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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF YICKO SECURITIES LIMITED INVOLVING ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

Financial adviser to the Company

VEDA | CAPITAL
智略資本

THE ACQUISITION

The Board is pleased to announce that, on 13 February 2018 (after the trading hours of Stock Exchange), the Vendors, the Purchaser (being a wholly-owned subsidiary of the Company) and the Guarantors entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and each of the Vendors has conditionally agreed to sell the Sale Shares for a total Consideration of HK$420,000,000, which is to be satisfied as to HK$120,000,000 in cash (of which HK$20,000,000 shall be paid by the Purchaser upon the signing of the Sale and Purchase Agreement as refundable deposit) and HK$300,000,000 by the issue of the Convertible Bonds with the initial Conversion Price at HK$0.26 per Conversion Share (subject to adjustments).

Based on the Conversion Price of HK$0.26 per Conversion Share (subject to adjustments), assuming full conversion of all the Convertible Bonds, a maximum number of 1,153,846,153 Conversion Shares will be allotted and issued, representing approximately 14.89% of the existing issued share capital of the Company and approximately 12.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

The Conversion Shares in respect of the Convertible Bonds will be allotted and issued under the Specific Mandate. No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange. The Company will apply for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange.

LISTING RULES IMPLICATIONS ON THE ACQUISITION

Major transaction

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and therefore, is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of this announcement, Mr. SO Haw Herman, being an executive Director, is the son-in-law of Mr. Chong Chin (being Vendor I) and Ms. Yao Sze Ling. As such, each of Mr. Chong Chin (being Vendor I) and Ms. Yao Sze Ling is deemed as a connected person of the Company under Rule 14A.21 of the Listing Rules. Accordingly, the Acquisition and the transactions contemplated thereunder also constitute connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements.

Mr. SO Haw Herman has abstained from voting on the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Nor do Mr. SO Haw Herman and his associates hold any Shares as at the date of this announcement.

THE EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the issue of the Convertible Bonds; and (iii) the Specific Mandate for the allotment and issue of the Conversion Shares.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders is materially interested in the proposed Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate, and as such, no Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate at the EGM.

GENERAL

The Independent Board Committee comprising two independent non-executive Directors, namely Mr. WONG Chun Man and Mr. TSE Yung Hoi, has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. Mr. NG Man Kung is not included as a member of the Independent Board Committee as his spouse, namely Ms. WONG Siu Ling, is a staff member of the Target Company as at the date of this announcement. As such, Mr. NG Man Kung has a material interest in the Acquisition and the transactions contemplated thereunder.

Accordingly, Mr. NG Man Kung has also abstained from voting on the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as Mr. SO Haw Herman and Mr. NG Man Kung, none of the Directors has abstained from voting on the relevant Board resolutions.

Celestial Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details about the Acquisition; (ii) the recommendations of the Independent Board Committee on the Acquisition and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder; (iv) financial and other information of the Target Group; (v) pro forma financial information of the Enlarged Group upon Completion and (vi) the notice of EGM, is expected to be despatched to the Shareholders on or before 16 March 2018, as additional time is required to prepare the aforesaid information for inclusion in the circular.

As Completion is subject to and conditional upon the fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that on 13 February 2018 (after the trading hours of Stock Exchange), the Purchaser (as the purchaser), the Vendors (as the vendors) and the Guarantors (as the guarantors) entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and each of the Vendors has conditionally agreed to sell the Sale Shares for the Consideration of HK$420,000,000, which is to be satisfied as to HK$120,000,000 in cash and HK$300,000,000 by the issue of the Convertible Bonds.

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follows:

Date	:	13 February 2018 (after the trading hours of Stock Exchange)
Parties		
Purchaser	:	Exquisite Honor Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company.
Vendor I	:	Mr. Chong Chin
Vendor II	:	Elitemind Investments Limited, a company incorporated in the British Virgin Islands with limited liability.
Guarantors	:	Vendor I and Ms. Yao Sze Ling

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the entire issued share capital of Vendor II is owned as to 40% by Vendor I and 60% by Yale International Holdings Limited whereas each of Vendor I and Ms. Yao Sze Ling holds 50% of the entire issued share capital of Yale International Holdings Limited as at the date of this announcement.

As at the date of this announcement, Mr. SO Haw Herman, being the executive Director, is the son-in-law of Mr. Chong Chin (being Vendor I) and Ms. Yao Sze Ling. As such, each of Mr. Chong Chin (being Vendor I) and Ms. Yao Sze Ling is deemed as connected person of the Company under Rule 14A.21 of the Listing Rules.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to purchase and each of the Vendors has conditionally agreed to sell the Sale Shares, representing the entire issued share capital of the Target Company. As at the date of this announcement, the Target Company is legally owned as to 0.01% by Vendor I and as to 99.99% by Vendor II.

