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ORIENTAL UNIVERSITY CITY HOLDINGS (H.K.) LIMITED

東方大學城控股（香港）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 8067)

**SUPPLEMENTAL AGREEMENT FOR
MAJOR AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTIES**

Reference is made to the announcements dated 29 August 2018, 3 September 2018, 13 September 2018, 31 October 2018, 20 December 2018, 31 December 2018 and 21 January 2019 (the “**Announcements**”) and the circular dated 29 November 2018 (the “**Circular**”) issued by Oriental University City Holdings (H.K.) Limited (the “**Company**”) with regard to the major and connected transaction in relation to the Acquisition. Unless otherwise defined, terms used herein shall have the same meanings as those defined in the Announcements and the Circular.

SUPPLEMENTAL AGREEMENT

On 13 June 2019, the Company, as the purchaser, the PRC Subsidiary, TongHui and the Seller entered into the Supplemental Agreement to amend certain terms of the Original SPA. Pursuant to which, the Seller conditionally agreed to sell and the Company conditionally agreed to acquire the Properties through the acquisition of the entire equity interest of the Holding Company at a consideration of RMB252,370,000.

Pursuant to the Amended SPA, all rights and benefits attached to the Properties and any liabilities and obligations attached to the Properties shall be transferred by and from the Seller to the Group, and the Seller and TongHui shall perform all acts and things, and execute and deliver such documents, as may be required by law or as the Company may reasonably require for the purpose of (i) transferring the Properties from TongHui to the Holding Company; and (ii) transferring the entire equity interest of the Holding Company to the Company after the Properties are

duly transferred to the Holding Company. On the Completion Date, Oriental University City Limited, a wholly-owned subsidiary of the Seller, shall execute the Share Charge in favour of the Company.

The Supplemental Agreement is conditional upon, among other things, the approval of Independent Shareholders at the GM.

LISTING RULE IMPLICATIONS

Pursuant to Rules 19.42 and 20.46 of the GEM Listing Rules, since the Company proposes to amend certain terms of the Original SPA which constitute material change to the terms by way of the Supplemental Agreement, the Company is required to re-comply with the relevant requirements of Chapters 19 and 20 of the GEM Listing Rules.

As the relevant percentage ratio(s) calculated in accordance with Rule 19.07 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

As of the date of this announcement, the Seller holds 75% of the entire issued share capital of the Company and is a Controlling Shareholder of the Company and thus a connected person of the Company. As such, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the approval of the Independent Shareholders at the GM under Chapter 20 of the GEM Listing Rules.

The Share Charge to be provided by Oriental University City Limited, a wholly-owned subsidiary of the Seller, for the benefit of the Group to secure the performance obligations owed by the Seller to the Company under the Amended SPA amount to financial assistance by a connected person. As such financial assistance is (i) provided on normal commercial terms or better to the Group; and (ii) not secured by the assets of the Group, the Share Charge is considered as an exempt connected transaction, which is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Company will seek approval from the Independent Shareholders for the Acquisition and the Supplemental Agreement at the GM. In addition, since the Seller as the Controlling Shareholder of the Company will be deemed as having a material interest in the Acquisition and the Supplemental Agreement, the Seller and its respective associates will abstain from voting on resolutions regarding the Acquisition and the Supplemental Agreement at the GM.

GENERAL

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to advise them on the terms of the Acquisition and the Amended SPA. The Independent Board Committee, comprising all the independent non-executive Directors, will be established by the Company to advise the Independent Shareholders as to whether (i) the terms of the Amended SPA and the transactions contemplated thereunder are fair and reasonable, and (ii) whether the transactions are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

A circular containing, among other things, (i) further details of the Acquisition and the Amended SPA; (ii) the financial information of the Group; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition and the Amended SPA; (iv) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Amended SPA; (v) the valuation report of the Properties; and (vi) a notice convening the GM is expected to be despatched to the Shareholders on or before 28 June 2019.

Completion of the Acquisition is subject to, among other things, the approval of the Supplemental Agreement and the fulfilment of the conditions precedent of the Amended SPA and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

BACKGROUND

On 29 August 2018, the Company, as the purchaser, the PRC Subsidiary, TongHui and the Seller (collectively, the “**Parties**”) entered into the Sale and Purchase Agreement, pursuant to which, the Seller conditionally agreed to sell and the Company conditionally agreed to acquire the Properties at a consideration of RMB252,370,000.

At the general meeting of the Company held on 20 December 2018, the Shareholders approved the Sale and Purchase Agreement, granted a specific mandate to the Directors to allot and issue the Conversion Shares which may be issued upon conversion of the Convertible Note and authorized any Director to take all steps necessary and appropriate in the interests of the Company and its Shareholders as a whole to approve and implement and/or give effect to the Sale and Purchase Agreement, including to agree to such variations, amendments, waivers or matters in order to give effect to and/or implement the Sale and Purchase Agreement and the transactions contemplated thereunder.

