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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: PROVISION OF LOAN**

#### **THE LOAN AGREEMENT**

The Board announces that, after trading hours on 22 October 2020, the Lender, a wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, the Guarantor, Chargor A and Chargor B, pursuant to which the Lender agreed to grant the Borrower, an Independent Third Party, the Loan in the principal amount of HK\$23,250,000 for a term of six months, bearing interest at a rate of 23% per annum for the first month and at a rate of 12% per annum for the second to sixth month. In the event that the Maturity Date is being extended for a further six months pursuant to the terms and conditions of the Loan Agreement, interest at a rate of 18% per annum will be charged on the Loan for the subsequent seventh to twelfth month.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the provision of the Loan exceeds 5% and all applicable ratios are less than 25%, the provision of the Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

## THE LOAN AGREEMENT

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The principal terms of the Loan Agreement are summarised as follows:

Date	:	22 October 2020
Lender	:	China Rich Finance Limited, a wholly-owned subsidiary of the Company.
Borrower	:	Blue Hat Interactive Entertainment Technology, an exempted and limited liability company incorporated in the Cayman Islands, the shares of which are listed on NASDAQ (stock code: BHAT).
Guarantor	:	Mr. Chen XiaoDong (陳肖東), an individual.
Chargor A	:	福建藍帽子互動娛樂科技股份有限公司 (unofficial English translation being Fujian Blue Hat Interactive Entertainment Technology Co. Ltd.), a limited liability company incorporated in the PRC.
Chargor B	:	萍鄉藍帽子科技有限公司 (unofficial English translation being Pingxiang Blue Hat Technology Co. Ltd.), a limited liability company incorporated in the PRC.
Principal amount	:	HK\$23,250,000

Conditions precedent : The drawdown of the Loan is subject to the fulfillment (or waiver by the Lender) of the following conditions:

- (i) the application in relation to the registration of the Deed of Guarantee, the Receivables Pledge A and the Receivables Pledge B having been submitted to the relevant local counterpart of the State Administration of Foreign Exchange of the PRC;
- (ii) the registration with the Credit Reference Center of the People's Bank of China (中國人民銀行徵信中心) for the Receivables Pledge A and the Receivables Pledge B; and
- (iii) the registration with the relevant administration for market regulation for the Equity Interest Pledge Agreement.

If any of the above conditions precedent are not fulfilled or waived by the Lender (as the case may be) on or before 5:00 p.m. (Hong Kong time) on the Long Stop Date, the Loan Agreement shall forthwith terminate and no party thereto shall have any claim against the other save for claim (if any) in respect of any antecedent breach thereof.

Drawdown date of the Loan : on the fifth business day after the fulfilment (or waiver by the Lender) of all conditions precedent as stated above (or such other date as agreed by the Lender and the Borrower in writing)

Term : Six months.

The Maturity Date may be extended for a further six months upon request of the Borrower and subject to the approval of the Lender.

Interest : 23% per annum for the first monthly repayment instalment; 12% per annum for the second to sixth monthly repayment instalments.

In the event that the Maturity Date is being extended for a further six months in accordance with the terms and conditions of the Loan Agreement, interest at a rate of 18% per annum will be charged on the Loan for the seventh to twelfth monthly repayment instalments.

Default interest rate : 12% per annum upon the occurrence of a default during any of the first to sixth monthly repayment instalments.

In the event that the Maturity Date is being extended for a further six months in accordance with the terms and conditions of the Loan Agreement, default interest at a rate of 18% per annum will be charged on all sums in default under the Loan Agreement upon the occurrence of a default during any of the seventh to twelfth monthly repayment instalments.

Maturity date of the Loan : (i) a date falling on the same calendar date of the sixth month after the Drawdown Date (and if such date is not a business day in Hong Kong, the immediately following business day);  
or

(ii) in the event that the Maturity Date is being extended pursuant to the terms and conditions of the Loan Agreement, a date falling on the same calendar date on the twelfth month after the Drawdown Date (and if such date is not a business day in Hong Kong or if there is no such date in that month, the immediately following business day) (“**Extended Maturity Date**”).

Repayment : The Borrower shall repay and/or settle the full principal amount of the Loan on or before the Maturity Date or the Extended Maturity Date (as the case may be) and shall pay interest accrued thereon on a monthly basis.

The Lender shall have a right to demand immediate repayment of the Loan and the interests accrued thereon upon occurrence of an event of default (as defined in the Loan Agreement).

Early repayment : Partial repayment of the Loan after the Drawdown Date must be in a minimum repayment amount of HK\$1,000,000, together with all interests accrued thereon, provided that the Borrower has given the Lender not less than seven business days' prior written notice.

Security : the Loan is secured by the following:

- (i) a personal guarantee given by the Guarantor in favour of the Lender for all sums of money and liabilities owing or incurred to the Lender by the Borrower under the Loan Agreement;
- (ii) a charge over the Charged Shares executed by Chargor A in favour of the Lender;
- (iii) a pledge of the account receivables under certain sales contracts in an aggregate amount of approximately RMB61.56 million executed by Chargor A in favour of the Lender; and
- (iv) a pledge of the account receivables under certain sales contracts in an aggregate amount of approximately RMB45.18 million executed by Chargor B in favour of the Lender.

