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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: 0228)

ANNOUNCEMENT – HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of, inter alia, the concentration of the Company's public float in the hands of a small number of shareholders as at 13 July, 2006.

The Board of Directors of the Company was recently informed by the Stock Exchange that on the basis of information provided by the SFC, as at 13 July 2006, 33 shareholders held an aggregate of 2,516,994,000 Shares, representing approximately 98.66% of the Company's total issued share capital of 2,551,200,000 Shares as at 13 July 2006. As such, the Shares held by other shareholders only accounted for approximately 1.34% of the total issued share capital of the Company as at 13 July 2006.

In view of the high concentration of shareholding in a relative small number of shareholders, the price of the Shares could fluctuate substantially even with a small number of the Shares traded. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to provide information to the public in respect of the high concentration of the shareholding of Hon Po Group (Lobster King) Limited (the "Company") in the hands of a relatively small number of shareholders of the Company as at 13 July 2006.

The board (the “Board”) of directors (the “Directors”) of the Company was recently informed by the Stock Exchange that on the basis of information provided by the Securities and Futures Commission (the “SFC”), as at 13 July 2006, 33 shareholders held an aggregate of 2,516,994,000 shares in the Company (the “Shares”), representing approximately 98.66% of the Company’s total issued share capital of 2,551,200,000 Shares as at 13 July 2006. As such, the Shares held by other shareholders only accounted for approximately 1.34% of the total issued share capital of the Company as at 13 July 2006. Out of the 2,516,994,000 Shares held by these top 33 shareholders, 1,570,280,000 Shares (or 61.54% of the issued share capital of the Company) were held in CCASS via 2 brokerage firms.

The SFC also found that amongst the top 33 shareholders, 27 of them were placees of the Company’s convertible notes in July and August 2005. All their convertible notes had been converted into new Shares at the price of either HK\$0.05 or HK\$0.10 per Share during the period from 25 July 2005 to 22 August 2005. These 27 shareholders received a total of 1,973,000,000 Shares (representing 77.34% of issued share capital of the Company) from the conversion of convertible notes in 2005, and they held an aggregate of 2,013,994,000 Shares (representing 78.94% of issued share capital of the Company) as at 13 July 2006.

The SFC’s enquiry also revealed that during the period from 10 April 2006 to 26 May 2006 amongst these 27 shareholders, 17 of them had no trading in the Shares. For the 10 shareholders who had traded the Shares during such period, their trading activities were not substantial as they in aggregate bought 12,440,000 Shares (representing 11.75% of market turnover) and sold 16,000,000 Shares (representing 15.12% of market turnover) only. For the other 5 shareholders who were amongst the top 33 shareholders but were not placees of convertible notes, they had no trading in the Shares during such period.

According to the information provided by the SFC (which information is a matter of public record), during the period from 10 April 2006 to 13 July 2006, the closing price of the Shares hovered between HK\$1.26 and HK\$3.675 per Share. Following the resumption of trading of the Shares on 10 April 2006, the closing price of the Shares increased by approximately 42.8% from the pre-suspension closing price of HK\$1.23 per Share on 28 August 2005 to close at HK\$1.75 per Share on 10 April 2006. Since then the closing price of the Shares trended upwards and reached a high of HK\$3.675 per Share on 20 April 2006, representing a 199% rise from the pre-suspension closing price. Trading of the Shares was suspended on 24 April 2006 and resumed on 4 May 2006. The closing price of the Shares dropped 29.1% to HK\$2.50 per Share with a turnover of 11,926,000 Shares on that day. The Share price closed at HK\$1.26 per Share on 13 July 2006 with a turnover of 150,000 Shares.

As disclosed by the Company in its various announcements made from April to July 2006, the Company entered into a conditional agreement with an independent third party vendor for the acquiring of interests in certain companies which held exploration rights to a Coal Mine and exploitation rights to a Peat Moss Mine situated in Inner Mongolia Autonomous Region, the PRC. The possible acquisition is still proceeding and pending fulfillments of several conditions precedent to completion. On 31 July 2006, the Company made a further announcement that a Second Supplemental Agreement has been entered into to extend the long-stop date for satisfaction of the conditions to 31 December 2006.

The list of the shareholders of the Company provided by the Company's registrar, Tengis Limited, shows that there has been no substantial shareholder of the Company since 22 August 2005. The Board having made all reasonable enquiries, is not aware of any of its connected persons (as defined in the Listing Rules) having interests in 10% or more of the issued share capital of the Company as at the date of this announcement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, except for Hon Po Investment Limited, which held 76,000,000 Shares, representing 2.98% of the issued share capital of the Company as at the date of this Announcement, 27 out of the other top 32 shareholders as informed by the Stock Exchange whose Shares were allotted and issued from conversion of the Company's convertible notes during 25 July 2005 to 22 August 2005 were not, at the time of conversion of their respective Shares, connected persons of the Company or related to/connected with each other and/or any of the connected persons of the Company. The Company has no knowledge of the identities of their beneficial owners and whether any of them are connected persons of the Company or related to/connected with each other and/or any of the connected persons of the Company after their respective notes were converted. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the other top 32 shareholders as informed by the Stock Exchange are not (i) connected persons of the Company or (ii) related to/connect with each other and/or any of the connected persons of the Company.

The Board also confirms that, based on the information made available, the Directors believe that to the best of their knowledge and belief on the information available to them, the Company is in compliance with Rule 13.32 and 8.08 of the Rules Governing the Listing of Securities of the Stock Exchange (the "Listing Rules") with respect to public float in its Shares.

The Directors confirms that, in their opinion, they are not aware of any other matter discloseable under Rules 13.09 or 13.23 of the Listing Rules save for the disclosure made by the Company in 2006 and that all the necessary and appropriate disclosures regarding the movement of the prices of the Shares in 2006 and the proposed very substantial acquisition have been made known to the public by the Company in compliance with the Listing Rules.

In view of the high concentration of shareholding in a relative small number of shareholders, the price of the Shares could fluctuate substantially even with a small number of the Shares traded. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

By Order of the Board

Hon Po Group (Lobster King) Limited

Chan Wai Keung

Executive Director and Chief Executive Officer

Hong Kong, 15th September, 2006

As at the date of this announcement, the Board of the Company comprises Mrs. Cheung Lim Mai Tak, Grace, Mr. She Hing Chiu, Mr. Chan Shi Yung, Mr. Chui Kwong Kau and Mr. Chan Wai Keung as executive directors; Mr. Wang Xiang Jun as non-executive director; and Mr. Chang Kin Man, Mr. Wu Tak Lung and Mr. Ip Wing Lun as independent non-executive directors.

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