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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF 8.06% OF THE TARGET COMPANY

THE DISPOSAL

On 12 August 2020 (after trading hours), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell the Sale Shares, representing 8.06% of the issued share capital of the Target Company at the Consideration of HK\$650 million.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Company is indirectly interested in 2.95% of the issued share capital of the Purchaser, and the Purchaser is interested in 15,951,860 Shares, representing 0.26% of the issued share capital of the Company. Save as the disclosed, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

As at the date of this announcement, the Company is indirectly interested in 11.68% of the issued share capital of the Target Company and upon Completion, the Company will be indirectly interested in 3.62% of the issued share capital of the Target Company.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal are more than 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

BACKGROUND INFORMATION

During the year ended 31 December 2019, the Company accepted an early settlement of the loan and received 37,878,594 shares of the Target Company (“Consideration Shares”) from the Purchaser (a then third-party borrower of the Company) in lieu of the cash repayment of the outstanding loan and interest receivables of HK\$244 million. The price of each Consideration Share was HK\$6.44, representing a discount of 6.8% to the net asset value per share of the Target Company as at 31 March 2019 (being HK\$6.91). The Company considered increasing its shareholding in the Target Company for tactical strategic purposes at the mentioned discount, was fair and reasonable and would be in the interests of the Company and the Shareholders as a whole.

In early July 2020, the Company received a verbal proposal from the Purchaser in relation to the purchase of 100 million shares of the Target Company at a consideration price of HK\$6.50 per Sale Share.

THE DISPOSAL

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THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date: 12 August 2020 (after trading hours)

Parties: (1) the Vendor, a wholly-owned subsidiary of the Company; and
(2) the Purchaser

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Company is indirectly interested in 2.95% of the issued share capital of the Purchaser, and the Purchaser is interested in 15,951,860 Shares, representing 0.26% of the issued share capital of the Company. Save as the disclosed, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

The Sale Shares represent 8.06% of the issued share capital of the Target Company.

Basis of Consideration and the Payment Terms

The Consideration represents a price of HK\$6.50 per Sale Share, which was determined after arm's length negotiations between the Purchaser and the Vendor and represents a slight premium of 0.93% to the price of HK\$6.44 per Consideration Share as stated in the "**BACKGROUND INFORMATION**".

In view of the above, the Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and the Sale and Purchase Agreement is on normal commercial terms which are fair and reasonable, and the entering into the Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The Consideration for the Disposal is HK\$650 million and is payable by the Purchaser to the Vendor in accordance with the following manners:

- (1) the Purchaser shall pay a sum of HK\$200 million in cash to the Vendor or its designated person on or before 18 August 2020 as non-refundable deposit (the "Deposit"); and
- (2) the Purchaser shall pay the balance of the Consideration in sum of HK\$450 million in cash to the Vendor or its designated person on or before 31 December 2020 (the "Final Installment").

As at the date of this announcement, the Group has received the Deposit.

Conditions Precedent

Completion of the Disposal shall be conditional upon:

- (a) the Purchaser having convened a board meeting at which resolutions shall have been passed by its board of directors to approve this Sale and Purchase Agreement and the transactions contemplated hereunder;
- (b) the warranties pursuant to the Sale and Purchase Agreement remaining true, accurate and not misleading in all respects at any time from the day of the execution of the Sale and Purchase Agreement up to and including the Completion Date;
- (c) from the date of signing of the Sale and Purchase Agreement till Completion, there not being any abnormal operations in respect of the Target Company; and
- (d) 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 Sale and Purchase Agreement and any of the transaction contemplated hereunder

If the Vendor is aware of any fact, matters, event and/or circumstance which may cause any obstruction to fulfillment of the conditions precedent, the Vendor shall notify the Purchaser immediately in writing accordingly.

If the conditions precedent set out above have not been fulfilled or waived on or before the Long Stop Date for whatever reason, the Sale and Purchase Agreement shall cease and determine, and in such event, the Vendor shall refund the Final Installment in full, without interest, to the Purchaser within 7 Business Days after lapse or termination of the Sale and Purchase Agreement and thereafter neither party shall have any obligations and liability towards each other hereunder save for any antecedent breaches of the terms hereof.

The Vendor's Undertaking

Save as agreed by the Purchaser in writing, the Vendor undertakes that it shall procure that, between the receipt of the Deposit until 31 December 2020 the Vendor will duly comply and follow the voting instructions of the Purchaser as to any shareholder's vote that may occur in compliance with the memorandum and articles of association of the Target Company in proportion to the Vendor's entire shareholding i.e. the Purchaser can direct the Vendor to vote as it chooses as to 11.68% of the entire issued share capital of the Target Company from the receipt of Deposit until 31 December 2020.

Completion

Conditional upon fulfillment of the conditions precedent or the waiver thereof, the Disposal shall be completed on or before 11:00 a.m. on the Completion Date at such place in Hong Kong as may be agreed by the parties.

As at the date of this announcement, the Company is indirectly interested in 11.68% of the issued share capital of the Target Company, which is a significant investment of the Company as disclosed in its annual report for the year ended 31 December 2019. Upon Completion, the Company's investment in the Target Company will not be significant and its indirect interest in the Target Company will drop to 3.62%.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the BVI with limited liability. The Target Company and its subsidiaries engage in integrated financial services, securities brokerage services, money lending, securities and other direct investments.

