

**HON PO GROUP (LOBSTER KING) LTD :
NOW DO YOU BELIEVE TARGET ?**

Whenever a company starts to sell off its *'family jewels'*, it is, normally, a sign that things are not all that well in the company.

And that would appear to be the situation with regard to publicly listed [Hon Po Group \(Lobster King\) Ltd](#) (Code: 228, Main Board, The Stock Exchange of Hongkong Ltd).

It should come as no great surprise to **TARGET** readers to learn that Hon Po Group is not, exactly, flush with cash and that diners are not booking their seats in the company's restaurants, weeks in advance, because, all things considered, the restaurant business in the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) cannot be enjoying financial health in view of the downturn, generally, in trade in the 416 square miles that constitute the territory.

And, with the onslaught of SARS – **S**evere **A**cute **R**espiratory **S**ndrome – people are staying away from restaurants in droves for fear of catching the dreaded atypical pneumonia, which is sweeping the world and has been labelled as a pandemic.

Recently, [Hon Po Group](#) announced that it had sold a piece of its property, which was owned by one of its wholly owned subsidiaries.

Yan Yan Motors Ltd, an independent third party, said to be not associated with the Company or any of its Directors, was named as the purchaser of the property, which is located in Mongkok, an area of Kowloon, the HKSAR, which is known to be among the densest areas of the world, in terms of population per square foot.

The Hon Po Group subsidiary is Jing Hua Restaurant Ltd, which owned, until April 9, about 22,820 square feet of:

The Second Floor, Allied Plaza,
Cosmopolitan Centre,
Number 760, Nathan Road,
Kowloon.

This property is in the Books of Hon Po Group at a cost of \$HK87.50 million.

It was sold to Yan Yan Motors for \$HK83 million.

The Company, therefore, will take a *'hit'* for this Financial Year in respect of this piece of property to the extent of not less than \$HK4.50 million.

However, such a loss on disposal of a piece of property is small beer, compared with other matters, which must come to light in the fullness of time.

The property transaction with Yan Yan Motors includes Hon Po Group, leasing back the restaurant at a monthly rental of \$HK700,000 for the period, June 2, 2003 until June 1, 2006, and, then, \$HK770,000 per month for the

period, June 2, 1996 to June 1, 2009.

So, Hon Po Group, it would appear, prima facie, needs to keep the operations of the Mongkok restaurant, ticking over, indicating that the restaurant must be generating acceptable revenue levels, at least, at this time.

But, also, it is very clear that Hon Po Group needs, desperately ... [CLICK TO ORDER FULL ARTICLE](#)

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