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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)

**RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO SHARES HELD ON THE RECORD DATE;
AND
CHANGE IN BOARD LOT SIZE**

Financial Adviser to the Company



KINGSTON CORPORATE FINANCE LTD.

Underwriters to the Rights Issue



KINGSTON SECURITIES LTD.



RIGHTS ISSUE

The Company proposes to raise approximately HK\$201.6 million, before expenses, by way of the Rights Issue of 1,920,000,000 Rights Shares to the Qualifying Shareholders at a Subscription Price of HK\$0.105 per Rights Share on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date. The Rights Issue is not available to the Excluded Shareholders.

The Company intends to use the net proceeds from the Rights Issue, after deducting estimated expenses in relation to the Rights Issue in the following manner:

- approximately HK\$90 million for funding the consideration of the proposed acquisition of the dessert catering business in Singapore, should the MOU materialise;
- approximately HK\$100 million for the provision of money lending business of the Group; and
- the balance of approximately HK\$8 million for general working capital of the Company.

To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date. In order for the beneficial owners to be registered as members on the Record Date, any transfers of the Shares (with the relevant share certificates) must be lodged for registration by 4:30 p.m. on the Latest Lodging Date.

CHANGE OF BOARD LOT SIZE

The Board announces that the board lot size for trading in the Shares on GEM will be changed from 8,000 Shares to 24,000 Shares with effect from 9:00 a.m. on Monday, 27 July 2015.

GENERAL

Since the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding this announcement, and the Rights Issue is fully underwritten by the Underwriters, which are not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rules 10.29 and 10.31(2) of the GEM Listing Rules, the Rights Issue itself is not subject to the Shareholders' approval.

The Prospectus Documents containing, among other things, further details of the Rights Issue are expected to be despatched by the Company to the Qualifying Shareholders on or before Monday, 27 July 2015 and the Prospectus will be despatched to the Excluded Shareholders for information only.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Underwriting Agreement contains provisions granting the Underwriters a right to terminate its obligations under the Underwriting Agreement upon occurrence of certain events. The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. If this condition is not fulfilled, the Rights Issue will not proceed and a further announcement will be made by the Company at the relevant time.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the Rights Shares in their nil-paid form.

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.105 per Rights Share
Number of Shares in issue at the date of this announcement	:	3,840,000,000 Shares
Number of Rights Shares	:	1,920,000,000 Rights Shares
Underwriters	:	Kingston Securities Limited and FP Sino-Rich Securities & Futures Limited
Enlarged issued share capital upon completion of the Rights Issue	:	5,760,000,000 Shares

The number of Rights Shares to be issued pursuant to the Rights Issue represents 50% of the issued ordinary share capital of the Company as at the date of this announcement and approximately 33.33% of enlarged issued ordinary share capital of the Company immediately following the completion of the Rights Issue.

As at the date of this announcement, the Company does not have any share options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Subscription Price

The Subscription Price is HK\$0.105 per Rights Share, payable in full upon acceptance under the PAL(s).

The Subscription Price represents:

- (i) a discount of approximately 46.43% to the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 44.44% to the average of the closing prices of approximately HK\$0.189 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 36.75% to the theoretical ex-rights price of approximately HK\$0.166 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriters with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; and (ii) the fluctuation of the market prices of the Company in the past three months before the Last Trading Day with the closing prices of the Shares ranging from HK\$0.144 per Share to HK\$0.241 per Share.

The Directors consider that the Subscription Price is set at a discount with an objective to lower the further investment cost of the Shareholders, to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price to the market price is appropriate. Given that each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue and the Subscription Price are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The net price per Rights Share will be approximately HK\$0.103.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by the latest time for acceptance of the Rights Issue, i.e. by 4:00 p.m. on Monday, 10 August 2015.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot to and will not accept applications for any fractions of Rights Shares from Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractional entitlements will be aggregated and the fractions of nil-paid Rights Shares shall be provisionally allotted to a nominee of the Company. The Company shall procure such nominee, if possible, to sell all the fractions of the nil-paid Rights Shares in the market and the net proceeds of such sales, after deduction of expenses, will be aggregated and an equivalent amount will accrue for the benefit of the Company.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder at the close of business on the Record Date. Overseas Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date whom the Company, based on legal opinions to be provided by legal advisers, considers necessary or expedient not to offer the Rights Shares on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place will not be regarded as Qualifying Shareholders.

