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**SEAPOWER RESOURCES INTERNATIONAL LIMITED**  
(Provisional Liquidators Appointed)  
(Incorporated in the Cayman Islands with limited liability)

**LEADER GLORY HOLDINGS LIMITED**  
(Incorporated in the British Virgin Islands with limited liability)  
**AND**  
**MR. PANG MAN KIN**

**RESTRUCTURING OF  
SEAPOWER RESOURCES INTERNATIONAL LIMITED  
(PROVISIONAL LIQUIDATORS APPOINTED)  
INVOLVING, INTER ALIA, CAPITAL REORGANISATION,  
DEBT RESTRUCTURING INVOLVING CREDITORS' SCHEMES OF  
ARRANGEMENT  
IN ACCORDANCE WITH SECTION 86 OF THE CAYMAN COMPANIES  
LAW AND SECTION 166 OF  
THE COMPANIES ORDINANCE, SUBSCRIPTION OF NEW SHARES  
AND WARRANTS AND WHITEWASH WAIVER**

**Financial Adviser to Seapower Resources International Limited  
(Provisional Liquidators Appointed)**



**Joint Financial Advisers to the Investors**



The Provisional Liquidators and the Investors are pleased to announce that the Restructuring Agreement regarding the Restructuring Proposal for the Company was signed on 22 June 2002, which will be supplemented by a supplemental agreement to be entered into. The key terms of the Restructuring Proposal are set out in this announcement.

The Restructuring Proposal, if successfully implemented, will, amongst other things, result in:

- (a) a reduction of the share capital of the Company whereby the nominal value of the Shares is reduced from HK\$0.05 each to a par value of HK\$0.01 each through the Capital Reorganisation;

- (b) all the Creditors of the Company discharging and waiving their claims against the Company pursuant to the Schemes;
- (c) the Investors holding a controlling interest in the issued share capital of the Company; and
- (d) the resumption of trading in the New Shares of the Company when sufficient public float is restored after the implementation of the Restructuring Proposal.

Major terms of the Schemes:

- (a) In consideration of the Creditors' agreement to discharge and waive all its claims against the Company, the Company will pay HK\$70 million in cash, issue and allot not less than 360,612,679 New Shares representing not less than 4% and not more than 4.05% of the issued share capital of the Company upon Completion and transfer its entire interests in SDI and any cash held by the Company as at the date of Completion to the Scheme Administrators for distribution to the Creditors pursuant to the Schemes;
- (b) In the event that the Company or the Group, following Completion, makes any recoveries or realisations in connection with the Receivables and Pentagon Profits, Allied National or iPower (provided that the sale of Allied National or iPower is completed within 12 months of the date of Completion) the Creditors will be entitled to 50% of the net proceeds from such recovery and/or realisation and the remaining 50% will be retained by the Company; and
- (c) If the Company has not taken adequate steps to recover any amounts payable to the Group in connection with the Receivables and realise Pentagon Profits within 12 months of the date of Completion, the Scheme Administrators may, pursuant to the Schemes, within 3 months of the first anniversary of the date of Completion request the Company to transfer any of the Receivables and its entire interest in Pentagon Profits to the Scheme Administrators for the benefit of the Creditors for a total consideration of HK\$1.00. Under such circumstances, the Company will be entitled to 30% of the net proceeds from the recovery of the Receivables and realisation of Pentagon Profits by the Scheme Administrators.

**The release of this announcement does not necessarily indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Restructuring Proposal may not be fulfilled or otherwise waived. Trading in the Shares of the Company has been suspended since 2:30 p.m. on 28 December 2001 and will remain suspended after Completion until sufficient public float has been restored. Further announcements will be made if material developments take place.**

## THE RESTRUCTURING PROPOSAL

Further to the Company's announcement dated 4 June 2002 regarding the exclusivity agreement entered into between the Provisional Liquidators and Leader Glory to finalise the terms of the Restructuring Proposal for the Company, the Provisional Liquidators and the Investors are pleased to announce that the Restructuring Agreement regarding the Restructuring Proposal was signed on 22 June 2002, which will be supplemented by a supplemental agreement to be entered into.

The Restructuring Proposal involves, amongst other things, the Capital Reorganisation, Debt Restructuring involving the Schemes, the Put Option and the Call Option, and the Subscription.

