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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 AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
A 60% EQUITY INTEREST IN
POWER BOOM INTERNATIONAL LIMITED
INVOLVING ISSUE OF CONSIDERATION SHARES;
(2) APPLICATION FOR WHITEWASH WAIVER;
AND
(3) RESUMPTION OF TRADING**

THE ACQUISITION

The Board is pleased to announce that after the trading hours of the Stock Exchange on 16 May 2016, the Company (as purchaser), Golden Mega Holdings Limited (as vendor) and Mr. Zhang (as guarantor to the Vendor) entered into the Agreement, pursuant to which the Company conditionally agreed to purchase, and the Vendor conditionally agreed to sell, the Sale Shares at the Consideration of HK\$588 million, which shall be satisfied by the Company by way of allotment and issue of 1,960,000,000 Consideration Shares at the Issue Price of HK\$0.30 per Consideration Share to the Vendor at Completion. The Consideration Shares will be issued by the Company under the specific mandate to be sought for approval by the Independent Shareholders at the EGM.

Upon Completion, the Company will hold 60% of the issued share capital of the Target which will hold a 78% equity interest in the Project Company via Grand Cellar. Upon completion of the reorganisation of the Target Group, the Target Group will be principally engaged in property development business in the PRC via the Project Company, which owns 100% interest in the Property. Further information on the Target Group and the Property is set out in the section headed “Information on the Target Group” below.

Completion is conditional on, among other things, (i) the passing of the resolution(s) by the Independent Shareholders at the EGM to approve the Agreement and the transactions contemplated thereunder (including but not limited to the grant of the Specific Mandate and the Whitewash Waiver); (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares; and (iii) the Executive having granted the Whitewash Waiver.

REGULATORY IMPLICATIONS

Implications under the Listing Rules

As certain applicable percentage ratios under Chapter 14 of the Listing Rules are more than 25% but all of them are below 100%, 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 under the Listing Rules. The Vendor and Prestige Rich are wholly owned by Mr. Zhang. As at the date of this announcement, Mr. Zhang (the chairman of the Company and an executive Director), through Prestige Rich, is interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company. By virtue of Mr. Zhang’s interest in the Vendor, the Vendor is a connected person of the Company. The Acquisition therefore also constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Implications under the Takeovers Code

As at the date of this announcement, the Vendor does not hold any Shares and Prestige Rich is interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company. The Vendor and parties acting in concert with it (including Mr. Zhang and Prestige Rich) are interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company as at the date of this announcement. Immediately after Completion, the Vendor and parties acting in concert with it (including Prestige Rich and Mr. Zhang) will be interested in 2,633,622,316 Shares, representing approximately 59.70% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement and up to Completion).

As at the date of this announcement, the Company has 2,451,771,105 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Upon Completion, under Rule 26.1 of the Takeovers Code, the Vendor would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Vendor will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) approval by the Independent Shareholders at the EGM by way of a poll; and (ii) the Vendor and parties acting in concert with it not having any acquisitions or disposals of voting rights of the Company from the date of this announcement and up to Completion unless with the prior consent of the Executive. The Executive may or may not grant the Whitewash Waiver. The granting of the Whitewash Waiver is a condition precedent for Completion which is not capable of being waived. If the Whitewash Waiver is not obtained and/or approved by the Independent Shareholders, the Acquisition will not proceed.

GENERAL

The Listing Rules IBC, comprising all the independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Dr. Zhu Zhengfu, has been constituted to give recommendation to the Independent Shareholders in respect of the Acquisition. The Takeovers Code IBC, comprising the non-executive Director and all the independent non-executive Directors, namely Mr. Xiao Gang, Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Dr. Zhu Zhengfu, has been constituted to give recommendation to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. An independent financial adviser will be appointed by the Company with the approval of the Takeovers Code IBC to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Acquisition; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. Further announcement will be made by the Company upon the appointment of the independent financial adviser.

The voting in respect of the Acquisition and the Whitewash Waiver at the EGM will be conducted by way of a poll. As at the date of this announcement, the Vendor does not hold any Shares and Prestige Rich is interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company. Mr. Zhang, Prestige Rich, the Vendor, their respective associates and parties acting in concert with any of them and the Shareholder(s) who is/are involved in or interested in the Acquisition and/or the Whitewash Waiver shall abstain from voting on the resolution(s) approving the Acquisition and the Whitewash Waiver at the EGM. In addition, Mr. Zhang has abstained from voting at the Board meeting which approved the Acquisition and the Whitewash Waiver.

The Circular containing, among other things, (i) details of the Agreement; (ii) the recommendation of the Listing Rules IBC to the Independent Shareholders in respect of the Acquisition; (iii) the recommendation of the Takeovers Code IBC to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (iv) the letter of advice from the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in the same regard; (v) the financial information on the Group and the Target Group; (vi) the valuation report on the Property; and (vii) the notice of EGM is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the earlier. The Company will seek the Executive's consent as it becomes clear that the Circular may not be able to be issued within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the Circular. Further announcement(s) will be made by the Company in this regard as and when appropriate.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 17 May 2016 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 May 2016.