Further information in this connection will be set out in the Prospectus to be despatched to the Shareholders.

In order to be registered as members of the Company at the close of business on the Record Date, beneficial owners must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Latest Lodging Date.

The Company will send the Prospectus Documents to the Qualifying Shareholders on or about Monday, 27 July 2015.

Excluded Shareholders

The Company will send the Prospectus only (without PAL) to the Excluded Shareholders, if any, for their information.

Prior to the despatch of the Prospectus Documents, the Company will make enquiries as to whether the offer or issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of the relevant regulatory bodies or stock exchanges pursuant to Rule 17.41(1) of the GEM Listing Rules. If after making such enquiry, the Board is of the opinion that it will be necessary or expedient not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders. Accordingly, the Rights Shares will not be offered to the Excluded Shareholders and no application for the Rights Shares will be accepted from the Excluded Shareholders.

Arrangement will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold on the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, of more than HK\$100 shall distribute pro rata to the Excluded Shareholders the net proceeds of sale provided that individual amounts of HK\$100 or less and the proceeds generated on such sale of the Rights Shares shall be retained by the Company for its own benefit.

Any unsold entitlement of the Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be taken up by the Underwriters.

No application for excess Rights Shares

Considering that the Rights Issue will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company and is negotiated on an arm's length basis with the Underwriters, if application for excess Rights Shares is arranged, the Company will be required to put in additional effort and costs (estimated to be HK\$100,000 to HK\$200,000) to administer the excess application procedures. The Board considers that it is important for the Group to minimise all costs which may be incurred during the fund raising. Notwithstanding excess application arrangement will not be made available to the Qualifying Shareholders, the Board considers that a discount to the Subscription Price offered to the Qualifying Shareholders would encourage them to participate in the Rights Issue and to the potential growth of the Company. In light of the above, the Board considers that the Rights Issue in the absence of excess application arrangement is in the interests of the Shareholders. Accordingly, no excess Rights Shares will be offered to the Qualifying Shareholders and any Rights Shares not taken up by the Qualifying Shareholders will be underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement.

Closure of register of members

The register of members of the Company will be closed from Monday, 20 July 2015 to Friday, 24 July 2015 (both dates inclusive) to determine the entitlement to the Rights Issue. No transfers of Shares will be registered during this period.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirement of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 24,000 Shares. Dealing in the Rights Shares will be subject to the payment of the stamp duty and other applicable fees and charges in Hong Kong.

Certificates for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue as set out in the paragraph headed “Conditions of the Rights Issue” below, share certificates for all fully-paid Rights Shares are expected to be posted on or before Tuesday, 18 August 2015 to those who have accepted and paid for the Rights Shares, by ordinary post at their own risk.

Conditions of the Rights Issue

The Rights Issue is conditional upon the followings:

- (i) the delivery to the Stock Exchange for authorisation and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders on the Posting Date, and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares by no later than the first day of their dealings;
- (iv) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days at any time prior to the latest time for acceptance;
- (v) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (vi) the obligations of the Underwriters becoming unconditional and that the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement;
- (vii) compliance with and performance of all undertaking and obligations by KMW Investments in favour of the Company and the Underwriters to, among others, subscribe for 451,036,000 Rights Shares to which KMW Investments is entitled to under the Rights Issue;
- (viii) compliance with and performance of all undertaking and obligations by Strong Light in favour of the Company and the Underwriters to, among others, subscribe for 125,000,000 Rights Shares to which Strong Light is entitled to under the Rights Issue; and
- (ix) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The conditions set out above are incapable of being waived. If all of the above conditions are not satisfied by 4:00 p.m. (Hong Kong time) on Friday, 14 August 2015, the Latest Time for Termination, or such later date or dates as the Underwriters may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches, and the Rights Issue will not proceed.