## **(A) CAPITAL REORGANISATION**

The existing authorised share capital of the Company is HK\$1,000,000,000 divided into 20,000,000,000 Shares, of which 1,547,042,829 Shares of par value of HK\$0.05 each are issued and credited as fully paid up. Under the Restructuring Proposal, the Company's share capital will be reorganised in the following manner:

- (a) every 10 issued Shares of HK\$0.05 each will be consolidated into one Share of HK\$0.5;
- (b) the nominal value of each consolidated issued share will be reduced from HK\$0.5 to HK\$0.01. Accordingly, the Company's issued share capital of HK\$77,352,141 will be reduced by HK\$75,805,098 to HK\$1,547,043. A credit of HK\$75,805,098 arising from such capital reduction will be applied to eliminate HK\$75,805,098 of the Company's accumulated loss which was approximately HK\$347,815,139 as at 31 September 2001;
- (c) each of the 18,452,957,171 unissued shares will be subdivided into five New Shares such that the authorised unissued share capital of the Company will comprise 92,264,785,855 New Shares of HK\$0.01 each.

After the completion of the Capital Reorganisation, the authorised share capital of the Company will be HK\$924,194,901.37 divided into 92,419,490,137 New Shares comprising 92,264,785,855 unissued New Shares and 154,704,282 issued New Shares.

Details of the board lot size, trading arrangement and arrangement for any fractions which arise after the Capital Reorganisation becoming effective will be explained in the circular of the Company to be despatched and announced by way of public announcement.

## **(B) DEBT RESTRUCTURING**

The total indebtedness due by the Company to the Creditors is estimated at approximately HK\$1,309 million as at the date of this announcement. The estimate of the Creditors' indebtednesses is for indicative purposes only and the Creditors' claims will be subject to adjudication by the Scheme Administrators once the Schemes have been implemented. The Debt Restructuring consists of the Schemes, the Put Option and the Call Option.

### **(a) the Schemes**

In consideration of the Creditors' agreement to discharge and waive all its claims against the Company, the Scheme Administrators will receive the following with an estimate value of HK\$107.8 million (part of which is based on the book value as at 31 December 2001) from the Company for distribution to the Creditors pursuant to the Schemes:

- (a) HK\$70 million in cash;
- (b) not less than 360,612,679 New Shares of HK\$0.01 each, representing not less than 4% and not more than 4.05% of the issued share capital of the Company upon Completion;

- (c) entire interests in SDI with book value of approximately HK\$33.5 million as at 31 December 2001; and
- (d) any cash held by the Company as at the date of Completion (the cash amount was approximately HK\$0.7 million as at 31 December 2001).

The remaining proceeds (after the cash payment to the Scheme Administrators for the benefits of the Creditors and all the costs and expenses paid by the Company at Completion for the implementation of the Restructuring Proposal) from the Subscription will be retained by the Company as general working capital for the Group. It is estimated to be approximately HK\$6.5 million provided that the Subscription amount is HK\$85 million and all the costs and expenses paid by the Company at Completion for the implementation of the Restructuring Proposal is approximately HK\$8.5 million. The Investors have undertaken to the Stock Exchange to make financial accommodation available to the Company so that the Group will have sufficient working capital for its operations for a period of 12 months after the date of the Completion.

In the event that the Company or the Group, following Completion, makes any recoveries or realisations in connection with the Receivables and Pentagon Profits, Allied National or iPower (provided that the sale of Allied National or iPower is completed within 12 months of the date of Completion) the Creditors will be entitled to 50% of the net proceeds from such recovery and/or realisation and the remaining 50% will be retained by the Company. The recovery and realization of Pentagon Profits refers to any recoveries available from the investments made by Pentagon Profits in 24 townhouses in Beijing. The Receivables are mainly due from the customers of the Company's former financial services division which was disposed in June 2000. In any event, the Investors have undertaken and the proposed Directors of the Company will undertake to procure that the Company will not dispose of any of the Company's assets if such disposal will result in the Company breaching paragraph 38 of its listing agreement with the Stock Exchange, which requires the Company to maintain sufficient operations or tangible assets of sufficient value to warrant the continued listing of the shares of the Company on the Stock Exchange.

If the Company has not taken adequate steps to recover any amounts payable to the Group in connection with the Receivables and realise Pentagon Profits within 12 months of the date of Completion, the Scheme Administrators may, pursuant to the Schemes, within 3 months of the first anniversary of the date of Completion request the Company to transfer any of the Receivables and its entire interest in Pentagon Profits to the Scheme Administrators for the benefit of the Creditors for a total consideration of HK\$1.00. Under such circumstances, the Company will be entitled to 30% of the net proceeds from the recovery of the Receivables and realisation of Pentagon Profits by the Scheme Administrators.

