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 中國創意
Creative China
Creative China Holdings Limited

中國創意控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8368)

**CONNECTED TRANSACTIONS IN RELATION TO
(I) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(II) ISSUE OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

SHARE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 19 June 2023 (after trading hours of the Stock Exchange), the Company and the Share Subscriber entered into the Share Subscription Agreement, pursuant to which the Share Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 44,671,963 Subscription Shares at a subscription price of HK\$0.214 per Subscription Share.

The Subscription Shares represent approximately 11.98% of the existing issued share capital of the Company as at the date of this announcement and approximately 10.70% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of this announcement and the Share Subscription Completion Date).

The aggregate net proceeds of the Share Subscription are estimated to be approximately HK\$8,937,170 (equivalent to RMB7,909,000) (having deducted the professional fees and other expenses in connection with the Share Subscription), representing a net issue price of approximately HK\$0.2001 per Subscription Share. The Company intends to apply the net proceeds of the Share Subscription in the manner set out in the paragraph headed “Reasons for the Share Subscription and use of proceeds” under the section headed “1. Subscription of new Shares” of this announcement.

CB SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 19 June 2023 (after trading hours of the Stock Exchange), the Company and the CB Subscriber entered into the CB Subscription Agreement, pursuant to which the CB Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of RMB9,000,000 (equivalent to HK\$10,170,000).

Based on the Conversion Price of HK\$0.54 per Conversion Share, a total of 18,833,333 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bonds in full, which represent approximately 5.05% of the existing issued share capital of the Company and approximately 4.81% of the issued share capital of the Company as enlarged by the allotment and issue of all Conversion Shares, assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of issue of the Conversion Shares upon full conversion of the Convertible Bonds.

The net proceeds from the issue of the Convertible Bonds will be HK\$9,502,170 (equivalent to RMB8,409,000) (having deducted the professional fees and other expenses in connection with the issue of the Convertible Bond), representing a net issue price of approximately HK\$0.5045 per Conversion Share. The Company intends to apply the net proceeds of the issue of the Convertible Bonds in the manner set out in the paragraph headed “Reasons for the issue of the Convertible Bonds and use of proceeds” under the section headed “2. Issue of Convertible Bonds” of this announcement.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES AND CONVERSION SHARES AND THEIR RESPECTIVE RANKINGS

Applications will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and Conversion Shares, respectively. The Subscription Shares and Conversion Shares upon issue shall rank *pari passu* with all other Shares in issue on the Share Subscription Completion Date and the date of conversion of the Convertible Bonds respectively.

SPECIFIC MANDATE

The Subscription Shares and Conversion Shares will be issued and allotted by the Company pursuant to the Specific Mandate upon Share Subscription Completion and upon conversion of the Convertible Bonds respectively.

GEM LISTING RULES IMPLICATIONS

The Share Subscriber is required to enter into a Voting Agreement with Youth Success, Mr. Yang and Ms. Mou on the Share Subscription Completion Date under the Share Subscription Agreement, while the CB Subscriber is required to enter into a Voting Agreement with Youth Success, Mr. Yang and Ms. Mou prior to the conversion of the Convertible Bonds under the CB Subscription Agreement. By entering into the Voting Agreements, Youth Success shall be entitled to exercise voting rights attached to all the Shares held by the Share Subscriber and the Bondholder. As Youth Success, Mr. Yang and Ms. Mou are the controlling shareholders of the Company and are therefore connected persons of the Company, the Transactions constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Based on the following: (i) Mr. Philip Jian Yang, the executive Director and chairman of the Company, is the son of Mr. Yang and Ms. Mou, and is therefore considered to have an interest in the Transactions; (ii) by virtue of the shareholders voting agreement entered into by, among others, Mr. Yang, Ms. Mou, Youth Success, Mr. Wang Yong and Goldbless, Mr. Wang Yong, the non-executive Director, is considered to have an interest in the Transactions; and (iii) as at the date of this announcement, Mr. Yang Shiyuan, the non-executive Director, beneficially owns approximately 1.48% of the issued share capital of Youth Success and is therefore considered to have an interest in the Transactions, each of Mr. Philip Jian Yang, Mr. Wang Yong and Mr. Yang Shiyuan had abstained from voting on the Board resolutions approving the Transactions. Save as disclosed above, none of the Directors had any interest in the Transactions and abstained from voting on the Board resolutions approving the Transactions.

EGM

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Transactions (including the grant of the Specific Mandate). A circular containing, among others, (i) details of the Transactions (including the grant of the Specific Mandate), (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Transactions (including the grant of the Specific Mandate), (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 21 July 2023.

As the Transactions are subject to the fulfillment or waiver (as the case may be) of the certain conditions precedent under the Share Subscription Agreement and CB Subscription Agreement respectively, holders of securities of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

1. SUBSCRIPTION OF NEW SHARES

On 19 June 2023 (after trading hours of the Stock Exchange), the Company and the Share Subscriber entered into the Share Subscription Agreement, pursuant to which the Share Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 44,671,963 Subscription Shares at a subscription price of HK\$0.214 per Subscription Share.

