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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 MARCH 2020

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*This announcement, for which the directors (the "**Directors**") of China Creative Digital Entertainment Limited (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("**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.*

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION REVIEW

The Company and its subsidiaries (collectively referred to as the "Group") reported a total revenue for continuing operations of approximately HK$81.9 million for the nine months ended 31 March 2020 (the "Nine-month Period"), compared with approximately HK$46.9 million (restated) for the corresponding period in 2019. For the Nine-month Period, a loss attributable to owners of the Company of approximately HK$198.7 million was recorded whilst in the corresponding period of last year, a loss attributable to owners of the Company of approximately HK$1,486.9 million (restated) was recorded.

For the continuing operations during the Nine-month Period, artiste management services contributed a revenue of approximately HK$2.75 million (2019: HK$5.02 million (restated)). The revenue from entertainment business was approximately HK$71.6 million (2019: HK$16.9 million (restated)). The revenue from the money lending business was approximately HK$7.5 million (2019: HK$25 million (restated)). The revenue from the discontinued operations was Nil (2019: HK$71.1 million (restated)).

BUSINESS REVIEW

Due to the uncertainties in the global economy, in particular those arising from the ongoing US-China trade tension as well as the recent social unrest in Hong Kong since late June 2019 and the outbreak of coronavirus disease 2019 (COVID-19) spread all over the world, which continued to affect the consumption as well as the lifestyle and entertainment industry in Hong Kong and the mainland China. The effects of the coronavirus are hitting China's box office hard as shuttered theatres force studios to delay and even cancel Chinese movie premieres that were scheduled over the all-important Lunar New Year holiday season and up to today even if the number of case of coronavirus infections have been controlled in Hong Kong and mainland China, when those theatres business will bounce back is unknown. Hence, the overall business environment will become more challenging in the forthcoming year.

During the Nine-month Period under review, the Group is continuously engaged mainly in the cultural and entertainment business in Greater China. Despite of the cultural and entertainment industry in the mainland China was under tremendous challenges for the coming year, the Group will invest more resources in media content creation, movie production and movie distribution business segments. In view of the rapid global development in media contents and the rising popularity of new media platforms among the mobile and internet users, we hope to continue developing the quality media contents with the advantages of the existing platform resources and to thrive in the cultural and entertainment business.

The Group will take cautious and conservative approaches in managing its business segments with the aim to reduce market risks and achieve a better return to the Company and shareholders.

Despite of the cultural and entertainment market in mainland China was affected by artist taxation issues and the changes of movie regulatory approval policies in the past year, the Group still prudently invested in film rights and produced films, television programmes in order to cope with the increasing demand for quality media contents in the Greater China market. The Group continues to create quality media contents and distribute the contents on new media platforms.

The Group will continue to put relentless efforts on our talented artists by tailor-made job arrangements and career path planning. Our artists will be entitled in our film and online television programme production as a synergy among our business segments.

CAPITAL STRUCTURE

For the Nine-month Period, there is no change of the capital structure of the Company. The issued shares of the Company is 271,407,779 shares.

CONTINGENT LIABILITIES

HMV Marketing Limited, a wholly-owned subsidiary of the Group, had entered into operation agreements in 2017 with an independent third party (the "Business Partner"), a PRC company principally engaged in property and shopping mall management, to develop not less than 20 shopping malls with HMV brand. Following the winding up of HMV Marketing Limited, the operation agreements is subject to uncertainty of execution. The Business Partner and the Group have not entered into any new arrangement after the winding-up of HMV Marketing. During the year ended 30 June 2019, the Group received in aggregate HK$40,000,000 from the Business Partner according to the operation agreements, which was also subject to uncertainty.

