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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 IMAGI THROUGH (1) ISSUE OF OSHIDORI SUBSCRIPTION SHARES UNDER THE GENERAL MANDATE TO IMAGI; AND (2) SUBSCRIPTION OF IMAGI SUBSCRIPTION SHARES

THE SHARE SWAP AGREEMENT

On 6 April 2020 (after trading hours), the Company and Imagi entered into the Share Swap Agreement pursuant to which, subject to satisfaction of the conditions, both parties have agreed amongst other things that:

- (i) Imagi shall subscribe for, and the Company shall issue and allot, 114,342,857 Oshidori Subscription Shares under the General Mandate, representing approximately 1.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.93% of the enlarged issued share capital of the Company immediately after issuing the Oshidori Subscription Shares, credited as fully paid to Imagi (or its nominee) at a price of HK\$0.70 per Oshidori Subscription Share, free from all Encumbrances, for a total consideration of HK\$80,040,000; and

* *For identification purpose only*

- (ii) the Company shall subscribe for, and Imagi shall issue and allot, 138,000,000 Imagi Subscription Shares under the Imagi General Mandate, representing approximately 19.94% of the existing issued share capital of Imagi as at the date of this announcement and approximately 16.63% of the enlarged issued share capital of Imagi immediately after issuing the Imagi Subscription Shares, credited as fully paid to the Company (or its nominee) at a price of HK\$0.58 per Imagi Subscription Share, free from all Encumbrances, for a total consideration of HK\$80,040,000.

Completion of the Oshidori Subscription and the Imagi 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 6 April 2020 (after trading hours), the Company and Imagi entered into the Share Swap Agreement pursuant to which, subject to satisfaction of the conditions, both parties have agreed amongst other things that:

- (i) Imagi shall subscribe for, and the Company shall issue and allot, 114,342,857 Oshidori Subscription Shares under the General Mandate, representing approximately 1.97% of the existing issued share capital of the Company as at the date of this announcement and approximately 1.93% of the enlarged issued share capital of the Company immediately after issuing the Oshidori Subscription Shares, credited as fully paid to Imagi (or its nominee) at a price of HK\$0.70 per Oshidori Subscription Share, free from all Encumbrances, for a total consideration of HK\$80,040,000; and
- (ii) the Company shall subscribe for, and Imagi shall issue and allot, 138,000,000 Imagi Subscription Shares under the Imagi General Mandate, representing approximately 19.94% of the existing issued share capital of Imagi as at the date of this announcement and approximately 16.63% of the enlarged issued share capital of Imagi immediately after issuing the Imagi Subscription Shares, credited as fully paid to the Company (or its nominee) at a price of HK\$0.58 per Imagi Subscription Share, free from all Encumbrances, for a total consideration of HK\$80,040,000.

Completion of the Oshidori Subscription and the Imagi Subscription shall take place simultaneously.

As at the date of this announcement, the Company (through its subsidiaries) is interested in 20,338,200 Imagi Shares, representing 2.94% of the existing issued share capital of Imagi as at the date of this announcement. Besides, Mr. Chan Hak Kan, being an independent non-executive Director of the Company, is also an independent non-executive director of Imagi, and accordingly has abstained from voting at the meeting of the Board to approve the Share Swap Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save as disclosed above, Imagi and its ultimate beneficial owner are third parties independent of the Company and its connected persons as defined under the Listing Rules as at the date of this announcement.

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 Imagi Subscription Shares during the Lock-Up Period without the prior written consent of Imagi. Similarly, Imagi 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 Imagi 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 Imagi 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 Oshidori Subscription Shares and the Imagi Subscription Shares;
- (ii) the simultaneous completion of the Oshidori Subscription and the Imagi 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 4 May 2020 (or such other date as the Company and Imagi 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 Oshidori Subscription and the Imagi Subscription shall take place simultaneously on or before the 3rd Business Day after all of the conditions have been satisfied.

