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喜尚控股有限公司
GAYETY HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8179)

CONTINUING CONNECTED TRANSACTIONS

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Reference is made to the prospectus of the Company dated 30 June 2011 in relation to the Existing Pork Supply Agreement, the Existing Wine Supply Agreement and the Shatin Lease Agreement.

New Pork Supply Agreement and New Wine Supply Agreement

The Existing Pork Supply Agreement dated 25 June 2011 and the Existing Wine Supply Agreement dated 25 June 2011 are expiring on 31 December 2013. To renew the arrangement under the Existing Pork Supply Agreement and the Existing Wine Supply Agreement, the Company entered into (i) the New Pork Supply Agreement with Wong Yuen Hing on 27 December 2013 (after trading hours), pursuant to which Wong Yuen Hing has agreed to sell to the Company (or any of its subsidiaries as directed by the Company) pork for three years commencing from 1 January 2014 to 31 December 2016 on terms no less favourable than those offered by Wong Yuen Hing to other Independent Third Parties; and (ii) the New Wine Supply Agreement with U Cellar on 27 December 2013 (after trading hours), pursuant to which U Cellar has agreed to sell to the Company (or any of its subsidiaries as directed by the Company) wine for three years commencing from 1 January 2014 to 31 December 2016 on terms no less favourable than those offered by U Cellar to other Independent Third Parties. The Directors consider that there is no material change to the respective terms of the New Pork Supply Agreement and the New Wine Supply Agreement as compared with the Existing Pork Supply Agreement and the Existing Wine Supply Agreement.

As at the date of this announcement, each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of Wong Yuen Hing. Both Mr. Wong KM and Ms. Lau LY are executive Directors and Controlling Shareholders. By virtue of their respective interests in Wong Yuen Hing, Wong Yuen Hing is considered to be an associate of each of Mr. Wong KM and Ms. Lau LY, and thus a connected person of the Company. Accordingly, the transaction contemplated under the New Pork Supply Agreement constitute continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

In addition, as at the date of this announcement, Ms. Wong TY, the daughter of Mr. Wong KM and Ms. Lau LY, holds the entire issued share capital of U Cellar. By virtue of Ms. Wong TY's interests in U Cellar, U Cellar is considered to be an associate of Mr. Wong KM and Ms. Lau LY, and thus a connected person of the Company. Accordingly, the transaction contemplated under the New Wine Supply Agreement constitute continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Directors consider that it is preferable to aggregate the transactions contemplated under the New Pork Supply Agreement and the New Wine Supply Agreement given the close family tie of Ms. Wong TY with Mr. Wong KM and Ms. Lau LY, and also the transactions are similar in nature.

As each of the applicable percentage ratio(s) (as defined in Rule 19.07 of the GEM Listing Rules) with respect to the transactions contemplated under the New Pork Supply Agreement and the New Wine Supply Agreement, when aggregate, is on an annual basis less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the New Pork Supply Agreement and the New Wine Supply Agreement are subject to the reporting, annual review, announcement but exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Shatin Lease Agreement

Pursuant to the Shatin Lease Agreement dated 1 January 2010, RS Corporation had agreed to lease from U Investments the Shatin Property at a monthly rent of HK\$250,000 for the period from 1 January 2010 to 31 December 2014.

As at the date of this announcement, each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of U Investments. Both Mr. Wong KM and Ms. Lau LY are executive Directors and Controlling Shareholders. By virtue of their respective interests in U Investments, U Investments is considered to be an associate of each of Mr. Wong KM and Ms. Lau LY, and thus a connected person of the Company. Accordingly, the transaction contemplated under the Shatin Lease Agreement constitutes continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

