



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)

CONNECTED TRANSACTION
INCREASE IN PRICE AND TRADING VOLUME OF THE SHARES OF THE COMPANY

The Board has noted today's increase in the price and the trading volume of the shares of the Company and wishes to state that the Board is not aware of any reasons for such increase except for the announcement of the Company dated 29 September 2003.

The Directors also announce that Rich Harvest has entered into a Surrender Agreement dated 29 September 2003 with Hon Po Investment relating to the termination of the Tenancy Agreement.

The Tenancy Agreement constitutes an ongoing connected transaction and a waiver pursuant to Rule 14.25(1) from strict compliance with the connected transaction requirements stipulated by the Listing Rules has been granted by the Stock Exchange as stated in the prospectus of the Company dated 31 January 2002.

The Surrender Agreement constitutes a connected transaction under Rule 14.25(1) of the Listing Rules. As the annual rental value of HK\$3,972,000 is less than HK\$10 million, shareholders' approval of the Surrender Agreement is not required. Details of the Surrender Agreement will also be disclosed in the next published annual report and accounts of the Company in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

The Board has noted today's increase in the price and the trading volume of the shares of the Company and wishes to state that the Board is not aware of any reasons for such increase except for the announcement of the Company dated 29 September 2003.

The Board also confirm that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under paragraph 3 of the Listing Agreement, neither is the Board aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature in regarding to today's increase in the price and the trading volume of the shares of the Company save for what was disclosed in the announcement of the Company dated 29 September 2003.

The Board also announces the following connected transaction:

SURRENDER AGREEMENT

Date: 29 September 2003

Parties: Rich Harvest, the tenant

Hon Po Investment, the landlord

Pursuant to the Surrender Agreement, Rich Harvest surrendered the Property on an "as is" basis together with the fittings, finishes, installation and appliances to Hon Po Investment on 29 September 2003 and in return, Hon Po Investment has released Rich Harvest from all liability claims and demand under the Tenancy Agreement. Save as disclosed above, no compensation of the termination will be received or paid by either Hon Po Investment or Rich Harvest as a result of the termination of the Tenancy Agreement.

REASON FOR THE SURRENDER AGREEMENT

The Company intends to refine the Group's restaurant portfolio so as to focus its resources to those restaurants with better location or higher growth potential. The Directors (including independent non-executive Directors) consider that the Surrender Agreement is fair and reasonable to both the Company and its shareholders and is entered into on normal commercial terms and in the ordinary course of business of the Group.

As a result of the Surrender Agreement, the restaurant located at the Property operated by Rich Harvest was closed permanently on 29 September 2003. Severance payment and other staff benefits of approximately HK\$4.4 million has already been paid by working capital of the Group. Based on the unaudited management account of Rich Harvest at 31 December 2002, the fixed assets and other non-current assets (capitalized utensils, linen and uniforms) of approximately HK\$4.0 million will be written-off as a result of the closure. Rich Harvest represented approximately 7.0% of the Group's unaudited turnover and approximately 0.3% of the Group's unaudited net consolidated loss before tax for the year ended 31 December 2002.

The closure of the restaurant located at the Property is considered by the Directors as beneficial to the future profitability of the Group.

The Group is engaged in the operation of a chain of Chinese restaurants and a food factory in Hong Kong. During 2003 and up to date, a total of 5 restaurants out of 18 restaurants have been permanently closed. One restaurant has been suspended temporarily pending the assessment by the management of the Group when the restaurant can be reopened for operation. On 2 October 2003, the Group is still operating a total of 12 restaurants.

CONNECTED TRANSACTION

Hon Po Investment, being the controlling shareholder of the Company, is a connected person of the Company pursuant to the Listing Rules. Accordingly, the Surrender Agreement constitutes a connected transaction under Rule 14.25(1) of the Listing Rules.

As the annual rental value of HK\$3,972,000 is less than HK\$10 million, shareholders' approval of the Surrender Agreement is not required. The relevant details of the Surrender Agreement will also be included in the next published annual report and accounts of the Company in accordance with Rule 14.25(1)(A) to (D) of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"Company"	Hon Po Group (Lobster King) Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
"Directors"	The directors of the Company
"Dynaone"	Dynaone Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Hon Po Holdings. Both Dynaone and Rich Harvest are fellow subsidiaries of Hon Po Holdings
"Group"	The Company and its subsidiaries
"Hon Po Holdings"	Hon Po Holdings Limited, a company incorporated in Hong Kong with limited liability, is the ultimate holding company of the Company and the immediate holding company of Hon Po Investment
"Hon Po Investment"	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
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Property"	ALL THOSE Portions D, O, P, Q, R, S, T, U, V, W, X and Y on the Ground Floor and No. 296 King's Road on the Ground Floor, the staircase leading from No. 296 King's Road to the First Floor including the stair landing over the lift hall and store room thereon, the cockloft, store room and the staircase leading from the cockloft up to the First Floor, the whole of the First Floor and the whole of the Second Floor (save and except those portions coloured Yellow and Pink on the floor plan annexed to the tenancy agreement dated the 14th day of April 2000 relating to the Car Parking Spaces marked 1 to 29 (all inclusive) on the Second Floor of Continental Mansion), Continental Mansion, Nos. 290-304 King's Road and Nos. 29-37 Cheung Hong Street, North Point, Hong Kong
"Rich Harvest"	Hon Po Rich Harvest Resources Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, whose principal activity is the operation of a restaurant located at the Property
"Stock Exchange"	The Stock Exchange of Hong Kong Ltd.
"Surrender Agreement"	A surrender agreement dated 29 September 2003 entered into between Hon Po Investment and Rich Harvest in relation to the termination of the Tenancy Agreement
"Tenancy Agreement"	According to the tenancy agreement dated 27 September 2001 entered into between Hon Po Investment and Dynaone, Hon Po Investment leased to Dynaone the Property for a term of three years commencing from 27 September 2001 and expiring on 26 September 2004 at a monthly rental of HK\$531,000 and with an option to renew for another term of three years. In accordance with the deed of novation dated 10 December 2001, the rights and obligations of Dynaone under the above tenancy agreement dated 27 September 2001 has been assumed and accepted in all respects by Rich Harvest.

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