

shares.

2. Grand Cayman Hotels Limited ("GCH") was incorporated on 22 November 1966 under the Companies Law (Revised) as an ordinary resident company limited by

**Grand Cayman Hotels Limited**

1. The object of this Petition is to obtain the sanction of the Court to a Scheme of Arrangement and Amalgamation under sections 86 and 87 of the Companies Law (2004 Revision) between the Companies and their shareholders. The proposed Scheme of Arrangement ("the Scheme") is annexed as Appendix 1 to this Petition.

The humble petition of the above named companies ("the Companies"), shows that:-

**TO THE GRAND COURT**

**PETITION**

AND IN THE MATTER OF A.M.T. HOLDINGS LTD.

AND IN THE MATTER OF HIBISCUS HOLDINGS LTD.

AND IN THE MATTER OF GRAND CAYMAN HOTELS LIMITED

IN THE MATTER OF THE COMPANIES LAW (2004 REVISION)

CAUSE NO: 339 OF 2006

IN THE GRAND COURT OF THE CAYMAN ISLANDS



3. The registered office of GCH is at the offices of Appleby Corporate Services Limited, Clifton House, 75 Fort Street, PO Box 1350GT, Grand Cayman, Cayman Islands.
4. The authorised nominal capital of GCH is CI\$5,000,000 divided into 5,000,000 Ordinary Shares of a nominal or par value of CI\$1 each ("the Ordinary Shares"). As at the date hereof, the holders of the Ordinary Shares are as follows:
- |     |                          |                |
|-----|--------------------------|----------------|
| (a) | Raymond A McLean         | 488,287 shares |
| (b) | The William Tocher Trust | 488,288 shares |
| (c) | George Arnold Armstrong  | 488,287 shares |
| (d) | A.M.T. Holdings Ltd.     | 488,288 shares |
5. The principal objects for which GCH was established are unrestricted, subject to the provisos and exceptions stated in its Memorandum of Association.

**Hibiscus Holdings Ltd.**

6. Hibiscus Holdings Ltd. ("Hibiscus") was incorporated on 4 January 1978 under the Companies Law (Revised) as an ordinary resident company limited by shares.
7. The registered office of Hibiscus is at the offices of Appleby Corporate Services Limited, Clifton House, 75 Fort Street, PO Box 1350GT, Grand Cayman, Cayman Islands.
8. The authorised nominal capital of Hibiscus is US\$300,000 divided into 300,000 Ordinary Shares of a nominal or par value of US\$1 each ("the Ordinary Shares"). As at the date hereof, the holders of the Ordinary Shares are as follows:
- |     |                             |              |
|-----|-----------------------------|--------------|
| (a) | Grand Cayman Hotels Limited | 1,999 shares |
| (b) | Roderick A McLean (nominee) | 1 share      |
9. The principal objects for which Hibiscus was established are unrestricted, subject to the provisos and exceptions stated in its Memorandum of Association.

**A.M.T. Holdings Ltd.**

10. A.M.T. Holdings Ltd. ("AMT") was incorporated on 12 June 1980 under the Companies Law (Revised) as an ordinary non-resident company limited by shares.
11. The registered office of AMT is at the offices of Appleby Corporate Services Limited, Clifton House, 75 Fort Street, PO Box 1350GT, Grand Cayman, Cayman Islands.
12. The authorised nominal capital of AMT is US\$50,000 divided into 50,000 Ordinary Shares of a nominal or par value of US\$1 each ("the Ordinary Shares").
- As at the date hereof, the holders of the Ordinary Shares are as follows:

(a)	Grand Cayman Hotels Limited	9,999 shares
(b)	Roderick A McLean (nominee)	1 share

13. The principal objects for which AMT was established are unrestricted, subject to the provisos and exceptions stated in its Memorandum of Association.

