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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)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF LEADING FORTUNE GLOBAL GROUP LIMITED

THE DISPOSAL AGREEMENT

The Board announces that on 4 August 2022 (after trading hours), CFTL, a wholly-owned subsidiary of the Company, entered into the Disposal Agreement with Mr. Pan, pursuant to which CFTL has conditionally agreed to sell, and Mr. Pan has conditionally agreed to purchase, the Sale Shares and the Loan at a Consideration of HK\$43,000,000.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Proposed Disposal exceed 5% but are less than 25%, the Proposed Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Pan is a director of Leading Fortune Global and Hong Kong Company, both are wholly-owned subsidiaries of the Company. Hence, Mr. Pan is a connected person of the Company at the subsidiary level and accordingly, the Proposed Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Mr. Pan is a connected person at the subsidiary level; (2) the Board has approved the Proposed Disposal; and (3) the independent non-executive Directors have confirmed that the terms of the Proposed Disposal are fair and reasonable and the Proposed Disposal is on normal commercial terms or better and in the interest of the Company and its Shareholders as a whole, the Proposed Disposal is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the Proposed Disposal is subject to satisfaction and/or waiver of a number of conditions precedent, the Proposed Disposal may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

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THE DISPOSAL AGREEMENT

Details of the Disposal Agreement are set out below:

Date

4 August 2022

Parties

- (1) 創聯金融科技有限公司Chuanglian Financial Technology Limited, a wholly-owned subsidiary of the Company, as the vendor
- (2) Mr. Pan, as the purchaser

Mr. Pan is currently a director of Leading Fortune Global and Hong Kong Company, and hence a connected person of the Company at the subsidiary level.

Assets to be disposed of

Pursuant to the Disposal Agreement, CFTL has conditionally agreed to sell and Mr. Pan has conditionally agreed to purchase, the Sale Shares and the Loan, at the Consideration of HK\$43,000,000. The Sale Shares represent the entire issued share capital of Leading Fortune Global.

Consideration

The Consideration of HK\$43,000,000 shall be settled by Mr. Pan to CFTL in the following manner:

- (1) 1st instalment: HK\$12,900,000 shall be payable by Mr. Pan to CFTL on the Completion Date;
- (2) 2nd instalment: HK\$12,900,000 shall be payable by Mr. Pan to CFTL on or before 30 September 2022;
- (3) 3rd instalment: HK\$8,600,000 shall be payable by Mr. Pan to CFTL on or before 31 December 2022; and
- (4) 4th instalment: HK\$8,600,000 shall be payable by Mr. Pan to CFTL on or before 31 March 2023.

Mr. Pan has the right to choose to settle any instalment of the Consideration in HK\$ cash or in the form of Eligible Cryptocurrency.

In the event Mr. Pan chooses to settle such instalment by way of Type A Eligible Cryptocurrency, the amount of Type A Eligible Cryptocurrency (in unit) payable by Mr. Pan to CFTL shall be calculated by the formula below:

$$X = \frac{A \div B}{C \times 70\%}$$

- X = amount of Type A Eligible Cryptocurrency (units)
- A = the amount of Consideration in HK\$ payable by Mr. Pan to CFTL for that instalment
- B = the Telegraphic Transfer Bank Buy rate for each USD against HK\$ as quoted by The Hong Kong and Shanghai Banking Corporation Limited at 12:00 noon (Hong Kong time) on the day when the instalment is paid
- C = the USD market price of such Type A Eligible Cryptocurrency as quoted on coinmarketcap.com at 12:00 noon (Hong Kong time) on the day when the instalment is paid

In the event Mr. Pan chooses to settle such instalment by way of Type B Eligible Cryptocurrency, the amount of Type B Eligible Cryptocurrency (in unit) payable by Mr. Pan to CFTL shall be calculated by the formula below:

$$Y = \frac{P \div Q}{R}$$

- Y = amount of Type B Eligible Cryptocurrency (units)
- P = the amount of Consideration in HK\$ payable by Mr. Pan to CFTL for that instalment
- Q = the Telegraphic Transfer Bank Buy Rate for each USD against HK\$ as quoted by The Hong Kong and Shanghai Banking Corporation Limited at 12:00 noon (Hong Kong time) on the day when the instalment is paid
- R = the USD market price of such Type B Eligible Cryptocurrency as quoted on coinmarketcap.com at 12:00 noon (Hong Kong time) on the day when the instalment is paid

The Consideration has been arrived at after arm's length negotiations between CFTL and Mr. Pan with reference to, among others, (a) the cash consideration paid by CFTL to Mr. Pan for the acquisition of Leading Fortune Global Group on 26 August 2021 (i.e. HK\$42,000,000) (the "**Previous Transaction**"); (b) the transaction costs incurred for the Previous Transaction and the Proposed Disposal; (c) the unaudited net assets value of Leading Fortune Global Group as at 30 June 2022; and (d) the Loan to be assigned by CFTL to Mr. Pan upon Completion is in the same amount as that assigned by Mr. Pan to CFTL in the Previous Transaction.

