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Hong Kong Education (Int'l) Investments Limited

香港教育（國際）投資集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 1082)

**DISCLOSEABLE TRANSACTION:
DISPOSAL OF 40% OF ISSUED SHARE CAPITAL OF
THE TARGET**

THE SP AGREEMENT

The Board wishes to announce that after trading hours on 15 January 2016, the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the SP Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, which will represent 40% of the issued share capital of the Target at Completion, at an aggregate cash consideration of HK\$50 million.

As at the date of this announcement, the Target holds 100% of the issued share capital of the Subsidiary which has contracted to acquire the Properties. Completion of the sale and purchase of the Sale Shares is conditional, amongst other conditions, the completion of the acquisition of the Properties by the Subsidiary.

Immediately after Completion, the Group will hold 60% of the issued share capital of the Target and each member of the Target Group will become a non wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios in respect of the Disposal are more than 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The Board wishes to announce that after trading hours on 15 January 2016, the Purchaser and the Vendor entered into the SP Agreement.

The principal terms of the SP Agreement are set out below:

THE SP AGREEMENT

Date

15 January 2016

Parties

Vendor: Rosy Lane Investments Limited, a wholly-owned subsidiary of the Company

Purchaser: Praiseful Moment Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the principal activity of the Purchaser is investment holding; and (ii) each of the Purchaser and its ultimate beneficial owners is an Independent Third Party.

Assets to be acquired

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Shares, which will represent 40% of the issued share capital of the Target at Completion.

Consideration

The Consideration for the Sale Shares payable by the Purchaser to the Vendor is HK\$50 million.

The Consideration shall be settled by the Purchaser in cash in the following manner:

- (i) a deposit of HK\$5 million (“**Deposit**”) shall be paid within 7 calendar days from the date of signing of the SP Agreement; and
- (ii) the balance of the Consideration of HK\$45 million shall be paid on Completion.

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms principally with reference to the preliminary valuation of the Properties (on a completed basis) as at 12 January 2016 of HK\$120 million conducted by an independent professional valuer and the cash position of the Subsidiary at Completion. The Vendor has warranted in the SP Agreement that the principal assets of the Subsidiary upon Completion will comprise the Properties and a cash balance of not less than HK\$5 million.

Conditions precedent

Completion shall be conditional upon the following conditions precedent:

- (1) settling of the entire amount of the Shareholder’s Loan by the Target to the Vendor by way of issuing and allotment of an additional 10 shares of the Target to the Vendor as fully paid-up shares and such additional shares shall rank pari passu with the existing issued shares of the Target;
- (2) the Target Group having completed the acquisition of the Properties (including but not limited to the Target Group having paid the remaining balance of the consideration of the Properties and the Properties being assigned to the Subsidiary free from all encumbrances);
- (3) the Vendor having delivered to the Purchaser a title report in respect of the Subsidiary’s good and marketable title to the Properties free from encumbrances to the reasonable satisfaction of the Purchaser;

- (4) the Purchaser being reasonably satisfied with the results of the due diligence exercise (whether on legal, accounting, financial, operational, properties or other aspects that the Purchaser may consider necessary) on the Target and its assets, properties, liabilities, activities, operations, prospects and other status which the Purchaser, its agents or professional advisers think reasonably necessary and appropriate to conduct;
- (5) each of the Vendor and the Purchaser having complied with the requirements under the Listing Rules in respect of the transactions contemplated under the SP Agreement;
- (6) the Purchaser being satisfied, from the date of the SP Agreement and at any time before the Completion, that the warranties and undertakings given by the Vendor under the SP Agreement remain true, accurate and not misleading in all material respects and that no events have occurred that would result in any material breach of any of such warranties or other provisions of the SP Agreement by the Vendor;
- (7) there being no Material Adverse Change up to Completion;
- (8) (if applicable) all such waivers, consents or other documents as the Purchaser may require in relation to the completion of the transactions contemplated under the SP Agreement having been obtained; and
- (9) (if applicable) all such waivers, consents or other documents as the Vendor may require in relation to the completion of the transactions contemplated under the SP Agreement having been obtained.

