

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



喜尚控股有限公司
GAYETY HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8179)

INSIDE INFORMATION:
NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING
IN RESPECT OF THE POSSIBLE ACQUISITION OF
51% OF THE EQUITY INTERESTS IN
GUANGZHOU DOREME CATERING MANAGEMENT LIMITED

**NON-LEGALLY BINDING 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-legally binding MOU with the Vendor in relation to the Possible Acquisition on 3 November 2014.

The Target is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. On 8 October 2014, the Target entered into a non-legally binding memorandum of understanding with the legal owner of Doreme in relation to the Doreme Acquisition. As at the date of this announcement, no legally binding agreement in respect of the Doreme Acquisition has been entered into between the Target and the legal owner of Doreme. Doreme is principally engaged in the operation of quick service restaurant chain in the PRC. As at the date of this announcement, Doreme has 12 direct and 145 franchise stores located in various provinces of the PRC. Doreme has maintained a reputation of delivering high quality food in speedy manner and at affordable prices.

GENERAL

In the event that the Formal Agreement is entered into, the Possible Acquisition may constitute a notifiable transaction of the Company under the GEM Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the GEM Listing Rules as and when appropriate.

Shareholders and/or investors should note that the Possible Acquisition may or may not materialise as no formally binding documentation has been executed between the parties and negotiations are still in progress. Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

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

NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The Board is pleased to announce that on 3 November 2014 (after trading hours of the Stock Exchange), the Purchaser, a wholly-owned subsidiary of the Company, entered into the non-legally binding MOU in relation to the Possible Acquisition.

THE MOU

Date: 3 November 2014

Parties:

- (i) Vendor: Mr. Ng Ka Ho; and
- (ii) Purchaser: Food Idea Group Limited, a wholly-owned subsidiary of the Company

The Vendor is a Hong Kong citizen and a merchant. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and his associates, is not a connected person of the Company and is an Independent Third Party.

Major terms of the MOU

Assets to be acquired

Under the MOU, the Purchaser intends to acquire and the Vendor intends (i) to dispose of the entire issued share capital of the Target which, in turn, will hold 51% of equity interests in Doreme upon completion of the Doreme Acquisition; or (ii) at the request of the Purchaser, to procure the legal owner of Doreme to directly dispose of 51% of the equity interests in Doreme to the Purchaser.

Due Diligence Review

The Purchaser will commence the due diligence of the Target Group as soon as practicable after the execution the MOU, and will in any event finish such review and financial analysis within 180 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 Group will not, directly or indirectly, for a period of 180 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.

Consideration

The exact amount, the manner and the method of payment of the consideration for the sale and purchase of the equity interests in the Target will be negotiated between the parties to be MOU based on the results of the due diligence investigations (including but not limited to any profit guarantee that may be given by the Vendor).

Other terms

The Purchaser and the Vendor will proceed to the negotiation for a legally-binding Formal Agreement on or before 180 days commencing from the date of the MOU (or such later date to be agreed by the Vendor and the Purchaser).

Non legal-binding effect

The MOU does not constitute any 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 Possible 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 Group to be conducted by the Purchaser;
- (ii) the Shareholders passing at an extraordinary general meeting of the Company of an ordinary resolution approving the Formal Agreement and the transactions contemplated thereunder;
- (iii) if necessary, the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the securities which may be issued to satisfy the consideration;
- (iv) completion of the Doreme Acquisition; and
- (v) any other conditions which may be agreed by the parties to the MOU and included in the Formal Agreement.

Information on the Target

The Target is a company incorporated in the British Virgin Islands with limited liability on 18 September 2014. The Target is principally engaged in investment holding. On 8 October 2014, the Target entered into a non-legally binding memorandum of understanding with the legal owner of Doreme in relation to the Doreme Acquisition. As at the date of this announcement, no legally binding agreement in respect of the Doreme Acquisition has been entered into between the Target and the legal owner of Doreme.

Information on Doreme

Doreme is a company established in the PRC on 8 March 2001. Doreme is principally engaged in the operation of quick service restaurant chain in the PRC. As at the date of this announcement, Doreme has 12 direct and 145 franchise stores. These stores are located in various provinces of the PRC, including Anhui, Guangdong, Hubei, Hunan, Inner Mongolia and Zhejiang of the PRC. Doreme offers an extensive range of Chinese and Western-style food that appeals to the Chinese taste buds, including baked pork chop, seafood rice, spaghetti bolognese, hamburger, fried chicken, dim sum, Cantonese siu mei and various Chinese homemade soup and dishes. Doreme has maintained a reputation of delivering high quality food in speedy manner and at affordable prices.

Reasons for the Possible Acquisition

The Company is principally engaged in (i) the operation of a chain of Chinese restaurants and (ii) the production, sales and distribution of food products to chain supermarkets in Hong Kong.

The Directors always strive to improve the Group's business operations and financial position by proactively seeking potential investment opportunities that would diversify the Group's existing business portfolio and broaden its source of income, and enhance value to the Shareholders. The Board believes that the Possible Acquisition is in line with the development strategies of the Group and it will bring long-term and strategic benefits to the Group. To allow time for the due diligence to be performed and for negotiating the terms of the Formal Agreement, the Vendor and the Purchaser have entered into the MOU as the initial step for the potential co-operation between the Group and Doreme.

General

In the event that the Formal Agreement is entered into, the Possible Acquisition may constitute a notifiable transaction of the Company under the GEM Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the GEM Listing Rules as and when appropriate.

Shareholders and/or investors should note that the Possible Acquisition may or may not materialise as no formally binding documentation has been executed between the parties and negotiations are still in progress. Shareholders and/or investors are advised to exercise caution when dealing in the Company's securities.

DEFINITIONS

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

“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“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
“Doreme”	Doreme Catering Management Limited# (廣州多美麗飲食管理有限公司), a company established in the PRC on 8 March 2001, an operator of quick service restaurant chain in the PRC
“Doreme Acquisition”	the acquisition of 51% of the equity interests in Doreme by the Target from the legal owner of Doreme pursuant to the non-legally binding memorandum of understanding dated 8 October 2014
“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
“Independent Third Party”	a party which is not a connected person of the Company and is independent of the Company and its connected persons
“MOU”	the non-legally binding memorandum of understanding dated 3 November 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 of either the entire issued share capital of the Target upon completion of the Doreme Acquisition or the 51% of the equity interests in Doreme at the election of the Purchaser pursuant to the MOU
“PRC”	the 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 of this announcement

“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target”	Fine Treasure Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is beneficially and wholly-owned by the Vendor
“Target Group”	the Target and its subsidiaries, including Doreme upon completion of the Doreme Acquisition
“Vendor”	Mr. Ng Ka Ho, being the vendor in the MOU
“HK\$”	Hong Kong dollars
“%”	per cent.

the English translations of Chinese names or words in this announcement, where indicated, are included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

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

Hong Kong, 3 November 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>.