



香港交易所

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

13 January 2005

**The Listing Committee of The Stock Exchange of Hong Kong Limited
criticises Hon Po Group (Lobster King) Limited (the Company)
for breaching paragraphs 8(1), 8(2), 10(1), 11(1) and 11(6) of the then Listing Agreement
and Mr Cheung To Sang, Mrs Cheung Lim Mai Tak, Grace and
Mr She Hing Chiu (collectively, the Executive Directors)
for breaching the Declaration and
Undertaking with regard to Directors given by each of them to the Exchange
in the form set out in Appendix 5B to the Exchange Listing Rules
(the Director's Undertaking)**

At a disciplinary hearing held on 5 October 2004, the Listing Committee of The Stock Exchange of Hong Kong Limited (the Listing Committee) conducted a hearing into possible breaches by the Company of its obligations under paragraphs 8(1), 8(2), 10(1), 11(1) and 11(6) of the then Listing Agreement and the Executive Directors of the Director's Undertaking. The Listing Committee concluded that the Company was in breach of the said provisions and the Executive Directors were in breach of the Director's Undertaking. The Listing Committee decided to impose a public statement which involved criticism on the Company and each of the Executive Directors.

The Company was required under:

- (i) paragraph 8(1) of the then Listing Agreement to send to its shareholders its annual report and audited accounts within four months of the end of its financial year;
- (ii) paragraph 8(2) of the then Listing Agreement to make up its annual accounts to a date falling not more than six months before the date of its annual general meeting;
- (iii) paragraph 10(1) of the then Listing Agreement to send to its shareholders its interim report within three months of its half-year;
- (iv) paragraph 11(1) of the then Listing Agreement to publish in the newspapers its preliminary results in respect of its financial year end no later than four months after the date upon which the financial period ended; and

- (v) paragraph 11(6) of the then Listing Agreement to publish in the newspapers a preliminary announcement in respect of its interim results within three months of its half-year.

Each of the Executive Directors is required under the Director's Undertaking to use his/her best endeavours to procure that the Company complied with the Exchange Listing Rules.

For the financial year ended 31 December 2002, the Company's annual results and annual report (including audited accounts) were not published and sent to shareholders until 7 November 2003 and 24 November 2003 respectively; the annual general meeting to approve the annual results was only convened on 18 December 2003.

For the six months ended 30 June 2003, the Company's interim results and interim report were not published and sent to shareholders until 13 November 2003 and 2 December 2003 respectively. The Company admitted breaching the said provisions.

The Listing Committee decided to take action against the Executive Directors because they had not used their best endeavours to avoid or minimise the delay. The delay of the Company to publish its annual results for the financial year ended 31 December 2002 was mainly due to the clearance of an apparent inaccuracy in previous accounts. Whilst the apparent inaccuracy was discovered in May 2002, the Executive Directors only knew about the matter in September 2002. To make matter worse, the Executive Directors only appointed legal advisers to review and advise on resolving the apparent inaccuracy in June 2003. The apparent inaccuracy was first mentioned in the Company's announcement dated 10 June 2003 and the whole matter was not resolved until November 2003.

"The ability of listed companies to meet and exceed their financial and other reporting obligations under the Exchange Listing Rules depends on adequacy of their financial and compliance procedures, systems and controls and on the proper discharge of the responsibilities placed on the senior management – directors – of listed companies. It is the directors – not counsel or finance or compliance officers – who are responsible for the standards, the behaviour and the conduct of the businesses which they lead. Accordingly it is to the directors of listed companies that we look for proper respect for their obligations to the investing public and listing regulations. Our disciplinary action for breaches of financial reporting requirements underscores the importance we attach to prompt and accurate reporting" said Richard Williams, Head of Listing, commenting on the current case.