As each of the applicable percentage ratio(s) (as defined in Rule 19.07 of the GEM Listing Rules) with respect to the transactions contemplated under the Shatin Lease Agreement is on an annual basis less than 5%, the transaction contemplated under the Shatin Lease Agreement is subject to the reporting, annual review, announcement but exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Company, under Rule 20.42(3) of the GEM Listing Rules, has applied for, and the Stock Exchange has granted to the Company, in respect of the continuing connected transaction under the Shatin Lease Agreement, a waiver from the announcement requirement of Chapter 20 of the GEM Listing Rules for the three years ending 31 December 2013. As such waiver is expiring on 31 December 2013, the Company would like to re-comply with all the applicable requirements under Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the prospectus of the Company dated 30 June 2011 in relation to the Existing Pork Supply Agreement, the Existing Wine Supply Agreement and the Shatin Lease Agreement.

NEW PORK SUPPLY AGREEMENT AND NEW WINE SUPPLY AGREEMENT

Principal Terms of the New Pork Supply Agreement

On 27 December 2013 (after trading hours), the Company entered into the New Pork Supply Agreement with Wong Yuen Hing, pursuant to which Wong Yuen Hing has agreed to sell to the Company (or any of its subsidiaries as directed by the Company) pork for three years commencing from 1 January 2014 to 31 December 2016 on terms no less favourable than those offered by Wong Yuen Hing to other Independent Third Parties. The purchase price, the quantity and specifications of the pork concerned, the time and place of delivery and other relevant matters will be negotiated by the parties with reference to the then prevailing market prices of pork in good faith. The purchase price and the other payment terms for pork will be set out in the relevant purchase orders to be placed under the New Pork Supply Agreement. Such price, however, shall not be higher than the average price at which Wong Yuen Hing charges other Independent Third Parties for the same kind of product during that month on normal commercial terms in its ordinary and usual course of business.

Principal Terms of the New Wine Supply Agreement

On 27 December 2013 (after trading hours), the Company entered into the New Wine Supply Agreement with U Cellar, pursuant to which U Cellar has agreed to sell to the Company (or any of its subsidiaries as directed by the Company) wine for three years commencing from 1 January 2014 to 31 December 2016 on terms no less favourable than those offered by U Cellar to other Independent Third Parties. The purchase price, the quantity and specifications of the wine concerned, the time and place of delivery and other relevant matters will be negotiated by the parties with reference to the then prevailing market prices of wine in good faith. The purchase price and the other payment terms for wine will be set out in the relevant purchase orders to be placed under the New Wine Supply Agreement. Such price, however, shall not be higher than the average price at which U Cellar charges other Independent Third Parties for the same kind of product during that month on normal commercial terms in its ordinary and usual course of business.

Connected Person(s)

Wong Yuen Hing is principally engaged in the wholesale and retail of pork in Hong Kong. Wong Yuen Hing has a total of 5 retail outlets as at the date of this announcement.

U Cellar is principally engaged in the business of supply and retail of wine in Hong Kong.

As at the date of this announcement, each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of Wong Yuen Hing. Both Mr. Wong KM and Ms. Lau LY are executive Directors and Controlling Shareholders. By virtue of their respective interests in Wong Yuen Hing, Wong Yuen Hing is considered to be an associate of each of Mr. Wong KM and Ms. Lau LY, and thus a connected person of the Company. Accordingly, the transaction contemplated under the New Pork Supply Agreement constitute continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

In addition, as at the date of this announcement, Ms. Wong TY, the daughter of Mr. Wong KM and Ms. Lau LY, holds the entire issued share capital of U Cellar. By virtue of Ms. Wong TY's interests in U Cellar, U Cellar is considered to be an associate of each of Mr. Wong KM and Ms. Lau LY, and thus a connected person of the Company. Accordingly, the transaction contemplated under the New Wine Supply Agreement constitute continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The Directors consider that it is preferable to aggregate the transactions contemplated under the New Pork Supply Agreement and the New Wine Supply Agreement given the close family tie of Ms. Wong TY with Mr. Wong KM and Ms. Lau LY, and also the transactions are similar in nature.

