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## **CHINA ALL NATION INTERNATIONAL HOLDINGS GROUP LIMITED**

### **中國全民國際控股集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8170)**

## **UPDATE ON LISTING STATUS**

### **PROFIT GUARANTEE AND LOAN FROM THE SINGLE LARGEST SHAREHOLDER OF THE COMPANY AND POTENTIAL ACQUISITION OF COMMERCIAL PROPERTY IN HONG KONG BY THE COMPANY**

Reference is made to the announcements (the “**Announcements**”) of China All Nation International Holdings Group Limited (the “**Company**”) dated 3 May 2019, 10 May 2019, 29 July 2019 and 2 August 2019 in relation to, among other things, (i) the decision of the Stock Exchange to suspend the trading in the shares of the Company under Rule 9.04(3) of the GEM Listing Rules (the “**Decision**”); (ii) the decision of the GEM Listing Committee to uphold the Decision after its review (the “**GEM Listing Committee Decision**”); and (iii) the Company’s application for a further and final review of the GEM Listing Committee Decision by the GEM Listing Review Committee. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to provide the shareholders and potential investors of the Company the following updates and information in relation to the steps taken to address the concerns raised in the Decision and the GEM Listing Committee Decision and future plans of the Company.

### **PROFIT GUARANTEE FROM THE SINGLE LARGEST SHAREHOLDER**

Mr. Lin Ye (“**Mr. Lin**”) is the executive director and chairman of the board of directors of the Company and the single largest shareholder of the Company beneficially interested in 116,047,000 shares of the Company, representing approximately 28.22% of the entire issued share capital of the Company as at the date of this announcement.

On 11 October 2019, Mr. Lin signed a letter of profit guarantee (the “**Profit Guarantee**”) in favour of the Company pursuant to which Mr. Lin irrevocable warranted and guaranteed that (i) the audited consolidated earnings before interest, taxes, depreciation and amortisation (the “**EBITDA**”) of the Group for the financial year ending 31 July 2020 would be not less than HK\$13,800,000; and (ii) the audited consolidated EBITDA of the Group for the financial year ending 31 July 2021 would be not less than HK\$13,800,000.

If the actual audited consolidated EBITDA of the Group for the financial year ending 31 July 2020 is less than the guaranteed EBITDA, Mr. Lin will compensate the Company in cash on a dollar to dollar basis in accordance with the following formula:

$$\text{Compensation} = \text{guaranteed EBITDA} - \text{actual EBITDA}$$

Mr. Lin will pay the above compensation (if any) to the Company within five business days after the publication by the Company of the annual results announcement for the financial year ending 31 July 2020. For the avoidance of doubt, should the Group record a negative EBITDA for the financial year ending 31 July 2020, the actual EBITDA shall for the purpose of the above formula be deemed as zero, and the maximum compensation payable by Mr. Lin to the Company shall be HK\$13,800,000. Mr. Lin agreed with the Company to set off part of the principal amount of the Loan (as defined below) against the above compensation (if any).

If the actual audited consolidated EBITDA of the Group for the financial year ending 31 July 2021 is less than the guaranteed EBITDA, Mr. Lin will compensate the Company in cash on a dollar to dollar basis in accordance with the following formula:

$$\text{Compensation} = \text{guaranteed EBITDA} - \text{actual EBITDA}$$

Mr. Lin will pay the above compensation (if any) to the Company within five business days after the publication by the Company of the annual results announcement for the financial year ending 31 July 2021. For the avoidance of doubt, should the Group record a negative EBITDA for the financial year ending 31 July 2021, the actual EBITDA shall for the purpose of the above formula be deemed as zero, and the maximum compensation payable by Mr. Lin to the Company shall be HK\$13,800,000. Mr. Lin agreed with the Company to set off part of the principal amount of the Loan against the above compensation (if any).

#### **LOAN FROM THE SINGLE LARGEST SHAREHOLDER TO THE COMPANY**

To secure and provide extra assurance for the Profit Guarantee, on 11 October 2019, the Company as borrower and Mr. Lin as the lender entered into a loan agreement (the “**Loan Agreement**”) pursuant to which Mr. Lin agreed to grant a loan to the Company in the principal amount of HK\$30,000,000 (the “**Loan**”). If Mr. Lin is obliged under the Profit Guarantee to compensate the Company for any shortfall, the Company is entitled to set off part of the principal amount of the Loan against the compensation (if any).

