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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 FURTHER DISPOSAL OF THE REMAINING INTEREST IN THE TARGET COMPANY

FURTHER DISPOSAL OF THE REMAINING INTEREST IN THE TARGET COMPANY

Reference is made to the announcements of the Company dated 12 August 2020, 28 August 2020 and 16 September 2020 in relation to the disposal of 8.06% equity interest in the Target Company at a consideration of HK\$650 million (the “**Previous Disposal**”).

On 14 December 2020, the Vendor entered into the Second Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell its remaining interest in the Target Company, i.e. 3.62% of the issued share capital of the Target Company at the Consideration of HK\$275 million (the “**Further Disposal**”). The Previous Disposal and the Further Disposal represent a disposal of an aggregate 11.68% equity interest in the Target Company at an aggregated consideration of HK\$925 million.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, (i) the Company is indirectly interested in 5.57% of the issued share capital of the Purchaser, and the Purchaser is interested in 2.68% of the issued share capital of the Company and (ii) the Purchaser and its ultimate beneficial owners are Independent Third Parties.

* For identification purpose only

As at the date of this announcement, the Company is indirectly interested in 3.62% of the issued share capital of the Target Company and upon Completion, the Company will have no beneficial interest in the Target Company.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Further Disposal shall be aggregated with the Previous Disposal and the Company shall treat the two disposals as if they were one transaction as both disposals dealt with securities in the Target Company and were completed within a twelve-month period.

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

BACKGROUND

Reference is made to the announcements of the Company dated 12 August 2020, 28 August 2020 and 16 September 2020 in relation to the disposal of 8.06% equity interest in the Target Company at a consideration of HK\$650 million (the “**Previous Disposal**”).

On 14 December 2020, the Vendor entered into the Second Sale and Purchase Agreement with the Purchaser, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell its remaining interest in the Target Company, i.e. 3.62% of the issued share capital of the Target Company at the Consideration of HK\$275 million (the “**Further Disposal**”). The Previous Disposal and the Further Disposal in aggregate represent a disposal of 11.68% interest in the Target Company at an aggregated consideration of HK\$925 million.

As at the date of this announcement, the Company is indirectly interested in 3.62% of the issued share capital of the Target Company and upon Completion, the Company will have no beneficial interest in the Target Company.

THE SECOND SALE AND PURCHASE AGREEMENT

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

Date: 14 December 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, (i) the Company is indirectly interested in 5.57% of the issued share capital of the Purchaser, and the Purchaser is interested in 2.68% of the issued share capital of the Company and (ii) the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Assets to be disposed of

The Sale Shares represent 3.62% of the issued share capital of the Target Company.

Basis of Consideration and the Payment Terms

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor with reference to, among others, the financial position and valuation of the Target Company.

The Consideration of HK\$275 million or HK\$6.11 per Sale Share represents:

- (i) a premium of 100.33% to the price per Sale Share of HK\$3.05, which was determined based on the latest draft valuation on the Sale Shares performed by an independent valuer as at 30 September 2020. Details of such valuation are disclosed in the section titled "**INFORMATION OF THE TARGET COMPANY**";
- (ii) a premium of 4.62% to the net asset value per Sale Share of HK\$5.84 according to the unaudited consolidated financial statement of the Target Company as at 30 June 2020; and
- (iii) a discount of 6.00% to the price of HK\$6.50, being the price per sale share under the Previous Disposal.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Consideration, including the terms of the Zero-Coupon Promissory Note, is fair and reasonable, and the Second Sale and Purchase Agreement is on normal commercial terms or better to the Company, and the entering into the Second Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

The Consideration for the Disposal is HK\$275 million and is payable by the Purchaser to the Vendor in the following manners:

- (i) a sum of HK\$75 million shall be paid by cashier's order to the Vendor or its designated person as a non-refundable first payment upon the signing of the Second Sale and Purchase Agreement; and

- (ii) the balance of the Consideration of HK\$200 million shall be settled by issuance of a Zero-Coupon Promissory Note to the Vendor on the Completion date. The principal terms of the Zero-Coupon Promissory Note are set out as below:

Zero-Coupon Promissory Note

Issuer:	The Purchaser
Principal Amount:	HK\$200 million
Noteholder:	The Vendor
Maturity date:	30 June 2021, or such other date as the Purchaser and the Vendor may mutually agree in writing
Repayment:	The Zero-Coupon Promissory Note shall be due and repayable to the noteholder (or to such other person as the noteholder may direct by written notice to the Company) on the maturity date.
Early redemption:	The Purchaser may early redeem all or part of the principal amount of a Zero-Coupon Promissory Note at any time without any penalty provided that the Purchaser shall have given to the noteholder(s) not less than one Business Day's prior written notice specifying the amount and date of prepayment, provided that any partial prepayment is in denominations of at least HK\$5,000,000 or multiples thereof.
Transferability:	The Zero-Coupon Promissory Note shall only be transferable to a third party with prior written consent of the Purchaser.
Status:	The Zero-Coupon Promissory Note constitutes the direct, unconditional and unsubordinated obligations of the Purchaser and will at all times rank <i>pari passu</i> among themselves and will at all times rank at least <i>pari passu</i> with all other present and future unsecured creditors of the Purchaser.

