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Guoan International Limited
國安國際有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 143)

CONNECTED TRANSACTION
IN RELATION TO EXTENSION OF MATURITY DATE OF HK$100,000,000 CONVERTIBLE BONDS DUE 28 FEBRUARY 2020

THE DEED OF EXTENSION

On 28 February 2020 (after trading hours), the Company and Mr. CHONG Chin and Ms. YAO Sze Ling have entered into the Deed of Extension to extend the 1st Maturity Date for repayment of the principal amount of the 1st Tranche Convertible Bonds from 28 February 2020 to 28 November 2020. The transaction is in essence a mere extension of time for repayment of a debt, which is the principal amount of the 1st Tranche Convertible Bonds being HK$100,000,000, and there is no extension of the conversion period for Mr. CHONG Chin and Ms. YAO Sze Ling to exercise their right to convert the 1st Tranche Convertible Bonds into Shares of the Company.

Save for the aforesaid alteration, all other terms and conditions of the Convertible Bonds shall remain unchanged and in full force and effect.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Yicko Securities Limited is a wholly-owned subsidiary of the Company and (ii) Mr. CHONG Chin and Ms. YAO Sze Ling are directors of Yicko Securities Limited, and the father-in-law and mother-in-law respectively, of Mr. SO Haw Herman, who resigned as executive Director of the Company with effect from 31 January 2020. As such, each of Mr. CHONG Chin and Ms. YAO Sze Ling is a connected person of the Company under Rule 14A.07(1) of the Listing Rules and also deemed as a connected person of the Company under Rule 14A.21 of the Listing Rules.

Accordingly, the transaction contemplated by the Deed of Extension constitutes a connected transaction of the Company, being financial assistance received by the Company from connected persons of the Company. As the Directors (including the independent non-executive Directors) consider such transaction having been conducted on normal commercial terms, and not being secured by any assets of the Group, it is fully exempt from the reporting, announcement and Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

INTRODUCTION

References are made to (i) the Company's announcement dated 13 February 2018; (ii) the Company's circular dated 24 May 2018 (the "**Circular**"); and (iii) the Company's announcements dated 14 June 2018 and 28 February 2019 in relation to, among others, the acquisition of the entire issued share capital of Yicko Securities Limited involving issue of Convertible Bonds. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as those defined in the Circular.

BACKGROUND

On 13 February 2018, Mr. CHONG Chin and Elitemind Investments Limited (being the Vendors), Exquisite Honor Holdings Limited (being the Purchaser, a wholly-owned subsidiary of the Company) and Mr. CHONG Chin and Ms. YAO Sze Ling (being the Guarantors) entered into the Sale and Purchase Agreement, pursuant to which Exquisite Honor Holdings Limited had conditionally agreed to purchase and each of Mr. CHONG Chin and Elitemind Investments Limited had conditionally agreed to sell the Sale Shares for a total Consideration of HK$420,000,000, which was satisfied as to HK$120,000,000 in cash and HK$300,000,000 by the issue of Convertible Bonds, consisting of the 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds, by the Company to Mr. CHONG Chin and Ms. YAO Sze Ling (together the "**Bondholders**").

The 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds were issued by the Company to the Bondholders on 28 February 2019 upon completion of the Acquisition and since then Yicko Securities Limited has become an indirect wholly-owned subsidiary of the Company. The Convertible Bonds are unsecured and carry an interest at the rate of 3.8% per annum on the principal amount of the Convertible Bonds outstanding.

The 1st Tranche Convertible Bonds is in the principal amount of HK$100,000,000 and its maturity date falls on 28 February 2020 ("**1st Maturity Date**"), which is 12 months after the date of issue.

As at the date of this announcement, (i) the Company has not made any early redemption on any part of the outstanding 1st Tranche Convertible Bonds; (ii) none of the conversion rights attached to the 1st Tranche Convertible Bonds have been exercised by the Bondholders; (iii) the Company has paid the interest of HK$11,400,000 accrued under the 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds up to the 1st Maturity Date, to the Bondholders on the 1st Maturity Date; and (iv) the principal amount of the 1st Tranche Convertible Bonds being HK$100,000,000 remains outstanding.

