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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)

DISCLOSEABLE TRANSACTION IN RELATION TO TENANCY AGREEMENTS

On 20 December 2019 (after trading hours of the Stock Exchange), ZSGT (a wholly-owned subsidiary of the Company) as tenant and the Landlord as landlord entered into the Second Tenancy Agreement in respect of the leasing of B1 floor, 1st floor, 2nd floor, 3rd floor, 5th floor and 6th floor of the Building for a term of three years. Prior to the entering into of the Second Tenancy Agreement, on 14 October 2019, ZSGT as tenant and the Landlord as landlord entered into the First Tenancy Agreement in respect of the leasing of 8th and 9th floor of the Building for a term of two years.

According to HKFRS 16, the entering into of the Tenancy Agreements by ZSGT will require the Group to recognise the Premises as right-of-use assets in the consolidated financial statements of the Company. As such the entering into of the Tenancy Agreements will be regarded as an acquisition of asset under the definition of transaction set out in Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Second Tenancy Agreement, when aggregated with the First Tenancy Agreement, exceed 5% but are below 25%, the transactions contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

The Board is pleased to announce that ZSGT (a wholly-owned subsidiary of the Company) as tenant and the Landlord as landlord has entered into the Tenancy Agreements in relation to the leasing of the Premises.

THE TENANCY AGREEMENTS

- Date: 14 October 2019 (after trading hours of the Stock Exchange) in relation to the First Tenancy Agreement
- 20 December 2019 (after trading hours of the Stock Exchange) in relation to the Second Tenancy Agreement
- The Landlord: 北京江河置業有限公司 (Beijing Jianghe Real Estate Co., Ltd.)
- The Tenant: ZSGT (a wholly-owned subsidiary of the Company)
- The Premises: (a) 8th floor and 9th floor of the Building in relation to the First Tenancy Agreement.
- (b) B1 floor, 1st floor, 2nd floor, 3rd floor, 5th floor and 6th floor of the Building in relation to the Second Tenancy Agreement.
- Lettable Area: (a) B1 floor: 842 m²
- (b) Each of 1st floor, 2nd floor, 3rd floor, 5th floor, 6th floor, 8th floor and 9th floor: 970 m²
- Use of the Premises: Office
- Terms: (a) Two (2) years fixed term commencing on 15 October 2019 in relation to the First Tenancy Agreement with the first two months as rent free period.
- (b) Three (3) years fixed term commencing on 1 January 2020 in relation to the Second Tenancy Agreement with the first two months as rent free period.
- The aggregate value of consideration payable: (a) The aggregate value of consideration payable under the First Tenancy Agreement is approximately RMB6,402,000 (equivalent to approximately HK\$7,122,000) which is calculated with reference to the monthly lease payment of RMB291,000 (equivalent to approximately HK\$324,000).
- (b) The aggregate value of consideration payable under the Second Tenancy Agreement is approximately RMB27,312,000 (equivalent to approximately HK\$30,381,000) which is calculated with the reference to the monthly lease payment of RMB803,280 (equivalent to approximately HK\$894,000).

The aggregate lease payments payable by the ZSGT under the Tenancy Agreements will be approximately to RMB33,714,000 (equivalent to HK\$37,503,000), which is expected to be financed by the internal resources of the Group.

Payment terms: The lease payments under the First Tenancy Agreement and the Second Tenancy Agreement shall be payable monthly in advance at least five days before each calendar month.

Under the First Tenancy Agreement, the deposit is RMB582,000 (equivalent to approximately HK\$647,000) which is payable by ZSGT to the Landlord within 15 days after the delivery of the premises by the Landlord to ZSGT.

Under the Second Tenancy Agreement, the deposit is RMB1,606,560 (equivalent to approximately HK\$1,787,000) which is payable by ZSGT to the Landlord within 60 days after the delivery of the premises by the Landlord to ZSGT.

Naming rights: Under the Tenancy Agreements, ZSGT (or its nominees) is entitled to the naming right of the Building and the right to use the advertisement space outside the Building. ZSGT is entitled to assign the aforementioned rights to third parties.

Right of first refusal: Under the Tenancy Agreements, if the Landlord is contemplating a sale of the Premises, the Landlord shall offer the premises to ZSGT for sale by informing ZSGT such intention and the intended sale price. If ZSGT declines the offer to purchase the Premises or does not express an intention to accept the offer, ZSGT would be considered to have given up the right of first refusal to purchase the Premises.

Subleasing: ZSGT is entitled to sublet the Premises in whole or in part to third parties for the same duration of lease period under the respective Tenancy Agreements for office purpose.

THE RIGHT-OF-USE ASSET

The value of the right-of-use asset recognised by the Company under the Tenancy Agreements amounted to approximately RMB25,810,000 (equivalent to approximately HK\$28,716,000), which is the present value of the aggregated lease payments plus initial direct costs and estimated reinstatement cost calculated in accordance with HKFRS 16.

