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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)

**PLACING OF NEW SHARES UNDER GENERAL MANDATE AND
PROPOSED SHARE CONSOLIDATION**

Placing Agent

CHEONG LEE SECURITIES LIMITED

PLACING OF NEW SHARES

On 6 August 2020 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to place, on a best effort basis, as agent of the Company, up to an aggregate of 434,000,000 Placing Shares at the Placing Price of HK\$0.048 per Placing Share to not less than six independent Placers. The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 29 May 2019.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares represents: (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Placing Shares. The Placing is conditional upon, amongst other things, the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

GENERAL

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

PROPOSED SHARE CONSOLIDATION

The Board is considering a Proposed Share Consolidation in the view that the Shares had been traded at below HK\$0.10 in the past 3 months (based on the closing price per Share as quoted on the Stock Exchange). An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares. Details of a proposal on the Proposed Share Consolidation will be announced as and when appropriate.

Should the Proposed Share Consolidation materialise, further announcement(s) will be made in respect of the terms and conditions of the Proposed Share Consolidation in accordance with the applicable requirements of the Listing Rules as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Placing Agreement

Date:

6 August 2020

Parties:

Issuer: The Company

Placing Agent: Cheong Lee Securities Limited

The Placing Agent was appointed by the Company on 6 August 2020 to place, on a best effort basis, the Placing Shares at the Placing Price. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares are expected to be placed to not less than six independent Placees. The target subscribers of the Placing Shares are professional, institutional or other investors, which are independent and are not connected persons (as defined under the Listing Rules), who and whose ultimate beneficial owners, as far as the Placing Agent is aware, are Independent Third Parties. It is expected that none of the Placees will become substantial shareholder (as defined under the Listing Rules) of the Company immediately after the completion of the Placing.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of Placing Shares represents: (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the general mandate granted by the Shareholders to the Directors pursuant to the resolution passed at the annual general meeting of the Company held on 29 May 2019. On the date of the annual general meeting, the Company had 2,170,000,000 Shares in issue, and the general mandate granted to the Directors was to issue up to 434,000,000 Shares, representing 20% of the number of shares of the Company in issue as at the date of the passing of the resolution.

As at the date of this announcement, no Shares have been issued pursuant to such general mandate, and the Company has not repurchased any Shares in the 30 days immediately preceding the date of the Placing Agreement. The issue of the Placing Shares is not subject to Shareholders' approval. Upon the completion of the Placing, the general mandate will be used up.

Placing Price

The Placing Price is HK\$0.048 per Placing Share. The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent on the date of the Placing Agreement with reference to the prevailing market price of the Shares. The Placing Price represents:

- (i) a discount of approximately 18.64% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 17.53% to the average closing price of approximately HK\$0.0582 per Share for the last five consecutive trading days up to and including the Last Trading Day.

The aggregate nominal value of the 434,000,000 Placing Shares is HK\$43,400. Based on the Placing Price of HK\$0.048, the aggregate value of the 434,000,000 Placing Shares is approximately HK\$20.8 million. The Directors, including the independent non-executive directors, are of the view that the Placing Price is fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Placing commission payable to the Placing Agent

The placing commission payable to the Placing Agent under the Placing Agreement is 4.0% of the aggregate Placing Price of the Placing Shares multiplied by the number of Placing Shares subscribed upon Completion. The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors consider that the placing commission is fair and reasonable, in the interests of the Company and the Shareholders as a whole and is in line with the prevailing commission charged by other placing agents.

Ranking of Placing Shares

The Placing Shares shall rank pari passu in all respects with all Shares in issue as at the date of this announcement.

Conditions Precedent to Completion of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (ii) the Placing Agreement not being terminated in accordance with the terms thereunder, including the provisions regarding force majeure event; and
- (iii) each of the Company and the Placing Agent having obtained all necessary consents and approvals in relation to the Placing from the relevant authorities, if applicable.

Completion of the Placing

Completion of the Placing will take place within six (6) Business Days after the fulfilment of the conditions as set out above or such later date to be agreed between the Company and the Placing Agent. In the event that any of the conditions as set out above are not fulfilled on or before the Long Stop Date (26 August 2020 or such other date as may be agreed between the parties), the Placing Agreement and all rights and obligations thereunder will cease and terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise (save for any antecedent breaches thereof).

Completion of the Placing is subject to the fulfilment of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Termination and force majeure:

If at any time at or prior to 8:00 a.m. on the Completion Date:

- (a) there has been, since the date of the Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to such Completion Date(s) which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement; or
- (c) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;

then and in any such case, the Placing Agent may after consultation with the Company terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to the Completion Date.

