

IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO: 177 OF 2007

IN THE MATTER of the Companies Law (2004 Revision)

AND IN THE MATTER of Caledonian Bank & Trust Company Limited



PETITION

TO: The Grand Court

THE HUMBLE PETITION of Caledonian Bank & Trust Limited shows as follows:

- 1 The Petitioner was incorporated and registered under the Companies Law Cap.22 as an ordinary company on 25th June 1970 under the name "Cayhaven Corporate Services Limited".
- 2 In February 1988 the Petitioner was granted a class "A" banking and trust licence whereupon its name was changed to "Caledonian Bank & Trust Limited".
- 3 The Petitioner is now a wholly owned subsidiary of Caledonian Holdings Limited. Its registered office is located at Caledonian House, PO Box 1043, George Town, Grand Cayman, KY1-1102. The Petitioner carries on business as a bank and trust company.
- 4 The Petitioner's authorised share capital is US\$10 million divided into 10 million ordinary shares of US\$1 each, of which 6.5 million have been issued and are fully paid.

5 By article 27 of the Petitioner's Articles of Association it has power, by special resolution, to reduce its share capital and any capital redemption reserve in any manner authorised by law.

6 By a special resolution duly passed on 27th April 2007, the Petitioner resolved that –

"The issued share capital of the company shall be reduced to US\$500,000 divided into 500,000 ordinary shares of US\$1 each, by means of the cancellation of 6 million ordinary shares and the repayment of US\$6 million to its shareholder. Subject to obtaining the approval of the Grand Court pursuant to section 16 of the Companies Law (2004 Revision), the reduction of the company's issued share capital shall take effect on 30th June 2007."

7 By an ordinary resolution also passed on 27th April 2007, the Petitioner resolved that –

"In the event that the special resolution for the reduction of the company's share capital is approved by the Court, the proposal that a dividend of US\$6.0 million be declared and paid to the Shareholder on or about 30th June 2007 is approved;"

8 The Petitioner's share capital is intended to be reduced for the purpose of giving effect to a reorganisation and restructuring of its existing businesses as follows:

- (a) The Petitioner will transfer its banking business to Caledonian Bank Limited, a newly incorporated wholly owned subsidiary of Caledonian Holdings Limited ("the New Bank");
- (b) Thereafter, the Petitioner will change its name to Caledonian Trust (Cayman) Limited and will carry on business solely as a provider of fiduciary services for which purpose it will hold a trust licence and mutual funds administrators licence.

- (c) Having transferred its banking business to the New Bank, the Petitioner will not need to have a share capital in excess of US\$500,000.
- (d) Caledonian Holdings Limited will invest US\$13.7 million in the New Bank which will be comprised of an issued share capital of US\$5.5 million and additional paid in capital of US\$8.2 million.

The expression "Reorganisation Plan" is used hereinafter to mean the transactions and business plan described in this paragraph.

- 9 By a letter dated 10 April 2007 the Cayman Islands Monetary Authority ("CIMA") approved the issue of a class "A" banking licence to the New Bank on the basis of the Reorganisation Plan.
- 10 The amount by which the Petitioner's share capital is sought to be reduced will be in excess of its needs following the implementation of the Reorganisation Plan. Having transferred its banking business to the New Bank, it is the opinion of the directors that the Petitioner will not be able to usefully employ a share capital in excess of US\$500,000.
- 11 The reduction in the Petitioner's share capital will not prejudice its creditors.
- 12 The form of Minute proposed to be registered is as follows:

The issued share capital of Caledonian Trust (Cayman) Limited (formerly known as Caledonian Bank & Trust Limited) was by virtue of a special resolution and with the sanction of an Order of the Grand Court made on [] June 2007 reduced from US\$6.5 million divided into 6.5 million shares of US\$1 each to US\$500,000 divided into 500,000 shares of US\$1 each.

YOUR PETITIONER, THE COMPANY, THEREFORE HUMBLY PRAYS:

- 1 The reduction of the capital of Caledonian Bank & Trust Limited proposed to be effected by the special resolution set out in paragraph 6 of this Petition may be confirmed and the Minute set out in paragraph 12 of this Petition may be approved;
- 2 A direction be given pursuant to Section 15(3) of the Companies Law dispensing with the need to settle a list of creditors; and
- 3 Such other Order may be made as the Court thinks fit.

And your Petitioner shall ever pray etc.

Dated this 30th day of April 2007



MAPLES and CALDER

Note: It is not intended to serve this Petition on any person.

ENDORSEMENT

This Petition has been presented to the Grand Court of the Cayman Islands on the 30th day of April 2007 and will be heard by the Grand Court of the Cayman Islands on the 11th day of June 2007 at _____ o'clock in the fore/after noon (or as soon thereafter as the Petition can be heard).

THIS PETITION is filed by Maples and Calder, attorneys for the Petitioner, whose address for service is, PO Box 309GT, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands. (Ref: AJJ/612378/11398932)