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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)

DISCLOSEABLE TRANSACTION IN RELATION TO ACQUISITION OF THE ENTIRE EQUITY INTEREST IN JINFU GROUP CORPORATION

AND

ISSUE OF CONSIDERATION SHARES AND CONVERTIBLE BONDS UNDER GENERAL MANDATE

THE SHARE TRANSFER AGREEMENT

On 26 April 2018 (after trading hours), the Purchaser entered into the Share Transfer Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Shares at a total consideration of HK\$52,000,000.

At Completion, the consideration of HK\$52,000,000 shall be settled by the Purchaser in the following manner:

- (i) HK\$44,000,000 of the Consideration shall be settled by issue and allotment of Consideration Shares to the Vendor and his nominees ; and
- (ii) the remaining balance of HK\$8,000,000 of the Consideration shall be settled by the Purchaser procuring the Company to issue the Convertible Bonds to the nominees of the Vendor.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are greater than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the Shareholders' approval requirement.

THE ACQUISITION

On 26 April 2018 (after trading hours), the Purchaser entered into the Share Transfer Agreement with the Vendor pursuant to which the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Shares at a total consideration of HK\$52,000,000.

Share Transfer Agreement

Date

26 April 2018 (after trading hours)

Parties

- (1) The Purchaser; and
- (2) The Vendor

As at the date of this announcement, the Vendor directly holds 100% equity interest in the Target Company.

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Vendor is an independent third party not connected with the Company and its connected persons (having the meaning ascribed to it in the Listing Rules).

Interests to be acquired

Pursuant to the Share Transfer Agreement, the Purchaser has agreed to acquire, and the Vendor has agreed to sell, the Sale Shares, representing 100% equity interest of the Target Company.

Consideration

At Completion, the consideration of HK\$52,000,000 for the Sale Shares shall be settled by the Purchaser in the following manner:

- (i) HK\$44,000,000 of the Consideration shall be settled by issue and allotment of Consideration Shares to the Vendor and his nominees; and
- (ii) the remaining balance of HK\$8,000,000 of the Consideration shall be settled by the Purchaser procuring the Company to issue the Convertible Bonds to the nominees of the Vendor.

The Consideration was determined after arm's length negotiation between the Purchaser and the Vendor, with reference to, among others, the valuation of the Target Company. The Directors consider that the terms and conditions of the Acquisition are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Consideration Shares

220,000,000 new Shares will be issued at an Issue Price of HK\$0.2 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue.

The Consideration Shares shall be issued at the Issue Price of HK\$0.2, which was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the prevailing market prices of the Shares prior to entering into the Share Transfer Agreement and the current market condition. The Board considers that the Issue Price is fair and reasonable.

The Issue Price represents:

- (i) a premium of approximately 4.2% over the closing price of approximately HK\$0.192 per Share as quoted on the Stock Exchange on 25 April 2018, being the date on which the Share Transfer Agreement was entered into;
- (ii) a premium of approximately 4.6% over the average closing price of approximately HK\$0.1912 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 25 April 2018; and
- (iii) a premium of approximately 5.9% over the average closing price of approximately HK\$0.1888 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 25 April 2018.

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares on the Stock Exchange.

The Consideration Shares represent approximately 10.14% of the existing issued share capital of the Company and approximately 9.21% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

Completion

Completion shall take place within 30 business days from the date of the Share Transfer Agreement.

Upon Completion, the Target Company will become an indirect wholly owned subsidiary of the Company, and the financial results, assets and liabilities of the Target Company will be consolidated into the financial statements of the Group.

TERMS OF THE CONVERTIBLE BONDS

The terms of the Convertible Bonds have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer

The Company

Principal amount

HK\$8,000,000

Interest

The Convertible Bonds will not bear interest on the outstanding principal amount of the Convertible Bonds.

Maturity

The Company shall redeem the outstanding principal amount of the Convertible Bonds on the third anniversary from the date of issuance of the Convertible Bonds.

Conversion

Provided that (i) any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under the Takeovers Code on the part of the Bondholder(s) who exercised the conversion rights, whether or not such mandatory offer obligation is triggered off by the fact that the number of Conversion Shares to be allotted and issued upon the exercise of the conversion rights attached to the Convertible Bonds (if applicable, including any Shares acquired by the parties acting in concert with the Bondholder(s)) represents 30% (or such other percentage as stated in the Takeovers Code in effect from time to time) or more of the then issued ordinary share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; (ii) any conversion of the Convertible Bonds will not result in change of the single largest shareholder of the Company; and (iii) the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares of the Company at any one time in compliance with the Listing Rules, the Bondholder(s) may convert the whole or part (in multiples of HK\$1,000,000) of the principal amount of the Convertible Bonds into Conversion Shares at the Conversion Price from the date of issue of the Convertible Bonds up to the maturity date.