The Share Subscription Agreement

Principal terms of the Share Subscription Agreement are summarised as follows:

- Date:** 19 June 2023 (after trading hours of the Stock Exchange)
- Parties:** The Company as the issuer; and
TAN KOON AIK as the subscriber, an Independent Third Party.
- Subscription Shares:** A total of 44,671,963 Shares, representing approximately 11.98% of the existing issued share capital of the Company as at the date of this announcement and approximately 10.70% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming there are no other changes in the share capital of the Company between the date of this announcement and the Share Subscription Completion Date). The aggregate nominal value of the 44,671,963 Subscription Shares is HK\$2,233,598.15.
- Total Subscription Price:** RMB8,460,000 (equivalent to HK\$9,559,800), payable by the Share Subscriber on or before Share Subscription Completion.
- Subscription Price:** HK\$0.214 per Subscription Share, representing:
- (1) a discount of approximately 17.69% to the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on the date of the Share Subscription Agreement;
 - (2) a discount of approximately 17.37% to the average closing price of approximately HK\$0.259 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days of the Shares immediately prior to the date of the Share Subscription Agreement; and

- (3) a discount of approximately 14.19% to the average closing price of approximately HK\$0.2494 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days of the Shares immediately prior to the date of the Share Subscription Agreement.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Share Subscriber with reference to the recent trading price and trading volume of the Shares. The Directors consider that the terms and conditions of the Subscription Agreement (including the Share Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Share Subscription Conditions Precedent

Share Subscription Completion is conditional upon the following conditions precedent (the “**Share Subscription Conditions Precedent**”) being fulfilled or waived by the Share Subscriber in writing (as the case may be):

- (1) the Stock Exchange having approved the listing of and dealing in the Subscription Shares, and such approval shall not be threatened with any revocation, withdrawal or cancellation at any time prior to Share Subscription Completion;
- (2) all necessary consents, confirmations, permits, approvals and authorisations (collectively, the “**Necessary Approvals**”) under the GEM Listing Rules and other regulatory regime having been granted to and/or obtained by the Company, and the Necessary Approvals having remained valid and effective, and not being threatened with any revocation, withdrawal, cancellation or suspension at any time before Share Subscription Completion;
- (3) the warranties made by the Company under the Share Subscription Agreement having remained true and accurate and not misleading in all material respects as at Share Subscription Completion; and
- (4) no Share Subscription Material Adverse Effect having been occurred.

Other than Share Subscription Conditions Precedent referred to in paragraph (1) above which cannot be waived, the Share Subscriber may at any time before Share Subscription Completion waive any of other Share Subscription Conditions Precedent above by prior written notice to the Company. As at the date of this announcement, none of the Share Subscription Conditions Precedent have been fulfilled or waived.

In the event that any of the Share Subscription Conditions Precedent above are not fulfilled or waived on or before 30 September 2023 or such later date as the parties of the Share Subscription Agreement may agree in writing, the Share Subscription Agreement and everything contained thereof shall terminate and be null and void and of no further effect and neither of the parties thereto shall have any liability to any other party, save for any antecedent breach(es) of any obligation under the Share Subscription Agreement.

Share Subscription Completion

Subject to the fulfilment or waiver (as the case may be) of all Share Subscription Conditions Precedent and the Share Subscriber's full settlement of the Total Subscription Price, the Share Subscription Completion shall take place on the Share Subscription Completion Date.

Information of the Parties

The Share Subscriber

The Share Subscriber is an individual investor who is a Malaysian resident. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Share Subscriber is an Independent Third Party.

The Company and the Group

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on GEM. The Group is principally engaged in (i) serial program/film production and related services and film rights investment; (ii) concert and event organisation and related services; (iii) mobile application development and operation and related services; and (iv) artist management.

Reasons for the Share Subscription and Use of Proceeds

The aggregate gross proceeds of the Share Subscription will be RMB8,460,000 (equivalent to HK\$9,559,800) and the aggregate net proceeds of the Share Subscription, having deducted the professional fees and other expenses in connection with the Share Subscription, are estimated to be approximately HK\$8,937,170 (equivalent to RMB7,909,000), representing a net issue price of approximately HK\$0.2001 per Subscription Share. The Company intends to apply the net proceeds of the Share Subscription in the following manner:

- (i) approximately 70.54% of the net proceeds, or approximately HK\$6,304,270 (equivalent to RMB5,579,000) to mobile application development and operation and related services; and
- (ii) approximately 29.46% of the net proceeds, or approximately HK\$2,632,900 (equivalent to RMB2,330,000), will be used for the general working capital of the Group.

The Board considered that the Share Subscription represents an opportunity to raise additional capital for the development of mobile application development and operation and related services, maintaining the Group’s working capital and business operation and will also enlarge the shareholders and capital base of the Company and strengthen the financial position of the Group.

In light of the foregoing, the Board (including the independent non-executive Directors) is of the view that terms and conditions (including the Total Subscription Price) of the Share Subscription Agreement are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Effect on the Shareholding Structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Share Subscription Completion assuming there will be no change in the total number of issued Shares between the date of this announcement and the Share Subscription Completion.

