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CHINA CREATIVE GLOBAL HOLDINGS LIMITED

中創環球控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1678)

MAJOR TRANSACTION

IN RELATION TO THE DISPOSAL OF 49% OF THE ISSUED SHARE CAPITAL OF RADIANT FOREVER DEVELOPMENT LIMITED

THE DISPOSAL

The Board announces that on 12 January 2018 (after trading hours), the Vendor (a wholly owned subsidiary of the Company) entered into the Disposal Agreement with the Purchaser pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares at the Consideration of HK\$225,000,000. Upon completion of the Disposal, the Disposal Group will cease to be classified as an associate of the Company.

GENERAL

As the applicable percentage ratios are 25% or more but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder would be required to abstain from voting if a general meeting were convened to approve the Disposal Agreement and the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding a general meeting. China Wisdom, being the controlling shareholder of the Company holding 1,088,669,180 Shares, representing approximately 52.34% of the total number of issued shares of the Company as at the date of this announcement, and China Wisdom controlled or was entitled to exercise control over the voting rights in respect of these Shares has given a written approval to the Disposal Agreement and the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal Agreement and the Disposal.

A circular containing, among other things, further information relating to the Disposal, will be despatched to the Shareholders on or before 2 February 2018 in accordance with the Listing Rules.

Completion of the Disposal is subject to the fulfilment of the various conditions and the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.

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THE DISPOSAL AGREEMENT

Date

12 January 2018 (after trading hours)

Parties

- (1) The Vendor, a wholly owned subsidiary of the Company
- (2) The Purchaser

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third Parties.

Subject matter

Pursuant to the Disposal Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares. The Disposal Company is owned as to 49% by the Vendor and as to 51% by an Independent Third Party as at the date of the Disposal Agreement.

Consideration

The Consideration is HK\$225,000,000 and shall be satisfied by the Purchaser to the Vendor in cash upon Completion.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor on normal commercial terms with reference to the financial information of the Disposal Group set out under the section headed "Financial summary of the Disposal Group" below and the information set out under the section headed "Reasons for and benefit of the Disposal and use of proceeds" below.

Completion

Completion shall be conditional upon:

- (a) all necessary consents, licences and approvals required to be obtained on the part of the Vendor and the Disposal Company in respect of the Disposal Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (b) all necessary consents, licences and approvals required to be obtained on the part of the Purchaser in respect of the Disposal Agreement and the transactions contemplated hereby having been obtained and remain in full force and effect;
- (c) approval of the shareholders of the Company in respect of the Disposal Agreement and the transactions contemplated thereby having been obtained and remain in full force and effect; and
- (d) the Company having published an announcement and dispatched a circular to its shareholders in respect of the Disposal Agreement and the transactions contemplated thereby pursuant to the relevant requirements of the Listing Rules.

The Purchaser may at any time by writing to the Vendor waive the condition (a) set out above, whereas conditions (c) and (d) set out above are incapable of being waived by either the Purchaser or the Vendor. If the conditions precedent set out above have not been satisfied on or before the Long Stop Date, the Disposal Agreement shall cease and determine, and thereafter neither party shall have any obligations and liabilities towards each other under the Disposal Agreement save for any antecedent breaches of the terms thereof.

Completion shall take place on the Completion Date after the fulfillment (or waiver as the case may be) of all the conditions precedent above.

INFORMATION ON THE DISPOSAL GROUP AND THE PURCHASER

The Disposal Company is a company incorporated under the laws of Samoa with limited liability, and is an investment holding company, which wholly owns Changsha Innovation having principal business activities as designing, manufacturing and sales of integrated circuits in the PRC.

The Disposal Company is owned as to 49% by the Vendor and 51% by an Independent Third Party as at the date of the Disposal Agreement.

Since the completion of the Previous Acquisition in 2016, the results of the Disposal Group have been accounted for as an associate company and its financial statements have not been consolidated in the consolidated financial statements of the Company. For further information of the Previous Acquisition, please refer to the Company's announcements dated 18 November 2016, 23 November 2016 and 9 December 2016, respectively.

The Purchaser is a company incorporated in the British Virgin Islands and is engaged in the investment holding.

FINANCIAL SUMMARY OF THE DISPOSAL GROUP

Set out below is the unaudited consolidated financial information of the Disposal Group for the two years ended 31 December 2016:

	For the year ended	
	31 December	
	2015	2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	81,674	46,311
Loss before taxation	(11,545)	(19,598)
Loss after taxation	(11,545)	(19,598)

The unaudited net asset value of the Disposal Group as at 30 June 2017 was approximately RMB128.5 million, and 49% of which (being the subject of the transaction) amounted to approximately RMB63.0 million.

REASONS FOR AND BENEFIT OF THE DISPOSAL AND USE OF PROCEEDS

The Company is a company incorporated in the Cayman Islands with limited liability, and the Group is principally engaged in the business of design, development, manufacturing and sales of branded electric fireplaces and air purifiers, and home decor products primarily in the PRC.