As additional time was required for the fulfillment of certain conditions precedent, the Parties executed the First Addendum on 31 December 2018, pursuant to which the Parties agreed to extend the long stop date to 30 June 2019.

On 21 January 2019, the Parties entered into the Second Addendum, pursuant to which (i) an additional refundable deposit in the amount of RMB50,474,000, representing 20% of the Consideration shall be payable by the PRC Subsidiary to TongHui and shall be settled by way of cash, and (ii) on the Completion Date, the Company shall issue the Note in the value of RMB176,659,000 representing 70% of the Consideration. Upon the signing of the Second Addendum, the Seller shall instruct TongHui to perform all acts and things as the Company may reasonably require for the purpose of handing over the Properties to the PRC Subsidiary, and all rights and benefits attached to the Properties and any liabilities and obligations attached to the Properties shall be transferred to the PRC Subsidiary with immediate effect. The Parties further agreed to amend the conditions precedent set out in the Sale and Purchase Agreement to (i) each Party shall be responsible for its own taxes and other costs, liabilities and expenses incurred in connection with the transfer of the Properties; and (ii) the registration of the legal title(s) to the Properties with the relevant PRC authorities is required in the name of the Company (or its nominee).

SUPPLEMENTAL AGREEMENT

On 13 June 2019 (after trading hours), the Parties entered into the Supplemental Agreement to amend certain terms of the Original SPA, the key amended terms of which include the following:

- (a) as opposed to the direct acquisition of the Properties, the Seller conditionally agreed to sell and the Company conditionally agreed to acquire the Properties through the acquisition of the entire issued share capital of the Holding Company;
- (b) a Share Charge shall be executed in favour of the Company which was previously not required under the Original SPA;
- (c) a power of attorney shall be executed in favour of the PRC Subsidiary which was previously not required under the Original SPA;
- (d) the Long Stop Date has been extended from 30 June 2019 to 31 December 2019;

- (e) it is a condition precedent that the Supplemental Agreement shall be approved by the passing of an ordinary resolution by the shareholders of the Company (except for the Seller); and
- (f) post-completion undertakings are given by the Seller and TongHui in relation to, among other things, (i) the Acquisition and the Acquisition Date; (ii) the control and management of the Properties; and (iii) the Seller's control over OUCED, TongHui and the Holding Company, which was previously not required under the Original SPA.

The principal terms of the Amended SPA are set out below:

Parties

- (1) the Company (as the purchaser);
- (2) the PRC Subsidiary;
- (3) TongHui; and
- (4) the Seller.

The Acquisition

Pursuant to the Supplemental Agreement, the Parties agree that the Properties shall be acquired from the Seller free from all Encumbrances through the acquisition of the entire equity interest of the Holding Company by the Company at a total consideration of RMB252,370,000 in accordance with the following terms:

- (a) upon signing of the Second Addendum, all rights and benefits attached to the Properties (including but not limited to rights to income, operational and management control of the Properties) and any liabilities and obligations attached to the Properties (in the form of property tax, VAT and property management fees only) shall be transferred by and from the Seller (or procured by the Seller to be transferred) to the PRC Subsidiary with immediate effect. For the avoidance of doubt, all such rights, benefits, liabilities and obligations attached to the Properties receivable by the Company up to the termination date of the Supplemental Agreement shall not refundable or returned in any form to the Seller if the conditions precedent are not fulfilled or waived on or before the Long Stop Date;
- (b) upon signing of the Supplemental Agreement, the Seller and TongHui shall perform (and/or procure the performance of) all acts and things, and execute and deliver such documents, as may be required by law or as the Company may

reasonably require for the purpose of (i) transferring the Properties from TongHui to the Holding Company; and (ii) transferring the entire equity interest of the Holding Company to the Company (or at the election of the Company, to its Affiliate(s)) after the Properties are duly transferred to the Holding Company; and

- (c) on the Completion Date, Oriental University City Limited, a wholly-owned subsidiary of the Seller, shall execute a share charge over 90% of the issued share capital of OUCED in favor of the Company (the “**Share Charge**”).

Terms of payment of the Consideration

The Consideration shall be satisfied in the following manner:

- (a) upon the signing of the Second Addendum, RMB75,711,000, representing 30% of the Consideration (the “**Deposit**”) payable by the Company (or its nominee(s)) to the Seller (or its nominee(s)), shall be settled by way of cash;
- (b) on the Completion Date, the Company shall issue the Convertible Note in the value of HK\$200,379,982 (equivalent to approximately RMB176,659,000 based on the exchange rate as quoted by People’s Bank of China on the date of the Supplemental Agreement) representing 70% of the Consideration, entitling the Seller (or its nominee) to convert at the Conversion Price of HK\$2.30 per Conversion Share into a maximum of 87,121,731 Conversion Shares.