Further information on the Target Group is set out in the section headed "INFORMATION ON THE TARGET GROUP" below.

Consideration

The Consideration shall be satisfied in the following manners:

(i) an aggregate amount of HK$120,000,000 (representing approximately 28.57% of the Consideration) shall be settled in cash, of which HK$20,000,000 shall be paid by the Purchaser upon the entering into of the Sale and Purchase Agreement as refundable deposit (the "**Deposit**") and HK$100,000,000 shall be payable by the Purchaser upon Completion; and

(ii) an aggregate amount of HK$300,000,000 (representing approximately 71.43% of the Consideration) shall be settled by the issue of the Convertible Bonds to the Vendors (or their respective nominee(s)) upon Completion as follows:

    (a) as to HK$100,000,000 by the issue of 1st Tranche Convertible Bonds by the Company;

    (b) as to HK$100,000,000 by the issue of 2nd Tranche Convertible Bonds by the Company; and

    (c) as to HK$100,000,000 by the issue of the 3rd Tranche Convertible Bonds by the Company.

Key terms of the Convertible Bonds are set out in the section headed "KEY TERMS OF THE CONVERTIBLE BONDS" below.

The Consideration shall be subject to adjustment as set out in the section headed "Compensation" below.

The Consideration of HK$420,000,000 was arrived at after arm's length negotiations among the Vendors and the Purchaser taking into account, amongst others, (i) the Target Co. having met the liquid capital requirement imposed by the SFC up to the Completion Date; (ii) the audited consolidated net asset value of the Co. as at the Completion Date being not less than HK$120,000,000 (the "**Guaranteed NAV**") as at the Completion Date; (iii) the unaudited net asset value of the Target Group as at 30 November 2017 of approximately HK$123,548,000; (iv) the Guaranteed Profit (as defined below) for the financial year ending 28 February 2018 being not less than HK$23,800,000; (v) the future business prospects of the Target Company; and (vi) the benefits to be derived by the Group from the Acquisition as described under the paragraph headed "REASONS FOR AND BENEFITS OF THE ACQUISITION" below.

Compensation

Pursuant to the Sale and Purchase Agreement, the Purchaser or the Company shall, within 90 days from the Completion Date, engage an auditor to prepare for the audited consolidated financial statements of Target Company as at the Completion Date, in accordance with the Hong Kong Financial Reporting Standards (the "**Completion Accounts**").

In the event that the net asset value of the Target Company as at the Completion Date as shown on the Completion Accounts is lower than the Guaranteed NAV (the "**Negative Difference**"), the Vendors and/or the Guarantors shall pay the Negative Difference to the Purchaser in cash within 14 Business Days after the issuance of the Completion Accounts.

In the event that the net asset value of the Target Company as at the Completion Date as shown on the Completion Accounts is higher than the Guaranteed NAV (the "**Positive Difference**"), the Purchaser shall have no obligation to pay the Positive Difference to the Vendors.

Profit guarantee

Pursuant to the Sale and Purchase Agreement, each of the Vendors and the Guarantors has jointly and severally guaranteed to the Purchaser that the audited consolidated net profit after tax of the Target Company for the financial year ending 28 February 2018 shall be not less than HK$23,800,000 (the "**Guaranteed Profit**").

Conditions precedent

Completion of the Sale and Purchase Agreement is subject to the following conditions precedent being fulfilled or waived (as the case may be):

(a) the Purchaser having completed and being satisfied with the results from its due diligence review over the assets, liabilities, operations, legal and financial position of the Target Group;

(b) the passing by the requisite majority of Shareholders or Independent Shareholders (as appropriate) at an extraordinary general meeting of the Company to be convened and held of ordinary resolution(s) to approve, among other things, the Sale and Purchase Agreement and the transactions contemplated thereunder and the issue of Convertible Bonds and the Conversion Shares in accordance with the Listing Rules;

(c) the Listing Committee granting approval for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange and such approval not having been revoked or cancelled as at Completion;

(d) the Sale and Purchase Agreement and the transactions contemplated thereunder not having been regarded as a very substantial acquisition by or a reverse takeover of the Company under the Listing Rules by the Stock Exchange;

(e) the approval from the SFC for the change in substantial shareholder of the Target Company having been obtained;

(f) there being no material adverse change (or effect) to the financial position, business or prospects or results of operations of the Target Group in the period between the date of the Sale and Purchase Agreement and Completion including, among other things, the Target Company (1) continues to validly hold the licences granted by SFC and accounts (if applicable); and (2) satisfies the liquid capital requirement imposed by SFC;