WARNING

Completion is conditional upon fulfillment of the Conditions. Accordingly, the Acquisition 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.

The Board is pleased to announce that after the trading hours of the Stock Exchange on 16 May 2016, the Company (as purchaser), Golden Mega Holdings Limited (as vendor) and Mr. Zhang (as guarantor to the Vendor) entered into the Agreement. Details of the Agreement are set out below.

THE AGREEMENT

Date

16 May 2016

Parties

- (i) the Company, as purchaser;
- (ii) Golden Mega Holdings Limited, as vendor; and
- (iii) Mr. Zhang, as guarantor to guarantee the due and punctual performance of the Vendor's obligations under the Agreement.

The Vendor is incorporated in the BVI and is wholly owned by Mr. Zhang. The principal business of the Vendor is investment holding. As at the date of this announcement, Mr. Zhang (the chairman of the Company and an executive Director), through Prestige Rich, is interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company. By virtue of Mr. Zhang's interest in the Vendor, the Vendor is a connected person of the Company.

Assets to be acquired

The Sale Shares, free of liens and encumbrances together with all rights attached thereto from the date of the Agreement, represent 60% of the issued share capital of the Target as at Completion. Further information on the Target Group and the Property is set out in the section headed "Information on the Target Group" below.

Consideration

The Consideration of HK\$588 million shall be satisfied by way of allotment and issue of 1,960,000,000 Consideration Shares, credited as fully paid, at the Issue Price of HK\$0.30 per Consideration Share at Completion.

The Consideration was determined after arm's length negotiations among the parties to the Agreement with reference to (i) the preliminary valuation of the Property as at 30 April 2016 as appraised by an independent professional valuer (which represents the net value of the Property after deducting the estimated development costs of the Property from the estimated selling prices of the completed properties to the Independent Third Parties at the market prices as at the date of the valuation); and (ii) the attributable percentage interest in the Property to be acquired by the Company through the Acquisition.

Consideration Shares

As at the date of this announcement, the Company has 2,451,771,105 Shares in issue. The 1,960,000,000 Consideration Shares represent approximately 79.94% of the existing issued share capital of the Company and approximately 44.43% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement up to Completion).

The Consideration Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Consideration Shares, including 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.

The Consideration Shares will be issued by the Company under the specific mandate to be sought for approval by the Independent Shareholders 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 Issue Price

The Issue Price of HK\$0.30 per Consideration Share represents:

- (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.6% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.305 per Share;
- (iii) a discount of approximately 8.0% to the average of the closing prices of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day of approximately HK\$3.26 per Share; and
- (iv) a discount of approximately 50% to the unaudited consolidated equity attributable to the Shareholders of approximately HK\$0.60 per Share (based on the unaudited equity attributable to the Shareholders of approximately HK\$1,464.5 million as at 31 March 2016 and 2,451,771,105 Shares in issue as at the date of this announcement).

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

Conditions

Completion is conditional upon the fulfilment or waiver (as the case may be) of the following Conditions:

- (i) the Company being satisfied with the results of the due diligence review (including but not limited to the legal, financial and business aspects) of the Target Group;
- (ii) the Company having received a legal opinion issued by a PRC legal adviser appointed by the Company in such form and substance to the satisfaction of the Company, covering matters including but not limited to (a) the valid subsistence of the Project Company in accordance with PRC laws; (b) the ownership of the Property having been vested with the Project Company with all relevant registrations having been completed and the Property being free from any mortgages, charges and encumbrances and all the land premium, charges and taxes payable to the relevant PRC authorities in relation to the Property having been fully paid; (c) the Project Company having obtained the Licences; (d) the reorganisation of the Target Group as described under the section headed "Information on the Target Group" below having been completed and the related consideration and tax payable having been fully settled; and (e) other matters as requested by the Company;
- (iii) the value of the Property as appraised by the independent professional valuer is no less than HK\$1,256.4 million;
- (iv) there being no material adverse changes or events which may constitute adverse impacts to the business operation and performance, prospects and financial position of the Target Group since the date of the Agreement;
- (v) all necessary licenses, consents and approvals required to be obtained on the part of each of the members of the Target Group for carrying out their business having been obtained;
- (vi) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Consideration Shares;

- (vii) the passing of the resolution(s) by the Independent Shareholders at the EGM to approve the Agreement and the transactions contemplated thereunder (including but not limited to the grant of the specific mandate and the Whitewash Waiver);
- (viii) the Whitewash Waiver having been granted by the Executive and not having been revoked or withdrawn;
- (ix) completion of the reorganisation of the Target Group as described in the paragraph headed “Group structure and reorganisation” under the section headed “Information on the Target Group” below; and
- (x) all representations and warranties made by the Vendor in the Agreement remaining true and accurate from the date of the Agreement up to and including Completion.

