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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)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the high concentration of the shareholding of the Company in the hands of a limited number of Shareholders as at 14 September 2011.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the shares of the Company (“Shares”) could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in respect of the high concentration of the shareholding of Gayety Holdings Limited (the “Company”) in the hands of a limited number of shareholders of the Company (the “Shareholders”) as at 14 September 2011.

The Company noted that an announcement (the “SFC Announcement”) has been published by Securities and Futures Commission (the “SFC”) on 14 September 2011.

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. Its findings suggested that, as at 31 August 2011, 9 Shareholders held an aggregate of 68,460,000 Shares, representing 21.39% of the issued Shares. Such shareholding, together with 240,000,000 Shares (representing 75% of the issued Shares) beneficially owned by KMW Investments Limited, represented 96.39% of the issued Shares as at 31 August 2011. Thus, only 3.61% of the issued Shares were held by other investors.

As at 31 August 2011, the shareholding structure of the Company was as follows:

	Number of Shares held <i>(Shares)</i>	% of total number of issued Shares <i>(%)</i>
KMW Investments Limited <i>(Note 1)</i>	240,000,000	75.00
A group of 9 shareholders <i>(Note 2)</i>	68,460,000	21.39
Other shareholders	<u>11,540,000</u>	<u>3.61</u>
Total	<u><u>320,000,000</u></u>	<u><u>100.00</u></u>

Note 1: KMW Investments Limited is a company wholly-owned by Mr. Wong Kwan Mo (Chairman of the Company) and his spouse, Ms. Lau Lan Ying (Chief Executive Officer of the Company).

Note 2: 7 out of this group of 9 shareholders held their shares via the same brokerage firm.

The Company was listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong on 8 July 2011 by way of placing a total of 80,000,000 Shares at \$1.0 per Share. The share price closed at \$1.50 on its first day of listing. Since then, the share price continued to increase and close at \$2.27 on 12 September 2011, representing an increase of 127% from its IPO price, and an increase of 51% from its closing price on 8 July 2011 while the Hang Seng Index dropped 15.5% and the GEM index dropped 22.3% over the same period.

The board (the “Board”) of the directors of the Company (the “Directors”) wishes to clarify that the above information is extracted from the SFC Announcement and that the Board has not verified such information. Accordingly, the Board is not in a position to comment on the accuracy of the information above except the shareholding of the Shareholder, namely KMW Investments Limited set out in the table above.

PUBLIC FLOAT

Based on the information available and to the best knowledge of the Board, as at the date of the SFC Announcement and this announcement, not less than 25% of the Company’s issued Shares are in the hands of the public and the Company is able to comply with the public float requirement under the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of the Stock Exchange.

In view of the high concentration of shareholding in a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

By order of the Board
Wong Kwan Mo
Chairman and Executive Director

Hong Kong, 15 September 2011

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange 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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on basis and assumptions that are fair and reasonable..

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>.