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CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 341)

CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement made by the Company on 10th August, 2010 in respect of a non-exclusive framework agreement entered into by the Company with Fung Yuen (HK), whereby members of Fung Yuen Group have provided Services to the Group. The non-exclusive framework agreement has expired on 31st March, 2011.

The Board hereby announces that a new non-exclusive framework agreement is entered into between the Company and Fung Yuen (HK) on 21st April, 2011 for any future Tender Work and Minor Work to be entered into by Fung Yuen Group with the Group for the period from 21st April, 2011 to 31st March, 2014. The New Framework Agreement constitutes a non-exempt continuing connected transaction of the Company under the Listing Rules as Mr. Ng, the cousin of Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita (both being directors of the Company), is deemed to have a majority control in Fung Yuen Group. Therefore, Fung Yuen Group is a connected person of the Company under the Listing Rules.

As the relevant percentage ratios in respect of the annual caps under the New Framework Agreement are less than 5%, such transaction is only subject to the reporting, announcement and annual review requirement as set out in Rules 14A.45 to 14A.47 and 14A.37 to 14A.40 and is exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

NEW FRAMEWORK AGREEMENT

Date: 21st April, 2011

Parties: The Company;
Fung Yuen (HK)

Provision of Services: Pursuant to the New Framework Agreement, it is envisaged that Fung Yuen Group will provide the Services to the Group which form the subject of the Tender Works or Minor Works to be entered into between members of Fung Yuen Group and members of the Group.

As to Tender Works

Relevant members of the Group and relevant members of Fung Yuen Group will enter into subsidiary agreement(s) covering the Tender Work(s) envisaged under the New Framework Agreement. Each such subsidiary agreement will set out the specific detailed terms upon which particular services will be rendered by Fung Yuen Group to the Group. The terms of each such subsidiary agreement must comply with (i) the relevant terms of the New Framework Agreement; and (ii) relevant requirement under the Listing Rules.

The Tender Work to be awarded by the Group to Fung Yuen Group must be (i) on normal commercial terms and by reference to prevailing market conditions for provision of similar services; (ii) arrived at after arms' length negotiations between the parties thereto; and (iii) determined after the completion of the Group's normal tendering process.

As to Minor Works

Invoice(s) confirmed by or subsidiary agreement(s) entered into between the relevant members of the Group and the relevant members of Fung Yuen Group would cover the Minor Work(s) envisaged under the New Framework Agreement.

Each such confirmed invoice or subsidiary agreement will set out the terms upon which particular services rendered or will be rendered by Fung Yuen Group to the Group. The terms of each such invoice or subsidiary agreement must comply with (i) the relevant terms of the New Framework Agreement; and (ii) relevant requirement under the Listing Rules.

The Minor Work to be entered into between the Group and Fung Yuen Group must be (i) on normal commercial terms; and (ii) arrived at after arms' length negotiations between the parties thereto.

Payment of the relevant contract sum (whether in the case of Tender Work or Minor Work) under each subsidiary agreement or confirmed invoice is by cash and is subject to any deferred payment arrangement, if any, under each subsidiary agreement or invoice.

Annual Caps:

The aggregate value of the Tender Works and Minor Works to be entered into between the Group and Fung Yuen Group (in terms of contract sum committed) for the period commencing from 21st April, 2011 and ending 31st March, 2014 shall not exceed the following:-

21 st April, 2011 to 31 st March, 2012	HK\$55 million
1 st April, 2012 to 31 st March, 2013	HK\$68 million
1 st April, 2013 to 31 st March, 2014	HK\$85 million

The above annual caps in respect of the Tender Works and Minor Works were, determined and proposed by the Group based upon its own confidential assumptions as to its anticipated business development plans for the three financial years ending 31st March, 2012, 31st March, 2013 and 31st March, 2014 respectively and other factors such as (i) the anticipated average renovation costs for a range of restaurant chains of the Group; (ii) the estimated

success rate of Fung Yuen Group (by reference to the total contract sum) in any anticipated Tender Work; (iii) the possible fluctuation in exchange rate of Hong Kong dollars against Renminbi; (iv) 3% contingency for possible Services not yet identified for working out the annual caps; and (v) historical information on the amount of Minor Works performed by Fung Yuen Group.

Term: The New Framework Agreement is for a period commencing from 21st April, 2011 and expiring on 31st March, 2014. Upon the expiry of the New Framework Agreement, the parties may renew the New Framework Agreement subject to the compliance with the Listing Rules and all applicable laws.

Termination: Each party can serve a 3-month written notice to terminate the New Framework Agreement prior to its expiry.

