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Chuanglian Holdings Limited

創聯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2371)

VOLUNTARY ANNOUNCEMENT

MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE SUBSCRIPTION

This is a voluntary announcement made by Chuanglian Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”).

THE POSSIBLE SUBSCRIPTION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 28 January 2022 (after trading hours), the Company entered into a memorandum of understanding (the “**MOU**”) with Artfluence Technology Limited (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) in relation to the possible subscription of new shares to be allotted and issued by the Target Company to the Company (or its nominee) (the “**Possible Subscription**”). It is expected that upon completion of the Possible Subscription, the Company (or its nominee) will be interested in a minimum of 55% and a maximum of 60% equity interests in the Target Company, with the final exact shareholding percentage to be determined and finalized in the formal agreement (the “**Formal Agreement**”).

The Target Company is a company incorporated in Hong Kong. The Target Group is principally engaged in the business of developing and operating a Augmented Reality (“**AR**”) NFT Marketplace. The Target Company is the first Visualised Non-fungible Token (“**NFT**”) luxury platform and marketplace that implies Extended Reality (“**XR**”) with NFT chain services for selected high-end partners. The Target Company’s mission is to provide comprehensive service to help luxury brands/KOL/celebrities successfully roll out their exclusive NFT collection with utility and endorsement to terminal customers in the forms of XR technology. The Target Company focuses on the luxury NFT platform and realize it between reality and metaverse by using Virtual Reality (“**VR**”), AR and Mixed Reality (“**MR**”) technology.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Target Company and its beneficial owners are third parties independent of the Company and its connected persons.

DUE DILIGENCE

After the signing of the MOU, the Company shall conduct a due diligence review on the financial, legal and other aspects of the Target Group (the "**Due Diligence Review**") which shall be completed within 45 days from the date of the MOU. The Company and the Target Company shall proceed with the signing of the Formal Agreement in relation to the Possible Subscription within 10 days after the Company has confirmed completion of its Due Diligence Review (the "**Long-stop Date**").

EXCLUSIVITY AND TERMINATION

During the period from the date of the MOU up to and inclusive of the Long-stop Date, the Target Company undertakes to the Company not to enter into discussions, negotiations, agreement (verbal or written) or understandings with any other third party in relation to the Possible Subscription.

The MOU shall terminate on the earlier of (i) the date when the Company informs the Target Company in writing of its intention to terminate the negotiation and discussion relating to the Possible Subscription; or (ii) failure by the Company and the Target Company to sign the Formal Agreement by the Long-stop Date.

UNDERTAKINGS BY THE TARGET COMPANY

During the period from the date of the MOU up to the date when the MOU is terminated (both days inclusive), the Target Company undertakes to the Company that, except as may be approved by the prior written consent of the Company,

- (a) the Target Company shall not issue or allot or agree to issue or allot any convertible securities or derivatives to its existing shareholders or any other third parties;
- (b) the Target Company shall not issue or allot or agree to issue or allot any share capital;
- (c) no share options or share awards will be granted or agreed to be granted under any share option scheme or employee incentive scheme of the Target Company, and no new share option schemes or incentive schemes are implemented; and
- (d) the Target Company shall not declare, authorise, make or pay any dividend or other distribution (whether in cash, stock or kind) to any person or reduce, purchase or redeem any part of its paid-up share capital.

NON-LEGALLY BINDING MOU

Save for certain provisions such as the provisions on exclusivity, termination, undertakings by the Target Company, confidentiality, fees and expenses and governing law, all other terms of the MOU are not intended to be legally binding.

REASONS FOR AND BENEFITS OF THE POSSIBLE SUBSCRIPTION

As disclosed in the announcements of the Company dated 8 June 2021 and 24 November 2021, the Board is highly interested in blockchain and cryptocurrency, which are of great development potential. Since 2021, NFT developed in a rocket-like speed over the world together with the demands over new visual technologies. The Board considered the Possible Subscription provides an opportunity for the Company to enter into the NFT field.

The Board further considered that the Possible Subscription presents a valuable investment opportunity to broaden the income base of the Group and thus enhance its corporate development.

GENERAL

In the event that the Possible Subscription materializes, it may constitute a notifiable transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Further announcement(s) will be made by the Company in accordance with the applicable requirements of the Listing Rules as and when appropriate.

Shareholders and potential investors should note that the Possible Subscription may or may not materialize as no formally binding documentation has been entered into and negotiations are still in progress. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Chuanglian Holdings Limited
Lu Xing
Chairman and executive Director

Hong Kong, 28 January 2022

As at the date of this announcement, the Board comprises Mr. Lu Xing (Chairman), Mr. Li Jia, Mr. Xu Dayong, Mr. Hu Dingdong, Mr. Zhang Jie and Mr. Song Bo as executive Directors; Mr. Leung Siu Kee, Mr. Wu Yalin and Ms. Wang Shuping as independent non-executive Directors.