

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

FSD NO. 206 OF 2019 ()

IN THE MATTER OF THE SECTION 64(b) OF THE COMPANIES LAW (2018
REVISION) ("THE LAW")

AND IN THE MATTER OF AN APPLICATION FOR THE APPOINTMENT OF AN
INSPECTOR TO EXAMINE INTO THE AFFAIRS OF B & B PROPERTIES LTD.
("THE COMPANY")

BETWEEN:



COASTAL TWO LTD



APPLICANT

AND:

B & B PROPERTIES LTD

RESPONDENT



NOTICE OF ORIGINATING MOTION

TAKE NOTICE that the Grand Court at the Law Courts, George Town, Grand Cayman will be moved on the _____ day of _____ 2019 at 9:30 a.m. or as soon thereafter as counsel can be heard, by counsel on behalf of Coastal Two Ltd for the following relief, namely:-

1. An order appointing GTL "Theo" Bullmore, F.C.A. as an inspector pursuant to s.64(b) of the Law to examine into the affairs of the Company, and without limitation to the foregoing in particular:
 - (i) To examine the financial records, statements and management accounts, books and papers of the Company including as to:
 - (a) the management and leasing of Baytown Plaza, 68 and 36 West Bay Road, George Town;
 - (b) dividends paid out by the Company to the shareholders in the Company, being the Applicant and Hon-Merren Ltd;
 - (c) loans made by the Company including those to Laguna-Niguel Properties, LLC and Hon Monarch, LLC, and the members of the Company;

- (d) all related party transactions with shareholders/members and/or directors of the Company;
- (ii) To examine the records, books and papers and communications pertaining to the proposed sale of Baytown Plaza, 68 and 36 West Bay Road, George Town, under a Heads of Terms agreement dated 17 September 2019, including as to the merits and bona fides of that sale;
- (iii) If thought appropriate by the inspector to examine upon oath such directors, officers and agents of the Company in relation to the business and affairs of the Company as the inspector thinks fit;

and upon the conclusion of his examination to report his opinion to the Court;

- 2. An order pursuant to s.65(3) of the Law that subject to the findings of the inspector, that the expenses of and incidental to such examination and report be paid out of the assets of the of the Company; and
- 3. Such further and/or other relief as the Court shall think appropriate;

AND FURTHER TAKE NOTICE that the grounds of this application are that:-

- 1. The Company is a Cayman Islands exempted company having its registered office located at SH Corporate Services Ltd, 3rd Floor, Harbour Centre, George Town, Grand Cayman.
- 2. The Applicant is a Cayman Islands exempted company having its registered offices located at H & C Corporate Services Limited, Apollo House East, 4th Floor, 87 Mary Street, George Town, Grand Cayman.
- 3. The Applicant is a member of the Company holding 25 of the 100 issued shares of the Company, with the balance of 75 shares being held by Hon-Merren Limited, a Cayman Islands exempted company with registered offices located at SH Corporate Services Ltd, 3rd Floor, Harbour Centre, George Town, Grand Cayman).
- 4. The sole Director of the Company, and beneficial owner of Hon-Merren Limited, is Barry Hon of Foothill Ranch, California.
- 5. The principal asset of the Company is that commercial retail and office development known as Baytown Plaza, 68 and 36 West Bay Road, George Town, more particularly described as George Town Central, Block 13E, Parcel 164 ("Baytown Plaza").
- 6. Without notice to the Applicant, the Company acting by its sole Director, Barry Hon:
 - (i) On a date in 2018 unknown to the Applicant, advanced the sum of US\$1,573,000.00 to Laguna-Niguel Properties, LLC, a Delaware company incorporated on 17 May 2018 and beneficially owned by the sole Director, purportedly under a promissory note dated 23 October 2018 repayable on 23 October 2021 with interest at 2.55% pa. governed by and construed in accordance with the law of California;

- (ii) On a date in 2018 unknown to the Applicant, advanced the sum of US\$1,040,000.00 to Hon Monarch, LLC, a Delaware company incorporated on 17 May 2018 and beneficially owned by the sole Director, under a promissory note dated 23 October 2018 repayable on 23 October 2021 with interest at 2.55% pa. governed by and construed in accordance with the law of California; and
- (iii) By a Heads of Terms agreement dated 17 September 2019 purported to contract for the sale of Baytown Plaza for the sum of US\$18 million to close within 90 days.
7. Despite repeated requests the Company and its sole Director, Barry Hon, have failed to offer any satisfactory explanation nor an accounting in respect of the loans to the said Delaware LLCs beneficially owned by the sole Director, nor have they provided details of the negotiation and discussions leading to the Heads of Terms agreement dated 17 September 2019.
 8. The Company's unaudited financial statements for the year ending 31 December 2018 show loans of US\$238,882.47 by the Company to the Applicant as at that date, however the Applicant has no record or knowledge of these loans.
 9. The Company's unaudited financial statements for the year ending 31 December 2018 similarly show loans of US\$718,293.23 by the Company to Hon-Merren Limited as at that date.
 10. The Applicant has received no notice of any Annual General Meetings ("AGMs") of the Company in recent years and repeated requests dating to 14 June 2019 on behalf of the Applicant for copies of the minutes of any AGMs held have not been responded to by the Company.
 11. The Company has been non-responsive to requests by the Applicant for an explanation, transparency, and an accounting of the position in respect of the foregoing matters.
 12. The Applicant reasonably believes that the Company acting by its sole Director, has engaged in self-dealing to the detriment of the Company and the Applicant as minority shareholder, and is concerned as to the bona fides and merits of the proposed sale of Baytown Plaza, and seeks the appointment of an inspector examine into the affairs of the Company and to report his opinion to the Court.
 13. GTL "Theo" Bullmore, F.C.A., consents to his appointment as Inspector under s.64(b) of the Law.

DATED this 21st day of October 2019



Hampson and Company
Attorneys for Coastal Two Ltd, Applicant

TO: The Registrar, Financial Services Division

AND TO: B & B Properties Ltd
C/o SH Corporate Services Ltd
3rd Floor, Harbour Centre
George Town
Grand Cayman

THIS NOTICE OF ORIGINATING MOTION is issued by Hampson and Company attorneys for the Applicant whose address for service is that of its said attorneys, at Apollo House East, 4th Floor, 87 Mary Street, George Town, P.O. Box 698, Grand Cayman KY1-1107, Cayman Islands