Name of shareholders	As at the date of this announcement		Immediately upon Share Subscription Completion	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Non-public shareholders:				
Youth Success Holdings Limited (“Youth Success”) (Notes 1 and 3)	81,378,000	21.82%	81,378,000	19.48%
Guang Rui Investments Limited (“Guang Rui”) (Note 1)	2,594,400	0.70%	2,594,400	0.62%
Goldbless International Limited (“Goldbless”) (Notes 1 and 2)	76,500,000	20.51%	76,500,000	18.32%
Alpha Master Global Limited (“Alpha Master”) (Note 1)	10,077,600	2.70%	10,077,600	2.41%
Qiao Tian Limited (“Qiao Tian”) (Note 1)	5,418,000	1.45%	5,418,000	1.30%
Mr. Liang Longfei (“Mr. Liang”) (Note 3)	36,000,000	9.65%	36,000,000	8.62%
Share Subscriber (or his nominee(s)) (Note 4)	–	–	44,671,963	10.70%
Sub-total	211,968,000	56.83%	256,639,963	61.45%
Public Shareholders:				
Other public Shareholders	161,018,978	43.17%	161,018,978	38.55%
Sub-total	161,018,978	43.17%	161,018,978	38.55%
Total	372,986,978	100.00%	417,658,941	100.00%

Notes:

- (1) As at the date of this announcement, Youth Success and Guang Rui owned 81,378,000 Shares and 2,594,400 Shares respectively, representing 21.82% and 0.70% of the issued share capital of the Company. The issued share capital of Youth Success is legally and beneficially owned as to 83.54% by Guang Rui. Under the SFO, Guang Rui is deemed to be interested in all the Shares registered in the name of Youth Success. The entire issued share capital of Guang Rui was legally and beneficially owned as to 60% by Mr. Yang Shaoqian (“**Mr. Yang**”) and 40% by Ms. Mou Sufang (“**Ms. Mou**”). Ms. Mou is the spouse of Mr. Yang, therefore under the SFO she is deemed to be interested in all the Shares in which Mr. Yang is deemed to be interested, and vice versa. By virtue of the shareholders voting agreement entered into by Mr. Yang, Ms. Mou, Youth Success, Mr. Li Lin, Alpha Master, Ms. Yang Qi, Qiao Tian, Mr. Wang Yong and Goldbles (the “**First Voting Agreement**”), Youth Success is deemed to be interested in the Shares held by Alpha Master, Qiao Tian and Goldbles in aggregate by virtue of the SFO.
- (2) As at the date of this announcement, the entire issued share capital of Goldbles was owned by Mr. Wang Yong, the non-executive Director. Under the SFO, Mr. Wang Yong is deemed to be interested in all the Shares registered in the name of Goldbles.
- (3) By virtue of the shareholders voting agreement entered into by and among Mr. Yang, Ms. Mou, Youth Success and Mr. Liang (the “**Second Voting Agreement**”), Mr. Liang irrevocably agrees to delegate and authorize Youth Success to exercise voting rights attached to all of the Shares held by him, and Youth Success is deemed to be interested in the Shares held by Mr. Liang in aggregate by virtue of the SFO.
- (4) Pursuant to the Share Subscription Agreement, the Share Subscriber shall, on the Share Subscription Completion Date, execute and deliver to the Company a Voting Agreement, for the purpose of ensuring compliance with the undertakings dated 8 November 2015 (the “**Control Undertakings**”) executed by Mr. Yang and Ms. Mou in favour of the Company, pursuant to which Mr. Yang and Ms. Mou shall remain holding/controlling not less than 50% voting rights in the issued share capital of the Company or otherwise maintain control during the subsistence of the Contractual Arrangements. By virtue of the Voting Agreement, Youth Success shall be entitled to exercise voting rights attached to all of the Shares held by the Share Subscriber (or his nominee(s)) (either indirectly through his respective holding company(ies) (the “**Holdco**”) or directly held by itself). As such, Youth Success is deemed to be interested in the Shares held by the Holdco or the Shares Subscriber (or his nominee(s)) by virtue of the SFO.

2. ISSUE OF CONVERTIBLE BONDS

On 19 June 2023 (after trading hours of the Stock Exchange), the Company and the CB Subscriber entered into the CB Subscription Agreement, pursuant to which the CB Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of RMB9,000,000 (equivalent to HK\$10,170,000).

The Cb Subscription Agreement

Principal terms of the CB Subscription Agreement are summarised as follows:

Date: 19 June 2023 (after trading hours of the Stock Exchange)

Parties: The Company as the issuer; and

Mr. Nian Binbin (念彬彬) as the subscriber, an Independent Third Party.

CB Conditions Precedent

CB Completion is conditional upon the following conditions precedent (the “**CB Conditions Precedent**”) being fulfilled or waived by the CB Subscriber in writing (as the case may be):

- (1) the Stock Exchange having granted (either unconditionally or subject only to conditions reasonable acceptable to both the Company and the CB Subscriber) the listing of, and permission to deal in, the Conversion Shares, and such approval not having been revoked prior to CB Completion;
- (2) all Necessary Approvals under the GEM Listing Rules and other regulatory regime having been granted to and/or obtained by the Company, and the Necessary Approvals having remained valid and effective, and not being threatened with any revocation, withdrawal, cancellation or suspension at any time before CB Completion;
- (3) the warranties made by the Company under the CB Subscription Agreement having remained true and accurate and not misleading in all material respects as at CB Completion; and
- (4) no CB Material Adverse Effect having been occurred.

