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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)

VOLUNTARY ANNOUNCEMENT IMPACT OF LEGAL ACTIONS AGAINST THE DIRECTOR ON BUSINESS OPERATION

This announcement is made by China Creative Digital Entertainment Limited (the “**Company**”, and together with its subsidiaries, collectively referred to as the “**Group**”) on a voluntary basis.

The Company has come to notice that a number of legal actions (the “**Legal Actions**”) have been commenced in the courts of Hong Kong since 10 August 2022 against Mr. Shiu Stephen Junior (“**Mr. Shiu**”), the chairman and executive Director of the Company and a shareholder who is interested in approximately 5.71% issued shares of the Company as at the date of this announcement, in particular, a petition for bankruptcy entitled HCB 4834/2022 (the “**Petition**”) was commenced by Capital Union Inc. on 5 September 2022 in the Court of First Instance of the High Court of Hong Kong against Mr. Shiu.

Following the notice, the Company has reviewed its current debts and liabilities and has identified that the Company has a number of outstanding debts, convertible bonds and promissory notes in the aggregate outstanding principal amount of approximately HK\$545 million, of which Mr. Shiu has provided his personal guarantee as security. The Petition constitutes an event of default under the relevant financing documents of such debts, convertible bonds and promissory notes and the creditors can demand immediate repayment from the Company. As at the date of this announcement, the Company has insufficient cash resources to settle all its debts and liabilities. If the demand for immediate repayment of such debts, convertible bonds and promissory notes is materialised, it is expected that it will have a material adverse impact on the financial performance and business operation of the Company.

The Company has been notified by Mr. Shiu that he has been in continuing discussion with the plaintiffs for the settlement and withdrawal of the Legal Actions against him. Under such circumstances, the Group will use its best endeavours to liaise with its creditors and Mr. Shiu for the settlement and withdrawal of the relevant legal actions against him.

The board of directors of the Company will continue to assess the impact of the Legal Actions and the Petition on the financial performance and business operation of the Group, while closely monitoring the development of the Legal Actions and the Petition and the risks and uncertainties faced by the Group as a result of the Legal Actions and the Petition. The Company will take appropriate measures as necessary and make further announcements as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 7 September 2022

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 Listed Company Information” page for seven days from the day of its posting and on the website of the Company at www.china3d8078.com.