The Purchaser may waive the conditions precedent referred to in paragraphs (4), (6), (7) and (8) above at any time before the Long Stop Date by notice in writing to the Vendor. Save as aforesaid, none of the other conditions precedent above is capable of being waived.

If any of the above conditions precedent have not been fulfilled or waived on or before 5:00 p.m. Hong Kong time on the Long Stop Date (or such later date as may be agreed by the Vendor and the Purchaser in writing), all rights and obligations of the parties under the SP Agreement shall cease and terminate, save and except for (i) certain provisions relating to confidentiality, costs and expenses and certain miscellaneous matters shall remain in full force and effect, and no party shall have any claim against the other save for claim (if any) in respect of such continuing provisions or any antecedent breach thereof; and (ii) the Vendor shall within five business days after the earlier of the Long Stop Date or the earliest date on which any condition precedent is incapable of being fulfilled, return the Deposit to the Purchaser.

Completion

Subject to the fulfillment or waiver (as the case may be) of all the above conditions precedent, Completion shall take place within five business days after the last outstanding condition precedent above (other than those conditions precedent which are only capable of being fulfilled upon Completion) shall have been fulfilled or waived (or such other date as the Vendor and the Purchaser may agree in writing).

Immediately after Completion, the Group will hold 60% of the issued share capital of the Target and each member of the Target Group will become a non wholly-owned subsidiary of the Company.

Shareholders' agreement

It is proposed that a shareholders' agreement shall be entered into between the Vendor and the Purchaser upon Completion. Principal terms of the shareholders' agreement shall include:

1. Board of director

Unless otherwise agreed by the Vendor and the Purchaser, the number of directors of the Target shall not be more than three and for so long as the Vendor is the holder of 50.1% or more of the issued share capital of the Target, the Vendor shall have the right to nominate and remove two directors of the Target. For so long as the Purchaser is the holder of not less than 29.9% of the issued share capital of the Target, the Purchaser shall have the right to nominate and remove one director of the Target.

2. Reserved matters

The matters listed below shall require the consent, authorisation or ratification of shareholders of the Target holding not less than 75% of voting shares:

- (a) issue of new shares in respect of any Target Group Company; and
- (b) disposals of the Target's equity interests in the Subsidiary or the Properties at a value which is lower than the value set out in a valuation report obtained from an independent valuer with a valuation date within two months from the date of the proposed disposal.

3. *Transfer of shares*

Except with the written consent of the other shareholder(s), none of the shareholder of the Target shall have any right to mortgage, pledge, charge or transfer any of their shares in the Target or any interest therein.

INFORMATION ON THE TARGET GROUP

The Target is a company incorporated in the British Virgin Islands with limited liability on 26 September 2014 and is principally engaged in investment holding. As at the date of this announcement, the Target has 10 issued shares and is wholly-owned by the Vendor. As at the date of this announcement, the Target holds 100% of the issued share capital of the Subsidiary, a company incorporated in Hong Kong with limited liability on 6 October 2014 and is principally engaged in property investment and investment holding. The Subsidiary has contracted to acquire the Properties and the consideration for such acquisition was HK\$108,827,060 out of which HK\$21,765,412 has been paid by the Subsidiary. It is one of the conditions precedent to the Completion that the Subsidiary shall have completed the acquisition of the Properties. The Properties are located at Offices A-H, J-N & P on 21/F. (Whole Floor), “No.3 On Kwan Street”, Sha Tin, New Territories, Hong Kong. According to the developer’s brochure, the gross floor area and the saleable area of the Properties are about 15,073 square feet and 10,250 square feet respectively.

The unaudited consolidated total asset value and net liabilities of the Target as at 13 January 2016 were approximately HK\$37,022,000 and HK\$47,000 respectively and of which 40% (as represented by the Sale Shares) amounted to approximately HK\$14,809,000 and approximately HK\$19,000 respectively. As at 13 January 2016, the Target is indebted to the Vendor by way of shareholder’s loan in the amount of approximately HK\$37.07 million. It is one of the conditions precedent to Completion that the entire amount of the Shareholder’s Loan (such Shareholder’s Loan shall include the additional sum that the Vendor will contribute to the Target Group to fund the acquisition of the Properties by the Subsidiary) shall be settled by way of issuing and allotment of an additional 10 shares of the Target to the Vendor. It is a term in the SP Agreement that upon Completion, the principal assets of the Subsidiary will comprise a cash balance of not less than HK\$5 million and the Properties. It is expected that the Subsidiary will apply such cash to acquire carpark space(s) at the building or complex in which the Properties are located after Completion.