SDI is wholly owned by the Company and its sole investment is various plots of land in Indonesia with a book value of approximately HK\$33.5 million as at 31 December 2001 which is the same as the published unaudited book value as at 30 September 2001. As the Investors intend the Company to focus its resources on building its principal businesses of providing logistics management services and operating warehousing and cold storage businesses, they propose to transfer SDI to the Scheme Administrators who will be responsible for the

sale of these non-core assets for the benefits of the Creditors. As the Investors have no intention of continuing to manage the assets of SDI, the transfer of the Company's entire interests in SDI to the Scheme Administrators is considered to be a cost-effective and efficient way of disposing of these non core assets. Since the assets of SDI are not related to the operation of the Company's principal businesses of logistics management services and cold storage warehousing, the impact of the realization of SDI on the Company's overall business operations will be minimal.

Pentagon Profits is a wholly owned subsidiary of the Company. Its sole investment is the 24 townhouses in Beijing and the book value of which was approximately HK\$135 million as at 31 December 2001 which is the same as the audited book value as at 31 March 2001 and the published unaudited book value as at 30 September 2001.

Allied National, the Company's wholly owned subsidiary, operates cold storage and warehousing business at two cold storage warehouses in Australia. One of the cold storage warehouses is owned by Allied National and the book value of which was approximately HK\$10.3 million as at 31 December 2001. iPower, a wholly owned subsidiary of the Company, owns the rights to the software programs which provides warehousing management system and services to operators of local and overseas warehouses. It receives license fee from granting non-exclusive rights to the operators to use the software programs. The Investors do not have any intention to dispose of Allied National and iPower. The Investors intend the Company to continue to operate the cold storage warehousing business in Australia held by Allied National and iPower but the Restructuring Agreement allows for the sale of Allied National and iPower to protect the interests of the Creditors in the event that there is any sale of the Company's interests in Allied National or iPower, the Creditors will be entitled to 50% of the net proceeds from such recovery and/or realisation.

**(b) Put Option**

The Investors will grant the Put Option to the Creditors and/or the Scheme Administrators to sell part or all of not less than 360,612,679 New Shares issued and allotted pursuant to the Restructuring Agreement at HK\$0.03 per New Share to the Investors within 6 months of the date of Completion. The exercise price of HK\$0.03 per New Share represents a premium of approximately 200% to the issue price of HK\$0.01 each. Should the exercise of the Put Option by the Scheme Administrators and/or the Creditors result in the public float falling below 25% as required under the Listing Rules, the Investors have undertaken and the proposed Directors will undertake that they will within the first two months following such exercise of Put Option use their best endeavors and to take appropriate steps to ensure that adequate number of New Shares will be sold, placed or otherwise disposed of to independent third parties to restore the public float of not less than 25% of the enlarged issued share capital of the Company.

**(c) Call Option**

The Scheme Administrators and/or the Creditors will grant the Call Option to the Investors to purchase part or all of not less than 360,612,679 New Shares issued and allotted pursuant to the Restructuring Agreement, representing not less than 4% and not more than 4.05% of the

issued share capital of the Company upon Completion, at HK\$0.06 each from any of the Creditors and/or the Scheme Administrators within 6 months of the date of Completion. The Investors have undertaken and the proposed Directors will undertake to the Stock Exchange that they will not exercise the Call Option if such action would result in the public float falling below 25% as required under the Listing Rules.

### **(C) SUBSCRIPTION**

The Investors will subscribe for not less than 8,500,000,000 New Shares at HK\$0.01 (with one Warrant for every five New Shares), subject to terms of the Subscription Agreement to be entered into between the Investors, the Provisional Liquidators and the Company before Completion, for an aggregate amount of not less than HK\$85 million in cash with an option granted by the Company to subscribe not more than 500,000,000 additional New Shares (with one Warrant for every five New Shares) at HK\$0.01 each with an aggregate value of not more than HK\$5,000,000 upon Completion in satisfaction of the Investors' costs and expenses incurred in relation to the restructuring of the Company. The number of New Shares to be subscribed pursuant to the terms of the Subscription Agreement to be entered into represents not less than 94.2% of the enlarged issued share capital of the Company immediately upon Completion. The subscription price of HK\$0.01 each represents a discount of approximately 62.96% to the closing price of the Shares of HK\$0.027 each on 28 December 2001 which was the last trading day prior to the suspension of the trading in the Shares and a discount of approximately 58.84% to the average closing price of HK\$0.0243 per Share for the period of 10 trading days ended 28 December 2001.

Of the Subscription proceeds of not less than HK\$85 million, HK\$70 million will be applied towards the total cash payment of HK\$70 million to the Scheme Administrators for distribution to the Creditors. Approximately HK\$6.5 million from the Subscription proceeds will be retained by the Company for the Group's general working capital provided that the Subscription amount is HK\$85 million and all the costs and expenses paid by the Company at Completion for the implementation of the Restructuring Proposal is approximately HK\$8.5 million.

