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**漢寶集團(龍蝦大王)有限公司**  
**Hon Po Group (Lobster King) Limited**

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

**(Stock code: 228)**

**PLACING OF EXISTING SHARES  
AND  
SUBSCRIPTION OF NEW SHARES**

On 20 January 2005, the Vendor and Yicko entered into the Placing Agreement where Yicko has been appointed as the Placing Agent to place 126,000,000 existing Shares beneficially owned by the Vendor to independent investors at a price of HK\$0.0624 per Placing Share on a best effort basis. This price was determined after arm's length negotiation among the Vendor, the Placing Agent and the Company and represents (i) a discount of approximately 20% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on 20 January 2005, being the date of this announcement; and (ii) a discount of approximately 14.52% to the average closing price of HK\$0.073 per Share as quoted on the Stock Exchange for the five consecutive trading days ended 20 January 2005.

On the same date, the Vendor and the Company entered into the Subscription Agreement where the Vendor has conditionally agreed to subscribe and the Company agreed to allot and issue 126,000,000 Subscription Shares at a price of HK\$0.0624 per Subscription Share. After deducting expenses, the net price is approximately HK\$0.0603 per Subscription Share.

The net proceeds of the Subscription are expected to be approximately HK\$7,600,000, after taking into consideration of the placing commission payable to the Placing Agent and other accrual expenses and will be used as general working capital of the Group.

The Placing Shares represents approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the Company's issued share capital as enlarged by the issue of the Subscription Shares. The Subscription Shares will be allotted and issued pursuant to the resolutions passed at the annual general meeting of the Company held on 27 May 2004 authorising the directors to issue new Shares up to a maximum of 20% of the issued share capital of the Company as at the date of the said annual general meeting.

Completion of the Subscription is subject to the satisfaction of certain conditions as described below.

## **THE PLACING**

- Date : 20 January 2005
- Vendor : The Vendor, the controlling shareholder of the Company, which is interested in approximately 60.32% of the existing issued share capital of the Company.
- Placing Agent : Yicko has been appointed as the Placing Agent to place the Placing Shares on a best effort basis. The Placing Agent is not a connected person (as defined in the Listing Rules) of the Company.
- Placees : Not less than six placees who will be independent individual, corporate and/or institutional investors. Such placees and their ultimate beneficial owners will not be connected person(s) (as defined in the Listing Rules) of the Company and will be independent third parties and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules).
- Number of Placing Shares : 126,000,000 existing Shares, representing approximately 20% of the existing issued share capital of 630,000,000 Shares of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the Subscription to 756,000,000 Shares.

- Placing Price : HK\$0.0624 per Placing Share. This price was determined after arm's length negotiation among the Vendor, the Placing Agent and the Company and represents (i) a discount of approximately 20% to the closing price of HK\$0.078 per Share as quoted on the Stock Exchange on 20 January 2005, being the date of this announcement; and (ii) a discount of approximately 14.52% to the average closing price of HK\$0.073 per Share as quoted on the Stock Exchange for the five consecutive trading days ended 20 January 2005. The Company will bear all costs and expenses in connection with the Placing and the Subscription.
- Completion : Completion of the Placing will take place on or before 5:00 p.m. on 24 January 2005 or on such other date and time as the Vendor and the Placing Agent shall agree.

## **THE SUBSCRIPTION**

- Date : 20 January 2005
- Issuer : The Company
- Subscriber : The Vendor
- Number of Subscription Shares : The Company will allot and issue and the Vendor will subscribe for such number of new Shares as is equivalent to the aggregate number of Placing Shares sold to the Placees under the Placing up to a maximum number of 126,000,000 new Shares. Such maximum number of 126,000,000 new Shares represent approximately 20% of the existing issued share capital of 630,000,000 Shares of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of Subscription Shares to 756,000,000 Shares.