The Company may at any time waive the Conditions set out in (i), (ii), (iv), (v) and (x) above by notice in writing to the Vendor, while the Conditions set out in (iii), (vi), (vii), (viii) and (ix) are not capable of being waived. Save for the aforementioned, none of the Conditions set out above can be waived by any party under the Agreement.

If any of the above Conditions is not fulfilled by 31 December 2016 (or such later date as the parties to the Agreement may agree in writing), the Agreement shall terminate and neither party to the Agreement shall have any further obligations towards the other thereunder except for antecedent breaches (if any).

Completion

Completion shall take place on the fifth Business Day after all the conditions precedent under the Agreement have been fulfilled (or waived, as the case may be) or such other date as may be agreed by the Company.

The Target is a company incorporated in the BVI in April 2006 and is wholly owned by the Vendor. It is principally engaged in investment holding.

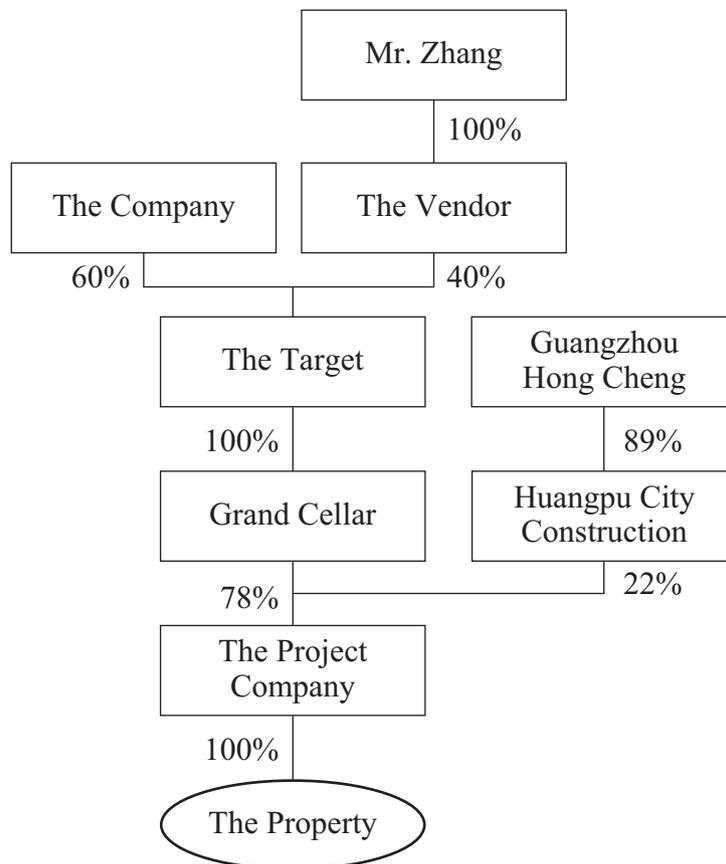
Grand Cellar is a company incorporated in Hong Kong in July 2006 and is wholly owned by the Target. It had been principally engaged in trading of wines but the operations ceased as at the date of the Agreement.

The Project Company is a sino-foreign cooperative joint venture established in the PRC by Kam Lee and Huangpu City Construction in April 1992. The ultimate beneficial owners of Kam Lee are Independent Third Parties. Huangpu City Construction is owned as to approximately 89% by Guangzhou Hong Cheng and approximately 11% by an Independent Third Party while Guangzhou Hong Cheng is owned as to 95% by Madam Lai, and 5% by an Independent Third Party. Accordingly, Madam Lai controlled the board of Huangpu City Construction since the acquisition of 95% equity interest in Guangzhou Hong Cheng (which already held 89% equity interest in Huangpu City Construction at the time of the acquisition) by Madam Lai in November 2014 and the board of Huangpu City Construction also agreed to transfer the 78% equity interest in the Project Company to Grand Cellar as detailed in the paragraph below. As at the date of this announcement, neither Madam Lai nor any other members of the Project Company group as shown in Table B hold any Shares.

