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## **Oshidori International Holdings Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 622)**

### **DISCLOSEABLE TRANSACTION ACQUISITION OF A PROPERTY HOLDING COMPANY**

#### **THE ACQUISITION**

On 4 May 2023 (after trading hours), the Purchaser, a wholly owned subsidiary of the Company, and the Vendor entered into the Agreement pursuant to which the Vendor has conditionally agreed to sell and assign, and the Purchaser has conditionally agreed to acquire, the Sale Share (representing the entire issued share capital of the Target Company) and the Shareholder's Loan at the Consideration of HK\$220 million (subject to adjustment) (the "**Acquisition**"). The Target Company is the sole registered and beneficial owner of the property known as 27th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong.

Upon Completion, the Purchaser will hold the entire issued share capital of the Target Company and the Target Company will become an indirect wholly owned subsidiary of the Company. The financial statements of the Target Company will be consolidated into the consolidated financial statements of the Group.

#### **LISTING RULES IMPLICATIONS**

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

**Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the paragraph headed “Conditions Precedent” in this announcement. Accordingly, the Acquisition may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## **THE ACQUISITION**

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Upon Completion, the Purchaser will hold the entire issued share capital of the Target Company and the Target Company will become an indirect wholly owned subsidiary of the Company. The financial statements of the Target Company will be consolidated into the consolidated financial statements of the Group.

## **THE AGREEMENT**

The principal terms of the Agreement are set out below:

- Date: 4 May 2023 (after trading hours)
- Parties:
- (1) Enerchine Proprietary Trading Limited, a wholly owned subsidiary of the Company (as the purchaser); and
  - (2) Future Master Investments Limited (as the vendor)

The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability. The Vendor is a wholly owned subsidiary of Future Capital Group Limited (“FCGL”), a company incorporated in the Cayman Islands. As at the date of this announcement, the Company indirectly owns 17.81% of the issued shares of FCGL and the other 82.19% shareholding of FCGL is owned by Ms. Lo Ki Yan Karen.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, saved as disclosed above, the Vendor and its ultimate beneficial owner are Independent Third Parties.

### **Assets to be acquired**

The Sale Share represents the entire issued share capital of the Target Company which is the sole registered and beneficial owner of the Property. The Property is known as 27th Floor of China United Centre, 28 Marble Road, North Point, Hong Kong. The gross floor area of the Property is approximately 11,187 square feet. According to a recent valuation conducted by an independent professional valuer, the market value of the Property as at 2 May 2023 was HK\$220 million.

The Shareholder's Loan amounted to approximately HK\$102,656,785 as at 31 March 2023.

### **Consideration and payment terms**

The Consideration for the acquisition of the Sale Share and the Shareholder's Loan is HK\$220 million (subject to adjustment as set out below) and shall be payable by the Purchaser to the Vendor in accordance with the following manner:

- (a) the Purchaser shall pay a sum of HK\$22 million as refundable deposit (the "**Deposit**") to the Vendor (or its nominee) within 7 days of the date of the Agreement; and
- (b) the Purchaser shall pay the remaining balance of the Consideration to the Vendor (or its nominee) upon Completion.

All payments to be made hereunder shall be made by a cheque or cashier order drawn on a licensed bank in Hong Kong or by bank transfer. The Consideration is expected to be funded by the Group's internal resources.

### **Adjustment to the Consideration**

Under the Agreement, as soon as practicable and in any event within 28 days after the Completion Date, the Vendor shall provide to the Purchaser the Completion Accounts showing the calculation of the Net Asset Value of the Target Company as at the Completion Date.

The Consideration shall be adjusted following agreement or determination of the Completion Accounts as follows (and the Consideration as adjusted shall be referred to as the "**Adjusted Consideration**") and be settled within 7 days after the determination of the Adjusted Consideration:

- (a) if the amount of the Net Asset Value is a positive figure exceeding "zero", by adding to the Consideration such amount on dollar-to-dollar basis ("**Positive NAV**"); whereupon the Purchaser shall pay a sum in cash equivalent to the amount of the Positive NAV to the Vendor (or its nominee); or

- (b) if the amount of the Net Asset Value is a negative figure below “zero”, by deducting from the Consideration such amount on dollar-to-dollar basis (“**Negative NAV**”); whereupon the Vendor shall pay a sum in cash equivalent to the amount of the Negative NAV to the Purchaser (or its nominee).

Further, subject to the fulfilment (or waiver, where applicable) of the conditions, if the Purchaser shall complete the Acquisition pursuant to the terms of the Agreement within 2 months from the date of the Agreement, the Vendor shall provide a cash rebate to the Purchaser in the sum of 5% of the Consideration (i.e. HK\$11 million) which shall be deducted from the balance of the Consideration payable upon Completion.