### **CONDITIONS PRECEDENT TO THE RESTRUCTURING PROPOSAL**

Completion of the Restructuring Proposal will be subject to, amongst others, the following:

- (i) the Subscription Agreement being executed;
- (ii) all necessary resolutions being passed by the Shareholders (other than those who are not permitted to vote pursuant to the Listing Rules or the Code) approving the implementation of the Restructuring Proposal and the conditional appointment of new Directors as may be nominated by the Investors and the conditional removal of all current Directors at the EGM;
- (iii) the Courts sanctioning the Schemes and the Schemes becoming effective;
- (iv) the Executive granting the Whitewash Waiver which, if granted, would normally be subject to the approval of the Independent Shareholders at the EGM by poll;

- (v) the Stock Exchange granting the resumption of trading in New Shares, listing of, and permission to deal in, the New Shares in issue and to be issued pursuant to the Restructuring Agreement, the Capital Reorganisation, the Schemes and the Subscription Agreement;
- (vi) the Grand Court of the Cayman Islands sanctioning the Capital Reorganization conditional on the Completion taking place;
- (vii) the Petitioner withdrawing the petition to wind up the Company conditional on the Completion taking place; and
- (viii) the High Court of Hong Kong ordering the discharge and release of the Provisional Liquidators conditional on Completion taking place.

If any of the above conditions have not been fulfilled or waived in writing within 120 days of the date of the publication of this announcement or such later date as extended pursuant to the terms of the Restructuring Agreement, the Restructuring Agreement will lapse.

The Provisional Liquidators and the Investors have agreed that they will not waive or amend condition (iv), the Whitewash Waiver condition. Hence, the Restructuring Agreement will lapse if the Whitewash Waiver is not granted by the SFC or approved by the Independent Shareholders.

## **CHANGES IN SHAREHOLDING AND MAINTENANCE OF THE LISTING OF THE COMPANY**

The Company has granted an option to the Investors to issue and allot not more than 500,000,000 additional New Shares (with one Warrant for every five New Shares) with an aggregate value of not more than HK\$5,000,000 to the Investors upon Completion in satisfaction of the Investors' costs and expenses incurred in relation to the restructuring of the Company. On the basis that the Investors subscribe for New Shares at par for an aggregate amount of HK\$85 million in cash and do not exercise the aforesaid option granted by the Company, the Company will issue and allot 8,500 million New Shares (with one Warrant for every five New Shares) to the Investors. On this basis, the estimated changes in the shareholding of the Company upon Completion will be as follows:

	Existing (million Shares)	%	Upon completion of the Restructuring Proposal with no Warrants exercised (million New Shares)	%	Upon completion of the Restructuring Proposal with all Warrants exercised (million New Shares)	%
Investors and their concert parties	—	—	8,500.0	94.28	10,200.0	95.19
Creditors ( <i>Note 1</i> )	—	—	360.61	4.0	360.61	3.37
I-China Holdings Limited	426.19	27.55	42.62	0.47	42.62	0.39
Other Shareholders	1,120.85	72.45	112.09	1.25	112.09	1.05
<b>Total</b>	<b>1,547.04</b>	<b>100</b>	<b>9,015.32</b>	<b>100</b>	<b>10,715.32</b>	<b>100</b>

*Note 1:* No single Creditor will hold more than 30% of the voting rights of the Company upon Completion and therefore, none of the Creditors has an obligation under the Code to make a general offer for all the New Shares of the Company other than those already held by the Creditor together with parties acting in concert with it.

As shown from the above shareholding table, the Investors together with parties acting in concert with them will be interested in approximately 94.28% of the enlarged issued share capital of the Company immediately upon Completion. If the Investors exercise the option granted by the Company to subscribe not more than 500,000,000 additional New Shares (with one Warrant for every five New Shares) at HK\$0.01 each in satisfaction of their costs and expenses incurred in relation to the restructuring of the Company upon Completion, the shareholding interest of the Investors together with parties acting in concert with them will increase from approximately 94.28% to approximately 94.58% of the Company's enlarged issued share capital of approximately 9,515.32 million New Shares immediately upon Completion. The Investors will apply to the SFC for a waiver from their obligations under the Code to make a general offer for all the New Shares of the Company other than those already held by the Investors together with parties acting in concert with them.

As the Investors and parties acting in concert with them hold more than 50% of the voting rights of the Company upon Completion, the creeper provision of Rule 26 of the Code will not be applicable and they will be free to acquire further voting rights in the Company without triggering a general offer obligation as long as the aggregate percentage holding of New Shares of the Investors and parties acting in concert with them remains above 50% of the voting rights of the Company.