**Background**

14. GCH was established in 1966 to carry on the business of property development and consulting. In particular, GCH was established to purchase and operate a hotel property in the Cayman Islands, known as the Gallean Beach Hotel. GCH has also owned and operated other properties and businesses, including the development of the condominium development known as Villas of the Gallean.
15. Hibiscus was established in 1978 to purchase leasehold land in the Seven Mile Beach area with the intention of developing a condominium/hotel project. However, that project never materialised. As a wholly owned subsidiary of GCH, Hibiscus's accounts have always been prepared on a consolidated basis with those of GCH, following International Accounting Standards protocols.
16. AMT was incorporated in 1980 for the specific purpose of purchasing the shareholding of an exiting shareholder of GCH, and remains a one-quarter shareholder of GCH. AMT does not do and has never done any other business.

17. In 2005, Hibiscus sold its leasehold land, its sole asset. The following year, in March 2006, GCH sold its last remaining property interest. Hibiscus and GCH now have no fixed assets and no intention of doing any further business in the Cayman Islands.
18. Neither GCH, Hibiscus nor AMT have any creditors, and hold only cash or cash equivalent assets (being the proceeds of the sales mentioned above).

### Amalgamation

19. In order to streamline and consolidate the operations of GCH, Hibiscus and AMT and facilitate the migration of GCH to Canada for Canadian tax purposes, consideration has been given by the respective boards of the Companies for a merger of Hibiscus and AMT into GCH under which proposals the whole undertaking of Hibiscus and AMT will be transferred to GCH and the issued and outstanding shares in Hibiscus and AMT will be cancelled. These proposals have been embodied in the Scheme.

20. The board of directors of the Companies have passed resolutions to effect the amalgamation of the Companies, subject to receiving the necessary sanction of the Scheme by the Court. The four shareholders of GCH, Hibiscus and AMT have unanimously proposed and approved the implementation of the Scheme.

21. A draft of the proposed Scheme and an Amalgamation Agreement which is made subject to the Scheme becoming effective, have been drawn up and approved by the directors of each of GCH, Hibiscus and AMT. The purpose of the Scheme now proposed on behalf of the Companies is to give effect to the amalgamation upon the above mentioned terms. It is not anticipated that there will be any need for the appointment of Scheme Administrators.

22. As the Scheme (with or without modifications) has been approved by the shareholders by unanimous written shareholder resolutions, the Companies respectfully invite the Court to dispense with the need for a scheme meeting, and seek the sanction by the Court of the Scheme in the form approved.

(4) THE SHAREHOLDERS

and

(3) AMT HOLDINGS LTD.

and

(2) HIBISCUS HOLDINGS LTD.

and

(1) GRAND CAYMAN HOTELS LIMITED

BETWEEN

SCHEME OF ARRANGEMENT

Dated [ ] 2006

THIS SCHEME OF ARRANGEMENT is dated [ ] 2006

AMONG: (1) **GRAND CAYMAN HOTELS LIMITED**, an exempted company incorporated under the laws of the Cayman Islands, the registered office of which is at Clifton House, 75 Fort Street, PO Box 1350 GT, Grand Cayman, Cayman Islands ("**GCH**");

(2) **HIBISCUS HOLDINGS LTD.**, an exempted company incorporated under the laws of the Cayman Islands, the registered office of which is at Clifton House, 75 Fort Street, PO Box 1350 GT, Grand Cayman, Cayman Islands ("**HHL**");

(3) **AMT HOLDINGS LTD.**, an exempted company incorporated under the laws of the Cayman Islands, the registered office of which is at Clifton House, 75 Fort Street, PO Box 1350 GT, Grand Cayman, Cayman Islands ("**AMT**"); and

(4) **THOSE PERSONS** set out in the First Schedule hereto (the "**Shareholders**").

## WHEREAS

(A) The Parties wish to propose a scheme of arrangement (the "**Scheme**") pursuant to the provisions of Section 86 of the Companies Law which would, if sanctioned, result in the amalgamation of **GCH**, **HHL** and **AMT**, with **GCH** being the surviving company (referred to herein, following the Amalgamation, as the "**Amalgamated Company**").

(B) The authorised share capital and details of the members holding issued shares in **GCH**, **HHL** and **AMT** are set in the First Schedule hereto.

