



# 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 28 October 2002, Bright Ocean has entered into a New Tenancy Agreement with Better relating to the renting of the New Property and a Surrender Agreement with Hon Po Investment relating to the termination of the Old Tenancy Agreement. Pursuant to the New Tenancy Agreement, Bright Ocean will pay a monthly rental of HK\$320,000 to Better for renting the New Property commencing from 1 December 2002 to 30 November 2005 with an option to renew for a further term of three years at a revised monthly rental charge of HK\$352,000.

Both the New Tenancy Agreement and the Surrender 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 Surrender Agreement are less than HK\$10 million, shareholders' approval of the New Tenancy Agreement and the Surrender Agreement are not required. Details of the New Tenancy Agreement and 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.

### A. NEW TENANCY AGREEMENT

Date: 28 October 2002  
Parties: Bright Ocean, the tenant  
Better, the landlord

#### TERMS

Pursuant to the New Tenancy Agreement, a monthly rental of HK\$320,000 (exclusive of Government rent, rates and management charges) for the New Property will be paid by Bright Ocean to Better. The lease period is three years commencing from 1 December 2002 to 30 November 2005 (both days inclusive) with an option to renew for a further term of three years at a revised monthly rental of HK\$352,000, which represents a 10% increase in monthly rental.

### B. SURRENDER AGREEMENT

Date: 28 October 2002  
Parties: Bright Ocean, the sub-tenant  
Hon Po Investment, the head-tenant

#### TERMS

Pursuant to the Surrender Agreement, the Old Tenancy Agreement for the Old Property will be terminated on or before 30 November 2002 and Bright Ocean will be released and discharged from all its obligations, duties and liabilities of the Old Tenancy Agreement upon the delivery of vacant possession of the Old Property. No compensation of the termination will be received or paid by either Hon Po Investment or Bright Ocean.

### REASON FOR THE NEW TENANCY AGREEMENT AND THE SURRENDER AGREEMENT

According to the valuation of FPD Savills (Hong Kong) Limited ("FPD Savills"), an independent professional valuer appointed by the Group, the open market rental value of the New Property as at 16 October 2002 was HK\$320,000 per month. FPD Savills has conducted the valuation using direct comparison method by collecting and analysing rental comparables within six months in the locality. The monthly rental of the New Tenancy Agreement is determined with reference to the open market rental value of the New Property by FPD Savills.

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 both the New Tenancy Agreement and Surrender 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.

As a result of the New Tenancy Agreement and the Surrender Agreement, the Hon Po Restaurant located at the Old Property will be relocated to the New Property.

The relocation of the restaurant to the New Property is considered by the Directors (including independent non-executive Directors) as beneficial to the future profitability 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

Hon Po Investment, being the controlling shareholder of the Company and Better, being an indirect wholly-owned subsidiary company of Hon Po Holdings are connected persons of the Company pursuant to the Listing Rules. Accordingly, both the New Tenancy Agreement and the Surrender 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 Surrender Agreement are not required. The relevant details of the New Tenancy Agreement and 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.

### 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
"Group"	The Company and its subsidiaries
"Better"	Better Development & Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Hon Po Holdings. Both Better and Bright Ocean are fellow subsidiaries of Hon Po Holdings
"Board"	The board of Directors
"Bright Ocean"	Hon Po Bright Ocean Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. The principal activity of Bright Ocean is the operation of Hon Po Restaurant located at the Old Property
"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
"New Property"	Portions of Shop Nos. 5 and 6 on Ground Floor, the entire First Floor (together with main entrance with escalator at the Ground Floor leading to the First Floor), Units 2 and 3 on Second Floor of Block B and portions of the Flat Roof on the Second Floor and Unit 2 on the Second Floor of Block A of Hutchison Estate, No. 2 Lei Muk Road, Kwai Chung, New Territories, Hong Kong. The saleable area of the New Property is approximately 21,096 square feet.
"New Tenancy Agreement"	The tenancy agreement entered into between Better (as landlord) and Bright Ocean (as tenant) on 28 October 2002 in relation to the rental of the New Property
"Old Property"	All that portion of Shops No.1A and 1B (formerly collectively known as Shop No. 1) on the Ground Floor including portion of Flat Roof of the Second Floor, all that the First Floor and all that Flat L and Flat M on the Second Floor (including the Flat Roof appurtenant thereto) of Kam Shek Building, Nos. 48 and 62 Shek Yam Road, Kwai Chung, New Territories. The saleable area of the Old Property is approximately 16,041 square feet.
"Old Tenancy Agreement"	According to the sub-tenancy agreement entered into between Hon Po Investment and Up-Ahead dated 18 September 2001, Hon Po Investment sub-let to Up-Ahead the Old Property for a term of three years commencing on 16 August 2001 and expiring on 15 August 2004 at a monthly rental of HK\$112,000 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 Up-Ahead under the above tenancy agreement dated 18 September 2001 has been assumed and accepted in all respects by Bright Ocean
"Stock Exchange"	The Stock Exchange of Hong Kong Ltd.
"Surrender Agreement"	An agreement entered into between Hon Po Investment and Bright Ocean on 28 October 2002 in relation to the termination of the Old Tenancy Agreement
"Up-Ahead"	Up-Ahead Investment Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Hon Po Holdings. Both Up-Ahead and Bright Ocean are fellow subsidiaries of Hon Po Holdings

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