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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)

ANNOUNCEMENT

The Board has noted today's decrease in the price of the shares of the Company and wishes to state that the Board is not aware of any reasons for such decrease except for the closure of a restaurant of the Group on 14 June 2003.

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

The board of directors (the "Board") of Hon Po Group (Lobster King) Limited (the "Company") has noted today's decrease in the price of the shares of the Company and wishes to state that we are not aware of any reasons for such decrease except for the closure of a restaurant of the Group on 14 June 2003.

As the existing tenancy agreement of the restaurant premises located at the Third Floor of the Grand Tower Arcade at No. 639 Nathan Road, Kowloon will expire after 30 June 2003, the restaurant located in the above premises operated by an indirect wholly-owned subsidiary of the Company was closed on 14 June 2003. The remaining wages of the above restaurant will be paid tomorrow.

Based on the unaudited balance sheet of the above restaurant at 31 December 2002, fixed assets of the above restaurant amounting to approximately HK\$8 million will be written off and the severance payment is estimated to be approximately HK\$2.5 million.

The above restaurant represented approximately 9.5% of the Group's unaudited turnover and approximately 7% of unaudited net consolidated loss before tax for the year ended 31 December 2002.

Apart from the above closure, up to date, a total of 6 restaurants out of 18 restaurants of the Group have been suspended temporarily. It is expected that 3 out of the above 6 restaurants are having re-decoration and will be reopened at a later time. The management of the Company is continuing in its assessment of when the remaining three restaurants can be reopened for operation.

As stated in the major transaction circular dated 25 April 2003 in connection with the disposal of a property of the Group, "the Directors of the Company are of the opinion that after taking into account of the present banking facilities and the Consideration of the disposal of the Property, the Group has sufficient working capital for its present requirements. However, additional working capital may be required if the impact of the atypical pneumonia upon restaurant industry cannot be materially relieved in the third quarter of 2003."

The Board confirms that the above opinion with regard to the working capital is still applicable at present after taking into account of the closure of the above restaurant on 14 June 2003.

Based on the above reasons, the Board is of the view that at present the Group satisfies the requirement of paragraph 38 of the Listing Agreement in relation to sufficient level of operation.

We 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 fluctuation in the price of the shares of the Company save for what is disclosed in this announcement.

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

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

Hong Kong, 16 June 2003