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**Spread Prospects Holdings Limited**

**展鴻控股有限公司**

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

(Stock Code: 572)

**PLACING OF EXISTING SHARES,  
SUBSCRIPTION FOR NEW SHARES  
AND  
CHANGE OF CLOSURE DATE OF REGISTER OF MEMBERS**

**Placing Agent**



**華富嘉洛證券有限公司**  
**Quam Securities Company Limited**

**Placing of existing Shares and subscription of new Shares**

On 1 June 2004, Fu Teng, the controlling shareholder of the Company, entered into an agreement with Quam Securities and the Company. Pursuant to the Agreement, Fu Teng agreed to place 40,000,000 existing Shares through Quam Securities, on a fully underwritten basis, at a placing price of HK\$0.65 per Share and Fu Teng also agreed to subscribe 40,000,000 new Shares at a subscription price of HK\$0.65 per Share.

The Placing Price represents (i) a discount of around 4.41 % to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on 1 June 2004, being the date of the Agreement; and (ii) a discount of about 8.45% to the average closing price of about HK\$0.71 per Share for the last 5 trading days up to and including 1 June 2004; and (iii) a discount of about 7.14% to the average closing price of about HK\$0.70 per Share for the last 10 trading days up to and including 1 June 2004.

40,000,000 Placing Shares represents around 10.45% of the Company's existing issued share capital and around 9.46% of the issued share capital as enlarged by the issue of the Subscription Shares.

The net amount per Subscription Share received by the Company is about HK\$0.61 after adjusting for the expenses of the Placing and the Subscription.

The net proceeds from the Subscription are estimated to be about HK\$24.5 million, which will be applied as general working capital of the Group. It is intended that about HK\$20 million will be applied for the purchase of additional machinery in the Fenyang factory. The balance of the net proceeds will be applied as general working capital for the Group.

### **Suspension and resumption of trading of the Shares**

Trading in the Shares was suspended at 2:30 p.m. on 1 June 2004 at the request of the Company pending the issue of this announcement. Application has been made for the resumption of trading of the Shares at 9:30 a.m. on 4 June 2004.

### **Change of closure date of register of members**

It was previously announced on 7 April 2004, the Company's register of members will be closed from 12 June 2004 to 18 June 2004. To facilitate the execution of the Placing and the Subscription, the Directors would like to announce that **closure date of register of members of the Company will be changed to the period from 16 June 2004 to 18 June 2004, both days inclusive, during which period no transfer of Shares will be effected.**

## **1. THE PLACING AND SUBSCRIPTION AGREEMENT DATED 1 JUNE 2004**

### **1.1 PARTIES TO THE AGREEMENT**

- (i) The Company;
- (ii) Fu Teng, the controlling shareholder of the Company, currently holding around 57.31% of the Company's issued share capital; and
- (iii) Quam Securities, the placing agent.

### **1.2 THE PLACING**

#### **Placing Agent**

The Placing will be fully underwritten by Quam Securities. Quam Securities is an independent third party not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates.

#### **Number of Placing Shares**

40,000,000 existing Shares represents around 10.45% of the Company's existing issued share capital and around 9.46% of the issued share capital as enlarged by the issue of the Subscription Shares.

#### **Number of Placees**

Not less than six independent institutional, professional and/or other investors.

It is expected that no Placee will become a substantial shareholder of the Company as a result of the Placing.

### **Placing Price**

HK\$0.65 per Placing Share represents:

- (i) a discount of around 4.41 % to the closing price of HK\$0.68 per Share as quoted on the Stock Exchange on 1 June 2004, being the date of the Agreement;
- (ii) a discount of about 8.45% to the average closing price of about HK\$0.71 per Share for the last 5 trading days up to and including 1 June 2004; and
- (iii) a discount of about 7.14 % to the average closing price of about HK\$0.70 per Share for the last 10 trading days up to and including 1 June 2004.

The Placing Price was determined after arm's length negotiations between the parties to the Agreement. The Board considers that the Placing Price is fair and reasonable so far as the Company and its shareholders are concerned.

### **Rights of the Placing Shares**

The Placing Shares will be sold by Fu Teng free from all third party rights. Upon completion of the Placing, the Placees will be entitled to all rights attaching to the Placing Shares as at the date of completion of the Placing, including the right to receive all dividends and other distributions which may be declared, made or paid by the Company in respect of the Placing Shares, the record date for which shall fall on or after the date of completion of the Placing.

### **Independence of the Placees**

Quam Securities has agreed to use its best endeavours to procure that the Placees are independent of, not connected and not acting in concert with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates and are not acting in concert (as defined in the Takeovers Code) with any of the Company's substantial shareholders.

### **Completion of the Placing**

The Placing is expected to complete on or before 8 June 2004 or such other date as the parties to the Agreement may agree in writing.

## **1.3 THE SUBSCRIPTION**

### **Subscriber**

Fu Teng

**Issuer**

The Company

**Number of Subscription Shares**

40,000,000 new Shares will be issued by the Company to Fu Teng, representing (i) around 10.45% of the existing issued share capital of the Company; and (ii) around 9.46% of the then issued share capital as enlarged by the Subscription.

**Mandate to Issue the Subscription Shares**

The Subscription Shares will be issued pursuant to the general mandate granted to the Board by the shareholders of the Company on 2 June 2003.

**Subscription Price**

The subscription price of HK\$0.65 per Subscription Share is equal to the Placing Price.

The Company will bear all the costs and expenses of the Placing and the Subscription.

Based on the estimated net proceeds of about HK\$24.5 million, the net amount of the per Subscription Share received by the Company is about HK\$0.61.