The above shareholding table also shows that the Investors and the parties acting in concert with them will hold in aggregate more than 75% of the enlarged issued share capital of the Company, thus the Company's public float fall below 25% of the issued share capital immediately after Completion. The Investors have undertaken and the proposed directors of the Company will undertake to the Stock Exchange that they will as soon as practicable after Completion use their best endeavors and to take appropriate steps to ensure that adequate number of New Shares will be sold, placed or otherwise disposed of to independent third parties to restore the public float of not less than 25% of the enlarged issued share capital of the Company as required under Rule 8.08 of the Listing Rules. The Investors will make arrangements for the restoration of the public float of the Company and no underwriting or irrevocable placing agreement has been entered into as at the date of this announcement.

Trading of the New Shares will be resumed when sufficient public float is restored after the implementation of the Restructuring Proposal.

The Investors have undertaken to the Stock Exchange that they will not exercise the conversion rights of the Warrants and the proposed Directors will undertake to the Stock Exchange that the Company will not issue New Shares pursuant to the exercise of the conversion rights of the Warrants if such conversion would result in the public float falling below 25% as required under the Listing Rules.

**If the Stock Exchange believes that a false market exists or may exist in the New Shares or there are insufficient New Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the New Shares.**



**The Stock Exchange has further stated that, if the Company remains listed on the Stock Exchange, any asset dispositions or asset acquisitions by the Group will be subject to the provisions of the Listing Rules. The Stock Exchange has the discretion to require the Company to issue an announcement and/or a circular to its shareholders irrespective of the size of the proposed transactions. The Stock Exchange also has the power to aggregate a series of transactions and any such transactions may result in the Company being treated as if it were a new applicant for listing and subject to the requirements for new listing applicants as set out in the Listing Rules.**

## **REASONS FOR THE RESTRUCTURING OF THE COMPANY**

On 12 December 2001, winding up petitions were served on the Company, Yiu Fung Cold Storage & Warehousing Limited, Yiu Fai Warehousing Limited, Seapower Resources Cold Storage & Warehousing Limited and South East Asia Overseas Finance Limited, all of which are wholly owned subsidiaries of the Company, by a banking syndicate as disclosed in the Company's announcement dated 14 December 2001. The bank syndicate, pursuant to a loan agreement dated 3 December 1998, had agreed to make available to South East Asia a loan facility of up to HK\$480 million. The loan facility was guaranteed by the Guarantors. As at 5 December 2001, the amount outstanding and due to the banking syndicate was approximately HK\$491 million. The bank syndicate issued the winding up petition to recover the amount due and outstanding under the loan facility against South East Asia as borrower and the Guarantors as guarantors. As a result, the High Court of Hong Kong ordered the Provisional Liquidators be appointed to the Company with effect from 31 December 2001. The key focus of the Provisional Liquidators is to carry on, stabilise and enhance the current operations of the Company, including facilitating a restructuring of the Company.

After taking into consideration the current financial position of the Group and other alternative restructuring proposals received by the Company, the Provisional Liquidators are of the view that the present Restructuring Proposal represents the best available option to the Company, its Creditors and Shareholders having regard to all factors including the potential returns to both the Creditors and Shareholders, the availability of alternatives for the Creditors to recover their debts and the time required to conclude the Restructuring Proposal. The High Court of Hong Kong, SAR ordered the hearing of the winding-up petition of the Company be adjourned until 11 November 2002 at a hearing held on 15 July 2002.

If the Restructuring Proposal is successfully implemented, all the Company's indebtedness of approximately HK\$1,309 million as at the date of this announcement will be discharged and waived pursuant to the Schemes. There will not be any outstanding debts due from the Company immediately upon Completion provided that the Investors exercise the option to subscribe not more than 500,000,000 additional New Shares at HK\$0.01 each to set off their costs and expenses incurred for implementing the Restructuring Proposal. If the Company is unable to restructure its indebtedness with its Creditors as set out in the Restructuring Proposal, the Provisional Liquidators believe that there is a strong likelihood that the Company would be wound up. Should the Company be wound up, the return to the Creditors would be minimal and there is unlikely to be any return to the Shareholders.

## **MANAGEMENT AND BUSINESS**

The current Board comprises 6 Directors, Messrs Shirley Choi Siu Lui, Ou Yirong, Norman Choi Sung Fung, Choi Sai Leung, Judy Wong Tak Kwan and Ronald Lau Kin Hon. However, the powers of the

directors have been suspended since the appointment of the Joint Provisional Liquidators. The Investors intend that, upon Completion, all existing Directors are removed from the Board and new Directors are appointed.

The composition of the future Board of the Company has not yet been finalised at this stage. Further announcement will be made once the composition of the future Board is finalised.