The unaudited consolidated financial information of the Target for the period from 26 September 2014 (being the date of incorporation of the Target) to 13 January 2016 is set out below:

**For the
period from
26 September
2014 to
13 January
2016
HK\$
approximately**

Loss before and after taxation	47,000
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REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the provision of private educational services, investment in securities, property investments and money lending business.

The Directors expect that the Hong Kong property market will become sluggish in the coming years. The Board considers that the Disposal represents a good opportunity for realisation of part of the Group's investment in the Property. Subject to the business needs of the Group and the negotiation between the Group and the Purchaser, the Properties may be used by the Group and/or the Purchaser or lease out to third party tenants so as to generate rental income for the Group. Further, the proceeds from the Disposal can further strengthen the cash flow of the Group and will allow the Group to reallocate its resources for future development. The Board intends to apply the net proceeds from the Disposal to finance the Group's development of new businesses or future potential acquisitions and investments.

The terms of the SP Agreement were determined after arm's length negotiations between the Vendor and the Purchaser and the Directors are of the view that the terms of the SP Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT ON THE DISPOSAL

It is expected that the Group will not record any gain or loss as a result of the Disposal as the Group will retain control in the Target upon Completion. The difference between the Consideration and the net assets value of the Target Group attributable to the Sale Shares at Completion (expected in the amount of approximately HK\$88,000) will be debited to other reserves of the Group. The actual financial impact in connection with the Disposal will be assessed after Completion and is subject to audit.

IMPLICATIONS UNDER THE LISTING RULES

As certain applicable percentage ratios in respect of the Disposal are more than 5% but all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Hong Kong Education (Int’l) Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the SP Agreement
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Consideration”	the aggregate sum of HK\$50 million, being the consideration for sale and purchase of the Sale Shares
“Director(s)”	the director(s) of the Company

“Disposal”	the sale of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the SP Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	a party who is not a connected person of the Company and is independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	15 July 2016 (or such later date as the Vendor and the Purchaser may agree in writing)
“Material Adverse Change”	any change (or effect) which has a material and adverse effect on the financial position, business or prospects or results of operations, of the Target as a whole
“Properties”	the properties contracted to be acquired by the Subsidiary, comprising Offices A-H, J-N & P on 21/F. (Whole Floor), “No.3 On Kwan Street”, Sha Tin, New Territories, Hong Kong
“Purchaser”	Praiseful Moment Limited (順年有限公司), a company incorporated in British Virgin Islands with limited liability and a wholly-owned subsidiary of AMCO United Holding Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange

“Sale Shares”	8 issued shares in the share capital of the Target, which will represent 40% of the issued share capital of the Target as at Completion
“Share(s)”	share(s) of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares(s)
“Shareholder’s Loan”	such amount as equals the face value of the entire sum owing by the Target to the Vendor immediately before the Completion, and as at the date of the SP Agreement, such sum amounts to HK\$37,066,211
“SP Agreement”	the sale and purchase agreement dated 15 January 2016 entered into between the Vendor and the Purchaser in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	Vision Smart Limited, a company incorporated in Hong Kong with limited liability and is directly wholly-owned by the Target as at the date of this announcement and as at Completion
“Target”	Ultimate Elite Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Vendor as at the date of this announcement
“Target Group”	collectively, the Target and the Subsidiary and the expressions “Target Group Companies” shall be construed accordingly
“Vendor”	Rosy Lane Investments Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Company

“%”

per cent.

On behalf of the Board
Hong Kong Education (Int'l) Investments Limited
Lee Wai Lok, Ignatious
Executive Director

Hong Kong, 15 January 2016

As at the date of this announcement, the executive Directors are Mr. Wong Yuk Tong, Mr. Lee Wai Lok, Ignatious, and Ms. Wu Mei Chu; and the independent non-executive Directors are Mr. Ong Chi King, Mr. Lee Shu Fai and Mr. Pun Kwok Shan.