(g) there being no change to the composition of the responsible officers of the Target Company (with at least one of the responsible officers being the director(s) of the Target Company) in the period between the date of the Sale and Purchase Agreement and Completion, and immediately before Completion, the Vendors shall cause the responsible officers of the Target Company to enter into appointment letters with the Target Company (with at least one of the responsible officers for a term of not less than two years following Completion) on terms to be agreed by the Purchaser in writing;

(h) Vendor I having transferred his legal ownership of one share in Yicko Nominees Limited to the Target Company and paid all costs and taxes, such as stamp duty etc in relation thereto;

(i) all necessary consents and approvals in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendors and the Target Company (if applicable);

(j) the warranties under the Sale and Purchase Agreement remaining true, accurate and not misleading in all material respects as at Completion and no events having occurred that would result in any breach of any of the warranties or other provisions of the Sale and Purchase Agreement from the date of the Sale and Purchase Agreement and at any time up to the Completion Date; and

(k) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained.

Save for the satisfaction of the conditions precedent (a), (g), (h) and (j) above are capable of being waived by the Purchaser, the other conditions precedent above are not capable of being waived.

If all the conditions precedent set out in (a) to (k) above are not fulfilled or waived by the Purchaser on or before the date falling on the expiry of 12 months after the date of the Sale and Purchase Agreement (or such other later date as agreed by parties to the Sale and Purchase Agreement in writing), the Sale and Purchase Agreement shall lapse and the Vendors shall immediately refund the Deposit in full (without interest) to the Purchaser and no party shall make any claim against any others in respect of the Sale and Purchase Agreement, except for any antecedent breach.

Completion

Completion shall take place at 4:30 p.m. or such other time as agreed by the Vendors and the Purchaser within the third Business Day after all the conditions precedent of the Sale and Purchase Agreement are satisfied or waived (as the case may be), or such other date as the Vendors and the Purchaser may agree.

After Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the Company.

KEY TERMS OF THE CONVERTIBLE BONDS

The following terms apply to the 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds:

Issuer : the Company

Total principal amount : HK$300,000,000 consisting of:

(i) 1st Tranche Convertible Bonds with the principal amount of HK$100,000,000;

(ii) 2nd Tranche Convertible Bonds with the principal amount of HK$100,000,000; and

(iii) 3rd Tranche Convertible Bonds with the principal amount of HK$100,000,000

Conversion Price: : The Convertible Bonds are convertible at the Conversion Price of HK$0.26 per Conversion Share (subject to adjustments). The Conversion Price of HK$0.26 per Conversion Share represents:

(i) a discount of approximately 3.7% to the closing price of HK$0.27 per Share as quoted on the Stock Exchange on the Last Trading Day; and

(ii) the average closing price of HK$0.26 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Conversion Price was arrived at after arm's length negotiations among the Purchaser, the Vendors and the Company with reference to, among other things, the prevailing market performance of the Shares and the future prospect of the Company upon Completion.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that the terms of the Convertible Bonds are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Adjustment to Conversion Price: : The Conversion Price shall from time to time be adjusted upon the occurrence of certain events including, but not limited to, the followings:

(i) an alteration to the nominal value of the Shares as a result of consolidation or subdivision;

(ii) issue of any Shares credited as fully paid to Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve), other than Shares paid up out of profits or reserves and issued in lieu (in whole or in part) of a cash dividend;

(iii) paying or making any capital distribution to the Shareholders;

(iv) issue of Shares to Shareholders by way of rights, or issue or grant to Shareholders by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 90% of the market price per Share on the date of the announcement of the terms of the issue or grant;

(v) issue wholly for cash any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 90% of the market price at the date of the announcement of the terms of issue of such securities;

(vi) any modification of the rights of conversion, exchange or subscription attaching to any such securities as mentioned in paragraph (v) above so that the consideration per Share is less than 90% of the market price per Share on the date of announcement of the proposals for such modification;

(vii) if and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue; and

(viii) where the Company or any of its subsidiaries or any other company, person or entity of any securities (other than bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares issued or to be issued by the Company on conversion, exchange or subscription at a consideration per Share which is less than 90% of the market price at the date of the announcement of the terms of such issue.

Conversion Shares : Assuming the Convertible Bonds in the principal amount of HK$300,000,000 are fully converted at the initial Conversion Price of HK$0.26 per Conversion Share, 1,153,846,153 new Shares will be allotted and issued by the Company under the Specific Mandate.