### **Basis of Consideration**

The Consideration was determined after arm’s length negotiations between the Purchaser and the Vendor with reference to (i) financial position of the Target Company; (ii) the valuation of the Property as at 2 May 2023 at HK\$220 million prepared by an independent professional valuer; and (iii) the reasons and benefits as stated under the section headed “REASONS FOR AND BENEFITS OF THE ACQUISITION” in this announcement.

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

### **Conditions Precedent**

Completion of the Acquisition shall be subject to and conditional upon the following conditions being fulfilled:

- (a) the results of the legal and financial due diligence conducted by the Purchaser over the Target Company, including but not limited to the affairs, business, assets, liabilities, records, financial position, value of assets, accounts, results, legal and financial structure of the Target Company, being completed to the satisfaction of the Purchaser;
- (b) the Vendor shall show prove and give a good title to the Property in accordance with Section 13 & 13A of the Conveyancing and Property Ordinance (Cap 219);
- (c) the Vendor shall procure repayment of the Mortgage Loan and all other monies owing by the Target Company under the Mortgage on or before the Completion Date and shall procure the Vendor’s solicitors to undertake to deliver to the Purchaser a valid release or discharge in respect of the Mortgage (together with the ancillary documents and registration fees for registration of the same with the Land Registry and Companies Registry) within 21 days from the Completion Date;

- (d) the Purchaser being satisfied that the Vendor has complied with all its obligations and undertakings in accordance with the terms of the Agreement and that the Vendor has not been in any breach of the provisions of the Agreement;
- (e) the Purchaser being satisfied that on or before Completion, the Vendor's warranties remain true and accurate in all material respects and are not misleading nor in breach in any material respect;
- (f) there is no material adverse change or prospective material adverse change in the Target Company's legal and financial conditions taken as a whole since the date of the Agreement; and
- (g) if applicable, the obtaining of all consents from any relevant government or regulatory authorities or third parties which are necessary in connection with the execution and performance of the Agreement and any of the transactions contemplated hereunder.

If the conditions have not been fulfilled (or waived at the Purchaser's absolute discretion) on or before the Long Stop Date for whatever reason, the Agreement shall cease and determine, and in such event, the Vendor shall refund the Deposit to the Purchaser in full without interest forthwith and thereafter neither party shall have any rights, obligations and liability towards each other thereunder save for any antecedent breaches of the terms of the Agreement.

### **Pre-completion**

According to the unaudited financial information of the Target Company for the 3 months ended 31 March 2023, an amount of HK\$116,550,000 (the "**Subsidiary's Loan**") was due to the Target Company by its fellow subsidiary (the "**Subsidiary**") as at 31 March 2023. The Vendor warrants and undertakes that on or prior to the Completion:

- (a) the Vendor shall procure the Subsidiary to fully repay the Subsidiary's Loan for purpose of enabling the Target Company to repay the Mortgage Loan or a part thereof;
- (b) in case after the repayment of the Subsidiary's Loan, the Target company has still insufficient cash for full repayment of the Mortgage Loan, the Vendor shall advance such interest free shareholder's loan to the Target Company or apply part of the Consideration so that the Mortgage Loan can be fully discharged and repaid on or before the Completion Date and the further shareholder's loan from the Vendor shall form part of the Shareholder's Loan and be assigned by the Vendor to the Purchaser as at the Completion.

## **Completion**

Completion of the Acquisition shall take place on the Completion Date.

Upon Completion, the Purchaser will hold the entire issued share capital of the Target Company and the Target Company will become an indirect wholly owned subsidiary of the Company. The financial statements of the Target Company will be consolidated into the consolidated financial statements of the Group.

## **INFORMATION OF THE TARGET COMPANY**

The Target Company is a company incorporated in the British Virgin Islands with limited liability. The Target Company principally engages in property investments and is the sole registered and beneficial owner of the Property known as 27th Floor of China United Centre, 28 Marble Road, North Point, Hong Kong. The gross floor area of the Property is approximately 11,187 square feet.

There is a mortgage created on 20 July 2018 registered in the Land Registry to secure the Mortgage Loan amounts to HK\$124,533,500 (as at 31 March 2023) granted to the Target Company. The mortgage was created in favour of a licensed bank under the Hong Kong Monetary Authority, which is an Independent Third Party. According to the Agreement, the Vendor shall procure that at or before Completion, there shall be a full release and discharge of the said mortgage.

According to a recent valuation conducted by an independent professional valuer, the market value of the Property as at 2 May 2023 was HK\$220 million.

As at the date of this announcement, the Property is rented to an Independent Third Party at a monthly rental of HK\$302,049 (exclusive of management fee, air-conditioning charges, government rent and rates and other outgoings) under a tenancy agreement for a period of two years from 1 February 2023 to 31 January 2025 (both dates inclusive). The tenant of the Property is a wholly owned subsidiary of a Hong Kong listed company with net assets of over HK\$4.2 billion.