As at the date of this announcement, the Deposit has been paid by the Company.

Basis of the Consideration

The Consideration was determined after arm’s length negotiation between the Seller and the Company under normal commercial terms and with reference to, among others, the preliminary valuation of the Properties at RMB252,370,000 as at 29 August 2018, as carried out by an independent professional valuer jointly appointed by the Seller and the Company. In valuing the properties, the valuer adopted approaches on the basis of capitalization of the rental derived from the existing tenancies with due allowance for reversionary rental potential of the Properties, and by making reference to comparable sales evidence as available in the relevant property market.

In the Board meeting (which Mr. Chew had abstained from voting), the Directors (other than members of the Independent Board Committee, who will give their opinion after having considered the recommendation from the Independent Financial Adviser) consider that the consideration for the Acquisition arrived at after arm’s

length negotiation remains to be fair and reasonable as the Consideration has taken into account, (i) the valuation of the Properties as at 29 August 2018, 27 September 2018 and 13 June 2019; (ii) the rent income receivable from the Properties; and (iii) the future prospects of the property market in Langfang, Hebei Province, the PRC.

The final valuation report of the Properties will be included in the circular to be despatched to the Shareholders.

Conditions precedent of the Supplemental Agreement

Completion is conditional upon the fulfillment (or waiver) of the following conditions:

- (a) all the warranties provided by the Company remaining true, complete and accurate in all respects and not misleading in any respect on the Completion Date;
- (b) all the warranties provided by the Seller remaining true, complete and accurate in all respects and not misleading in any respect on the Completion Date;
- (c) the passing of an ordinary resolution by the shareholders of the Company (except for the Seller) at the GM to approve the transactions contemplated under the Supplemental Agreement and to approve the grant of a specific mandate to the board of Directors to allot and issue the Conversion Shares;
- (d) Listing Committee of the Stock Exchange granting approval for the listing of, and the permission to deal in, the Conversion Shares and such approval not having been revoked;
- (e) the Company having obtained a legal opinion on, among others, (i) the title certificate of the Properties; (ii) the legality of any internal restructuring relating to TongHui for the purposes of transferring the Properties to the Company, and there shall be no legal impediment in the completion of such restructuring; (iii) the legality of the transfer of the Properties by TongHui to the Holding Company, and there shall be no legal impediment in the completion of such transfer; and (iv) the legality of the transfer of the entire equity interest of the Holding Company to the Company (or at the election of the Company, to its Affiliate(s)), and there shall be no legal impediment in the completion of such transfer, issued by a PRC legal adviser, in form and substance satisfactory to the Company in its absolute discretion;
- (f) from the date of the Supplemental Agreement to the Completion, there being no material adverse change in relation to the Seller, Tong Hui or the Holding Company;

- (g) the approval of the Supplemental Agreement and the Share Charge by the majority of the independent Directors; and
- (h) the PRC Subsidiary having obtained a power of attorney signed and given by TongHui and the Holding Company in favour of the PRC Subsidiary over the control and management of the Properties.

The above conditions precedent (c), (d), (e), (f) and (h) cannot be waived. The Company is entitled to exercise its discretion to waive the fulfillment of other conditions precedent in the Amended SPA. In the event that such conditions could not be fully satisfied, the waiver of any of such conditions is to be determined by the Board after considering the interests of the Company and the Shareholders as a whole.

If all the conditions precedent in the Amended SPA are not satisfied or waived on or before the Long Stop Date, the Amended SPA shall be automatically terminated and, the Seller (or its nominee(s)) shall, within five Business Days from the date of the termination of the Amended SPA, refund the Deposit to the Company (or its nominee(s)) upon such termination all rights and obligations of the Parties (other than the surviving provisions) shall cease to be of any effect whereupon the parties shall have no claim against each other, save for any antecedent breaches of the terms thereof.

As at the date of this announcement, none of the conditions precedent have been satisfied and the Company has no intention to waive any of the conditions precedent.

Long Stop Date

31 December 2019, or any other date as agreed in writing between the Seller and the Company.

Completion

Completion shall take place on or before the 10th Business Day from the day on which all the conditions precedent in the Amended SPA are satisfied or waived, or at such other time and date as mutually agreed between the parties in writing.

