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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)

**MAJOR TRANSACTIONS:
(1) CONVOY SUBSCRIPTION; AND
(2) IE CHINA SUBSCRIPTION**

(1) CONVOY SUBSCRIPTION

On 14 October 2015, Fastek, which is an indirect wholly-owned subsidiary of the Company, applied for subscription of 700,000,000 Convoy Shares at the aggregate price of HK\$245,000,000 in Convoy Placing. On 29 October 2015, upon completion of the Convoy Placing, an aggregate of 699,996,000 Convoy Shares were allotted and issued to Fastek at the aggregate price of HK\$244,998,600.

(2) IE CHINA SUBSCRIPTION

On 23 March 2016, Fastek (i) accepted the provisional allotment of a total of 74,997,000 IE China Rights Shares; and (ii) submitted the excess application for 690,000,000 IE China Rights Shares under the IE China Rights Issue. On 11 April 2016, 764,997,000 IE China Rights Shares were allotted and issued to Fastek under the IE China Rights Issue.

IMPLICATIONS UNDER THE LISTING RULES

Upon clarification with the Stock Exchange, the Company accepted that, even though securities investment was one of the principal businesses of the Group, each of the Convoy Subscription and IE China Subscription fell under the definition of a “transaction” under Chapter 14 of the Listing Rules. As more than one of the relevant applicable percentage ratios (as defined in the Listing Rules) for each of the Convoy Subscription and IE China Subscription exceed 25% but all applicable percentage ratios are less than 100%, each of the Convoy Subscription and IE China Subscription constituted a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification, announcement, circular and shareholder’s approval requirements under Chapter 14 of the Listing Rules.

The Company admitted that it had not complied with the notification, announcement, circular and shareholder’s approval requirements as soon as possible for each of the Convoy Subscription and IE China Subscription.

The SGM will be convened for the purpose of considering, and if thought fit, approving and ratifying each of the Convoy Subscription and IE China Subscription. Since additional time is required for the preparation of the circular, the circular containing, among other things, details of each of the Convoy Subscription and IE China Subscription, the notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 30 June 2016.

(1) CONVOY SUBSCRIPTION

Reference is made to Convoy’s circular and announcement dated 18 September 2015 and 29 October 2015 respectively in respect of, among other matters, its placing of 7,508,300,000 Convoy Shares at the price of HK\$0.35 per Convoy Share.

On 14 October 2015, Fastek, which is an indirect wholly-owned subsidiary of the Company, applied for subscription of 700,000,000 Convoy Shares in Convoy Placing through an agent of the Convoy Placing, who is an Independent Third Party. On 29 October 2015, upon completion of the Convoy Placing, an aggregate of 699,996,000 Convoy Shares were allotted and issued to Fastek.

Immediately before completion of the Convoy Placing, the Group did not hold any Convoy Shares. Immediately upon completion of the Convoy Placing, the Group held 699,996,000 Convoy Shares (being approximately 4.69% of the then total issued share capital of Convoy).

Subscription price for Convoy Subscription

Based on the placing price of HK\$0.35 per Convoy Share, the total subscription price for the Group upon application of 700,000,000 Convoy Shares on 14 October 2015 was HK\$245,000,000 and the total subscription price actually paid by the Group for taking up 699,996,000 Convoy Shares was HK\$244,998,600, which was settled in cash and was financed by internal resources and idle cash of the Group.

Details for the basis of determining the placing price were disclosed in the circular of Convoy dated 18 September 2015 in relation to, among others, the Convoy Placing.

Information about Convoy and its subsidiaries

Convoy is a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1019). Convoy and its subsidiaries are principally engaged in the independent financial advisory business, money lending business, proprietary investment business, asset management business and corporate finance business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of Convoy and its ultimate beneficial owners were Independent Third Parties.

Based on the interim results of Convoy for the six months ended 30 June 2015 published by Convoy, the unaudited consolidated total assets and net asset value of Convoy as at 30 June 2015 were approximately HK\$2,305,648,000 and HK\$1,279,625,000 respectively. The financial information of Convoy for the two financial years ended 31 December 2014 are as follows:

	For the year ended 31 December 2013 <i>HK\$'000</i> (audited)	For the year ended 31 December 2014 <i>HK\$'000</i> (audited)
Net profit before taxation	111,403	308,443
Net profit after taxation	91,578	241,478

Reasons for and benefits of the Convoy Subscription

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

The Directors were optimistic about the performance of Convoy and its subsidiaries. Taking into account the fact that the placing price of the Convoy Placing represented a discount to the then market price of Convoy Shares (as detailed in the circular of Convoy dated 18 September 2015 in relation to, among others, the Convoy Placing), the Convoy Subscription presented a good opportunity for the Group to purchase Convoy Shares in order to expand and diversify its securities portfolio under its securities investment business.

