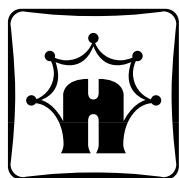


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漢寶集團(龍蝦大王)有限公司
Hon Po Group (Lobster King) Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 228)

**ISSUE OF THE SECOND CONVERTIBLE NOTES,
UNUSAL PRICE & VOLUME MOVEMENT AND
POSSIBLE INVESTMENT**

The Board of the Company has noted the recent increases in trading price and trading volume of the Shares of the Company and wishes to state that it is not aware of any reasons for such increase, except that (i) the third and final tranches of the Second Convertible Notes in an aggregate principal amount of HK\$50,000,000 were issued to 12 independent professional, corporate or individual placees. The Company has received conversion notices for the full conversion of the Second Convertible Notes issued and as a result of which the Company has issued a total of 1,000,000,000 Shares to those 12 placees at the Second Conversion Price of HK\$0.05 each on 22nd August 2005; and (ii) for long term investment purpose, the Company is currently engaged in a preliminary discussion regarding a possible acquisition of a certain amount of equity interest in a Hong Kong company which is indirectly holding a right of exploitation for natural resources in PRC through a wholly-owned foreign enterprise.

Shareholders and potential investors should exercise caution when dealing in the Shares.

The board of directors (the “Board”) of Hon Po Group (Lobster King) Limited (the “Company”) has noted the recent increases in the trading price and trading volume of the Shares of the Company and wishes to state that, save as disclosed herein, the Board is not aware of any reasons for such increases.

Reference is made to the circular issued by the Company dated 14th June 2005 (the “Circular”) and the announcements of the Company dated 30th June 2005, 25th July 2005 and 11th August 2005, in relation to, among other things, the placings of the First Convertible Notes and the Second Convertible Notes. Terms used herein shall have the same meanings as defined in the Circular unless the context requires otherwise.

The placing of the Second Convertible Notes is carried out in four stages with an aggregate principal amount of HK\$25,000,000 to be issued at each stage. The issue of the first and second tranches of the Second Convertible Notes has been completed and disclosed in the Company’s announcement dated 25th July 2005. The issue of the third and final tranches of the Second Convertible Notes is conditional upon fulfillment of the conditions to the placing of the Second Convertible Notes and the issue of each successive tranche will be subject to successful completion of the issue of the preceding tranche.

On 22nd July 2005, the Listing Committee of the Stock Exchange granted the listing of and permission to deal in the Conversion Shares to be issued upon the exercise of the conversion rights attached to the Convertible Notes. The Board is pleased to announce that on 22nd August 2005, the third and final tranches of the Second Convertible Notes in an aggregate principal amount of HK\$50,000,000 were issued to 12 independent professional, corporate or individual placees. The Company has received conversion notices for the full conversion of the Second Convertible Notes issued and as a result of which the Company has issued a total of 1,000,000,000 Shares to those 12 placees at the Second Conversion Price of HK\$0.05 each accordingly on 22nd August 2005 (“Third and Final Tranches Conversion Shares”). The Third and Final Tranches Conversion Shares represent approximately 64.47% of the issued share capital of the Company prior to their issue and approximately 39.20% of the issued share capital of the Company as enlarged by the issue of the Third and Final Tranches Conversion Shares. Upon the issue of the Third and Final Tranches Conversion Shares, the total number of issued share of the Company has increased from 1,551,200,000 Shares to 2,551,200,000 Shares. To the best knowledge of the Company, none of the holders of the Third and Final Tranches Conversion Shares has become a substantial Shareholder of the Company as a result of the issue of the Third and Final Tranches Conversion Shares.

After the issue of the Third and Final Tranches Conversion Shares, the Company has no outstanding Convertible Notes and no other Shares issued pursuant to other transactions including Shares issued pursuant to exercise of options under any share option scheme as at the date of this announcement.

The shareholding structure of the Company before and after the issue of the Third and Final Tranches Conversion Shares is set out as following:

	Existing issued Share Capital	%	After issue of the Third and Final Tranches Conversion Shares	%
Hon Po Investment Limited	76,000,000	4.90	76,000,000	2.98
Public:				
Others	1,475,200,000	95.10	1,475,200,000	57.82
Holders of the Third and Final Tranches Conversion Shares	—	—	1,000,000,000	39.20
Total	<u>1,551,200,000</u>	<u>100.00</u>	<u>2,551,200,000</u>	<u>100.00</u>

For long term investment purpose, the Company is currently engaged in a preliminary discussion with independent third parties regarding a possible acquisition of a certain amount of equity interest in a Hong Kong company which is indirectly holding a right of exploitation for natural resources in the People's Republic of China ("PRC") through a wholly-owned foreign enterprise. However, no detailed terms regarding the possible acquisition have been agreed and no agreement or any other binding document has been entered into as at the date of this announcement. The Company may or may not proceed with the possible acquisition.

Shareholders and potential investors should exercise caution when dealing in the Shares.

Save as disclosed above, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board of the Company the directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By order of the Board
Hon Po Group (Lobster King) Limited
Chan Shi Yung
Executive Director and Chief Executive Officer

Hong Kong, 22nd August 2005

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

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