Post-completion Undertakings

The Seller and TongHui jointly and severally gave, among other things, the following post-completion undertakings:

- (a) the Seller and TongHui shall perform (and/or procure the performance of) all acts and things, and execute and deliver such documents (including an equity interest

transfer agreement, if necessary), as may be required by law or as the Company may reasonably require for the purpose of (i) transferring the Properties from TongHui to the Holding Company; and (ii) transferring the entire equity interest of the Holding Company to the Company (or at the election of the Company, to its Affiliate(s)) after the Properties are duly transferred to the Holding Company and completing the transfer of the entire equity interest of the Holding Company within 3 years (or any other date as agreed in writing between the Seller and the Purchaser) after the Completion Date in accordance with the terms and conditions of the Amended SPA (the “**Acquisition Date**”);

- (b) the Properties shall be transferred to the Holding Company at nil or nominal consideration and the entire equity interest of the Holding Company shall be transferred to the Company (or at the election of the Company, to its Affiliate(s)) at nil or nominal consideration and the Company shall not be responsible for any other costs, liabilities and expenses to be incurred in connection with the transfer of the Properties or the entire equity interest of the Holding Company (other than the Consideration and the relevant taxes, if any). For the avoidance of doubt, the Company (or its Affiliate(s)) shall not be required to give any representation and warranties, indemnity or any other liability in connection with the transfer of the Properties or the entire equity interest of the Holding Company;
- (c) upon signing of the Supplemental Agreement and up to the Acquisition Date, unless as otherwise contemplated herein, the Properties shall be controlled and managed in accordance with the instructions of the Company, and the Seller and TongHui shall not (and shall procure any other relevant party including the Holding Company, OUCED and Shanghai ShengXin not to) directly or indirectly (i) solicit, initiate or take any action to facilitate or encourage any inquiries or the making of any proposal from a person or group of persons other than the Company that constitute, or could reasonably be expected to lead to, the purchase or other acquisition of, any of the entire equity interest of the Holding Company or any legal or equitable interest (in whole or in part) in the Properties (including the right to use or occupy) (an “**Alternative Transaction**”); (ii) enter into or participate in any discussions or negotiations with any person or group of persons regarding an Alternative Transaction; (iii) furnish any non-public information relating to the Properties or the Holding Company, or afford access to the assets, business, properties, books or records of the Holding Company to any person or group of persons other than the Company and its representatives, in all cases for the purpose of assisting with or facilitating an Alternative Transaction; or (iv) enter into a transaction involving an Alternative Transaction or any agreement, arrangement or understanding, including, without limitation, any letter of intent, term sheet or other similar document, relating to an Alternative Transaction, without the written consent of the Company;

- (d) upon signing of the Supplemental Agreement and up to the Acquisition Date, the Seller shall maintain majority control (whether in respect of equity interest, exercise of voting power at any shareholders' meeting or control in the composition of a majority of the board of directors of the relevant companies) over OUCED, TongHui and the Holding Company;
- (e) the Seller and TongHui shall perform (and/or procure the performance of) all acts and things, and execute and deliver such documents, as may be required by law or as the Company may reasonably require for the purpose of controlling and managing the Properties; and
- (f) the Seller and TongHui shall not, and shall procure that the Holding Company, OUCED and Shanghai ShengXin shall not, without the prior written consent of the Company, do or omit to do, or cause to be done or omitted to be done, any act or thing which would result (or be likely to result) in a breach of any of the warranties were they to be repeated at any time up to and including the Completion Date and the Acquisition Date by reference to the facts and circumstances then existing.

Furthermore, the Seller and TongHui shall jointly and severally indemnify, defend and hold harmless the Company, any of the Company's Affiliate(s) (including the PRC Subsidiary) and their respective employees, officers, directors, shareholders and partners (collectively, the "**Indemnified Parties**"), from and against any and all losses, directly or indirectly, arising out of, relating to, connected with or incidental to (a) any breach of any representation, warranty, covenant or agreement made by any of the Seller and TongHui in the Amended SPA or in any transaction documents (as defined in the Amended SPA); (b) any liability or penalty which has been made or imposed or may hereafter be made or imposed by any Governmental Authority or any other person wholly or partly in respect of or in consequence of any event with respect to the Seller, TongHui or the Holding Company or the Properties occurring on or before the Acquisition Date; (c) any claim made against any Indemnified Party by any third party in connection with the Amended SPA or any other transaction documents; or (d) any facts or matters relating to the Properties existing or occurring prior to the Acquisition Date even if the liability is actually incurred after the Acquisition Date.

If the Seller or TongHui or any of the party controlled by either of them fail to comply or is found to have caused (directly or indirectly) or attributed to the breach of any of the warranties and undertakings given by the seller, the Company is entitled to exercise its right under the Share Charge in accordance with the terms and conditions of the Share Charge. Subject to the foregoing, the Share Charge shall be released by the Company on the Acquisition Date in accordance with the terms and conditions of the Amended SPA.

