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GAYETY HOLDINGS LIMITED

喜尚控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8179)

DISCLOSEABLE TRANSACTION IN RESPECT OF ACQUISITION OF 58% OF THE ENTIRE ISSUED SHARE CAPITALS OF (I) NICECITY LIMITED; AND (II) EXCELLENT CATERING MANAGEMENT LIMITED

THE AGREEMENT

On 15 April 2014 (after trading hours), the Purchaser, a non-wholly owned subsidiary of the Company, entered into the Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, representing 58% of the entire issued share capitals of each of Nicecity and Excellent Catering, at the Consideration of HK\$3,750,000.

The Consideration shall be satisfied by the Purchaser by entering into the Deed of Set-Off with the Vendor to the effect that the Loan should be applied to set off against the Consideration upon Completion.

GENERAL

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

On 15 April 2014 (after trading hours), the Purchaser, a non-wholly owned subsidiary of the Company, entered into the Agreement with the Vendor. Details of the Agreement are set out as follows:

THE AGREEMENT

Date: 15 April 2014

Parties: (1) Vendor: Mr. Ho Yat Ming; and
(2) Purchaser: Lucky Great Investment Limited, a 83% non-wholly owned subsidiary of the Company.

The Purchaser is a company incorporated in Hong Kong on 2 January 2014 with limited liability. The Purchaser is owned as to 83% by Food Idea, a wholly-owned subsidiary of the Company and 17% by Ms. Chan.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the Vendor and his associates are Independent Third Parties.

Assets to be acquired

Pursuant to the Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares, representing 58% of the entire issued share capitals of each of Nicecity and Excellent Catering.

As at the date of this announcement, the Vendor is the legal and beneficial owner of the entire issued share capitals of each of Nicecity and Excellent Catering.

Consideration

The Consideration of HK\$3,750,000 shall be satisfied by the Purchaser by entering into the Deed of Set-Off with the Vendor to the effect that the Loan should be applied to set off against the Consideration upon Completion.

The consideration for the Sale Shares was determined with reference to: (i) the unaudited net asset value of Nicecity in the amount of approximately HK\$754,000 as at 31 December 2013; (ii) the unaudited net asset value of Excellent Catering in the amount of approximately HK\$248,000 as at 31 December 2013; (iii) various reasons for the proposed Acquisition as elaborated further under the paragraph headed "Reasons for the Acquisition" below; and (iv) the future prospect of the principal business of both Nicecity and Excellent Catering in the production, sales and distribution of barbecued food (燒臘食品). The Directors consider the terms and conditions of the Acquisition have been arrived at after arm's length negotiations between the Purchaser and the Vendor and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Condition

The Completion is conditional upon the fulfillment or waiver (if applicable) of the following conditions precedent:

- (i) the Purchaser being satisfied with the results of the due diligence review on the Target Group to be conducted by the Purchaser;
- (ii) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Agreement and the transactions contemplated thereby having been obtained;
- (iii) all necessary consents and approvals required to be obtained on the part of the Purchaser in respect of the Agreement and the transactions contemplated thereby having been obtained;
- (iv) the warranties given by the Vendor as set out in the Agreement remaining true and accurate and not misleading; and
- (v) the entering into of the Deed of Release by the parties thereto.

Condition (i) and (iv) above may be waived by the Purchaser by notice in writing to the Vendor and the all other conditions are incapable of being waived. If the conditions have not been satisfied or waived on or before 30 April 2014, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and terminate, and thereafter neither party to the Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place at 5:00 p.m. on the second Business Day after the fulfilment (or waiver) of the conditions or such later date as may be agreed between the Purchaser and the Vendor.

Upon Completion, the Target Group will become non-wholly owned subsidiaries of the Company.

INFORMATION ON THE TARGET GROUP

Nicecity

Nicecity is a company incorporated in Hong Kong on 29 September 2000 with limited liability and is wholly and beneficially owned by the Vendor as at the date of this announcement. Nicecity is principally engaged in the production and sales of barbequed food (燒臘食品).

Set out below is a summary of the key financial data of Nicecity based on the audited financial statements of Nicecity for the years ended 31 March 2013 and 31 March 2012 and the unaudited management accounts of Nicecity for the period from 1 April 2013 to 31 December 2013 as provided by the Vendor which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 31 March 2012	For the year ended 31 March 2013	For the period from 1 April 2013 to 31 December 2013
	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (unaudited)
Revenue	65,846	77,095	59,112
Profit before taxation	1,486	616	162
Profit after taxation	1,404	529	136

The audited net assets value of Nicecity as at 31 March 2013 and 31 March 2012 were approximately HK\$592,000 and HK\$2,065,000 respectively and the unaudited net assets value of Nicecity as at 31 December 2013 was approximately HK\$728,000.