Set out below is the unaudited financial information of the Target Group for the financial year ended 31 March 2019 and 31 March 2020:

	For the year ended 31 March 2019 <i>HK\$'000</i>	For the year ended 31 March 2020 <i>HK\$'000</i>
Net profit/(loss) before taxation	(954,997)	(1,234,988)
Net profit/(loss) after taxation	(954,997)	(1,235,065)

The unaudited net asset value of the Target Group as at 31 March 2020 was HK\$7,022 million, indicating a net asset value of HK\$5.66 per Sale Share.

The valuation of the Target Group performed by Grant Sherman Appraisal Limited (“Grant Sherman”), an independent valuer, indicated a fair value of HK\$4.17 per Sale Share as at 31 December 2019 (“Grant Sherman Valuation”). The Company was aware that the valuation of the Target Company by Grant Sherman was lower than its net asset value, because the valuation was based on market approach and applied the (i) market value of the invested capital-to-total assets and (ii) price-to-net assets; and adjusted for a lack of marketability discount of 25%.

INFORMATION OF THE PURCHASER

The Purchaser is an investment holding company incorporated in BVI with limited liability. The principal activity of the Purchaser is investment holding.

REASONS FOR AND BENEFITS OF THE DISPOSAL

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.

As the COVID-19 pandemic continues to severely impact the Hong Kong economy and financial markets, the Directors consider this Disposal as a fantastic opportunity to realize the investment with a gain and provide additional resources at times of adverse business conditions as well as to develop its financial service segment.

Taking into consideration the above, the Directors (including the independent non-executive Directors) consider that the entering into the Sale and Purchase Agreement is on normal commercial terms which are made on an arm's length basis and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, the Company will hold an indirect interest in 3.62% of the issued share capital of the Target Company.

Based on the Company's annual report for the year ended 31 December 2019, the fair value of the Company's investment in the Target Company amounted to HK\$604.71 million, which is consistent with the Grant Sherman Valuation. Accordingly, the fair value of the Sale Shares amounted to HK\$417.04 million as at 31 December 2019 ("Target FV"). The estimated gain from the Disposal will be HK\$232.96 million, which is the difference between the Consideration and the Target FV (i.e. HK\$232.96 million = HK\$650 million - HK\$417.04 million). The Group's total assets and net assets are expected to increase accordingly.

It should be noted that the estimation above is for illustrative purpose only, the Company may or may not impair the carrying value of the Target Group subject to the financial position of the Target Group upon Completion and confirmation with the Company's auditors. Accordingly, the estimation above does not purport to represent how the financial position of the Group will be after Completion. However, the Company considers the Disposal will have no material effect on the financial position and the operations of the Company.

The Board intends to apply the sale proceeds from the Disposal towards development of the Group's comprehensive financial services.

LISTING RULES IMPLICATIONS

As certain applicable percentage ratios calculated pursuant to the Listing Rules in respect of the Disposal are more than 5% but all applicable ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are open for business other than (i) a Saturday or (ii) a “general holiday” as defined in Section 2 of the General Holidays Ordinance Cap. 149, or one of the days specified from time to time in the schedule to that Ordinance as being “general holidays” under Section 3 thereof or (iii) a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon
“BVI”	the British Virgin Islands
“Company”	Oshidori International Holdings Limited (stock code: 622), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Disposal pursuant to the Sale and Purchase Agreement
“Completion Date”	on or before the 3rd Business Day following the satisfaction of the conditions pursuant to the Sale and Purchase Agreement
“Consideration”	the total consideration of HK\$650,000,000 payable by the Purchaser to the Vendor for the Disposal
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Independent Third Party(ies)”	the third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange as amended from time to time
“Long Stop Date”	the last day of six calendar months from the date of the Sale and Purchase Agreement or such other later date as shall be agreed by the parties in writing
“PRC”	the People’s Republic of China
“Purchaser”	High Rhine Limited, a private company incorporated in BVI with limited liability
“Sale Shares”	100,000,000 ordinary share(s) of the Target Company, representing 8.06% of the issued share capital of the Target Company
“Sale and Purchase Agreement”	sale and purchase agreement dated 12 August 2020 which was entered into between the Vendor and the Purchaser in respect of the Disposal
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of par value of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holders of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Satinu Resources Group Limited, a company in incorporated in the BVI with limited liability
“Target Group”	the Target Company and its subsidiaries
“Vendor”	Uptown WW Value Investments Limited, a wholly-owned subsidiary of the Company

“%”

per cent

By order of the Board
Oshidori International Holdings Limited
Wong Wan Men Margaret
Executive Director

Hong Kong, 12 August 2020

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

Executive Directors:

Ms. Wong Wan Men
Margaret
Mr. Wong Yat Fai

Non-Executive Directors:

Mr. Alejandro Yemenidjian
(*Non-Executive Chairman*)
Hon. Joseph Edward Schmitz
Mr. Sam Nickolas David Hing
Cheong

*Independent Non-Executive
Directors:*

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