For illustrative purpose only and assuming the conversion rights attaching to the Convertible Bonds of an initial amount of HK$300,000,000 are exercised in full, the 1,153,846,153 Conversion Shares to be allotted and issued represent:

(i) approximately 14.89% of the existing issued share capital of the Company as at the date of this announcement; and

(ii) approximately 12.96% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Interest rate : Interest is payable on the Convertible Bonds at the rate of 3.8% per annum on the principal amount of the Convertible Bonds outstanding, accruing from the issue date of the Convertible Bonds on a daily basis and shall be calculated on the basis of the actual number of days elapsed in a year of 365 days. The interest will be payable annually in arrears on each anniversary of the issue date of the Convertible Bonds. If any interest payment date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day.

Where any of the conversion rights attaching to the Convertible Bonds is exercised, interest will cease to be payable on the earlier of (i) the date of conversion of such Convertible Bonds (given that such conversion is in accordance to the conditions pursuant to the instrument of the Convertible Bonds); (ii) the date of redemption of such Convertible Bonds; and (iii) the maturity date of such Convertible Bonds.

Early Redemption : The Convertible Bonds may not be repaid or redeemed before the respective maturity dates otherwise than in accordance with the terms and conditions of the Convertible Bonds.

Ranking : Conversion Shares issued upon exercise of conversion rights attaching to the Convertible Bonds shall rank *pari passu* in all respects with all other existing Shares outstanding at the date of the conversion notice and all Conversion Shares shall include rights to participate in all dividends and other distributions the record date of which falls on or after the date of the conversion notice.

Status : The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by applicable legislations, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

No application will be made by the Company to the Stock Exchange for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

Voting : The holders of the Convertible Bonds will not be entitled to attend or vote at any general meetings of the Company by reason only of being the holders of the Convertible Bonds.

Transferability : The Convertible Bonds shall be freely assignable and transferable by the holder(s) of the Convertible Bonds subject to the prior consent of the Company and the Company shall notify the Stock Exchange if the Convertible Bonds are transferred to any connected person of the Company.

The Company shall fully comply with the requirements and obtain relevant consent (if applicable) of the Stock Exchange with respect to the transfer of Convertible Bonds.

Covenants in relation to the Conversion rights : So long as any Convertible Bonds shall remain convertible the Company shall:

(i) keep available for the sole purpose of issue upon conversion of the Convertible Bonds free from preemptive rights out of its authorised but unissued share capital the number of Shares as would have to be issued upon conversion of all the Convertible Bonds outstanding from time to time;

(ii) maintain listing for all the issued and to be issued Shares on the Stock Exchange. The issuance of Conversion Shares is subjected to the provisions of the instrument of the Convertible Bonds and the Company shall give notice to the holder(s) of the Convertible Bonds of the eligibility of the Stock Exchange with respect to the listing of the Conversion Shares;

(iii) not cause the transfer books and register of members of the Company to be closed and not take any action(s) that would prevent the transfer of the Shares, unless as may be required by the applicable laws or regulations or for the purpose of establishing dividend or other rights attaching to these Shares. In the event that the transfer books and register of members of the Company are closed, the Company has to ensure that the Convertible Bonds are lawfully convertible and the Company shall not take any action(s) that would prevent the conversion of the Convertible Bonds or the issue of the Conversion Shares;

(iv) pay the expenses of the issue of, and all expenses of obtaining a listing on the Stock Exchange for the Conversion Shares; and

(v) maintain its status as an overseas company as registered under the Companies Ordinance.

Save for the abovementioned terms, the following terms apply to each of the 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds, respectively:

		1st Tranche Convertible Bonds	2nd Tranche Convertible Bonds	3rd Tranche Convertible Bonds
Maturity date	:	The date falling on the 12 months after the date of issue of the 1st Tranche Convertible Bonds (the "**1st Maturity Date**").	The date falling on the 24 months after the date of issue of the 2nd Tranche Convertible Bonds (the "**2nd Maturity Date**").	The date falling on the 36 months after the date of issue of the 3rd Tranche Convertible Bonds (the "**3rd Maturity Date**").
Limitations on conversion of the Convertible Bonds:	:	The conversion rights under the 1st Tranche Convertible Bonds shall be exercisable during the conversion period commencing on the date of the issue of the 1st Tranche Convertible Bonds and up to the 1st Maturity Date, subject to the restriction set out below.	The conversion rights under the 2nd Tranche Convertible Bonds shall be exercisable during the conversion period commencing on the date of the issue of the 2nd Tranche Convertible Bonds and up to the 2nd Maturity Date, subject to the restriction set out below.	The conversion rights under the 3rd Tranche Convertible Bonds shall be exercisable during the conversion period commencing on the date of the issue of the 3rd Tranche Convertible Bonds and up to the 3rd Maturity Date, subject to the restriction set out below.

