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OSHIDORI INTERNATIONAL HOLDINGS LIMITED

威華達控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 622)

SHARE TRANSACTION

SHARE SWAP AGREEMENT BETWEEN THE COMPANY AND HAO TIAN THROUGH

(1) ISSUE OF OSHIDORI SUBSCRIPTION SHARES UNDER THE GENERAL MANDATE TO HAO TIAN;

AND

(2) SUBSCRIPTION OF HAO TIAN SUBSCRIPTION SHARES

THE SHARE SWAP AGREEMENT

On 2 April 2020 (after trading hours), the Company and Hao Tian entered into the Share Swap Agreement pursuant to which, subject to satisfaction of the conditions, both parties have agreed amongst other things that:

- (i) Hao Tian shall subscribe for, and the Company shall issue and allot, 187,500,000 Oshidori Subscription Shares under the General Mandate, representing approximately 3.23% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.13% of the enlarged issued share capital of the Company immediately after issuing the Oshidori Subscription Shares, credited as fully paid to Hao Tian (or its nominee) at a price of HK\$0.70 per Oshidori Subscription Share, free from all Encumbrances, for a total consideration of HK\$131,250,000; and

* *For identification only*

- (ii) the Company shall subscribe for, and Hao Tian shall issue and allot, 625,000,000 Hao Tian Subscription Shares under the Hao Tian General Mandate, representing approximately 14.12% of the existing issued share capital of Hao Tian as at the date of this announcement and approximately 12.37% of the enlarged issued share capital of Hao Tian immediately after issuing the Hao Tian Subscription Shares, credited as fully paid to the Company (or its nominee) at a price of HK\$0.21 per Hao Tian Subscription Share, free from all Encumbrances, for a total consideration of HK\$131,250,000.

Completion of the Oshidori Subscription and the Hao Tian Subscription shall take place simultaneously.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Swap Agreement are less than 5%, the Share Swap Agreement constitutes a share transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Completion is subject to the satisfaction of the conditions as set out in the Share Swap Agreement, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SHARE SWAP AGREEMENT

On 2 April 2020 (after trading hours), the Company and Hao Tian entered into the Share Swap Agreement pursuant to which, subject to satisfaction of the conditions, both parties have agreed amongst other things that:

- (i) Hao Tian shall subscribe for, and the Company shall issue and allot, 187,500,000 Oshidori Subscription Shares under the General Mandate, representing approximately 3.23% of the existing issued share capital of the Company as at the date of this announcement and approximately 3.13% of the enlarged issued share capital of the Company immediately after issuing the Oshidori Subscription Shares, credited as fully paid to Hao Tian (or its nominee) at a price of HK\$0.70 per Oshidori Subscription Share, free from all Encumbrances, for a total consideration of HK\$131,250,000; and
- (ii) the Company shall subscribe for, and Hao Tian shall issue and allot, 625,000,000 Hao Tian Subscription Shares under the Hao Tian General Mandate, representing approximately 14.12% of the existing issued share capital of Hao Tian as at the date of this announcement and approximately 12.37% of the enlarged issued share capital of Hao Tian immediately after issuing the Hao Tian Subscription Shares, credited as fully paid to the Company (or its nominee) at a price of HK\$0.21 per Hao Tian Subscription Share, free from all Encumbrances, for a total consideration of HK\$131,250,000.

Completion of the Oshidori Subscription and the Hao Tian Subscription shall take place simultaneously.

Lock-up

Pursuant to the terms of the Share Swap Agreement, the Company agrees not to sell, offer to sell, transfer or otherwise dispose of any of the Hao Tian Subscription Shares during the Lock-Up Period without the prior written consent of Hao Tian. Similarly, Hao Tian agrees not to sell, offer to sell, transfer or otherwise dispose of any of the Oshidori Subscription Shares during the Lock-Up Period without the prior written consent of the Company.

In addition, the entering into of the Share Swap Agreement does not restrict the Company and Hao Tian from carrying out any future fund raising activities by issuing new shares, securities convertible into shares or debt securities.