Based on the aforesaid, the Directors (including the independent non-executive Directors) are of the view that the Consideration (including the payment terms) is fair and reasonable and on normal commercial terms and that the entering into of the Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Proposed Disposal

Completion is conditional upon the following conditions precedent having been fulfilled or waived by Mr. Pan (as the case may be):

- (1) CFTL has, in compliance with its articles of association, obtained approvals in relation to the Proposed Disposal (including but not limited to the transactions contemplated under the Disposal Agreement) from its board of directors;
- (2) with regard to the entering into and performance of the Disposal Agreement, each of CFTL, Mr. Pan, Leading Fortune Global and its subsidiaries having obtained and completed all necessary consents, approvals and filings from or with any relevant governmental or regulatory authorities in the PRC, Hong Kong or other jurisdictions;
- (3) since the date of the Disposal Agreement, there being no material adverse effect to Leading Fortune Global Group which may affect the transactions contemplated under the Disposal Agreement; and
- (4) all the warranties and representations provided by CFTL under the Disposal Agreement remaining true and accurate and not misleading as at the date of Completion.

Mr. Pan has the right to waive any of the above conditions precedent in part or in full. In the event that any of the above conditions precedent is not fulfilled (or as the case may be, waived by Mr. Pan) on or before the Long Stop Date, the Disposal Agreement shall cease and terminate and none of the parties shall have any obligations towards the other parties.

Completion

Completion shall take place on the Completion Date.

Upon Completion, (1) CFTL shall assign the Loan owing to it by the WFOE to Mr. Pan; and (2) CFTL and Mr. Pan shall execute the Deed of Cancellation, pursuant to which the Promissory Note shall be cancelled by CFTL with effect from the date of the Deed of Cancellation.

FINANCIAL EFFECT OF THE PROPOSED DISPOSAL

Upon Completion, the Group will cease to hold any interest in Leading Fortune Global. Accordingly, Leading Fortune Global and its subsidiaries will cease to be subsidiaries of the Company and the assets and liabilities as well as the results of operation of the Leading Fortune Global Group will no longer be consolidated into the consolidated financial statements of the Group. As a result of the Proposed Disposal, the Company is expected to record a loss from the Proposed Disposal of approximately RMB11,122,000. In the Previous Transaction, Mr. Pan assigned to CFTL a loan (amounted to RMB52,925,400) owed by the WFOE to Mr. Pan. In the Proposed Disposal, the Loan in the same amount will be assigned back to Mr. Pan. The actual loss on the Proposed Disposal to be recorded is subject to audit and may be different from the estimated amount as it will depend on, amongst other factors, (i) the actual amounts of the assets and liabilities of the Leading Fortune Global Group as at the date of Completion; and (ii) the actual transaction costs incurred.

INFORMATION ON LEADING FORTUNE GLOBAL GROUP

Leading Fortune Global is an investment holding company incorporated in the British Virgin Islands. Leading Fortune Global, via its wholly-owned subsidiary, Hong Kong Company, is indirectly interested in 100% equity interests in the WFOE. CFTL acquired Leading Fortune Global Group from Mr. Pan on 26 August 2021 at a consideration of HK\$166,000,000, of which (a) HK\$42,000,000 has been paid by CFTL to Mr. Pan in cash on 26 August 2021; and (b) HK\$124,000,000 has been settled by CFTL by the issuance of the Promissory Note to Mr. Pan on 26 August 2021. Upon Completion, CFTL and Mr. Pan shall execute the Deed of Cancellation, pursuant to which the Promissory Note shall be cancelled by CFTL with effect from the date of the Deed of Cancellation.

As at the date of this announcement, Leading Fortune Global does not have any operations nor have any other major assets other than its indirect investment in the WFOE via Hong Kong Company.

Leading Fortune Global Group commences its business in June 2021 and is engaged in the provision of finance leases over high performance data processing computer units.

The following is the key financial information of Leading Fortune Global Group extracted from its unaudited consolidated management accounts for the year ended 31 December 2021 and the six months ended 30 June 2022:

	For the year ended 31 December 2021	For the six months ended 30 June 2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	7,118	10,908
Net profit before tax	6,501	10,377
Net profit after tax	4,813	8,664

As at 31 December 2021 and 30 June 2022, the unaudited net assets value of the Leading Fortune Global Group was approximately RMB4,814,000 and RMB13,478,000 respectively.

INFORMATION ON THE COMPANY, CFTL AND MR. PAN

The Company and its subsidiaries are principally engaged in the provision of the online training and education services and financial services.

CFTL is a wholly-owned subsidiary of the Company and is principally engaged in general investment holding.