PRINCIPAL TERMS OF THE CONVERTIBLE NOTE

The principal terms of the Convertible Note to be issued by the Company to the Seller (or its nominees) are summarized as follows:

Aggregate principal amount of the Convertible Note

HK\$200,379,982

Maturity date

29 August 2028, being ten (10) years from the date of the Sale and Purchase Agreement.

Conversion period

The holders of the Convertible Note will be able to convert the outstanding principal amount of the Convertible Note in whole or in part into Shares at any time following the relevant date of issue until the Maturity Date.

Conversion price

HK\$2.30 per Conversion Share, representing the average closing price of the shares of the Company for the five (5) Business Days immediately preceding the date of the Sale and Purchase Agreement.

The Conversion Price was determined after arm's length negotiation between the Company and the Seller with reference to the then prevailing market price of the Shares. Noting that the Conversion Price represents a premium of 15% of the average closing price of the shares of the Company for the five (5) Business Days immediately preceding the date of this announcement, the Directors (excluding Mr. Chew who had abstained from voting, and the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) consider that the Conversion Price remains to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Interest rate

2.48% per annum based on HIBOR.

Transferability

The Convertible Note may only be assigned or transferred to an affiliate of the Seller with prior written notification made to the Company.

Voting

The holder of the Convertible Note will not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of them being a holder of the Convertible Note.

Listing

No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange.

Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Note.

Subject to the granting of the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange, the Conversion Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Conversion Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter.

All activities under CCASS are subject to the general rules of CCASS and CCASS Operational Procedures in effect from time to time.

Ranking

The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Note will rank *pari passu* in all respects with all other Shares outstanding on the date the name of the holder of the Convertible Note is entered in the register of members of the Company as a holder of the Conversion Shares.

Conversion restriction

The conversion rights attaching to a Convertible Note cannot be exercised (and accordingly the Company will not issue Conversion Shares) if the Company believes that it would no longer fulfill the public float requirement under Rule 11.23 of the GEM Listing Rules immediately after the issue of the Conversion Shares.

Redemption

In the event that the Company gives notice of redemption and receives a notice of conversion under the Convertible Note on the same date (regardless of the time), the notice of redemption shall take priority against the notice of conversion.

CONVERSION

The maximum of 87,121,731 Conversion Shares to be issued upon full conversion of the Convertible Note represent approximately 48.40% of the existing issued share capital of the Company as at the date of this announcement and approximately 32.61% of the Company's then issued share capital as enlarged by the issue of the Conversion Shares assuming there is no change in the total number of issued Shares from the date of this announcement up to the allotment and issue of the Conversion Shares.

REASONS FOR THE ISSUANCE OF CONVERTIBLE NOTE

The Consideration will be settled, partly, by way of the Convertible Note which will have a long maturity date of ten years. This long maturity date will encourage the Noteholders to convert the Convertible Note into Shares during the term of the Convertible Note. Furthermore, if any part of the Convertible Note is not converted into Shares by the Noteholders during its term and is outstanding upon maturity, the Company will only be required to fund repayment of the principal until its maturity which will only be due in year of 2028. Although interest at the coupon interest rate of 2.48% per annum will be payable on the Convertible Note before it is converted into Shares, the long maturity date will enhance the chance that the Convertible Note will be converted into Shares before maturity and hence no interest payment and principal repayment is required for the Convertible Note after conversion into Shares.

The Company also considered issuing Shares as an alternative method to settle the Consideration, but due to the minimum public float requirement under the GEM Listing Rules, the Company is not able to issue sufficient Shares to settle the Consideration. In addition, the Board does not consider bank facilities as a commercially feasible financing method for the Company in the settlement of the Consideration, given that the Company has no business operation in Hong Kong; there is no repayment source for the Company in Hong Kong and it is difficult to remit funds out of PRC to Hong Kong, the Company will not be able to apply for a clean facility line.

In light of the above and considering that (i) the Convertible Note bears a relatively low interest rate in comparison with the prevailing market interest rates, and are issued at the Conversion Price which the Company considers to be fair and reasonable (as explained in the section headed "Principal Terms of the Convertible Note — Conversion Price"); and (ii) despite the potential dilution effect upon conversion of the Convertible Note by the Noteholders, which will be subject to the conversion restriction (as explained in the section headed "Principal Terms of the Convertible Note — Conversion Restriction"), the issue of the Convertible Note will not have an immediate dilution impact to the Company's minority Shareholders, the

Board (excluding Mr. Chew who had abstained from voting, and the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) considers the settlement of part of the Consideration by way of issue of the Convertible Note remains to be fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INFORMATION ABOUT THE PARTIES

The Company is principally engaged in the leasing of education facilities to education institutions and commercial leasing of supporting facilities in the PRC.

TongHui is principally engaged in the leasing of properties in Langfang City, Hebei Province, the PRC.

The Holding Company is intended to be a holding company for the Properties and has not commenced since its establishment and will not commence any business activity or operation up to the Acquisition Date, except in connection with the transactions contemplated under the transaction documents.