Other than CB Conditions Precedent referred to in paragraph (1) above which cannot be waived, the CB Subscriber may at any time before CB Completion waive any of other CB Conditions Precedent above by prior written notice to the Company. As at the date of this announcement, none of the CB Conditions Precedent have been fulfilled or waived.

In the event that any of the CB Conditions Precedent above are not fulfilled or waived on or before 30 September 2023 or such later date as the parties of the CB Subscription Agreement may agree in writing, the CB Subscription Agreement and everything contained thereof shall terminate and be null and void and of no further effect and neither of the parties thereto shall have any liability to any other party, save for any antecedent breach(es) of any obligation under the CB Subscription Agreement.

CB Completion

Subject to the fulfilment or waiver (as the case may be) of all CB Conditions Precedent and CB Subscriber's full settlement of the Issue Price, CB Completion shall take place on the CB Completion Date. The Company shall issue the Convertible Bonds in their respective principal amounts to the CB Subscriber (or his nominee(s)) as the Bondholder(s) on the CB Completion Date.

Principal Terms of the Convertible Bonds

The principal terms of the Convertible Bonds are summarized below:

Issuer:	The Company
CB Subscriber:	Mr. Nian Binbin (念彬彬), an Independent Third Party
Principal amount:	RMB9,000,000 (equivalent to HK\$10,170,000)
Payment:	Payment of the Issue Price shall be settled by the CB Subscriber on or before CB Completion.
Interest rate:	2% per annum, which shall accrue on a daily basis from the Issue Date calculated on the basis of a 365-day year on the principal sum of the Convertible Bond for the time being outstanding and shall be paid on the Maturity Date.
Conversion Price:	The Conversion Price of HK\$0.54 per Conversion Share represents: (i) a premium of approximately 107.69% over the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on the date of the CB Subscription Agreement;

- (ii) a premium of approximately 108.49% over the average closing price of HK\$0.259 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days of the Shares immediately prior to the date of the CB Subscription Agreement; and
- (iii) a premium of approximately 116.52% over the average closing price of HK\$0.2494 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days of the Shares immediately prior to the date of the CB Subscription Agreement.

The Conversion Price was determined after arm's length negotiations between the Company and the CB Subscriber, taking into account the business development and future prospect of the Group and the audited consolidated net asset value attributable to the Shareholders of approximately HK\$0.54 per Share as at 31 December 2022. The Directors (including the independent non-executive Directors) consider that the Conversion Price and the terms and conditions of the CB Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Conversion Price shall from time to time be subject to adjustment only upon occurrence of consolidation or sub-division of Shares (an "**Adjustment Event**") in accordance with the provisions of the Convertible Bonds.

Following an Adjustment Event and before the effect of such event has been reflected in the trading price of Shares on the Stock Exchange, the Conversion Price shall be adjusted so that, after such adjustment and on conversion of the Convertible Bonds, the Bondholders shall be entitled to receive the same percentage of the issued share capital of the Company carrying the same proportion of votes exercisable at a general meeting of Shareholders and the same entitlement to participate in distributions of the Company, in each case as nearly as practicable, as would have been the case had no Adjustment Event occurred (and making such reduction or increase as is necessary to the premium arising on the issue and allotment of the Conversion Shares on conversion of the Convertible Bonds). The relevant adjustment shall be determined by the auditors of the Company for the time being. Every adjustment to the Conversion Price shall be certified in writing by the auditors (acting as an expert) unless otherwise agreed between the Company and the Majority Bondholder.

Conversion Shares:

Based on the Conversion Price of HK\$0.54 per Conversion Share, a total of 18,833,333 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights attaching to the Convertible Bonds in full, which represent approximately 5.05% of the existing issued share capital of the Company and approximately 4.81% of the issued share capital of the Company as enlarged by the allotment and issue of all Conversion Shares, assuming that there will be no changes in the issued share capital of the Company between the date of this announcement and the date of issue of the Conversion Shares upon full conversion of the Convertible Bonds. The aggregate nominal value of the 18,833,333 Conversion Shares is HK\$941,666.65.

Maturity Date:

The date falling on the second (2nd) anniversary of the Issue Date.

Conversion Rights:

Subject to and upon compliance with the Conditions, each Bondholder shall have the right, at the sole option of such Bondholder, at any time during the Conversion Period to convert (in whole or in part (in multiples of RMB900,000)) the outstanding principal amount of the Convertible Bonds held by such Bondholder into fully-paid Shares, calculated for each conversion to be the greatest number of Shares, disregarding fractions, obtainable by dividing the aggregate principal amount of the Convertible Bonds to be converted, by the applicable Conversion Price in effect on the relevant date of the conversion.

