



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

The Directors announce that on 5 December 2002, Oriental Team has entered into a New Tenancy Agreement and a Cancellation Agreement with Composite Interest relating to the renting of the Property. Pursuant to the New Tenancy Agreement, Oriental Team will pay a monthly rental of HK\$450,000 and HK\$500,000 to Composite Interest for renting the Property for the periods commencing from 1 January 2003 to 31 December 2005 and from 1 January 2006 to 31 December 2008 respectively.

Both the New Tenancy Agreement and the Cancellation Agreement constituted connected transactions under Rule 14.25 (1) of the Listing Rules. As the annual rental value of the New Tenancy Agreement and the Cancellation Agreement are less than HK\$10 million, shareholders' approval of the New Tenancy Agreement and the Cancellation Agreement are not required.

As the New Tenancy Agreement constitutes a continuing connected transaction during the lease period, the Company will apply to the Stock Exchange for a conditional waiver from strict compliance with the disclosure requirements under Rule 14.25 (1) of the Listing Rules.

Details of the New Tenancy Agreement and the Cancellation Agreement will be disclosed in the future annual reports and accounts of the Company in accordance with Rule 14.25 (1) (A) to (D) of the Listing Rules.

A. NEW TENANCY AGREEMENT

Date: 5 December 2002
Parties: Oriental Team, the tenant
Composite Interest, the landlord

Terms

Pursuant to the New Tenancy Agreement, for a term of 6 years commencing on 1 January 2003 and expiring on 31 December 2008 at a monthly rental of HK\$450,000 (exclusive of rates and management fee) for the period from 1 January 2003 to 31 December 2005 and HK\$500,000 for the period from 1 January 2006 to 31 December 2008.

Deposit for the New Tenancy Agreement is in the form of cash deposit of HK\$1,350,000 (equivalent to 3 month's rental) and a bank guarantee of HK\$1,800,000 (equivalent to 4 month's rental) covering the term of the New Tenancy Agreement.

B. GUARANTEE FOR THE NEW TENANCY AGREEMENT

Date: 5 December 2002
Parties: Mr. Cheung To Sang (Chairman and Managing Director of the Company and the director of Oriental Team), the guarantor
Composite Interest (controlled by Mr. Wong as defined in the Listing Rules), the landlord

Terms

Pursuant to the Guarantee, Mr. Cheung To Sang personally guarantees the payment of monthly rental and other charges by Oriental Team under the New Tenancy Agreement for the period from 1 January 2003 to 31 December 2005.

Saved as disclosed in the above paragraph, there is no guarantee given by either Mr. Cheung To Sang or the Company for the New Tenancy Agreement for the period from 1 January 2003 to 31 December 2008.

C. CANCELLATION AGREEMENT

Date: 5 December 2002
Parties: Oriental Team, the tenant
Composite Interest, the landlord

Terms

Pursuant to the Cancellation Agreement, the Old Tenancy Agreement for the Property is terminated on 5 December 2002 and Oriental Team will be discharged from all its obligations for the remaining and unexpired term of the Old Tenancy Agreement. Oriental Team will pay a fee to Composite Interest at the monthly rate of HK\$450,000 for the period from 8 October 2002 to 31 December 2002 (instead of the monthly rental of HK\$615,000 in accordance with the Old Tenancy Agreement).

No compensation of the termination will be received or paid by either Oriental Team or Composite Interest.

REASON FOR THE NEW TENANCY AGREEMENT AND THE CANCELLATION AGREEMENT

According to the valuation of FPDSavills (Hong Kong) Limited ("FPDSavills"), an independent professional valuer appointed by the Group, the open market rental value of the Property as at 5 December 2002 was HK\$500,000 per month. FPDSavills has conducted the valuation using direct comparison method by collecting and analysing rental comparables within six months in the district of Mong Kok and Yau Ma Tei. The monthly rental of the New Tenancy Agreement is determined with reference to the open market rental value of the Property by FPDSavills.

The signing of the New Tenancy Agreement and Cancellation Agreement will result in the decrease of the monthly rental of the property which is considered by the Directors (including independent non-executive Directors) as beneficial to the future profitability of the Group.

