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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)

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF A 60% EQUITY INTEREST IN
POWER BOOM INTERNATIONAL LIMITED**

THE DISPOSAL

After the trading hours of the Stock Exchange on 29 June 2017, the Company (being the vendor) and the Purchaser entered into the Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing a 60% equity interest in Power Boom, at a cash Consideration of HK\$610 million.

Upon Completion, the Group will cease to hold any interest in Power Boom and therefore Power Boom will cease to be a subsidiary of the Group. The accounts of the Power Boom Group will no longer be consolidated in the financial statements of the Group.

LISTING RULES IMPLICATIONS

The Disposal 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and accordingly no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the resolution(s) in respect of the Agreement and the transactions contemplated thereunder. Prestige Rich, being the controlling Shareholder holding 2,633,622,316 Shares (representing approximately 59.70% of the issued Shares as at the date of the Agreement) has given its written approval for the Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Disposal, the valuation report of the Property, and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 20 July 2017.

The Board is pleased to announce that after the trading hours of the Stock Exchange on 29 June 2017, the Company (being the vendor) and the Purchaser entered into the Agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing a 60% equity interest in Power Boom, at a cash Consideration of HK\$610 million. Details of the Agreement are set out below.

THE AGREEMENT

Date

29 June 2017

Parties

- (i) The Company, as vendor; and
- (ii) Clever Trade Investment Limited, as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser is an investment holding company; and (ii) the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Assets to be disposed of

Pursuant to the Agreement, the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares. The Sale Shares, representing a 60% equity interest in Power Boom, will be sold free from all encumbrances and together with all rights attaching thereto from Completion, including any dividend to be declared, made or paid after Completion. Power Boom indirectly holds a 78% equity interest in the Project Company, which is principally engaged in property development business and owns the Property in the PRC. Further information of the Power Boom Group and the Property are set out in the section headed “Information of the Power Boom Group” below.

Consideration

The Consideration of HK\$610 million shall be paid by the Purchaser to the Company in cash at Completion.

The Consideration was determined after arm’s length negotiations between the parties to the Agreement with reference to the preliminary valuation of the Property as at 11 May 2017 of RMB1,135.2 million (equivalent to approximately HK\$1,300 million) as appraised by an independent professional valuer based on market approach and the 46.8% effective interest in the Property attributable to the Sale Shares.

Conditions

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

- (i) the Purchaser having completed and satisfied with the results of a due diligence review on the Power Boom Group (including but not limited to aspects relating to legal, financial and business);
- (ii) the passing of the necessary resolution(s) by the Shareholders at an extraordinary general meeting of the Company to be convened and held, or the obtaining of written approval from a Shareholder or a closely allied group of Shareholders holding more than 50% of the issued Shares which is accepted in lieu of holding a general meeting of the Company to approve the Agreement and the transactions contemplated thereunder;
- (iii) Golden Mega, which holds the other 40% equity interest in Power Boom, having given up its pre-emptive rights or other rights under the memorandum and articles of association and other documents of Power Boom in respect of the Sale Shares;

- (iv) each member of the Power Boom Group having obtained all necessary consents, approvals, orders, permissions, authorisations, registrations, notices, waivers and any other governmental authorisations for carrying out its business in accordance with the relevant laws of its place of incorporation and place of business; and
- (v) the representations and warranties made by the Company in the Agreement remaining true and accurate as at Completion.

The Purchaser may at any time waive the above conditions except (ii) and (iii) above by notice in writing to the Company.

As at the date of this announcement, the condition referred to in under paragraph (ii) has been fulfilled.

If any of the above conditions is not fulfilled or waived by the Purchaser (as the case may be) on or before 30 September 2017, or such later date as the parties to the Agreement may agree in writing, the Agreement shall cease and determine (save and except for the provisions dealing with confidentiality, notices, fees, legal validity and governing law and jurisdiction) and no party to the Agreement shall have any obligations towards each other save for any antecedent breaches to the Agreement.

