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CAFÉ DE CORAL HOLDINGS LIMITED

大家樂集團有限公司

(Incorporated in Bermuda with limited liability)

Website: <http://www.cafedecoral.com>

(Stock Code: 341)

DISPOSAL OF ASSETS OF NORTH AMERICAN OPERATIONS

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

The Board hereby announces that on 23 October 2014 (Toronto time), the Company and Manchu WOK Entities entered into the Agreement with the Purchasers pursuant to which the Company and Manchu WOK Entities have agreed to sell and the Purchasers have agreed to acquire the Assets underlying the Group's business operations in North America, for an aggregate consideration of CA\$7,888,888 (equivalent to approximately HK\$54.4 million).

The Group's operations in North America accounted for approximately 2.3% of the Group's total revenue for the financial year ended 31 March 2014. The Board believes that the Disposal shall not have a material impact on the results of operations and financial condition of the Group.

As each of the applicable percentage ratios of the Disposal is below 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the Disposal is subject to satisfaction of the Pre-closing Conditions and the Closing Conditions, the Disposal may or may not materialise. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2) of the Listing Rules.

INTRODUCTION

On 23 October 2014 (Toronto time), the Company and Manchu WOK Entities entered into the Agreement with the Purchasers pursuant to which the Company and Manchu WOK Entities have agreed to sell and the Purchasers have agreed to acquire the Assets underlying the Group's business operations in North America for an aggregate consideration of CA\$7,888,888 (equivalent to approximately HK\$54.4 million).

THE AGREEMENT

Date

23 October 2014

Parties

Vendors: The Company and Manchu WOK Entities

Purchasers: MTY Tiki Ming Enterprises Inc. and MTY Franchising USA, Inc.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchasers is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

Assets to be Disposed

The Vendors have agreed to sell, and the Purchasers have agreed to acquire, the Assets underlying the Group's business operations in North America.

Consideration

Subject to adjustment, the aggregate consideration to be paid by the Purchasers to the Vendors in respect of the Assets is CA\$7,888,888 (equivalent to approximately HK\$54.4 million), of which (a) a deposit of CA\$100,000 (equivalent to approximately HK\$0.7 million) (the "**Deposit**") has been paid by the Purchasers as at the date of the Agreement, (b) a sum of CA\$6,538,888 (equivalent to approximately HK\$45.1 million) shall be paid to the Vendors in cash at Completion and (c) a sum of CA\$1,250,000 (equivalent to approximately HK\$8.6 million) shall be withheld by the Purchasers as holdback funds to be paid out over 24 months following the date of Completion, less, if applicable, such amounts successfully claimed by the Purchasers for indemnification in accordance with the terms of the Agreement.

The consideration is subject to adjustment for, inter alia, unearned revenue, prepayments and deposits received or made by the Vendors in respect of the Assets and the related business before Completion. Based on information available to the Company, the Directors do not expect such adjustment to be material or which may render the Disposal a notifiable transaction under Chapter 14 of the Listing Rules. The Company will comply with the applicable requirements under the Listing Rules if the Disposal constitutes a notifiable transaction of the Company under the Listing Rules.

The consideration was arrived at after arm's length negotiations between the Company and the Purchasers and on normal commercial terms, taking into account, among other factors, the net book value of the Assets.

Pre-closing Conditions

The obligation of the Purchasers to complete the Disposal is conditional upon the satisfaction or waiver of the following pre-closing conditions under the Agreement (the “**Pre-closing Conditions**”) on or before 10 December 2014 (the “**Pre-closing Condition Date**”):

1. there having occurred no material adverse change in respect of the Assets or the related business;
2. the Vendors having obtained and delivered to the Purchasers required consents under applicable leases and material contracts;
3. the Vendors having obtained and delivered to the Purchasers estoppel letters executed by applicable franchisees; and
4. the Vendors having obtained all material licenses, permits, consents, assignments, approvals, certificates, registrations and authorisations applicable to them required to permit the Completion from all appropriate parties.

In the event that any of the Pre-closing Conditions remain unsatisfied on the Pre-closing Condition Date, and have not been waived, the Purchasers may elect either to (a) extend the Pre-closing Condition Date for the completion of such Pre-closing Condition on one or more occasion for up to 90 days in aggregate, or (b) treat the Agreement as terminated, where the Deposit shall be returned to the Purchasers without interest or deduction.

Closing Conditions

The obligation of the Purchasers to complete the Disposal is further conditional upon the satisfaction or waiver of, inter alia, the following closing conditions (the “**Closing Conditions**”) under the Agreement at Completion:

1. the Purchasers’ and Vendors’ representations and warranties contained in the Agreement remaining true, accurate and not misleading;
2. the Purchasers and Vendors having performed and complied with their obligations under the Agreement;
3. there having occurred no material adverse change in respect of the Assets or the related business; and
4. the Purchasers and Vendors having received all ancillary closing documents and items listed in the Agreement.