UNDERWRITING ARRANGEMENT FOR THE RIGHTS ISSUE

Date of the Underwriting Agreement: Friday, 26 June 2015

Underwriters: Kingston Securities Limited, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of Kingston Securities and its associates is Independent Third Party; and

FP Sino-Rich Securities & Futures Limited, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of FP Sino-Rich and its ultimate beneficial owners is Independent Third Party

Number of Rights Shares: 1,920,000,000 Rights Shares

Number of Underwritten Shares: 1,343,964,000 Rights Shares

Commissions: 1.5% of the aggregate Subscription Price in respect of 1,343,964,000 Underwritten Shares. of which Kingston Securities is entitled to 0.5% and FP Sino-Rich is entitled to 1.0%

The commission rates were determined between the Company and the Underwriters by reference to the scale of Rights Issue and the market rate. Pursuant to the Underwriting Agreement, Kingston Securities shall have the priority right (but not obligation) to underwrite the Underwritten Shares whereas FP Sino-Rich shall have the primary obligation to fully underwrite any Underwritten Shares not taken up by Kingston Securities. The Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement including the commission rates to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Undertakings

Undertaking from KMW Investments

As at the date of this announcement, KMW Investments is the legal and beneficial owner of 902,072,000 Shares, representing approximately 23.49% of the existing issued ordinary share capital of the Company. KMW Investments has given an irrevocable undertaking in favour of the Company and the Underwriters

not to dispose any of the 902,072,000 Shares registered in the name of KMW Investments and to remain as the legal and beneficial owner of those 902,072,000 Shares up to and including the Latest Lodging Date. KMW Investments has given an irrevocable undertaking in favour of the Company and the Underwriters to subscribe for 451,036,000 Rights Shares to which KMW Investments is entitled to under the Rights Issue.

Undertaking from Strong Light

As at the date of this announcement, Strong Light is the legal and beneficial owner of 250,000,000 Shares, representing approximately 6.51% of the existing issued ordinary share capital of the Company. Strong Light has given an irrevocable undertaking in favour of the Company and the Underwriters not to dispose any of the 250,000,000 Shares registered in the name of Strong Light and to remain as the legal and beneficial owner of those 250,000,000 Shares up to and including the Latest Lodging Date. Strong Light has given an irrevocable undertaking in favour of the Company and the Underwriters to subscribe for 125,000,000 Rights Shares to which Strong Light is entitled to under the Rights Issue.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination (provided that for the purposes of the Underwriting Agreement if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (a) in the absolute opinion of the Underwriters, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriters is likely to materially or adversely affect the success of the Rights Issue or otherwise makes them inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriters will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the absolute opinion of the Underwriters materially and adversely affect the business or the financial or trading position or prospectus of the Group as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriters, a material omission in the context of the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue, or
- (h) the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriters is material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

the Underwriters shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Upon the giving of such notice, all obligations of the Underwriters thereunder shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriters such fees as may then be agreed by the parties hereto. If the Underwriters exercise such right, the Rights Issue will not proceed.

With prejudice to the above, if prior to the Latest Time for Termination, Kingston Securities serves notice of termination to the Company, and FP Sino-Rich agrees to proceed the Underwriting Agreement and to underwrite and subscribe and pay for or procure subscription and payment for all the Underwritten Shares in full, the Underwriting Agreement shall continue to be in full force on the part of the Company and on the part of the FP Sino-Rich whereas all the rights and obligations of the Kingston Securities under the Underwriting Agreement shall terminate forthwith and neither the Kingston Securities nor the Company shall have any claim against each other for costs, damages, compensation or otherwise save for any antecedent breaches.