The Loan is (i) interest free and unsecured; (ii) repayable within five business days after the publication by the Company of the annual results announcement for the financial year ending 31 July 2021; and (iii) solely for the purpose of financing the Company's potential acquisition of an office premises in Hong Kong and its related expenses.

Mr. Lin, being the executive director, chairman of the board of directors and a substantial shareholder (as defined under the GEM Listing Rules) of the Company, is a connected person of the Company as defined in the GEM Listing Rules and the Loan Agreement constitutes a connected transaction. As the Loan is financial assistance received by the Company, conducted on normal commercial terms or better and not secured by assets of the Group, it is fully exempt from the relevant requirements under Chapter 20 of the GEM Listing Rules.

### **POTENTIAL ACQUISITION OF COMMERCIAL PROPERTY IN HONG KONG BY THE COMPANY**

The Company intends to acquire an office premises in Hong Kong as its principal place of business from open market at a consideration of approximately HK\$30,000,000 (the "**Potential Property Acquisition**"). The Potential Property Acquisition and its related expenses will be financed by the Loan and, if not sufficient, by internal resources of the Group.

The lease term of the Company's existing principal place of business in Hong Kong will soon expire in January 2020. The Company has been identifying suitable office premises to cope with the Group's operational needs and cater for the Group's future business growth and development as well as exploring investment opportunities with an aim to enhance the returns to the Company and its shareholders as a whole. The Company considers that it is in the interest of the Company and its shareholders as a whole to acquire an office premises in Hong Kong as its principal place of business in Hong Kong, which may also provide long term capital appreciation potential to the Group. As rental expenses has been one of the major expenditure items of the Company, the Potential Property Acquisition, if materialised, will also save the rental expenses of the Company and thus will have positive impact on the Company's financial performance in the future.

The Potential Property Acquisition, if materialised, will constitute a notifiable transaction on the part of the Company. Further announcement will be made by the Company in compliance with the GEM Listing Rules as and when appropriate.

## **REASONS FOR AND BENEFITS OF THE PROFIT GUARANTEE, THE LOAN AGREEMENT AND THE POTENTIAL PROPERTY ACQUISITION**

The Board considers that the Profit Guarantee and the Loan provided by Mr. Lin to the Company shows his support to the Group and that he is confident and optimistic about the growth and development of the business of the Group. Mr. Lin has confirmed to the Company that he has agreed to provide the Profit Guarantee after due and careful consideration and having exercised and conducted sufficient due diligence on the operation of the Group, the results of which were satisfactory to him. Though being a shareholder with percentage holding of less than 30%, Mr. Lin has still agreed to provide the Profit Guarantee in favour of the Company is a matter of gesture of goodwill and out of his confidence on the financial performance of the Group for the upcoming financial years.

The Board considers that the Potential Property Acquisition, if materialised, will be beneficial to the Company as:

- (i) the Potential Property Acquisition will be able to enhance and optimise the asset portfolio of the Company because the office premises to be acquired will be recognised as fixed assets of the Group;
- (ii) the office premises to be acquired will be used as its principal place of business in Hong Kong to cope with the Group's operational needs and cater for the Group's future business growth and development and ensure the continuity and future development of the Group's business operation in Hong Kong;
- (iii) with the additional working space, it will afford the Group with more flexibility in its management and resources planning;
- (iv) since the Potential Property Acquisition and its related expenses will be financed by the Loan, which is interest free, unsecured and repayable after the financial year ending 31 July 2021, it will not cause any immediate liquidity pressure to the financial position of the Company and undermine the Group's business operation and development; and
- (v) the Group will also be able to avoid the risk of future rental fluctuations and hence can exert a better control of the Group's operation expenses and will benefit the Group financially in the long run.

By order of the Board  
**China All Nation International Holdings Group Limited**  
**Lin Ye**  
*Chairman*

Hong Kong, 11 October 2019

*As at the date of this announcement, the executive Directors are Mr. Lin Ye, Mr. Au Siu Chung, Mr. Long Jie, Mr. Yuan Shuang Shun and Ms. Xiao Yi Liao Ge; and the independent non-executive Directors are Ms. Kwong Ka Ki, Mr. Yu Hua Chang and Ms. Guo Liying.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for 7 days from the date of its posting. This announcement will also be posted on the Company’s website at [www.allnationinternational.com](http://www.allnationinternational.com).*