

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.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



O Luxe Holdings Limited
奧立仕控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 860)

- (1) MAJOR ACQUISITION IN RELATION TO
THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL AND
OUTSTANDING SHARE OPTIONS IN GLM CO., LTD. INVOLVING
THE ISSUE OF CONSIDERATION SHARES;**
(2) SUBSCRIPTION FOR NEW SHARES UNDER SPECIFIC MANDATE;
(3) PROPOSED SALE OF SHARES BY CONTROLLING SHAREHOLDER;
AND
(4) RESUMPTION OF TRADING

THE ACQUISITION

The Board is pleased to announce that after trading hours of the Stock Exchange on 7 July 2017, (i) the Company entered into the Management Sellers SPA with the Management Sellers, pursuant to which the Company has conditionally agreed to acquire and the Management Sellers have conditionally agreed to sell the Management Sale Interests (comprising 29.4% of the Target Shares in issue and 75.1% of the outstanding Target Options); and (ii) the Company also entered into the Investor Sellers SPA with the Investor Sellers, pursuant to which the Company has conditionally agreed to acquire and the Investor Sellers have conditionally agreed to sell the Investors Sale Interests (comprising 56.1% of the Target Shares in issue and 24.9% of the outstanding Target Options), at the Total Consideration of JPY12,807,658,245 (equivalent to approximately HK\$896,976,000). The Total Consideration shall be settled as to JPY7,855,450,135 (equivalent to approximately HK\$550,152,000) by the allotment and issue of 670,918,575 Consideration Shares at the Issue Price of JPY11.7085 (equivalent to approximately HK\$0.82) per Consideration Share and as to JPY4,952,208,110 (equivalent to approximately HK\$346,825,000) in cash. Upon Acquisition Completion, the Company will hold approximately 85.5% of the issued share capital of the Target.

As the Company will hold two-thirds or more of the voting rights in the Target upon Acquisition Completion, the Company intends to implement the Target Share Consolidation involving (i) consolidation of all of the existing shares in issue in the Target, as a result of which the minority shareholders will hold fractional shares in the Target, and (ii) subsequently causing the Company or Target to acquire such fractional shares in cash in compliance with applicable rules and laws in Japan. Following completion of the Target Share Consolidation, the Target shall become a wholly-owned subsidiary of the Company. Please refer to the section headed “Acquisition of remaining Target Shares” below for further details of the Target Share Consolidation.

The Target is principally engaged in the manufacturing and sale of electric vehicles (EVs) and the provision of EV engineering solutions in Japan.

THE SUBSCRIPTION

The Board also announces that after trading hours of the Stock Exchange on 7 July 2017, the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 570,731,706 Subscription Shares at the Subscription Price of HK\$0.82 per Subscription Share. The net proceeds from the Subscription will be US\$60,000,000 (equivalent to approximately HK\$468,000,000).

SPECIFIC MANDATE

The Consideration Shares and the Subscription Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

PROPOSED SALE OF SHARES BY CONTROLLING SHAREHOLDER

The Company was informed by Mr. Zhang that Prestige Rich Holdings Limited, a company wholly owned by Mr. Zhang (as seller) entered into a sale and purchase agreement with Ruby Charm Investment Limited (as purchaser), pursuant to which Prestige Rich Holdings Limited has conditionally agreed to dispose a total of 400,000,000 Shares, representing approximately 9.06% of the issued share capital of the Company, at HK\$0.82 per Share to Ruby Charm Investment Limited. Ruby Charm Investment Limited is an investment holding company and its ultimate beneficial owner is an associate of Mr. Ho.

Completion of the Proposed Share Disposal is conditional on the completion of the Acquisition and the Subscription. For the avoidance of doubt, completion of the Acquisition and the Subscription is not conditional upon or dependent on the completion of the Proposed Share Disposal.

IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements by way of poll under the Listing Rules. The Consideration Shares and the Subscription Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

GENERAL

An EGM will be convened and held to consider and, if thought fit, approve, among other things, (i) the Acquisition Agreements, the Target Share Consolidation, the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the issue of the Consideration Shares and the Subscription Shares.

In view of their interests in the Proposed Share Disposal, Mr. Zhang and Mr. Ho have not attended the Board meeting to approve the entering into of the Acquisition Agreements and the Subscription Agreement.

As at the date of this announcement, (i) Mr. Ho does not hold any Shares; and (ii) Mr. Zhang is interested in 2,633,622,316 Shares, representing approximately 59.7% of the issued share capital of the Company. Mr. Zhang, Mr. Ho and their respective associates who are Shareholders will abstain from voting at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, there are no Shareholders who have material interest in the Acquisition and the Subscription and are required to abstain from voting on the resolution(s) to approve the Acquisition and the Subscription at the EGM.

The Circular containing, among other things, (i) details of the Acquisition Agreements and the Subscription Agreement; (ii) details of the Target Share Consolidation; (iii) financial information of the Group and the Target; (iv) valuation report of the Target; (v) other information as required under the Listing Rules; and (vi) a notice of the EGM is expected to be despatched to the Shareholders on or before 11 August 2017 to allow sufficient time for the Company to collate all necessary information for the Circular.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 7 July 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 July 2017.

WARNING

The Acquisition and the Subscription are inter-conditional upon each other. Completion is conditional upon fulfillment of the Acquisition Conditions and the Subscription Conditions. Completion of the Target Share Consolidation is subject to the Acquisition Completion, the Subscription Completion and the implementation of certain procedures pursuant to applicable Japanese laws and regulations. Accordingly, the Acquisition, the Subscription and the Target Share Consolidation may or may not proceed. As completion of the Proposed Share Disposal is conditional upon the completion of the Acquisition and the Subscription, the Proposed Share Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

A. THE ACQUISITION

Reference is made to the announcement of the Company dated 5 April 2017 in relation to the entering into of the memorandum of understanding between the Company and the Target in respect of the possible acquisition by the Company of all the Target Shares and outstanding Target Options.

The Board is pleased to announce that after trading hours of the Stock Exchange on 7 July 2017, (i) the Company entered into the Management Sellers SPA with the Management Sellers, pursuant to which the Company has conditionally agreed to acquire and the Management Sellers have conditionally agreed to sell the Management Sale Interests (comprising 29.4% of the Target Shares in issue and 75.1% of the outstanding Target Options); and (ii) the Company also entered into the Investor Sellers SPA with the Investor Sellers, pursuant to which the Company has conditionally agreed to acquire and the Investor Sellers have conditionally agreed to sell the Investors Sale Interests (comprising 56.1% of the Target Shares in issue

and 24.9% of the outstanding Target Options), at the Total Consideration of JPY12,807,658,245 (equivalent to approximately HK\$896,976,000). The Total Consideration shall be settled as to JPY7,855,450,135 (equivalent to approximately HK\$550,152,000) by the allotment and issue of 670,918,575 Consideration Shares at the Issue Price of JPY11.7085 (equivalent to approximately HK\$0.82) per Consideration Share and as to JPY4,952,208,110 (equivalent to approximately HK\$346,825,000) in cash. Upon Acquisition Completion, the Company will hold approximately 85.5% of the issued share capital of the Target.

