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中國全通 (控股) 有限公司
CHINA ALL ACCESS (HOLDINGS) LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 633)

**VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
THE DEEMED DISPOSAL OF INTEREST IN SHENZHEN LEAD**

THE CAPITAL INVESTMENT AGREEMENT

On 26 November 2019, the Investor and Lide entered into the Capital Investment Agreement, pursuant to which the Investor has conditionally agreed to subscribe for 30% of the enlarged registered capital of Shenzhen Lead by way of capital contribution in cash for the sum of RMB300 million (representing approximately HK\$335.35 million).

As at the date of this announcement, the Company indirectly holds the entire issued share capital of Lide, which in turn holds the entire equity interest in Shenzhen Lead. Shenzhen Lead is a wholly foreign-owned enterprise established in the PRC with registered capital of RMB500 million (representing approximately HK\$558.92 million). Upon Completion, Shenzhen Lead's total registered capital will be increased to approximately RMB714.3 million (representing approximately HK\$798.48 million) which will be held as to approximately 70% by Lide and as to approximately 30% by the Investor. Shenzhen Lead will remain as a subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

The Capital Injection constitutes a deemed disposal of the Group's equity interest in Shenzhen Lead under Rule 14.29 of the Listing Rules and the Deemed Disposal constitutes a very substantial disposal for the Company under the Listing Rules. The Capital Investment Agreement and the transactions contemplated thereunder are therefore subject to the reporting, announcement and shareholders' approval requirement under the Listing Rules. An EGM will be convened by the Company to consider and, if thought fit, approve the Capital Investment Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing details of the Capital Investment Agreement, a notice convening the EGM and other information required under the Listing Rules will be despatched to the Shareholders on or before 31 December 2019 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

On 26 November 2019, the Investor and Lide entered into the Capital Investment Agreement, pursuant to which the Investor has conditionally agreed to make a capital contribution of RMB300 million (representing approximately HK\$335.35 million) in cash to the registered capital of Shenzhen Lead. Set out below are the principal terms of the Capital Investment Agreement.

THE CAPITAL INVESTMENT AGREEMENT

Date

26 November 2019

Parties

- (1) Lide, an indirect wholly-owned subsidiary of the Company as at the date of this announcement; and
- (2) the Investor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Investor and its ultimate beneficial owner(s) are Independent Third Parties. The Investor is principally engaged in investment holding. It is also the cooperative partner to the strategic cooperation agreement as referred to in the announcement of the Company dated 16 October 2019 pursuant to which the Investor had agreed to provide funding of US\$500 million to support development of projects in the aspects of new energy solutions, LCD display solutions, plastic injection molding solutions and investment projects on the application of 5G technology, medicine and education. To implement such strategic cooperation plan, the Investor has conditionally agreed to invest in Shenzhen Lead by way of the Capital Injection.

The ultimate beneficial owner of the Investor is Mr. Wang Zhenyu ("**Mr. Wang**"), who is an individual investor in the PRC. Mr. Wang, as the representative of the Investor, was introduced to Mr. Tam Sui Kwan, the independent non-executive Director, and Mr. Shao Kwok Keung, the executive Director, through a friend of Mr. Tam Sui Kwan in September 2019, when Mr. Wang first learnt about the investment opportunity in the Group and was interested in investing in the Group and its projects.

To the best knowledge of the Directors, as at the date of this announcement, save for the said strategic cooperation agreement, the Investor and/or Mr. Wang does not have any current or historical relationships, agreements, understandings, arrangements and otherwise with the following persons:

- (1) the Company and its connected persons;
- (2) the counterparties of the Company's previous transactions (including but not limited to the various subscribers as mentioned in the announcements of the Company dated 30 May 2019, 11 July 2019 and 25 October 2019);
- (3) Prosper Talent Limited, the plaintiff as mentioned in the announcement of the Company dated 1 July 2019; and
- (4) Ease Wellness International Group Limited, which was mentioned in the announcement of the Company dated 25 October 2019.

Capital Injection

As at the date of this announcement, the registered capital of Shenzhen Lead is RMB500 million (representing approximately HK\$558.92 million). Pursuant to the Capital Investment Agreement, the Investor has conditionally agreed to subscribe for approximately RMB214.3 million of the registered capital of Shenzhen Lead (representing approximately 30% of the enlarged registered capital of Shenzhen Lead) by way of capital contribution in cash for the sum of RMB300 million (representing approximately HK\$335.35 million).