The Seller is headquartered in Singapore and is listed on the Mainboard of the SGX-ST. It operates 22 colleges/universities in 20 cities across 12 countries in Asia-Pacific and Europe: Cambodia, the PRC, India, Indonesia, Italy, Malaysia, Mongolia, Saudi Arabia, Singapore, Sri Lanka, Switzerland and Thailand. It had more than 20,000 students enrolled and employed more than 2,000 academic and administrative staff in the year ended 30 June 2018.

INFORMATION ABOUT THE PROPERTIES

The Properties are part of the Zhuyun Education Land owned by TongHui, situated at Oriental University City, Langfang Economic and Technological Development Zone, Hebei Province, the PRC. They comprise three parcels of land for education use with a total site area of approximately 57,501.40 square meters and two buildings with a total gross floor area of approximately 58,385.86 square meters.

According to the representation from the Seller (or TongHui) to the Company, regarding the title to the Properties, among other things, (i) the Seller (or TongHui) has fully paid the land premium and is the legal owner of the land use rights of the Properties; (ii) the Seller (or TongHui) has obtained all necessary approvals, permits and registrations for the construction of the Properties which is in compliance with the relevant requirements under the PRC laws; (iii) the Seller (or TongHui) is the owner of the building of the Properties and is entitled to the rights to transfer, lease, mortgage or handle in other ways such portion of the Properties; (iv) the Seller has warranted in the Sale and Purchase Agreement that prior to the delivery of the

Properties by the Seller (or TongHui) to the Company (or PRC Subsidiary), the Properties shall be free from any mortgages, encumbrances or restrictions; and (v) the Properties can be used for office, retail and hotel purposes and for transfer and leasing operations.

The salient details of the land use rights of the three parcels of land are as follows:

No.	Certificate no.	Date of issue	Land use	Site area (sq.m.)
1	(2012) 023	15 June 2012	Education	40,861.40
2	(2016) 00080	10 November 2016	Education	6,937.20
3	(2017)0007965	19 July 2017	Education	<u>9,702.80</u>
			Total:	<u>57,501.40</u>

The salient terms of the building ownership rights of the two buildings are as follows:

No.	Certificate no.	Date of issue	No. of storey	Gross floor area (sq.m.)
1	H6427	29 June 2016	13	51,576.55
2	H6423	29 June 2016	3	<u>6,809.31</u>
			Total:	<u>58,385.86</u>

A total of approximately 10,218.85 square meters of the gross floor areas of the two buildings are currently being leased out to 11 tenants, all being Independent Third Parties. As of the date of this announcement, the shortest lease will expire in June 2019 and the longest lease will expire in November 2024. The remaining 48,167.01 sq.m of the gross floor areas are vacant as of the date of this announcement, and are expected to be rented to third party tenants. Pursuant to the relevant tenancy agreements, the aggregate rent for these areas for the year ended 30 June 2018 was RMB1,728,354 (exclusive of government rates and service charges).

The revenue attributable to the Properties as stated in the unaudited financial statements of TongHui for the year ended 30 June 2018 was RMB1,728,354. The net loss attributable to the Properties before and after income tax expense as stated in the unaudited financial statements of TongHui for the two years ended 30 June 2017 and 2018 were RMB1,966,927 and RMB1,161,599, respectively. The book value attributable to the Properties was RMB227,770,000 as at 30 June 2018.

The total original acquisition costs made by the Seller for the three parcels of land were approximately RMB21,338,051 and for the two buildings were approximately RMB167,269,798 as at 19 March 2008.

It is currently intended that upon the Completion, the Properties will continue to be leased out by the Group. The Company has identified new tenants and has entered into letters of intent of the prospective tenants which are used for education buildings and student accommodation purpose. The Group expects further prospective tenants to be interested in renting the two buildings and therefore the aforementioned occupancy rate may not reflect the true occupancy rate of the two buildings upon the Completion.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

On 21 January 2019, the Parties entered into the Second Addendum to, among other things, replace one of the conditions precedent in the Original SPA from “the tax waivers issued by the relevant PRC tax authority for the transfer of the Properties from the Seller (or TongHui) to the Company (or OUCEC)” to “Each Party shall be responsible for its own taxes and other costs, liabilities and expenses incurred in connection with the transfer of the Properties” as the Parties were informed that the tax waivers would not be issued by the relevant PRC tax authority for the transfer of the Properties to the Company.

In light of the relatively more onerous tax implications for the Parties under the applicable PRC laws, the transfer of the Properties to the Company by way of asset transfer in the absence of tax waivers from the relevant PRC tax authority would in effect significantly increase the acquisition and disposal cost of the Properties.

