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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)

**MEMORANDUM OF UNDERSTANDING
IN RESPECT OF THE POSSIBLE ACQUISITION
OF THE ENTIRE ISSUED SHARE CAPITAL OF
BRILLIANT FOREVER LIMITED**

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE
ACQUISITION**

The Board is pleased to announce that the Purchaser, a wholly-owned subsidiary of the Company, entered into the non-legal binding MOU with the Vendor in relation to the Possible Acquisition on 25 June 2014.

The Target is a company incorporated in the British Virgin Islands with limited liability and is in negotiation with an established local dessert catering company in Hong Kong and if materializes, will engage in the operation of dessert catering restaurants in the PRC.

The Board wishes to emphasize that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable and connected transaction on the part of the Company pursuant to the GEM Listing Rules. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event when any Formal Agreement has been signed.

Reference is made to the announcement of the Company dated 9 June 2014 in relation to the Possible Acquisition. This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions (as defined in the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The Board is pleased to announce that on 25 June 2014 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the non-legal binding MOU in relation to the Possible Acquisition.

THE MOU

Date: 25 June 2014

Parties:

- (i) Vendor: Mr. Wong Tai Chun
- (ii) Purchaser: Food Idea Group Limited

The Vendor is the son of (i) Mr. Wong Kwan Mo, the chairman of the Company, an executive Director, and one of the controlling shareholders (as defined under the GEM Listing Rules) of the Company; and (ii) Ms. Lau Lan Ying, the chief executive officer of the Company, an executive Director, and one of the controlling shareholders of the Company.

Major terms of the MOU

Assets to be transferred

Under the MOU, the Purchaser intends to acquire and the Vendor intends to dispose the entire issued share capital of the Target.

Due Diligence Review

The Purchaser will commence the due diligence review and the financial analysis of the Target as soon as practicable after the execution the MOU, and will in any event finish such review and financial analysis within 60 days after the execution of the MOU or such other date the Vendor and the Purchaser may determine.

Exclusivity Period

Under the MOU, in consideration of the expenses to be incurred by the Purchaser in the negotiation of the MOU and in conducting its due diligence review, the Vendor will not, and will procure directors, officers, employees, representatives and agents of the Vendor and/or the Target will not, directly or indirectly, for a period of 90 days commencing from the date of the MOU to (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Purchaser with respect to the Possible Acquisition.

It is expected that the Company would commence negotiations with the Vendor on the Proposed Acquisition after the publication of this announcement. The Company would update the Shareholders and the investing public on the development and progress of the negotiations as and when appropriate.

Consideration

Pursuant to the MOU, the exact amount of the consideration for the Possible Acquisition, the manner and the method of payment shall be subject to further negotiation between the Vendor and the Purchaser.

Other terms

Both the Purchaser and the Vendor will proceed to the negotiation for a legally-binding Formal Agreement on or before 90 days from the date of the MOU (or such later date to be agreed by the parties thereto).

Non legal-binding effect

The MOU does not constitute legally binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to the execution and completion of the Formal Agreement.

Conditions

It is expected that completion of the Proposed Acquisition will be conditional upon, the fulfillment of the following conditions precedents:

- (i) the Purchaser being satisfied with the results of the due diligence review on the Target to be conducted by the Purchaser;

- (ii) if necessary, the Independent Shareholders passing at an extraordinary general meeting of the Company of an ordinary resolution approving the Formal Agreement and the transactions contemplated thereunder; and
- (iii) any other conditions which may be agreed by the parties to the MOU and included in the Formal Agreement.

Information of the Target

The Target is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by the Vendor. The Target is in negotiation with an established local dessert catering company in Hong Kong and if materializes, will engage in the operation of dessert catering restaurants in the PRC.

Reasons for the Possible Acquisition

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

The Target is in negotiation with an established local dessert catering company in Hong Kong and if materializes, the Target will have the exclusive right to use its trademarks and conduct dessert-related businesses under the local dessert brand in the PRC for fifteen years. Thus, the Target will become the sole authorised franchisee of such local dessert brand in the PRC.

It is intended that the Target will, under the name of the local dessert brand, set up and operate dessert catering restaurants by itself or cooperate with other parties to operate dessert catering restaurants in the PRC. Also, the Target plans to further grant to other franchisees the right to set up and operate dessert catering restaurants under the name of the local dessert brand in exchange for franchising fees. It is initially planned that the restaurants will be opened in first tier cities, such as Shenzhen, Guangzhou, Xiamen, Shanghai and Beijing.

In order to maintain the food and service quality, the Target will set up centralized kitchens in various cities to support the operation and provide its franchisees with necessary equipment, raw materials and training.

The Board believes that the Possible Acquisition will diversify the business of the Group into the dessert catering sector and will broaden the Group's revenue base should the Formal Agreement is entered into. As more time is required for negotiating the terms of the Formal Agreement, the parties entered into the MOU.

The Board wishes to emphasize that the MOU is not legally binding and the Possible Acquisition may or may not proceed. If the Possible Acquisition is materialised, it may constitute a notifiable and connected transaction on the part of the Company pursuant to the GEM Listing Rules. Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement in respect of the Possible Acquisition will be made by the Company in the event when any Formal Agreement has been signed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors from time to time
“Company”	Gayety Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Formal Agreement”	the formal sale and purchase agreement which may or may not be entered into in relation to the Possible Acquisition
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“MOU”	the non-legal binding memorandum of understanding dated 25 June 2014 entered into between the Purchaser and the Vendor setting out the preliminary understanding in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition by the Purchaser from the Vendor of the entire issued share capital of the Target as contemplated in the MOU
“PRC”	People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)

“Purchaser”	Food Idea Group Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company as at the date hereof
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Brilliant Forever Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially and wholly-owned by the Vendor
“Vendor”	Mr. Wong Tai Chun
“%”	per cent
“HK\$”	Hong Kong dollars

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

Hong Kong, 25 June 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>.