In view of the above, the Directors considered that the terms of the Convoy Subscription were on normal commercial terms, fair and reasonable and the Convoy Subscription was in the interests of the Company and the Shareholders as a whole.

(2) IE CHINA SUBSCRIPTION

Reference is made to the IE China Prospectus and the announcements of IE China dated 8 April 2016 and 11 April 2016 in respect of the IE China Rights Issue of 3,420,670,215 IE China Rights Shares at the subscription price of HK\$0.155 each to the Qualifying Shareholders on the basis of five IE China Rights Shares for every one IE China Share in issue held on the Record Date.

As at the Record Date, Fastek was interested in 14,999,400 IE China Shares (representing approximately 2.19% of the then total issued share capital of IE China). Accordingly, under the IE China Rights Issue, Fastek was entitled to provisional allotment of 74,997,000 IE China Rights Shares.

On 23 March 2016, Fastek (i) accepted the provisional allotment of a total of 74,997,000 IE China Rights Shares; and (ii) submitted the Excess Application for 690,000,000 IE China Rights Shares under the IE China Rights Issue.

Subscription price for IE China Subscription

Based on the subscription price of HK\$0.155 per IE China Rights Share, the aggregate subscription price for accepting the provisional allotment of 74,997,000 IE China Rights Shares and applying for 690,000,000 IE China Rights Shares under Excess Application was HK\$118,574,535, which was satisfied in cash upon acceptance of the provisional allotment and submission of the Excess Application, and funded by internal resources of the Group and the net proceeds from the allotment and issue of the rights shares of the Company by way of rights issue on 7 August 2015.

Details for the basis of determining the subscription price of IE China Rights Shares were disclosed in the IE China Prospectus.

Allotment and issue of IE China Rights Shares

On 11 April 2016, 764,997,000 IE China Rights Shares were allotted and issued to Fastek under the IE China Rights Issue. Immediately upon completion of the IE China Rights Issue, the Group held 779,996,400 IE China Shares (representing approximately 19.00% of the then total issued share capital of IE China).

Information of IE China and its subsidiaries

IE China is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8081). IE China and its subsidiaries are principally engaged in (i) mobile internet cultural business and provision of IT services; (ii) provision of medical diagnostic and health check services; (iii) provision of hospitality and related services in Australia; (iv) money lending business; and (v) assets investments business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, each of IE China and its ultimate beneficial owners were Independent Third Parties.

Based on the annual results of IE China for the year ended 31 December 2015 published by IE China, the audited consolidated total assets and net asset value of IE China as at 31 December 2015 were approximately HK\$1,292,294,000 and HK\$854,004,000 respectively. The financial information of IE China for the last two financial years ended 31 December 2015 are as follows:

	For the year ended 31 December 2014 HK\$'000 (audited)	For the year ended 31 December 2015 HK\$'000 (audited)
Profit/(loss) before taxation	(27,940)	55,311
Profit/(loss) for the year	(24,580)	81,963

Reasons for and benefits of the IE China Subscription

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

Having considered the recent financial performance and the business development of IE China, the Directors considered that they had ample growth potential. Taking into account the fact that the subscription price of IE China Rights Shares represented a relatively deep discount to the then market price of IE China Shares (as detailed in the IE China Prospectus), the IE China Subscription was a good opportunity for the Group to grow its securities investment business by acquiring additional stake in IE China by way of acceptance of provisional allotment as well as the Excess Application.

Therefore, the Directors considered that terms of the IE China Subscription were on normal commercial terms and were fair and reasonable and the IE China Subscription was in the interests of the Company and the Shareholders as a whole.

Subsequent disposal of IE China Shares

On 13 April 2016, Fastek disposed of 5,000,000 IE China Shares at the average price of HK\$0.163 per IE China Share on the Stock Exchange. After such disposal and as at the date of this announcement, the Group holds 774,996,400 IE China Shares, representing approximately 18.88% of the total issued share capital of IE China. Such disposal did not constitute a notifiable transaction of the Company under the Listing Rules.

IMPLICATIONS UNDER THE LISTING RULES

Upon clarification with the Stock Exchange, the Company accepted that, even though securities investment was one of the principal businesses of the Group, each of the Convoy Subscription and IE China Subscription fell under the definition of a “transaction” under Chapter 14 of the Listing Rules. As more than one of the relevant applicable percentage ratios (as defined in the Listing Rules) for each of the Convoy Subscription and IE China Subscription exceed 25% but all applicable percentage ratios are less than 100%, each of the Convoy Subscription and IE China Subscription constituted a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to notification, announcement, circular and shareholder’s approval requirements under Chapter 14 of the Listing Rules.