At the time of establishment, Kam Lee and Huangpu City Construction held a 78% and 22% interest in the Project Company respectively. In 2005, Huangpu City Construction and Kam Lee entered into an agreement, pursuant to which Kam Lee has agreed to relinquish its entire rights and interests in the Project Company to Huangpu City Construction in consideration of Huangpu City Construction making a cash payment of RMB19.5 million to Kam Lee. However, Kam Lee has failed to execute the necessary documentation or complete the necessary procedures to transfer its 78% interest in the Project Company to Grand Cellar (being a company nominated by Huangpu City Construction) after receiving the amount of RMB19.5 million paid by Huangpu City Construction. Huangpu City Construction filed an application for arbitration with Guangzhou Arbitration Commission on 14 January 2015 and was granted an award (the “Award”) on 14 July 2015 that Kam Lee is required to transfer its 78% interest in the Project Company to Grand Cellar. Huangpu City Construction has further made an application on 5 April 2016 to Guangzhou People’s Court to enforce the Award (the “Application”). According to the legal advice of the Company’s PRC legal adviser, (i) the Award is a final and binding decision in respect of the 78% interest in the Project Company; (ii) the Application has been accepted by Guangzhou People’s Court, which shall issue notices to the competent industry and commerce administration authorities to assist in completing the relevant registration procedures regarding the transfer of 78% interest in the Project Company from Kam Lee to Grand Cellar (the “**Transfer**”); and (iii) the

aforesaid procedures are expected to be completed within three months from the acceptance of the Application. As advised by the Vendor, the Guangzhou People’s Court has communicated with Guangzhou Municipal Commission of Commerce in respect of the execution of the Transfer. It is expected that the execution order will be issued by Guangzhou People’s Court to Guangzhou Municipal Commission of Commerce by the end of May 2016, and the Transfer will be executed by end of June 2016. As the Award is a final and binding decision of the court, no legal fees will be further incurred in respect of this dispute.

Pursuant to the Agreement, it is one of the Conditions that the Target Group shall complete a reorganisation to the effect that (i) the 78% interest in the Project Company be transferred to Grand Cellar before Completion; (ii) Grand Cellar shall have no assets or liabilities other than its investment in the Project Company; and (iii) the Project Company shall have no material assets and liabilities apart from the investment in the Property. The Vendor has undertaken in the Agreement to bear the liabilities of the Target Group (if any) that exist immediately before Completion. The group structure of the Target Group as at Completion is set out below:



The Project Company is principally engaged in property development business in the PRC. The principal asset of the Project Company is its 100% interest in the Property.

The Property and its future development plan

The Property is a parcel of land with a site area of approximately 12,732 sq. m. situated at the north-eastern side of 港灣路 (Gangwan Road*), Huangpu District, Guangzhou City, Guangdong Province, the PRC, with a valid state-owned land use certificate obtained in 1992. Due to the dispute in the shareholding of the Project Company as disclosed above, the development work of the Property has not commenced as at the date of this announcement and the Property is currently a vacant land.

The Property is situated at the junction of 中山大道東 (Zhongzhan Road East*) and 公園西路 (Gongyuan West Road*) and is conveniently linked to other areas via transportation networks and in close proximity to 大沙地 (Dashadi*) metro station in Guangzhou. Buildings in the locality of the Property are mostly medium to high-rise residential and commercial buildings. It is the intention of the Company to re-submit the development design and plan to the relevant authorities for approval and resume the development work of the Property after Completion.

Based on the preliminary development plan, the Property is proposed to be developed into a mixed use residential and commercial development with a total gross floor area of approximately 64,000 sq.m.. The total development and financing costs are estimated to be approximately HK\$250 million, which are intended to be financed as to approximately HK\$100 million by way of the proceeds from the pre-sale of the Property and as to HK\$150 million by way of the external project financing to be obtained by the Target Group. In the event that the Target Group fails to obtain such financing, the Vendor alone will be responsible for the development costs and any other capital expenditures to be incurred in the development of the Property.

Details of the development plan and relevant estimated costs are set out as follows:

- (i) to complete the pre-construction work including due diligence check on the land, design, and preparation of construction plan with an estimated cost of approximately HK\$25 million;
- (ii) to complete the construction work of the infrastructure, ancillary facilities, electricity, drainage and other necessary utilities for the Property at an estimated development cost of approximately HK\$12.5 million;

- (iii) to construct two 37-storey residential towers erected over a 3-storey commercial podium comprising retail shops, supermarket, restaurant and lobby for the residential units (with a total gross floor area of approximately 53,000 sq. m.) at an estimated cost of approximately HK\$131 million;
- (iv) to construct a 2-level basement of car parking spaces (with total gross floor area of 11,000 sq. m.) at an estimated cost of approximately HK\$56.3 million; and
- (v) an estimated financing cost of approximately HK\$25 million for the external financing for the development to be obtained by the Target Group.

Based on the preliminary development plan, it is expected that the Project Company will obtain the Licences for the development of the Property by October 2016, after which the Project Company will carry out the construction work according to the following schedule:

- (i) Phase one: to complete the foundation work of the Property within 8 months upon obtaining the Licences;
- (ii) Phase two: to complete the construction of residential towers and the commercial podium within 8 months from the completion of phase one development; and
- (iii) Phase three: to complete the decoration and installation of utilities of the Property within 6 months upon completion of phase two development.

It is expected that the development of the Property will complete within around two years. Upon completion of the development of the Property, it is intended that the Property will be held for sale and rental purposes.