Term

The term of each of the New Pork Supply Agreement and the New Wine Supply Agreement is from 1 January 2014 to 31 December 2016. At any time during the term of the New Pork Supply Agreement and the New Wine Supply Agreement, either party may give the other not less than three months' prior written notice to terminate the relevant agreement.

Historical transaction value

For the years ended 31 December 2011 and 2012 and the eleven months ended 30 November 2013, the transaction amounts for the purchase of pork from Wong Yuen Hing under the Existing Pork Supply Agreement were approximately HK\$8,431,000, HK\$9,488,000 and HK\$8,564,000 respectively.

For the years ended 31 December 2011 and 2012 and the eleven months ended 30 November 2013, the transaction amounts for the purchase of wine from U Cellar under the Existing Wine Supply Agreement were approximately HK\$469,000, HK\$480,000 and HK\$48,000 respectively.

Expected Annual Caps

To renew the arrangement under the Existing Pork Supply Agreement, the Company entered into the New Pork Supply Agreement with Wong Yuen Hing pursuant to which the annual caps for the years ending 31 December 2014, 2015 and 2016 are HK\$8,000,000, HK\$8,500,000 and HK\$9,000,000 respectively with reference to (i) the historical transaction amount for the purchase of pork by the Group from Wong Yuen Hing for the years ended 31 December 2011 and 2012 and the eleven months ended 30 November 2013; (ii) the expected increment of the market price of pork in Hong Kong during the term of the New Pork Supply Agreement; and (iii) the expected drop in purchase orders to be placed on Wong Yuen Hing as the management of the Company intends to broaden the source of pork and place more orders of pork from independent suppliers in the future.

To renew the arrangement under the Existing Wine Supply Agreement, the Company entered into the New Wine Supply Agreement with U Cellar pursuant to which the annual caps for the years ending 31 December 2014, 2015 and 2016 are HK\$450,000, HK\$475,000 and HK\$500,000 respectively with reference to (i) the historical transaction amount for the purchase of wine by the Group from U Cellar for the years ended 31 December 2011 and 2012 and the eleven months ended 30 November 2013; and (ii) the expected increment of the market price of wine in Hong Kong during the term of the New Wine Supply Agreement.

Reasons for and benefits of the entering into of the New Pork Supply Agreement and the New Wine Supply Agreement

Both of Wong Yuen Hing and U Cellar had been providing relevant products to the Group under the Existing Pork Supply Agreement and the Existing Wine Supply Agreement. The quality of products supplied by Wong Yuen Hing and U Cellar have been able to fulfill the requirements of the Group. The terms of the Existing Pork Supply Agreement and the Existing Wine Supply Agreement will expire on 31 December 2013. The New Pork Supply Agreement and the New Wine Supply Agreement are renewal of the respective Existing Pork Supply Agreement and Existing Wine Supply Agreement. The New Pork Supply Agreement and the New Wine Supply Agreement were arrived at after arm's length negotiation between the parties thereto, on normal commercial terms and on terms no less favourable than those offered to other Independent Third Parties.

The Directors take the view that the entering into of the New Pork Supply Agreement and the New Wine Supply Agreement enable both Wong Yuen Hing and U Cellar to continue to supply to the Group high quality pork and wine at a fair and reasonable price. The Directors (including the independent non-executive Directors) consider the terms of the New Pork Supply Agreement and the New Wine Supply Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM Listing Rules Implication

As each of the applicable percentage ratio(s) (as defined in Rule 19.07 of the GEM Listing Rules) with respect to the transactions contemplated under the New Pork Supply Agreement and the New Wine Supply Agreement, when aggregate, is on an annual basis less than 25% and the annual consideration is less than HK\$10,000,000, the transactions contemplated under the New Pork Supply Agreement and the New Wine Supply Agreement are subject to the reporting, annual review, announcement but exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Mr. Wong KM and Ms. Lau LY, the executive Directors of the Company, have abstained from voting to approve the New Pork Supply Agreement and the New Wine Supply Agreement in the Board meeting due to the fact that they were connected with Wong Yuen Hing and U Cellar and are considered to have a material interest in the continuing connected transactions contemplated under the New Pork Supply Agreement and the New Wine Supply Agreement and are regarded not independent to make any recommendation to the Board.