Conditions

The respective obligations of the Company and Hao Tian to effect the Completion shall be conditional upon the following:

- (i) the Listing Committee of the Stock Exchange having granted approval for the listing of and permission to deal in the Hao Tian Subscription Shares and Oshidori Subscription Shares;
- (ii) the simultaneous completion of the Hao Tian Subscription and Oshidori Subscription in full; and
- (iii) if applicable, the obtaining of all consents from government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Share Swap Agreement and any of the transaction contemplated thereunder.

If the conditions have not been fulfilled on or before 5:00 p.m. on 29 April 2020 (or such other date as the Company and Hao Tian may agree in writing), the Share Swap Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion of the Hao Tian Subscription and Oshidori Subscription shall take place simultaneously on or before the 3rd Business Day after all of the conditions have been satisfied.

THE HAO TIAN SUBSCRIPTION

Pursuant to the Share Swap Agreement, the Company has agreed to subscribe, and Hao Tian has agreed to allot and issue to the Company (or its nominee), 625,000,000 Hao Tian Subscription Shares under the Hao Tian General Mandate, for a total consideration of HK\$131,250,000, which represent approximately 14.12% of the existing issued share capital of Hao Tian as at the date of this announcement, and approximately 12.37% of the enlarged issued share capital of Hao Tian immediately after issuing the Hao Tian Subscription Shares.

The Hao Tian Subscription Shares, when issued, shall rank *pari passu* in all respects *inter se* and with all other Hao Tian Shares in issue upon Completion.

Subscription price for the Hao Tian Subscription Shares

The subscription price of HK\$0.21 per Hao Tian Subscription Share represents:

- (i) a discount of approximately 14.98% to the closing price of HK\$0.247 per Hao Tian Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 15.32% to the average closing price of approximately HK\$0.248 per Hao Tian Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day;
- (iii) a premium of approximately 13.51% over the audited consolidated net asset value per Hao Tian Share of approximately HK\$0.185 as at 31 March 2019; and
- (iv) a premium of approximately 9.95% over the unaudited consolidated net asset value per Hao Tian Share of approximately HK\$0.191 as at 30 September 2019.

The subscription price for the Hao Tian Subscription Shares was arrived at after arm's length negotiations between the Company and Hao Tian with reference to the recent market price of the Hao Tian Shares as well as the net asset value per Hao Tian Share. The Directors consider that the terms of the Hao Tian Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price for the Hao Tian Subscription Shares in sum of HK\$131,250,000 will be settled by the Company by the allotment and issue of the Oshidori Subscription Shares.

THE OSHIDORI SUBSCRIPTION

Pursuant to the Share Swap Agreement, Hao Tian has agreed to subscribe, and the Company has agreed to allot and issue to Hao Tian (or its nominee), 187,500,000 Oshidori Subscription Shares under the General Mandate, for a total consideration of HK\$131,250,000, which represents approximately 3.23% of the existing issued share capital of the Company as at the date of this announcement, and approximately 3.13% of the enlarged issued share capital of the Company immediately after issuing the Oshidori Subscription Shares.

The Oshidori Subscription Shares, when issued, shall rank *pari passu* in all respects *inter se* and with all other Shares in issue as at the date of the Completion.

Subscription price for the Oshidori Subscription Shares

The subscription price of HK\$0.70 per Oshidori Subscription Share represents:

- (i) a premium of approximately 7.69% over the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 11.11% over the average closing price of approximately HK\$0.63 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately preceding the Last Trading Day; and
- (iii) a discount of approximately 34.09% to the audited consolidated net asset value per Share of approximately HK\$1.062 as at 31 December 2019.

The subscription price for the Oshidori Subscription Shares was determined after arm's length negotiations between the Company and Hao Tian with reference to the recent market price of the Shares as well as the net asset value per Share. The Directors consider that the terms of the Oshidori Subscription are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate subscription price for the Oshidori Subscription Shares in sum of HK\$131,250,000 will be settled by Hao Tian by the allotment and issue of the Hao Tian Subscription Shares.