As the Company will hold two-thirds or more of the voting rights in the Target upon Acquisition Completion, the Company intends to implement the Target Share Consolidation involving (i) consolidation of all of the existing shares in issue in the Target, as a result of which the minority shareholders will hold fractional shares in the Target, and (ii) subsequently causing the Company or Target to acquire such fractional shares in cash in compliance with applicable rules and laws in Japan. Following completion of the Target Share Consolidation, the Target shall become a wholly-owned subsidiary of the Company. Please refer to the section headed “Acquisition of remaining Target Shares” below for further details of the Target Share Consolidation.

Details of the Acquisition are set out below.

1. The Acquisition Agreements

Date

7 July 2017

Parties

- (i) The Company, being the purchaser;
- (ii) in respect of the Management Sellers SPA, the Management Sellers and the Sellers’ Representative; and
- (iii) in respect of the Investor Sellers SPA, the Investor Sellers and the Sellers’ Representative.

Subject matter

Pursuant to the Management Sellers SPA, the Company has conditionally agreed to acquire and the Management Sellers have conditionally agreed to sell their respective Management Sale Interests,

free from any encumbrances. Pursuant to the Investor Sellers SPA, the Company has conditionally agreed to acquire and the Investor Sellers have conditionally agreed to sell their respective Investor Sale Interests, free from any encumbrances.

As at the date of the Acquisition Agreements, the details of the Management Sale Interests and Investor Sale Interests are as follows:

	Target Shares	% to total issued Target Shares	Target Options	% to total outstanding Target Options
Management Sellers	10,585	29.4%	4,500	75.1%
Investor Sellers	<u>20,186</u>	<u>56.1%</u>	<u>1,490</u>	<u>24.9%</u>
Total	<u><u>30,771</u></u>	<u><u>85.5%</u></u>	<u><u>5,990</u></u>	<u><u>100.0%</u></u>

Total Consideration

The Total Consideration for the Target Sale Interests is JPY12,807,658,245 (equivalent to approximately HK\$896,976,000), which comprises:

- (i) JPY5,051,472,515 (equivalent to approximately HK\$353,777,000), being approximately 39.4% of the Total Consideration, for the Management Sale Interests to be satisfied by the Company to the Management Sellers in the following manner:
 - (a) as to JPY1,753,679,850 (equivalent to approximately HK\$122,818,000) shall be paid in cash by the Company at Acquisition Completion;
 - (b) as to JPY2,702,217,665 (equivalent to approximately HK\$189,248,000) shall be satisfied by way of allotment and issue of 230,791,106 Consideration Shares to the Management Sellers at the Issue Price of HK\$0.82 per Consideration Share at Acquisition Completion; and
 - (c) as to the balance of JPY595,575,000 (equivalent to approximately HK\$41,711,000) shall be paid in cash by the Company. Such amount shall be paid to and held by an escrow agent upon Acquisition Completion and shall only be released to the Management Sellers one year after Acquisition Completion on

the condition that each Management Seller has continued to act as a director of the Target or is employed by the Target and has complied with the terms of the Management Sellers SPA as at such date of release; and

- (ii) JPY7,756,185,731 (equivalent to approximately HK\$543,200,000), being approximately 60.6% of the Total Consideration, for the Investor Sale Interests to be satisfied by the Company to the Investor Sellers in the following manner:
 - (a) as to JPY2,602,953,260 (equivalent to approximately HK\$182,296,000) shall be paid in cash by the Company at Acquisition Completion; and
 - (b) as to JPY5,153,232,471 (equivalent to approximately HK\$360,903,000) shall be satisfied by way of allotment and issue of 440,127,469 Consideration Shares to the Investor Sellers at the Issue Price of HK\$0.82 per Consideration Share at Acquisition Completion.

The Total Consideration of approximately JPY12,807,658,245 (equivalent to approximately HK\$896,976,000) was determined after arm's length negotiations among the parties to the Acquisition Agreements with reference to the following: (i) the preliminary valuation of a 100% equity interest of the Target as at 28 June 2017 based on the recent subscriptions of the new Target Shares using the company transaction method under the market approach as appraised by an independent professional valuer; (ii) the issue price of the Class D preferred shares of JPY360,000 (equivalent to approximately HK\$25,000) per Target Share issued to six institutional investors in 2016; (iii) the financial position of the Target; and (iv) the prospects of the EV industry in Japan.

Consideration Shares

The aggregate 670,918,575 Consideration Shares to be issued pursuant to the Acquisition Agreements, when allotted and issued, will represent (i) approximately 15.2% of the existing issued share capital of the Company; (ii) approximately 13.2% of the issued share capital as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 11.9% of the issued share capital as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares (assuming that there is no change in the issued share capital of

the Company other than the issue of the Consideration Shares and the Subscription Shares since the date of this announcement up to Acquisition Completion).

The Consideration Shares will be allotted and issued by the Company under the Specific Mandate to be sought at the EGM. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and 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 by the Company on or after the date of allotment and issue of the Consideration Shares.

Issue Price

The Issue Price of HK\$0.82 per Consideration Share represents:

- (i) a discount of approximately 19.6% to the closing price of HK\$1.02 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 12.8% to the average of the closing prices per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day of approximately HK\$0.94 per Share;
- (iii) a discount of approximately 2.4% to the average of the closing prices per Share as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day of approximately HK\$0.84 per Share;
- (iv) a premium of approximately 39.0% over the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.59 per Share as at 31 March 2017 (based on the unaudited consolidated equity attributable to the Shareholders of approximately HK\$1,452,950,000 as at 31 March 2017 as disclosed in the interim report of the Company for the six months ended 31 March 2017 and 2,451,771,105 Shares in issue as at that date).

The Issue Price was determined after arm's length negotiations among the parties to the Acquisition Agreements with reference to the prevailing market prices of the Shares.