**Conditions of the Subscription**

Completion of the Subscription is conditional upon: -

- (i) completion of the Placing pursuant to the Agreement; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Subscription Shares.

All of the above conditions cannot be waived.

**Rights of the Subscription Shares**

The Subscription Shares, when fully paid and issued, will rank pari passu in all respects amongst themselves and with the existing Shares in issue on the date of allotment and issue of the Subscription Shares.

**Completion of the Subscription**

The Subscription is expected to complete on or before 15 June 2004.

In the event that the above conditions are not satisfied on or before 15 June 2004 or such later date as may be agreed between the parties to the Agreement, all rights and obligations under the Agreement will cease and terminate. If the Subscription is not completed within fourteen days from the date of the Agreement, being 15 June 2004, the Company will fully comply with the requirements of the Listing Rules including the announcement and independent shareholders' approval requirements.

## 2. EFFECTS OF THE PLACING AND THE SUBSCRIPTION ON SHAREHOLDING

	<b>Immediately before the Placing and the Subscription</b>		<b>Immediately after completion of the Placing but before the Subscription</b>		<b>Immediately after completion of the Placing and the Subscription</b>	
	<i>Number of Shares</i>		<i>Number of Shares</i>		<i>Number of Shares</i>	
Fu Teng	219,400,000	57.31%	179,400,000	46.87%	219,400,000	51.89%
Public	<u>163,400,000</u>	<u>42.69%</u>	<u>203,400,000</u>	<u>53.13%</u>	<u>203,400,000</u>	<u>48.11%</u>
Total	<u>382,800,000</u>	<u>100.00%</u>	<u>382,800,000</u>	<u>100.00%</u>	<u>422,800,000</u>	<u>100.00%</u>

## 3. APPLICATION FOR LISTING AND DEALING

Application will be made by the Company to the Stock Exchange for the grant of the listing of and permission to deal in the Subscription Shares.

## 4. REASONS FOR THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged manufacturing and sale of tinplate cans for the packaging of foods and beverage in PRC. The proceeds of the Subscription are estimated to be around HK\$24.5 million. It is intended that about HK\$20 million will be applied for the purchase of additional machinery in the Fenyang factory. The balance of the net proceeds will be applied as general working capital for the Group.

The Directors are of the view that the Placing and the Subscription will help to broaden the Company's shareholder base and strengthen its capital base. The Directors also consider that the Agreement is under normal commercial terms. Therefore, the Directors consider the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## 5. FUND RAISING IN THE PAST 12 MONTHS

The Company raised net proceeds of about HK\$88.4 million from the issue of new Shares in connection with the listing of the Shares on the Stock Exchange on 2 July 2003. Up to the date of this announcement, the Company has applied the net proceeds as follows:

<b>Intended use of net proceeds</b> (as stated in the prospectus of the Company dated 10 June 2003)	<b>Amount of the intended use</b> <i>HK\$ million</i>	<b>Actual amount utilised up to the date of this announcement</b> <i>HK\$ million</i>
Expansion of production facilities and the purchase of additional production equipment for the Group's production plant in Fuqing, PRC	40.0	34.4
Purchase of additional production equipment for the production plant in Fenyang, PRC	8.0	1.2
Establishment of production facilities in the parcel of land adjacent to the Group's production plant in Fuqing, PRC	5.0	4.6
Expansion of sales and marketing capability	2.0	—
Product development	2.0	—
General working capital	<u>31.4</u>	—
Total	<u>88.4</u>	<u>40.2</u>

The unused proceeds of about HK\$48.2 million were placed on fixed deposits with licensed banks in the PRC for future use as set out above.

Save as disclosed above, the Company did not have any fund raising activities in the past 12 months.

## 6. SUSPENSION AND RESUMPTION OF TRADING

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## 7. CHANGE OF CLOSURE DATE OF REGISTER OF MEMBERS

It was previously announced on 7 April 2004, the Company's register of members will be closed from 12 June 2004 to 18 June 2004. To facilitate the execution of the Placing and the Subscription, the Directors would like to announce that **closure date of register of members of the Company will be changed to the period from 16 June 2004 to 18 June 2004, both days inclusive, during which period no transfer of Shares will be effected.**

## 8. GENERAL

As at the date of this announcement, the Board comprises Messrs. Yang Zongwang (Chairman), Xue Xi, Xue De Fa, Ng Kin Sun and Liu Zhi Qiang as executive Directors and Messrs. Tong Hing Wah and Chong Hoi Fung as independent non-executive Directors.

## TERMS AND DEFINITIONS

“Agreement”	the placing and subscription agreement dated 1 June 2004 entered into by the Company, Fu Teng and Quam Securities in relation to the Placing and the Subscription
“associates”	has the same meaning as ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Spread Prospects Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Fu Teng”	Fu Teng Global Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is held by Mr. Yang Zongwang, Chairman of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional, institutional or other investors procured by Quam Securities to purchase the Placing Shares
“Placing”	private placing of the Placing Shares by Quam Securities pursuant to the Agreement
“Placing Price”	HK\$0.65 per Placing Share
“Placing Shares”	40,000,000 existing Shares owned by Fu Teng to be placed under the Placing
“PRC”	The People’s Republic of China
“Quam Securities”	Quam Securities Company Limited
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the conditional subscription for the Subscription Shares by Fu Teng pursuant to the Agreement
“Subscription Shares”	40,000,000 new Shares to be subscribed by Fu Teng under the Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

By Order of the Board  
**Spread Prospects Holdings Limited**  
**Yang Zongwang**  
*Chairman*

Hong Kong, 3 June 2004

Please also refer to the published version of this announcement in The Standard.