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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)

SUPPLEMENTAL ANNOUNCEMENT

DISCLOSEABLE AND CONNECTED TRANSACTION IN RESPECT OF THE DISPOSAL OF LEADING FORTUNE GLOBAL GROUP LIMITED

Reference is made to the announcements of Chuanglian Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 4 August 2022, 1 September 2022, 30 September 2022, 1 December 2022, 23 December 2022, 3 January 2023, 31 March 2023 and 24 April 2023 (the “**Announcements**”) in relation to the Group’s disposal of Leading Fortune Global Group Limited. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

THE GROUP’S ASSESSMENT ON MR. PAN’S FINANCIAL CAPABILITY

As disclosed in the Announcements, at all material times, the Group has taken various steps to assess the financial capability of Mr. Pan in settling the Consideration, including but not limited to:

- (a) prior to the execution of the Disposal Agreement, the Group has reviewed the amount of current outstanding debts of Mr. Pan, Mr. Pan’s historical repayment record as shown in the personal credit report of Mr. Pan issued by the Credit Reference Centre of the People’s Bank of China, and the amount of cryptocurrencies balances in Mr. Pan’s digital wallets. According to those records, Mr. Pan has good credit record with no material default history and the value of cryptocurrencies then held by Mr. Pan less his then outstanding loans was approximately 1.2 times of the Consideration;
- (b) since Mr. Pan’s default of the repayment of the Second Instalment by 22 January 2023, the Group has enquired Mr. Pan’s reasons for delaying the repayment,

conducted further due diligence on Mr. Pan's financial capability in settling the outstanding instalments, reviewed the composition and value of Mr. Pan's personal assets (including the amount of cryptocurrencies balances in Mr. Pan's digital wallets), reviewed the latest market development and trends for various types of cryptocurrencies.

In addition, on 23 December 2022, Mr. Pan executed the Share Charge in favour of CFTL over the entire issued share capital of Leading Fortune Global (the "**Charged Shares**") to secure his payment obligations under the Amended Disposal Agreement and the Share Charge shall be released upon full settlement by Mr. Pan of all his payment obligations under the Amended Disposal Agreement.

In order to safeguard the value of the Charged Shares, pursuant to the Share Charge, Mr. Pan has provided certain customary undertakings to CFTL, including but not limited to, during the term of the Share Charge, unless with the prior written consent of CFTL, (a) Mr. Pan shall not create or attempt or agree to create or permit to arise or exist any encumbrance over the Charged Shares or any interest therein or otherwise assign, deal with or dispose of the Charged Shares (except under or pursuant to the Share Charge); and (b) Mr. Pan shall not do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value of the Charged Shares. In addition, the Company will also make enquiries with Mr. Pan on whether there is any material adverse change to the business and financial position of Leading Fortune Global Group from time to time.

Irrespective the fact that as at the date of this announcement, (i) HK\$9,220,000 of the Second Instalment remains overdue; and (ii) the entire amount of the Third Instalment of HK\$8,600,000 remains overdue, the Share Charge remains valid and effective. It is a term of the Share Charge that it will remain valid and effective until Mr. Pan discharges his payment obligations under the Amended Disposal Agreement in full. According to the terms of the Share Charge, in the event where Mr. Pan fails to settle his payment obligations under the Amended Disposal Agreement in full within 210 days from the Completion Date (i.e. on or before 21 July 2023, the "**Final Due Date**") (the "**Event of Default**"), Mr. Pan agrees to transfer the Charged Shares to CFTL or CFTL has the right to dispose the Charged Shares and use the proceeds from such disposal to offset any debts then owed by Mr. Pan and the cost incurred by CFTL in connection with such disposal.

As such, if Mr. Pan fails to settle his payment obligations under the Amended Disposal Agreement in full by the Final Due Date, in addition to commencing legal proceedings to demand Mr. Pan to settle any overdue debts in full, CFTL is also entitled to enforce the Share Charge via either requiring Mr. Pan to transfer the Charged Shares to CFTL (i.e. restoring CFTL to its original position before Completion as the sole shareholder of Leading Fortune Global) or dispose the Charged Shares and use the proceeds from such disposal to offset any debts then owed by Mr. Pan and the cost incurred by CFTL in connection with such disposal.

STATUS UPDATE ON THE SETTLEMENT OF THE CONSIDERATION AND THE GROUP'S FOLLOW-ACTIONS IN RESPECT OF THE OVERDUE PAYMENT

As at the date of this announcement, the Overdue Sum and the Third Instalment (collectively, the “**Outstanding Amount**”) remain overdue by Mr. Pan.

To safeguard the interests of the Company and its shareholders, the Company has sought legal advices from its Hong Kong legal advisers in respect of the actions which CFTL may adopt to recover the Outstanding Amount. The Group will, together with its legal advisers, take necessary and appropriate steps to demand immediate repayment of the Outstanding Amount by Mr. Pan as soon as possible. Such steps include but not limited to:

- (a) the Company will continue sending overdue reminders by mail and email to Mr. Pan;
- (b) the Company will continue following up with Mr. Pan on his repayment status via phone calls;
- (c) CFTL will continue issuing demand letters to Mr. Pan requesting him to settle the Outstanding Amount immediately;
- (d) the Group has instructed its Hong Kong legal advisers to issue legal demand letter to Mr. Pan requesting him to settle the Outstanding Amount immediately and will instruct its Hong Kong legal advisers to take follow-up actions where appropriate. As at the date hereof, the Company's Hong Kong legal advisers has issued a legal demand letter to Mr. Pan;
- (e) the Company will repeatedly send reminders via mail, emails and phone calls, to Mr. Pan to remind him to settle the fourth instalment of the Consideration (the “**Fourth Instalment**”) by the Final Due Date; and
- (f) if the event where the Outstanding Amount and the Fourth Instalment are not fully settled by the Final Due Date, the Group will seek further legal advice from its Hong Kong legal advisers and instruct them to take appropriate actions to recover any then outstanding sum via commencement of legal proceedings and/or enforcement of the Share Charge.

In considering the course action, the Company has taken into consideration the cost and time involved with respect to the various possible course of actions. To the extent possible, the Company would like to resolve the matter with least costs incurred. Given the Fourth Instalment is not yet due and in the event Mr. Pan dishonors the settlement of the Fourth Instalment by the Final Due Date, from a costs perspective, it would be in the interests of the Company and its Shareholders to commence legal proceedings in the event where the Outstanding Amount and/or the Fourth Instalment are not fully settled by the Final Due Date instead of starting legal proceeding in respect of the Outstanding Amount now and commence another legal proceeding in respect of the Fourth Instalment if it eventually becomes overdue. Furthermore, CFTL reserves the right to enforce the Share Charge in the case the Event of Default occurs.

In light of the actions taken by the Group at the relevant times and the proposed actions to be taken by the Group to demand the immediate repayment of the Outstanding Amount by Mr. Pan, the Board is of the view that it has, at all material times, taken appropriate measures to safeguard the interests of the Company and its shareholders as a whole and fulfil their fiduciary duties as required under Rule 3.08 and 3.09 of the Listing Rules.

Further announcement(s) will be made by the Company as and when appropriate.

By order of the Board
Chuanglian Holdings Limited
Zhang Jie
Executive Director

Hong Kong, 29 May 2023

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