For the conversion of the whole or any part (in minimum amount of HK$10,000,000 or an integral multiple thereof) of the Convertible Bonds, the holder of the Convertible Bonds shall give a written notice to the Company (containing the information of the principal amount of the Convertible Bonds intended to be converted into Conversion Shares and the date of the conversion) ("**Written Notice**") and without obtaining the written consent from the Board, the holder(s) of the Convertible Bonds (or any part(s) thereof) shall not exercise any conversion rights under the Convertible Bonds. On the occurrence of any rejection of conversion of the Convertible Bonds by the Board, the Company is entitled to redeem the principal amount of such part of the Convertible Bonds having been rejected for conversion.

Subject to the limitations on conversion of each of the Convertible Bonds and the Written Notice as abovementioned, the Company shall not allow conversion of any portion of the outstanding principal amount of the Convertible Bonds if such conversion will cause (i) holder(s) of the Convertible Bonds and parties acting in concert (as defined in the Takeovers Code) with it (them) immediately after such exercise be required to make a general offer under Rule 26 of the Takeovers Code; and (ii) the Company to be unable to meet the public float requirements as required under Rule 8.08 of the Listing Rules.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; (ii) upon full conversion of the 1st Tranche Convertible Bonds only; (iii) upon full conversion of the 1st Tranche Convertible Bonds and the 2nd Tranche Convertible Bonds only; and (iv) upon full conversion of the 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds, is set out below:

	(i) As at the date of this announcement		**(ii) Upon full conversion of the 1st Tranche Convertible Bonds only**		**(iii) Upon full conversion of the 1st Tranche Convertible Bonds and the 2nd Tranche Convertible Bonds only**		**(iv) Upon full conversion of the 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds**	
	No. of Shares	*% (approximately)*	*No. of Shares*	*% (approximately)*	*No. of Shares*	*% (approximately)*	*No. of Shares*	*% (approximately)*
Road Shine Developments Limited *(Note)*	4,123,816,337	53.22	4,123,816,337	50.70	4,123,816,337	48.41	4,123,816,337	46.32
Vendor I	–	–	38,462	0.01	76,924	0.01	115,384	0.01
Vendor II	–	–	384,576,923	4.72	769,153,846	9.03	1,153,730,769	12.95
Other Public Shareholders	3,625,144,562	46.78	3,625,144,562	44.57	3,625,144,562	42.55	3,625,144,562	40.72
Total	**7,748,960,899**	**100**	**8,133,576,284**	**100**	**8,518,191,669**	**100**	**8,902,807,052**	**100**

Note:

As at the date of this announcement, Road Shine Developments Limited is held as to 100% by Guoan (HK) Holdings Limited, which in turn is held as to 100% by CITIC Guoan Group.*

* *for identification purpose only*

INFORMATION ON THE TARGET GROUP

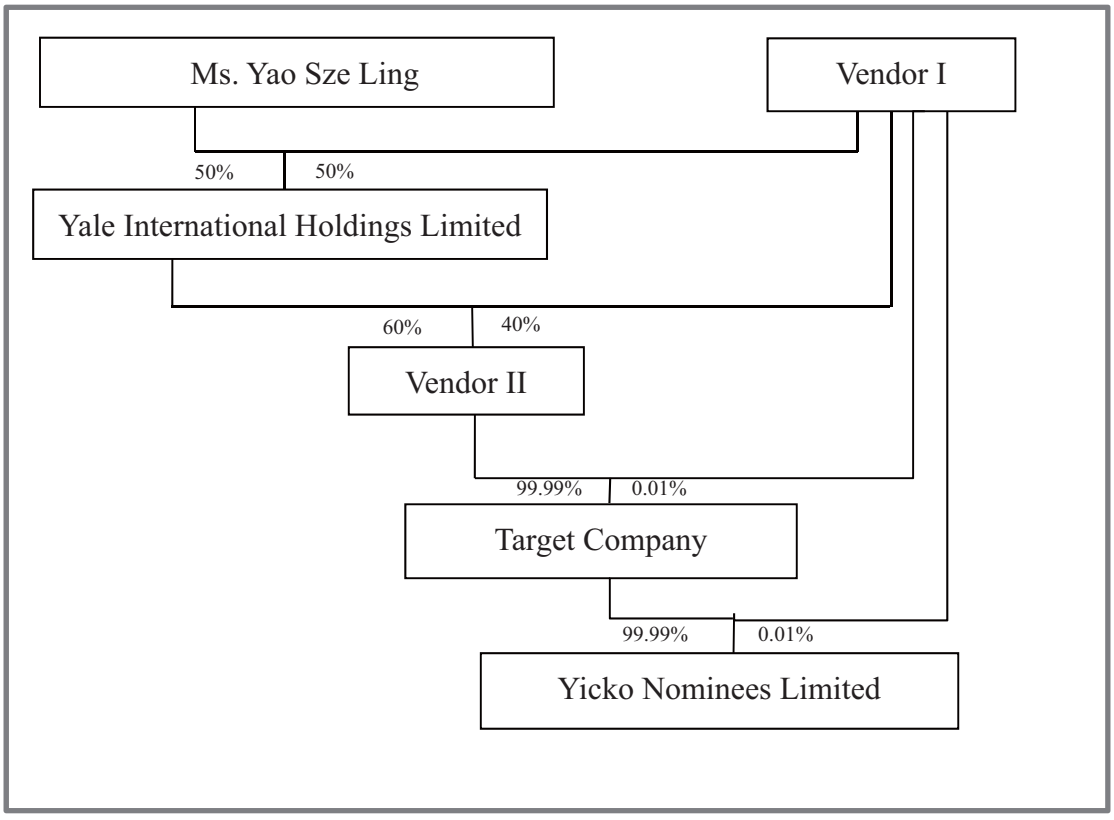
The Target Company is a company incorporated in Hong Kong since August 1992, and a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFC. The Target Company provides financial services to the clients which consist of broking services (including securities and stock option broking), placing and underwriting services (such as acting as underwriter and placing agent for equity securities), and securities margin financing services. As at the date of this announcement, the Target Company is legally owned as to 0.01% by Vendor I and 99.99% by Vendor II.