In the event that FP Sino-Rich serves notice of termination to the Company prior to the Latest Time for Termination, all Underwriters' obligations shall cease and the Underwriting Agreement shall be deemed to have been terminated by the Underwriters serving notice of termination to the Company.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

The shareholding structure of the Company as at the date of this announcement and immediately upon completion of the Rights Issue based on the following scenarios are set out below, for illustrative purposes only:

	As at the date of this announcement		Upon completion of the Rights Issue (assuming all Shareholders take up their entitlement to the Rights Issue in full)		Upon completion of the Rights Issue (assuming none of the Shareholders take up their entitlement to the Rights Issue, except those pursuant to the undertakings made by KMW Investments and Strong Light)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
KMW Investments (<i>Note</i>)	902,072,000	23.49	1,353,108,000	23.49	1,353,108,000	23.49
Strong Light (<i>Note</i>)	250,000,000	6.51	375,000,000	6.51	375,000,000	6.51
	<u>1,152,072,000</u>	<u>30.00</u>	<u>1,728,108,000</u>	<u>30.00</u>	<u>1,728,108,000</u>	<u>30.00</u>
The Underwriters	–	–	–	–	1,343,964,000	23.33
Public shareholders	2,687,928,000	70.00	4,031,892,000	70.00	2,687,928,000	46.67
Total	<u>3,840,000,000</u>	<u>100.00</u>	<u>5,760,000,000</u>	<u>100.00</u>	<u>5,760,000,000</u>	<u>100.00</u>

Note:

902,072,000 and 250,000,000 Shares are owned by KMW Investments and Strong Light respectively. The entire issued share capital of KMW Investments and Strong Light are beneficially owned as to 50% by Mr. Wong Kwan Mo and 50% by Ms. Lau Lan Ying, both being the executive Directors.

CHANGE OF BOARD LOT SIZE

The Shares are currently traded in board lots of 8,000 Shares each and the market value of each board lot was HK\$1,568 (based on the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the date of this announcement). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 8,000 to 24,000 with effect from 9:00 a.m. on Monday, 27 July 2015. Upon the change in board lot size becoming effective, the Shares will be traded in board lot of 24,000 Shares and the estimated market value per board lot of the Shares will be HK\$4,704 (based on the closing price of HK\$0.196 per Share as quoted on the Stock Exchange on the date of this announcement). Based on the theoretical ex-entitlement price of HK\$0.166 per Share, the value of each board lot of 24,000 Shares would be HK\$3,984. The Rights Shares will be traded in the board lot of 24,000 Shares.

The change in board lot size will not result in any change in the relative rights of the Shareholders. The Directors consider that the change in board lot size is in the interest of the Company and the Shareholders as a whole.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed Kingston Securities as an agent to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Monday, 27 July 2015 to 4:00 p.m. on Monday, 17 August 2015 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Ms. Rosita Kiu of Kingston Securities at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong (telephone: (852) 2298 6215 and facsimile: (852) 2295 0682) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

All existing share certificates in board lot of 8,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 8,000 Shares to new share certificates in board lot size of 24,000 Shares is necessary. With effect from 9:00 a.m. on Monday, 27 July 2015, the Shares (including the Rights Shares to be issued under the Rights Issue) will be traded in board lot of 24,000 Shares and any new certificate of the Shares will be issued in new board lot size of 24,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in (i) the operation of a chain of Chinese restaurants in Hong Kong; (ii) productions, sales and distribution of food products to chain supermarkets in Hong Kong; (iii) investment in the listed securities; (iv) dessert catering business in the People's Republic of China; and (v) money lending business.

On 9 June 2015, with the intention to develop dessert catering business in Singapore, Food Idea, a wholly-owned subsidiary of the Company, entered into the MOU, as purchaser, with Mr. Wong Yat Cheung and Mr. Wong Yat Tung as vendors, for acquiring the entire issued share capital of a company to be incorporated in the British Virgin Islands with limited liability, which will have the exclusive right to use the trademark “發記甜品 Lucky Dessert” in Singapore and will have the exclusive franchise right of setting up and operating certain dessert catering restaurants under the said trademark in Singapore.

Since June 2015, the Group commenced the provision of money lending business through an indirect wholly-owned subsidiary of the Company, which is licensed to conduct money lending business in Hong Kong in about September 2012. To further develop the money lending business, the Board foresees the need to have sufficient working capital and liquidity for the provision of unsecured and secured loans to customers.

In view of these, the Board proposes the Rights Issue to strengthen its capital base and provide sufficient surplus capital to support future business development of the Group.