RESULTS

The Board announces the unaudited condensed consolidated results of the Group for the three months and nine months period ended 31 March 2020 together with the comparative unaudited figures for the corresponding period in 2019 are as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 31 March 2020

		For the three months ended 31 March		For the nine months ended 31 March	
	Notes	**2020**	2019	**2020**	2019
		HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
Continuing operation					
Revenue	*3*	**40,722**	13,188	**81,861**	46,886
Other income		**141**	12,886	**3,792**	25,381
Cost of sales		**(53,110)**	(14,535)	**(93,942)**	(42,730)
Selling and distribution costs		**(3,421)**	(3,914)	**(66,372)**	(9,895)
Administrative expenses		**(12,742)**	(15,704)	**(38,681)**	(41,521)
Other operating expenses		**–**	(44,173)	**–**	(44,173)
Net provision for expected credit loss on trade receivables		**(1,981)**	–	**4,282**	–
Net provision for expected credit loss on loan receivables		**(329)**	–	**21,366**	–
Impairment loss on the investment in an associate		**–**	–	**(22,780)**	(12,845)
Change in fair value of investments at fair value through profit or loss		**110**	(31,761)	**(5,157)**	(5,211)
Finance costs		**(23,736)**	(41,152)	**(81,107)**	(63,249)
Share of results of associates		**(1,039)**	(10,124)	**(3,849)**	(2,954)
Loss before taxation from continuing operation		**(55,385)**	(135,289)	**(200,587)**	(150,311)
Taxation	*4*	**–**	–	**–**	21
Loss for the period from continuing operation		**(55,385)**	(135,289)	**(200,587)**	(150,290)
Discontinued operations					
Loss for the period from discontinued operation		**–**	(1,255,394)	**–**	(1,337,488)
Loss for the period		**(55,385)**	(1,390,683)	**(200,587)**	(1,487,778)
Loss for the period attributable to:					
Owners of the Company		**(54,894)**	(1,390,273)	**(198,671)**	(1,486,913)
Non-controlling interests		**(491)**	(410)	**(1,916)**	(865)
		(55,385)	(1,390,683)	**(200,587)**	(1,487,778)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

For the three months and nine months ended 31 March 2020

		For the three months ended 31 March		For the nine months ended 31 March	
	Notes	**2020**	2019	**2020**	2019
		HK$'000	HK$'000	**HK$'000**	HK$'000
			(Restated)		(Restated)
Other comprehensive (loss)/income					
Exchange differences on translating foreign operation		**66**	4,477	**166**	2,264
Share of other comprehensive (loss)/income of an associate		**–**	(27)	**26**	1,277
Change in fair value of investments at fair value through other comprehensive income		**–**	(1,221)	**(1,500)**	(8,170)
Total other comprehensive (loss)/income for the period, net of income tax		**66**	3,229	**(1,308)**	(4,629)
Total comprehensive loss for the period		**(55,319)**	(1,387,454)	**(201,895)**	(1,492,407)
Total comprehensive loss for the period attributable to:					
Owners of the Company		**(54,828)**	(1,387,044)	**(199,979)**	(1,491,542)
Non-controlling interests		**(491)**	(410)	**(1,916)**	(865)
		(55,319)	(1,387,454)	**(201,895)**	(1,492,407)
Loss per share					
From continuing and discontinued operations					
– basic	*5a*	**(HK$20.23 cents)**	(HK$5.14)	**(HK$73.2 cents)**	(HK$5.5)
– diluted	*5a*	**(HK$20.23 cents)**	(HK$5.14)	**(HK$73.2 cents)**	(HK$5.5)
From continuing operations					
– basic	*5b*	**(HK$20.23 cents)**	(HK$49.87 cents)	**(HK$73.2 cents)**	(HK$55.24 cents)
– diluted	*5b*	**(HK$20.23 cents)**	(HK$49.87 cents)	**(HK$73.2 cents)**	(HK$55.24 cents)

NOTES:

1. BASIS OF PREPARATION

The Group's unaudited quarterly financial statements have been prepared in accordance with the applicable disclosure requirement of Chapter 18 of the GEM Listing Rules. The amounts included in the unaudited consolidated results are computed based on Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

These unaudited condensed financial statements should be read in conjunction with the 2018–2019 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2019. The auditor has disclaimed an opinion on those consolidated financial statements in its report dated 26 September 2019.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards. Except for the note 2, for those which are effective for accounting periods beginning on 1 July 2019, the adoption has no material impact on the reported results and the financial position of the Group for the current or prior accounting periods; and for those which are not yet effective, the Group is in the process of assessing their impact on the Group's results and financial position.

The condensed consolidated accounts are unaudited but have been reviewed by the Company's audit committee.