The Bondholder shall not have the right to convert (in whole or in part) the outstanding principal amount of the Convertible Bonds held by such Bondholder into fully-paid Shares if the issue of the Conversion Shares following the exercise by the Bondholder of the Conversion Rights would result in (i) the Company not meeting the requirement under the GEM Listing Rules that not less than 25% (or such other percentage as may from time to time be specified in the GEM Listing Rules) of the Shares shall be held by the public immediately after the conversion; or (ii) the Bondholder and parties acting in concert with it (within the meaning of the Takeovers Code), taken together, directly or indirectly controlling or being interested in 30% or more of the entire issued voting share capital of the Company (or such other percentage as may from time to time be specified in the Takeovers Code as being the level of triggering a mandatory general offer) as at the date of conversion and a mandatory general offer obligation will be triggered under the Takeovers Code.

Voting rights:

Bondholders shall not have any right to attend or vote in any general meeting of the Company.

Transferability:

The Convertible Bonds shall be freely transferable.

Events of default:

Without prejudice to the other provisions of the CB Conditions, the occurrence of any of the following events (each, an “**Event of Default**”) and the giving of written notice by the Majority Bondholder, the principal moneys outstanding on any Convertible Bonds together with all interest accrued thereon up to and including the date of payment shall on the occurrence of any Event of Default (immediately upon such notice being given) become due and redeemable:

- (i) if the Company fails to make a payment (whether of principal, premium or otherwise) in accordance with the Conditions, and such default continues for a period of 20 (twenty) Business Days after the due date for such payment;
- (ii) if there is a default in the performance or observance by the Company of any covenant, undertaking, condition, obligation or provision set out in the Bond Instrument and on its part to be performed or observed (other than a payment obligation referred to in paragraph (i) above) and (except where such failure is not capable of remedy) such default continues for 20 (twenty) Business Days after written notice of such default has been given to the Company by a Bondholder (or, if earlier, the Company becoming aware of the failure to comply);
- (iii) any failure by the Company to deliver any Shares as and when the Shares are required to be delivered following conversion of the Convertible Bonds and such failure continues for more than twenty (20) Business Days, except such failure is not resulted from wilful default on the part of the Company or it is caused by temporary restriction imposed by the Stock Exchange;

- (iv) the Convertible Bonds or any CB Condition cease for any reason to be in full force and effect or are terminated or become invalid or unenforceable, or if there is any dispute by the Company regarding the validity or enforceability of the same, or if there is any purported termination or repudiation by the Company of the same, or if it becomes impossible or unlawful for the Company to perform any of its obligations under the Bond Instrument or (so far as is within the control or influence of the Company) for any Bondholder to exercise all or any of its rights, power and remedies under the Bond Instrument; or
- (v) if the listing of, and permission to deal in, the Conversion Shares is revoked for any reason, except such failure is not resulted from wilful default on the part of the Company or it is caused by temporary restriction imposed by the Stock Exchange.

Application for listing: No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock or securities exchange. Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares.

Information of the Parties

The CB Subscriber

The CB Subscriber is an individual investor who is a PRC resident. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the CB Subscriber is an Independent Third Party.

The Company and the Group

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on GEM. The Group is principally engaged in (i) serial program/film production and related services and film rights investment; (ii) concert and event organisation and related services; (iii) mobile application development and operation and related services; and (iv) artist management.

Reasons for the Issue of the Convertible Bonds and Use of Proceeds

The aggregate gross proceeds from the issue of the Convertible Bonds will be HK\$10,170,000 (equivalent to RMB9,000,000) and the aggregate net proceeds from the issue of the Convertible Bonds, having deducted the professional fees and other expenses in connection with the issue of the Convertible Bond, are estimated to be approximately HK\$9,502,170 (equivalent to RMB8,409,000). The net price per Conversion Share is estimated to be approximately HK\$0.5045. The Company intends to apply the net proceeds from the issue of the Convertible Bonds in the following manner:

- (i) approximately 70.51% of the net proceeds, or approximately HK\$6,699,770 (equivalent to RMB5,929,000), will be used for mobile application development and operation; and
- (ii) approximately 29.49% of the net proceeds, or approximately HK\$2,802,400 (equivalent to RMB2,480,000), will be used for the general working capital of the Group.

The Directors consider that (i) the issuance of the Convertible Bonds provides an opportunity for the Company to raise additional funds for its operations and broaden the Company's capital base for business development, and (ii) the issue of the Convertible Bonds is an appropriate mean of raising additional capital of the Company since it will not have an immediate dilution effect on the shareholding of the existing Shareholders.

In light of the foregoing, the Board (including the independent non-executive Directors) is of the view that and the terms and conditions of the CB Subscription Agreement and the Convertible Bonds (including the Conversion Price) are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Effect on the Shareholding Structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; and (ii) for illustration purpose only, immediately after the allotment and issue of the Conversion Shares in full upon exercise of the Conversion Rights under the Convertible Bonds (on the assumptions that the Conversion Price being HK\$0.54 and there is no further allotment of Shares from the date of this announcement other than the Conversion Shares).