As at the date of this announcement, the Target Company owns 99.99% of the issued share capital of Yicko Nominees Limited, which is principally engaged in providing nominee services to complement the clients' business activities in the applications for shares in initial public offerings for its clients. The remaining 0.01% of the equity interest of Yicko Nominees Limited is owned by Vendor I in trust for the Target Company.

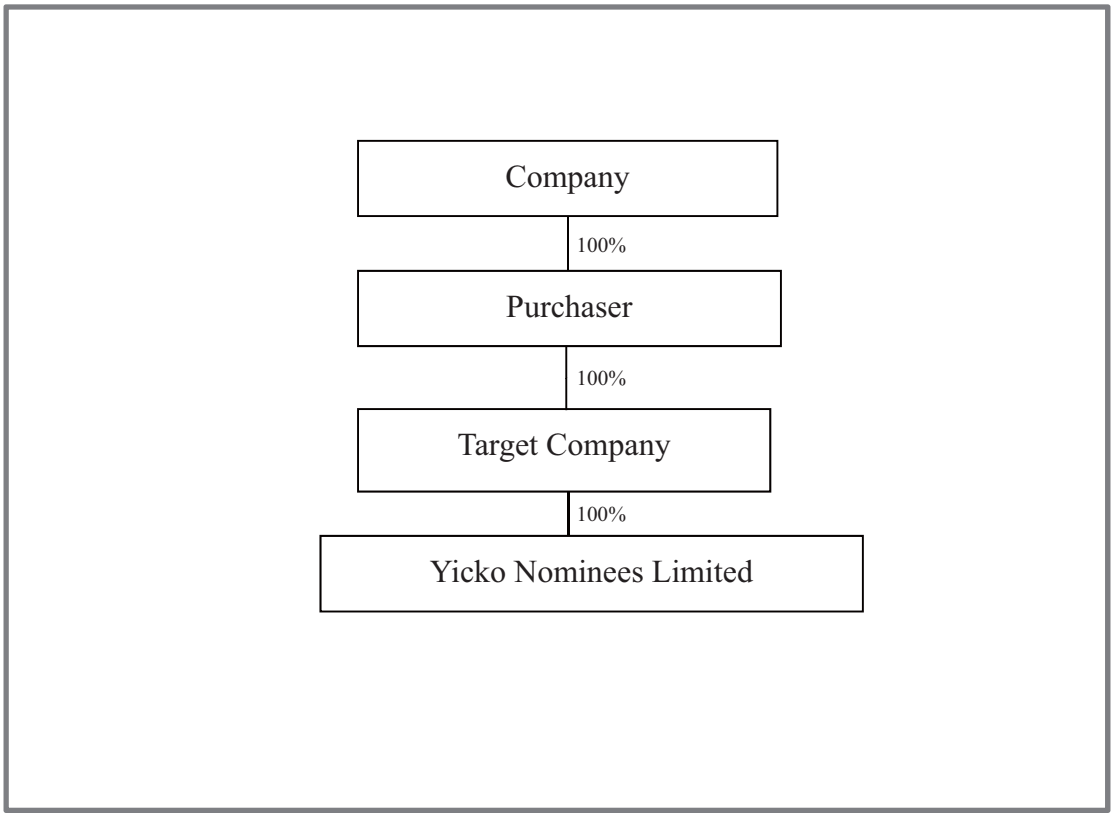
Shareholding structure of the Target Group as at the date of this announcement and immediately after Completion

