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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF REMAINING SHARES IN 4 VALLEES PTE. LTD.

THE ACQUISITION

The Board is pleased to announce that on 4 July 2023 (after trading hours), the Company (as the purchaser), RE (as the seller) and 4 Vallees entered into the Agreement, pursuant to which, the Company has conditionally agreed to acquire and RE has conditionally agreed to sell the Sale Shares, representing 75.39% of the issued share capital of 4 Vallees, at the initial Consideration of CHF11,479,000 (equivalent to approximately HK\$100,885,487), subject to adjustment.

As at the date of this announcement, 4 Vallees is owned as to 75.39% and 24.61% by RE and the Company respectively. Upon Completion, the Group will be interested in the entire issued share capital of 4 Vallees; and 4 Vallees will become a wholly-owned subsidiary of the Company. Accordingly, the financial results of 4 Vallees will be consolidated into the accounts of the Company.

LISTING RULES IMPLICATIONS

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, RE 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 will also constitute a connected transaction of the Company and is subject to the reporting, announcement and the approval of the Independent Shareholders at the EGM under Chapter 20 of the GEM Listing Rules.

General

An Independent Board Committee has been formed to advise the Independent Shareholders and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

An EGM will be held to consider and if thought fit, to approve the Agreement and the transactions contemplated thereunder. RE and its respective associates are required to abstain from voting on resolutions regarding the Acquisition at the EGM.

A circular containing, inter alia, (i) further information on the Acquisition; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Acquisition; (iv) the Valuation Report; and (v) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules, which is currently expected to be on or before 25 July 2023.

Completion of the Acquisition is subject to fulfilment of certain conditions set out in the Agreement; 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.

THE ACQUISITION

On 4 July 2023 (after trading hours of the Stock Exchange), the Company (as the purchaser), RE (as the seller) and 4 Vallees (as the target company) entered into the Agreement, pursuant to which, the Company has conditionally agreed to acquire and RE has conditionally agreed to sell the Sale Share, representing the 75.39% of the issued share capital of 4 Vallees, at the Consideration of approximately CHF11,479,000 (equivalent to approximately HK\$100,885,487) initially.

The Agreement

Set out below are the principal terms of the Agreement

Date : 4 July 2023

Parties : (1) Vendor : Raffles Education Limited

(2) Purchaser : the Company

(3) Target Company : 4 Vallees Pte. Ltd.

Assets to be acquired

Pursuant to the Agreement, the Company would acquire the Sale Shares, representing 75.39% of the entire issued share capital of 4 Vallees from RE at Completion. As at the date of this announcement, the Property is the major asset of 4 Vallees.

Pursuant to the Agreement, RE undertakes to the Company that it shall not require 4 Vallees to repay all or any part of the amounts due to it and its subsidiaries owing by 4 Vallees; and further undertakes that repayment of the said amounts due shall be at the option of 4 Vallees on any date as 4 Vallees thinks appropriate.

Consideration

The initial Consideration of CHF11,479,000 (equivalent to approximately HK\$100,885,487), approximately 75.39% of the Net Asset Value of 4 Vallees as at the Management Accounts Date, was arrived at after arm's length negotiations between RE and the Company under normal commercial terms and taking into account factors including mainly, the Net Asset Value of 4 Vallees of approximately CHF15,226,051 (equivalent to approximately HK\$133,817,194) as shown in the Management Accounts.

Pursuant to the Agreement, the Consideration is subject to adjustment as set out in the section headed "THE ACQUISITION – *Adjustment of Consideration*" below. For the avoidance of doubt, there shall be no upward adjustment to the Consideration and hence, the final Consideration shall not exceed CHF11,479,000 (equivalent to approximately HK\$100,885,487) in all circumstances.

