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The information set out below in this announcement is provided for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

Creative Enterprise Holdings Limited

創毅控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3992)

ANNOUNCEMENT

PURSUANT TO
RULE 3.7 OF THE TAKEOVERS CODE,
RULE 13.09 OF THE LISTING RULES AND
THE INSIDE INFORMATION PROVISIONS
UNDER PART XIVA OF
THE SECURITIES AND FUTURES ORDINANCE

Financial adviser to the Company



DRACO CAPITAL LIMITED

INTRODUCTION

This announcement is made by Creative Enterprise Holdings Limited (the “**Company**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers issued by the Securities and Futures Commission (the “**Takeovers Code**”) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (“**SFO**”).

THE MOU AND POSSIBLE SALE AND PURCHASE OF SHARES OF THE COMPANY

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, as informed by Genesis Group Limited (“**Genesis Group**”), a controlling shareholder of the Company, on 11 December 2020 Genesis Group entered into a memorandum of understanding (the “**MOU**”) with

Sinotrans Shipping (Holdings) Limited (“SSH”) (acting for itself and its nominee) (the “**Potential Purchaser**”) in relation to the possible sale and purchase of ordinary shares of the Company (the “**Shares**”).

SSH is a wholly-owned subsidiary of China Merchants Group Limited. To the best knowledge of the Directors based on the available information after making reasonable enquiries, SSH, China Merchants Group Limited and their respective beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Pursuant to the MOU, the Potential Purchaser intends to purchase, and Genesis Group intends to sell, 267,562,500 Shares, being the entire number of Shares held by Genesis Group and representing approximately 53.51% of the entire issued share capital of the Company as at the date of this announcement (the “**Possible Transaction**”).

The Possible Transaction is subject to further negotiation and execution of a formal sale and purchase agreement between the parties (the “**Share Purchase Agreement**”). Under the MOU, Genesis Group shall not, among other things, directly or indirectly discuss, negotiate or agree with any party other than the Potential Purchaser relating to the Possible Transaction for a period of five months from and inclusive of the date of the MOU (or such period as the parties thereto may otherwise agree in writing) (the “**Exclusivity Period**”). The MOU shall terminate upon (i) execution of the Share Purchase Agreement, (ii) mutual agreement in writing by the Potential Purchaser and Genesis Group, or (iii) expiry of the Exclusivity Period, whichever is the earliest.

Pursuant to the MOU, SSH shall pay an earnest money of HK\$20,000,000 (the “**Earnest Money**”) upon the signing of the MOU which will be held in escrow. On the date of signing the MOU, SSH, Genesis Group and an escrow agent also entered into the escrow agreement (the “**Escrow Agreement**”) governing the payment, holding and release of the Earnest Money. The Earnest Money will be fully released to the Potential Purchaser upon the occurrence of any of the following events: (i) the Share Purchase Agreement is signed, (ii) the parties thereto mutually agree in writing not to proceed with the Possible Transaction and/or to terminate the MOU, (iii) the Share Purchase Agreement is not entered into before expiry of the Exclusivity Period, or (iv) when any Event of Default (as defined below) is triggered.

If the Potential Purchaser terminates the MOU before expiry of the Exclusivity Period (except such termination is due to any default or action of Genesis Group or the Company with a material adverse effect or due to material change in law, rule or regulation, government sanctions or other force majeure events), Genesis Group is entitled to forfeit the Earnest Money.

Genesis Group shall pay an amount of HK\$40,000,000, which includes the refund of the Earnest Money and a payment of HK\$20,000,000, to SSH if any of the following events (each an “**Event of Default**”) occurs: (i) Genesis Group refuses to proceed with the Possible Transaction or otherwise withdraws from negotiations with the Potential Purchaser during the Exclusivity Period, except as required by any mandatory provisions of applicable laws, (ii) Genesis Group refuses to cooperate or

perform its obligations under the MOU, (iii) Genesis Group fails to comply with the applicable provisions of the MOU, or (iv) Genesis Group acts in any way which is detrimental or prejudicial to the interests of the Company and its subsidiaries.