After undergoing discussions with the Seller, the Seller has agreed to, among other things, facilitate the Group in controlling and managing the Properties through the execution of power of attorney in relation to the Properties, such that the Group shall be in actual control and management of the Properties up to the Acquisition Date. Therefore, on such basis, the Company agreed to revise the Original SPA to acquire the Properties through the acquisition of the entire equity interest of the Holding Company post-completion of the Amended SPA.

In light of the benefits of the acquisition of the Properties as explained the Announcements and the Circular, and having considered (i) the valuation of the Properties as at 13 June 2019, the prevailing market conditions and the future prospects of the property market being comparable to such time when the Original SPA was entered into by the Parties; (ii) the Group shall be in actual control and management of the Properties up to the Acquisition Date when the Seller has agreed to (aa) transfer all rights and benefits attached to the Properties and any liabilities and obligations attached to the Properties to the Group; and (bb) facilitate the Group in controlling and managing the Properties through the execution of power of

attorney in relation to the Properties; (iii) the Share Charge shall be provided in favour of the Group as security for the Seller's performance; (iv) as advised by the PRC legal advisers of the Company, there is no legal impediment in the completion of restructuring, transfer of the Properties from TongHui to the Holding Company and the transfer of the entire equity interest of the Holding Company to the Company (or its Affiliate(s)); (v) the post-completion undertakings given by the Seller and TongHui; (vi) the Parties agreed that it is unlikely that all the conditions precedent under the Original SPA could be fulfilled or waived (as the case may be) on or before 30 June 2019; and (vii) the Supplemental Agreement will allow the Group to have more flexibility and additional time for the Parties to satisfy the conditions precedent of the Amended SPA, the Directors (excluding Mr. Chew who had abstained from voting, and the independent non-executive Directors whose views will be given after considering the advice from the Independent Financial Adviser) consider that the Acquisition is in the ordinary course of business of the Company and the terms of the Amended SPA are fair and reasonable and in normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

Pursuant to Rules 19.42 and 20.46 of the GEM Listing Rules, since the Company proposes to amend certain terms of the Original SPA which constitute material change to the terms by way of the Supplemental Agreement, the Company is required to re-comply with the relevant requirements of Chapters 19 and 20 of the GEM Listing Rules.

As the relevant percentage ratio(s) calculated in accordance with Rule 19.07 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 19 of the GEM Listing Rules.

As of the date of this announcement, the Seller holds 75% of the entire issued share capital of the Company and is a Controlling Shareholder of the Company and thus a connected person of the Company. As such, the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the approval of the Independent Shareholders at the GM under Chapter 20 of the GEM Listing Rules.

The Share Charge to be provided by Oriental University City Limited, a wholly-owned subsidiary of the Seller, for the benefit of the Group to secure the performance obligations owed by the Seller to the Company under the Amended SPA amount to financial assistance by a connected person. As such financial assistance is (i) provided on normal commercial terms or better to the Group; and (ii) not secured

by the assets of the Group, the Share Charge is considered as an exempt connected transaction, which is fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Mr. Chew, the Director who has a material interest in the Acquisition by virtue of his shareholding interests in the Company and the Seller (as disclosed herein), has abstained from voting on the board resolution of the Company approving the Supplemental Agreement and the transactions contemplated thereunder.

The Company will seek approval from the Independent Shareholders for the Acquisition and the Supplemental Agreement at the GM. In addition, since the Seller as the Controlling Shareholder of the Company will be deemed as having a material interest in the Acquisition and the Supplemental Agreement, the Seller and its respective associates will abstain from voting on resolutions regarding the Acquisition and the Supplemental Agreement at the GM.

GENERAL

Lego Corporate Finance Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to advise them on the terms of the Acquisition and the Amended SPA. The Independent Board Committee, comprising all the independent non-executive Directors, will be established by the Company to advise the Independent Shareholders as to whether (i) the terms of the Amended SPA and the transactions contemplated thereunder are fair and reasonable, and (ii) whether the transactions are in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote.

A circular containing, among other things, (i) further details of the Acquisition and the Amended SPA; (ii) the financial information of the Group; (iii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition and the Amended SPA; (iv) a letter of advice from the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition and the Amended SPA; (v) the valuation report of the Properties; and (vi) a notice convening the GM is expected to be despatched to the Shareholders on or before 28 June 2019.