The Investors intend the Company to continue with and enhance its principal businesses of providing logistics management services and operating warehousing and cold storage businesses. Besides the cold storage and warehousing business at 2 cold storage warehouses in Australia, the Group is engaged in the provision of logistics management services and operating warehousing management system in Hong Kong and the PRC. The Investors propose to appoint Mr. Li Bai Xiang, the General Manager of China National Storage And Transport (Guangzhou) Corporation (“CNSTC”) as a senior advisor of the Company upon Completion. CNSTC is one of the largest state-owned storage and transport operators in China with major operations in 63 cities in China. The Group continues to maintain 160 cold storage and logistics alliances all over the world, with 48 alliances located in the PRC. The Investors have no intention or plans for redeploying any assets of the Group other than SDI and Pentagon Profits. If the Company has not taken adequate steps to realise Pentagon Profits within 12 months of the date of Completion, the Scheme Administrators may, pursuant to the Schemes, within 3 months of the first anniversary of the date of Completion request the Company to transfer its entire interest in Pentagon Profits to the Scheme Administrators for the benefit of the Creditors. Following Completion of the Restructuring Proposal, which, if successfully implemented, will, amongst other things, result in all the Creditors discharging and waiving their claims against the Company pursuant to the Schemes and the Petitioner withdrawing the petition to wind up the Company, the Investors will conduct a detailed review of the business operations of the Group with a view to developing a corporate strategy to revitalize the Group’s existing businesses and to enhance its asset base and broaden its income stream if it is advisable and appropriate to inject business into the Group should suitable opportunities arise. The Investors have undertaken and the proposed Directors will undertake to the Stock Exchange that it will procure the Company to fully comply with paragraph 38 of its listing agreement with the Stock Exchange, which requires the Company to maintain sufficient operations or tangible assets of sufficient value to warrant the continued listing of the shares of the Company on the Stock Exchange.

## **REASONS FOR THE INVESTOR FOR THE SUBSCRIPTION**

Mr. Pang Man Kin, who will have a controlling interest in the issued share capital of the Company immediately upon Completion, is a businessman with experience in interior design and project strategic planning in Hong Kong and the PRC as well as trading of building materials to Taiwan.

Leader Glory is a company incorporated in the British Virgin Islands with limited liability. It is beneficially owned as to 70% by Mr. Pang Man Kin and 30% by Mr. Wong Chak Wai and is proposed to be beneficially owned as to 42% by Mr. Pang Man Kin, 30% by Mr. Wong Chak Wai, 20% by Mr. Michael Szeto Chak Wah and the remaining 8% by the Investors’ advisers (namely Messrs. Alfred Lo, Desmond Sun and Lawrence Lee) who provide consultancy services in connection with the Restructuring Proposal before Completion. All the existing and proposed shareholders of Leader Glory are independent of and not connected with the directors, chief executive or substantial shareholder of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules). Leader Glory is a special

vehicle established for the proposed acquisition of the equities of the Company. It carries no business activities other than entering into the Restructuring Agreement regarding the Restructuring Proposal with the Provisional Liquidators, the Company and Mr. Pang Man Kin.

As abovementioned, the Investors will conduct a detailed review on the existing operations of the Company following Completion to determine strategies to stabilize and enhance the Group's existing businesses first, including the cold storage warehousing operation in Australia. The Investors will re-establish a strong professional management and working team for the Company by focusing on recruiting employees with relevant experience in cold storage warehousing and logistics businesses in Australia, Hong Kong and the PRC after Completion. The Investors will then explore suitable business opportunities for the Group with Mr. Li Bai Xiang to further develop and extend the Group's businesses, such as exploring broader markets for its cold storage and warehousing management software program and in particular, developing warehousing and logistics business in the PRC, which the Investors believe have enormous potential with China's accession to the World Trade Organization. The Investors believe that its shareholders' extensive business project experience in the PRC and Taiwan will help develop and expand the business network of the Group and add value to the future businesses of the Group.

## **DEALINGS**

The Investors and parties acting in concert with them confirm that they have not dealt in the securities of the Company during the six months period immediately prior to the date of the Restructuring Agreement. They have also undertaken not to deal in the securities of the Company before the EGM to be convened to consider the Restructuring Proposal.

## **OTHER INFORMATION**

The Investors will submit an application to the Executive for the Whitewash Waiver which, if granted, would normally be subject to the approval of the Independent Shareholders by poll at the EGM.

The Company will submit an application to the Stock Exchange for the listing of, and permission to deal in, the New Shares in issue and to be issued pursuant to the Restructuring Agreement, the Capital Reorganisation, the Schemes and the Subscription Agreement.