Set out below are the shareholding structures of the Target Group as at the date of this announcement and immediately after Completion:

(i) As at the date of this announcement



(ii) Immediately after Completion



Financial information of the Target Group

Set out below is the audited financial information of the Target Group prepared in accordance with the Hong Kong Financial Reporting Standards for the three financial years ended 28 February 2017 and the unaudited financial information of the Target Group for the nine months ended 30 November 2017, respectively:

	For the year ended 28 February 2015 (audited) *HK$*	**For the year ended 29 February 2016** (audited) *HK$*	**For the year ended 28 February 2017** (audited) *HK$*	**For the nine months ended 30 November 2017** (unaudited) *HK$*
Turnover	18,896,140	19,820,786	28,111,525	24,800,569
Net profit before taxation	7,347,402	10,413,346	18,294,222	18,379,811
Net profit after taxation	6,648,175	8,897,879	15,451,770	15,463,741

The unaudited net assets of the Target Group as at 30 November 2017 was approximately HK$123,548,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company and the Group are principally engaged in trading of telecommunication products, provision of repair services for the telecommunications products, trading of electronic parts and investment in financial assets. In addition, CITIC Guoan Group, being the substantial Shareholder, is a comprehensive and large enterprise group in the PRC with the scope of business comprising finance, telecommunications, tourism, resources development, wine, real estate, culture and healthcare.

The Target Company is one of the well-established securities brokerage companies in Hong Kong since August 1992 with a registered capital of HK$50,000,000 by providing a wide range of financial services including but not limited to the provision of securities brokerage services.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) consider that the Acquisition will enable the Group to make a meaningful step in its strategic direction towards diversification of businesses and also allow the Group to leverage on the past experiences of CITIC Guoan Group and the Target Company to create the synergies on the brokerage business and other financial services business in Hong Kong in the future. The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS ON THE ACQUISITION

Major transaction

As one or more of the applicable percentage ratios in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company and therefore, is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Connected transaction

As at the date of this announcement, Mr. SO Haw Herman, being an executive Director, is the son-in-law of Mr. Chong Chin (being Vendor I) and Ms. Yao Sze Ling. As such, each of Mr. Chong Chin (being Vendor I) and Ms. Yao Sze Ling is deemed as a connected person of the Company under Rule 14A.21 of the Listing Rules. Accordingly, the Acquisition and the transactions contemplated thereunder also constitute connected transaction for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements.

Mr. SO Haw Herman has abstained from voting on the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Nor do Mr. SO Haw Herman and his associates hold any Shares as at the date of this announcement.

THE EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) the issue of the Convertible Bonds; and (iii) the Specific Mandate for the allotment and issue of the Conversion Shares.

To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, none of the Shareholders is materially interested in the proposed Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate, and as such, no Shareholder is required to abstain from voting on the proposed resolution(s) to approve the Acquisition, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate at the EGM.

GENERAL

The Independent Board Committee comprising two independent non-executive Directors, namely Mr. WONG Chun Man and Mr. TSE Yung Hoi, has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder. Mr. NG Man Kung is not included as a member of the Independent Board Committee as his spouse, namely Ms. WONG Siu Ling, is a staff member of the Target Company as at the date of this announcement. As such, Mr. NG Man Kung has a material interest in the Acquisition and the transactions contemplated thereunder.

Accordingly, Mr. NG Man Kung has also abstained from voting on the relevant Board resolutions for approving the Sale and Purchase Agreement and the transactions contemplated thereunder. Save as Mr. SO Haw Herman and Mr. NG Man Kung, none of the Directors has abstained from voting on the relevant Board resolutions.

Celestial Capital, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further details about the Acquisition; (ii) the recommendations of the Independent Board Committee on the Acquisition and the transactions contemplated thereunder; (iii) a letter of advice from an Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition and the transactions contemplated thereunder; (iv) financial and other information of the Target Group; (v) pro forma financial information of the Enlarged Group upon Completion and (vi) the notice of EGM, is expected to be despatched to the Shareholders on or before 16 March 2018, as additional time is required to prepare the aforesaid information for inclusion in the circular.