The Vendor's total cost of acquiring a 78% equity interest in the Project Company is approximately HK\$231,800,000. The Vendor's original acquisition cost attributable to the Sale Shares is approximately HK\$139,080,000 (being 60% of the aforesaid total cost).

Expertise for the management of the development of the Property

Mr. Zhang, being the executive Director and Chairman, has private investment in a property development project with a construction area of approximately 22,066 sq.m. in Guangzhou for a total investment amount of HK\$200 million. Upon Completion, Mr. Zhang will be appointed as the director of the Target

and the Project Company, with a view to overseeing the overall strategic planning, execution and development of the Property, and supervising the project management team of the Project Company.

In addition, the Company may also appoint Mr. Wu Hai Ming, who was the general manager of a real estate and property development company in Guangzhou with more than 20 years of experience in property development sector in the PRC, as the senior management of the Project Company so as to assist Mr. Zhang in supervising the project management team of the Project Company. The project management team is expected to comprise three professionals with relevant expertise and experience ranging from 10 years to 20 years in property sector. Neither Mr. Wu Hai Ming, nor the professionals set out below hold any Shares as at the date of the announcement.

Set out below are the profiles of the project management team to be recruited by the Project Company for the development of the Property:

- (i) Mr. Liu Shu Yong, who currently serves as the building construction managing engineer and project manager of Huangpu City Construction, has over 15 years of solid experience in the construction of residential and commercial property development projects, and has participated in over 10 property development and design projects in the PRC.
- (ii) Mr. Li Jun Sheng, who currently serves as the building construction engineer of Huangpu City Construction, has over 10 years of experience in handling the tendering, budgeting and sub-contracting matters and monitoring the quality and safety matters of property development projects.
- (iii) Mr. He Chun Jie, who currently serves as the commercial property assistant general manager of Huangpu City Construction, has over 10 years of experience in decorating the outer wall of buildings and coordinating the design and construction matters for property development projects, and has participated in a number of building decoration projects in the PRC.

Financial information

As at the date of this announcement, the Project Company is yet to be part of the Target Group. Accordingly, the financial information on the Target Group and the Project Company is separately presented as follow.

Set out below is the financial information extracted from the unaudited consolidated management accounts of the Target Group for the two years ended 30 June 2014 and 2015 and as at 31 March 2016:

	For the year ended 30 June 2014 <i>(HK\$'000)</i>	For the year ended 30 June 2015 <i>(HK\$'000)</i>	As at 31 March 2016 <i>(HK\$'000)</i>
Loss before taxation	83	7	
Loss after taxation	83	7	
			232.047

Set out below is the financial information extracted from the unaudited management accounts of the Project Company for the two years ended 31 December 2014 and 2015 and as at 31 March 2016:

	For the year ended 31 December 2014 <i>(HK\$'000)</i>	For the year ended 31 December 2015 <i>(HK\$'000)</i>	As at 31 March 2016 <i>(HK\$'000)</i>
Loss before taxation	—	5,558	
Loss after taxation	—	5,558	
			29,803

Pursuant to Rules 14.58(6) and 14.58(7) of the Listing Rules, the Company is required to disclose the above financial information relating to the Target Group and the Project Company in this announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information constitutes a profit forecast and should be reported on by the Company's financial adviser and auditors or consultant accountants under Rule 10 of the Takeovers Code. Due to the time constraint in issuing this announcement in compliance with Chapters 14 and 14A of the Listing Rules and the Inside Information Provision under Part XIVA of the SFO, the parties have encountered time-wise practical difficulties in meeting the reporting on requirements set out in Rule 10.4 of the Takeovers Code for the purpose of this announcement. The unaudited financial information as disclosed above does not meet the standard required by Rule 10 of the Takeovers Code. Shareholders and potential investors of the Company should exercise caution in placing reliance on the above unaudited financial information relating to the Target Group and the Project Company in assessing the merits and demerits of the Acquisition and the Whitewash Waiver and/or when dealing in the securities of the Company. The audited financial information relating to the Target Group and the Project Company will be included in the next document of the Company to be sent to the Shareholders.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND INTENTION ON EXISTING BUSINESS

The Company is engaged in investment holding and the principal activities of its subsidiaries are distribution of watches, wholesale trading of jewellery products, mining, money lending and securities investments.