Acquisition Conditions

Completion of the Management Sellers SPA and the Investor Sellers SPA are inter-conditional and is conditional upon the fulfillment (or waiver, as the case may be) of the following Acquisition Conditions:

- (i) all corporate approvals of the Company, including approval of the Shareholders at the EGM approving the Acquisition and the issuance of the Consideration Shares, necessary for the Acquisition Completion having been obtained;
- (ii) all corporate approvals of each institutional Investor Sellers necessary for the Acquisition Completion having been obtained;
- (iii) the board of directors of the Target having passed a resolution approving the transfer of the Target Sale Interests;
- (iv) the Target Shareholders having passed a resolution approving an amendment to the Articles of the Target to delete Article 20 thereof (which requires the distribution of the Total Consideration in priority to certain classes of Target Shareholders);
- (v) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares (and such listing and permission not being subsequently revoked);
- (vi) any and all requirements under the FIEA arising out of the offering of the Consideration Shares to the Management Sellers and Investor Sellers having been met;
- (vii) the conditions to the Subscription Completion (other than the Acquisition Completion) having been satisfied or waived in accordance with the terms of the Subscription Agreement;
- (viii) no Management Seller having terminated any employment contract or directorship between himself and the Target;
- (ix) the warranties of the Management Sellers and Investor Sellers given under the Acquisition Agreements remaining true and accurate in all material respects and not misleading in any material respect as at Acquisition Completion;

- (x) the warranties of the Company given under the Acquisition Agreements remaining true and accurate in all material respects and not misleading in any material respect as at Acquisition Completion;
- (xi) all consents, approvals, permits, authorisations or clearances (as the case may be) that the Company reasonably considers necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules) for its execution, implementation and completion of the Management Sellers SPA having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time before Acquisition Completion;
- (xii) all consents, approvals, permits, authorisations or clearances (as the case may be) that the Management Sellers reasonably considers necessary pursuant to applicable laws, regulations or rules for its execution, implementation and completion of the Management Sellers SPA having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time before Acquisition Completion;
- (xiii) the Target Shareholders holding two-thirds or more of the total voting rights of the Target and Target Shareholders holding two-thirds or more of the voting rights of each class of shares in the Target having either (a) entered into the Acquisition Agreements; or (b) executed a letter waiving certain rights held by such Target Shareholder and agreeing to vote in favour of and provide other assistance required for any action that results in the Company holding 100% of the voting rights of the Target; and
- (xiv) the Company not having received any notification from the Stock Exchange that: (a) the Company will be treated as a new listing applicant as a result of the execution or performance of the Acquisition Agreements and the transactions contemplated thereunder; or (b) the transactions under the Acquisition Agreements constitute a reverse takeover (as defined in the Listing Rules).

At any time on or before the Long Stop Date, the Company may waive the Acquisition Conditions set out in (iii), (iv), (viii), (ix) and (xiii) above (or any part thereof); and the Management Sellers may waive the Acquisition Conditions set out in (x) above.

If any of the above Acquisition Conditions has not been fulfilled or waived (as the case may be) by the Long Stop Date, the Acquisition Agreements shall terminate with immediate effect and no party to the Acquisition Agreements shall have any further obligations and liabilities towards each other save for any accrued rights and obligations as at the date of termination.

Acquisition Completion

Acquisition Completion shall take place simultaneously with the Subscription Completion on 31 August 2017 or such later date as may be agreed by the parties to the Management Sellers SPA in writing.

Non-compete and lock-up undertakings by the Management Sellers

Pursuant to the Management Sellers SPA, for a period of one (1) year commencing on Acquisition Completion:

- (i) the Management Sellers shall not either alone or jointly with, through or as adviser to, or agent of, or manager for, any person directly or indirectly carry on or be engaged, concerned or interested in or assist a business which competes, directly or indirectly, with a business of the Target as carried on at the date of the Management Sellers SPA or at any time during the six (6) months prior to that date in a territory in which that business is or was carried on at any such date or time; and
- (ii) the Management Sellers, unless with prior written consent of the Company, shall not offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Consideration Shares or any interests therein beneficially owned or held by it or any securities convertible into or exercisable or exchangeable for or substantially similar to any such shares or interests; or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the Consideration Shares, whether any such transaction described herein is to be settled by delivery of Shares or other securities, in cash or otherwise, or announce any intention to enter into or effect any of the above transactions.

Lock-up undertakings by the Investor Sellers

Pursuant to the Investor Sellers SPA, for a period of one (1) month commencing on Acquisition Completion, the Investor Sellers shall not offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Consideration Shares or any interests therein beneficially owned or held by it or any securities convertible into or exercisable or exchangeable for or substantially similar to any such shares or interests; or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the Consideration Shares, unless with the prior written consent of the Company.

2. Acquisition of Remaining Target Shares

Pursuant to the Companies Act (*kaisha hou*) of Japan (Act No. 86 of 2005, as amended), an offeror who has acquired two-thirds or more of the voting rights in a joint-stock company (*kabushiki kaisha*) may, by the approval of the general meeting of shareholders and class meetings (*shurui kabunushi sokai*) of shareholders who hold the class(es) of shares which are subject to the share consolidation procedures described below, compulsorily cash out the interests of all the remaining shareholders by causing the subject company to consolidate a certain number of existing shares into a smaller number of shares, such that the shares held by such remaining shareholders will become a fraction (i.e. less than one share) which will then be acquired by the offeror or the subject company as its treasury shares in exchange for cash and consequently, the offeror will hold 100% of the voting rights in the subject company.

There are no prescribed rules for determining the price to be paid to minority shareholders in the event of a consolidation of shares in exchange for the fractional shares; however, a minority shareholder may (i) object to the price and petition to a court in Japan to determine the price or (ii) request a court in Japan to issue an injunction order to prevent the consolidation of shares when such consolidation of shares is in breach of law or the subject company's articles of incorporation and is likely to adversely affect the shareholders' interests.

As the Company will hold two-thirds or more of the voting rights in the Target upon Acquisition Completion, the Company intends to implement the share consolidation of the Target by (i) consolidation all

of the existing shares in issue in the Target, as a result of which the minority shareholders will hold fractional shares in the Target; and (ii) subsequently causing the Company or Target to acquire such fractional shares in cash in compliance with applicable rules and laws in Japan (the “**Target Share Consolidation**”). The consideration for the fractional Target Shares shall be payable by the Company or Target at JPY364,700 (equivalent to approximately HK\$26,000) per existing Target Share which is the same as the consideration for the Target Shares acquired under the Acquisition Agreements. Assuming that fractional Target Shares corresponding to 5,209 existing Target Shares will be cashed out pursuant to the Target Share Consolidation, the total consideration payable for the Target Share Consolidation is JPY1,899,722,300 (equivalent to approximately HK\$133,046,000). Following completion of the Target Share Consolidation, the Target shall become a wholly-owned subsidiary of the Company.

3. Information on The Management Sellers and the Investor Sellers

The Management Sellers are three individuals who are the chief executive officer, chief operating officer and chief financial officer of the Target respectively. Please refer to the section headed “Management team of the Target” below for further details on the Management Sellers.

The Investor Sellers comprise two directors and eight employees of the Target, six individual investors and 25 corporate investors. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Management Sellers, the Investor Sellers and (in the case where the Investor Sellers are companies) their respective ultimate beneficial owners are Independent Third Parties.