The resolutions to be put to the Shareholders at the EGM will also include the granting of a general mandate to the Board to issue additional New Shares not exceeding 20% of the enlarged issued share capital of the Company immediately following Completion, the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme. The passing or otherwise of the Shareholders' resolutions concerning such general mandate and share option scheme(s) will not affect the Completion.

The Company has applied to the Executive for a waiver from strict compliance with Rule 8.2 of the Code which requires a circular to be despatched within 21 days following the announcement of the Restructuring Proposal. The circular containing, inter alia, further details of the Restructuring Proposal together with the advice from the independent financial adviser, the granting of the general mandate, the adoption of New Share Option Scheme, the termination of the Existing Share Option Scheme and a notice convening the EGM will be despatched to the Shareholders within 35 days of the date of the publication of this announcement, that is no later than 24 September 2002.

In the light of the Company's financial difficulties, it cannot afford to prioritise the substantial audit fees which will divert the Company's limited financial resources from its current operations. Accordingly the Company has not been able to prepare and despatch the annual report and audited results for the year ended 31 March 2002 within 4 months after the end of its financial year as required under paragraph 8(1) and 11 of the Listing Agreement. The Company is undergoing a financial restructuring, and it is expected that it will be able to publish its audited accounts for the financial year ended 31 March 2002 within the first 4 months immediately after the Completion of the Restructuring Proposal.

Asian Capital (Corporate Finance) Limited has been appointed as the financial adviser to the Company. Somerley Limited and ICEA Capital Limited have been appointed as joint financial advisers to the Investors. AMS Corporate Finance Limited has been appointed as an independent financial adviser in respect of the Restructuring Proposal.

The timetable for the Restructuring Proposal has not been fixed. Further announcement will be made once the timetable is finalised.

**The release of this announcement does not necessarily indicate that the Restructuring Proposal will be successfully implemented and completed as the conditions precedent to the Restructuring Proposal may not be fulfilled or otherwise waived. Trading of the Shares of the Company has been suspended since 2:30 p.m. on 28 December 2001 and will continue to be suspended after Completion until sufficient public float has been restored. Further announcement will be made if material developments take place.**

## **DEFINITIONS:**

“Allied National”	Allied National Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries wholly owned by the Company
“Board”	the board of Directors of the Company
“Call Option”	An option granted by the Scheme Administrators and/or the Creditors to the Investors to purchase part or all of not less than 360,612,679 New Shares, which represent not less than 4% and not more than 4.05% of the issued share capital of the Company upon Completion, at HK\$0.06 each from any of the Creditors and/or the Scheme Administrators within 6 months of the date of the Completion
“Capital Reorganization”	the proposed (a) consolidation of every ten issued Shares of HK\$0.05 each into one Share of HK\$0.5; (b) reduction of the nominal value of the consolidated Shares from HK\$0.5 each to New Shares of HK\$0.01 each; and (c) subdivision of each unissued Share into five New Shares of HK\$0.01 each
“Cayman Companies Law”	the Companies Law (2001 Second Revision) of the Cayman Islands as amended from time to time

“Code”	the Hong Kong Code on Takeovers and Mergers
“Companies Ordinance”	the Companies Ordinance (Chapter 32) of Hong Kong
“Company”	Seapower Resources International Limited (Provisional Liquidators Appointed), a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange
“Completion”	the completion of the Restructuring Proposal
“Courts”	the Grand Court of the Cayman Islands and the High Court of Hong Kong
“Creditors”	the Company’s creditors with claims as at the date of the Schemes becoming effective
“Debt Restructuring”	the proposed restructuring of the indebtedness and liabilities of the Company pursuant to the Restructuring Proposal
“Directors”	directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of passing the relevant resolutions pursuant to the Restructuring Agreement, the Subscription Agreement, the general mandate and New Share Option Scheme
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 30 September 1999
“Group”	the Company and its subsidiaries
“Guarantors”	Yiu Fung Cold Storage & Warehousing Limited, Yiu Fai Warehousing Limited, Seapower Resources Cold Storage & Warehousing Limited and the Company (Provisional Liquidators Appointed)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders who are not involved or interested in the Restructuring Agreement, the Subscription Agreement and the Schemes
“Investors”	Leader Glory Holdings Limited and Mr. Pang Man Kin who holds approximately 70% of equity interests in Leader Glory currently