In preparing the consolidated financial statements of the Group for the Nine-month Period, the directors had noted that the accounting treatments adopted by the Group in its previously issued consolidated financial statements were not comparable with the Nine-month Period. Thus, the amounts presented in the consolidated financial statements in respect of the period ended 31 March 2019 have been restated to make the quarterly financial figures more comparable.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current period. HKFRS 16 superseded HKAS 17 Leases ("HKAS 17"), and the related interpretations.

(a) Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

After the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Right-of-use assets

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

(a) Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group re-measures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

(a) Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

(b) Impact of application of HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on the condensed consolidated statement of financial position as of 30 June 2019 to that of 1 July 2019 as follows (increase/(decrease)):

Condensed consolidated statement of financial position as at 1 July 2019:	HK$'000
Right-of-use assets	2,519
Lease liabilities (non-current)	195
Lease liabilities (current)	2,324

The following reconciliation explains how the operating lease commitments disclosed by applying HKAS 17 as of 30 June 2019 could be reconciled to the lease liabilities on the date of initial application of HKFRS 16 recognised in the condensed consolidated statement of financial position as at 1 July 2019:

Reconciliation of operating lease commitment to lease liabilities	HK$'000
Operating lease commitment as of 30 June 2019	2,570
Less: Future interest expenses	(51)
Total lease liabilities as of 1 July 2019	2,519

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the condensed consolidated statement of financial position as at 1 July 2019 is 4.375%.

NOTES: (Continued)

3. REVENUE

	Three months ended 31 March		Nine months ended 31 March	
	2020 (Unaudited) HK$'000	2019 (Unaudited) (Restated) HK$'000	**2020 (Unaudited) HK$'000**	2019 (Unaudited) (Restated) HK$'000
Continuing operations				
Revenue from contracts with customers within the scope of HKFRS 15				
Recognised on point in time basis:				
Distribution and production of films, television programmes and music production	**1,700**	1,098	**6,375**	5,525
Sales of goods	**5,021**	4,435	**9,645**	7,383
	6,721	5,533	**16,020**	12,908
Recognised on over time basis:				
Artiste management services fee income	**241**	1,653	**2,752**	5,018
Distribution of new films	**32,663**	225	**55,586**	3,988
	32,904	1,878	**58,338**	9,006
Revenue from other sources				
Interest income and handling charge income from money lending	**1,097**	5,777	**7,503**	24,972
	1,097	5,777	**7,503**	24,972
	40,722	13,188	**81,861**	46,886

NOTES: (Continued)

4. TAXATION

No provision for Hong Kong Profits Tax has been made for the three months and nine months period ended 31 March 2020 as the Group has statutory tax loss brought forward from prior years (three months and nine months ended 31 March 2019: Nil).

No provision for income tax in respect of operations in overseas has been made as the Group has no assessable profits in the respective jurisdictions for both periods.

5. LOSS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic loss per share is based on the loss for the Nine-month Period attributable to owners of the Company of approximately HK$198,671,000 (2019: loss of approximately HK$1,486,913,000 (restated)) and the weighted average number of 271,407,779 ordinary shares of the Company in issue during the Nine-month Period (2019: 270,478,071). The calculation of the diluted loss per share for the Nine-month Period is based on the loss attributable to owners of the Company of approximately HK$198,671,000 (2019: loss of approximately HK$1,486,913,000) and the weighted average number of 271,407,779 ordinary shares for the purpose of diluted loss per share during the Nine-month Period (2019: 270,478,071).

(b) From continuing operations

The calculation of the basic loss per share is based on the loss for the Nine-month Period attributable to owners of the Company of approximately HK$198,671,000 (2019: loss of approximately HK$149,425,000) and the weighted average number of 271,407,779 ordinary shares of the Company in issue during the Nine-month Period (2019: 270,478,071). The calculation of the diluted loss per share for the Nine-month Period is based on the loss attributable to owners of the Company of approximately HK$198,671,000 (2019: loss of approximately HK$149,425,000) and the weighted average number of 271,407,779 ordinary shares for the purpose of diluted loss per share during the Nine-month Period (2019: 270,478,071).