Adjustment of Consideration

The Consideration shall be adjusted in accordance with the following formula:

$$A = B - (C - D) * E$$

where:

- “A” means the final Consideration
- “B” means the initial Consideration in the amount of CHF11,479,000 (equivalent to approximately HK\$100,885,487)
- “C” means the Net Asset Value of 4 Vallees, i.e. CHF15,226,051 (equivalent to approximately HK\$133,817,194), as at Management Accounts Date for the purpose of determining the initial Consideration
- “D” means the Net Asset Value of 4 Vallees as shown in the Completion Management Accounts after taking into account the fair value of the Property in the Audited Accounts
- “(C – D)” should such difference is a negative figure, such difference in amount shall always be deemed to be zero for the purpose of this formula
- “E” means 75.39%, the shareholding percentage the Sale Shares represents in the entire issued share capital of 4 Vallees

Payment of Consideration

The Consideration shall be paid by cash from the internal resource of the Group to RE in the following manner:

- (a) A sum of CHF2,162,000 (equivalent to approximately HK\$19,001,169), being the first deposit, shall be paid by the Company to RE within 5 Business Days after signing of the Agreement and such amount of deposit shall constitute part payment of the Consideration;
- (b) Upon satisfaction of preliminary due diligence review, a sum of CHF6,632,000 (equivalent to approximately HK\$58,286,658), being the second deposit, shall be paid by the Company to RE before 31 October 2023 and such amount of deposit shall constitute part payment of the Consideration; and
- (c) Subject to adjustments in accordance with the section headed “THE ACQUISITION – *Adjustment of Consideration*” above, upon Completion, the balance of the Consideration shall be paid by the Company to RE.

If Completion does not take place, RE shall refund within five (5) Business Days following such termination the full amount of the aforesaid first and second deposits (without interest) to the Company, following which the Agreement shall terminate, but without prejudice to other rights and remedies of the parties thereof.

All costs and expenses incidental to the Agreement and all transactions in connection therewith shall be borne by the relevant parties, save that, for avoidance of doubt, any stamp duty or government service tax payable on the transfer of the Sale Shares shall be borne and paid by the Company solely.

Conditions Precedent

Completion is conditional on the fulfillment of the following conditions precedent:

- (a) the Company has been satisfied with the results of the due diligence review of 4 Vallees;
- (b) having delivered the Company the Audited Accounts;
- (c) RE having shown and proved that 4 Vallees has a good title to the Property and can give a good title to the Property in accordance with the relevant laws and regulations in Switzerland, where the Property is located, to the satisfaction of the Company;
- (d) the shareholders of RE having approved the Agreement and the transactions contemplated thereunder at general meeting of RE;
- (e) the Independent Shareholders having approved the Agreement and the transactions contemplated thereunder at the EGM; and
- (f) the representations, warranties and undertakings set out in the Agreement remaining true, accurate and not misleading in any respect at Completion as if repeated at Completion and at all times between the date of the Agreement and the Completion Date.

As at the date of this announcement, no condition precedent has been fulfilled or waived. The Company may waive in writing any of the conditions precedent other than (d) and (e) at its discretion. In the event that any of the conditions precedent have not been fulfilled or waived by the Completion Date on or before the Long Stop Date, the Agreement shall be terminated and become null and void and none of the parties thereto shall have any claim against the other for any costs or losses (save for any antecedent breaches).

Completion

Subject to the conditions precedent, Completion shall take place on the Completion Date on or before the Long Stop Date at the place as agreed by the Company and RE.

INFORMATION OF RE

RE, a company incorporated in Singapore with limited liability, whose shares are listed on the Singapore Exchange Securities Trading Limited, holding 75% of the issued share capital of the Company, is a controlling shareholder of the Company and thus a connected person of the Company.

RE is a private education provider in Asia-Pacific headquartered in Singapore. It operates 18 colleges and universities across 10 countries in Asia-Pacific and Europe, having more than 24,635 students enrolled as at 30 June 2022.

RE is owned as to (a) 23.12% by Mr. Chew, the Chairman and an executive Director; (b) 9.93% jointly by Mr. Chew and Ms. Chung, the wife of Mr. Chew; and (c) 2.47% by Ms. Chung. Under the SFO, Mr. Chew is deemed to be interested in the Shares in which RE is interested, and Ms. Chung is deemed to be interested and the Shares in which Mr. Chew is interested and is deemed to be interested. In addition, Mr. Chew is a director of RE.

INFORMATION OF THE COMPANY

The Company is an investment holding company and its subsidiaries are principally engaged in the leasing of education facilities, comprising primarily teaching buildings and dormitories to education institutions in the PRC, Malaysia and Indonesia; and to a much lesser extent, commercial leasing of buildings and premises to tenants, which operate supporting facilities, including grocery stores, laundry shops, Internet cafes and canteens.