General Mandate

The Oshidori Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to issue up to 1,162,353,256 new Shares (representing 20.00% of the total number of issued Shares as at the date of the AGM) until the revocation, variation or expiration of the General Mandate. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Oshidori Subscription Shares to be issued pursuant to the Share Swap Agreement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion and the allotment and issue of the Oshidori Subscription Shares (assuming there is no other change in the shareholding structure of the Company before the allotment and issue of the Oshidori Subscription Shares):

Name of Shareholders	As at the date of this announcement		Immediately upon Completion of the Oshidori Subscription	
	<i>Number of Shares</i>	<i>Approx.%</i>	<i>Number of Shares</i>	<i>Approx.%</i>
Substantial Shareholder				
Peak Trust Company – NV	1,151,976,600	19.82	1,151,976,600	19.20
VMS Investment Group Limited	575,003,000	9.89	575,003,000	9.58
Hao Tian or its nominee	0	0	187,500,000	3.13
Public Shareholders	4,084,786,682	70.29	4,084,786,682	68.09
Total	5,811,766,282	100.00	5,999,266,282	100.00

INFORMATION OF HAO TIAN

Hao Tian is an exempted company incorporated in the Cayman Islands with limited liability. Hao Tian is an investment holding company and its subsidiaries engage in the following principal activities: (a) the construction machinery business, serving primarily the construction sector in Hong Kong, including (i) rental of construction machinery; (ii) trading of construction machinery and spare parts; and (iii) provision of machinery transportation services; and (b) the provision of financial services, conducting: (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO; (ii) money lending activities; and (iii) brokerage of general insurance and long term (including linked long term) insurance.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Hao Tian and its ultimate beneficial owner are third parties independent of the Company and its connected persons as defined under the Listing Rules and do not hold any Shares of the Company as at the date of this announcement. As at the date of this announcement, the Company does not hold any Hao Tian Shares.

Set out below is the audited consolidated financial information of Hao Tian extracted from its annual report for the year ended 31 March 2019:

	For the years ended 31 March	
	2018	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	165,869	176,518
Profit/(loss) before taxation	(15,925)	(6,610)
Profit/(loss) after taxation	(12,526)	(6,457)

As at 30 September 2019, the unaudited consolidated net asset value of Hao Tian was approximately HK\$847.06 million.

REASONS FOR AND BENEFITS OF THE SHARE SWAP AGREEMENT

The Group principally engages in investment holdings, trading and investment in securities, and the provisions of (i) securities brokerage services, (ii) placing and underwriting services, (iii) corporate finance advisory services, (iv) money lending services, (v) investment advisory and asset management services; and (vi) margin financing services. The Group intends to explore potential investment opportunities in fintech, lifestyle, real estate and integrated resort projects.

In 2018, Hao Tian expanded its business scope to include provision of financial services, through the acquisition of Hao Tian International Financial Holdings Limited. Accordingly, Hao Tian through its subsidiaries holds (i) licences issued by the Securities and Futures Commission for conducting Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities; (ii) membership of the Hong Kong Confederation of Insurance Brokers authorised to offer general insurance and long-term (including linked long-term) insurance; and (iii) a money lender licence.

As World Health Organisation declared the unprecedented outbreak of COVID-19 a public health emergency of international concern, the ongoing spread of COVID-19 has become one of the biggest threats to the global economy and financial markets. In order to enhance the Company's overall competitiveness in the financial services industry and promote business development with other securities companies, the Company entered into the Share Swap Agreement with Hao Tian so that the Company and Hao Tian can form an alliance through equity ownership of each other. This alliance is expected to (i) strengthen cooperation between the Company and Hao Tian; and (ii) collaboratively tackle the challenging year ahead. For instance, both parties can (i) cooperate and

implement projects that are of mutual interests and benefits; (ii) exchange and refer business opportunities as the parties think appropriate; and (iii) share market knowledge for the benefit and risk management of the parties' businesses. In partnership with Hao Tian through the Share Swap Agreement, the Company intends to lead its business through the COVID-19 crisis.

After the Hao Tian Subscription, the Company or its nominee will hold approximately 12.37% equity interest in Hao Tian and become the second largest shareholder of Hao Tian. After the Oshidori Subscription, Hao Tian or its nominee will hold approximately 3.13% equity interest in the Company. The Company has no intention to nominate a person to stand for election as a director of Hao Tian. Hao Tian also has no intention to nominate a person to stand for election as a director of the Company. Accordingly, the Board considers that the Oshidori Subscription by Hao Tian will have no significant effect on the Company's financial position, daily operations and policies making. As the Hao Tian Subscription will be settled by issuing the Oshidori Subscription Shares and no cash consideration would be paid, the Group's internal financial resources would not be reduced and the Company's shareholder base can be broadened. It is expected that both the total assets and net assets of the Group will be increased subsequent to the Completion.