NOTES: (Continued)

6. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2020

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Reorganisation reserve HK$'000	Investment revaluation reserve HK$'000	Translation reserve HK$'000	Convertible bond equity reserve HK$'000	Retained earnings/ (accumulated losses) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 July 2018 (As previously reported)	134,951	2,523,239	–	(173,836)	(2,644)	–	(3,083)	2,478,627	(382)	2,478,245
Prior year adjustments	–	3,571	–	(619)	823	35,790	(76,374)	(36,809)	–	(36,809)
	134,951	2,526,810	–	(174,455)	(1,821)	35,790	(79,457)	2,441,818	(382)	2,441,436
Transitional adjustments on initial application of Hong Kong Financial Reporting Standard ("HKFRS") 9 (2014)	–	–	–	–	–	–	(14,648)	(14,648)	–	(14,648)
At 1 July 2018 (As restated)	134,951	2,526,810	–	(174,455)	(1,821)	35,790	(94,105)	2,427,170	(382)	2,426,788
Total comprehensive income/ (loss) for the period	–	–	–	(8,170)	3,541	–	(1,486,913)	(1,491,542)	(865)	(1,492,407)
Issue of share upon acquisition of subsidiaries	1,035	13,443	–	–	–	–	–	14,478	(6,190)	8,288
Cancellation of Repurchased Share	(282)	(4,666)	–	–	–	–	–	(4,948)	–	(4,948)
Transaction cost attributable to issue of shares	–	(68)	–	–	–	–	–	(68)	–	(68)
At 31 March 2019 (As restated)	135,704	2,535,519	–	(182,625)	1,720	35,790	(1,581,018)	945,090	(7,437)	937,653
At 1 July 2019	2,714	2,537,203	132,990	(245,144)	(700)	34,059	(2,291,618)	169,504	(7,681)	161,823
Total comprehensive income/ (loss) for the period	–	–	–	(1,500)	192	–	(198,671)	(199,979)	(1,916)	(201,895)
At 31 March 2020	**2,714**	**2,537,203**	**132,990**	**(246,644)**	**(508)**	**34,059**	**(2,490,289)**	**(30,475)**	**(9,597)**	**(40,072)**

7. COMPARATIVE FIGURES

Certain comparative figures have been re-classified to conform with the presentation of current period.

DIVIDEND

The Board did not recommend the payment of a dividend for the Nine-month Period (nine months ended 31 March 2019: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 March 2020, the interests and short positions of the Directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares of the Company

Name of Director	Capacity/ Nature of Interests	Number of ordinary/ underlying shares held	Approximate percentage holding
Mr. Shiu Stephen Junior *(Note 1)*	Beneficial owner	22,297,676	8.22%
Ms. Li Mau *(Note 2)*	Family interest	10,364,279	3.82%

Notes:

1 Mr. Shiu Stephen Junior is the Chairman and executive Director of the Company. 22,200,000 shares were pledged to Wan Tai Investments Limited, a subsidiary of CCB International (Holdings) Limited on 2 January 2018.

2 Ms. Li Mau ("Ms. Li") is the executive Director of the Company. AID Partners Urban Development Company Limited ("AID Partners") indirectly holds 10,364,279 shares. 60% of the issued share capital of AID Partners are held by Mr. Wu King Shiu, Kelvin ("Mr. Wu"). Accordingly, Mr. Wu is deemed to be interested in the shares held by AID Partners. Ms. Li is the spouse of Mr. Wu. Ms. Li is also deemed to be interested in the shares held by AID Partners. With effect from 30 April 2020, Ms. Li has resigned as an executive Director.

Save as disclosed above, as at 31 March 2020, none of the Directors or chief executive of the Company nor their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEME AND DIRECTORS' AND CHIEF EXECUTIVES' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At the special general meeting of the Company held on 9 July 2014, the shareholders of the Company approved the adoption of a new share option scheme which became effective from 9 July 2014 and is valid for the next ten years ("New Scheme").

The major terms of the New Scheme are summarized as follows:

1. The purpose of the New Scheme is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group.

2. The Board of Directors may, at its discretion, offer the options to any full-time or part-time employees and Executive, Non-executive and Independent Non-executive Directors of the Company and/or any of its subsidiaries, suppliers, customers, advisors, shareholder of any member of the Group, consultants to subscribe for shares of the Company.

3. The maximum number of ordinary shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme and any other share option scheme adopted by the Group shall not exceed 30 per cent. Of the share capital of the Company in issue from time to time.