As at the date of this announcement, the Group has received the Consideration (i.e. HK\$275 million) in full, being a cashier's order of HK\$75 million and the Zero-Coupon Promissory Note in the principal amount of HK\$200 million.

The Company considers the maturity date of the Zero-Coupon Promissory Note to be reasonable given that any default by the Purchaser to settle the balance owed under the Zero-Coupon Promissory Note would (i) allow the Company to retain the legal title in the Sale Shares; and (ii) entitle the Company to sue the Purchaser for non-payment. Given that any failure by the Purchaser to fulfill the payment of the Consideration would allow the Company to sue for non-payment and claim for damages, the Company considers the settlement and completion mechanism to be sufficient to safeguard its assets.

Conditions Precedent

Completion of the Further Disposal shall be conditional upon:

- a) the Vendor's warranties being true and accurate in all material respects and not misleading in any material respect as of the day of the execution of the Second Sale and Purchase Agreement and the Completion Date;
- b) the Purchaser's warranties being true and accurate in all material respects and not misleading in any material respect as of the day of the execution of the Second Sale and Purchase Agreement and the Completion Date;
- c) 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 Second Sale and Purchase Agreement and any of the transaction contemplated thereunder.

If the Vendor or Purchaser is aware of any fact, matters, event and/or circumstance which may cause any stated above to fail to be satisfied, the Vendor or Purchaser (as applicable) shall notify the other as soon as practicable in writing accordingly.

Completion

As of the date of the Second Sale and Purchase Agreement, all of the conditions precedent mentioned above have been fulfilled and the Completion took place concurrently with the signing of the Second Sale and Purchase Agreement.

Under the terms of the sale and purchase agreement in relation to the Previous Disposal, the Purchaser can direct the Vendor to vote as it chooses as to 3.62% of the entire issued share capital of the Target Company until the date of 31 December 2020. Upon Completion and prior to repayment in full of the Zero-Coupon Promissory Note by the Purchaser, the Purchaser will become the beneficial owner of the Sale Shares while the Company will continue to retain the legal title to the 3.62% interest in the Target Company and the Company would comply and follow the voting instructions of the Purchaser as to any shareholder's vote after the Completion until the earlier of (i) the Company having transferred legal title of the Sale Shares following repayment by the Purchaser in full of the Promissory Note and (ii) default by the Purchaser of its obligations under the Promissory Note.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the BVI with limited liability. The Target Group engages 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 two financial years ended 31 March 2019 and 2020:

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

The unaudited net asset value of the Target Group as at 30 June 2020 was HK\$7,256 million, indicating a net asset value of HK\$5.84 per Sale Share.

According to the latest draft valuation of the Target Group performed by an independent valuer, Grant Sherman Appraisal Limited (“**Grant Sherman**”), the fair value of the Sale Shares amounted to HK\$137,353,000 as at 30 September 2020, representing the fair value of HK\$3.05 per Sale Share. Based on the draft valuation, the fair value of the Sale Shares decreased by 26.86% as compared to the fair value of HK\$4.17 per Sale Share as at 31 December 2019. According to Grant Sherman, the decrease in fair value was due to the declining financial performance of comparable listed companies. Set out below is a table showing the information relating to the fair value of the Sale Shares as at the respective dates indicated.

	As at	
	31 December 2019*	30 September 2020
Fair value	HK\$604,705,000	HK\$137,353,000
Number of Sale Shares	145,000,000	45,000,000
Fair value per Sale Share	HK\$4.17	HK\$3.05

* *Note:* Calculated based on the valuation in relation to the 11.68% of issued share capital of the Target Company owned by the Company prior to the Previous Disposal.

The Company was aware that the valuation of the Target Company by Grant Sherman was always lower than the net asset value of the Sale Share, as the valuation was performed based on a 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 Purchaser is a 100% owned subsidiary of Co-Lead Holdings Limited (“**Co-Lead**”). Co-Lead is a company incorporated in BVI and has a diverse shareholding structure with more than 10 ultimate beneficial owners. Co-Lead is a 41.68% owned associate of Freewill Holdings Limited (“**Freewill**”), which is incorporated in the Marshall Islands. Freewill is an 83.68% owned subsidiary of Bob May Incorporated (“**Bob May**”), which is incorporated in BVI. Bob May does not have any shareholders holding 30% or more interest in Bob May.

INFORMATION OF THE GROUP AND THE VENDOR

The Group principally engages in investment holdings, tactical and/or strategical investment, and the provisions of financial services including the Securities and Futures Commission (the “**SFC**”) regulated activities namely Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance. The Group is currently pursuing the development of an integrated resort in Japan and is actively preparing for a unique proposal to win the bid.

The Vendor, a wholly-owned subsidiary of the Company, is incorporated in BVI with limited liability.