Name of shareholders	As at the date of this announcement		Immediately upon full conversion of the Convertible Bonds	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Non-public shareholders:				
Youth Success				
(Notes 1 and 3)	81,378,000	21.82%	81,378,000	20.77%
Guang Rui (Note 1)	2,594,400	0.70%	2,594,400	0.66%
Goldbless (Notes 1 and 2)	76,500,000	20.51%	76,500,000	19.52%
Alpha Master (Note 1)	10,077,600	2.70%	10,077,600	2.57%
Qiao Tian (Note 1)	5,418,000	1.45%	5,418,000	1.38%
Mr. Liang (Note 3)	36,000,000	9.65%	36,000,000	9.19%
The Bondholder (Note 4)	–	–	18,833,333	4.81%
Sub-total	<u>211,968,000</u>	<u>56.83%</u>	<u>230,801,333</u>	<u>58.90%</u>
Public Shareholders:				
Other public Shareholders	<u>161,018,978</u>	<u>43.17%</u>	<u>161,018,978</u>	<u>41.10%</u>
Sub-total	<u>161,018,978</u>	<u>43.17%</u>	<u>161,018,978</u>	<u>41.10%</u>
Total	<u><u>372,986,978</u></u>	<u><u>100.00%</u></u>	<u><u>397,820,311</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) As at the date of this announcement, Youth Success and Guang Rui owned 81,378,000 Shares and 2,594,400 Shares respectively, representing 21.82% and 0.70% of the issued share capital of the Company. The issued share capital of Youth Success was legally and beneficially owned as to 83.54% by Guang Rui. Under the SFO, Guang Rui is deemed to be interested in all the Shares registered in the name of Youth Success. The entire issued share capital of Guang Rui is legally and beneficially owned as to 60% by Mr. Yang and 40% by Ms. Mou. Ms. Mou is the spouse of Mr. Yang therefore under the SFO she is deemed to be interested in all the Shares in which Mr. Yang is deemed to be interested, and vice versa. By virtue of the First Voting Agreement entered into by Mr. Yang, Ms. Mou, Youth Success, Mr. Li Lin, Alpha Master, Ms. Yang Qi, Qiao Tian, Mr. Wang Yong and Goldbless, Youth Success is deemed to be interested in the Shares held by Alpha Master, Qiao Tian and Goldbless in aggregate by virtue of the SFO.
- (2) As at the date of this announcement, the entire issued share capital of Goldbless was owned by Mr. Wang Yong, the non-executive Director. Under the SFO, Mr. Wang Yong is deemed to be interested in all the Shares registered in the name of Goldbless.
- (3) By virtue of the Second Voting Agreement entered into by and among Mr. Yang, Ms. Mou, Youth Success and Mr. Liang, Mr. Liang irrevocably agrees to delegate and authorize Youth Success to exercise voting rights attached to all of the Shares held by him, and Youth Success is deemed to be interested in the Shares held by Mr. Liang in aggregate by virtue of the SFO.

- (4) Pursuant to the CB Subscription Agreement, each Bondholder shall, prior to the conversion of the Convertible Bonds, execute and deliver to the Company a Voting Agreement (for the purpose of ensuring compliance with the Control Undertakings), whereby Youth Success shall be entitled to exercise voting rights attached to all of the Shares held by the Bondholder (either indirectly through the Holdco or directly held by himself/herself/itself). As such, Youth Success is deemed to be interested in the Shares held by the Holdco or the Bondholder by virtue of the SFO.

3. SHAREHOLDING STRUCTURE OF THE COMPANY UPON SHARE SUBSCRIPTION COMPLETION AND FULL CONVERSION OF THE CONVERTIBLE BONDS

The following table illustrates the shareholding structure of the Company upon Share Subscription Completion and the allotment and issue of the Conversion Shares in full upon exercise of the Conversion Rights under the Convertible Bonds (on the assumptions that the Conversion Price being HK\$0.54 and there is no other allotment of Shares from the date of this announcement other than the Subscription Shares and Conversion Shares).

Name of shareholders	Upon Share Subscription Completion and full conversion of the Convertible Bonds	
	<i>Number of Shares</i>	<i>Approximate percentage</i>
Non-public shareholders:		
Youth Success	81,378,000	18.64%
Guang Rui	2,594,400	0.59%
Goldbless	76,500,000	17.53%
Alpha Master	10,077,600	2.31%
Qiao Tian	5,418,000	1.24%
Mr. Liang	36,000,000	8.25%
Share Subscriber (or his nominee(s))	44,671,963	10.23%
Bondholder	18,833,333	4.31%
Sub-total	<u>275,473,296</u>	<u>63.11%</u>
Public Shareholders:		
Other public Shareholders	<u>161,018,978</u>	<u>36.89%</u>
Sub-total	<u>161,018,978</u>	<u>36.89%</u>
Total	<u><u>436,492,274</u></u>	<u><u>100.00%</u></u>

4. APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES AND CONVERSION SHARES AND THEIR RESPECTIVE RANKINGS

Applications will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and Conversion Shares, respectively. The Subscription Shares and Conversion Shares upon issue shall rank *pari passu* with all other Shares in issue on the Share Subscription Completion Date and the date of conversion of the Convertible Bonds respectively.

5. EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The following are details of the equity fund-raising activities of the Company (the “**Fundraising**”) conducted in the past twelve months immediately preceding the date of this announcement. As at the date of this announcement, the following transactions contemplated under the Fundraisings are yet to be completed.