Set out below is the audited and unaudited financial information of the Target Company for the year ended 31 December 2021 and 31 December 2022 respectively:

	<b>For the year ended 31 December 2022 (Unaudited) <i>HK\$'000</i></b>	<b>For the year ended 31 December 2021 (Audited) <i>HK\$'000</i></b>
Revenue	3,625	2,114
Profit before tax	147	55,562
Profit after tax	822	55,809

According to the unaudited financial information of the Target Company for the 3 months ended 31 March 2023, the net asset value of the Target Company was HK\$98.1 million as at 31 March 2023.

### **INFORMATION OF THE GROUP AND THE COMPANY**

The Group principally engages in investment holdings, tactical and/or strategical investments (including property investments), and the provision of financial services including the Securities and Futures Commission 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 8 (securities margin financing), and Type 9 (asset management); and provision of credit and lending services regulated under the Money Lenders Ordinance.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group has been cautiously exploring suitable potential investment opportunities to broaden its source of revenue and to create value for the Shareholders. The Acquisition will enable the Group to acquire the entire issued share capital of the Target Company which is the sole registered and beneficial owner of the Property. The Group considers the Property will be a quality investment because the premise was newly renovated by the Vendor and offers accesses to many amenities including gym facilities, jogging trails, restaurants and coffee shops, parking facilities, and easy transportation including MTR, ferry and buses. Pursuant to the Agreement, the Vendor shall provide a cash rebate to the Purchaser in the sum of 5% of the Consideration which shall be deducted from the balance of the purchase price payable upon Completion. The Group will work diligently and as soon as practicable so as to save 5% of the Consideration, being HK\$11 million. Accordingly, the Group would be able to acquire the Target Company at a lower price (from HK\$220 million to HK\$209 million) and enjoy a higher rental yield (from 1.65% per annum to 1.73% per annum).

Therefore, the Acquisition represents a prime opportunity for the Group to gradually diversify our tactical and/or strategical investments business to create value in terms of rental and capital appreciation. The Group is confident in the prospects of Hong Kong given the re-launch of capital investment scheme and the development of the Greater Bay Area. The Group believes that property investment is a relatively prudent choice which will help the Group to generate a stable revenue as the property market continues to recover and leasing demand strengthens in the future.





“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
“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 sale and purchase of the Sale Share and the assignment of the Shareholder’s Loan pursuant to the Agreement
“Completion Accounts”	the unaudited financial statements of the Target Company as at the Completion Date certified as true and accurate by a director of the Target Company which unaudited financial statements shall comprise a balance sheet as at the Completion Date and a profit and loss account for the period ended the Completion Date
“Completion Date”	a date (being a Business Day) falling on the 3rd Business Day after the fulfilment (or waiver) of all the conditions precedent pursuant to the Agreement
“Consideration”	the total consideration of HK\$220 million payable by the Purchaser to the Vendor for the Acquisition, subject to adjustment
“Director(s)”	director(s) of the Company
“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”	31 August 2023 or such other later date as may be agreed by the parties in writing
“Mortgage”	the existing mortgage executed by the Target Company in respect of the Property
“Mortgage Loan”	the amount due by the Target Company secured by the Property which, as at 31 March 2023, amounted to HK\$124,533,500
“Net Asset Value”	(i) the aggregate of all assets of the Target Company which are readily convertible into cash or cash equivalents (excluding the Property, other fixed assets and the Subsidiary’s Loan) less (ii) the aggregate of all liabilities of the Target Company (but excluding the Shareholder’s Loan)
“Property”	the property known as 27th Floor of China United Centre, No. 28 Marble Road, North Point, Hong Kong with gross area of approximately 11,187 square feet
“Purchaser”	Enerchine Proprietary Trading Limited, a company incorporated in the British Virgin Islands with limited liability
“PRC”	the People’s Republic of China
“Sale Share”	1 ordinary share of the Target Company, representing the entire issued share capital of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Shareholder’s Loan”	all of the outstanding shareholder’s loan owing by the Target Company to the Vendor as at the date of the Completion
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Target Company”	CUCNP Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor”	Future Master Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“%”	per cent

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

Hong Kong, 4 May 2023

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

<i>Executive Directors:</i>	<i>Non-Executive Director:</i>	<i>Independent Non-Executive Directors:</i>
Ms. Wong Wan Men Mr. Wong Yat Fai	Mr. Sam Hing Cheong	Hon. Chan Hak Kan, <i>S.B.S., J.P.</i> Mr. Hung Cho Sing, <i>B.B.S.</i> Mr. Lam John Cheung-wah Dr. Lo Wing Yan, William, <i>J.P.</i> Mr. Yu Chung Leung