The gross proceeds of the Rights Issue (before expenses) is approximately HK\$201.6 million. The net proceeds of the Rights Issue (after deducting the costs and expenses in relation to the Rights Issue and the underwriting commission fees) is expected to be approximately HK\$198 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- approximately HK\$90 million for funding the consideration of the proposed acquisition of the dessert catering business in Singapore, should the MOU materialise;
- approximately HK\$100 million for the provision of money lending business of the Group; and
- the balance of approximately HK\$8 million for general working capital of the Company.

Among different fund raising methods, the Board considers that the Rights Issue would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

The Directors also consider that it is prudent to finance the Group's long term growth by way of the Rights Issue which will not only strengthen the Group's capital base and enhance its financial position, without having to incur interest expenses as compared to debt financing, but will also allow all Qualifying Shareholders the opportunity to participate in the growth of the Group through the Rights Issue at a deeper discount to the current market price of the Shares. Accordingly, the Board considers that the fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following are fund raising activities of the Company during the past 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Intended use of proceeds	Actual use of proceeds
6 May 2015 and 19 May 2015	Issue of 480,000,000 new Shares under general mandate at HK\$0.193 per Share pursuant to a placing and subscription agreement dated 6 May 2015	Approximately HK\$91 million	For potential acquisition and general working capital of the Group	Approximately HK\$5 million has been used as intended and the remaining balance of approximately HK\$86 million has not yet been utilised
9 March 2015 and 26 March 2015	Placing of 160,000,000 new Shares at HK\$0.125 per Share under general mandate	Approximately HK\$19.5 million	Approximately HK\$15 million for providing a shareholder's loan contemplated under a loan agreement; and the remaining net proceeds will be used for general working capital for the Group	Approximately HK\$4.5 million has been used as intended and the remaining balance of approximately HK\$15 million has not yet been utilised

Save as disclosed above, the Company has not conducted any other equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE AND CHANGE IN BOARD LOT SIZE

2015
(Hong Kong time)

Last day of dealing in Shares on a cum-rights basis	Wednesday, 15 July
First day of dealing in Shares on an ex-rights basis	Thursday, 16 July
Latest time for Shareholders to lodge transfer of Shares to qualify for the Rights Issue	4:30 p.m. on Friday, 17 July
Closure of register of members (both days inclusive)	Monday, 20 July to Friday, 24 July
Record date for determining entitlements to the Rights Issue	Friday, 24 July
Register of members re-opens	Monday, 27 July
Despatch of Prospectus Documents	Monday, 27 July
Effective date of change in board lot size from 8,000 Shares to 24,000 Shares	Monday, 27 July
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lot of Shares	9:00 a.m. on Monday, 27 July
Commencement of dealings in nil-paid Rights Shares	9:00 a.m. on Wednesday, 29 July
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Friday, 31 July
Last day of dealing in nil-paid Rights Shares	4:00 p.m. on Wednesday, 5 August
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 10 August

Latest time for Termination of the Underwriting Agreement 4:00 p.m. on
Friday, 14 August

Designated broker ceases to stand in the market to provide
matching services for sale and purchase of odd lots of Shares 4:00 p.m. on
Monday, 17 August

Announcement of the allotment results of the Rights Issue Monday, 17 August

Share certificates for the fully-paid Rights Shares
to be despatched on or before Tuesday, 18 August

Commencement of dealings in fully-paid Rights Shares 9:00 a.m. on
Wednesday, 19 August

All references to time in this announcement are references to Hong Kong time. Dates stated in this announcement for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced by the Company as and when appropriate.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from Thursday, 16 July 2015. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 29 July 2015 to Wednesday, 5 August 2015 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any Shareholders or other persons contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Wednesday, 29 July 2015 to Wednesday, 5 August 2015 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

GENERAL

Since the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding this announcement, and the Rights Issue is fully underwritten by the Underwriters, which are not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), pursuant to Rules 10.29 and 10.31(2) of the GEM Listing Rules, the Rights Issue itself is not subject to the Shareholders' approval.