In the event that any of the Closing Conditions remain wholly or partly unsatisfied at Completion, and have not been waived, where the Vendors have failed to procure the satisfaction of such Closing Condition, the Purchasers shall be entitled to treat the Agreement as terminated and the Deposit shall be returned to the Purchasers without interest or deduction, and where the Purchasers have failed to procure the satisfaction of such Closing Condition, the Vendors shall be entitled to treat the Agreement as terminated and retain the Deposit for their own account.

Completion

Completion shall take place on 16 December 2014 or on such earlier or later date as the Purchasers and Vendors may agree, provided that all Pre-closing Conditions and Closing Conditions have been satisfied or waived.

INFORMATION OF THE GROUP, MANCHU WOK ENTITIES AND THE PURCHASERS

The Group is principally engaged in the operation of quick service restaurants, fast casual dining, institutional catering and specialty restaurant chains, and food processing and distribution business.

Manchu WOK Entities operate the Group's Chinese quick service restaurant chains in North America which currently has a total of 133 outlets in the United States of America and Canada. The Group's operations in North America accounted for approximately 2.3% of the Group's total revenue for the year ended 31 March 2014.

Each of the Purchasers is a wholly-owned subsidiary of MTY Food Group Inc. ("MTY"). MTY is the franchisor and operator of multiple concepts of quick service restaurants primarily in Canada and the United States of America. Through its subsidiaries, MTY operates a network of more than 2,500 restaurants. MTY is a corporation formed under the Canada Business Corporations Act, and its common shares are listed on the Toronto Stock Exchange.

REASONS FOR THE DISPOSAL

The Company has been reviewing the direction of its North American business operations. The Board is of the view that the Disposal will enable the Group to focus on its core businesses in Hong Kong and Mainland China and to better utilise its resources to achieve long-term growth for the Group under its current growth strategy and plan.

It is estimated that the Group will record a loss of approximately HK\$30 million from the Disposal, being the difference between the consideration and the net book value of the Assets of approximately HK\$77 million as at 31 March 2014, net of any recoverable amounts, and inclusive of estimated expenses relating to the Disposal, subject to adjustments, including but not limited to, exchange rates of Canadian dollars against Hong Kong dollars, tax and other costs.

The proceeds from the Disposal will be used as general working capital of the Group. The Board believes that the Disposal shall not have a material impact on the results of operations and financial condition of the Group.

The Board considered that the terms of the Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As each of the applicable percentage ratios for the Disposal is below 5%, the Disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the Disposal is subject to satisfaction of the Pre-closing Conditions and the Closing Conditions, the Disposal may or may not materialise. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Agreement”	the asset purchase agreement dated 23 October 2014 entered into between the Manchu WOK Entities as sellers, the Purchasers as buyers and the Company in relation to the sale and purchase of the Assets underlying the Group’s operations in North America
“Assets”	all of the assets of the Group used in the business of operating and franchising restaurants under the “Manchu WOK”, “SenseAsian” and “Wasabi Grill and Noodle” trade names and marks in North America (including but not limited to all intellectual property, and all rights, title and interests in franchise agreements, real property leases and equipment leases)
“Board”	the board of Directors
“CA\$”	Canadian dollars, the lawful currency of Canada
“Closing Conditions”	has the meaning given to it in the section headed “The Agreement - Closing Conditions” of this announcement
“Company”	Café de Coral Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Disposal in accordance with the terms of the Agreement
“Deposit”	has the meaning given to it in the section headed “The Agreement - Consideration” of this announcement
“Director(s)”	the director(s) of the Company

“Disposal”	disposal of the Assets by the Vendors to the Purchasers on the terms of the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manchu WOK Entities”	Manchu Wok (Canada) Inc., Manchu Wok Holdings, Inc., Manchu Wok Restaurants Inc., Manchu Wok (USA), Inc., SenseAsian (Canada) Inc., Wasabi Grill and Noodle (Canada) Inc., Wasabi Grill and Noodle USA Inc. and Manchu Wok Franchising USA Inc., all indirect wholly-owned subsidiaries of the Company
“PRC” or “Mainland China”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Pre-closing Conditions”	has the meaning given to it in the section headed “The Agreement - Pre-closing Conditions” of this announcement
“Pre-closing Condition Date”	has the meaning given to it in the section headed “The Agreement - Pre-closing Conditions” of this announcement
“Purchasers”	MTY Tiki Ming Enterprises Inc., a company incorporated under the laws of Canada and MTY Franchising USA, Inc., a company incorporated under the laws of the State of Delaware, United States of America
“Vendors”	the Company and Manchu WOK Entities
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

%

per cent.

For the purpose of this announcement and for illustrative purposes only, CA\$ is converted into HK\$ at the rate of CA\$1: HK\$6.895. No representation is made that any amount in CA\$ has been or could be converted at the above rate or at any other rates.

By order of the Board

Lo Hoi Kwong, Sunny

Executive Director & Chief Executive Officer

Hong Kong, 24 October 2014

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