

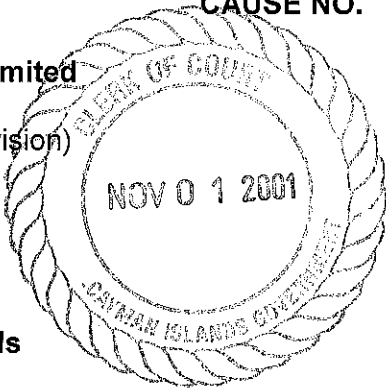
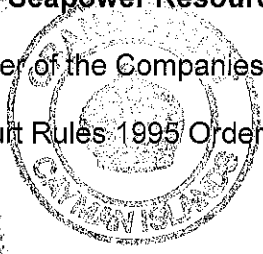
IN THE GRAND COURT OF THE CAYMAN ISLANDS

CAUSE NO. ⁶⁷⁶ OF 2001

In the matter of **Seapower Resources International Limited**

And in the matter of the Companies Law (2001 2nd Revision)

And Grand Court Rules 1995 Order 102



PETITION

TO: The Grand Court of the Cayman Islands

THE PETITION of Seapower Resources International Limited shows as follows:

1. Your Petitioner Seapower Resources International Limited, ("the Company") was incorporated and registered as THL International Limited in the Cayman Islands with registration number F-4438 on 4th April 1989 under the Companies Law as an exempted company.
2. The registered office of the Company is situate at P.O. Box 1043 GT, Caledonian House, George Town, Grand Cayman, Cayman Islands, B.W.I.
3. The objects for which the Company was formed are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of The Companies Law (2001 Second Revision).
4. The original capital of the Company was HK\$500,000,000.00 divided into 1,000,000,000 shares of a nominal or par value of HK\$0.50 each.
5. By ordinary resolutions passed on the 10th April, 1989 and on the 2nd March, 1990 the authorised share capital was increased initially to HK\$650,000,000.00 by the creation of an additional 300,000,000 shares of HK\$0.50 each, and subsequently to HK\$850,000,000.00 by the creation of an additional 400,000,000 shares of HK\$0.50 each.
6. By an ordinary resolution passed on the 26th September, 1996 the authorised share capital of the Company was increased to HK\$1,000,000,000.00 by the creation of an additional 300,000,000 shares of HK\$0.50 each.
7. By a special resolution passed on the 30th September 1999 and sanctioned by an order of the Grand Court of the Cayman Islands dated the 19th November, 1999, the capital of Company was reduced from HK\$1,000,000,000.00 divided into 2,000,000,000 shares of HK\$0.50 each to HK\$1,000,000,000.00 divided into 20,000,000,000 shares of HK\$0.05 each.
8. The New Articles of Association of the Company provide, *inter alia*, as follows:

Article 63 "(a) *The Company may from time to time by ordinary resolution:-*

- (iii) *sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.*
- (b) *"The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorized and subject to any conditions prescribed by the Law."*

9. By a special resolution of the Company duly passed in accordance with section 15(1) of the Companies Law at an extraordinary general meeting thereof held on the 6th September, 2001, it was resolved:

"THAT, with effect from the date upon which this resolution takes effect pursuant to the Companies Law (2001 Second Revision) of the Cayman Islands (the "Effective Date"):

- (a) *the issued share capital of the Company be reduced by canceling paid up capital to the extent of HK\$0.04 on each of the 1,547,042,829 shares in issue as at 8th August, 2001 (being the latest practicable date prior to the issue of the notice of this Meeting) and any further shares of the Company which may be issued prior to the Effective Date ("Reduction of Capital") so that each issued share in the capital of the Company on the Effective Date shall be one fully-paid up ordinary share of HK\$0.01 in the capital of the Company ("Adjusted Share") and any liability of the holders of Adjusted Shares to make any further contribution to the capital of the Company on each such Adjusted Share shall be treated as satisfied;*
- (b) *the credit arising from the Reduction of Capital be set off against accumulated losses of the Company as at 31st March, 2001;*
- (c) *the balance of the accumulated losses of the Company as at 31st March, 2001 not cancelled pursuant to paragraph (b) of this Resolution be eliminated by cancellation of the same amount standing to the credit of the share premium account of the Company;*
- (d) *subject to and forthwith upon the Reduction of Capital taking effect, all of the authorised but unissued shares of HK\$0.05 each in the capital of the Company which shall include, without limitation, those unissued shares resulting from the Reduction of Capital be canceled and forthwith upon such cancellation, the authorised share capital be increased to HK\$1,000,000,000 by the creation of such additional number of shares of HK\$0.01 each;*

(e) *conditional upon the Reduction of Capital taking effect, clause 8 of the memorandum of association of the Company be amended by the deletion of its entirety and the substitution therefor with the following:*

"8. The capital of the Company is HK\$1,000,000,000.00 divided into 100,000,000,000 shares of a nominal or par value of HK\$0.01 each provided always that subject to the provisions of The Companies Law Cap. 22 as amended and the Articles of Association the Company shall have power to redeem or purchase any or all of such shares and to subdivide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided."

