
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, company secretary, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Café de Coral Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
GRANT OF OPTIONS TO CERTAIN DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Ballroom A, 2nd Floor, Langham Hotel Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 18th September, 2007 at 2:30 p.m. is set out on pages 20 to 23 of this circular. A form of proxy for use in connection with the Annual General Meeting is enclosed herewith.

Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Head Office of the Company not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

Hong Kong, 24th August, 2007

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RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of providing information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 2:30 p.m. on Tuesday, 18th September, 2007 at Ballroom A, 2nd Floor, Langham Hotel Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong
“AGM Notice”	the notice convening the AGM as set out on pages 20 to 23 of this circular
“associate”	shall have the meaning ascribed to it under rule 1.01 of the Listing Rule
“Board”	the board of Directors or a duly authorized committee thereof
“Business Day”	a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the laws of Hong Kong)
“Company”	Café de Coral Holdings Limited 大家樂集團有限公司, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the director(s) of the Company
“Existing Options”	the options which have been granted to Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo under the Previous Scheme and/or the Share Option Scheme and remain outstanding as at the Latest Practicable Date
“Extension of Share Issue Mandate”	a general mandate proposed to be granted to the Board to extend the Share Issue Mandate by adding those Shares that may be purchased under the Repurchase Mandate in the manner as set out in the AGM Notice

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	in the case of the grant of Options to Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo, the Shareholders other than Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo and their respective associates
“Latest Practicable Date”	16th August, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Michael Chan”	Mr. Chan Yue Kwong, Michael, an executive Director and the Chairman of the Group
“Mr. Sunny Lo”	Mr. Lo Hoi Kwong, Sunny, an executive Director and the Managing Director of the Group
“Ms. Anita Lo”	Ms. Lo Pik Ling, Anita, an executive Director
“Options”	collectively, the options proposed to be granted to each of Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo under the Share Option Scheme, entitling each of them to subscribe for 1,500,000, 1,500,000 and 450,000 Shares respectively
“Previous Scheme”	the share option scheme adopted by the Company on 30th January, 1991, but which was subsequently terminated on 19th September, 2000
“Proposed Date of Grant”	2nd October, 2007 or such other date as the Board may determine

DEFINITIONS

“Proposed Grant”	subject to the Independent Shareholders’ approval at the AGM, the proposed granting of Options to Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo under the Share Option Scheme on the Proposed Date of Grant, the terms of which are set out in the sub-section headed “Principal Terms of the Proposed Grant” under the section headed “Grant of Options to Certain Directors” of the “Letter from the Board”
“Repurchase Mandate”	a general mandate proposed to be granted to the Board to exercise all the powers of the Company to repurchase Shares in the manner as set out in the AGM Notice
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Share Issue Mandate”	a general mandate proposed to be granted to the Board to allot, issue and deal with new Shares in the manner as set out in the AGM Notice
“Share Option Scheme”	the share option scheme adopted by the Company at its general meeting held on 24th September, 2003
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

LETTER FROM THE BOARD



CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with Limited Liability)

Executive directors:

Mr. Chan Yue Kwong, Michael (*Chairman*)
Mr. Lo Hoi Kwong, Sunny (*Managing Director*)
Ms. Lo Pik Ling, Anita
Mr. Lo Tak Shing, Peter

Non-executive directors:

Mr. Lo Tang Seong, Victor
Mr. Lo Hoi Chun
Mr. Hui Tung Wah, Samuel

Independent non-executive directors:

Mr. Choi Ngai Min, Michael
Mr. Li Kwok Sing, Aubrey
Mr. Kwok Lam Kwong, Larry

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office:

10th Floor
Café de Coral Centre
5 Wo Shui Street
Fo Tan, Shatin
New Territories
Hong Kong

24th August, 2007
Hong Kong

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES
AND TO REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
GRANT OF OPTIONS TO CERTAIN DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to the Repurchase Mandate, the Share Issue Mandate, the Extension of Share Issue Mandate, the re-election of retiring Directors and the proposed grant of Options to certain Directors and to give you AGM Notice.