The Directors (including independent non-executive Directors) consider that both the New Tenancy Agreement and Cancellation Agreement are fair and reasonable to both the Company and its shareholders and are entered into on normal commercial terms and in the ordinary course of business of the Group.

The principal activity of the Company is investment holding and the principal activity of the Group is in the operation of a chain of Chinese restaurants and a food manufacturing factory in Hong Kong.

CONNECTED TRANSACTION

Composite Interest, being an associate of Mr. Wong (a connected person of the Company), is also regarded as a connected person of the Company pursuant to the Listing Rules. Accordingly, both the New Tenancy Agreement and the Cancellation Agreement constitute connected transactions under Rule 14.25(1) of the Listing Rules.

As the annual rental value is less than HK\$10 million, shareholders' approval of either the New Tenancy Agreement or Cancellation Agreement are not required. The relevant details of the New Tenancy Agreement and Cancellation 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.

The Old Tenancy Agreement itself constituted ongoing connected transaction and a waiver from strict compliance with the connected transaction requirements as set out in the Listing Rules has been granted by the Stock Exchange on 31 January 2002.

CONTINUING CONNECTED TRANSACTION

Application will be made by the Company to the Stock Exchange for a waiver in respect of the New Tenancy Agreement from strict compliance with the requirements for disclosure by way of press notice under Rule 14.25(1) of the Listing Rules subject to the standard items and conditions applicable.

Particulars of the above transactions will be disclosed in the reports and accounts of the Company for the year ending 31 December 2002 and, where applicable, also for each subsequent year in accordance with Rule 14.25(1) (A) to (D) of the Listing Rules.

DEFINITIONS

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

"A. Top"	A. Top Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
"Board"	The board of Directors
"Cancellation Agreement"	An agreement entered into between Composite Interest and Oriental Team on 5 December 2002 in relation to the termination of the Old Tenancy Agreement
"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
"Composite Interest"	Composite Interest Limited, a company incorporated in Hong Kong with limited liability and is controlled by Mr. Wong
"Directors"	The directors of the Company
"Group"	The Company and its subsidiaries
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Megalopolis"	Megalopolis Limited, a company incorporated in Hong Kong with limited liability and in which Mr. Wong and his family are beneficially interested. Megalopolis holds approximately 32.97% of ordinary shares in Oriental Team
"Mr. Cheung To Sang"	Mr. Cheung To Sang is the Chairman and Managing Director of the Company and the director of Oriental Team
"Mr. Wong"	Mr. Wong Chung Ming is a director of A. Top and Oriental Team. He is also interested in approximately 4.17% in the ordinary shares of A. Top. Mr. Wong and his family are beneficially interested in Megalopolis which in turn holds approximately 32.97% of ordinary shares in Oriental Team. Pursuant to the Listing Rules, Mr. Wong is a connected person
"New Tenancy Agreement"	The tenancy agreement entered into between Composite Interest (as landlord) and Oriental Team (as tenant) on 5 December 2002 in relation to the rental of the Property
"Old Tenancy Agreement"	According to the tenancy agreement entered into between Composite Interest and Oriental Team dated 26 September 2000, Composite Interest let to Oriental Team the Property for a term of five years commencing on 8 July 2000 and expiring on 7 July 2005 at a monthly rental of HK\$615,000 (exclusive of rates and management fee) for the first three years and HK\$745,000 for the remaining two years. Cash deposit of HK\$1,400,000 was paid
"Oriental Team"	Oriental Team Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
"Property"	All those Shop Nos. 5 & 6 on the Ground Floor, Shop Nos. 18 & 18A on the First Floor, the whole of the Second Floor, Flat No. 18 on the Third Floor and Flat No. 8 on the Fourth Floor of Alhambra Building, Nos. 383, 385, 385A, 385B, 387, 387A, 387B, 389, 389A-389C Nathan Road & Nos. 15-17 Kansu Street, Kowloon. The floor area of the Property is approximately 18,762 square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Ltd.

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

Hong Kong, 9 December 2002