THE IMAGI SUBSCRIPTION

Pursuant to the Share Swap Agreement, the Company has agreed to subscribe, and Imagi has agreed to allot and issue to the Company (or its nominee), 138,000,000 Imagi Subscription Shares under the Imagi General Mandate, for a total consideration of HK\$80,040,000, which represent approximately 19.94% of the existing issued share capital of Imagi as at the date of this announcement, and approximately 16.63% of the enlarged issued share capital of Imagi immediately after issuing the Imagi Subscription Shares.

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

Subscription price for the Imagi Subscription Shares

The subscription price of HK\$0.58 per Imagi Subscription Share represents:

- (i) a discount of approximately 10.77% to the closing price of HK\$0.65 per Imagi Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 12.12% to the average closing price of approximately HK\$0.66 per Imagi 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 20.87% to the audited consolidated net asset value per Imagi Share of approximately HK\$0.733 as at 31 December 2019.

The subscription price for the Imagi Subscription Shares was determined after arm's length negotiations between the Company and Imagi with reference to the recent market price of the Imagi Shares as well as the net asset value per Imagi Share. The Directors consider that the terms of the Imagi 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 Imagi Subscription Shares in sum of HK\$80,040,000 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, Imagi has agreed to subscribe, and the Company has agreed to allot and issue to Imagi (or its nominee), 114,342,857 Oshidori Subscription Shares under the General Mandate, for a total consideration of HK\$80,040,000, which represents approximately 1.97% of the existing issued share capital of the Company as at the date of this announcement, and approximately 1.93% of the enlarged issued share capital of the Company immediately after issuing the Oshidori Subscription Shares.

The aggregate nominal value of 114,342,857 Oshidori Subscription Shares of HK\$0.05 per Share is HK \$5,717,142.85. 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 9.38% over the closing price of HK\$0.64 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 8.70% over the average closing price of approximately HK\$0.644 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 Imagi 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\$80,040,000 will be settled by Imagi by the allotment and issue of the Imagi 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, approximately 16.13% of the General Mandate has been utilized for 187,500,000 Shares to be allotted and issued in the subscription by Hao Tian International Construction Investment Group Limited ("Hao Tian"). The details are disclosed in the Company's announcement dated 2 April 2020.

As at the date of this announcement, the remaining balance of the General Mandate is 974,853,256 Shares. The General Mandate is sufficient for the allotment and issue of all the Oshidori Subscription Shares. As such, the issue of the Oshidori Subscription Shares is not subject to further Shareholders' approval. Approximately 9.84% of the General Mandate will be utilised for the allotment and issue of all the Oshidori Subscription Shares.

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 Shareholders				
Peak Trust Company – NV	1,151,976,600	19.82	1,151,976,600	19.44
VMS Investment Group Limited	575,003,000	9.89	575,003,000	9.70
Imagi or its nominee	0	0.00	114,342,857	1.93
Public Shareholders	<u>4,084,786,682</u>	<u>70.29</u>	<u>4,084,786,682</u>	<u>68.93</u>
Total	<u>5,811,766,282</u>	<u>100.00</u>	<u>5,926,109,139</u>	<u>100.00</u>

Note:

As disclosed in the Company's announcement dated 2 April 2020, the Company will issue 187,500,000 Shares to Hao Tian (subject to certain terms and conditions) pursuant to the share swap agreement made between the Company and Hao Tian. The Company has applied for the listing approval in relation to such issuance from the Listing Committee. As at the date of this announcement, the Company has not yet received the said listing approval.

INFORMATION OF IMAGI

Imagi is a company established in Bermuda with limited liability, the shares of which are listed and traded on the main board of the Stock Exchange (Stock Code: 585). Imagi is an investment holding company and its subsidiaries principally engage in integrated financial services, investment holdings, computer graphic imaging, and entertainment business. The integrated financial services are comprised of securities investments and proprietary trading, the provision of securities brokerage services, margin financing services and money lending services.

Set out below is the audited consolidated financial information of Imagi extracted from its annual results for the year ended 31 December 2019:

	For the years ended	
	31 December	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	(51,037)	18,489
Profit/(loss) before taxation	(159,491)	(117,905)
Profit/(loss) after taxation	(159,691)	(117,563)

As at 31 December 2019, the audited consolidated net asset value of Imagi was approximately HK\$506.88 million.