The Company admitted that it had not complied with the notification, announcement, circular and shareholder’s approval requirements as soon as possible for each of the Convoy Subscription and IE China Subscription.

The SGM will be convened for the purpose of considering, and if thought fit, approving and ratifying each of the Convoy Subscription and IE China Subscription. Since additional time is required for the preparation of the circular, the circular containing, among other things, details of each of the Convoy Subscription and IE China Subscription, the notice of the SGM and a form of proxy are expected to be despatched to the Shareholders on or before 30 June 2016.

REMEDIAL ACTIONS

The Company deeply regrets that it had not timely complied with the Listing Rules in respect of the Convoy Subscription and the IE China Subscription. The Company has taken or will take the following remedial actions to comply with the relevant requirements under Chapter 14 of the Listing Rules to prevent similar incident from happening again in the future:

- (i) The Company has immediately reviewed its current investment portfolio to check whether it shall comply with any Listing Rules requirements.
- (ii) The Company has published this announcement to inform the Shareholders of the details of the Convoy Subscription and IE China Subscription.
- (iii) The Company will despatch a circular containing details of the Convoy Subscription and IE China Subscription to the Shareholders and convene the SGM to confirm and ratify the Convoy Subscription and IE China Subscription.
- (iv) In order to prevent similar incident from happening again in the future, the Company will issue a memorandum to the investment committee of the Company which is responsible for managing the business segment of securities investment, reiterating that:
 - (a) Any purchase or disposal of securities should be a “transaction” under Chapter 14 of the Listing Rules.
 - (b) The investment committee shall only effect any purchase or disposal of securities after the head office has evaluated the implications of the Listing Rules and the Company has complied with the applicable requirements under the Listing Rules and in case of any doubt, the Company shall consult external legal advisers or financial adviser.

- (c) The investment committee shall prepare summary report on the securities transactions and report to the audit committee semi-annually for checking whether the investment committee has complied with the guidance of the Group in relation to the purchase or disposal of securities.

DEFINITIONS

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

“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convoy”	Convoy Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1019)
“Convoy Placing”	the offer by way of private placing of a total of 7,508,300,000 new Convoy Shares at the placing price of HK\$0.35 per Convoy Share, details of which are set out in Convoy’s circular and announcement dated 18 September 2015 and 29 October 2015 respectively
“Convoy Share(s)”	share(s) of HK\$0.10 each in the share capital of Convoy
“Convoy Subscription”	(i) the application of 700,000,000 Convoy Shares by the Company on 14 October 2015 and (ii) the actual allotment and issue of 699,996,000 Convoy Shares by Convoy to Fastek under the Convoy Placing on 29 October 2015

“Director(s)”	the director(s) of the Company
“Excess Application”	the application by Fastek to IE China for a total of 690,000,000 IE China Rights Shares in excess of its entitlement under the IE China Rights Issue made on 23 March 2016
“Fastek”	Fastek Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“IE China”	Interactive Entertainment China Cultural Technology Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the shares of which are listed on the Growth Enterprise Market of the Stock Exchange (stock code: 8081)
“IE China Prospectus”	the prospectus of IE China dated 11 March 2016 in relation to the IE China Rights Issue
“IE China Rights Issue”	the offer of IE China Rights Shares to the Qualifying Shareholders on the basis of five IE China Rights Shares for every one IE China Share in issue held on the Record Date, details of which are set out in the IE China Prospectus
“IE China Rights Share(s)”	3,420,670,215 new IE China Shares allotted and issued pursuant to the IE China Rights Issue
“IE China Share(s)”	share(s) of HK\$0.01 each in the share capital of IE China

“IE China Subscription”	(i) the acceptance of the provisional allotment of 74,997,000 IE China Rights Shares under the IE China Rights Issue on 23 March 2016 and (ii) the Excess Application
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Qualifying Shareholders”	shareholders of IE China qualifying for the provisional allotments of the IE China Rights Shares under the IE China Rights Issue
“Record Date”	Thursday, 10 March 2016
“SGM”	a special general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving and ratifying the transactions contemplated under each of the Convoy Subscription and IE China Subscription
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Hong Kong Education (Int’l) Investments Limited
Lee Wai Lok, Ignatious
Executive Director

Hong Kong, 12 May 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 independent non-executive Directors are Mr. Ong Chi King, Mr. Lee Shu Fai and Mr. Pun Kwok Shan.