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CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with Limited Liability)

CONNECTED TRANSACTION

SUMMARY

The Directors of Café de Coral Holdings Limited (the “**Company**”) together with its subsidiaries, the “**Group**”) is pleased to announce that Barson Development Limited (the “**Vendor**”), an indirectly wholly-owned subsidiary of the Company, has agreed to sell, and Eternal Reality Limited (the “**Purchaser**”), a company controlled by Mr. Lo Hoi Chun (“**Mr. Lo**”) (a non-executive director of the Company) and his associates, has agreed to purchase, the Property (as defined hereinafter) for a consideration of HK\$6,800,000 and upon other terms of the Sale and Purchase Agreement (the “**SP Agreement**”).

The Purchaser, being a company controlled by Mr. Lo, is a connected person within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) in relation to the Company. Accordingly, the disposal of the Property (the “**Disposal**”) constitutes a connected transaction for the Company and requires to be disclosed in a press announcement and in the next published annual report of the Company.

THE SP AGREEMENT

Parties

- Vendor** : Barson Development Limited, an indirectly wholly-owned subsidiary of the Company
- Purchaser** : Eternal Reality Limited, a company controlled by Mr. Lo
- Date** : 31st March, 2003
- Property** : Ground Floor of No.75 Tung Choi Street, Kowloon, Hong Kong (the “**Property**”)
- Consideration** : The consideration for the Disposal is HK\$6,800,000, payable by the Purchaser at the time of Completion of the Disposal
- The consideration of HK\$6,800,000 was agreed by the parties after arm’s length negotiations and was determined with reference to the current market prices and the valuation performed by an independent valuer, Colliers International. The Directors (including the independent non-executive directors) consider that the terms of the Disposal are fair and reasonable and the Disposal is under normal commercial terms so far as the shareholders of the Company are concerned and is in the best interest of the Company and its shareholders as a whole.
- Completion** : The completion of the SP Agreement is expected to take place simultaneously upon signing of the SP Agreement.

REASONS FOR THE DISPOSAL

The Group is principally engaged in the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and the food manufacturing and trading business. The Group decided to sell the Property as the Property is not appropriate for restaurant use by the Group and to use the proceeds arising from the Disposal as general working capital of the Group.

INFORMATION ON THE PROPERTY

The Property is currently left vacant and not being put in use by the Group. The consideration for the Disposal is slightly higher than the market value of the Property as ascertained by Colliers International as at 4th March, 2003. The Disposal, if proceed, would result in a gain to the Company which the Company however considered as being not material when compared to the net tangible asset value of the Group.

CONNECTED TRANSACTION

Being a company controlled by, and accordingly an associate of, Mr. Lo, the Purchaser is a connected person of the Company within the meaning of the Listing Rules. The Disposal shall therefore constitute a connected transaction for the Company. However, in view of the amount of consideration involved in the Disposal which represents less than the higher of 3% of the net tangible asset value of the Company or HK\$10,000,000, no independent shareholders’ approval is required. However, details of the Disposal are required to be disclosed by way of this press announcement. Such details as required in Rule 14.25(1) of the Listing Rules will also be incorporated in the Company’s next published annual reports.

By the order of the Board
Li Oi Chun, Helen
 Company Secretary