REASONS AND BENEFITS FOR 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.

Imagi has been a strategic partner of the Company since early 2017, when both parties previously entered into a share swap agreement to work together in a strategic and non-exclusive alliance for the purpose of the promotion, advancement and development of the financial services business of the respective parties. Imagi Brokerage Limited, a wholly-owned subsidiary of Imagi, is the major financial service arm of Imagi. Imagi Brokerage Limited holds Type 1 (dealing in securities) SFC license and added Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) SFC licenses in 2018.

On 24 July 2019, Imagi, through its wholly-owned subsidiary, entered into a sale and purchase agreement to acquire Les Ambassadeurs Club, a private members club in London that provides access to a high-end casino as well as luxury travel and concierge services. Although the acquisition was terminated on 25 March 2020, the Company believes that Imagi's management gained valuable experience and knowledge of the gaming industry during the pre-acquisition process. This was made possible by the director's industry training, due diligence research, site visits, and communication with financial advisors, valuers and legal firms and other professional parties that were involved in the transaction. As the Company is actively bidding for a license from the Central Government of Japan to develop an integrated resort project, Imagi's knowledge and experience in gambling-related compliance issues will be of great value to the Company.

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 listed companies, the Company entered into the Share Swap Agreement with Imagi so that the alliance between the Company and Imagi will be strengthened through equity ownership of each other. This alliance is expected to strengthen cooperation between the Company and Imagi and enable the parties to collaboratively tackle the challenging year ahead. For instance, both parties can (i) cooperate and implement projects that are of mutual interest and benefit; (ii) exchange and refer business opportunities where appropriate; and (iii) share market knowledge for the benefit and risk management of the parties' businesses. Accordingly, the Company believes it can improve its overall competitiveness in the financial service industry and mitigate the economic slowdown due to the COVID-19 crisis.

After the Imagi Subscription, the Company or its nominee will hold approximately 19.08% equity interest in Imagi and become the largest shareholder of Imagi. After the Oshidori Subscription, Imagi or its nominee will hold approximately 1.93% equity interest in the Company. The Company has no intention to nominate a person to stand for election as a director of Imagi, and Imagi 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 Imagi will have no significant effect on the Company's financial position, daily operations and policy making. As the Imagi Subscription will be settled by issuing the Oshidori Subscription Shares and no cash consideration will be paid, the Group's internal financial resources will 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\$0.58 per Imagi Subscription Share is offered at a discount of approximately 20.87% to the latest consolidated net asset value per Imagi Share as at 31 December 2019 and a discount of approximately 10.77% to the closing price per Imagi Share as at the Last Trading Day. The Directors consider that the investment in Imagi 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 approximately 34.09% to the latest consolidated net asset value per Share as at 31 December 2019, it represents approximately 9.38% premium over the closing price per Share 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 Imagi 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
“Imagi”	Imagi International Holdings Limited (stock code: 585), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Imagi General Mandate”	the general mandate granted by the shareholders of Imagi at the annual general meeting on 13 June 2019 to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of Imagi in issue as at 13 June 2019
“Imagi Share(s)”	ordinary shares of HK\$0.04 each in the share capital of Imagi
“Imagi Subscription”	the subscription of the Imagi Subscription Shares by the Company or its nominee pursuant to the Share Swap Agreement
“Imagi Subscription Share(s)”	the 138,000,000 Imagi Shares to be allotted and issued by Imagi under the Imagi General Mandate to the Company or its nominee pursuant to the Share Swap Agreement
“Last Trading Day”	6 April 2020, being the last day on which the Shares and Imagi 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 Imagi or its nominee pursuant to the Share Swap Agreement

“Oshidori Subscription Share(s)”	the 114,342,857 Shares to be allotted and issued under the General Mandate by the Company to Imagi or its nominee pursuant to the Share Swap Agreement
“SFC”	the Securities and Futures Commission of Hong Kong
“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 6 April 2020 entered into between the Company and Imagi in relation to the Imagi Subscription and the Oshidori 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, 6 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 Director:

Hon. Joseph Edward Schmitz