The amount of the Capital Injection was determined after arm's length negotiations between parties to the Capital Investment Agreement with reference to the initial capital requirement for the Construction. Upon Completion, Shenzhen Lead will have an increased registered capital of approximately RMB714.3 million (representing approximately HK\$798.48 million) and its equity interest will be owned as to approximately 70% by Lide and as to approximately 30% by the Investor. As agreed by the parties to the Capital Investment Agreement, Shenzhen Lead shall apply the amount of the Capital Injection to the Construction and business development of the Group.

Conditions Precedent

Completion is conditional upon fulfilment or, as the case may be, waiver of the following conditions:

- (a) the Investor having completed its due diligence in relation to Shenzhen Lead;
- (b) each of the board of directors of Lide and the board of directors of the Investor having approved the Capital Investment Agreement;
- (c) the passing of the requisite resolutions of the Shareholders at an extraordinary general meeting of the Company approving the Capital Investment Agreement and the transactions contemplated thereunder, and all other requisite approval and permit procedures (including approval by or filing with the relevant government or administrative department) having been completed; and
- (d) the warranties given by Lide in the Capital Investment Agreement remaining true and accurate in all material respects.

The Investor has absolute discretion to waive conditions (a), (b) and (d) above whilst condition (c) is incapable of being waived.

If any of the conditions above is not satisfied or waived within 6 months after the date of the Capital Investment Agreement (or such other date as Lide and the Investor may agree in writing), the Capital Investment Agreement shall lapse and there shall be no further liability on the parties (save in respect of any antecedent breach).

Completion

Completion shall take place within 10 Business Days following the fulfilment or waiver (as the case may be) of the conditions precedent. Upon Completion, the Investor shall settle the Capital Injection amount in full, after which, Lide shall arrange for the completion of the requisite registration for the change in the shareholding at the relevant administrative office for industry and commerce in the PRC.

INFORMATION ON SHENZHEN LEAD

As at the date of this announcement, the Company indirectly holds the entire issued share capital in Lide, which in turn holds the entire equity interest in Shenzhen Lead. Shenzhen Lead is an indirect wholly foreign-owned enterprise established in the PRC with registered capital of RMB500 million (representing approximately HK\$558.92

million). Upon Completion, Shenzhen Lead's total registered capital will be increased to approximately RMB714.3 million (representing approximately HK\$798.48 million), which will be held as to approximately 70% by Lide and approximately 30% by the Investor.

Shenzhen Lead is principally engaged in manufacturing of handset screen.

According to the unaudited financial statements of Shenzhen Lead which was prepared under the generally accepted accounting principles in Hong Kong, Shenzhen Lead's net asset value amounted to approximately RMB705.33 million (representing approximately HK\$788.45 million) as at 31 December 2018. Set out below is the audited financial information of Shenzhen Lead for each of the years ended 31 December 2017 and 2018:

	For the year ended	
	31 December	
	2017	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,637,460	1,819,555
Net profit before taxation	58,188	114,696
Net profit after taxation	52,601	95,363

FINANCIAL EFFECT OF THE CAPITAL INJECTION

Upon Completion, the Company's equity interest in Shenzhen Lead will be reduced from 100% to approximately 70%, resulting in a deemed disposal of approximately 30% interest in Shenzhen Lead by the Company. Shenzhen Lead will remain a subsidiary of the Company, and its results, assets and liabilities will continue to be consolidated into the consolidated financial statements of the Company. Given the Deemed Disposal does not result in a change of control, it will not recognise any gain or loss in the Company's income statement. After taking into account the unaudited consolidated net asset value of Shenzhen Lead and its subsidiaries as at 30 June 2019 which amounted to approximately RMB703.77 million (representing approximately HK\$786.71 million), and subject to changes, events and the provisions to be made, if any, subsequent to 30 June 2019, the Deemed Disposal as a result of the Capital Injection is estimated to have a surplus of approximately RMB85.7 million to be recognized in equity and attributed to the owners of the Company in the Company's consolidated financial statements prepared under HKFRS for the corresponding financial period.

