



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 4 July 2002, Sunny Bright has entered into a Surrender Agreement with Hon Po Investment relating to the termination of the Tenancy Agreement.

The Tenancy Agreement itself constitutes 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.

The Surrender Agreement constitutes a connected transaction under Rule 14.25 (1) of the Listing Rules. As the annual rental value 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.

SURRENDER AGREEMENT

Date: 4 July 2002

Parties: Sunny Bright, the tenant

Hon Po Investment, the landlord

The Tenancy Agreement will be terminated with effect from 16 July 2002 and Sunny Bright will be released and discharged from all the obligations, duties and liabilities of the Tenancy Agreement upon the delivery of vacant possession of the Property. In accordance with the Surrender Agreement, no compensation of the termination will be received or paid by either Sunny Bright or Hon Po Investment.

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) considered that the Surrender Agreement is fair and reasonable to both the Company and its shareholders and is entered into on normal commercial terms.

As a result of the Surrender Agreement, Hon Po Restaurant located at the Property will be closed on the effective day of the Surrender Agreement. The Directors estimated that an additional cash outlay of approximately HK\$2.5 million will be incurred in connection with the payment of severance payment which represents 9.5% of the pro forma combined profit before tax or 0.3% of the pro forma combined turnover of the Group for the year ended 31 December 2001.

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

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 also constitutes a connected transaction under Rule 14.25(1) of the Listing Rules.

As the annual rental value 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.

The Tenancy Agreement itself constitutes 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.

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
"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 of Hong Kong Ltd.
"Nice More"	Nice More Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Hon Po Holdings Limited, the ultimate holding company of the Company and the immediate holding company of Hon Po Investment. Both Nice More and Sunny Bright are fellow subsidiaries of Hon Po Holdings Limited.
"Property"	The First Floor and the Office Unit "No. D1" on the Second Floor and Flat Roof of Tak Tai Building, Nos. 35 and 39 Texaco Road, Tsuen Wan, New Territories, Hong Kong
"Sunny Bright"	Hon Po Sunny Bright Developments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary (indirect) of the Company, whose principal activity is the operation of Hon Po Restaurant located at the Property.
"Surrender Agreement"	An agreement entered into between Hon Po Investment and Sunny Bright on 4 July 2002 in relation to the termination of the Tenancy Agreement
"Tenancy Agreement"	According to the tenancy agreement entered into between Hon Po Investment and Nice More on 3 September 2001, Hon Po Investment leased to Nice More the Property for a term of three years commencing on 3 September 2001 and expiring on 2 September 2004 at a monthly rental of HK\$105,000 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 Nice More under the above tenancy agreement dated 3 September 2001 has been assumed and accepted in all respects by Sunny Bright.

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