- Subscription Price : HK\$0.0624 per Subscription Share. After deducting expenses, the net price is approximately HK\$0.0603 per Subscription Share.
- General Mandate to allot and issue new Shares : The Subscription Shares will be allotted and issued pursuant to the resolutions passed at the annual general meeting of the Company held on 27 May 2004 authorising the directors of the Company to issue new shares up to a maximum of 20% of the issued share capital of the Company as at the date of the said annual general meeting. Such general mandate has not been utilized since the date of grant.
- Ranking : The Subscription Shares, when fully paid and issued, will rank pari passu in all respects among themselves and with the existing Shares.
- Conditions : The Subscription is conditional upon:
- (a) completion of the Placing; and
  - (b) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares;
- Application will be made to the Stock Exchange to grant the listing of, and permission to deal in, the Subscription Shares.
- Completion : Completion of the Subscription is expected to be completed immediately after full satisfaction of the above-mentioned conditions of the Subscription, and in any event will not exceed 14 days from the date of the Subscription Agreement.

## **USE OF PROCEEDS OF THE SUBSCRIPTION**

The directors of the Company are of the view that the Placing and the Subscription will help broaden the shareholder base and strengthen the capital base of the Company.

The net proceeds of the Subscription are expected to be approximately HK\$7,600,000, after taken into consideration of the placing commission payable to the Placing Agent and other accrual expenses. The Company currently intends to use the net proceeds as the general working capital of the Group.

## EFFECTS ON SHAREHOLDING

The shareholding structures of the Company immediately before completion of the Placing, after completion of the Placing but before completion of the Subscription, and after completion of both the Placing and the Subscription are as follows:

	<b>Before Placing and Subscription</b>		<b>After Placing but Before Subscription</b>		<b>After Placing and Subscription</b>	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
The Vendor	380,000,000	60.32	254,000,000	40.32	380,000,000	50.26
Placees	–	–	126,000,000	20.00	126,000,000	16.67
Public	250,000,000	39.68	250,000,000	39.68	250,000,000	33.07
Total	<u>630,000,000</u>	<u>100.00</u>	<u>630,000,000</u>	<u>100.00</u>	<u>756,000,000</u>	<u>100.00</u>

Immediately after completion of the Placing but before completion of the Subscription, the shareholding interests of the Vendor will decrease from approximately 60.32% to approximately 40.32% of the existing issued share capital of the Company. The shareholding interests of the Vendor will increase from approximately 40.32% of the existing issued share capital of the Company to approximately 50.26% of the issued share capital of the Company as enlarged by the issue of Subscription Shares immediately after completion of both the Placing and the Subscription.

## BUSINESS OF THE GROUP

The principal activities of the Company is investment holding. The principal activities of the Company's subsidiaries involve the operation of a chain of Chinese restaurants and food manufacturing in Hong Kong.

## **GENERAL**

During the twelve months' period immediately before the date of this announcement, the Company has not raised any funds on any issue of equity securities.

As at the date of this announcement, Mr. Cheung To Sang, Mr. Chan Nun Chiu, Mrs. Cheung Lim Mai Tak, Grace, Mr. She Hing Chiu and Mr. Tse Chick Sang are executive directors, Mr. Cheung Sik Pang and Mr. Ng Wing Po are non-executive directors, Mr. Chang Kin Man, Mr. Wu Tak Lung and Ms. Lee Pui Hang, Pieann are independent non-executive directors of the Company.

## **DEFINITIONS**

The following defined terms are used in this announcement:

“Company”	Hon Po Group (Lobster King) Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Group”	the Company and its subsidiaries
“Yicko” or the “Placing Agent”	Yicko Securities Limited, a licensed corporation to carry on business in types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of 126,000,000 Placing Shares by the Vendor pursuant to the Placing Agreement
“Placing Agreement”	the agreement entered into between the Vendor and the Placing Agent dated 20 January 2005 in relation to the Placing

“Placing Shares”	a total of 126,000,000 existing Shares beneficially owned by the Vendor to be placed pursuant to the Placing Agreement
“Shares”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for 126,000,000 Subscription Shares by the Vendor pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Vendor and the Company dated 20 January 2005 in relation to the Subscription
“Subscription Shares”	a total of 126,000,000 new Shares to be subscribed by the Vendor pursuant to the Subscription Agreement
“Vendor”	Hon Po Investment Limited, a company incorporated in the British Virgin Islands with limited liability, holding approximately 60.32% of the issued share capital of the Company. Hon Po Investment Limited is the wholly-owned subsidiary of Hon Po Holdings Limited as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Hon Po Group (Lobster King) Limited**  
**Cheung To Sang**  
*Chairman and Managing Director*

Hong Kong, 20 January 2005

Please also refer to the published version of this announcement in China Daily.