his means. The affidavit should state any offer which the Defendant desires to make for payment of the money by instalments or otherwise.

See over for Notes for Guidance

Please complete overleaf

Notes for Guidance

1. Each Defendant (if there are more than one) is required to complete an Acknowledgement of Service and return it to the Courts Office.
2. For the purpose of calculating the period of 14 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to him.
3. Where the Defendant is sued in a name different from his own, the form must be completed by him with the addition in paragraph 1 of the words "sued as (the name stated on the Writ of Summons)".
4. Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after his name.
5. Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN HIS OWN, the form must be completed by him with the addition in paragraph 1 of the description "trading as (.....)" after his name.
6. Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
7. Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian ad litem.
8. A Defendant acting in person may obtain help in completing the form at the Courts Office.

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: OF 2019

BETWEEN

OUTCROP CAPITAL LTD

Plaintiff

AND

VERSATILE CHAIN LTD

Defendant

**ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS**

If you intend to instruct an Attorney to act for you, give him this form IMMEDIATELY.

Important.

Read the accompanying directions and notes for guidance carefully before completing this form. If any information required is omitted or given wrongly, THIS FORM MAY HAVE TO BE RETURNED.

Delay may result in judgment being entered against a Defendant whereby he may have to pay the costs of applying to set it aside.

1. State the full name of the Defendant by whom or on whose behalf the service of the Writ is being acknowledged.

2. State whether the Defendant intends to contest the proceedings (tick appropriate box)

YES

NO

3. If the claim against the Defendant is for a debt or liquidated demand, AND he does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (tick box).

YES

NO

Service of the Writ is acknowledged accordingly

(Signed) _____

Attorney for

Please complete overleaf