The Prospectus Documents containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to Qualifying Shareholders on or before Monday, 27 July 2015, and the Prospectus will be despatched to the Excluded Shareholders for information only.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays and Sundays) on which banks generally are open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Gayety Holdings Limited (stock code: 8179) (to be named as Food Idea Holdings Limited), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Directors”	the directors of the Company

“Excluded Shareholder(s)”	those Overseas Shareholder(s) who, in the opinion of the Directors based on enquiry made in compliance with the GEM Listing Rules, are necessary or expedient to be excluded from the Rights Issue on account of the legal restrictions under the laws or requirements of the relevant regulatory body or stock exchange in the places where such Overseas Shareholders reside
“Food Idea”	Food Idea Group Limited, a company incorporated in the British Virgin Islands with limited liability and the wholly-owned subsidiary of the Company
“FP Sino-Rich”	FP Sino-Rich Securities & Futures Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 9 (asset management) regulated activities under the SFO, being one of the Underwriters to the Rights Issue
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	independent third party(ies) who is/are not connected person(s) (as defined in the GEM Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates

“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 (dealing in securities) regulated activity under the SFO, being one of the Underwriters to the Rights Issue
“KMW Investments”	KMW Investments Limited, a company incorporated in the British Virgin Islands, together with Strong Light, the controlling shareholders (as defined under the GEM Listing Rules) of the Company, a corporation jointly owned by Mr. Wong Kwan Mo and Ms. Lau Lan Ying in equal shares, both being the executive Directors
“Last Trading Day”	Friday, 26 June 2015, being the last trading day of the Shares on GEM prior to the release of this announcement
“Latest Lodging Date”	4:30 p.m. on Friday, 17 July 2015 or such other date and/or time as the Underwriters and the Company may agree as the latest time for lodging transfer of the Shares in order to qualify for the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Friday, 14 August 2015 or such other time as may be agreed between the Company and the Underwriters, being the latest time to terminate the Underwriting Agreement
“MOU”	the non-legally binding memorandum of understanding dated 9 June 2015 and entered into between Mr. Wong Yat Cheung and Mr. Wong Yat Tung as vendors and Food Idea as purchaser, in relation to a possible acquisition of the entire issued share capital of a company to be incorporated in the British Virgin Islands with limited liability to develop dessert catering business in Singapore
“Overseas Shareholder(s)”	those persons whose addresses as shown on the register of members of the Company as at the Record Date are resident in a place outside Hong Kong
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) in respect of the Rights Issue to be issued to the Qualifying Shareholders
“Posting Date”	the date on which the despatch of the Prospectus Documents takes place in accordance with the Underwriting Agreement, tentatively on Monday, 27 July 2015 (or such other date as the Underwriters and the Company may agree from time to time in writing)

“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	together, the Prospectus and PAL
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Friday, 24 July 2015 or such other date as the Underwriters may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Rights Issue”	the issue of the Rights Shares by way of rights to the Qualifying Shareholders for subscription on the basis of one (1) Rights Share for every two (2) Shares held at the Record Date subject to the terms to be set out in the Prospectus Documents and summarised herein
“Rights Share(s)”	1,920,000,000 new Shares to be offered to the Qualifying Shareholders for subscription pursuant to the Rights Issue
“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 ordinary share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strong Light”	Strong Light Investments Limited, a company incorporated in Hong Kong, together with KMW Investments, the controlling shareholders (as defined under the GEM Listing Rules) of the Company, a corporation jointly owned by Mr. Wong Kwan Mo and Ms. Lau Lan Ying in equal shares, both being the executive Directors
“Subscription Price”	HK\$0.105 per Rights Share

“Underwriters”	collectively, Kingston Securities and FP Sino-Rich
“Underwriting Agreement”	the underwriting agreement dated Friday, 26 June 2015 entered into between the Company and the Underwriters in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriters
“%”	per cent.

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

Hong Kong, 26 June 2015

As at the date of this announcement, the Board comprises Mr. Wong Kwan Mo, Ms. Lau Lan Ying and Mr. Yu Ka Ho 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 GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least seven days from the date of its posting and the Company’s website at <http://www.gayety.com.hk>.