CONDITIONS PRECEDENT

The transactions contemplated under the Second Tenancy Agreement are conditional upon and subject to the following conditions:

- (1) (if applicable) the passing of the requisite resolution(s) by the Shareholders at a general meeting approving the Second Tenancy Agreement and the transactions contemplated thereunder;
- (2) all necessary consents and approvals required to be obtained on the part of the Landlord, in respect of the Second Tenancy Agreement and the transactions contemplated thereunder, having been obtained;
- (3) all necessary consents and approvals required to be obtained on the part of ZSGT, in respect of the Second Tenancy Agreement and the transactions contemplated thereunder, having been obtained; and
- (4) all necessary consents and approvals required to be obtained from the governmental departments in the PRC, the relevant regulatory authorities and independent third parties in respect of the Second Tenancy Agreement and the transactions contemplated thereunder having been obtained.

The Landlord shall use its best endeavors to procure the fulfilment of the conditions set out in (2) and (4) above. ZSGT shall use its best endeavors to procure the fulfilment of the conditions set out in (1), (3) and (4) above. None of the conditions set out above are capable of being waived.

If the conditions set out above have not been satisfied on or before the 31 March 2020, the Second Tenancy Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of civil engineering consulting and contracting services in Hong Kong, property sub-leasing and management business in the PRC and interior design services and decoration works in both Hong Kong and the PRC.

ZSGT is the operating subsidiary of the subleasing business segment of the Company. There are currently three limbs of the subleasing business segment, namely (i) sub-leasing of premises; (ii) sub-leasing management; and (iii) co-work space. The leasing of the Premises contemplated under the Tenancy Agreements represents a strategic move of the Company in furtherance of the sub-leasing of premises limb of the subleasing business segment.

The Group currently only operates the sub-leasing of premises business in Shenzhen City with five large scale leased properties with total floor area of approximately 26,702 m². The entering into of the Tenancy Agreements will enable the Group to expand the sub-leasing of premises business into one of the prime sites of Beijing City with an additional floor area of approximately 7,600 m² for sub-leasing purpose. The Directors consider that the leasing of the Premises represents a good opportunity for the Group to leverage on its established experience and expertise in the subleasing business and to increase the geographical diversification of this business segment. The leasing of the Premises is expected to broaden the income stream and to contribute to the Group's revenue in the long run.

The aggregate lease payments payable by ZSGT under the Tenancy Agreements were arrived after arm's length negotiation between the parties to the Tenancy Agreement and determined with reference to, amongst other things, the current market rent payable for property of comparable location, utility and quality.

Taking the above factors into consideration, the Directors (including the independent non-executive Directors) are of the view that the terms and condition of the Tenancy Agreements (including the monthly rental payable thereunder) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Landlord is a company established in the PRC with limited liability which is principally engaged in property development. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules).

LISTING RULES IMPLICATION

According to HKFRS 16, the entering into of the Tenancy Agreements by ZSGT will require the Group to recognise the Premises as right-of-use assets in the consolidated financial statements of the Company. As such the entering into of the Tenancy Agreements will be regarded as an acquisition of asset under the definition of transaction set out in Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in relation to the Second Tenancy Agreement, when aggregated with the First Tenancy Agreement, exceed 5% but are below 25%, the transactions contemplated thereunder constitutes a discloseable transaction on the part of the Company and is subject to reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the Board of Directors
“Building”	The building situated at Banjing Road, Haidian District, Beijing City
“Company”	China All Nation International Holdings Group Limited
“Director(s)”	director(s) of the Company
“First Tenancy Agreement”	the tenancy agreement dated 14 October 2019 in relation to the tenancy of 8th floor and 9th floor of the Building
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries from time to time
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Landlord”	北京江河置業有限公司 (Beijing Jianghe Real Estate Co., Ltd.)
“PRC”	the People’s Republic of China
“Premises”	B1 floor, 1st floor, 2nd floor, 3rd floor, 5th floor, 6th floor, 8th floor and 9th floor of the Building
“Second Tenancy Agreement”	the tenancy agreement dated 20 December 2019 in relation to the tenancy of B1 floor, 1st floor, 2nd floor, 3rd floor, 5th floor and 6th floor of the Building
“Shareholder(s)”	holder(s) of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreements”	The First Tenancy Agreement and the Second Tenancy Agreement collectively
“ZSGT”	深圳中深國投資產管理有限公司 (Shenzhen Zhongshengtuotou Assets Management Co., Ltd)

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

In this announcement, the English names of certain PRC entities are translation or transliteration of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purposes of illustration only, any amount denominated in RMB in this announcement and translated into HK\$ at a rate of HK\$1 = RMB0.899. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be, converted at any particular rate at all.

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

Hong Kong, 20 December 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.

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