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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)

MAJOR TRANSACTION

Jing Hua Restaurant Limited, a wholly-owned subsidiary (indirect) of Hon Po Group (Lobster King) Limited, has entered into a sale and purchase agreement on 3 May 2002 with an independent third party. Jing Hua has agreed to purchase from the Vendor a property located at 2/F., Allied Plaza, 760 Nathan Road, Kowloon for a total cash consideration of HK\$85 million.

The Proposed Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules of the Stock Exchange. Accordingly, the proposed acquisition is conditional upon, inter alia, the approval of the shareholders of the Company. As Hon Po Investment Limited which holds approximately 60.32% of the issued share capital of the Company, does not have a material interest in the Proposed Acquisition and has given a written approval of the Proposed Acquisition, shareholders' approval by way of a resolution passed at an extraordinary general meeting is not required.

At the request of the Company, trading of the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 6 May 2002 pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the shares of the Company with effect from 9:30 p.m. on 7 May 2002.

Sales and Purchase Agreement Dated 3 May 2002 (the "Agreement")

Vendor: An independent third party which is not connected with any directors, the chief executive or any of the substantial shareholders of Hon Po Group (Lobster King) Limited (the "Company"), or any of its associates, or any of their respective associates.

Purchaser: Jing Hua Restaurant Limited ("Jing Hua"), a wholly-owned (indirect) subsidiary of the Company.

Property Acquired (the "Proposed Acquisition")

Jing Hua has agreed to purchase from the Vendor a property located at 2/F., Allied Plaza, 760 Nathan Road, Kowloon (the "Property"). The gross floor area of the Property is approximately, 22,820 feet.

Consideration

The total consideration is HK\$85 million (the "Consideration"). A cash deposit of HK\$10 million has been paid by Jing Hua and the balance of the Consideration shall be payable in cash on completion.

According to the opinion of FPDSavills (Hong Kong) Limited, an independent valuer appointed by the Company and its subsidiaries (the "Group"), the Property was valued at HK\$80 million at 3 May 2002.

The Consideration was determined after arm's length negotiations between the parties and with reference to the opinion and valuation of FPD Savills (Hong Kong) Limited. Although the Consideration appears to be slightly over the valuation amount, the Directors consider the Consideration to be fair and reasonable and in the best interest of the Group as it is difficult to find premises with quality and location comparable to the Property in the nearby area.

Financing

It is the current intention of the Board that the Consideration will be financed mainly by bank loan with the remaining balance to be satisfied by internal resources of the Group.

Conditions

The Proposed Acquisition is conditional upon the following clauses:

- Approval by the shareholders of the Company, of the purchase of the Property in such manner as required under paragraph 14.10 (if applicable) of Chapter 14 of the Listing Rules; and
- Compliance by the Company with all relevant regulatory requirements, including but not limited to those under the Listing Rules.

Completion

Subject to the above conditions being satisfied, completion of the Acquisition is scheduled to take place on 30 May 2002.

Reasons for the Acquisition

The principal activity of the Group is the operation of a chain of Chinese restaurants.

The Board believes that the Property is situated in a prime location for the operation of a Chinese restaurant which is consistent with the expansion plan of the Group's restaurant business in Hong Kong.

Major Transaction

The Proposed Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. As Hon Po Investment Limited which holds approximately 60.32% of the issued share capital of the Company, does not have a material interest in the Proposed Acquisition and has given a written approval of the Proposed Acquisition, shareholders' approval by way of a resolution passed at an extraordinary general meeting is not required.

A circular containing, among other things, details of the Agreement and valuation certificate will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

Suspension and Resumption of Trading of Shares of the Company

At the request of the Company, trading of the shares of the Company on the Stock Exchange was suspended with effect from 9:30 a.m. on 6 May 2002 pending the issue of this announcement. Application has been made to the Stock Exchange for resumption of trading of the shares of the Company with effect from 9:30 a.m. on 7 May 2002.

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