Completion

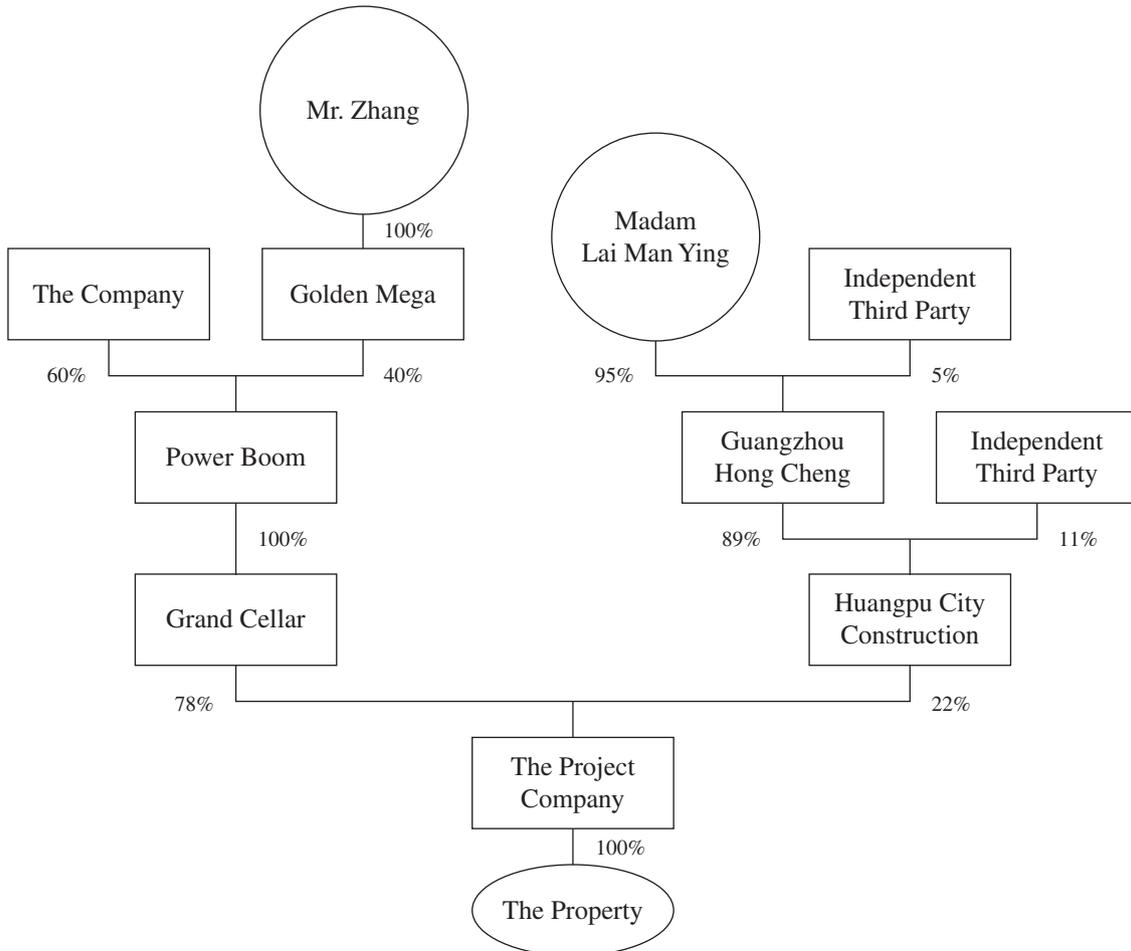
Completion shall take place on the fifth Business Day after all the conditions precedent under the Agreement have been fulfilled or waived, or such other date as may be agreed by the Purchaser.

Upon Completion, the Company will cease to hold any interest in Power Boom and therefore Power Boom will cease to be a subsidiary of the Group. The accounts of the Power Boom Group will no longer be consolidated in the financial statements of the Group.