SHATIN LEASE AGREEMENT

Pursuant to the Shatin Lease Agreement dated 1 January 2010, RS Corporation had agreed to lease from U Investments the Shatin Property at a monthly rent of HK\$250,000 for the period from 1 January 2010 to 31 December 2014. The Shatin Property has been used by RS Corporation as the restaurant premises of Shatin Red Seasons.

Principal terms of Shatin Lease Agreement

Pursuant to the Shatin Lease Agreement, U Investments had agreed to lease to RS Corporation the Shatin Property during the term of the Shatin Lease Agreement. The monthly rent is HK\$250,000, which was determined based on arm's length negotiations with reference to the then market rent. Ample Appraisal Limited, an independent valuer, has confirmed that the rent reflects the then market rent of the Shatin Property and the terms of the Shatin Lease Agreement are fair and reasonable. For details, please refer to the prospectus of the Company dated 30 June 2011.

Connected Person(s)

U Investments is principally engaged in property investment in Hong Kong.

As at the date of this announcement, each of Mr. Wong KM and Ms. Lau LY holds as to 50% of the issued share capital of U Investments. Both Mr. Wong KM and Ms. Lau LY are executive Directors and Controlling Shareholders. By virtue of their respective interests in U Investments, U Investments is considered to be an associate of each of Mr. Wong KM and Ms. Lau LY, and thus a connected person of the Company. Accordingly, the transaction contemplated under the Shatin Lease Agreement constitute continuing connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules.

Term

The term of the Shatin Lease Agreement is for a period of five years commencing from 1 January 2010 to 31 December 2014.

Rule 20.35(1) of the GEM Listing Rules requires that the term of an agreement governing continuing connected transactions of an issuer must not exceed three years except in special circumstances. The term of the Shatin Lease Agreement exceeds three years.

The Directors are of the view that it is the industry norm for lease agreements for the purpose of operating restaurants to exceed three years and that the Shatin Lease Agreement will help the Group in securing the Shatin Property at a commercially reasonable price on a long term basis. The Directors are of the view that it will be in the interest of the Company and its Shareholders as a whole for the Group to have a term of lease with more than three years under the Shatin Lease Agreement.

Historical transaction value

For the years ended 31 December 2011 and 2012 and the eleven months ended 30 November 2013, the rent paid by RS Corporation to U Investments for renting the Shatin Property were HK\$3,000,000, HK\$3,000,000 and HK\$2,750,000 respectively.

Expected Annual Caps

Based on the monthly rent under the Shatin Lease Agreement, the Directors estimate that the annual rent payable by RS Corporation to U Investments for renting the Shatin Property for the remaining term of twelve months ending 31 December 2014 will not exceed HK\$3,000,000.

Reasons for and benefits of the entering into of the Shatin Lease Agreement

RS Corporation has occupied and used the Shatin Property for restaurant operation since 1 January 2010. Further, the Directors (including the independent non-executive Directors) consider that the terms of the Shatin Lease Agreement are fair and reasonable, on normal commercial terms and in the interest of the Group and the Shareholders as a whole.

GEM Listing Rules Implication

As each of the applicable percentage ratio(s) (as defined in Rule 19.07 of the GEM Listing Rules) with respect to the transaction contemplated under the Shatin Lease Agreement is on an annual basis less than 5%, the transaction contemplated under the Shatin Lease Agreement is subject to the reporting, annual review, announcement but exempt from independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Company, under Rule 20.42(3) of the GEM Listing Rules, has applied for, and the Stock Exchange has granted to the Company, in respect of the continuing connected transaction under the Shatin Lease Agreement, a waiver from the announcement requirement of Chapter 20 of the GEM Listing Rules for the three years ending 31 December 2013. As such waiver is expiring on 31 December 2013, the Company would like to re-comply with all the applicable requirements under Chapter 20 of the GEM Listing Rules.