Conversion Price

The Conversion Price is HK\$0.2 per Conversion Share subject to adjustment. The events for the adjustments of the Conversion Price are summarised as follows:

- (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
- (ii) an issue (other than in lieu of a cash dividend) by Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account, contributed surplus account or capital redemption reserve fund);
- (iii) a capital distribution being made by the Company, whether on a reduction of capital or otherwise, to Shareholders in their capacity as such;
- (iv) an offer or grant being made by the Company to Shareholders by way of rights or options or warrants to subscribe for new Shares at a price which is less than 80% of the market price;
- (v) an issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per Share initially receivable for such securities is less than 80% of the market price, or the terms of any such rights of conversion or exchange or subscription attached to any such securities being modified so that the said total effective consideration per Share initially receivable for such securities is less than 80% of the market price; and

(vi) an issue being made by the Company wholly for cash of Shares at a price per Share less than 80% of the market price.

The Conversion Price represents:

- (i) a premium of approximately 4.2% over the closing price of approximately HK\$0.192 per Share as quoted on the Stock Exchange on 25 April 2018;
- (ii) a premium of approximately 4.6% over the average closing price of approximately HK\$0.1912 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 25 April 2018; and
- (iii) a premium of approximately 5.9% over the average closing price of approximately HK\$0.1888 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 25 April 2018.

The Conversion Price was determined by the Vendor and the Purchaser on an arm's length basis with reference to the current market price of the Shares as shown above. The Board considers that the Conversion Price is fair and reasonable.

Conversion Shares

Assuming there is an immediate exercise in full of the conversion rights attached to the Convertible Bonds in the aggregate principal amount of HK\$8,000,000 at the Conversion Price by the Bondholder(s), the Company will issue an aggregate of 40,000,000 new Shares, representing (i) approximately 1.84% of the existing issued share capital of the Company; and (ii) approximately 1.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares and the Consideration Shares.

Early redemption

The Company shall before the maturity date early redeem the Convertible Bonds (in whole or in part) (i) upon occurrence of an event of default as specified under the terms and conditions of the Convertible Bonds and as required by Bondholder(s) of not less than 75% of the outstanding principal of the Convertible Bonds in writing; or (ii) upon not less than one month's notice by the Bondholder(s) to the Company.

Ranking

The Conversion Shares, when allotted and issued, will rank pari passu in all respects with the then existing issued Shares.

Status of the Convertible Bonds

The Convertible Bonds constitute a direct, unconditional, unsubordinated and unsecured obligation of the Company and rank pari passu and without preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, except for such exceptions as may be provided by mandatory provisions of any applicable law or regulation, at all times rank at least equally with all other present and future unsecured and unsubordinated obligations of the Company.

Transferability

Subject to the terms and conditions of the Convertible Bonds and compliance with applicable law, the Convertible Bonds are freely transferrable (in whole or in part) by the Bondholder(s) to any one or more persons.

Voting rights

The Convertible Bonds do not confer any voting rights at any meetings of the Company.

Application for listing

No application will be made by the Company for the listing of the Convertible Bonds. Application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

GENERAL MANDATE

The Consideration Shares and the Conversion Shares will be allotted and issued under the General Mandate, and hence no further Shareholders' approval will be required. By an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 26 May 2017, the General Mandate was granted to the Directors to allot and issue up to 20% of the total issued share capital of the Company in issue as at the date of the passing of such resolution, being 406,000,000 Shares. Since the grant of the General Mandate and up to the date of this announcement, the General Mandate has been utilised as to 140,000,000 Shares and the Directors are allowed to issue up to a remaining of 266,000,000 new Shares under the General Mandate, and it is therefore sufficient for the issue and allotment of the Consideration Shares and the Conversion Shares.

INFORMATION OF THE COMPANY AND THE PURCHASER

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 Purchaser is an investment holding company incorporated in the British Virgin Islands and is a directly wholly-owned subsidiary of the Company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands and is wholly owned by the Vendor. The Target Company is principally engaged in the business of trading of a smart fresh air system and a series of air purifiers.

Based on the information provided by the Vendor, the unaudited net liabilities value of the Target Company as at 31 March 2018 were RMB25,515 (equivalent to approximately HK\$31,500). The Target Company was incorporated in January 2018 and the table sets forth the unaudited financial information of the Target Company from the date of incorporation to 31 March 2018:

RMB

Loss before taxation	(25,515)
Loss after taxation	(25,515)

REASONS FOR AND BENEFIT OF THE ACQUISITION

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.