INFORMATION OF 4 VALLEES AND THE PROPERTY

4 Vallees

4 Vallees is private limited company incorporated in Singapore, 75.39% and 24.61% of its entire issued share capital are owned by RE and the Company respectively as at the date of this announcement. The principal business activities of 4 Vallees are investment holding of the Property, and holding, renting, leasing and managing of the Property.

The audited financial information of the 4 Vallees for the two years ended 30 June 2022 are as follow:

	For the year ended	
	30 June	
	2021	2022
	(audited)	(audited)
	<i>CHF</i>	<i>CHF</i>
Profit before income tax	327,738 (equivalent to approximately HK\$2,880,391)	1,238,621 (equivalent to approximately HK\$10,885,868)
Net profit, representing total comprehensive income for the financial year	153,011 (equivalent to approximately HK\$1,344,768)	1,129,159 (equivalent to approximately HK\$9,923,840)

The Property

The Property is situated in Nendaz, Switzerland, which is part of the 4 Vallees ski area, the largest ski intersection in Switzerland. More specifically, it is located at the foot of the ski lift to the ski slope, in the center of the ski resort at Haute Nendaz. This area is very popular for Europeans to visit and ski during the winters. Sion, the closest city to Nendaz, which is 22 kilometers away, was shortlisted by the International Olympic Committee as one of the candidates for the Winter Olympics in 2026.

The Property comprises (i) a hotel with indoor and outdoor parking lots with a total gross floor area of 5,910 square meters (the “**Hotel**”); and (ii) seven commercial units with a total gross floor area of 911 square meters (the “**Commercial Units**”) in Nendaz, Switzerland.

Hotel

The Hotel is named Hotel Les 4 Vallees, having 5,910 square meters of gross floor area, which includes 62 rooms between 29 square meters and 70 square meters. The Hotel also includes 2 restaurants, and a 2,200 square meters spa which offers panoramic views of the Alps.

Hotel Les 4 Vallees is leased out to a third party hotel operator and they pay a portion of rent which is fixed, and an additional portion which depends on turnover. The third party hotel operator also operates other hotels in Switzerland, with a focus on the French-speaking area (where the Hotel located in), and has over 30 years of experience in the hotel industry.

Commercial Units

At the ground floor below the Hotel Les 4 Vallees, there are seven commercial units with a total of 911 square meters of commercial space, four of which are rented out to commercial and leisure businesses, and three are vacant as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the provision of education facilities leasing services to education institutions in the PRC, Malaysia and Indonesia. With the Acquisition, the Group will be able to broaden its revenue base and diversify its business geographically. The Group would be able to introduce to the education institutions, outbound educational trips, like winter and summer camps for students of the education institutions. Such activities will enrich the education institutions' leasing experience with the Group as the Group not only offers leasing space but also add value by offering outbound services to their students. Upon Completion, 4 Vallees would become a wholly owned subsidiary of the Company. The Directors expect 4 Vallees to be the springboard for accessing the European market for the provision of educational facilities leasing.

The Directors (other than the independent non-executive Directors who will form their view after considering the advice from the independent financial adviser) consider that the terms of the Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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, RE 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 will also constitute a connected transaction of the Company and is subject to the reporting, announcement and the approval of the Independent Shareholders at the EGM under Chapter 20 of the GEM Listing Rules.

GENERAL

Save for Mr. Chew, who is also a director of RE, has abstained from voting on the relevant board resolutions, no other Directors have a material interest in the transaction and have abstained from voting on the board resolutions.

An Independent Board Committee has been formed to advise the Independent Shareholders and an independent financial adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition.

An EGM will be held to consider and if thought fit, to approve the Agreement and the transactions contemplated thereunder. RE and its respective associates are required to abstain from voting on resolutions regarding the Acquisition at the EGM.

A circular containing, inter alia, (i) further information on the Acquisition; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Acquisition; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Acquisition; (iv) the Valuation Report; and (v) a notice of the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules, which is currently expected to be on or before 25 July 2023.