REASONS FOR AND BENEFITS OF THE FURTHER DISPOSAL

Following the Previous Disposal, the Company was left with only a 3.62% equity interest in the Target Company. While the management of the Company had requested the Target Company for dividend distributions and management participation, the management of the Target Company did not respond in favor of the Company. The Company subsequently made several requests to the management of the Target Company to repurchase the Sale Shares, to which the Target Company also did not respond. The Company noticed that the fair value per Sale Share had been declining, dropping from HK\$4.17 to HK\$3.05 during the period from 31 December 2019 to 30 September 2020. As disclosed in the Company’s announcement dated 12 August 2020, the Vendor had undertaken in the sale and purchase agreement related to the Previous Disposal to comply and follow the voting instructions of the Purchaser as to the Sale Shares until 31 December 2020.

When the Purchaser approached the Company for the Further Disposal at the Consideration (i.e. HK\$275 million), which represented a premium to both the Group's investment costs (i.e. HK\$255.5 million) and the latest valuation of the Sale Shares (i.e. HK\$137.4 million), the Company considered the offer to be the best offer available and a good opportunity to realise the value of the Group's investment in the Sale Shares.

The Further Disposal represents a gain of HK\$137.6 million over the fair value of Sale Shares as at 31 December 2019 of HK\$137.4 million. The Further Disposal also represents a gain of HK\$19.6 million over the investment cost of the Sales Shares being HK\$255.46 million. Details are disclosed under the heading “**Financial Effects of the Further Disposal and Intended Use of Proceeds**”.

Taking the circumstances described above as a whole, the Directors (including the independent non-executive Directors) are of the view that Second Sale and Purchase Agreement was made on normal commercial terms or better to the Company and on an arm's length basis, and that the terms of the Second Sale and Purchase Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board is pleased to announce that as of the date of this announcement, the Vendor has duly received the Consideration of HK\$275 million, being HK\$75 million by way of cashier's order and the Zero-Coupon Promissory Note in the principal amount of HK\$200 million. The Board is of the view that the positive financial effects of the Further Disposal is in line with the completion of the inherent investment strategy of the Group, successfully strengthened the cashflow and the working capital conditions of the Group and, therefore, enhanced the value of the Group.

FINANCIAL EFFECTS OF THE FURTHER DISPOSAL AND INTENDED USE OF PROCEEDS

Upon Completion, the Company will have no beneficial interest in the Target Company.

The Further Disposal represented a gain of HK\$137.6 million over the fair value of Sale Shares as at 31 December 2019 of HK\$137.4 million. The estimated gain from the Further Disposal will be HK\$19.54 million, being the difference between the Consideration and the investment cost of the Sale Shares (i.e. HK\$275 million - HK\$255.46 million = HK\$19.54 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 fair value of the Zero-Coupon Promissory Note subject to the valuation to be conducted by an independent valuer upon Completion and confirmation with the auditor of the Company. Accordingly, the estimation above does not purport to represent how the financial position of the Group will be after the Completion. However, the Company considers the Further Disposal will have no material effect on the financial position and the operations of the Company.

The Board intends to apply the sale proceeds as the general working capital of the Group to finance the Group's financial service segment as well as the Group's integrated resort project in Japan.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, the Further Disposal shall be aggregated with the Previous Disposal and the Company shall treat them as if they were one transaction since both of them involved the disposal of securities in the Target Company and were completed within a twelve-month period.

As certain applicable percentage ratios (as defined under the Listing Rules) in respect of the Previous Disposal and the Further Disposal (in aggregate) are more than 5% but all of them are less than 25%, the Further Disposal constitutes a discloseable transaction of the Company and is therefore subject to the relevant reporting and announcement requirements pursuant to 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 Further Disposal pursuant to the Second Sale and Purchase Agreement
“Completion Date”	14 December 2020, the date on which the conditions pursuant to the Second Sale and Purchase Agreement were satisfied
“Consideration”	the total consideration of HK\$275,000,000 payable by the Purchaser to the Vendor for the Further Disposal

“Director(s)”	director(s) of the Company
“Further Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms and conditions of the Second 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
“PRC”	the People’s Republic of China
“Purchaser”	High Rhine Limited, a private company incorporated in BVI with limited liability
“Sale Shares”	45,000,000 ordinary share(s) of the Target Company, representing 3.62% of the issued share capital of the Target Company
“Second Sale and Purchase Agreement”	the second sale and purchase agreement dated 14 December 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”	Seekers Partners Limited, formerly known as Satinu Resources Group Limited, a company 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, which is incorporated in BVI with limited liability
“Zero-Coupon Promissory Note”	The HK\$200 million zero-coupon promissory note to be issued by the Purchaser to the Vendor pursuant to the Second Sale and Purchase Agreement as part of the Consideration
“%”	per cent

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

Hong Kong, 14 December 2020

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

<i>Executive Directors:</i>	<i>Non-Executive Directors:</i>	<i>Independent Non-Executive Directors:</i>
Ms. Wong Wan Men Margaret	Mr. Alejandro Yemenidjian <i>(Non-Executive Chairman)</i>	Mr. Chan Hak Kan
Mr. Wong Yat Fai	Hon. Joseph Edward Schmitz	Mr. Cheung Wing Ping
	Mr. Sam Nickolas David Hing Cheong	Mr. Hung Cho Sing