As Completion is subject to and conditional upon the fulfilment or waiver (where applicable) of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition and the transactions contemplated thereunder may or may not materialise. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

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

"1st Tranche Convertible Bonds"	the convertible bonds in the principal amount of HK$100,000,000 at the interest rate of 3.8% per annum to be issued by the Company to the Vendors (or their respective nominee(s)) on the Completion Date in partial settlement of the Consideration and repayable within 12 months from the issue date of such convertible bonds
"1st Tranche Conversion Shares"	the 384,615,385 new Shares falling to be issued and allotted upon exercise of the conversion rights in full attached to the 1st Tranche Convertible Bonds at the Conversion Price
"2nd Tranche Convertible Bonds"	the convertible bonds in the principal amount of HK$100,000,000 at the interest rate of 3.8% per annum to be issued by the Company to the Vendors (or their respective nominee(s)) on the Completion Date in partial settlement of the Consideration and repayable within 24 months from the issue date of such convertible bonds
"2nd Tranche Conversion Shares"	the 384,615,385 new Shares falling to be issued and allotted upon exercise of the conversion rights in full attached to the 2nd Tranche Convertible Bonds at the Conversion Price
"3rd Tranche Convertible Bonds"	the convertible bonds in the principal amount of HK$100,000,000 at the interest rate of 3.8% per annum to be issued by the Company to the Vendors (or their respective nominee(s)) on the Completion Date in partial settlement of the Consideration and repayable within 36 months from the issue date of such convertible bonds
"3rd Tranche Conversion Shares"	the 384,615,383 new Shares falling to be issued and allotted upon exercise of the conversion rights in full attached to the 3rd Tranche Convertible Bonds at the Conversion Price
"Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser from the Vendors pursuant to the Sale and Purchase Agreement

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day other than a Saturday, Sunday or public holiday in Hong Kong on which licensed banks in Hong Kong are open for business
"Company	Guoan International Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which have a primary listing on the Main Board of the Stock Exchange (stock code: 143) and a secondary listing on the SGX-ST (stock code: G11)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"Completion"	completion of the Acquisition
"Completion Date"	the date on which Completion occurs
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration of HK$420,000,000 for the Acquisition (subject to adjustment)
"Conversion Price"	the conversion price of HK$0.26 per Conversion Share
"Conversion Share(s)"	collectively, the 1st Tranche Conversion Shares, the 2nd Tranche Conversion Shares and the 3rd Tranche Conversion Shares
"Convertible Bonds"	collectively, the 1st Tranche Convertible Bonds, the 2nd Tranche Convertible Bonds and the 3rd Tranche Convertible Bonds
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve (i) the proposed Acquisition; (ii) the issue of the Convertible Bonds; and (iii) the allotment and issue of the Conversion Shares under Specific Mandate

"Enlarged Group"	the Group as enlarged by the proposed Acquisition
"Guarantors"	Vendor I and Ms. Yao Sze Ling
"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 PRC
"Independent Board Committee"	the independent committee of the Board comprising independent non-executive Directors, namely Mr. WONG Chun Man and Mr. TSE Yung Hoi, having been established pursuant to the Listing Rules to give the recommendations to the Independent Shareholders in respect of the Acquisition and the transactions contemplated thereunder
"Independent Financial Adviser" or "Celestial Capital"	Celestial Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions thereunder
"Independent Shareholders"	the Shareholders who are independent of and not connected with any of the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries and their respective associates
"Last Trading Day"	13 February 2018, being the last trading day for the Shares on the date of this announcement
"Listing Committee"	has the meaning ascribed thereto in the Listing Rules
"Listing Rules"	the Rules Governing the Listing of Securities of the Stock Exchange

"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Purchaser"	Exquisite Honor Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 13 February 2018 entered into between the Vendors, the Purchaser and the Guarantors in relation to the Acquisition
"Sale Shares"	the entire issued share capital of the Target Company to be sold to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
"SGX–ST"	Singapore Exchange Securities Trading Limited
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Specific Mandate"	the specific mandate required to be granted to the Directors by the Shareholders at the EGM for the allotment and issue of Conversion Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers issued by the SFC
"Target Company"	Yicko Securities Limited

"Target Group"	the Target Company together with its subsidiary
"Vendors	collectively, Vendor I and Vendor II
"Vendor I"	Mr. Chong Chin
"Vendor II"	Elitemind Investments Limited, a company incorporated in the British Virgin Islands with limited liability
"%"	per cent

By Order of the Board
Guoan International Limited
DU Jun
Chairman

Hong Kong, 13 February 2018

As at the date of this announcement, the Board comprises nine Directors, of which two are Executive Directors, namely Mr. HUANG Zhen Qian and Mr. SO Haw Herman, four are Non-executive Directors, namely Mr. DU Jun, Mr. LI Xiang Yu, Mr. CUI Ming Hong and Mr. YANG Li Ming, and three are Independent Non-executive Directors, namely Mr. WONG Chun Man, Mr. TSE Yung Hoi and Mr. NG Man Kung.