The information of the corporate investors are set out below:

Corporate Investors	Principal business activities
Investor Seller A	Japanese venture capital fund
Investor Seller B	Japanese venture capital fund
Investor Seller C	Japanese venture capital fund
Investor Seller D	Japanese venture capital fund
Investor Seller E	Japanese venture capital fund
Investor Seller F	Japanese venture capital fund

Corporate Investors	Principal business activities
Investor Seller G	Asset management company
Investor Seller H	Asset management company
Investor Seller I	Asset management company
Investor Seller J	Asset management company
Investor Seller K	Investment holding
Investor Seller L	Investment holding
Investor Seller M	Japanese property management company
Investor Seller N	Japanese insurance agency
Investor Seller O	Saudi Arabian investment firm
Investor Seller P	Manufacturer of electronic components and circuit products used in advanced fields in Japan
Investor Seller Q	Japanese wholesale and distribute company of electrical apparatus and equipment wiring supplies
Investor Seller R	Manufacturer of work tools for automobile maintenance, other general tools, and relative apparatus in Japan
Investor Seller S	Manufacturer of servos, motion controllers, AC motor drives, switches and industrial robots in Japan
Investor Seller T	Japanese car dealer
Investor Seller U	Manufacturer of office automation related products
Investor Seller V	Japanese company which import/install construction materials and design/develop house equipment
Investor Seller W	Japanese cosmetics original design manufacturer

Corporate Investors	Principal business activities
Investor Seller X	Sale and distribution of men and women's wear
Investor Seller Y	Manufacturer of apparel and accessory

4. Information on the Target

Shareholding structure

The Target is a joint stock company incorporated in Kyoto, Japan in April 2010. As at the date of the Acquisition Agreements, the Target has (i) a total of 35,980 Target Shares in issue, comprising 10,575 ordinary shares, 5,125 Class A preferred shares, 4,155 Class B preferred shares, 14,109 Class C preferred shares and 2,016 Class D preferred shares; and (ii) a total of 5,990 outstanding Target Options entitling the holders thereof to subscribe for a total of 5,990 ordinary shares of the Target at an exercise price of JPY100,000 per Target Option.

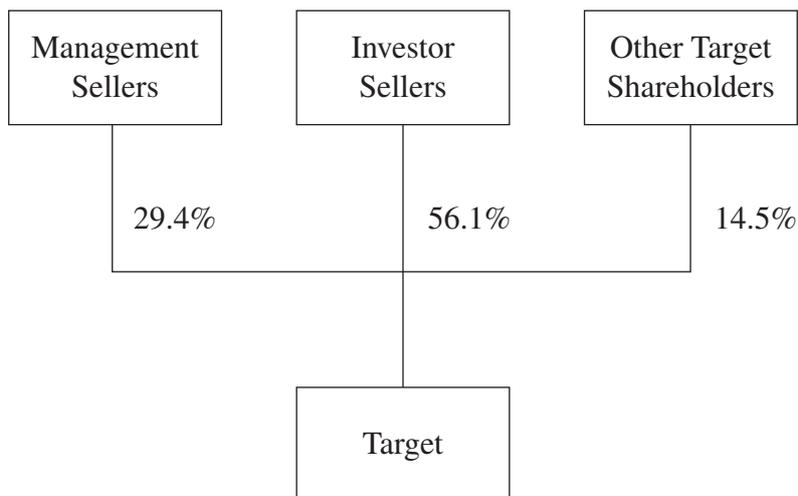
The Class A, B, C and D preferred shares carry different rights from each other and from the ordinary shares of the Target in various aspects including the priority in distribution of residual assets in the Target, entitlement to preferred dividends, right to demand the Target's buy-back of the preferred shares or exchange into ordinary shares and veto rights regarding reserved matters. The ordinary shares and the Class A, B, C and D preferred shares carry the same voting rights at a shareholders meeting of the Target.

The Target Options are subject to different terms in respect of (including) the exercise period and the restrictions on exercise.

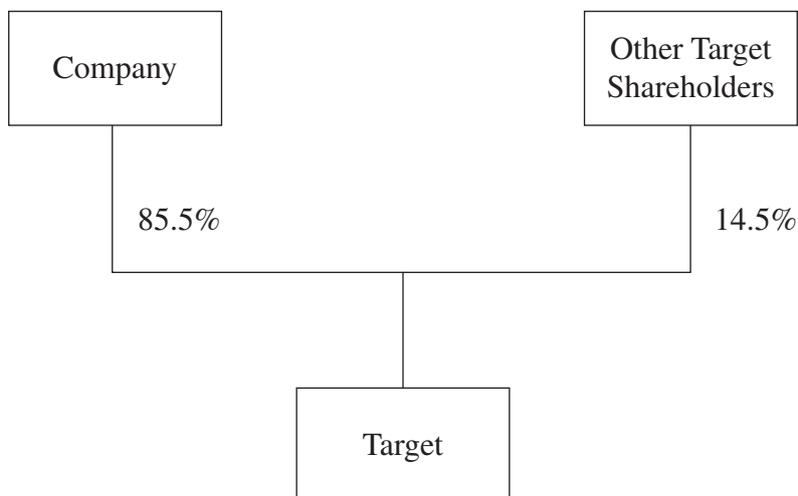
After Acquisition Completion, the Company intends to either hold the Target Options acquired by the Company until they lapse in accordance with the existing terms thereof, or cause the Target to cancel the Target Options acquired by the Company. In the event that the Company elects to cancel the Target Options, the Company will cause the Target to take all necessary procedures to effect the cancellation.

Set out below are the simplified shareholding structures of the Target (i) as at the date of the Acquisition Agreements; (ii) immediately after Acquisition Completion; and (iii) immediately after completion of the Target Share Consolidation.

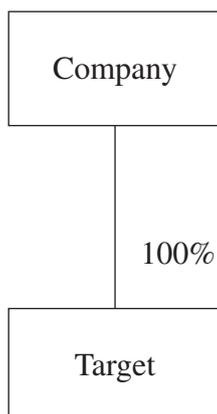
Simplified shareholding structure of the Target as at the date of the Acquisition Agreements



Shareholding structure of the Target after Acquisition Completion



Shareholding structure of the Target after completion of the Target Share Consolidation



Immediately upon Acquisition Completion but before completion of the Target Share Consolidation, the Target will become a 85.5%-owned subsidiary of the Company. Upon completion of the Target Share Consolidation, the Target will become a wholly-owned subsidiary of the Company.

Business

With its head office located in Kyoto, Japan, the Target is principally engaged in the manufacturing and sales of EVs and the provision of EV engineering solutions including chassis, power systems, and vehicle control units to downstream EV manufacturers in Japan. Currently, the Target has launched one model of sports EV to the market, namely “Tommykaira ZZ”, and is developing a model of EV supercar, namely “GLM-G4”.

Tommykaira ZZ

The first generation of Tommykaira ZZ was a mid-engined sports car designed by a Japanese tuning manufacturer Tommykaira in the 1990s, which ceased production in the 2000s. In 2011, the Target acquired a perpetual exclusive licence, without restrictions as to geographical areas, of the trademark of Tommykaira and the right to development, manufacturing, design and use of the “Tommykaira ZZ” brandname and design drawings thereof. The Target has through its own research, design and development capability developed Tommykaira ZZ as its first electrically powered vehicle. Tommykaira ZZ was first launched by the Target in 2014 and was exhibited in “Goodwood Festival of Speed” event for motor racing vehicles in the United Kingdom in 2015.