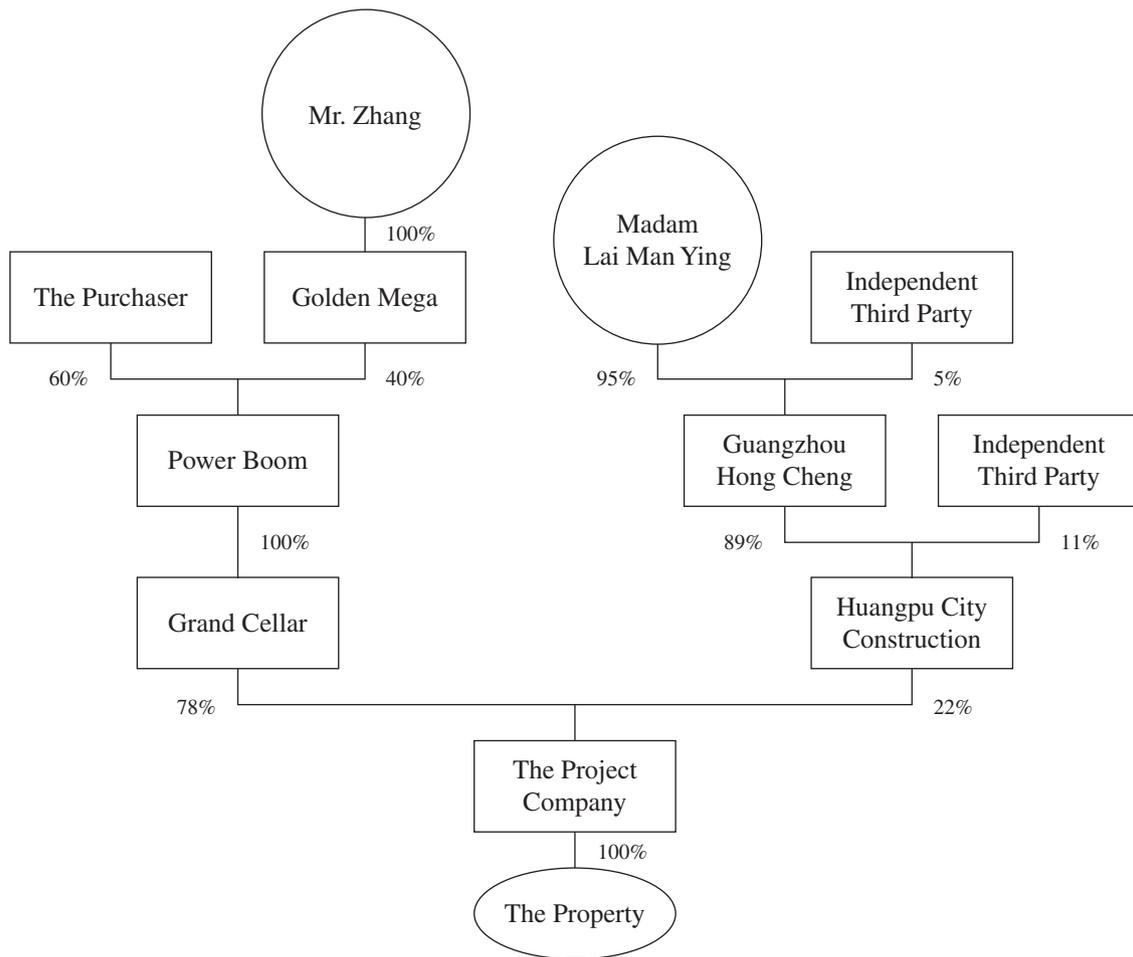
INFORMATION OF THE POWER BOOM GROUP

Group structure

The diagram below depicts the group structure of the Power Boom Group as at the date of this announcement:



The diagram below depicts the group structure of the Power Boom Group immediately after Completion:



Principal business

The Power Boom Group comprises three members, namely Power Boom, Grand Cellar and the Project Company.