PROPOSED USE OF PROCEEDS

The net proceeds from the Capital Injection is estimated to be approximately HK\$333.78 million. The Company intends to apply such net proceeds as to (i) approximately HK\$268.28 million to the Construction; and (ii) the remaining balance of approximately HK\$65.49 million as business development of Shenzhen Lead, which mainly includes (a) upgrading its plant and machinery to strengthen its core competence; and (b) expanding its production capacity to cater for business expansion on ICT segment. As the Capital Injection is made by way of capital contribution to Shenzhen Lead, the net proceeds from the Capital Injection will only be applied for its business development, and cannot be used for the payment of the final dividend of HK5.0 cents per Share for the year ended 31 December 2017.

REASONS FOR THE ENTERING INTO THE CAPITAL INVESTMENT AGREEMENT

The Group is a leading ICT solution provider, which focuses on the new ICT research and development and high-end manufacturing, whilst spearheading into three different business segments, namely ICT, new energy and investment activities. Going forward, as part of the Group's business strategies related to its existing business, the Group intends to strengthen its production capacity and research and development capability on the ICT segment by introducing artificial intelligence and high-end manufacturing equipment. The new energy segment is undergoing market development by introducing new technology invented by the Group. The Group is also exploring investment opportunities to expand its investment segment.

The Board considers that entering into the Capital Investment Agreement to be an important and efficient source of capital for the Construction and to improve liquidity of Shenzhen Lead and the Group as a whole. The Construction reinforces the position of Shenzhen Lide as an Industrial Top 100 Enterprise in Nanshang District of Shenzhen. It will empower Shenzhen Lide to further strengthen its research and development capability and will enable Shenzhen Lide to migrate to high end manufacturing. Accordingly, the Directors (including the independent non-executive Directors) consider that the terms of the Capital Investment Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

The Capital Injection constitutes a deemed disposal of the Group's equity interest in Shenzhen Lead under Rule 14.29 of the Listing Rules and the Deemed Disposal constitutes a very substantial disposal for the Company under the Listing Rules. The Capital Investment Agreement and the transactions contemplated thereunder are therefore subject to the reporting, announcement and shareholders' approval requirement under the Listing Rules. An EGM will be convened by the Company to consider and, if thought fit, approve the Capital Investment Agreement and the transactions contemplated thereunder.

GENERAL

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As the Capital Injection is conditional upon fulfilment of certain conditions, the Capital Injection may or may not proceed. Shareholders and potential investors are advised to exercise caution in dealing in the Shares.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day(s)”	day(s) (excluding Saturday, Sunday or other statutory holidays) on which banks in Hong Kong and the PRC are open for general business
“Capital Injection”	the proposed subscription for approximately RMB214.3 million of the registered capital of Shenzhen Lead (representing approximately 30% of the enlarged registered capital of Shenzhen Lead) by way of capital contribution in cash pursuant to the Capital Investment Agreement
“Capital Investment Agreement”	the conditional capital investment agreement dated 26 November 2019 entered into between Lide and the Investor in relation to, amongst other things, the Capital Injection

“Company”	China All Access (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange
“Completion”	the completion of the Capital Injection in accordance with the terms and conditions of the Capital Investment Agreement
“connected person(s)”	has the meaning as ascribed to it in the Listing Rules
“Construction”	the construction of the headquarters building of Shenzhen Lead in Nanshan District, Shenzhen
“Deemed Disposal”	the deemed disposal of the Company’s interest in Shenzhen Lead as a result of the Capital Injection
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve the Capital Investment Agreement and the transactions contemplated thereunder
“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
“ICT”	information and communication technology
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Investor”	CRC-YJ INDUSTRY LIMITED (中鐵友嘉實業有限公司), a company incorporated in Hong Kong with limited liability
“Lide”	Lide Global Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company as at the date of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Lead”	Shenzhen Lead Communications Limited* (深圳市立德通訊器材有限公司), an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For illustration purpose only, sums in HK\$ and RMB in this announcement are translated at the exchange rate of HK\$1 = RMB0.89458. No representation is made that any amount in the respective currencies could have been converted at that rate or any other rates.

By order of the Board
China All Access (Holdings) Limited
Shao Kwok Keung
Chief Executive Officer

Hong Kong, 26 November 2019

As at the date of this announcement, the executive Directors are Mr. Chan Yuen Ming and Mr. Shao Kwok Keung; the non-executive Director is Mr. Bao Tiejun; and the independent non-executive Directors are Mr. Wong Che Man Eddy, Mr. Lam Kin Hung Patrick and Mr. Tam Sui Kwan.

* *for identification purposes only*