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## **SEAPOWER RESOURCES INTERNATIONAL LIMITED**

**(Provisional Liquidators Appointed)**

*(Incorporated in the Cayman Islands with limited liability)*

### **ANNOUNCEMENT**

The Directors and the Provisional Liquidators announce that the Provisional Liquidators have granted an exclusive right for 21 days commencing from 27 May 2002 to Leader Glory Holdings Limited to negotiate and execute a legally binding agreement relating to the Possible Restructuring Proposal.

Trading in the securities of the Company has been suspended since 2:30 p.m. on 28 December 2001 and will remain suspended until further notice.

Terms used herein shall have the same meaning as those used in the Company's announcement dated 23 April 2002, unless otherwise stated.

The Directors and the Provisional Liquidators announce that the Provisional Liquidators and Leader Glory Holdings Limited (the "Potential Investor") entered into an exclusivity agreement dated 27 May 2002 pursuant to which the Potential Investor has been granted an exclusive right for 21 days commencing from 27 May 2002 to negotiate and execute a legally binding agreement relating to a possible financial restructuring of the Company (the "Possible Restructuring Proposal"). The Potential Investor has paid a total deposits of HK\$1,750,000 to the Provisional Liquidators. HK\$1,000,000 of the deposits is earnest money and is refundable with accrued interest to the Potential Investor if no legally binding agreement is reached (i) within the exclusivity period and (ii) due to matters arising from the Company (rather than the Potential Investor). The balance of the deposits will be applied towards the costs of the Possible Restructuring Proposal. Any portion of the balance of the costs deposit unused at the end of the exclusivity period is also refundable without interest.

The Possible Restructuring Proposal, if successfully implemented, will result in the Potential Investor holding a controlling interest in the restructured Company and the Company's indebtedness due to its creditors will be settled by way of a scheme of arrangement. Should the Possible Restructuring Proposal proceed, the subscription by the Potential Investor for new shares of the Company will give rise to a general offer obligation on the part of the Potential Investor under Rule 26.1 of the Takeovers Code. The Potential Investor does not intend to make a general offer and hence, should the Possible Restructuring Proposal proceed, will apply to the Executive for a whitewash waiver from the obligation of the Potential Investor and parties acting in concert with it to make a general offer for all the shares of the Company not already owned or agreed to be acquired by them upon completion of the restructuring of the Company.

The grant of the whitewash waiver by the Executive will be one of the conditions precedent to the Possible Restructuring Proposal if the Possible Restructuring Proposal proceeds. The Provisional Liquidators and the Potential Investor have advised that they will not waive the condition associated with the whitewash waiver.

The Potential Investor and its beneficial owner 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). The Potential Investor is a company incorporated in the British Virgin Islands. The sole beneficial shareholder of the Potential Investor is a businessman with experience in interior design, decoration works and contracting in Hong Kong and PRC as well as trading of building materials.

Negotiations in relation to the Possible Restructuring Proposal are at a preliminary stage. Detailed terms and conditions have not been finalised between the Provisional Liquidators and the Potential Investor at the moment. The Possible Restructuring Proposal may or may not materialise. The Company will keep its shareholders and investors informed of any major developments.

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For and on behalf of  
**SEAPOWER RESOURCES  
INTERNATIONAL LIMITED**  
*(Provisional Liquidators Appointed)*

**Cosimo Borrelli  
W.K. Fan, Joseph**

*Joint and Several Provisional Liquidators*

By Order of the Board  
**SEAPOWER RESOURCES  
INTERNATIONAL LIMITED**  
*(Provisional Liquidators Appointed)*

**Norman Choi**  
*Director*

4 June 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 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 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.*

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