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China Creative Digital Entertainment Limited

中國創意數碼娛樂有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 8078)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



KOALA Securities Limited

樹熊證券有限公司

On 11 November 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place through the Placing Agent up to 65,000,000 Placing Shares to not less than six Places at the Placing Price of HK\$0.05 per Placing Share on a best effort basis.

Assuming that there will be no change in the total issued Shares of the Company between the date of this announcement and the Completion Date and the maximum of 65,000,000 Placing Shares are successfully placed, the maximum number of the Placing Shares of up to 65,000,000 Placing Shares represents (i) 19.96% of the existing issued Shares of the Company; and (ii) approximately 16.64% of the total issued Shares of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be approximately HK\$3,250,000 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) will be approximately HK\$3,040,000.

Completion is conditional on (a) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and (b) the obligations of the Placing Agent under this Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

An application will be made by the Company to the Stock Exchange for the grant of listing of, and permission to deal in, the Placing Shares.

GENERAL MANDATE

The Placing Shares will be issued under the General Mandate, pursuant to which the Directors are authorised to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 5 November 2021. As at the date of this announcement, no part of the General Mandate has been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

Given that the Completion is subject to the fulfilment of the Conditions, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

On 11 November 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company agreed to place through the Placing Agent up to 65,000,000 Placing Shares to not less than six Placées at the Placing Price of HK\$0.05 per Placing Share on a best effort basis.

THE PLACING AGREEMENT

Principal terms of the Placing Agreement are summarised as follows:

Date: 11 November 2021 (after trading hours)

Parties: (i) the Company; and

(ii) the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is an Independent Third Party.

The Placing

Upon the terms and subject to the conditions as set out in the Placing Agreement, the Placing Agent conditionally agreed to procure not less than six Placees on a best effort basis to subscribe for up to 65,000,000 Placing Shares at the Placing Price of HK\$0.05 per Placing Share during the Placing Period.

Placees

Pursuant to the terms of the Placing Agreement, the Company shall appoint the Placing Agent as its exclusive agent to procure Placing for the Placing Shares on a best effort basis to not less than six independent professional, institutional or other investors to subscribe for the Placing Shares.

The Placing Agent undertakes to use its best endeavours to procure that the Placing Shares shall only be placed to each of the Placee(s) and/or their respective ultimate beneficial owner(s) who or which is a third party independent of and not connected with, or is not acting in concert with, the Company as well as its connected persons (including but not limited to the directors, chief executive, controlling shareholders and substantial shareholders of the Company and its subsidiaries and their respective associate(s)).

Placing Shares

The Placing Agent conditionally agreed to place a maximum of 65,000,000 Placing Shares on a best effort basis during the Placing Period.

As at the date of this announcement, the Company has 325,607,779 Shares in issue. Assuming that there will be no change in the number of the total issued Shares between the date of this announcement and the Completion Date and the maximum of 65,000,000 Placing Shares are successfully placed, the maximum number of Placing Shares of up to 65,000,000 Placing Shares represents (i) 19.96% of the existing issued Shares; and (ii) approximately 16.64% of the total Shares as enlarged by the allotment and issue of the Placing Shares.

The aggregate nominal value of the Placing Shares will be HK\$650,000.

The Placing Shares, when issued and fully paid up, shall rank pari passu in all respects with all other Shares in issue.

Placing Price

The Placing Price of HK\$0.05 represents:

- (a) a discount of approximately 16.67% over the closing price of HK\$0.06 per Share quoted on the Stock Exchange on 11 November 2021, being the date of the Placing Agreement; and
- (b) a discount of approximately 13.49% to the average closing price of HK\$0.0578 per Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market price, the recent trading volume of the Shares and the prospects of the Company.

The estimated expenses for the Placing are approximately HK\$210,000, comprising placing commission and other fees, costs, charges and expenses of the Placing. Assuming that all the Placing Shares could be placed successfully, the net price of each Placing Share is approximately HK\$0.047 per Placing Share.

Commission

Upon Completion, a placing commission of 5% of the aggregate amount equal to the Placing Price multiplied by the actual number of the Placing Shares being placed by the Placing Agent is payable to the Placing Agent. The Placing Agent is authorised to deduct the full amount of such placing commission, documentation fee and all reasonable fees and expenses incurred by the Placing Agent in connection with the Placing as well as the Stock Exchange trading fee, SFC transaction levy and CCASS stock settlement fee (if any) from the payment to be made by the Placing Agent to the Company at the Completion pursuant to the Placing Agreement. Assuming all the Placing Shares have been placed, the maximum commission payable by the Company to the Placing Agent shall be approximately HK\$162,500.

The placing commission under the Placing Agreement was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market conditions.

Conditions

Completion of the Placing is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (ii) the obligations of the Placing Agent under this Placing Agreement becoming unconditional and not being terminated in accordance with the terms hereof, including provisions regarding force majeure events.

Both the Company and the Placing Agent shall use their reasonable endeavours to procure the fulfillment of the Conditions. In the event that the Conditions are not fulfilled (or waived as the case may be) on the Long Stop Date, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties hereunder will forthwith cease and determine and no party will have any claim against the other (save for any antecedent breaches hereof).

Completion

Completion shall take place within five Business Days after the fulfilment of the Conditions (or such later date as may be agreed between the Company and the Placing Agent in writing).

Upon Completion, the Company shall deliver share certificates of the Placing Shares to the Placing Agent or arrange the Placing Shares to be issued in the name of HKSCC Nominees Limited and deposited into CCASS for the credit of the Placees' designated investor participants' or CCASS participants' stock accounts (as the case may be).