The Group had once principally engaged in the retail business of jewellery products and watches in the PRC but most of the retail jewellery shops were closed in 2013 whilst the retail sale of watches with more than 40 points of sale in the PRC was disposed of by the Group in June 2014. As disclosed in the annual report of the Company for the year ended 30 September 2015, the Group's revenue amounted to approximately HK\$365 million, of which approximately 94.6% was generated from (i) the wholesale trading of jewellery products in the PRC; and (ii) distribution of watches as the exclusive distributor for a prestigious European luxury brand in the PRC, Hong Kong, and Macau with a five-year term ending on 31 December 2020. In December 2014, the Group further acquired an exclusive distribution rights of watches bearing the trademarks of 'GIRARD-PERREGAUX' and 'JEANRICHARD' in the territories of the PRC, Macau, Hong Kong and Taiwan with a term ending on 31 December 2018, details of which are set out in the announcements of the

Company dated 6 October 2014, 23 October 2014 and 18 December 2014. Since then, distribution of watches through two exclusive distribution rights became the major revenue stream of the Group with a trivial portion contributed by the wholesale business of the jewellery products in the PRC. For the six months ended 31 March 2016, the Group recorded a segment revenue of HK\$172.7 million (representing over 90% of the total revenue of the Group for the period), and a segment profit of HK\$31.7 million mainly generated from the distribution business of watches. In view of the latest financial performance of the distribution business of the Group, the Board is satisfied with the current business model of this segment business and is optimistic about the prospects of luxury watches distribution in the PRC, Hong Kong, Taiwan, and Macau markets. The Board intends to continue this business by adopting stringent cost control measures and seeking better terms of distribution from the brand owners through negotiation. The Board currently has no intention to dispose of, discontinue or scale down this business segment.

The Group has also entered into the money lending and investments in securities businesses during the year ended 30 September 2015 and recorded interest income of HK\$7.3 million and fair value loss on held-for-trading investments of HK\$42.3 million during the latest financial year as extracted from the annual report of the Company for the year ended 30 September 2015. For the latest six months ended 31 March 2016, the revenue derived from money lending business increased to HK\$13.9 million with a segment profit of HK\$12.0 million, whilst a fair value loss on held-for-trading investment of HK\$24.7 million was recorded due to the turmoil in financial market for the period under review. Despite the recent fluctuations in the financial market, the Board is optimistic about the prospects of the money lending and investment in securities businesses and considers that they will diversify the income stream of the Group.

As for the gold mining business, the production schedule of the gold mines has been delayed given extensive time was required for (i) reviewing and negotiating the construction cost of the infrastructure of the mining facilities with the PRC mining institution; and (ii) revision of production plan in compliance with the PRC safety regulation. The Group has been adopting stringent and prudent approach in the development plan and implementation schedule of the gold mine and will adjust the development pace as and when appropriate.

The Board has also been constantly reviewing its business strategy and continued to explore sound investment opportunities for the Group to diversify its source of income, strengthen its core competencies and to contribute

sustainable growth for the Group and the Shareholders as a whole. The Directors consider the Acquisition opens up an opportunity for the Group to participate in the property development business in Guangzhou which they believe to be a property market with great potential, and diversify the Group's existing business. Upon completion of the development of the Property, it is intended that the Property will be held for sale and rental purposes. The Directors consider that the Property will generate a stable and recurring income stream to the Group, enable the Group to strengthen its income base and provide capital appreciation potential to the Group.

In view of the above, the Directors (other than the non-executive Director and independent non-executive Directors who shall form their views after receiving the advice from the independent financial adviser) are of the view that the terms of the Agreement are fair and reasonable and the Acquisition is in the interest of the Group and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement and up to Completion):

	(i) As at the date of this announcement		(ii) Immediately after Completion	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Prestige Rich	673,622,316	27.47	673,622,316	15.27
The Vendor	—	—	1,960,000,000	44.43
The Vendor and parties acting in concert with it	673,622,316	27.47	2,633,622,316	59.70
Hengdeli Holdings Limited	300,000,000	12.24	300,000,000	6.80
Dr. Li Yifei (<i>Note 1</i>)	1,068,000	0.04	1,068,000	0.02
Mr. Xiao Gang (<i>Note 2</i>)	72,000	0.01	72,000	0.00
<i>Sub-total</i>	974,762,316	39.76	2,934,762,316	66.52
Public Shareholders	1,477,008,789	60.24	1,477,008,789	33.48
Total	2,451,771,105	100.00	4,411,771,105	100.00

Notes:

1. Dr. Li Yifei is the independent non-executive Director.
2. Mr. Xiao Gang is the non-executive Director.

As at the date of this announcement, save for the 673,622,316 Shares held by the Vendor and parties acting in concert with it including Mr. Zhang and Prestige Rich, the Vendor confirms that (i) none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights and rights over any Shares or any options, warrants or convertible securities in respect of the Shares or has entered into any outstanding derivatives contracts in respect thereof; (ii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Vendor, its ultimate beneficial owner and/or any parties acting in concert with any of them has borrowed or lent; and (iii) none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them has dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the six months period immediately prior to and up to the date of this announcement.

As at the date of this announcement, save for the Agreement, the Vendor confirms that (i) there are no agreements or arrangements to which the Vendor is a party which relate to circumstances in which it may or may not invoke or seek a precondition or a condition to the Acquisition and/or the Whitewash Waiver; (ii) none of the Vendor, its ultimate beneficial owner and/or parties acting in concert with any of them has received any irrevocable commitment to vote for or against the Acquisition and/or the Whitewash Waiver; and (iii) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in the Takeovers Code) of the Company or the Vendor, which might be material to the Acquisition and/or the Whitewash Waiver.