As the first EV model manufactured and sold by the Target, Tommykaira ZZ attracted numerous attention with initially a limited production of 99 units. In 2015, the Target commenced production of Tommykaira ZZ, which is marketed and sold to customers in Japan via its official website and through domestic distributors including automobile parts retailers in Japan, targeting mainly at high net worth individuals.

GLM-G4

Following the launch of Tommykaira ZZ, the Target had designed a model of supercar named GLM-G4 which is 4-seat sedan having a stronger battery pack with an enhanced range. The concept of GLM-G4 was released” in Salon Mondial de l’Automobile show in Paris in 2016. GLM-G4 is currently at the design and development stage and is expected to commence pilot testing by the end of 2018 and be put into production in the second half of 2019. The Target intends to market GLM-G4 for sale in areas including Japan, the Asian-Pacific region, the Gulf Cooperation Council regions and Europe.

Engineering solutions

Apart from the manufacturing and sale of sports EVs, the Target also provides engineering solutions including platform chassis, power systems and vehicle control units to customers according to their needs. These engineering solutions enable the application of the Target’s EV expertise in a wide range of contexts.

Research and development

In order to enhance its competitiveness in the market, the Target has established a research and development center in Uji City, Kyoto, Japan, which mainly focuses on the development of technological competency of its EV products, and has registered one invention patent in relation to mainframes for automobiles and automobiles using such mainframes in Japan.

Production and manufacturing

Currently, the manufacturing of all EVs and platform chassis of the Target are undertaken by a third party manufacturer in Japan pursuant to a framework subcontract between the Target and the manufacturer. As the Target has mastered the technologies in the production of EVs

and platform chassis, the Target is able to engage different OEM suppliers to produce and assemble the EV components and EVs according to the Target's instruction and requirements.

Management team of the Target

The Target possesses a team of professionals and personnel with extensive experience and expertise in the design, development, quality control and sale of automobiles and a strong network with market players in the automobiles industry in Japan. In order to ensure the continuous participation of the key personnel in the business of the Target, four existing key personnel of the Target comprising the chief executive officer, the chief operating officer, the chief financial officer and the chief technical officer, shall respectively enter into new service contracts with the Target at Acquisition Completion. The responsibilities and profiles of these key personnel are set out below:

Mr. Hiroyasu Koma, a director and the chief executive officer of the Target, is responsible for overseeing the overall business and making strategic decision for the operations and development of the Target. He founded the Target and has taken up his current role since April 2010. Mr. Koma has substantial experience in business ventures in addition to establishing the Target, including identifying a business process outsourcing company for domestic and foreign electronic manufacturers in 2000.

Mr. Tomohisa Tanaka, a director and the chief operating officer of the Target, is responsible for overseeing the business performance and operation of the Target. He joined the Target in 2013 and has taken up his current role since June 2015. Before joining the Target, Mr. Tanaka was employed by Nestle Japan Limited and specialised in sales strategy and business development.

Mr. Sota Nagano, a director and the chief financial officer of the Target, is responsible for overseeing the financial performance and preparing financial planning for the Target. He joined the Target in 2013. Prior to his involvement in the Target, Mr. Nagano was the vice president of a Japanese private equity fund where he was engaged in various acquisitions and financing transactions.

Mr. Yuji Fujitsuka, the chief technical officer of the Target, is responsible for the development and quality control of EV products of the Target. He joined the Target and has taken up his current role since April 2011. Mr. Fujitsuka has over 10 years of experience in design

engineering for vehicle body, chassis frame and platform during his service for Japanese automobile companies such as Nissan Motor Co., Ltd. and Toyota Motor Corporation.

Financial information

Set out below is the financial information of the Target as extracted from its audited financial statements for the two years ended 31 March 2016 and 2017, which were prepared in accordance with generally accepted accounting principles in Japan:

	For the year ended 31 March			
	2016		2017	
	<i>equivalent to approximately</i>		<i>equivalent to approximately</i>	
	<i>JPY'000</i>	<i>HK\$'000</i>	<i>JPY'000</i>	<i>HK\$'000</i>
Loss before taxation	811,888	56,860	793,627	55,581
Loss after taxation	812,920	56,932	794,864	55,668
			As at 31 March 2017	
			<i>equivalent to approximately</i>	
			<i>JPY'000</i>	<i>HK\$'000</i>
Net assets			899,488	62,995

An accountants' report on the financial information of the Target for the three years ended 31 March 2015, 2016 and 2017 and a stub period ending not more than six months before the date of the Circular will be prepared in accordance with International Financial Reporting Standards for inclusion in the Circular. Based on the financial due diligence on the Target performed by an international professional accounting firm for the Company, it is expected that certain adjustments to the above financials will be made in accordance with International Financial Reporting Standards in relation to, among other things, share-based payments of the Target in respect of the Target Share Options, depreciation of the fixed assets, and valuation and impairment of an available-for-sale investment. It is expected that the Target will still record net losses, both before and after taxation, for the two years ended 31 March 2016 and 2017 after the aforesaid adjustments.

Business plan

Capitalising on the positive market responses and feedbacks on “GLM-G4” and the increasing global demand for EV, the Target will continue its efforts on the research and development of EV technology and to focus on the development of the following lines of business:

- (i) ***Development of EVs:*** The concept car of GLM-G4 was released in 2016. The Target expects that the model prototype and trial production of GLM-G4 will be completed in 2018 and manufacturing and launching of GLM-G4 will be in 2019. The Target also plans to develop a 7-seater EV targeting as a family car in Asian market and to develop an EV mini-bus. The concept design of the 7-seater EV will be adopting the powertrain and key electrical components used in GLM-G4, and will run for its model prototype and trial production. For the development of EV mini-bus, the Target is currently in the process of preparing the feasibility study on the EV mini-bus. Subject to the outcome of feasibility study, the Target will work out the final layout and design, model prototype and trial production of EV mini-bus in the later stage; and
- (ii) ***Engineering service:*** The Target has a track record of providing engineering services to third party customers including provision of EV whole car and EV powertrain solutions. The Target will continue to make use of its engineering knowhow accumulated and partnership relationships cultivated to provide EV engineering services to its target customers, which are mostly existing automobile original equipment manufacturing companies and new entrants to the EV sector. In this connection, the Target plans to strengthen its engineering team to accommodate the engineering service needs.

Following Acquisition Completion, the Company shall review the aforesaid plan with the management of the Target, make adjustments to the plan if needed, and assess the capital needs and funding avenues available to implement the business plan. The Company intends to finance the capital expenditures of the Target by internal resources of the Group, shareholder’s loan, bank borrowings or a combination of the above.

B. THE SUBSCRIPTION

The Board also announces that after trading hours of the Stock Exchange on 7 July 2017, the Company and the Subscribers entered into the Subscription Agreement, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 570,731,706 Subscription Shares at the Subscription Price of HK\$0.82 per Subscription Share.

