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## Soundwill Holdings Limited

*(Incorporated in Bermuda with limited liability)*



## 福海集團有限公司 FUJIAN GROUP LIMITED

*(Incorporated in Hong Kong with limited liability)*

## Turbo Success Ventures Limited

*(Incorporated in the British Virgin Islands with limited liability)*

### JOINT ANNOUNCEMENT

Reference is made to the joint announcements dated 3 June 2002, 25 July 2002, 29 August 2002, 30 September 2002, 1 November 2002 and 2 December 2002 issued by Soundwill Holdings Limited, Fujian Group Limited and Turbo Success Ventures Limited in relation to the MOU as supplemented by a letter dated 29 August 2002, pursuant to which FGL and the Investors have mutually agreed in writing to extend the exclusive right as contained in the MOU for a further period of nine months with effect from 29 August 2002.

The Investors have submitted a debt restructuring proposal to the major financial creditors of FGL and are still in the process of negotiation with the major financial creditors of FGL in respect of the terms of the debt restructuring proposal. As at the date of this announcement, the terms of the agreements contemplated under the MOU have yet to be determined and the terms of such agreements may not be exactly the same as those contained in the MOU.

**The Restructuring Proposal may or may not proceed.** Trading of FGL Shares on the Stock Exchange has been suspended since 16 February 2001. FGL is in the final stage of delisting procedures in accordance with Practice Note 17 to the Listing Rules as announced on 22 July 2002.

A further announcement will be made to keep investors informed of any material development regarding the Restructuring Proposal as and when appropriate.

The FGL Directors also wish to provide an update on litigations of FGL Group.

### UPDATE ON RESTRUCTURING PROPOSAL

Reference is made to the joint announcements dated 3 June 2002, 25 July 2002, 29 August 2002, 30 September 2002, 1 November 2002 and 2 December 2002 issued by Soundwill Holdings Limited, Fujian Group Limited and Turbo Success Ventures Limited. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as defined in those joint announcements. Pursuant to the MOU and the letter dated 29 August 2002, FGL has granted to the Investors and/or the Other Party the exclusive right for a further period of nine months with effect from 29 August 2002 to (i) enter into the Investment Agreements with FGL for the purposes of enabling the Investors (or their respective nominees) and/or the Other Party to acquire at least 51 per cent. of the then issued share capital of FGL and (ii) assist FGL in the finalisation of the terms of the Debt Restructuring Agreement with the major financial creditors of FGL.

As mentioned in the joint announcements dated 25 July 2002, 29 August 2002, 30 September 2002, 1 November 2002 and 2 December 2002, the Investors have submitted a debt restructuring proposal to the major financial creditors of FGL on 4 June 2002 and are still in the process of negotiation with the major financial creditors of FGL in respect of the terms of the debt restructuring proposal. As at the date of this announcement, the terms of the agreements contemplated under the MOU have yet to be determined and the terms of such agreements may not be exactly the same as those contained in the MOU. At this stage, the FGL Directors are still unable to estimate when the terms of the debt restructuring proposal could be concluded.

It is expected that completion of the transactions to be contemplated under the agreements contemplated under the MOU will result in a change in control of FGL. The transaction to be contemplated under the Sale and Purchase Agreement, if materialises, is expected to constitute a notifiable transaction for SHL, under the Listing Rules.

**The Restructuring Proposal may or may not proceed.** Trading of FGL Shares on the Stock Exchange has been suspended since 16 February 2001. FGL is in the final stage of delisting procedures in accordance with Practice Note 17 to the Listing Rules as announced on 22 July 2002 by the Stock Exchange. If FGL does not submit a valid resumption proposal by 20 January 2003, the Stock Exchange intends to cancel the listing status of FGL. In the event that the Stock Exchange cancels the listing status of FGL prior to the expiry of the exclusive period, it is the intention of the Investors not to proceed with the Restructuring Proposal as contemplated under the MOU. In view of the current circumstances and the deadline for the submission of a valid resumption proposal, it is uncertain whether a valid resumption proposal may be submitted to the Stock Exchange before 20 January 2003.

A further announcement will be made to keep investors informed of any material development regarding the Restructuring Proposal as and when appropriate.

## **UPDATE ON LITIGATIONS OF FGL GROUP**

References are made to the joint announcements dated 30 September 2002, 1 November 2002 and 2 December 2002 in relation to (i) Labour Tribunal Claim No. LBTC 8170/2002 for the claim by former directors against FGL of outstanding wages and related claims for the total sum of HK\$5,722,580.60; and (ii) High Court Action No. 3576/2002 for the claim by FGL against the former directors for breach of duties for the sum of not less than HK\$6,500,000.00.

The Labour Tribunal Claim No. LBTC 8170/2002 has been transferred to the High Court under new High Court Action No. 4307 of 2002. According to the order by the High Court on 11 December 2002, the plaintiffs (the former directors of FGL) have filed a statement of claim on 20 December 2002 and pursuant to the said order, FGL shall file its defence within 14 days thereafter. FGL shall apply with the High Court for an extension to file its defence.

Further announcement will be made by FGL as and when appropriate.

By Order of the Board  
**Soundwill Holdings Limited**  
**Leung Yeuk Kuk, Joseph**  
*Director*

By Order of the Board  
**Fujian Group Limited**  
**Huang Jianguan**  
*Chairman*

By Order of the Board  
**Turbo Success Ventures Limited**  
**Foo Kam Chu, Grace**  
*Director*

Hong Kong, 3 January 2003

*The respective directors of the Investors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the FGL Group and TSV) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the FGL Group and TSV) 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 FGL Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Investors and their respective directors) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Investors and their respective directors) 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 (China Daily)*