

Unless otherwise defined, terms in this announcement shall have the same meanings as those defined in the prospectus dated 5 February 2015 (the “Prospectus”) issued by Odella Leather Holdings Limited (the “Company”).

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This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company. Potential investors should read the Prospectus carefully for detailed information about the Placing described below before deciding whether or not to invest in the Placing Shares thereby being offered.

ODELLA LEATHER HOLDINGS LIMITED

愛特麗皮革控股有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING

Number of Placing Shares : 100,000,000 Placing Shares

**Placing Price : HK\$0.55 per Placing Share (excluding
brokerage of 1%, SFC transaction
levy of 0.0027% and Stock Exchange
trading fee of 0.005%)**

Nominal value : HK\$0.01 per Share

Stock code : 8093

Sole Sponsor



Halcyon Capital Limited

Joint Bookrunners and Joint Lead Managers



太平基業證券有限公司
Pacific Foundation Securities Limited

Joint Lead Managers



- The Placing Price has been determined at HK\$0.55 per Placing Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).
- The net proceeds of the Placing to be received by the Company after deducting underwriting fees and commissions and other related expenses in connection with the Placing are estimated to be approximately HK\$26.2 million.
- The 100,000,000 Placing Shares offered under the Placing were slightly oversubscribed and have been conditionally allocated to a total of 129 selected professional, institutional and other investors in Hong Kong.
- The Directors confirm that all placees under the Placing are independent of and not connected with the Company, any of the Directors, chief executive, Controlling Shareholders, Substantial Shareholders or significant Shareholders of the Company or any of its subsidiaries, and their respective close associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee, individually, has been or will be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing. The Directors confirm that there will not be any new Substantial Shareholder of the Company immediately after the completion of the Capitalisation Issue and the Placing within the meaning of the GEM Listing Rules.
- The Directors confirm that immediately after completion of the Capitalisation Issue and the Placing the public float of the Company will be 25% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands will be owned by the three largest public Shareholders at the time of the Listing.
- Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Thursday, 12 February 2015. Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 8093.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PLACING PRICE AND USE OF PROCEEDS

Pursuant to the price determination agreement entered into between the Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) on Friday, 6 February 2015, the Placing Price has been determined at HK\$0.55 per Placing Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%). The net proceeds of the Placing to be received by the Company after deducting underwriting fees and commissions and other related expenses in connection with the Placing are estimated to be approximately HK\$26.2 million. The Directors intend to apply the net proceeds from the Placing in accordance with the purposes set forth in the section headed “Future plans and use of proceeds” in the Prospectus as follows:

- (a) approximately 30.5%, or approximately HK\$8.0 million, of the net proceeds for strengthening our business development capability by expanding our marketing team to enhance our relations with our existing customers and expand our customer base, participating in more trade fairs and fashion shows to increase the market presence of our Group, expanding our business in the North America market and strengthening our marketing coverage in the PRC market;
- (b) approximately 1.9%, or approximately HK\$0.5 million, of the net proceeds for enhancing our manufacturing facilities through purchasing new production equipment and machineries to replace certain old equipment and machineries and enhance our technical ability and production capability in order to meet the increasing demand for our production capability;
- (c) approximately 30.5%, or approximately HK\$8.0 million, of the net proceeds for expansion of our Group’s pre-production product development function by recruiting more staff for our design and development team;
- (d) approximately 29.4%, or approximately HK\$7.7 million, of the net proceeds for expansion of our sourcing capability by recruiting more staff or agent to expand our geographical coverage of suppliers and make more frequent supplier visits to strengthen our quality control on leather raw materials; and
- (e) the remaining amount of approximate 7.7%, or approximately HK\$2.0 million, of the net proceeds will be used to provide funding for our working capital and other general corporate purposes.

LEVEL OF INDICATION OF INTERESTS UNDER THE PLACING

The 100,000,000 Placing Shares offered under the Placing were slightly oversubscribed.