Pursuant to an agency agreement dated 5 April 2018, the Target Company was appointed as a distributor of the Products, both within the PRC and internationally for a period of six years from the date of the agency agreement to 5 April 2024. By acquiring the Target Company, the Group will acquire the right to distribute the Products both within the PRC and internationally.

The Directors consider the acquisition of the right to distribute the Products presents a valuable opportunity to broaden the income base of the Group, which is expected to contribute positively to the operations, financial results and profitability of the Group.

Based on the above, the Board is of the view that the terms of the Acquisition are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

To the best of the knowledge, information and belief of the Directors, after having made all reasonable enquiries, set below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after Completion and allotment and issue of Consideration Shares; (iii) immediately after Completion and allotment of Consideration Shares and issue of Conversion Shares upon exercise of conversion rights attached to the Convertible Bonds in full.

Shareholders	As at the date of this announcement		Immediately after Completion and allotment and issue of Consideration Shares		Immediately after Completion and allotment and issue of Consideration Shares and issue of Conversion Shares in exercise of the conversion rights attached to the Convertible Bonds in full	
	<i>Number of Shares</i>	<i>% of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>% of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>% of the Company's issued share capital</i>
	Chen Fanglin (<i>Note 1</i>)	166,000	0.01	166,000	0.01	166,000
China Wisdom Asia Limited (<i>Note 2</i>)	1,135,669,180	52.33	1,135,669,180	47.52	1,135,669,180	46.73
Chen Xiangqun (<i>Note 3</i>)	1,886,000	0.09	1,886,000	0.08	1,886,000	0.08
The Vendor and his nominees	—	—	220,000,000	9.20	260,000,000	10.70
Other public shareholders	<u>1,032,278,820</u>	<u>47.57</u>	<u>1,032,278,820</u>	<u>43.19</u>	<u>1,032,278,820</u>	<u>42.48</u>
Total	<u>2,170,000,000</u>	<u>100</u>	<u>2,390,000,000</u>	<u>100</u>	<u>2,430,000,000</u>	<u>100</u>

Notes:

1. Mr. Chen Fanglin is the chairman of the Board and an executive Director.
2. As at the date of this announcement, China Wisdom Asia Limited is wholly-owned by Central Profit Group Limited, which is in turn wholly-owned by Mr. Chen Fanglin.
3. Ms. Chen Xiangqun is the spouse of Mr. Chen Fanglin.
4. The percentage figures included in this table are subject to rounding adjustment.

LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition are greater than 5% and all applicable percentage ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but is exempt from the Shareholders' approval requirement.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Share Transfer Agreement
“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“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 Acquisition pursuant to the Share Transfer Agreement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	HK\$52,000,000, being the consideration for the Acquisition payable by the Purchaser pursuant to the Share Transfer Agreement
“Consideration Shares”	the 220,000,000 new Shares to be allotted and issued by the Company to the Vendor and his nominees pursuant to the Share Transfer Agreement
“Conversion Price”	HK\$0.2, subject to adjustments, pursuant to the terms of the Convertible Bonds
“Conversion Shares”	40,000,000 new Shares to be allotted and issued by the Company upon the exercise of the conversion rights in respect of the Convertible Bonds

“Convertible Bonds”	the convertible bonds in the principal amount of HK\$8,000,000, to be issued by the Company in favour of the nominees of the Vendor pursuant to the Share Transfer Agreement
“Directors”	the directors of the Company
“General Mandate”	a general mandate granted to the Directors at the annual general meeting of the Company held at 26 May 2017 to allot, issue and otherwise deal with Shares not exceeding 20% of the issued share capital of the Company as of the date of passing the resolution plus the amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the Repurchase Mandate
“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
“Issue Price”	HK\$0.2 per Consideration Share
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Products”	a smart fresh air system and a series of air purifiers manufactured by Shenzhen Qidao Science and Technology Development Co., Ltd* (深圳奇道科技開發有限公司)
“Purchaser”	China Prosper Int’l Limited (華茂國際有限公司), a directly wholly-owned subsidiary of the Company
“Repurchase Mandate”	the repurchase mandate granted to the Directors at the annual general meeting of the Company held at 26 May 2017 to repurchase up to 10% of the issued share capital of the Company as of the date of passing of such resolution
“RMB”	the lawful currency of the PRC
“Sale Shares”	the entire issued share capital of the Target Company, which is held as to 100% by the Vendor
“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)
“Share Transfer Agreement”	the share transfer agreement dated 26 April 2018 entered into by the Purchaser and Vendor in relation to the Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Jinfu Group Corporation (錦富集團有限公司)
“Vendor”	Mr. Li Yung An (李永安)
“%”	per cent

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

Hong Kong, 26 April 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.

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1: HK\$1.2346. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.

* *For identification purpose only*