INFORMATION OF THE COMPANY

The Company is principally engaged in the operation of a chain of Chinese restaurants in Hong Kong.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Gayety Holdings Limited, a company incorporated in the Cayman Islands as an exempted company with limited liability and the issued Shares of which are listed on GEM
“connected person”	has the meaning ascribed to this term under the GEM Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Pork Supply Agreement”	a pork supply and purchase agreement dated 25 June 2011 and entered into between Wong Yuen Hing and the Company in relation to the purchase and supply of pork
“Existing Wine Supply Agreement”	a wine supply and purchase agreement dated 25 June 2011 and entered into between U Cellar and the Company in relation to the purchase and supply of wine
“GEM”	the Growth Enterprise Market operated by the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the GEM Listing Rules) with any Director, the chief executive or the substantial shareholder of the Company or any of its subsidiaries and/or their respective associates
“Mr. Wong KM”	Mr. Wong Kwan Mo, the chairman of the Company, an executive Director, one of the Controlling Shareholders and the spouse of Ms. Lau LY
“Ms. Lau LY”	Ms. Lau Lan Ying, the chief executive officer of the Company, an executive Director, one of the Controlling Shareholders and the spouse of Mr. Wong KM
“Ms. Wong TY”	Ms. Wong Tai Ying, daughter of Mr. Wong KM and Ms. Lau LY
“New Pork Supply Agreement”	a pork supply and purchase agreement dated 27 December 2013 and entered into between Wong Yuen Hing and the Company in relation to the purchase and supply of pork
“New Wine Supply Agreement”	a wine supply and purchase agreement dated 27 December 2013 and entered into between U Cellar and the Company in relation to the purchase and supply of wine
“RS Corporation”	Red Seasons Corporation Limited (季季紅集團有限公司), a company incorporated in Hong Kong with limited liability on 15 December 2009, and an indirect wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shatin Lease Agreement”	a lease dated 1 January 2010 and entered into between RS Corporation and U Investments in relation to the lease of the Shatin Property
“Shatin Property”	premises situated at Shop No. 33, Level 1 and Level 2, Garden Rivera, Nos. 20-30 Tai Chung Kiu Road, Shatin, New Territories, Hong Kong and a covered carparking space with a total saleable area of approximately 879.41 sq.m.

“Shatin Red Seasons”	a restaurant under <i>Red Seasons Aroma Restaurant</i> (季季紅風味酒家) which is situated in Shatin, the operation of which is carried out by RS Corporation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U Cellar”	U Cellar Limited (御酒窖有限公司), a company incorporated in Hong Kong with limited liability and is wholly owned by Ms. Wong TY
“U Investments”	U Investments Limited (御投資有限公司), a company incorporated in Hong Kong with limited liability and is owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY
“Wong Yuen Hing”	Wong Yuen Hing Fresh Food Company Limited (黃元興鮮肉食品有限公司), a company incorporated in Hong Kong with limited liability and is owned as to 50% by Mr. Wong KM and 50% by Ms. Lau LY
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“sq.m”	square meters
“%”	per cent.

By order of the Board
Gayety Holdings Limited
Wong Kwan Mo
Chairman and executive Director

Hong Kong, 27 December 2013

As at the date of this announcement, the Board comprises Mr. Wong Kwan Mo and Ms. Lau Lan Ying as executive Directors, and Mr. Li Fu Yeung, Ms. Chiu Man Yee and Mr. Kwan Wai Yin, William as independent non-executive Directors.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purposes of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at <http://www.hkgem.com> for at least 7 days from the date of its posting and on the website of the Company at <http://www.gayety.com.hk>.