Date of announcement	Fund raising activity	Net proceeds expected to be raised	Intended use of the net proceeds
22 May 2023	Issue an aggregate of 30,362,150 new Shares to ALPINE NOVA LIMITED (高星有限公司)	HK\$5,681,640 (equivalent to RMB5,028,000)	(i) approximately 70.17% of the net proceeds, or approximately HK\$3,986,640 (equivalent to RMB3,528,000) to mobile application development and operation and related services; and (ii) approximately 29.83% of the net proceeds, or approximately HK\$1,695,000 (equivalent to RMB1,500,000), will be used for the general working capital of the Group.

Date of announcement	Fund raising activity	Net proceeds expected to be raised	Intended use of the net proceeds
22 May 2023	Issue the convertible bonds in the principal amount of RMB17,500,000 to Ms. Li Wen (李雯)	HK\$17,630,260 (equivalent to RMB15,602,000)	<p>(i) approximately 38.45% of the net proceeds, or approximately HK\$6,780,000 (equivalent to RMB6,000,000), will be used for serial program/ film production and related services and film rights investment;</p> <p>(ii) approximately 31.55% of the net proceeds, or approximately HK\$5,561,860 (equivalent to RMB4,922,000), will be used for mobile application development and operation; and</p> <p>(iii) approximately 30.00% of the net proceeds, or approximately HK\$5,288,400 (equivalent to RMB4,680,000), will be used for the general working capital of the Group.</p>

Save as disclosed above, the Company has not conducted any other Fundraisings during the twelve months immediately preceding the date of this announcement.

6. SPECIFIC MANDATE

The Subscription Shares and Conversion Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

7. GEM LISTING RULES IMPLICATIONS

The Share Subscriber is required to enter into a Voting Agreement with Youth Success, Mr. Yang and Ms. Mou on the Share Subscription Completion Date under the Share Subscription Agreement, while the CB Subscriber is required to enter into a Voting Agreement with Youth Success, Mr. Yang and Ms. Mou prior to the conversion of the Convertible Bonds under the CB Subscription Agreement. By entering into the Voting Agreements, Youth Success shall be entitled to exercise voting rights attached to all the Shares held by the Share Subscriber and the Bondholder. As Youth Success, Mr. Yang and Ms. Mou are the controlling shareholders of the Company and are therefore connected persons of the Company, the Transactions constitute connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Based on the following: (i) Mr. Philip Jian Yang, the executive Director and chairman of the Company, is the son of Mr. Yang and Ms. Mou, and is therefore considered to have an interest in the Transactions; (ii) by virtue of the shareholders voting agreement entered into by, among others, Mr. Yang, Ms. Mou, Youth Success, Mr. Wang Yong and Goldbless, Mr. Wang Yong, the non-executive Director, is considered to have an interest in the Transactions; and (iii) as at the date of this announcement, Mr. Yang Shiyuan, the non-executive Director, beneficially owned approximately 1.48% of the issued share capital of Youth Success and is therefore considered to have an interest in the Transactions, each of Mr. Philip Jian Yang, Mr. Wang Yong and Mr. Yang Shiyuan had abstained from voting on the Board resolutions approving the Transactions. Save as disclosed above, none of the Directors had any interest in the Transactions and abstained from voting on the Board resolutions approving the Transactions.

8. EGM

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Transactions (including the grant of the Specific Mandate). A circular containing, among others, (i) details of the Transactions (including the grant of the Specific Mandate), (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Transactions (including the grant of the Specific Mandate), (iii) a letter from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transactions and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 21 July 2023.

As the Transactions are subject to the fulfillment or waiver (as the case may be) of the certain conditions precedent under the Share Subscription Agreement and CB Subscription Agreement respectively, holders of securities of the Company and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	board of the Directors
“Bond Instrument”	the deed to be executed by the Company constituting the Convertible Bonds
“Bondholder”	holder of the Convertible Bonds
“Business Day”	a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.)
“CB Completion”	completion of the issue of the Convertible Bonds in accordance with the terms and condition of the CB Subscription Agreement
“CB Completion Date”	a date which is within five (5) Business Days after fulfillment or waiver (as the case may be) of the CB Conditions Precedent (or such other date as the Company and the CB Subscriber may agree in writing before CB Completion) and the date on which CB Completion takes place
“CB Conditions”	the terms and conditions of the Convertible Bonds as set out in the Bond Instrument
“CB Material Adverse Effect”	(a) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong or the PRC of a national emergency or war or other calamity or crisis; (b) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong or the PRC, or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation; or

(c) any change, event, occurrence, state of facts or effect, the consequence of which is to, or could reasonably be expected to materially and adversely affect the financial position, management, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of the Group,

that would make the enforcement of the CB Subscription Agreement, the Bond Instrument and all other agreements and documents contemplated by the CB Subscription Agreement impracticable