LETTER FROM THE BOARD

SHARE ISSUE MANDATE AND EXTENSION OF SHARE ISSUE MANDATE

At the AGM, an ordinary resolution no. 5 as set out in the AGM Notice will be proposed to grant to the Board a general mandate to allot, issue and deal with new Shares up to an amount not exceeding 20% of the issued share capital of the Company at the date of passing of such resolution, which is equivalent to 109,948,006 Shares on the assumption that there are no further changes to the issued share capital of the Company from the Latest Practicable Date to the date of AGM. Such mandate will give the Board greater flexibility to issue securities when it is in the interests of the Company.

In addition, if the Share Issue Mandate and Repurchase Mandate are granted, an ordinary resolution no. 7 as set out in the AGM Notice will be proposed at the AGM to grant to the Board the Extension of Share Issue Mandate, which provides that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate.

REPURCHASE MANDATE

At the last annual general meeting held on 11th September, 2006, a general mandate was given to the Board to exercise the powers of the Company to repurchase Shares up to but not exceeding 10% of the aggregate nominal amount of the share capital in issue as of the date of the mandate granted. Such mandate will lapse at the conclusion of the forthcoming AGM in accordance with the terms thereof. An ordinary resolution no. 6 as set out in the AGM Notice will be proposed at the AGM to grant the Repurchase Mandate to the Board.

The explanatory statement, as required by the Listing Rules to regulate the repurchase of their own securities on the Stock Exchange by companies with primary listings on the Stock Exchange and as set out in Appendix I to this circular, is to provide the requisite information to you to authorize the Board to exercise the powers to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the ordinary resolution no. 6 as set out in the AGM Notice.

RE-ELECTION OF DIRECTORS

In accordance with Bye-law 109(A), the Directors retiring by rotation at the forthcoming AGM are Ms. Lo Pik Ling, Anita, Mr. Lo Hoi Chun, Mr. Li Kwok Sing, Aubrey and Mr. Kwok Lam Kwong, Larry, who being eligible, offer themselves for re-election. The particulars of these Directors which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

LETTER FROM THE BOARD

GRANT OF OPTIONS TO CERTAIN DIRECTORS

Pursuant to Rule 17.04 of the Listing Rules, where any grant of option(s) to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options must be separately approved by the Independent Shareholders in general meeting. Any vote taken at such meeting to approve the grant of such options shall be taken on a poll.

At a meeting of the Board held on 16th August, 2007, the Board approved the motion of seeking the Independent Shareholders' approval at the AGM for the Proposed Grant on the Proposed Date of Grant where each of Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo are considered to be substantial Shareholders and the Proposed Grant falls within the Rule 17.04 of the Listing Rules.

A resolution to approve the Proposed Grant will therefore be proposed at the AGM and votes taken in respect of such resolution shall be taken on a poll. Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo and their respective associates (collectively, control or entitled to exercise the control of approximately 19.51% of the voting right of the Company as at the Latest Practicable Date), who had material interest in the Proposed Grant are required to abstain from voting on the resolution to approve the Proposed Grant at the AGM.

Subject to the approval of the Independent Shareholders at the AGM, the Board would offer the Options to Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo on the Proposed Date of Grant. Assuming Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo shall accept the Options, they are respectively required to return to the Company duly signed written acceptances of the offer within 28 days from the Proposed Date of Grant together with a remittance of HK\$1.00 in favour of the Company by way of consideration for the grant of Options. In the event that the Proposed Grant is not approved by Independent Shareholders at the AGM, the Proposed Grant shall be deemed to be null and void and shall have no further effect.

The Company will comply with all disclosure requirements under the Listing Rules, including the issue of an announcement in respect of the poll result of such resolution at the AGM.