HISTORICAL FIGURE

The annual cap approved by the Board in August 2010 and the actual amount committed by the Group with Fung Yuen Group in respect of the Tender Works under the framework agreement dated 10th August, 2010 for the period ended 31st March, 2011 was:-

<u>Period</u>	<u>Annual Cap</u>	<u>Amount committed</u> ^{note}
10 th August, 2010 to 31 st March, 2011	HK\$55 million	HK\$12,910,372.34

For the period from 3rd June, 2010 (being the effective date of the revised definition on “associate” under the Listing Rules) to 31st March, 2011, the total amount of Minor Works performed by the Fung Yuen Group to the Group is about HK\$1,664,296.09.

Note: Being the total amount of Tender Works committed from 10th August, 2010 to 31st March, 2011.

REASONS FOR AND BENEFITS OF THE NEW FRAMEWORK AGREEMENT

The commissioning of the Services is on normal commercial terms and represents activities within the ordinary and usual course of business of the Group. The New Framework Agreement provides the basic framework for the future Tender Works and Minor Works to be entered into between the Group and Fung Yuen Group, and the Group regards the Services as essential as to the continued operation and growth of its business. In addition, the execution of the New Framework Agreement avoids the administrative burden in complying with the relevant regulatory requirements, if required, as and when each Tender Work or Minor Work is entered into by the Group with Fung Yuen Group during the term of the New Framework Agreement.

The Directors (including the independent non-executive directors) consider that the terms of the New Framework Agreement are fair and reasonable so far as shareholders of the Company are concerned and is in the interests of the Company and its shareholders as a whole.

GENERAL

The Group is principally engaged in the operation of quick service and specialty restaurants chain as well as institutional catering, and the food processing and distribution business.

Fung Yuen Group is principally engaged in provision of interior decoration, renovation, repairing,

maintenance and related services in Hong Kong, Macau and in the Guangdong Province of the PRC.

LISTING RULES IMPLICATIONS

Mr. Ng, being the cousin of Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita (both being directors of the Company), is deemed to have a majority control in Fung Yuen Group. Therefore, Fung Yuen Group is a connected person of the Company under the Listing Rules.

As the relevant percentage ratios in respect of the annual caps under the New Framework Agreement are less than 5%, such transaction is only subject to the reporting, announcement and annual review requirement as set out in Rules 14A.45 to 14A.47 and 14A.37 to 14A.40 and is exempt from the independent shareholders' approval requirement of Chapter 14A of the Listing Rules.

Mr. Ng, being the cousin of Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita (both being directors of the Company), is an associate of each of Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita as defined under the Listing Rules. Since an associate of Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita has a material interest in the New Framework Agreement, Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita had abstained from voting on the relevant board resolution as required under the Company's Bye-law or the Listing Rules.

DEFINITIONS

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

“Board”	board of directors of the Company
“Company”	Café de Coral Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	director(s) of the Company
“New Framework Agreement”	non-exclusive framework agreement dated 21 st April, 2011 made between the Company and Fung Yuen (HK)
“Fung Yuen Group”	Fung Yuen (HK) and its subsidiaries from time to time
“Fung Yuen (HK)”	Fung Yuen Engineering Company Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Minor Work(s)”	transaction(s) between member(s) of the Group on the one hand and any member(s) of the Fung Yuen Group on the other hand to be entered into during the period commencing from 21 st April, 2011 and ending 31 st March, 2014 in relation to the Services, in which each individual contract sum is less than HK\$300,000 or equivalent;

“Mr. Ng”	Mr. Ng Lam To
“PRC”	The People’s Republic of China
“Services”	interior decoration, renovation, adjustment, repairing, maintenance and/or related services including the provision of services as main contractor and/or one of the contractors for a variety of works including but not limited to maintenance, renovation and interior decoration to be provided from time to time by members of the Fung Yuen Group to the restaurants, catering outlets and business premises operated and managed by members of the Group in Hong Kong, Macau and in the Guangdong Province of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tender Work(s)”	transaction(s) between member(s) of the Group on the one hand and any member(s) of the Fung Yuen Group on the other hand to be entered into during the period commencing from 21 st April, 2011 and ending 31 st March, 2014 in relation to the Services, in which the relevant transaction is only awarded to Fung Yuen Group after completion of the Group’s normal tendering process;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
TO HON FAI, ALFRED
Company Secretary

Hong Kong, 21st April, 2011

As at the date of this announcement, the Board of the Company comprises Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny, Ms. Lo Pik Ling, Anita and Mr. Lo Tak Shing, Peter as executive directors; Mr. Lo Tang Seong, Victor, Mr. Lo Ming Shing, Ian and Mr. Hui Tung Wah, Samuel as non-executive directors; Mr. Choi Ngai Min, Michael, Mr. Li Kwok Sing, Aubrey, Mr. Kwok Lam Kwong, Larry and Mr. Look Guy as independent non-executive directors.