Power Boom is an investment holding company incorporated in the British Virgin Islands in April 2006. As at the date of this announcement, the issued share capital of Power Boom is owned as to 60% by the Company and 40% by Golden Mega. Golden Mega is in turn wholly-owned by Mr. Zhang (the chairman of the Company, an executive Director and the controlling Shareholder interested in 2,633,622,316 Shares, representing approximately 59.70% of the existing issued share capital of the Company through Prestige Rich).

Grand Cellar is a company incorporated in Hong Kong in July 2006 and is wholly-owned by Power Boom. It had been principally engaged in trading of wines but the operations ceased in 2016. As at the date of the Agreement, Power Boom and Grand Cellar did not have material assets, liabilities and operations save for their respective investment in their direct subsidiary.

The Project Company is a sino-foreign cooperative joint venture established in the PRC in April 1992. Grand Cellar became interested in 78% equity interest and the controlling shareholder of the Project Company since 3 May 2017. The remaining 22% equity interest in the Project Company is held by Huangpu City Construction. 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 in turn owned as to 95% by Madam Lai Man Ying (the spouse of Mr. Zhang) and 5% by an Independent Third Party. Both Huangpu City Construction and Guangzhou Hong Cheng are principally engaged in investment holding.

The Project Company is principally engaged in property development business in the PRC with its principal asset being the Property. 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*), at the junction of 中山大道東 (Zhongzhan Road East*) and 公園西路 (Gongyuan West Road*), Huangpu District, Guangzhou City, Guangdong Province, the PRC, with a valid state-owned land use certificate obtained in 1992. The Property is currently vacant. Based on the 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.. As at the date of this announcement, the Project Company is yet to submit the development plan to the relevant authorities for approval and accordingly, the development work of the Property has not yet commenced.

Financial information

The Power Boom Group

Set out below is the financial information of the Power Boom Group as extracted from its audited consolidated financial statements for the year ended 30 June 2015 and its unaudited consolidated financial statements for the year ended 30 June 2016 and for the eleven months ended 31 May 2017, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended 30 June	
	2015	2016
	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Profit before taxation	(7)	249
(Loss)/Profit after taxation	(7)	249
		As at
		31 May 2017
		<i>(unaudited)</i>
		<i>HK\$'000</i>
Net assets attributable to the owners of Power Boom		1,014,263

As the financial statements of the Project Company were consolidated into the financial statements of the Power Boom Group since 3 May 2017 (the date on which Grand Cellar has obtained control of the Project Company), the financial information of the Project Company for the two years ended 31 December 2015 and 2016 was not fully reflected in the financial information of the Power Boom Group as stated above and is separately presented below.

The Project Company

Set out below is the financial information of the Project Company as extracted from its audited financial statements for the year ended 31 December 2015 and its unaudited financial statements for the year ended 31 December 2016 and for the five months ended 31 May 2017, which were prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December	
	2015	2016
	<i>(audited)</i>	<i>(unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	5,558	—
Loss after taxation	5,558	—
		As at
		31 May 2017
		<i>(Unaudited)</i>
		<i>HK\$'000</i>
Net assets		28,642

The Project Company recorded a loss for the year ended 31 December 2015, which represents principally the penalty imposed by relevant PRC authorities to the Project Company for the overdue payment of land transfer premium in relation to the Property, which is non-recurring in nature.

The net assets of the Project Company as at 31 May 2017 mainly comprise the Property which was recorded at its carrying value in the amount of approximately HK\$28.5 million without taking into account the fair value adjustment based on the valuation of the Property as at 11 May 2017 of RMB1,135.2 million as appraised by an independent professional valuer based on market approach.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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, securities investments and property investment.