“CB Subscriber”	Mr. Nian Binbin (念彬彬), an Independent Third Party
“CB Subscription Agreement”	the Convertible Bonds subscription agreement entered into by and between the Company and the CB Subscriber in relation to the issue of the Convertible Bonds dated 19 June 2023
“Company”	Creative China Holdings Limited (中國創意控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (Stock Code: 8368)
“Contractual Arrangements”	a series of Group’s contractual arrangements to allow New Talent Media Company Limited* (北京聚視文化傳媒有限公司) to exercise effective control over the Group’s PRC subsidiaries and enjoy the economic benefits generated by these entities
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Period”	the period commencing on the Issue Date and ending on the close of business on the Business Day prior to the Maturity Date, both dates inclusive, or such other date as the Company and the CB Subscriber shall agree in writing
“Conversion Price”	the initial conversion price of HK\$0.54 per Conversion Share, subject to adjustments
“Conversion Rights”	means the rights of the Bondholders to subscribe for fully-paid Shares pursuant to the Convertible Bonds as set out in the CB Conditions

“Conversion Share(s)”	the Share(s) to be issued by the Company upon exercise by the Bondholder(s) of the Conversion Rights attached to the Convertible Bonds
“Convertible Bonds”	means the convertible bonds due 2025 in the aggregate principal amount of RMB9,000,000 to be issued by the Company subject to, and with the benefit of, the Bond Instrument and the CB Conditions
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Transactions (including the grant of the Specific Mandate)
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“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
“Independent Board Committee”	an independent committee of the Board, comprising all three independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of, among other things, the Transactions (including the grant of the Specific Mandate)
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Issue Date”	means the day on which the Convertible Bonds are issued under the Bond Instrument
“Issue Price”	RMB9,000,000 (equivalent to HK\$10,170,000), a price equal to 100% of the principal amount of the Convertible Bonds

“Majority Bondholder”	the holder(s) of the Convertible Bonds representing a majority in principal amount of the Convertible Bonds outstanding for the time being
“Maturity Date”	the date falling on the second (2nd) anniversary of the Issue Date
“PRC”	the People’s Republic of China which, and for the sole purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Share Subscriber”	TAN KOON AIK, an Independent Third Party
“Share Subscription”	the subscription by the Share Subscriber for the Subscription Shares on the terms and subject to the conditions set out in the Share Subscription Agreement
“Share Subscription Agreement”	the share subscription agreement entered into by and between the Company and the Share Subscriber in relation to the Share Subscription dated 19 June 2023
“Share Subscription Completion”	completion of the Share Subscription in accordance with the terms and condition of the Share Subscription Agreement
“Share Subscription Completion Date”	a date which is within five (5) Business Days after fulfillment or wavier (as the case may be) of the Share Subscription Conditions Precedent (or such other date as the Company and the Share Subscriber may agree in writing before the Share Subscription Completion) and the date on which Share Subscription Completion takes place
“Share Subscription Material Adverse Effect”	(a) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong or the PRC of a national emergency or war or other calamity or crisis;

- (b) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong or the PRC, or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation; or
- (c) any change, event, occurrence, state of facts or effect, the consequence of which is to, or could reasonably be expected to materially and adversely affect the financial position, management, business or property, results of operations, legal or financing structure, business prospects or assets or liabilities of the Group,

that would make the enforcement of contracts to purchase the Subscription Shares impracticable, or would materially prejudice trading of the Subscription Shares in the secondary market

“Shareholders”	shareholders of the Company
“Specific Mandate”	the specific mandate to be sought from the Independent Shareholders at the EGM to grant the authority to the Directors for the allotment and issuance of the Subscription Shares and Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.214 per Subscription Share
“Subscription Shares”	a total of 44,671,963 Shares to be allotted and issued by the Company at Share Subscription Completion pursuant to terms and condition of the Share Subscription Agreement, and each a “Subscription Share”
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Takeovers Code”	means the Codes on Takeovers and Mergers and Share Buybacks, as amended from time to time

“Total Subscription Price”	RMB8,460,000 (equivalent to HK\$9,559,800), being the consideration payable by the Share Subscriber for the Share Subscription
“Transactions”	collectively, the Share Subscription Agreement and the CB Subscription Agreement and the transactions contemplated thereunder (including the Voting Agreements and the grant of the Specific Mandate)
“Voting Agreements”	means (i) the shareholders voting agreement to be entered into by and between Youth Success, Mr. Yang, Ms. Mou and the Share Subscriber under the Share Subscription Agreement; and (ii) the shareholders voting agreement to be entered into by and between Youth Success, Mr. Yang, Ms. Mou and the CB Subscriber under the CB Subscription Agreement, and each a “Voting Agreement”
“%”	per cent

By Order of the Board
Creative China Holdings Limited
Philip Jian Yang
Chairman and Executive Director

Hong Kong, 19 June 2023

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the exchange rate of RMB1.00 to HK\$1.13.

As at the date of this announcement, the Board comprises Mr. Philip Jian Yang as executive Director; Mr. Yang Shiyuan, Mr. Ge Xuyu and Mr. Wang Yong as non-executive Directors; and Ms. Fu Yuehong, Mr. Yau Yan Yuen and Mr. Tan Song Kwang as independent non-executive Directors.

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.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at www.ntmediabj.com.

* *For identification purposes only*