REGULATORY IMPLICATIONS

Implications under the Listing Rules

As one or more of the applicable percentage ratios under Chapter 14 of the Listing Rules is more than 25% but all percentage ratios are less than 100%, 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 under the Listing Rules. The Vendor and Prestige Rich are wholly owned by Mr. Zhang. As at the date of this announcement, Mr. Zhang (the chairman of the Company and an executive Director), through Prestige Rich, is interested in 673,622,316 Shares,

representing approximately 27.47% of the existing issued share capital of the Company. By virtue of Mr. Zhang's interest in the Vendor, the Vendor is a connected person of the Company. The Acquisition therefore also constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Implications under the Takeovers Code

As at the date of this announcement, the Vendor does not hold any Shares and Prestige Rich is interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company. The Vendor and parties acting in concert with it (including Mr. Zhang and Prestige Rich) are interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company as at the date of this announcement. Immediately after Completion, the Vendor and parties acting in concert with it (including Prestige Rich and Mr. Zhang) will be interested in 2,633,622,316 Shares, representing approximately 59.70% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming that there is no change in the issued share capital of the Company other than the issue of the Consideration Shares from the date of this announcement and up to Completion).

As at the date of this announcement, the Company has 2,451,771,105 Shares in issue. The Company does not have any outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or securities which are convertible or exchangeable into Shares.

Upon Completion, under Rule 26.1 of the Takeovers Code, the Vendor would be obliged to make a mandatory general offer for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Vendor will make an application to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, (i) approval by the Independent Shareholders at the EGM by way of a poll; and (ii) the Vendor and parties acting in concert with it not having any acquisitions or disposals of voting rights of the Company from the date of this announcement and up to Completion unless with the prior consent of the Executive. The Executive may or may not grant the Whitewash Waiver. The granting of the Whitewash Waiver is a condition precedent for Completion which is not capable of being waived. If the Whitewash Waiver is not obtained and/or approved by the Independent Shareholders, the Acquisition will not proceed.

INDEPENDENT BOARD COMMITTEES AND INDEPENDENT FINANCIAL ADVISER

The Listing Rules IBC, comprising all the independent non-executive Directors, namely Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Dr. Zhu Zhengfu, has been constituted to give recommendation to the Independent Shareholders in respect of the Acquisition. The Takeovers Code IBC, comprising the non-executive Director and all the independent non-executive Directors, namely Mr. Xiao Gang, Mr. Tam Ping Kuen, Daniel, Dr. Li Yifei and Dr. Zhu Zhengfu, has been constituted to give recommendation to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. An independent financial adviser will be appointed by the Company with the approval of the Takeovers Code IBC to advise (i) the Listing Rules IBC and the Independent Shareholders in respect of the Acquisition; and (ii) the Takeovers Code IBC and the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver. Further announcement will be made by the Company upon the appointment of the independent financial adviser.

The voting in respect of the Acquisition and the Whitewash Waiver at the EGM will be conducted by way of a poll. As at the date of this announcement, the Vendor does not hold any Shares and Prestige Rich is interested in 673,622,316 Shares, representing approximately 27.47% of the existing issued share capital of the Company. Accordingly, Mr. Zhang, Prestige Rich, the Vendor, their respective associates and parties acting in concert with any of them and the Shareholder(s) who is/are involved in or interested in the Acquisition and/or the Whitewash Waiver shall abstain from voting on the resolution(s) approving the Acquisition and the Whitewash Waiver at the EGM. In addition, Mr. Zhang has abstained from voting at the Board meeting which approved the Acquisition and the Whitewash Waiver.

DESPATCH OF THE CIRCULAR

The Circular containing, among other things, (i) details of the Agreement; (ii) the recommendation of the Listing Rules IBC to the Independent Shareholders in respect of the Acquisition; (iii) the recommendation of the Takeovers Code IBC to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (iv) the letter of advice from the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in the same regard; (v) the financial information on the Group and the Target Group; (vi) the valuation report on the Property; and (vii) the notice of EGM is expected to be despatched to the Shareholders within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules or 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is the

earlier. The Company will seek the Executive's consent as it becomes clear that the Circular may not be able to be issued within 21 days from the date of this announcement and will apply to the Executive for an extension for the despatch of the Circular. Further announcement(s) will be made by the Company in this regard as and when appropriate.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 17 May 2016 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 26 May 2016.

WARNING

Completion is conditional upon fulfillment of the Conditions. Accordingly, the Acquisition 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.