LETTER FROM THE BOARD

Principal Terms of the Proposed Grant

The principal terms of the Proposed Grant are as follows:

Name	Proposed date of grant	No. of options to be granted	Exercise Price (HK\$)	Exercise Period
Mr. Michael Chan	2nd October, 2007*	1,500,000 (note 1)	14.268 (note 3)	30/3/2008 to 29/3/2013
				30/3/2009 to 29/3/2014
				30/3/2010 to 29/3/2015
				30/3/2011 to 29/3/2016
				30/3/2012 to 29/3/2017 (note 4)
Mr. Sunny Lo	2nd October, 2007*	1,500,000 (note 1)	14.268 (note 3)	30/3/2008 to 29/3/2013
				30/3/2009 to 29/3/2014
				30/3/2010 to 29/3/2015
				30/3/2011 to 29/3/2016
				30/3/2012 to 29/3/2017 (note 4)
Ms. Anita Lo	2nd October, 2007*	450,000 (note 2)	14.268 (note 3)	30/3/2008 to 29/3/2013
				30/3/2009 to 29/3/2014
				30/3/2010 to 29/3/2015
				30/3/2011 to 29/3/2016
				30/3/2012 to 29/3/2017 (note 4)

* or such other date as the Board may determine

Notes:

- 1,500,000 Shares to be issued upon exercised, representing approximately 0.27% of the total issued share capital of the Company as at the Latest Practicable Date.
- 450,000 Shares to be issued upon exercised, representing approximately 0.08% of the total issued share capital of the Company as at the Latest Practicable Date.
- Being the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on 16th August, 2007, being the date of the Board meeting proposing the Proposed Grant; (ii) a price being the average of the closing prices of the Shares in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding 16th August, 2007, being the date of the Board meeting proposing the Proposed Grant; and (iii) the nominal value of Share.
- The number of options to be granted are divided into 5 tranches. Each tranche is to be exercised in the order of 10%, 15%, 20%, 25% and 30% of the number of the options within the specific period as aforesaid.

LETTER FROM THE BOARD

The Shares to be allotted upon the exercise of the Options will be subject to all the provisions of the Bye-laws for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of their allotment and issue, and accordingly will entitle Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo to participate in all dividends or other distributions paid or made on or after the date of allotment and issue other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefore shall be before the date of allotment and issue.

Reasons for the Proposed Grant

Mr. Michael Chan is an executive Director and the Chairman of the Group. Mr. Sunny Lo is an executive Director and the Managing Director of the Group. Ms. Anita Lo is an executive director of the Company. The Options proposed to be granted to them forms part and parcel of the general offer of options to the Group's management staff in recognition of their contribution to the growth of the Group in the past and as an incentive for their continuing commitment and contribution to the Group in the future. The Options can be exercised irrespective of performance targets attained.

Information on Proposed Grant

As at the Latest Practicable Date, the particulars of the outstanding options granted to Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo and other participants under the Previous Scheme and/or the Share Option Scheme are set out below.

	Number of outstanding options as at the Latest Practicable Date granted under the Previous Scheme	Number of outstanding options as at the Latest Practicable Date granted under the Share Option Scheme	Total Number of outstanding options as at the Latest Practicable Date	Approximately percentage to the issued share capital of the Company as at the Latest Practicable Date
Mr. Michael Chan	50,000	2,000,000	2,050,000	0.37%
Mr. Sunny Lo	600,000	2,000,000	2,600,000	0.47%
Ms. Anita Lo	400,000	–	400,000	0.07%
Others	1,132,000	8,492,000	9,624,000	1.75%

LETTER FROM THE BOARD

As at the Latest Practicable Date, Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo are interested in 56,916,807 Shares, 92,559,394 Shares and 60,092,339 Shares respectively (in each case, other than their respective interests in the Existing Options) within the meaning of Part XV of the SFO. Upon the full exercise of the Options, the equity interests of Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo in the Company will be as follows:

	Number of issued Shares interested as at the Latest Practicable Date	Approximate percentage of issued Shares interested to the issued share capital of the Company as at the Latest Practicable Date	Approximate percentage of issued Shares upon exercise in full of the Existing Options and the Options to the issued share capital of the Company as at the Latest Practicable Date	Approximate percentage shareholding upon exercise in full of the Existing Options and the Options to the enlarged issued share capital of the Company as enlarged by the exercise in full of the Existing Options and the Options
Mr. Michael Chan	56,916,807 <i>(note 1)</i>	10.35%	11.00%	10.93%
Mr. Sunny Lo	92,559,394 <i>(note 2)</i>	16.84%	17.58%	17.45%
Ms. Anita Lo	60,092,339 <i>(note 3)</i>	10.93%	11.09%	11.07%

Notes:

1. Mr. Michael Chan is interested or deemed to be interested in the Shares of the Company (other than interests in Existing Options) within the meaning of the SFO, as to 4,571,407 Shares (being Shares beneficially owned by him), 1,189,400 Shares (being Shares held by his associate) and 51,156,000 Shares (being Shares held under a family trust of which Mr. Sunny Lo, Ms. Anita Lo and the associate of Mr. Michael Chan are beneficiaries).
2. Mr. Sunny Lo is interested or deemed to be interested in the Shares of the Company (other than interests in Existing Options) within the meaning of the SFO, as to 4,020,000 Shares (being Shares beneficially owned by him), 37,383,394 Shares (being Shares held under a family trust in the capacity of founder) and 51,156,000 Shares (being Shares held under a family trust of which Mr. Sunny Lo, Ms. Anita Lo and the associate of Mr. Michael Chan are beneficiaries and represent same parcel of Shares as mentioned in note 1 above).
3. Ms. Anita Lo is interested or deemed to be interested in the Shares of the Company (other than interests in Existing Options) within the meaning of the SFO, as to 8,936,339 Shares (being Shares beneficially owned by her) and 51,156,000 Shares (being Shares held under a family trust of which Mr. Sunny Lo, Ms. Anita Lo and the associate of Mr. Michael Chan are beneficiaries and represent same parcel of Shares as mentioned in note 1 above).

LETTER FROM THE BOARD

RIGHT TO DEMAND A POLL

Pursuant to the Bye-laws, resolutions proposed at the AGM shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

AGM

AGM Notice is set out on pages 20 to 23 of this circular. At the AGM, resolutions will be proposed to approve, inter alia, the Share Issue Mandate, the Repurchase Mandate, the Extension of Share Issue Mandate and the proposed grant of Options to certain Directors.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Head Office of the Company not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting if you so wish.

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that the ordinary resolutions as set out respectively in the AGM Notice are all in the best interests of the Company and its shareholders. Further, the Board (including the independent non-executive Directors) also considers that the Proposed Grant will serve to provide incentives to each of Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo for their future commitment to the Group and that the terms of the Proposed Grant are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board (including the independent non-executive Directors) recommends the Shareholders (including the Independent Shareholders) to vote in favour of such resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

Your attention is drawn to the “Letter from the Independent Non-executive Directors” set out on page 19 of this circular, which sets out the recommendation by the independent non-executive Directors to the Independent Shareholders as to voting in relation to the resolution to proposed at the AGM for the approval of the Proposed Grant.

Yours faithfully,
For and on behalf of the Board
Chan Yue Kwong, Michael
Chairman

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules to enable them to make an informed decision on whether to vote for or against the ordinary resolution in relation to the Repurchase Mandate to be proposed at the AGM.

1. SHARE CAPITAL

It is proposed that up to 10% of the aggregate nominal amount of the issued capital of the Company as at the date of the passing of the resolution to approve the Repurchase Mandate may be repurchased. As at the Latest Practicable Date, the number of Shares of the Company in issue was 549,740,033. On the basis of such figure, subject to the passing of the relevant resolution, the Board would be authorized to repurchase up to 54,974,003 Shares.