Upon termination of the Placing Agreement as described above, all liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and terminate and neither of them shall have any claim against the other in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation by them under the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

APPLICATION FOR LISTING

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 Placing Shares.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as of the date of this announcement, and (ii) immediately after completion of the Placing (assuming the Placing Shares are placed in full and no other Shares are issued between the date of this announcement and completion of the Placing):

Shareholders	Shareholding as at the date of this announcement		Shareholding upon the Placing Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Chen Fanglin (<i>Note 1</i>)	166,000	0.01	166,000	0.01
China Wisdom Asia Limited (<i>Note 2</i>)	1,086,725,180	50.08	1,086,725,180	41.73
Chen Xiangqun (<i>Note 3</i>)	1,886,000	0.09	1,886,000	0.07
Places	-	-	434,000,000	16.67
Public shareholders	1,081,222,820	49.82	1,081,222,820	41.52
Total	<u>2,170,000,000</u>	<u>100.00</u>	<u>2,604,000,000</u>	<u>100.00</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.

REASONS FOR THE PLACING

The Group is principally engaged in the business of design, development, manufacturing and sales of electric fireplaces, and home decor products. The Group sells its products domestically in the PRC under its “Allen” (亞倫) brand and export its products on ODM/OEM basis to countries including the United States of America, Germany, Canada, France and the United Kingdom.

The Directors have considered various ways of raising funds and consider that the Placing represents an attractive opportunity to raise capital for the Company without interest and recurring cost while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider that the Placing Agreement is in the interest of the Company and the Shareholders as a whole.

Assuming that the Placing Shares are fully paid under the Placing: (i) the maximum gross proceeds from the Placing are estimated to be approximately HK\$20.8 million; (ii) the net proceeds, after deducting the placing fee, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$19.7 million; and (iii) the net price per Placing Share is approximately HK\$0.045.

USE OF PROCEEDS

Based on the Placing Price, assuming there is no adjustment in the Placing Price, the maximum amount of net proceeds (after deducting all applicable costs and expenses, including commission, legal fees and levies) will be approximately HK\$19.7 million and the use of proceeds of the Placing is intended to be used as follows:

- (a) approximately HK\$5 million of the gross proceeds will be used for repayment of debt and interest; and
- (b) the remaining balance of the gross proceeds will be used for working capital purposes of the Group, or for acquisitions purposes, if and when opportunities arise.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not carried out any fund-raising activities during the 12 months immediately preceding the date of this announcement.

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PROPOSED SHARE CONSOLIDATION

The Board is considering a Proposed Share Consolidation in the view that the Shares had been traded at below HK\$0.10 in the past 3 months (based on the closing price per Share as quoted on the Stock Exchange). An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares. Details of a proposal on the Proposed Share Consolidation will be announced as and when appropriate.

Should the Proposed Share Consolidation materialise, further announcement(s) will be made in respect of the terms and conditions of the Proposed Share Consolidation in accordance with the applicable requirements of the Listing Rules as and when appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business;
“Company”	China Creative Global Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the obligation of parties on the Completion Date with respect to the Placing pursuant to the Placing Agreement;
“Completion Date”	within six (6) Business Days after the fulfillment of all the conditions of the Placing or such other date as the Placing Agent and the Company may agree in writing, on which the Completion shall take place;

“Consolidated Shares”	ordinary share(s) in the share capital of the Company immediately after the Proposed Share Consolidation becoming effective;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial shareholder (as defined under the Listing Rules) of the Company or any of its subsidiaries or their respective associates;
“Last Trading Day”	6 August 2020, being the last trading day for the Shares before the date of the Placing Agreement and this announcement;
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	26 August 2020 or such other date as the parties to the Placing Agreement may agree in writing;
“Placee(s)”	any professional, institutional or other investor(s), which are independent and are not connected persons (as defined under the Listing Rules), procured by the Placing Agent to purchase for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement;
“Placing”	the placing of Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	Cheong Lee Securities Limited, a licensed person registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 regulated activities;
“Placing Agreement”	the conditional placing agreement dated 6 August 2020 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Price”	HK\$0.048 per Placing Share;
“Placing Share(s)”	up to 434,000,000 new Shares to be placed by the Placing Agent pursuant to terms of the Placing Agreement;
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan;

“Proposed Share Consolidation”	a proposed consolidation of the share capital of the Company;
“Share(s)”	ordinary shares of HK\$0.0001 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of issued Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 6 August 2020

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, Mr. Zheng Hebin and Ms. Hui Sai Ha; and the independent non-executive directors of the Company are Mr. Dai Jianping and Mr. Huang Songqing.