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 Sale Shares by the Company from the Vendor pursuant to the terms and conditions of the Agreement
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Agreement”	the sale and purchase agreement dated 16 May 2016 (and supplemented by a supplemental agreement dated 25 May 2016) and entered into among the Vendor, the Company and Mr. Zhang in respect of the Acquisition
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for general business during their normal business hours
“BVI”	the British Virgin Islands
“Circular”	the circular to be despatched to the Shareholders containing, among other things, (i) details of the Agreement; (ii) the recommendation of the Listing Rules IBC to the Independent Shareholders in respect of the Acquisition; (iii) the recommendation of the Takeovers Code IBC to the Independent Shareholders in respect of the Acquisition and the Whitewash Waiver; (iv) the letter of advice from the independent financial adviser to the Listing Rules IBC, the Takeovers Code IBC and the Independent Shareholders in the same regard; (v) the financial information on the Group and the Target Group; (vi) the valuation report on the Property; and (vii) the notice of EGM
“Company”	O Luxe Holdings Limited (奧立仕控股有限公司), 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)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“Condition(s)”	the condition(s) precedent to Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$588 million, being the consideration for the Sale Shares
“Consideration Shares”	the new Shares to be allotted and issued by the Company to the Vendor as payment of the Consideration
“Director(s)”	the director(s) of the Company from time to time

“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC from time to time and any delegate of such Executive Director
“Grand Cellar”	Grand Cellar Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability
“Group”	the Company and its subsidiaries
“Guangzhou Hong Cheng”	廣州弘城貿易有限公司 (Guangzhou Hong Cheng Trading Company Limited*), a company incorporated in the PRC with limited liability which is owned as to 95% by Madam Lai
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huangpu City Construction”	廣州市黃埔區城市建設開發公司 (Guangzhou City Huangpu District City Construction Development Company*), a company incorporated in the PRC which is owned as to approximately 89% by Guangzhou Hong Cheng
“Independent Shareholders”	Shareholders other than the Vendor, Prestige Rich, Mr. Zhang, their respective associates and parties acting in concert with any of them and the Shareholder(s) who is/are involved in or interested in the Acquisition and/or the Whitewash Waiver
“Independent Third Party(ies)”	independent third party(ies) who is(are) independent of the Company and its connected persons
“Issue Price”	the issue price of HK\$0.30 per Consideration Share

“Kam Lee”	Kam Lee Construction Company Limited, a company incorporated in Hong Kong with limited liability
“Last Trading Day”	16 May 2016, being the date of the Agreement and the last trading day of the Shares before the release of this announcement
“Licences”	all necessary licenses, approvals and permits from the PRC authorities for carrying out its business, including but not limited to the renewed business license, construction land planning permit, construction work planning permit and construction work commencement permit of the Project Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules IBC”	the independent committee of the Board comprising all the independent non-executive Directors established pursuant to the Listing Rules to give recommendation to the Independent Shareholders in respect of the Acquisition
“Macau”	the Macao Special Administrative Region of the PRC
“Madam Lai”	Madam Lai Man Ying, the spouse of Mr. Zhang
“Mr. Zhang”	Mr. Zhang Jinbing, the Chairman of the Company and an executive Director
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Prestige Rich”	Prestige Rich Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Zhang
“Project Company”	廣州僑誼房產開發有限公司 (Guangzhou Qiao Yi Property Development Company Limited*), a company incorporated in the PRC with limited liability

“Property”	the parcel of land located at north-eastern side of Gangwan Road, Huangpu District, Guangzhou City, Guangdong Province with state-owned land use certificate 穗地證字(2010)第0119171號
“Sale Shares”	600 issued shares in the Target representing 60% of the issued share capital of the Target as at Completion
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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”	the specific mandate to be obtained by the Board from the Independent Shareholders at the EGM for the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Takeovers Code IBC”	the independent committee of the Board comprising the non-executive Director and all the independent non-executive Directors established pursuant to the Takeovers Code to give recommendation to Independent Shareholders in respect of the Acquisition and the Whitewash Waiver
“Target”	Power Boom International Limited (盛力國際有限公司), a limited liability company incorporated in the BVI
“Target Group”	the Target and its subsidiaries
“Vendor”	Golden Mega Holdings Limited, a company incorporated in the BVI with limited liability and is wholly owned by Mr. Zhang

“Whitewash Waiver”	the whitewash waiver as may be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code from the obligation of the Vendor to make a mandatory general offer for all the issued Shares other than those already owned or agreed to be acquired by the Vendor and parties acting in concert with it as a result of the Company allotting and issuing the Consideration Shares to the Vendor
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meters
“%”	per cent.

* *For identification purpose only*

In this announcement, amounts in RMB are translated into HK\$ on the basis of RMB1 = HK\$1.2. The conversion rates are for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at such rate or at other rates or at all.

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

Hong Kong, 25 May 2016

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhang Jinbing (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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement (other than that relating to the Vendor and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the Vendor and parties

acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, Mr. Zhang is the sole director of the Vendor.

The sole director of the Vendor accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group), and confirms, having made all reasonable enquires, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.