2. REASONS OF REPURCHASE

As it may be to the benefit of the Company to repurchase Shares in certain circumstances, the Board is seeking the grant of the Repurchase Mandate to give the Company the flexibility to do so if and when appropriate. Such repurchases may depend on market conditions and funding arrangements at the time, leading to an enhancement of the net assets and/or earnings per Share and liquidity of the Shares.

3. FUNDING OF REPURCHASE

It is envisaged that the funds required for any repurchase would be derived from those funds of the Company legally permitted to be utilised in this connection in accordance with its Memorandum of Association and Bye-laws and the laws of Bermuda, including capital paid up on the Shares to be repurchased, profits otherwise available for distribution and sums standing to either the share premium account or contributed surplus account of the Company.

There could be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published audited accounts for the year ended 31st March, 2007) in the event that the proposed share repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Board does not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Board are from time to time appropriate for the Company.

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

4. SHARE PRICE

The highest and lowest prices at which the Shares traded on the Stock Exchange in each of the previous twelve months are as follows:

	Price per Share	
	Highest (HK\$)	Lowest (HK\$)
2006		
August	12.50	11.50
September	12.50	11.78
October	12.78	12.16
November	13.98	12.18
December	15.20	13.20
2007		
January	14.80	12.20
February	14.22	13.00
March	14.20	13.10
April	16.08	13.80
May	14.66	13.78
June	15.26	14.50
July	16.48	14.80
August (up to the Latest Practicable Date)	14.92	13.80

5. UNDERTAKING

The Board has undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the laws of Bermuda, the Memorandum of Association and the Bye-laws of the Company.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) have any present intention, in the event that the Repurchase Mandate is granted by Shareholders, to sell Shares to the Company.

No connected persons of the Company have notified the Company of a present intention to sell Shares to the Company and no such persons have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate is granted by Shareholders.

6. HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder, or a group of Shareholders acting in concert, could obtain or consolidate control of the Company and depending on the level of increase in the Shareholders' interest, may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge and belief of the Company and according to the registers of interests required to be kept by the Company under the SFO, the single largest shareholder of the Company is GZ Trust Corporation who held, through NKY Holding Corporation, LBK Holding Corporation and MMW Holding Corporation, 119,036,834 Shares, representing approximately 21.66% of the issued share capital of the Company. On such basis, if the Repurchase Mandate is fully exercised by the Company, there will be an effect of increasing the percentage shareholding of GZ Trust Corporation to 24.06%, but such increase will not give rise to any obligation under Rule 26 of the Takeovers Code to make a mandatory offer. The Board is also not aware of any other Shareholder which may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code if the Board exercises the powers of the Company to repurchase Shares pursuant to Repurchase Mandate to be granted to the Board by the Shareholders.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

Set out below are details of the Directors who will retire at the conclusion of the AGM and will be proposed to be re-elected at the AGM.

Ms. Lo Pik Ling, Anita

Ms. Lo Pik Ling, Anita, aged 54, is an Executive Director and the Group General Manager. She joined the Group in 1982 and has been an Executive Director of the Company since 1990. She is responsible for the sales and marketing of the Hong Kong Fast Food, Contract Catering Business and School Lunch-Box Catering Business. She holds a Bachelor Degree in Social Sciences from the University of Hong Kong. Ms. Lo is also a director of certain subsidiaries of the Group. Ms. Lo had not held any directorship in other listed public companies in the last three years.

Ms. Lo has entered into a service contract with the Company that does not provide for a fixed period of service and she is subject to retirement by rotation and re-election under the Company's Bye-laws.