Mr. Pan is a businessman with more than three years of experience in the financial leasing business.

REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

As disclosed in the Company's annual report issued on 26 April 2022, in September 2021, new rules and regulations in relation to cryptocurrencies were announced and imposed by the PRC authorities and the People's Bank of China unexpectedly. Although Leading Fortune Global was not directly affected by the new rules and regulations, Leading Fortune Global had reached a mutual consent with its customers to suspend the provision of information and computer technology and consulting services over the leased assets since then. While Leading Fortune Global has tried to reform its business model and negotiate with its customers to relocate its place of business operations, Leading Fortune Global's provision of information and computer technology and consulting services over the leased assets remains suspended as at the date of this announcement. In light of the dynamic regulatory environment, it is expected that the likelihood of Leading Fortune Global meeting the profit guarantee as stipulated in the sale and purchase agreement dated 29 July 2021 is slim. Having taking into consideration the increased regulatory risks and business risks in conducting finance lease business in the PRC, the Group considers that the Proposed Disposal would enable the Group to realize cash from its investment in Leading Fortune Global Group and apply the proceeds from the Proposed Disposal for general working capital and future business opportunities of the Group.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Proposed Disposal are fair and reasonable and the Proposed Disposal is on normal commercial terms or better and in the interest of the Company and its Shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the Disposal Agreement or is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the articles of association of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) of the Proposed Disposal exceed 5% but are less than 25%, the Proposed Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Pan is a director of Leading Fortune Global and Hong Kong Company, both are wholly-owned subsidiary of the Company. Hence, Mr. Pan is a connected person of the Company at the subsidiary level and accordingly, the Proposed Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, since (1) Mr. Pan is a connected person at the subsidiary level; (2) the Board has approved the Proposed Disposal; and (3) the independent non-executive Directors have confirmed that the terms of the Proposed Disposal are fair and reasonable and the Proposed Disposal is on normal commercial terms or better and in the interest of the Company and its Shareholders as a whole, the Proposed Disposal is subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As completion of the Proposed Disposal is subject to satisfaction and/or waiver of a number of conditions precedent, the Proposed Disposal may or may not proceed. Shareholders and investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of directors of the Company from time to time
“CFTL”	創聯金融科技有限公司Chuanglian Financial Technology Limited, a wholly-owned subsidiary of the Company
“Company”	Chuanglian Holdings Limited (創聯控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange

“Completion”	completion of the Proposed Disposal
“Completion Date”	the third business day immediately after (a) the day where all the conditions precedent are fulfilled and/or waived (where applicable); or (b) the Long Stop Date, whichever is the earlier, or such later date as agreed in writing by the parties to the Disposal Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	HK\$43,000,000
“Deed of Cancellation”	the deed of cancellation to be executed by CFTL and Mr. Pan on the Completion Date, pursuant to which the Promissory Note shall be cancelled with effect from the date of the Deed of Cancellation
“Director(s)”	the director(s) of the Company from time to time
“Disposal Agreement”	the sale and purchase agreement dated 4 August 2022 entered into between CFTL and Mr. Pan in relation to the Proposed Disposal
“Eligible Cryptocurrency”	collectively, Type A Eligible Cryptocurrency and Type B Eligible Cryptocurrency
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	瑞恩生物科技有限公司 Revinco Technology Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Leading Fortune Global
“Leading Fortune Global”	盛富環球集團有限公司 Leading Fortune Global Group Limited, a company incorporated in the British Virgin Islands and is wholly-owned by CFTL as at the date of this announcement
“Leading Fortune Global Group”	Leading Fortune Global and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the outstanding amount of RMB52,925,400 owed by the WFOE to CFTL as at the date of the Disposal Agreement

“Long Stop Date”	31 August 2022 or such later date as CFTL and Mr. Pan may agree in writing
“Mr. Pan”	Mr. Pan Ruixin (潘瑞欣)
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Promissory Note”	the promissory note in the principal amount of HK\$124,000,000 issued by CFTL to Mr. Pan on 26 August 2021
“Proposed Disposal”	the proposed disposal of the Sale Shares and the Loan by CFTL to Mr. Pan pursuant to the Disposal Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	100 shares in Leading Fortune Global, representing the entire issued share capital of Leading Fortune Global as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Type A Eligible Cryptocurrency”	cryptocurrency Bitcoin (BTC), Ethereum (ETH) or MXC
“Type B Eligible Cryptocurrency”	cryptocurrency USD Coin (USDC) or Tether (USDT)
“USD”	United States dollars, the lawful currency of the United States of America

“WFOE”

中昱融資租賃(深圳)有限公司(Zhongyu Financial Leasing (Shenzhen) Co., Ltd.*), a company established in the PRC on 22 January 2018 and is an indirect wholly-owned subsidiary of Leading Fortune Global

“%”

per cent.

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

Hong Kong, 4 August 2022

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

* *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*