No later than five Business Days after the Completion Date, the Placing Agent shall deliver to the Company the net proceeds from the Placing by way of a cheque or telegraphic transfer or bank transfer after deduction of the Stock Exchange trading fee, SFC transaction levy, CCASS stock settlement fee (if any) and any other fees payable by the Company in respect of the Placing Shares undertaken by the Placing Agent as well as the fees and expenses payable by the Company as mentioned in above section "Commission" from the proceeds of the Placing.

Termination of the Placing

The Placing Agreement shall be terminated upon the earlier of (a) the Long Stop Date if the Conditions have not been satisfied (or waived as the case may be) and (b) the termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Placing Agent shall formally notify the Company in writing in accordance with the terms of the Placing Agreement.

Pursuant to the terms of the Placing Agreement, the Placing Agent shall be entitled to terminate the Placing Agreement by giving written notice to the Company up to 8:00 a.m. on the Completion Date, if

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in this Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon termination of the Placing Agreement, all liabilities of the parties shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

GENERAL MANDATE

The Placing Shares will be issued under the General Mandate, pursuant to which the Directors are authorised to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 5 November 2021. As at the date of this announcement, no part of the General Mandate has been utilised by the Company. Accordingly, the Placing is not subject to the Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is a company incorporated in Bermuda with limited liability, and the Group is principally engaged in the entertainment business, with a focus in television program and movie production, distribution and distribution licensing in both Hong Kong and the PRC, artists management and money lending activities.

As disclosed in the annual report of the Group for the year ended 30 June 2021, the Group recorded net current liabilities and net liabilities of approximately HK\$1,210.5 million and approximately HK\$1,189 million as at 30 June 2021 respectively while the bank balances and cash of the Group amounted to approximately HK\$4.7 million as at 30 June 2021. The auditors of the Group issued a disclaimer of opinion on the consolidated financial statements of the Group for the year ended 30 June 2021 because of multiple fundamental uncertainties relating to going concern.

In view of the abovementioned situations and given that the General Mandate has been granted to the Directors to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 5 November 2021, which would provide the Company with the flexibility and ability to capture appropriate capital raising or business opportunities in a timely manner, the Company intends to utilise the General Mandate and to conduct a fund raising exercise by way of Placing.

The Directors consider that the Placing offers a good and flexible opportunity to raise further capital in a relatively cost-effective and time efficient manner as well as to improve the financial position of the Group. The Directors consider that the terms of Placing Agreement (including but not limited to the Placing Price and the placing commission) are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares have been placed, the gross proceeds of the Placing will be approximately HK\$3,250,000 and the net proceeds (after deduction of placing commission and other fees, costs, charges and expenses of the Placing) will be approximately HK\$3,040,000.

The Company intends to apply all the net proceeds from the Placing to the Group's business operations and general working capital.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after the Completion are as follows:

Shareholders	Immediately before the Completion		Immediately after the Completion	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shiu Stephen Junior	22,297,676	6.85	22,297,676	5.71
AID Treasure Investment Limited	30,149,720	9.25	30,149,720	7.72
Places	–	–	65,000,000	16.64
Other Public Shareholders	<u>273,160,383</u>	<u>83.90</u>	<u>273,160,383</u>	<u>69.93</u>
Total:	<u>325,607,779</u>	<u>100.00</u>	<u>390,607,779</u>	<u>100.00</u>

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

Date of Initial Announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
9 July 2021	Placing of new shares under general mandate	HK\$3,030,000	The Group's business operations and general working capital	Used as intended

GENERAL

An application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Given that Completion is subject to the fulfilment of the Conditions, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC (as may be amended from time to time)
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Director(s)
“Business Day”	a day (excluding a Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours
“chief executive”	has the meaning ascribed to it under the GEM Listing Rules
“Company”	China Creative Digital Entertainment Limited, a company incorporated in the Bermuda with limited liability and the issued Shares of which are listed on the GEM (stock code: 8078)
“Completion”	the completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	the date falling within five Business Days following the day on which the Conditions are satisfied (or such later date as may be agreed between the parties hereto in writing)
“Conditions”	conditions precedent to the Completion as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and otherwise deal with up to 20% of the then issued Shares as at the annual general meeting of the Company held on 5 November 2021
“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 Third Party(ies)”	person(s) or entity(ies) who is (are) third party(ies) independent of, and not connected with, the Company and any of its connected persons
“Long Stop Date”	2 December 2021 (or such later date as may be agreed by the parties to the Placing Agreement in writing)
“Placee(s)”	any independent professional, institutional or other investors procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of the Placing Shares to the Placee(s) pursuant to the Placing Agreement
“Placing Agent”	Koala Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 11 November 2021 entered into between the Company and the Placing Agent in respect of the Placing

“Placing Period”	the period commencing from the date of the Placing Agreement and ending on the Completion Date (both dates inclusive)
“Placing Price”	HK\$0.05 per Placing Share (together with the Stock Exchange trading fee, SFC Commission, SFC transaction levy and CCASS stock settlement fee as may be payable by the Placees)
“Placing Share(s)”	a total of up to a maximum of 65,000,000 Placing Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as may be amended from time to time
“Share(s)”	ordinary share(s) of a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“%”	per cent

By order of the Board
China Creative Digital Entertainment Limited
Shiu Stephen Junior
Chairman

Hong Kong, 11 November 2021

As at the date hereof, the Board comprises Mr. Shiu Stephen Junior (Chairman), Mr. Sun Lap Key, Christopher, Mr. Lee Wing Ho, Albert as Executive Directors; Mr. Lee Wing Lun, Mr. Lee King Fui and Mr. Lee Lun Cheong 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 GEM website at www.hkgem.com on the “Latest Company Announcements” page for seven days from the day of its posting and on the website of the Company at www.china3d8078.com.