



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 has entered into the Provisional Agreement on 9 April 2003 with the Purchaser. Jing Hua has agreed to dispose the Property to the Purchaser for a total cash consideration of HK\$83 million.

The disposal of the Property constitutes a major transaction of the Company under Chapter 14 of the Listing Rules of the Stock Exchange. Accordingly, the disposal of the Property 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 major transaction and does not have an interest which is different from other shareholders of the Company and has given a written approval of the disposal of the Property, 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 Provisional Agreement and valuation certificate will be dispatched to the shareholders of the Company within 21 days after the publication of this announcement.

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 10 April 2003 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 a.m. on 14 April 2003.

PROVISIONAL AGREEMENT DATED 9 APRIL 2003

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

Purchaser: Yan Yan Motors Ltd. and its beneficial owner are independent third party which are not connected persons (as defined in the Listing Rules) to the Company.

DISPOSAL OF THE PROPERTY

Jing Hua has agreed to dispose to the Purchaser the Property. The gross floor area of the Property is approximately, 22,820 square feet. The Property is currently rented to Jing Hua (Allied) Limited which is a wholly-owned subsidiary of the Group for the operation of a restaurant at a monthly rental of HK\$500,000.

As at 31 December 2002, the unaudited net book value of the Property is HK\$87.5 million and the leasehold improvement of the Group located at the Property is HK\$7,756,000.

CONSIDERATION

The total cash consideration is HK\$83 million. A cash deposit of HK\$3 million has been paid by the Purchaser upon the signing of the Provisional Agreement. The balance of the Consideration of HK\$9,450,000 and HK\$70,550,000, shall be payable in cash on signing of the formal agreement for sale and purchase (on or before 25 April 2003) and on completion (on or before 2 June 2003) respectively.

According to the opinion of FPDSavills dated 5 March 2003, an independent valuer appointed by the Group, the Property was valued at HK\$87.5 million at 31 December 2002. FPDSavills has conducted the valuation using direct comparison method by collecting and analyzing relevant sales comparables within six months (before the date of the valuation report) in the district of Mong Kok.

The Consideration was determined after arm's length negotiations between the parties and with reference to the opinion and valuation of FPDSavills. Taken into account of the fact that the Consideration is 5% lower than the valuation amount, the Directors consider the Consideration to be fair and reasonable and in the best interest of the Group and the Provisional Agreement is entered into on normal commercial terms.

OTHER CONDITION

In accordance with the Provisional Agreement, the Tenancy Agreement will be entered into between the Purchaser (as landlord) and Jing Hua (as tenant) within 21 days after the signing of the formal agreement for sale and purchase in relation to the rental of the Property.

Pursuant to the Provisional Agreement, the Group will pay a monthly rental of HK\$700,000 and HK\$770,000 to the Purchaser for renting the Property for the periods commencing from 2 June 2003 to 1 June 2006 and from 2 June 2006 to 1 June 2009 respectively. A rent-free period will be granted for the first and last month of the tenancy period.

According to the valuation of FPDSavills, the open market rental value of the Property as at 5 March 2003 was HK\$700,000 per month for tenure of three years with a further three years term at 10% increase in rent. FPDSavills has conducted the valuation using direct comparison method by collecting and analyzing rental comparables within six months (before the date of the valuation report) in the district of Mong Kok. The monthly rental and the length of the tenancy period of the Tenancy Agreement was determined after arm's length negotiations between the parties and with reference to the opinion and valuation of FPDSavills.

COMPLETION

Subject to the signing of the formal agreement for sale and purchase on or before 25 April 2003, the completion of the disposal of the Property will take place on or before 2 June 2003.

REASONS FOR THE DISPOSAL

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

The Board is of the view that the disposal of the Property will provide a sizable sum of working capital to the Group. In addition, the operation of the restaurant of the Group located at the Property will be continued after the signing of the Tenancy Agreement.

USE OF PROCEEDS

The sales proceeds of the disposal of the Property will be used as general working capital of the Group. At present, the Board does not have any specific investment plans.

MAJOR TRANSACTION

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A circular containing, among other things, details of the Provisional 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 10 April 2003 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 14 April 2003.

DEFINITIONS

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

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| "Board" | The Board of Directors of the Company |
| "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 |
| "Consideration" | The total consideration of HK\$83 million of which the Property is to be disposed as provided in the Provisional Agreement |
| "Directors" | The Directors of the Company |
| "FPDSavills" | FPDSavills (Hong Kong) Limited |
| "Group" | The Company and its subsidiaries |
| "Jing Hua" | Jing Hua Restaurant Limited, a wholly-owned subsidiary (indirect) of the Company |
| "Listing Rules" | The Rules Governing the Listing of Securities on the Stock Exchange |
| "Property" | The property located at 2/F., Allied Plaza, Cosmopolitan Centre, No. 760 Nathan Road, Kowloon |
| "Provisional Agreement" | The provisional agreement for sale and purchase dated 9 April 2003, entered into between Jing Hua (as Vendor) and the Purchaser in relation to the disposal of the Property and the letters dated 11 April 2003 issued by the Purchaser's lawyer amending terms of the above agreement. |
| "Purchaser" | Yan Yan Motors Ltd. and its beneficial owner are independent third party which are not connected persons (as defined in the Listing Rules) to the Company. |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tenancy Agreement" | The tenancy agreement to be entered into between the Purchaser (as landlord) and Jing Hua (as tenant) within 21 days after the signing of the formal agreement for sale and purchase in relation to the rental of the Property |

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

Chairman and Managing Director

Hong Kong, 11 April 2003