Completion of the Acquisition is subject to, among other things, the approval of the Supplemental Agreement and the fulfilment of the conditions precedent of the Amended SPA and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the following expressions shall have the following meanings in this announcement:

- “Acquisition” the acquisition of the Properties through the acquisition of the entire equity interest of the Holding Company in accordance with the terms and conditions of the Amended SPA
- “Affiliates” with respect to any Person, any of such Person’s connected person(s) (as defined in the GEM Listing Rules), any other Person directly or indirectly controlling, controlled by or under common control with such Person (including any subsidiary) or any investment funds managed or advised by such Person or any of its other Affiliates and, for any person who is an individual, includes such individual’s spouse, children or any person(s) cohabiting as a spouse of such person. Notwithstanding the foregoing, in the case of a Person that is a pooled investment vehicle or an entity wholly owned by a pooled investment vehicle, “Affiliates” shall include any of its general partners and fund managers and pooled investment vehicles managed by its fund managers, and any officers, general partners and fund managers thereof. “Affiliates” and “Affiliated” shall have correlative meanings. For the purpose of this definition, the term “control” (including with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise

“Amended SPA”	the asset sale and purchase agreement made between the Parties dated 29 August 2018 as amended by the First Addendum, the Second Addendum and the Supplemental Agreement
“Completion Date”	the 10th Business Day from the day on which all the conditions precedent in the Amended SPA are satisfied or waived
“Convertible Note”	the convertible bonds in an aggregate principal amount of HK\$200,379,982 to be issued by the Company pursuant to the Amended SPA and to be created by the Instrument constituting such bonds, or any part of the principal amount
“Conversion Price”	HK\$2.30 of each Conversion Share, representing the average closing price of the shares of the Company for the five (5) Business Days immediately preceding the date of the Sale and Purchase Agreement
“Conversion Share(s)”	the shares of the Company to be allotted and issued by the Company pursuant to the exercise of the conversion rights attaching to the Convertible Note
“First Addendum”	the addendum to the asset sale and purchase agreement dated 29 August 2018 entered into by the Parties on 31 December 2018
“GM”	the general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Acquisition and the Supplemental Agreement
“Governmental Authority”	any government or political subdivision thereof; any department, agency or instrumentality of any government or political subdivision thereof; any court or arbitral tribunal; and the governing body of any securities exchange, in each case having competent jurisdiction

“Holding Company”	Langfang Tongrui Education Consultancy Co., Ltd (廊坊通睿教育諮詢有限公司), a company established under the laws of the PRC on 1 March 2019 which is directly owned as to 99% by OUCED and 1% directly by Shanghai ShengXin
“Instrument”	the Convertible Note as originally executed and such modification, amendment, addition or supplement to be agreed by the Company and the Seller from time to time
“Long Stop Date”	31 December 2019 or any other date as agreed in writing between the Seller and the Company
“Original SPA”	the asset sale and purchase agreement made between the Parties dated 29 August 2018 as amended by the First Addendum and the Second Addendum
“OUCED”	Oriental University City Education Development (H.K.) Limited, a company established in Hong Kong with limited liability, which is owned as to 90% by the Seller and directly owns 99% of the equity interest in each of TongHui and the Holding Company
“Parties”	the Company, PRC Subsidiary, TongHui and the Seller
“Person”	any individual, firm, corporation, joint venture, enterprise, partnership, trust, unincorporated association, limited liability company, Governmental Authority or other entity of any kind, whether or not having separate legal personality
“PRC Subsidiary”	廊坊開發區東方大學城教育諮詢有限公司 (Langfang Development Zone Oriental University City Education Consultancy Co., Ltd.*), a company established in the PRC with limited liability, which is a PRC operating subsidiary owned as to 99% by the Company
“Sale and Purchase Agreement”	the asset sale and purchase agreement made between the Parties dated 29 August 2018
“Second Addendum”	the addendum to the asset sale and purchase agreement dated 29 August 2018 entered into by the Parties on 21 January 2019

“Shanghai ShengXin”	上海盛馨商務諮詢有限公司 (Shanghai ShengXin Business Consultancy Limited Company*), a company established under the laws of the PRC on 11 July 2006 which is wholly owned by an employee of the Group and directly owns 1% of the equity interest in each of TongHui, the Holding Company and OUCEC
“Supplemental Agreement”	the supplemental agreement to the Original SPA entered into by the Parties on 13 June 2019
“TongHui”	廊坊通慧教育諮詢有限公司 (Langfang Tonghui Education Consultancy Co., Ltd.*) (formerly known as 河北東方築韻房地產開發有限公司 (Hebei Oriental Zhuyun Property Development Co., Ltd.*)), a company established in the PRC with limited liability which is owned as to 99% by OUCED, and 1% by Shanghai Shengxin

By order of the Board
Oriental University City Holdings (H.K.) Limited
Chew Hua Seng
Chairman and Executive Director

Singapore, 13 June 2019

As at the date of this announcement, the executive Directors are Mr. Chew Hua Seng (Chairman) and Mr. Liu Ying Chun (Chief Executive Officer); and the independent non-executive Directors are Mr. Lam Bing Lun, Philip, Mr. Tan Yeow Hiang, Kenneth, Mr. Wilson Teh Boon Piaw and Mr. Guo Shao Zeng.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication. This announcement will also be published on the website of the Company at www.oriental-university-city.com.