The Vendor is an investment holding company established in the PRC and is a wholly owned subsidiary of the Company.

As disclosed under the section headed "Financial summary of the Disposal Group" above, it is noted that the loss after taxation of the Disposal Group have been increasing. Therefore, the Directors consider that the Disposal represents a good opportunity for the Group to reduce its investment risk and to realise part of its investment at a reasonable return.

Furthermore, the Consideration represents (i) a discount of approximately 6.8% to the Company's carrying value of the Sale Shares as of 30 June 2017 and (ii) a discount of 11.4% to the prior acquisition cost of the Sale Shares under the Previous Acquisition (i.e. RMB211.4 million).

In view of the above-mentioned facts, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

The net cash proceeds from the Disposal, after deducting the estimated expenses in relation to the Disposal, will amount to approximately HK\$224.4 million. Subject to the Completion taking place, it is currently intended that the proceeds of the Disposal will be allocated for the working capital of the Group.

FINANCIAL EFFECTS OF THE DISPOSAL

The Disposal Group have been accounted for as an associate company and its financial results have not been consolidated in the Group's financial statements since the completion of Previous Acquisition. Upon completion of the Disposal, the Disposal Group will cease to be classified as an associate company of the Company.

For illustrative purpose, based on the Company's carrying value of the Sale Shares as at 30 June 2017 of approximately RMB200.8 million and the Consideration, it is estimated that the Group will record a loss on the Disposal of approximately RMB14.1 million, net of estimated transaction costs and taxation.

It should be noted that the actual gain or loss on the Disposal to be recorded by the Group will depend on the carrying value of the Disposal Group recorded on the Group's financial statements at the Completion Date and therefore may be different from the amount mentioned above.

GENERAL

As the applicable percentage ratios are 25% or more but less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. An EGM will be convened by the Company for, among others, considering and, if thought fit, approving the Disposal Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the Disposal. As such, no Shareholder would be required to abstain from voting if a general meeting were convened to approve the Disposal Agreement and the Disposal. Pursuant to Rule 14.44 of the Listing Rules, a written shareholders' approval may be accepted in lieu of holding

a general meeting. China Wisdom, being the controlling shareholder of the Company holding 1,088,669,180 Shares, representing approximately 52.34% of the total number of issued shares of the Company as at the date of this announcement, and China Wisdom controlled or was entitled to exercise control over the voting rights in respect of these Shares has given a written approval to the Disposal Agreement and the Disposal. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Disposal Agreement and the Disposal.

A circular containing, among other things, further information relating to the Disposal, will be despatched to the Shareholders on or before 2 February 2018 in accordance with the Listing Rules.

Completion of the Disposal is subject to the fulfilment of the various conditions and the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are generally open for normal business throughout their normal business hours
“Changsha Innovation”	Changsha Innovation Semiconductor Co. Ltd (長沙創芯集成電路有限公司), a company established in the PRC and is wholly-owned by the Disposal Company
“China Wisdom”	China Wisdom Asia Limited, a company incorporated in the British Virgin Islands and is wholly owned by Central Profit Group Limited, a company incorporated in the British Virgin Islands, which is in turn wholly owned by Mr. Chen Fanglin, an executive Director
“Company”	China Creative Global Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement

“Completion Date”	the date falling the third Business Day after all conditions specified in the Disposal Agreement have been fulfilled or waived, or such other date as the Vendor and Purchaser may agree
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Disposal payable by the Purchaser under the Disposal Agreement
“Directors”	the directors of the Company
“Disposal”	the proposed disposal of Sale Shares by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 12 January 2018 between the Purchaser and the Vendor in respect of the Disposal
“Disposal Company”	Radiant Forever Development Limited, a company incorporated under the laws of Samoa with Limited liability
“Disposal Group”	the Disposal Company and Changsha Innovation
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	independent third party(ies) who is (are) not connected with the Company and its connected persons (as defined in the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	11 March 2018 (or such later date as the parties to the Disposal Agreement may agree)
“PRC”	the People’s Republic of China
“Previous Acquisition”	the acquisition of 49% of the entire issued share capital of the Disposal Company pursuant to the prior acquisition agreement, further information of which are disclosed in the Company’s announcements dated 18 November 2016, 23 November 2016 and 9 December 2016, respectively

“Purchaser”	Platinum Resources Group Limited
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	490,000 shares of USD1.00 each in the issued share capital of the Disposal Company, representing 49% of the existing issued share capital of the Disposal Company
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	China Prosper Int’l Limited, a wholly-owned subsidiary of the Company which is incorporated in the British Virgin Islands with limited liability
“%”	per cent

By order of the Board
China Creative Global Holdings Limited
Chen Fanglin
Chairman

Hong Kong, 12 January 2018

As at the date of this announcement, the executive directors of the Company are Mr. Chen Fanglin, Mr. Shen Jianzhong, Mr. Chen Jiang, Mr. Xu Qiang and Mr. Zheng Hebin; and the independent non-executive directors of the Company are Mr. Dai Jianping, Mr. Ng Wing Keung and Ms. Sun Kam Ching.