THE DEED OF EXTENSION

On 28 February 2020 (after trading hours), the Company and the Bondholders have entered into the Deed of Extension to extend the 1st Maturity Date for repayment of the principal amount of the 1st Tranche Convertible Bonds from 28 February 2020 to 28 November 2020 ("**Extended 1st Maturity Date**"), provided that if the principal amount of HK$100,000,000 under the 1st Tranche Convertible Bonds is not repaid by 9 December 2020, the Bondholders shall forthwith be entitled to take legal action against the Company without further notice.

Save for the aforesaid alteration, all other terms and conditions of the Convertible Bonds shall remain unchanged and in full force and effect.

The aforesaid alteration is in essence a mere extension of time for repayment of a debt, which is the principal amount of the 1st Tranche Convertible Bonds being HK$100,000,000, and there is no extension of the conversion period for the Bondholders to exercise their right to convert the 1st Tranche Convertible Bonds into Shares of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE DEED OF EXTENSION

The Company is an investment holding company and the Group is principally engaged in trading of telecommunication products, provision of repair services for the telecommunications products, trading of electronic parts and investment in financial assets.

The maturity date of the 1st Tranche Convertible Bonds falls on 28 February 2020, whereby the Company is required to redeem the principal amount of HK$100,000,000 at the interest rate of 3.8% per annum. The extension of the maturity date of the 1st Tranche Convertible Bonds under the Deed of Extension enables the Group to postpone a substantial cash outflow, thus effectively providing the Company with flexibility in relation to the Company's deployment of its financial resources to refinance its debts under the Convertible Bonds, to fund its operation and development as well as to plan for its working capital requirements.

In light of the fair interest rate applicable to the 1st Tranche Convertible Bonds during the period from 29 February 2020 to the Extended 1st Maturity Date, and with no security attached thereto, the Company considers that the extension is at relatively low cost to the Company when compared with the interest rate for borrowing across the market and, therefore, it is in the interests of the Company and its Shareholders as a whole to utilize the Group's resources for business development and other business opportunities in order to maximize returns to its Shareholders.

The terms of the Deed of Extension were negotiated after arm's length negotiations between the Company and the Bondholders. The Directors (including the independent non-executive Directors) consider that the terms of the Deed of Extension are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As stated above, Yicko Securities Limited is a wholly-owned subsidiary of the Company. As at the date of this announcement, Mr. CHONG Chin and Ms. YAO Sze Ling are directors of Yicko Securities Limited, and the father-in-law and mother-in-law respectively, of Mr. SO Haw Herman, who resigned as executive Director of the Company with effect from 31 January 2020. As such, each of Mr. CHONG Chin and Ms. YAO Sze Ling is a connected person of the Company under Rule 14A.07(1) of the Listing Rules and also deemed as a connected person of the Company under Rule 14A.21 of the Listing Rules.

Accordingly, the transaction contemplated by the Deed of Extension constitutes a connected transaction of the Company, being financial assistance received by the Company from connected persons of the Company. As the Directors (including the independent non-executive Directors) consider such transaction having been conducted on normal commercial terms, and not being secured by any assets of the Group, it is fully exempt from the reporting, announcement and Shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

By order of the Board
Guoan International Limited
DU Jun
Chairman

Hong Kong, 28 February 2020

As at the date of this announcement, the Board comprises 8 directors, of which 2 are executive directors, namely Mr. HUANG Zhen Qian and Mr. DU Jun, 3 are non-executive directors, namely Mr. LI Xiang Yu, Mr. CUI Ming Hong and Ms. BAI Wei, and 3 are independent non-executive directors, namely Mr. WONG Chun Man, Mr. TSE Yung Hoi and Mr. NG Man Kung.