Ms. Lo is a relative of each of Mr. Chan Yue Kwong, Michael (the Executive Chairman and substantial shareholder* of the Company), Mr. Lo Tak Shing, Peter (the Executive Director and substantial shareholder* of the Company), Mr. Lo Hoi Chun (the Non-Executive Director and substantial shareholder* of the Company), Ms. Man Bo King (the substantial shareholder* of the Company) and Ms. Tso Po Ping (the substantial shareholder* of the Company). Ms. Lo is the daughter of Mr. Lo Tang Seong, Victor (the Non-Executive Director of the Company), the sister of Mr. Lo Hoi Kwong, Sunny (the Managing Director and substantial shareholder* of the Company) and the spouse of Mr. Man Tak Wah (the substantial shareholder* of the Company). Ms. Lo is also a director of NKY Holding Corporation (being substantial shareholder* of the Company).

As at the Latest Practicable Date, Ms. Lo has personal interest, trusts and similar interest and equity derivatives in 60,492,339 shares of the Company within the meaning of Part XV of the SFO. During the year ended 31st March, 2007, the amount of emoluments payable to Ms. Lo is approximately HK\$446,000 (which included her basic salary and allowance) and such amount of discretionary bonus which the Company may decide to pay, the nature of which are specified under the service contract with the Company. The amount of emoluments payable to Ms. Lo is determined by reference to her qualification, experience and market benchmarks.

Save as disclosed above, there is no other information relating to Ms. Lo required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders of the Company.

* *within the meaning of Part XV of the SFO*

Mr. Lo Hoi Chun

Mr. Lo Hoi Chun, aged 68, joined the Group in 1976 and has been a Non-executive Director of the Company since 1990. Prior to joining the Group, he had considerable experience in the food and beverage industry. Mr. Lo is also a director of certain subsidiaries of the Group. Mr. Lo had not held any directorship in other listed public companies in the last three years.

Mr. Lo is a relative of each of Mr. Lo Tang Seong, Victor (the Non-Executive Director of the Company), Mr. Chan Yue Kwong, Michael (the Chairman and substantial shareholder* of the Company), Mr. Lo Hoi Kwong, Sunny (the Managing Director and substantial shareholder* of the Company), Ms. Lo Pik Ling, Anita and Mr. Lo Tak Shing, Peter (Executive Directors and substantial shareholders* of the Company). Mr. Lo is also a relative of Mr. Man Tak Wah and Ms. Tso Po Ping (both being substantial shareholders* of the Company). Mr. Lo is the spouse of Ms. Man Bo King (the substantial shareholders* of the Company). Mr. Lo is also a director of each of LBK Holding Corporation and MMW Holding Corporation (both being substantial shareholders* of the Company).

As at the Latest Practicable Date, Mr. Lo has a personal interest of 132,000 Shares and trusts and similar interests of 67,880,834 Shares (of which 31,911,701 Shares were held under a family trust where he is one of the beneficiaries and 35,969,133 Shares were held under a family trust where he is the founder and both of Mr. Lo and his associates were beneficiaries) within the meaning of Part XV of the SFO. There is no service contract entered into between Mr. Lo and the Company. Mr. Lo's appointment as a Director to the Company is subject to retirement by rotation under the Company's Bye-laws. During the year ended 31 March 2007, Mr. Lo received a director's fee of HK\$50,000 from the Company. Such director's fee has been determined by reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions, and approved by the shareholders of the Company.

Save as disclosed herein, there are no other information relating to Mr. Lo required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders of the Company.

* *within the meaning of Part XV of the SFO*

Mr. Li Kwok Sing, Aubrey

Mr. Li Kwok Sing, Aubrey, aged 57, was appointed an Independent Non-executive Director of the Company in 1994 and is a member of the Audit, Nomination and Remuneration Committees. He is a director of Management Capital Limited, a Hong Kong-based financial advisory and direct investment firm, and has over 30 years' experience in merchant banking and commercial banking. He is a non-executive director of ABC Communications (Holdings) Limited, The Bank of East Asia, Limited, China Everbright International Limited, CNPC (Hong Kong) Limited, Kowloon Development Company Limited, and Pokfulam Development Company Limited, and was previously an independent non-executive director of Value Partners China Greenchip Fund Limited. He is non-executive Chairman of Atlantis Asian Recovery Fund plc. Save as disclosed above, Mr. Li had not held any directorship in other listed public companies in the last three years.