Pursuant to the MOU, SSH may assign its rights or obligations under the MOU with the prior consent of Genesis Group (such consent not to be unreasonably conditioned, withheld or delayed). SSH shall have the right to nominate another group entity of China Merchants Group Limited to enter into the Share Purchase Agreement with prior notification given to Genesis Group.

As informed by SSH, China Merchants Property Operation and Service Co., Ltd.* (“**CMPOS**”), an indirect-owned subsidiary owned as to 51.16% by China Merchants Group Limited and the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 001914.SZ), may be considered to be the potential purchaser under the Share Purchase Agreement. For the avoidance of doubt, the Company is aware that no final decision has been made by SSH on the identity of the potential purchaser under the Share Purchase Agreement as at the date of this announcement.

The MOU does not create legally binding obligations on the parties in relation to the Possible Transaction, but is legally binding as to such terms relating to, among other things, Exclusivity Period, Earnest Money, confidentiality, assignment, nomination, termination, costs and governing law.

Save for the MOU and the Escrow Agreement, no other formal or legally binding agreement has been entered into between Genesis Group and the Potential Purchaser or any other parties in respect of the Possible Transaction as at the date of this announcement.

If the Possible Transaction materialises, it will lead to a change in control of the Company and a mandatory general offer under Rule 26.1 of the Takeovers Code. As at the date of this announcement, no formal agreements have been entered into in respect of the Possible Transaction, and the negotiation thereof is still in progress and the Possible Transaction may or may not proceed.

RELEVANT SECURITIES OF THE COMPANY

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000.00 divided into 10,000,000,000 Shares of HK\$0.01 each, and the Company has 500,000,000 ordinary Shares in issue. Save as aforementioned, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

As at the date of this announcement, Genesis Group is the legal and beneficial owner of 267,562,500 Shares, representing approximately 53.51% of the entire issued share capital of the Company. The issued shares of Genesis Group are owned as to approximately 17.17%, 16.26%, 14.02%, 11.21%, 10.51%, 7.00%, 7.00%, 6.31%, 5.61% and 4.91% by Mr. Lee Siu Wah Albert, Mr. Poon Kin Leung, Mr. Wu Ka Chai, Mr. Lai Wai Man, Mr. Wong Wai Hung, Mr. Ho Io Tong, Mr. Lam Siu Hung Christopher, Mr. Tang Kin Sing, Mr. Wong King Cheung and Mr. Poon Sing Chit respectively (collectively, the “**Genesis Group Shareholders**”). Pursuant to a deed of acting in concert dated 5 November 2018 executed by the Genesis Group Shareholders in relation to their confirmation of the

existence of certain acting in concert arrangements, each of the Genesis Group Shareholders are considered as a group of shareholders of the Company acting-in-concert and they are deemed to be interested in the aforesaid Shares legally and beneficially held by Genesis Group pursuant to Part XV of the SFO.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly update announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 14 December 2020.

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company and the Potential Purchaser (as defined in the Takeovers Code, including among others, shareholders of the Company and the Potential Purchaser having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and the Potential Purchaser) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

WARNING: THERE IS NO ASSURANCE THAT THE POSSIBLE TRANSACTION WILL MATERIALISE OR EVENTUALLY BE CONSUMMATED AND THE RELEVANT DISCUSSIONS MAY OR MAY NOT LEAD TO A GENERAL OFFER UNDER RULE 26.1 OF THE TAKEOVERS CODE. SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR STOCK BROKERS, BANK MANAGERS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS.

By Order of the Board of
Creative Enterprise Holdings Limited
Poon Kin Leung
Chairman and Executive Director

Hong Kong, 14 December 2020

As at the date of this announcement, the Board comprises Mr. Poon King Leung, Mr. Lee Siu Wah Albert, Mr. Lam Siu Hung Christopher, Mr. Wong King Cheung, Mr. Lai Wai Man and Mr. Wu Ka Chai as executive Directors, and Mr. Wong Chung Kin Quentin, Mr. Tang Yiu Ming and Mr. Wong Si Yuen as independent non-executive Directors.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.