

**SEAPOWER RESOURCES INTERNATIONAL LTD :
IS CHOI SAI LEUNG ABOUT TO FACE THE MUSIC ?**

The balloon is about to go up on publicly listed Seapower Resources International Ltd (Code: 269, Main Board, The Stock Exchange of Hongkong Ltd).

And the man who, no doubt, will have to face a barrage of questions in respect of this situation is the Honourary Chairman, the 60-year-old, Mr Choi Sai Leung.

While Mr Choi Sai Leung resigned as Executive Chairman of Seapower Resources in June last year, he was, on September 4, 1997, the Executive Chairman.

That date seems to be very important because it is alleged that a wholly owned subsidiary of I-China Holdings Ltd, formerly known as Seapower International Holdings Ltd (Code: 240, Main Board, The Stock Exchange of Hongkong Ltd), opened and operated an account with, what is now, a defunct brokerage house: Peregrine Brokerage Ltd.

Peregrine Brokerage was/is a wholly owned subsidiary of the former, publicly listed company, Peregrine Investments Holdings Ltd (in liquidation).

In the heyday of Peregrine Investments, when its former Chairman, Mr Philip Tose, was trying to run the show, it was seen to be unable do any wrong.

At least, that was what everybody and his cat thought at the time, just prior to 1997 when the Peregrine ball of wax started to melt.

But Peregrine bit off much more than it could chew; it went belly up.

Mr Philip Tose, finding himself, facing irate shareholders and creditors, who came at him from every angle, found it impossible to weasel out of the situation, as he had been able to do in the past.

Recently, a Hongkong-Government investigation into Mr Philip Tose et al determined that he was the bearer of a very high degree of incompetence.

Some of the fallout of those hairy days, when Mr Philip Tose was parading round town as being the merchant banker extraordinaire, is still surfacing, to be sure.

According to High Court Action, Number 1318 of 2001, Peregrine Brokerage (in Liquidation) alleges that it is owed about \$HK109 million from a company which, according to TOLFIN (TARGET's Computerised Information Service), is indirectly 100 percent owned by Seapower International, now known as I-China.

At the same time, this company, as at March 31, 2000, held nearly 28 percent of the Issued and Fully Paid-Up Share Capital of Seapower Resources.

That company is Fordit Ltd, whose Registered Office is located at Silver Fortune Plaza, Number One, Wellington Street, 22nd and 23rd floors, Central Hongkong – the same address as Hongkong Registered offices of Seapower Resources.

Peregrine Brokerage alleges, in its Statement of Claim, attached to the Writ of Summons, that Fordit entered into a Client Account, Corporate, with Peregrine Brokerage on September 4, 1997.

That was at the height of the Asian financial crisis, just prior to Peregrine, being crushed by the weight of its debts.

Among the terms and conditions, of the agreement with Peregrine, was that Fordit would be afforded credit facilities *‘for the purposes of purchasing and selling Investments ...’*.

Peregrine held onto the securities, purchased by Fordit, the Statement of Claim alleges at Paragraph 3. 13. (d), and it was an express agreement that *‘the Plaintiff is at liberty at any time and without notice to the Defendant (Fordit) to sell all or any of the Investments ... in such manner and at such price(s) as the Plaintiff may deem expedient and apply the net proceeds in or towards payment of any such sum or liability due and owing by the Defendant ...’*.

Paragraph 4 of the Statement of Claim makes it plain that the agreement between Fordit and Peregrine included, inter alia, the existence of a Margin Account in connection with the purchases and sales of investments.

Fordit pledged, as collateral for its continuing account, 175.17 million Seapower Resources’s share, according to Paragraph 5 of the Statement of Claim.

On April 14, 2000, it is alleged that the Joint and Several Liquidators of Peregrine *‘issued a demand to the Defendant for the payment of the outstanding amounts due and owing to the Plaintiff (Peregrine) pursuant to the credit facilities granted under the Client Agreement and Margin Agreement ...’*.

The demand, issued by the Joint and Several Liquidators, were itemised as follows:

Principal amount outstanding as at May 27, 1998 (inclusive of accrued interest calculated up to January 20, 1998)	\$HK72,850,871.79
Unpaid interest from January 21, 1998 to April 14, 2000	\$HK24,847,219.45
Estimated costs payable to shares custodian	\$HK97,000.00
Total amount outstanding	\$HK97,795,091.24

Paragraph 8 of the Statement of Claim goes on to state: *‘On 1 December 2000 and 4 December 2000, a total of 15,855,000 Shares were sold by the Liquidators of the Plaintiff pursuant to clause 13(d) of the Client Agreement. The net amount realised from the sale amounting to HK\$1,821,906.83 was applied towards the repayment of the Defendant’s outstanding liabilities to the Plaintiff.’*

As at March 19, 2001, it is alleged that \$HK108,795,025.62 was owed to Peregrine by Fordit.

This is the calculation, used by the Joint and Several Liquidators in respect of the claims against Fordit:

Principal amount outstanding as at May 27, 1998 (inclusive of interest up to May 27, 1998)	\$HK76,544,897.12
Proceeds from sale of 15,855,000 shares on December 1, 2000 and December 4, 2000	\$HK1,821,906.83
Interest from May 28, 1998 to March 22, 2001	\$HK33,975,035.33
Estimated costs payable to shares custodian	\$HK97,000.00
TOTAL AMOUNT OUTSTANDING AS AT MARCH 22, 2001	\$HK108,795,025.62

The Statement of Claim ends at Paragraph 10 with the statement:

‘In breach of the Client Agreement and Margin Agreement and despite various demands by the Plaintiff, the Defendant has to date failed to pay any or all of the total amount due and owing by them to the Plaintiff.’

Who Owns What ?

According to TOFLIN, Fordit is, indirectly, wholly owned by I-China via Blissea Consortium Company Ltd.

Mr Choi Sai Leung was a Director of Fordit until June 7, 2000, when he stepped down in favour of his son, Norman Choi Sung Fung.

That placed his daughter, Ms Shirley Choi Siu Lui, and his son, Norman, in complete charge of this I-China's subsidiary.

The idea of stepping down as Executive Chairman of the publicly listed Seapower Resources and I-China was a calculated move on the part of Mr Choi Sai Leung, it appears, because the website of the Company states:

'Mr. Choi Sai Leung (Honorary Chairman), aged 59, was appointed as a Director of the Company in September 1989 and had acted as the Chairman of the Company until June 2000 when he considered that the group has been firmly established under the new management. Mr. Choi therefore resigned as the Chairman and relinquished from the executive functions as Director and passed on the leadership of the Group to the new management team ... Mr. Choi is the father of Ms Shirley Choi Siu Lui, the Chairman and Chief Executive Officer of the Company and Mr. Norman Choi Sung Fung, an Executive Director of the Company.'

Ms Shirley Choi Siu Lui is 32 years old while Mr Norman Choi Sung Fung is 28 years old – the strong management team leaders.

TOLFIN's records indicate that, in the past 24 months, Mr Choi Sai Leung has been the most popular fellow in the High Court of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), having successfully collected not less than 18 Writs and Summons, during that period of time. *TOLFIN's calculations indicate that Mr Choi Sai Leung is alleged to owe not less than \$HK908 million to the 18-odd Plaintiffs ...* [CLICK TO ORDER FULL ARTICLE](#)

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