“iPower”	iPower Warehousing Management System Limited, a company incorporated in the British Virgin Islands with limited liability, and its subsidiaries
“Leader Glory”	Leader Glory Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is beneficially owned as to 70% by Mr. Pang Man Kin and 30% by Mr. Wong Chak Wai. It is proposed to be beneficially owned as to 42% by Mr. Pang Man Kin, 30% by Mr. Wong Chak Wai, 20% by Mr. Michael Szeto Chak Wah and the remaining 8% by the Investors’ advisers who provide consultancy services in connection with the Restructuring Proposal before Completion. All the existing and proposed shareholders are independent of and not connected with the directors, chief executive or substantial shareholder of the Company and its subsidiaries and their respective associates (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share(s)”	shares of HK\$0.01 each in the capital of the Company upon the Capital Reorganization becoming effective
“New Share Option Scheme”	a new share option scheme of the Company proposed to be adopted by the Company at EGM pursuant to which options may be granted by the Company to eligible participants of the Group from time to time to subscribe for New Shares representing up to 30% in aggregate of the entire issued share capital of the Company immediately upon Completion or such other number as may be permitted by the Stock Exchange from time to time in accordance with the Listing Rules and subject to such terms and conditions to the reasonable satisfaction of the Investors and in compliance with chapter 17 of the Listing Rules
“Pentagon Profits”	Pentagon Profits Limited, a wholly-owned subsidiary of the Company
“Petitioner”	Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., Hong Kong Branch, on its own behalf and as an agent for Wing Hang Bank Limited, Wing Lung Bank Limited and Standard Chartered Bank in connection with a syndicated loan agreement dated 3 December 1998
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Provisional Liquidators”	collectively Messrs. Cosimo Borrelli and Fan Wai Kuen, Joseph of RSM Nelson Wheeler Corporate Advisory Services Limited, the joint and several provisional liquidators of the Company

“Put Option”	an option granted by the Investors to the Creditors and/or Scheme Administrators to sell part or all of not less than 360,612,679 New Shares issued and allotted pursuant to the Restructuring Agreement at HK\$0.03 each to the Investors within 6 months of the Completion date
“Receivables”	The Company’s receivables of approximately HK\$200 million remain outstanding as at 31 December 2001
“Restructuring Agreement”	the conditional agreement dated 22 June 2002 as supplemented by an agreement to be entered into among the Company, the Provisional Liquidators and the Investors
“Restructuring Proposal”	the proposed restructuring of the Company through Capital Reorganization, Debt Restructuring involving the Scheme, Put Option and Call Option, and Subscription contemplated under the Restructuring Agreement and the Subscription Agreement
“Schemes”	the schemes of arrangement under section 86 of the Cayman Companies Law and section 166 of the Companies Ordinance between the Company and the Creditors, with or subject to any modification thereof or addition thereto or condition as may be approved or imposed by the Courts
“Scheme Administrators”	such persons appointed pursuant to the terms of the Schemes
“SDI”	Seapower Development (Indonesia) Limited, a wholly owned subsidiary of the Company
“SFC”	Securities and Futures Commission
“Share(s)”	ordinary share(s) of HK\$0.05 each in the existing capital of the Company
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the Investors’ proposed subscription of not less than 8,500,000,000 New Shares at par (with one Warrant for every five New Shares), representing not less than 94.2% of the issued share capital of the Company upon Completion, for an aggregate amount of not less than HK\$85 million pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement to be entered into between the Company, the Provisional Liquidators and the Investors in connection with the Subscription of New Shares at par (with one Warrant for every five New Shares) by the Investors

“Warrant(s)”	the 3-year unlisted and transferrable warrant(s) of the Company to be issued to the Investors pursuant to the Subscription Agreement upon Completion and each warrant will entitle the holder thereof to subscribe for one New Share at HK\$0.01 each.
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Code from the obligation of the Investors and parties acting in concert with them to make a general offer for all the New Shares of the Company not already owned or agreed to be acquired by them upon Completion
“HK\$” and “cents”	Hong Kong dollars and cents, the lawful currency of Hong Kong

For and on behalf of  
**SEAPOWERS RESOURCES  
INTERNATIONAL LIMITED**  
**(Provisional Liquidators Appointed)**  
**Cosimo Borrelli**  
**W.K. Fan, Joseph**  
*Joint and Several Provisional Liquidators*

By Order of the Board  
**LEADER GLORY HOLDINGS LIMITED**  
**Pang Man Kin**  
*Director*  
AND  
**MR. PANG MAN KIN**

For and on behalf of  
**SEAPOWERS RESOURCES  
INTERNATIONAL LIMITED**  
**(Provisional Liquidators Appointed)**  
**Norman Choi**  
*Director*

19 August 2002

*The Provisional Liquidators, as agents of the Company, jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that relating to the Investors and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement other than that relating to the Investors and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*



*The Investors and the directors of Leader Glory accept full responsibility for the accuracy of the information contained in this announcement other than that relating to the Company and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, the opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

Please also refer to the published version of this announcement in The Standard.