RESULTS OF ALLOCATION

Pursuant to the Placing, 100,000,000 Placing Shares have been conditionally allocated to a total of 129 selected professional, institutional and other investors in Hong Kong. The distribution of the Placing Shares is set out below:

	Aggregate number of Placing Shares allocated	Aggregate percentage of the total number of Placing Shares allocated	Approximate percentage of shareholding over the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing
Top placee	10,800,000	10.80%	2.70%
Top 5 placees	49,700,000	49.70%	12.43%
Top 10 placees	80,300,000	80.30%	20.08%
Top 25 placees	99,365,000	99.37%	24.84%

Number of Placing Shares allocated	Number of placees
5,000 to 25,000	104
25,001 to 2,700,000	13
2,700,001 to 7,200,000	7
7,200,001 and above	<u>5</u>
Total	<u><u>129</u></u>

The Directors confirm that all placees under the Placing are independent of and not connected with the Company, any of the Directors, chief executive, Controlling Shareholders, Substantial Shareholders or significant Shareholders of the Company or any of its subsidiaries, and their respective close associates (as defined under the GEM Listing Rules) or any person or group of persons as stated in Rule 10.12(4) of the GEM Listing Rules or any nominees of the foregoing. No placee, individually, has been or will be placed with more than 10% of the enlarged issued share capital of the Company immediately after completion of the Capitalisation Issue and the Placing. The Directors confirm that there will not be any new Substantial Shareholder of the Company immediately after completion of the Capitalisation Issue and the Placing within the meaning of the GEM Listing Rules.

Investors should be aware that the concentration of Shareholders may affect the liquidity of the Shares. Consequently, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

MINIMUM PUBLIC FLOAT REQUIREMENT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, the Company is required to maintain a public float of not less than 25% of its total issued share capital at the time when the Shares commence dealings on GEM and at all times thereafter. Pursuant to Rule 11.23(8) of the GEM Listing Rules, not more than 50% of the Shares in public hands at the time of the Listing shall be owned by the three largest public Shareholders. The Directors confirm that immediately after completion of the Capitalisation Issue and the Placing, the public float of the Company will be 25% of the enlarged issued share capital of the Company, and not more than 50% of the Shares in public hands will be owned by the three largest public Shareholders at the time of the Listing.

DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares in issue and to be issued on GEM and the compliance by the Company with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

No receipt will be issued for application monies paid. The Company will not issue temporary documents of title.

The share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on 11 February 2015 for credit to the relevant CCASS Participants' stock accounts designated by the Underwriters, the placees or their respective agents (as the case may be).

Prospective investors of the Placing Shares should note that the Joint Bookrunners (for themselves and on behalf of the Underwriters) are entitled to terminate the Underwriting Agreement with immediate effect by giving notice in writing to the Company upon the occurrence of any of the events set forth under the paragraph headed "Underwriting arrangements — Grounds for termination" in the section headed "Underwriting" in the Prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date, which is expected to be 12 February 2015. In the event that the Underwriting Agreement is terminated, an announcement will be published by the Company on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.odella.com accordingly.

All share certificates will only become valid certificates of title when the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms at or before 8:00 a.m. on the Listing Date (i.e. Thursday, 12 February 2015).

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on Thursday, 12 February 2015. If there is any change to the expected timetable, an announcement will be published immediately by the Company on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.odella.com. The Shares will be traded in board lots of 5,000 Shares each. The stock code of the Shares is 8093.

By order of the Board
Odella Leather Holdings Limited
Cheung Woon Yiu
Chairman and Executive Director

Hong Kong, 11 February 2015

As at the date of this announcement, our executive Directors are Cheung Woon Yiu, Lam Wai Si Grace and Ching Wai Man; our non-executive Director is Ng Lai Hung and our independent non-executive Directors are Wong Wai Kong, How Sze Ming, and Philip David Thacker.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement and a copy of the Prospectus will remain on the Stock Exchange's website at www.hkexnews.hk and, in the case of this announcement, on the "Latest Company Announcements" page for at least 7 days from the date of its posting. This announcement and a copy of the Prospectus will also be published on the Company's website at www.odella.com.