Details of the Subscription are set out below.

1. The Subscription Agreement

Date

7 July 2017

Parties

- (i) the Company;
- (ii) Ocean Dynasty Investments Limited, being Subscriber A;
- (iii) Vivaldi International Limited, being Subscriber B; and
- (iv) T.C.L. Industries Holdings (H.K.) Limited, being Subscriber C.

Subscription Shares

Pursuant to the Subscription Agreement, Subscriber A has conditionally agreed to subscribe for 171,219,512 Subscription Shares, Subscriber B has conditionally agreed to subscribe for 114,146,341 Subscription Shares and Subscriber C has conditionally agreed to subscribe for 285,365,853 Subscription Shares. The aggregate of 570,731,706 Subscription Shares represent (i) approximately 12.9% of the issued Shares as at the date of this announcement; (ii) approximately 11.5% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 10.1% of the issued Shares as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares (assuming that there is no change in the issued Shares other than the issue of the Consideration Shares and the Subscription Shares since the date of this announcement up to Subscription Completion).

The aggregate nominal value of the Subscription Shares is HK\$57,073,170.60.

The Subscription Shares will be allotted and issued by the Company under the Specific Mandate to be sought at the EGM. The Company will apply to the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects with all the Shares then in issue.

Subscription Price

The Subscription Price of HK\$0.82 per Share is equal to the Issue Price. Please refer to the paragraph headed “Issue Price” under the section headed “The Acquisition Agreements” above for comparison of the Subscription Price with market prices and net asset value per Share.

The Subscription Price was arrived at after arm’s length negotiations among the Company and the Subscribers with reference to the Issue Price, the market condition and prevailing market prices of the Shares.

Subscription Conditions

Subscription Completion is conditional upon the fulfillment of the following Subscription Conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the Subscription Completion);
- (ii) the Shareholders having approved, by the passing of an ordinary resolution at a general meeting of the Company, the proposed allotment and issue of the Subscription Shares by the Company to the Subscribers; and
- (iii) each condition precedent to the Acquisition Completion (other than the Subscription Completion) having been satisfied or waived (as applicable) in accordance with the respective terms of the Management Seller SPA and the Investors Sellers SPA.

If the above Subscription Conditions are not fulfilled on the Long Stop Date, all rights, obligations and liabilities of the parties to the Subscription Agreement (other than certain provisions which shall

survive termination) shall cease and terminate and no party to the Subscription Agreement shall have any claim against each other save for any antecedent breaches of the Subscription Agreement.

Subscription Completion

Subscription Completion shall take place simultaneously with the Acquisition Completion (or such other date on which completion of the Acquisition takes place as agreed among the Company and the Management Sellers, which shall be deemed as agreed by the Subscribers).

Lock-up undertakings by the Subscribers

Each of the Subscribers has undertaken in favour of the Company that it shall not, and shall procure that none of its subsidiaries, its holding company, the subsidiaries of its holding company, and their respective nominees and affiliates (whether individually or together and whether directly or indirectly) shall offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Subscription Shares or any interests therein beneficially owned or held by it or any securities convertible into or exercisable or exchangeable for or substantially similar to any such shares or interests; or enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of the Subscription Shares, whether any such transaction described herein is to be settled by delivery of Shares or other securities, in cash or otherwise; or announce any intention to enter into or effect any such transaction described herein, within three (3) months from the date of Subscription Completion.

2. Information on Subscribers

Information on Subscriber A

Ocean Dynasty Investments Limited is a company incorporated in the British Virgin Islands with limited liability.

Information on Subscriber B

Vivaldi International Limited is a company incorporated in the British Virgin Islands which is ultimately and beneficially owned by Ms. Chau Hoi Shuen Solina Holly.

Information on Subscriber C

T.C.L. Industries Holdings (H.K.) Limited is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of TCL Corporation. TCL Corporation is a joint stock company established under the laws of the PRC, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 100).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Subscriber A, Subscriber B, Subscriber C and their ultimate beneficial owner(s) are Independent Third Parties.

C. REASONS FOR AND BENEFITS OF THE ACQUISITION, THE SUBSCRIPTION AND USE OF PROCEEDS FROM THE SUBSCRIPTION

The Company is an investment holding company and the Group is principally engaged in a wide range of business including distribution of watches, wholesale trading of jewellery products, mining, money lending, securities investments and property investment. To maximise Shareholders' value and bring long term benefits to the Group, the Company has been actively exploring business opportunities in different sectors which can diversify its source of income and achieve sustainable growth.

As tailpipe emission from conventional vehicles has been reportedly identified as one of the main causes of severe air pollution problems, the development and usage of EV has become a global ubiquitous trend amid the efforts of governments of various countries in enhancing the environmental protection measures. In view of this global trend, the Directors believe that the worldwide demand for EV will continue to increase. In addition, the rapid growth of the EV industry in Japan has been supported by government incentives and well established infrastructure. Since 2009, the Japanese government introduced the Green Vehicle Purchasing Promotion Measure, which offered tax deductions and exemptions in order to encourage early adopters to choose environmentally friendly and fuel-efficient vehicles over traditional vehicles. The Japanese government has also invested heavily in the development of a charging infrastructure for EVs across Japan.

The Target principally operates in Japan with primary focus on delivering battery-powered EVs and engineering solutions including chassis, power systems and vehicle control units to customers. In the past few years, the Target has been focusing on the manufacturing and sale of a model of high performance EV which combines engineering expertise with sports car

competence, namely Tommykaira ZZ. Tommykaira ZZ is a lightweight sports car which is aesthetically designed and equipped with advanced motor. With the recognition on the quality of Tommykaira ZZ and the ability of the engineering team of the Target in developing the EV, the Target has established a network of alliance with many technological partners and has been invited by many renowned automobile manufacturing enterprises to design engineering solutions. At present, the Target is in the final stage of developing a model of EV supercar, namely the GLM-G4, the concept car of which has been released in a motor show held in Paris with positive feedbacks from the market. The Target intends to launch the GLM-G4 model to the market in 2019.

Considering the prospects of the EV market and the potentials of the Target leveraging upon its technical capabilities, the Directors are of the view that the Acquisition represents an opportunity for the Group to tap into the fast growing EV industry to capture the prospective return on investment and is therefore in the long term interests of the Group.

The Company intends to finance the cash consideration of the Consideration and the Target Share Consolidation by the net proceeds of the Subscription and existing financial resources available to the Group.

The net proceeds from the Subscription will be US\$60,000,000 (equivalent to approximately HK\$468,000,000), representing a net price of approximately HK\$0.82 per Subscription Share. The Company intends to apply the net proceeds from the Subscription as to (i) approximately HK\$346,825,000 for the payment of the cash portion of the Total Consideration; and (ii) approximately HK\$121,175,000 for the payment of cash consideration payable under the Target Share Consolidation.