The subscription price of HK\$0.21 per Hao Tian Subscription Share is offered at a premium of approximately 9.95% over the latest consolidated net asset value per Hao Tian Share as at 30 September 2019. As the price to book value ratio of Hao Tian has been above 1 for the past two consecutive years and the subscription price of the Hao Tian Subscription Shares is at a discount to the market price of Tao Tian Shares, the Directors consider that the investment in Hao Tian is attractive and may possibly lead to a capital gain.

Although the subscription price of HK\$0.70 per Oshidori Subscription Share is offered at a discount of 34.09% to the latest consolidated net asset value per Share as at 31 December 2019, it represents 7.69% premium over the market price of HK\$0.65 as at the Last Trading Day.

After taking into account the above factors, the Directors are of the view that the terms of the Share Swap Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the Share Swap Agreement are less than 5%, the Share Swap Agreement constitutes a share transaction and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Completion is subject to the satisfaction of the conditions as set out in the Share Swap Agreement, it may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following respective meanings:

“AGM”	the annual general meeting of the Company held on 6 June 2019 in which the Shareholders had approved, among other things, the General Mandate
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in Hong Kong
“Company”	Oshidori International Holdings Limited (stock code: 622), a company incorporated in Bermuda, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the simultaneous completion of the subscription of the Hao Tian Subscription Shares and the Oshidori Subscription Shares by the parties respectively and the performance by the parties of their respective obligations under the Share Swap Agreement
“Director(s)”	directors of the Company
“Encumbrances”	pre-emption, options, liens, claims, equities, charges, encumbrances or third-party rights of any nature
“General Mandate”	the general mandate granted by the Shareholders at the AGM to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of the Company in issue as at 6 June 2019

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hao Tian”	Hao Tian International Construction Investment Group Limited (stock code: 1341), a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Hao Tian General Mandate”	the general mandate granted by the shareholders of Hao Tian at the annual general meeting on 18 September 2019 to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of Hao Tian in issue as at 18 September 2019
“Hao Tian Share(s)”	ordinary shares of HK\$0.01 each in the share capital of Hao Tian
“Hao Tian Subscription”	the subscription of the Hao Tian Subscription Shares by the Company or its nominee pursuant to the Share Swap Agreement
“Hao Tian Subscription Share(s)”	the 625,000,000 Hao Tian Shares to be allotted and issued by Hao Tian under the Hao Tian General Mandate to the Company or its nominee pursuant to the Share Swap Agreement
“Last Trading Day”	2 April 2020, being the last day on which the Shares and Hao Tian Shares were traded on the Stock Exchange prior to the release of this announcement
“Lock-Up Period”	a two-year lock-up period from the date of the Completion
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Oshidori Subscription”	the subscription of the Oshidori Subscription Shares by Hao Tian or its nominee pursuant to the Share Swap Agreement
“Oshidori Subscription Share(s)”	the 187,500,000 Shares to be allotted and issued under the General Mandate by the Company to Hao Tian or its nominee pursuant to the Share Swap Agreement
“SFO”	the Securities and Futures Ordinance, Cap.571 of the Laws of Hong Kong
“Share(s)”	ordinary shares of HK\$0.05 each in the share capital of the Company
“Share Swap Agreement”	a conditional agreement dated 2 April 2020 entered into between the Company and Hao Tian in relation to the Oshidori Subscription and the Hao Tian Subscription
“Shareholder(s)”	holders of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Oshidori International Holdings Limited
Sam Nickolas David Hing Cheong
Chairman

Hong Kong, 2 April 2020

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Sam Nickolas David Hing Cheong
(Chairman)
Mr. Wong Yat Fai
Ms. Wong Wan Men Margaret

Independent Non-Executive Directors:

Mr. Cheung Wing Ping
Mr. Hung Cho Sing
Mr. Chan Hak Kan

Non-Executive Directors:

Hon. Joseph Edward Schmitz