(f) *conditional upon the Reduction of Capital taking effect, article 3 of the articles of association of the Company be amended by the deletion of its entirety and the substitution therefor with the following:*

"3. The share capital of the Company shall be HK\$1,000,000,000.00 divided into 100,000,000,000 shares of a par value of HK\$0.01 each", and

(g) *the directors of the Company be and they are hereby authorised generally to do all things appropriate to effect and implement any of the foregoing."*

10. Previously to the passing of the special resolution for the Reduction of Capital, the cancellation of the amount standing to the credit of the share premium account, the cancellation of all the authorised but unissued shares of HK\$0.05 each and the increase of the authorised share capital to HK\$1,000,000,000.00 by the creation of 98,452,957,171 or so much new shares as are required (of HK\$0.01) so that the aggregate value of shares issued or issuable will be equal to the original authorised share capital of HK\$1,000,000,000.00, ("the Capital Reorganisation"), set out in paragraph 9 hereof, there was a deficit of HK\$337,915,686.46 in the profit and loss account of the Company as at the 31st March 2001. The purpose of the proposed Reduction of Capital is to enable the Company to reduce such deficit and to provide greater flexibility for the Company's dividend policy when the operation of the Company returns to profits in the future.

Since 3rd August, 2001, the Company's shares have been trading at prices below their nominal value of HK\$0.05 each. The Company's Directors believe that if the Company decides to issue new shares in the future, in order to attract support from the shareholders and/or public investors to the new issue, reference has to be made to the market price such that the issue price may fall below the nominal value of the shares, subject to market conditions. Because the market price is currently substantially less than the nominal value of the existing shares that would not be possible without reducing the nominal value of the shares.

11. The proposed Reduction of Capital does not involve either the diminution of any liability in respect of unpaid capital or the payment to any shareholder of any paid-up capital. Furthermore, the Reduction of Capital and Capital Reorganisation will not alter the underlying assets, business operations or financial position of the Company nor will it affect the proportionate interest of its shareholders.
12. The form of Minute proposed to be registered is as follows:

"The issued share capital of Seapower Resources International Limited was by virtue of special resolution and with sanction of an Order of the Grand Court dated [] reduced from HK\$77,352,141.45 divided into 1,547,042,829 shares of HK\$0.05 each to HK\$15,470,428.29 divided into 1,547,042,829 shares of HK\$0.01 each. At the date of the registration of this Minute all such shares have been issued and are deemed to be fully paid up. A special resolution of the Company has been passed to the effect that on the said reduction of capital taking effect the authorized but unissued shares of HK\$0.05 each in the capital of the Company, which shall include, without limitation, those unissued shares resulting from the said reduction of capital, be cancelled and forthwith upon such cancellation, the authorised share capital be increased to its former amount of HK\$1,000,000,000.00 by the creation of such additional number of shares of HK\$0.01 each as are necessary to do so.

The capital of the Company is accordingly, on the registration of this Minute HK\$1,000,000,000.00 divided into 100,000,000,000 shares of a nominal or par value of HK\$0.01 each of which 1,547,042,829 shares have been issued and fully paid up and the remainder of shares are unissued."

13. Your Petitioner, the Company, therefore prays as follows:
- (1) That the reduction of the capital of the Company proposed to be effected by the Special Resolution set forth in paragraph 6 of this Petition may be confirmed and that the above-mentioned Minute may be approved by the Court.
 - (2) That to this end all necessary inquiries and directions may be made and given.
 - (3) Such further and other order as this Honourable Court shall think fit.

NOTE: It is intended to serve this Petition on Seapower Resources International Limited at its registered address Caledonian Bank & Trust Limited, P.O. Box 1043, Grand Cayman, Cayman Islands, B.W.I.

DATED THIS 1st DAY OF November, 2001.


CHARLES ADAMS, RITCHIE & DUCKWORTH
Attorneys-at-Law for the Applicant herein

This Petition was filed by Charles Adams, Ritchie & Duckworth, Attorneys-at-Law for and on behalf of the Applicant herein whose address for service is that of its Attorneys, P.O. Box 709G, Zephyr House, Mary Street, George Town, Grand Cayman, Cayman Islands.