The Loan to be granted by the Lender to the Borrower will be funded by internal resources of the Group.

The terms of the Loan Agreement (including the interest rates) were arrived at by the parties after arm's length negotiation, with reference to the prevailing market interest rates and practice as well as the size of the Loan.

## **INFORMATION ON THE PARTIES TO THE LOAN AGREEMENT**

The Lender, a wholly-owned subsidiary of the Company, is a company incorporated in Hong Kong and a licensed money lender under the Money Lenders Ordinance principally engaged in money lending business.

The Borrower, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on NASDAQ (stock code: BHAT). The Borrower is principally engaged in investment holding.

The Guarantor is an individual who is the ultimate beneficial owner of one of the substantial shareholders of the Borrower.

Chargor A is a company incorporated in the PRC with limited liability and is accounted for as a wholly-owned subsidiary of the Borrower. Chargor A is principally engaged in the business of production, development and operation of augmented reality (AR) interactive entertainment games and toys in the PRC.

Chargor B is a company incorporated in the PRC with limited liability and is accounted for as a wholly-owned subsidiary of the Borrower. Chargor B is principally engaged in the business of production, development and operation of augmented reality (AR) interactive entertainment games and toys in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, each of the Borrower, the Guarantor, Chargor A and Chargor B and its ultimate beneficial owners is an Independent Third Party.

## **REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN**

The Company is an investment holding company. The Group is principally engaged in the provision of private educational services, investment in securities and money lending business.

The Directors consider that the grant of the Loan is conducted in the ordinary and usual course of the Group's money lending business. Having considered that the background of the Borrower, the security provided for the Loan and the interest income to be received by the Group, the Directors consider that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the provision of the Loan exceeds 5% and all applicable ratios are less than 25%, the provision of the Loan constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to notification and announcement requirements pursuant to Chapter 14 of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Borrower”	Blue Hat Interactive Entertainment Technology, an exempted and a limited liability company incorporated in the Cayman Islands, the shares of which are listed on NASDAQ (stock code: BHAT), and is principally engaged in investment holding
“Charged Shares”	48.50% of the equity interest in 福建中青手拉手教育科技有限公司 (unofficial English translation being Fujian Zhong Qing Shou La Shou Education Technology Co. Ltd.) owned by Chargor A

“Chargor A”	福建藍帽子互動娛樂科技股份有限公司 (unofficial English translation being Fujian Blue Hat Interactive Entertainment Technology Co. Ltd.) owned by Chargor A, a company incorporated in the PRC with limited liability and is accounted for as a wholly-owned subsidiary of the Borrower
“Chargor B”	萍鄉藍帽子科技有限公司 (unofficial English translation being Pingxiang Blue Hat Technology Co. Ltd.), a company incorporated in the PRC with limited liability and is accounted for as a wholly-owned subsidiary of the Borrower
“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
“Deed of Guarantee”	the deed of guarantee dated 22 October 2020 executed by the Guarantor in favour of the Lender for all sums of money and liabilities owing or incurred to the Lender by the Borrower under the Loan Agreement
“Director(s)”	director(s) of the Company
“Drawdown Date”	on the fifth business date after the fulfilment (or waiver by the Lender) of all conditions precedent as contained in the Loan Agreement (or such other date as agreed by the Lender and the Borrower in writing)
“Equity Interest Pledge Agreement”	the equity interest pledge agreement dated 22 October 2020 in respect of the charge over the Charged Shares executed by Chargor A in favour of the Lender for all monies and obligations owing by the Borrower to the Lender under the Loan Agreement
“Group”	the Company and its subsidiaries



“Guarantor”	Mr. Chen XiaoDong (陳肖東), an individual who is an Independent Third Party and the ultimate beneficial owner of one of the substantial shareholders of the Borrower
“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”	a third party independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
“Lender”	China Rich Finance Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan in the principal amount of HK\$23,250,000 to be granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 22 October 2020 and entered into among the Lender, the Borrower, the Guarantor, Chargor A and Chargor B in relation to the provision of the Loan
“Long Stop Date”	30 November 2020
“Maturity Date”	a date falling on the same calendar date of the sixth month after the Drawdown Date (and if such date is not a business day in Hong Kong, the immediately following business day)
“Money Lenders Ordinance”	Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong
“PRC”	the People’s Republic of China

“Receivables Pledge A”	the receivables pledge agreement dated 22 October 2020 in respect of the pledge of the accounts receivables under certain sales contracts executed by Chargor A in favour of the Lender for all monies and obligations owing by the Borrower to the Lender under the Loan Agreement
“Receivables Pledge B”	the receivables pledge agreement dated 22 October 2020 in respect of the pledge of the accounts receivables under certain sales contracts executed by Chargor B in favour of the Lender for all monies and obligations owing by the Borrower to the Lender under the Loan Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**Hong Kong Education (Int’l) Investments Limited**  
**Tsang Ka Wai**  
*Executive Director*

Hong Kong, 22 October 2020

*As of the date of this announcement, the executive Directors are Mr. Tsang Ka Wai and Mr. Wong King Hoi; and the independent non-executive Directors are Ms. Jor Stephanie Wing Yee, Mr. Leung Ki Chi James and Mr. Fenn David.*