Completion of the Acquisition is subject to fulfilment of certain conditions set out in the Agreement; 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

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

“4 Vallees”	4 Vallees Pte. Ltd., a company incorporated in Singapore with limited liability and is owned as to approximately 75.39% by RE and approximately 24.61% by the Company as at the date of this announcement
“Acquisition”	the acquisition of the Sale Shares under the Agreement
“Agreement”	the sale and purchase agreement dated 4 July 2023 entered into between the Company, RE and 4 Vallees relating to the Acquisition
“Audited Accounts”	the audited accounts of 4 Vallees for the financial year ended 30 June 2023 comprising, a statement of comprehensive income for the year ended 30 June 2023 and a statement of financial position as at 30 June 2023, together with all the notes, reports and other documents annexed thereto
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday) on which licenced banks are generally open for normal banking business in Hong Kong
“Commercial Units”	as defined in the section headed “INFORMATION OF 4 VALLEES AND THE PROPERTY – <i>The Property</i> ”

“Company”	Oriental University City Holdings (H.K.) Limited, a company incorporated in Hong Kong with limited liability and whose issued Shares are listed and traded on the GEM of the Stock Exchange (stock code: 8067)
“Completion”	completion of the Acquisition
“Completion Date”	the day where Completion takes place
“Completion Management Accounts”	the unaudited management accounts of 4 Vallees as at the last day of the calendar month immediately preceding the Completion Date, but in no event earlier than 30 June 2023, comprising a balance sheet with a breakdown of the assets and liabilities of 4 Vallees and a profit and loss account of 4 Vallees in respect of the period ended on the last day of the calendar month immediately preceding the Completion Date, at the satisfaction of the Company
“connected person”	has the meaning as ascribed to it under the GEM Listing Rules
“controlling shareholder”	has the meaning as ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition as set out in the section headed “THE ACQUISITION – <i>Consideration</i> ” with adjustment as set out in the section headed “THE ACQUISITION – <i>Adjustment of Consideration</i> ”
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held, at which resolutions will be proposed to consider, and, if thought fit, to approve the Agreement and the transactions contemplated thereunder
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hotel”	as defined in the section headed “INFORMATION OF 4 VALLEES AND THE PROPERTY – <i>The Property</i> ”

“Independent Board Committee”	the independent committee of the Board comprising all the independent non-executive Directors will be formed for the purpose of giving recommendations to the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders who are entitled to vote and not required to abstain from voting on the resolution at the EGM for approving the Agreement and the transactions contemplated thereunder
“Long Stop Date”	30 June 2024 (or such other date the parties to the Agreement may agree in writing)
“Management Accounts”	the unaudited accounts of 4 Vallees for the financial period ended on the Management Accounts Date comprising, a statement of comprehensive income for the period ended on the Management Accounts Date and a statement of financial position as at the Management Accounts Date, which has taken into account the fair value of the Property at CHF34,372,000 (equivalent to approximately HK\$302,085,196) valued as at 30 June 2022
“Management Accounts Date”	31 May 2023
“Mr. Chew”	Mr. Chew Hua Seng, the chairman of the Board and an executive Director
“Ms. Chung”	Ms. Doris Chung Gim Lian, the wife of Mr. Chew
“Net Asset Value”	the net value of 4 Vallees, which is calculated by subtracting the total value of liabilities from the total value of assets
“percentage ratio(s)”	has the meaning as ascribed to it under Rule 19.07 of the GEM Listing Rules
“PRC”	the People’s Republic of China
“Property”	the Hotel and the Commercial Units registered in the Land Registry in Switzerland under PPE No.s 54191-54199, 54419-54422, 54424-54441
“RE”	Raffles Education Limited, a company incorporated in Singapore and listed on the Singapore Exchange Securities Trading Limited, holding 75% of the issued share capital of the Company

“Sale Shares”	8,682,164 fully paid up ordinary shares of 4 Vallees owned by RE as at the date of this announcement, representing 75.39% of the existing issued share capital of 4 Vallees
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shares”	the ordinary shares of the Company
“Shareholder(s)”	the holder(s) of the Shares in issue
“Singapore”	the Republic of Singapore
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning as ascribed to it under the GEM Listing Rules
“Valuation Report”	the valuation report of 4 Vallees, comprising the valuation of the Property, to be issued by an independent valuer prior to Completion
“CHF”	Swiss Franc, the lawful currency of Switzerland
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“%”	per cent.

Unless otherwise specified in this announcement, translation of CHF into HK\$ is made in this announcement, for illustration only, at the rate of CHF1.00 to HK\$8.7887. No representation is made that any amounts in CHF or HK\$ could have been or could be converted at that rate or at any other rates or at all.

For and on behalf of
Oriental University City Holdings (H.K.) Limited
Liu Ying Chun
Chief Executive Officer and Executive Director

Hong Kong, 4 July 2023

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

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