The Directors consider that the Subscription is a suitable fund raising method to fund the Acquisition, as the Group would not incur additional interest or finance costs if the Company were to finance the Acquisition by borrowing and the Subscription is less costly and more efficient than preemptive issues such as rights issue and open offer. In addition, the introduction of the Subscribers as strategic investors of the Company would greatly enhance the Shareholders profile and may attract new business development opportunities to the Group in the future.

Based on the above, the Directors are of the view that the Acquisition and the Subscription are in the interests of the Company and the Shareholders as a whole, and the terms of the Acquisition Agreements and the Subscription Agreement are fair and reasonable.

D. FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the date of this announcement.

E. PROPOSED SALE OF SHARES BY CONTROLLING SHAREHOLDER

The Company was informed by Mr. Zhang that Prestige Rich Holdings Limited, a company wholly owned by Mr. Zhang (as seller) entered into a sale and purchase agreement with Ruby Charm Investment Limited (as purchaser), pursuant to which Prestige Rich Holdings Limited has conditionally agreed to dispose a total of 400,000,000 Shares, representing approximately 9.06% of the issued share capital of the Company, at HK\$0.82 per Share to Ruby Charm Investment Limited (the “**Proposed Share Disposal**”). Ruby Charm Investment Limited is an investment holding company and its ultimate beneficial owner is an associate of Mr. Ho.

Completion of the Proposed Share Disposal is conditional on the completion of the Acquisition and the Subscription. For the avoidance of doubt, completion of the Acquisition and the Subscription is not conditional upon or dependent on the completion of the Proposed Share Disposal.

As at the date of this announcement, Mr. Zhang holds 2,633,622,316 Shares, representing approximately 59.7% of the issued share capital of the Company. Immediately upon completion of the Proposed Share Disposal, Mr. Zhang will hold 2,233,622,316 Shares, representing approximately 39.5% of the issued share capital as enlarged by the allotment and issue of the Consideration Shares and the Subscription Shares and shall remain as the controlling shareholder of the Company.

F. SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after the issue and allotment of the Consideration Shares and the Subscription Shares; and (iii) immediately after the issue and allotment of the Consideration Shares and the Subscription Shares and completion of the Proposed Share Disposal (assuming that there is no other change in the issued share capital of the Company from the date of this announcement to completion of the Acquisition and the Subscription):

	(i) As at the date of this announcement		(ii) Immediately after the issue and allotment of the Consideration Shares and the Subscription Shares		(iii) Immediately after the issue and allotment of the Consideration Shares and the Subscription Shares and completion of the Proposed Share Disposal	
	<i>Approximate % to total issued</i>	<i>Approximate % to total issued</i>	<i>Approximate % to total issued</i>	<i>Approximate % to total issued</i>	<i>Approximate % to total issued</i>	<i>Approximate % to total issued</i>
	<i>Number of Shares</i>	<i>Shares</i>	<i>Number of Shares</i>	<i>Shares</i>	<i>Number of Shares</i>	<i>Shares</i>
Prestige Rich Holdings Limited (<i>Note 1</i>)	2,633,622,316	59.7	2,633,622,316	46.6	2,233,622,316	39.5
Dr. Li Yifei (<i>Note 2</i>)	<u>5,712,000</u>	<u>0.1</u>	<u>5,712,000</u>	<u>0.1</u>	<u>5,712,000</u>	<u>0.1</u>
<i>Subtotal</i>	2,639,334,316	59.8	2,639,334,316	46.7	2,239,334,316	39.6
Management Sellers (<i>Note 3</i>)	—	—	230,791,106	4.1	230,791,106	4.1
Investor Sellers (<i>Note 3</i>)	—	—	440,127,469	7.8	440,127,469	7.8
Subscriber A	—	—	171,219,512	3.0	171,219,512	3.0
Subscriber B	—	—	114,146,341	2.0	114,146,341	2.0
Subscriber C	—	—	285,365,853	5.0	285,365,853	5.0
Other public Shareholders	<u>1,772,436,789</u>	<u>40.2</u>	<u>1,772,436,789</u>	<u>31.4</u>	<u>2,172,436,789</u>	<u>38.5</u>
Total	<u><u>4,411,771,105</u></u>	<u><u>100.00</u></u>	<u><u>5,653,421,386</u></u>	<u><u>100.00</u></u>	<u><u>5,653,421,386</u></u>	<u><u>100.00</u></u>

Notes:

1. Prestige Rich Holdings Limited is wholly owned by Mr. Zhang.
2. Dr. Li Yifei is an independent non-executive Director.
3. None of the Management Sellers and Investor Sellers shall hold 10% or more of the issued Shares and accordingly they shall be regarded as public Shareholders.

G. IMPLICATIONS UNDER THE LISTING RULES

The Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements by way of poll under the Listing Rules. The Consideration Shares and the Subscription Shares will be issued under the Specific Mandate to be sought from the Shareholders at the EGM.

H. GENERAL

An EGM will be convened and held to consider and, if thought fit, approve, among other things, (i) the Acquisition Agreements, the Target Share Consolidation, the Subscription Agreement and the transactions contemplated thereunder; and (ii) the Specific Mandate for the issue of the Consideration Shares and the Subscription Shares.

In view of their interests in the Proposed Share Disposal, Mr. Zhang and Mr. Ho have not attended the Board meeting to approve the entering into of the Acquisition Agreements and the Subscription Agreement.

As at the date of this announcement, (i) Mr. Ho does not hold any Shares and; (ii) Mr. Zhang is interested in 2,633,622,316 Shares, representing approximately 59.7% of the issued share capital of the Company. Mr. Zhang, Mr. Ho and their respective associates who are Shareholders will abstain from voting at the EGM. Save as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, there are no Shareholders who have material interest in the Acquisition and the Subscription and are required to abstain from voting on the resolution(s) to approve the Acquisition and the Subscription at the EGM.

The Circular containing, among other things, (i) details of the Acquisition Agreements and the Subscription Agreement; (ii) details of the Target Share Consolidation; (iii) financial information of the Group and the Target; (iv) valuation report of the Target; (v) other information as required under the Listing Rules; and (vi) a notice of the EGM is expected to be despatched to the Shareholders on or before 11 August 2017 to allow sufficient time for the Company to collate all necessary information for the Circular.

TRADING HALT AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 7 July 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 10 July 2017.

Warning

The Acquisition and the Subscription are inter-conditional upon each other. Completion is conditional upon fulfillment of the Acquisition Conditions and the Subscription Conditions. Completion of the Target Share Consolidation is subject to the Acquisition Completion, the Subscription Completion and the implementation of certain procedures pursuant to applicable Japanese laws and regulations. Accordingly, the Acquisition, the Subscription and the Target Share Consolidation may or may not proceed. As completion of the Proposed Share Disposal is conditional upon the completion of the Acquisition and the Subscription, the Proposed Share Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company and are recommended to consult their professional advisers if they are in any doubt about their position and as to the actions that they should take.