Mr. Li does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company. There is no service contract entered into between Mr. Li and the Company. Mr. Li's appointment as Director to the Company is subject to retirement by rotation under the Company's Bye-laws.

As at the Latest Practicable Date, Mr. Li has an interest in 55,000 shares of the Company within the meaning of Part XV of the SFO. During the year ended 31st March, 2007, the Director's fee of Mr. Li as an independent non-executive director is HK\$100,000. Subject to the authorization to be obtained at the AGM, the Board may fix Mr. Li's remuneration, which will be determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there is no other information relating to Mr. Li required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders of the Company.

Mr. Kwok Lam Kwong, Larry

Mr. Kwok Lam Kwong, Larry, J.P., aged 51, was appointed an Independent Non-executive Director of the Company in July 2004 and is a member of the Audit and Remuneration Committees. Mr. Kwok is a practising solicitor in Hong Kong and is also qualified to practise as a solicitor in Australia, England and Wales and Singapore. He is also qualified as a Chartered Accountant in United Kingdom and a CPA in Hong Kong and Australia. He graduated from the University of Sydney, Australia with Bachelor's degrees in economics and laws as well as a master's degree in laws. He is currently an independent non-executive director of a number of publicly listed companies in Hong Kong, namely, Pacific Andes International Holdings Limited, First Shanghai Investments Limited, Shenyin Wanguo (HK) Limited, Carry Wealth Holdings Limited and Starlite Holdings Limited and is an independent non-executive director of Western Mining Co., Ltd, being a company listed on the Shanghai Stock Exchange. Save as disclosed above, Mr. Kwok did not hold any directorships in any other listed companies during the last three years.

Mr. Kwok does not have any relationships with any Directors, senior management or substantial or controlling shareholders of the Company. There is no service contract entered into between Mr. Kwok and the Company. Mr. Kwok's appointment as Director of the Company is subject to retirement by rotation under the Company's Bye-laws.

As at the Latest Practicable Date, Mr. Kwok does not have any interest in the shares of the Company within the meaning of Part XV of the SFO. During the year ended 31st March, 2007, the Director's fee of Mr. Kwok as an independent non-executive director is HK\$100,000. Subject to the authorization to be obtained at the AGM, the Board may fix Mr. Kwok's remuneration, which will be determined by the Board with reference to the Company's performance and profitability, as well as remuneration benchmark in the industry and the prevailing market conditions.

Save as disclosed above, there is no other information relating to Mr. Kwok required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules nor are there any other matters that need to be brought to the attention of the Shareholders of the Company.



CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 341)

24th August, 2007

To the Independent Shareholders

Dear Sir or Madam,

**GRANT OF OPTIONS TO CERTAIN DIRECTORS
UNDER THE SHARE OPTION SCHEME**

We refer to the circular of Café de Coral Holdings Limited (the “Company”) dated 24th August, 2007 to the Shareholders of the Company (the “Circular”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

This letter sets out our recommendation to the Independent Shareholders as to voting in relation to the resolution to be proposed at the AGM for the approval of the proposed grant of Options to Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo on the Proposed Date of Grant (the “Proposed Grant”).

Having considered the past contribution of Mr. Michael Chan, Mr. Sunny Lo and Ms. Anita Lo to the Group and also to provide an incentive for their continuing commitment towards the business development and growth of the Group, we are of the view that the terms of the Proposed Grant are fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Proposed Grant.