Excellent Catering

Excellent Catering is a company incorporated in Hong Kong on 2 January 2003 with limited liability and is wholly and beneficially owned by the Vendor as at the date of this announcement. Excellent Catering is principally engaged in the sales of barbequed food.

Set out below is a summary of the key financial data of Excellent Catering based on the audited financial statements of Excellent Catering for the years ended 31 March 2013 and 31 March 2012 and the unaudited management accounts of Excellent Catering for the period from 1 April 2013 to 31 December 2013 as provided by the Vendor which were prepared in accordance with the generally accepted accounting principles in Hong Kong:

	For the year ended 31 March 2012 <i>HK\$'000</i> (audited)	For the year ended 31 March 2013 <i>HK\$'000</i> (audited)	For the period from 1 April 2013 to 31 December 2013 <i>HK\$'000</i> (unaudited)
Revenue	13,403	16,694	10,271
Profit before taxation	63	65	23
Profit after taxation	52	69	19

The audited net assets value of Excellent Catering as at 31 March 2013 and 31 March 2012 were approximately HK\$225,000 and HK\$156,000 respectively and the unaudited net assets value of Excellent Catering as at 31 December 2013 was approximately HK\$244,000.

REASONS FOR THE ACQUISITION

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

The Target Group is principally engaged in the production, sales and distribution of barbequed food (燒臘食品) to chain supermarket in Hong Kong. The Board believes that the Acquisition can consolidate the vertical integration on distribution, benefit the existing catering business with a synergy effect and strengthen the Group on its involvement in the distribution of barbequed food to chain supermarket in Hong Kong.

Taking into account of the above, the Board believes that the Acquisition will reinforce the position of the Group in the catering business sector and will expand and enhance the existing business of the Group. The Directors consider that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Shareholders and the Company as a whole.

GEM LISTING RULES IMPLICATION

As the relevant applicable percentage ratio calculated in accordance with the GEM Listing Rules is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is only subject to the reporting and announcement requirements of the GEM Listing Rules.

DEFINITIONS

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

“Acquisition”	the proposed acquisition by the Purchaser of the Sale Shares from the Vendor subject to and upon the terms and conditions of the Agreement
“Agreement”	the conditional sale and purchase agreement dated 15 April 2014 and entered into between the Purchaser and the Vendor relating to the sale and purchase of the Sale Shares
“associate”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	board of the Directors
“Business Day”	a day (excluding Saturday, Sunday or public holiday) in Hong Kong on which licensed banks are generally open for business throughout their normal working hours
“Company”	Gayety Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the aggregate consideration of HK\$3,750,000 for the sale and purchase of the Sales Shares
“Deed of Release”	the deed of release and discharge to be entered into between the Vendor and the Purchaser, pursuant to which the Purchaser agrees to release and discharge the Vendor from payment obligations under the Loan Agreement and the Share Charge
“Deed of Set-Off”	the deed of set off to be entered into between the Vendor and the Purchaser to the effect that the Loan should be applied to set off against the Consideration upon Completion
“Director(s)”	director(s) of the Company

“Excellent Catering”	Excellent Catering Management Limited, a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is beneficially owned by the Vendor as at the date of announcement
“Ms. Chan”	Ms. Chan Pik Fa, legal and beneficial owner of 17% of the issued share capital of the Purchaser
“Food Idea”	Food Idea Group Limited, a Company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company together with its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Loan”	a loan in the principal amount of HK\$3,750,000 made available by the Purchaser to the Vendor pursuant to the terms and conditions of the Loan Agreement
“Loan Agreement”	the loan agreement dated 7 April 2014 and entered into between the Vendor as borrower and the Purchaser as lender in relation to the grant of the Loan
“Nicecity”	Nicecity Limited, a company incorporated in Hong Kong with limited liability and the entire issued share capital of which is beneficially owned by the Vendor as at the date of this announcement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Lucky Great Investment Limited, a company incorporated in Hong Kong with limited liability and is owned as to 83% by Food Idea and 17% by Ms. Chan

“Sale Shares”	(i) 29,000 shares of HK\$1.00 each in the issued share capital of Nicecity, being 58% of the entire issued share capital of Nicecity as at the date of the Agreement; and (ii) 5,800 shares of HK\$1.00 each in the issued share capital of Excellent Catering, being 58% of the entire issued share capital of Excellent Catering as at the date of the Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Charge”	the share charge dated 7 April 2014 and entered into by the Purchaser (as chargee) and the Vendor (as chargor) pursuant to which the Vendor has created a first fixed legal charge on the rights to and interests in 75% of the entire issued share capitals of each of Nicecity and Excellent Catering beneficially owned by the Vendor in favour of the Purchaser
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Nicecity and Excellent Catering
“Vendor”	Mr. Ho Yat Ming, the sole beneficial shareholder of each of Nicecity and Excellent Catering prior to the Completion and the vendor to the Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 April 2014

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 purpose 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>.