I. DEFINITIONS

Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as set forth below:

“Acquisition”	the proposed acquisition of the entire issued share capital and outstanding share options in the Target pursuant to the respective terms of the Acquisition Agreements and the Target Share Consolidation
“Acquisition Completion”	completion of the acquisition of the Management Sale Interests and the Investor Sale Interests in accordance with the respective terms and conditions of the Acquisition Agreements
“Acquisition Condition(s)”	the condition(s) precedent to the Acquisition Completion

“Acquisition Agreements”	the Management Sellers SPA and the Investor Sellers SPA collectively
“Articles”	the articles of incorporation (<i>teikan</i>) of the Target
“Board”	the board of Directors
“Business Day(s)”	a day(s) (other than a Saturday, Sunday and public holiday) on which both banks in Hong Kong and Japan are open for the transaction of normal business
“Circular”	the circular to be despatched to the Shareholders containing, among other things, (i) details of the Acquisition Agreements and the Subscription Agreement; (ii) details of the Target Share Consolidation; (iii) financial information of the Group and the Target; (iv) other information as required under the Listing Rules; and (v) a notice of the EGM
“Company”	O Luxe Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 860)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration Share(s)”	the new Share(s) to be allotted and issued by the Company to the Management Sellers and Investor Sellers in satisfaction of part of the Total Consideration
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving (i) the Acquisition Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate to the Directors for the allotment and issue of the Consideration Shares; (ii) the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate to the Directors for the allotment and issue of the Subscription Shares; and (iii) the Target Share Consolidation
“EV(s)”	electric vehicle(s)
“FIEA”	the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Investor Sale Options”	an aggregate of 1,490 outstanding Target Options held by the Investor Sellers, representing 24.9% of the total outstanding Target Options as at the date of the Acquisition Agreements
“Investor Sale Shares”	an aggregate of 20,186 Target Shares held by the Investor Sellers, representing 56.1% of the total issued Target Shares as at the date of the Acquisition Agreements
“Investor Sellers”	each of the sellers of the respective Investor Sale Interests pursuant to the Investor Sellers SPA
“Investor Sellers SPA”	the sale and purchase agreement dated 7 July 2017 entered into among the Company, the Sellers’ Representative, the Target and the Investor Sellers in relation to the sale and purchase of the Investor Sale Interests

“Investor Sale Interests”	the Investor Sale Shares and the Investor Sale Options
“Independent Third Party(ies)”	any person(s) or company(ies) who are third party(ies) independent of and not connected with the Company and its connected persons
“Issue Price”	the issue price of HK\$0.82 per Consideration Share
“Last Trading Day”	6 July 2017, being the last trading day of the Shares prior to the entering into of the Acquisition Agreements and the Subscription Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 September 2017, or such later date as the parties to the Management Sellers SPA may agree in writing
“Management Sale Interests”	the Management Sale Shares and the Management Sale Options
“Management Sale Shares”	an aggregate of 10,585 Target Shares held by the Management Sellers, representing 29.4% of the total issued Target Shares as at the date of the Acquisition Agreements
“Management Sale Options”	an aggregate of 4,500 outstanding Target Options held by the Management Sellers, representing 75.1% of the total outstanding Target Options as at the date of the Acquisition Agreements
“Management Seller(s)”	each of the sellers of the respective Management Sale Interests pursuant to the Management Sellers SPA
“Management Sellers SPA”	the sale and purchase agreement dated 7 July 2017 entered into among the Company, the Sellers’ Representative, the Target and the Management Sellers in relation to the sale and purchase of the Management Sale Interests

“Mr. Ho”	Mr. Ho King Fung, Eric, the co-chairman of the Company and an executive Director
“Mr. Zhang”	Mr. Zhang Jinbing, the chairman of the Company and an executive Director and controlling shareholder of the Company
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Sellers’ Representative”	Mr. Hiroyasu Koma, the representative of each of the Management Sellers and Investor Sellers pursuant to the Acquisition Agreements
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	a specific mandate to allot and issue the Consideration Shares and the Subscription Shares to be sought from the Shareholders at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber A”	Ocean Dynasty Investments Limited, being one of the Subscribers pursuant to the Subscription Agreement
“Subscriber B”	Vivaldi International Limited, being one of the Subscribers pursuant to the Subscription Agreement
“Subscriber C”	T.C.L. Industries Holdings (H.K.) Limited, being one of the Subscribers pursuant to the Subscription Agreement
“Subscribers”	Subscriber A, Subscriber B and Subscriber C collectively

“Subscription”	the subscription for the Subscription Shares by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional agreement dated 7 July 2017 entered into among the Company and the Subscribers in relation to the Subscription
“Subscription Completion”	completion of the Subscription in accordance with the respective terms and conditions of the Subscription Agreement
“Subscription Conditions”	conditions precedent to completion of the Subscription Agreement
“Subscription Price”	the subscription price of HK\$0.82 per Subscription Share
“Subscription Share(s)”	the new Share(s) to be allotted and issued by the Company to the Subscribers pursuant to the Subscription Agreement
“Target”	GLM Co., Ltd., a joint-stock company incorporated in Japan
“Target Option(s)”	issued and outstanding stock option(s) of the Target each entitling the holder(s) thereof to subscribe for an ordinary share of the Target at an exercise price of JPY100,000 per Target Option
“Target Sale Interests”	the Management Sale Interests and the Investors Sale Interests
“Target Share(s)”	issued share(s) in the share capital of the Target
“Target Share Consolidation”	has the meaning ascribed to it under the section headed “Acquisition of remaining Target Shares” in this announcement
“Target Shareholder(s)”	holder(s) of the Target Shares(s)

“Total Consideration”	JPY12,807,658,245 (equivalent to approximately HK\$896,976,000), being the aggregation consideration for the Target Sale Interests pursuant to the Acquisition Agreements
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“JPY”	Japanese Yen, the lawful currency of Japan
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent.

* For identification purpose only

In this announcement, amounts in JPY and US\$ are translated into HK\$ on the basis of HK\$1 = JPY14.2787 and US\$1 = HK\$7.8. The conversion rate is for illustration purpose only and should not be taken as a representation that JPY could actually be converted into HK\$ at such rate or at other rates or at all.

In this announcement, where information is presented in two decimals places and four decimals places, have been rounded to the nearest two decimals places and four decimals places respectively. Any discrepancies in any total number of the Consideration Shares between the respective consideration in HK\$ divided by the Issue Price therein are due to rounding.

By order of the Board
O Luxe Holdings Limited
Zhang Jinbing
Chairman

Hong Kong, 7 July 2017

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Zhang Jinbing (Chairman), Mr. Ho King Fung, Eric (Co-Chairman), Mr. Wong Chi Ming, Jeffrey (Chief Executive Officer) and Mr. Yu Fei, Philip; one non-executive Director, namely Mr. Xiao Gang; and three independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Dr. Zhu Zhengfu.