Kwok Lam Kwong, Larry

Li Kwok Sing, Aubrey

Choi Ngai Min, Michael

Independent non-executive Directors

NOTICE OF ANNUAL GENERAL MEETING



CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with Limited Liability)

(Stock Code: 341)

NOTICE IS HEREBY GIVEN that the 2007 Annual General Meeting (the “Meeting”) of Café de Coral Holdings Limited (the “Company”) will be held at Ballroom A, 2nd Floor, Langham Hotel Hong Kong, 8 Peking Road, Tsimshatsui, Kowloon, Hong Kong on Tuesday, 18th September, 2007 at 2:30 p.m. for the following purposes:

As Ordinary Business:

1. To receive and adopt the Audited Accounts and the reports of the Directors and Auditors for the year ended 31st March, 2007;
2. To declare a final dividend;
3. To re-elect retiring Directors and authorize the Board of Directors to fix their remuneration;
4. To re-appoint Messrs. PricewaterhouseCoopers as the auditors of the Company and authorize the Board of Directors to fix their remuneration;

As Special Business:

5. To consider, and if thought fit, pass (with or without amendments) the following resolution as an Ordinary Resolution:

“THAT

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and otherwise deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to (i) a Rights Issue; or (ii) the exercise of rights of subscription or conversion under the terms of any warrant or other securities issued by the Company carrying a right to subscribe for shares of the Company; or (iii) the exercise of subscription rights under any employee share option scheme; or (iv) an issue of shares as scrip dividends pursuant to the Bye-laws of the Company from time to time, shall not exceed the aggregate of:
- (i) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution; and
 - (ii) (if the Directors of the Company are so authorized by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution), and the said approval shall be limited accordingly;
- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the date of passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next Annual General Meeting of the Company;
- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Bye-laws of the Company or any applicable laws to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of shares pursuant to an offer (open for a period fixed by the Directors of the Company) made to holders of shares or any class thereof on the Register of Members of the Company on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong);

NOTICE OF ANNUAL GENERAL MEETING

6. To consider and, if thought fit, pass (with or without amendments) the following resolution as an Ordinary Resolution:

“**THAT**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (which shall have the same meaning for the purpose of this Resolution, mutatis mutandis, as given in paragraph (d) of the resolution set out as Resolution No. 5 in the notice of this Meeting) of all powers of the Company to purchase its shares, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares to be purchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the shares of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly.”;

7. To consider and, if thought fit, pass (with or without amendments) the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the passing of the Resolution Nos. 5 and 6, the general mandate granted to the Directors of the Company (pursuant to Resolution No. 5 or otherwise) and for the time being in force to exercise the powers of the Company to allot shares be and is hereby extended by an amount representing the aggregate nominal amount of the share capital repurchased by the Company under the authority granted by the resolution set out as Resolution no. 6.”;

8. To consider and, if thought fit, pass (with or without amendments) the following resolution as an Ordinary Resolution:

“**THAT** the grant of options to subscribe for 1,500,000, 1,500,000 and 450,000 shares of HK\$0.10 each in the capital of the Company to Mr. Chan Yue Kwong, Michael, Mr. Lo Hoi Kwong, Sunny and Ms. Lo Pik Ling, Anita respectively (all of which are executive directors of the Company), subject to and in accordance with the terms of the share option scheme adopted by the Company on 24th September, 2003, be and is hereby approved; and **THAT** any director of the Company be and is hereby authorized to do such things and acts as may be necessary or expedient to give full effect to such grant of options.”.

By Order of the Board
To Hon Fai, Alfred
Company Secretary

Hong Kong, 24th August, 2007

NOTICE OF ANNUAL GENERAL MEETING

Registered office
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head office
10th Floor
Café de Coral Centre
5 Wo Shui Street
Fo Tan, Shatin
New Territories, Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting convened by the above notice may appoint one or more proxies to attend the Meeting and vote on a poll instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy and the power of authority (if any) under which it is signed or a notarially certified copy of such power of authority must be deposited with the Company Secretary at the Company's Head Office at 10th Floor, Café de Coral Centre, 5 Wo Shui Street, Fo Tan, Shatin, New Territories, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. The Register of Members will be closed from 11th September, 2007 to 18th September, 2007, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 10th September, 2007.