The Company acquired the Sale Shares from Golden Mega pursuant to an agreement dated 16 May 2016 (as supplemented by the supplemental agreement dated 25 May 2016) (the “**Acquisition Agreement**”) entered into among the Company, Golden Mega and Mr. Zhang at a consideration of HK\$588 million (the “**Acquisition**”). Details of the Acquisition were disclosed in the announcements of the Company dated 25 May 2016, 27 July 2016 and 11 May 2017 and the circular of the Company dated 11 July 2016. Due to the time taken to obtain relevant licences, approvals and permits required on the part of each of the members of the Power Boom Group for carrying out their businesses, the Acquisition was completed on 11 May 2017.

The Company intended to hold the units to be developed on the Property for sale and rental purposes upon completion of the development work to generate rental income and capital appreciation potential to the Group. The development work was expected to take around two years from the date of commencement of construction work and the total development costs and financing costs were estimated to be approximately HK\$250 million. Having considered the amount of development costs and time that may be devoted to obtain necessary approvals of the development plan before commencement of and to complete the development work of the Property and in light of the appreciation in the value of the Property from approximately RMB1,112.5 million at the time of the Acquisition Agreement (as disclosed in the circular of the Company dated 11 July 2016) to RMB1,135.2 million as at 11 May 2017 as well as the premium of the Consideration of HK\$610 million over the consideration for the Acquisition of HK\$588 million, the Directors consider it an opportune time to dispose of the Sale Shares and realise an investment return for the Group.

It is expected that the Group would record a gain (before expenses) of approximately HK\$1.4 million as a result of the Disposal, being the difference between the Consideration and the carrying value of the Company’s investment in the Sale Shares of approximately HK\$608.6 million as at 31 May 2017. The abovementioned expected gain on the Disposal is for illustrative purpose only. The actual gain or loss arising from the Disposal will be subject to the review and final audit by the auditors of the Company.

The Disposal will generate substantial cash inflow to the Group and enhance its working capital position, enabling the Group to deploy resources on other opportunities which would better serve the long-term interests of the Group. The proceeds from the Disposal, net of directly attributable expenses, are estimated to be approximately HK\$609.0 million, which are intended to be used for the Group's existing businesses including distribution of watches, wholesale of jewellery products and money lending, and/or other suitable investment opportunities that may arise from time to time including but not limited to the possible acquisition of a company incorporated in Japan focusing on the manufacturing of electric automotive and relevant components as disclosed in the announcement of the Company dated 5 April 2017.

In view of the above, the Board is of the view that the terms of the Agreement are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The Disposal constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and accordingly no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the resolution(s) in respect of the Agreement and the transactions contemplated thereunder. Prestige Rich, being the controlling Shareholder holding 2,633,622,316 Shares (representing approximately 59.70% of the issued Shares as at the date of the Agreement) has given its written approval for the Agreement and the transactions contemplated thereunder and such written approval is accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, details of the Disposal, the valuation report of the Property and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 20 July 2017.

DEFINITIONS

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

“Agreement”	the conditional sale and purchase agreement dated 29 June 2017 entered into between the Company and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or a day on which tropical cyclone warning signal number 8 or above or a black rainstorm warning is in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general business during their normal business hours
“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 Disposal in accordance with the terms and conditions of the Agreement
“Consideration”	HK\$610 million, being the consideration for the Sale Shares under the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Company to the Purchaser pursuant to the terms and conditions of the Agreement
“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

“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
“Independent Third Party(ies)”	third party(ies) who is(are) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Jinbing, the chairman of the Company, the executive Director and the controlling Shareholder interested in 2,633,622,316 Shares through Prestige Rich, representing approximately 59.70% of the existing issued share capital of the Company
“Power Boom”	Power Boom International Limited (盛力國際有限公司), a limited liability company incorporated in the British Virgin Islands
“Power Boom Group”	Power Boom and its subsidiaries
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prestige Rich”	Prestige Rich Holdings Limited, a company incorporated in the British Virgin Islands 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

“Purchaser”	Clever Trade Investment Limited, a company incorporated in the British Virgin Islands with limited liability
“Sale Shares”	600 issued shares in Power Boom representing 60% of the issued share capital of Power Boom
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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\$1.145. 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, 29 June 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, Jeffry (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.