## Definitions and Interpretation

The following terms have the meanings set opposite unless the context otherwise requires:-

1.1.1. **Amalgamation Agreement** the agreement by and among **GCH**, **HHL** and

AMT setting out the terms and conditions of the proposed amalgamation of GCH with HHL and AMT in the form of the Second Schedule hereto;

Companies Law (2004 Revision) of the Cayman Islands;

Cayman Islands Grand Court;

an order of the Court pursuant to Section 86(2) of the Companies Law to be obtained sanctioning the Scheme;

Delivery of the Court Order by or on behalf of GCH, HHL and AMT to the Registrar pursuant to the provisions of Section 86(3) of the Companies Law; and

Registrar of Companies of the Cayman Islands.

## 1.1.2. Companies Law

### 1.1.3. Court

### 1.1.4. Court Order

### 1.1.5. Filing

### 1.1.6. Registrar

1.2 Reference to a statute or statutory provision includes a reference to it as from time to time amended, extended or re-enacted.

1.3 Words importing the singular number only shall include the plural number and vice versa.

1.4 Words importing persons shall include companies, or associations or bodies of persons, whether corporate or unincorporate.

1.5 Unless the context otherwise requires, reference to a recital, clause or schedule is to a recital, clause of or schedule to this Scheme.

1.6 The headings to clauses are for convenience only and have no legal effect.

## **Amalgamation of GCH, HHL and AMT**

2. The parties agree, upon the Scheme becoming effective, to effect an Amalgamation of GCH, HHL and AMT, as contemplated by and in accordance with the Amalgamation Agreement, pursuant to the provisions of Section 86 and 87(1) of the Companies Law.

## **Effective Time**

3. The Scheme will become effective as soon as:

- 3.1 The requisite majority of the Shareholders of each of the Companies votes in favour of the Scheme as required by Section 86 of the Companies Law;
- 3.2 The Grand Court sanctions the Scheme; and
- 3.3 A copy of the Court Order sanctioning the Scheme has been delivered for registration to the Registrar of Companies in the Cayman Islands.

## **Modification of Scheme**

4. HHL and AMT may, with the consent of GCH, assent on behalf of all parties to any modification of this Scheme which the Court shall think fit to impose or approve provided that this does not materially alter the effect of the Scheme and, in the construction of this Scheme, the words "this Scheme" shall mean this Scheme as so modified.

## **Governing Law**

5. This Scheme shall be construed in accordance with and subject to the laws of the Cayman Islands and the parties herein submit to the exclusive jurisdiction of the Court.

FIRST SCHEDULE

<p>1. Authorised and Issued Share Capital of HHL</p>	<p><u>Authorised</u></p> <p>300,000 Shares of US\$1.00</p>	<p><u>Issued</u></p> <p>2,000 Shares of US\$1.00</p>	<p>Shareholders</p> <p>(1) Grand Cayman Hotels Limited – 1,999 Shares of US\$1.00</p> <p>(2) Roderick A. McLean (nominee) – 1 Share of US\$1.00</p>
<p>2. Authorised and Issued Share Capital of AMT</p>	<p><u>Authorised</u></p> <p>50,000 Shares of US\$1.00</p>	<p><u>Issued</u></p> <p>1,000 Shares of US\$1.00</p>	<p>Shareholders</p> <p>(1) Grand Cayman Hotels Limited – 9,999 Shares of US\$1.00</p> <p>(2) Roderick A. McLean (nominee) – 1 Share of US\$1.00</p>

3. Authorised and Issued Share Capital of GCH

Shareholders	Issued	Authorised	Ordinary Shares:
(1) Raymond A. McLean - 488,287 Shares of US\$1.00	1,953,150 Shares of US\$1.00	5,000,000 Shares of US\$1.00	
(2) The William Tocher Trust - 488,288 Shares of US\$1.00			
(3) George Arnold Armstrong - 488,287 Shares of US\$1.00			
(4) AMT Holdings Ltd. - 488,288 Shares of US\$1.00			

Agreement and Plan of Amalgamation

**SECOND SCHEDULE**