   The total number of ordinary shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the ordinary shares in issue on the date of approval of the New Scheme (the "Scheme Limit") or as at the date of the Shareholders' approval of the refreshed Scheme Limit.

4. The total number of ordinary shares issued and which may fall to be issued upon exercise of the options and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1 per cent. of the issued share capital of the Company for the time being.

5. The exercise period of any option granted under the New Scheme shall be determined by the Board but such period shall not exceed 10 years from the date of grant.

6. The New Scheme does not specify any minimum holding period.

7. The acceptance of an offer of the grant of the option under the New Scheme ("Offer") must be made within 21 days from the date on which the letter containing the Offer is delivered to that participant together with a non-refundable payment of HK$1.00 from each grantee.

8. The subscription price will be determined by the Board of Directors of the Company and shall not be less than the highest of (i) the nominal value of the shares, (ii) the quoted closing price of the Company's shares on the date of offer of the options, and (iii) the average of the quoted closing prices of the Company's shares on the five trading days immediately preceding the date of offer of the options.

9. The New Scheme is valid for ten years from the date of adoption.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the options. For the Nine-month Period, no option was granted under the New Scheme.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, so far as known to the Directors, as at 31 March 2020, the Directors were not aware of any other person (other than the Directors and chief executive of the Company as disclosed above) who had any interests or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

(i) Interests in the Shares

Name	No. of shares	Percentage
AID Treasure Investment Ltd *(Note)*	30,149,720	11.11%

Note:

AID Treasure Investment Ltd ("AID Treasure") is an indirect wholly-owned subsidiary of AID Life Science Holdings Limited, a listed company on GEM (Stock code: 8088).

(ii) Interests in the Convertible Bonds

Name	Conversion Price HK$	No. of Underlying Shares	Percentage
AID Treasure Investment Ltd *(Note 1)*	15.25	3,278,688	1.21%
Wan Tai Investments Limited *(Note 2)*	0.273	549,450,549	4.07%

Notes:

1. AID Treasure Investment Ltd is an indirect wholly-owned subsidiary of AID Life Science Holdings Limited, a listed company on GEM (Stock code: 8088). The conversion price was adjusted with effect from 23 May 2019.

2. Wan Tai Investments Limited is a limited liability business company incorporated under the laws of the British Virgin Islands and an indirectly wholly-owned special purpose vehicle of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is wholly-owned by China Construction Bank Corporation, a joint stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

   The Company is still negotiating with the holder of the Convertible Bonds for any further actions, including but not limited to repayment, refinancing and extension of the Convertible Bonds. As such, subject to the negotiation progress with the holders of the Convertible Bonds and the compliance of the GEM Listing Rules, the conversion price and the number of shares of the Company falling to be issued upon the exercise of the conversion right attaching to the Convertible Bonds and the percentage has not been adjusted after the capital reorganisation took effect from 23 May 2019.

COMPETING INTERESTS

As at 31 March 2020, Mr. Shiu Stephen Junior ("Mr. Shiu"), the Chairman and Executive Director of the Company, is a director of One Dollar Movies Productions Limited ("ODMP"), a company engaged in the production of movies, and together with his associate(s) hold indirectly as to 60% equity interests in ODMP. The businesses of ODMP may constitute competition with the business of the Group.

Save as disclosed above, the Directors believe that none of the Directors nor the controlling shareholders of the Company (as defined in the GEM Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

REVIEW OF THIRD QUARTERLY RESULTS

The unaudited consolidated results of the Group for the Nine-month Period had not been audited nor reviewed by the Company's auditor, Moore Stephens CPA Limited, but had been reviewed by the Audit Committee of the Company, who was of the opinion that the preparation of such results had complied with the applicable accounting standards and requirements and that adequate disclosures had been made.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices and procedures with an aim to maximizing the shareholders' interests as well as to enhancing the level of transparency and accountability to all shareholders. In this respect, the Company had complied with all of the code provisions set out in the Code on Corporate Governance ("Code") contained in Appendix 15 of the GEM Listing Rules during the Nine-month Period.

The Company has prepared a corporate governance report in accordance with Rule 18.44(2) of the GEM Listing Rules attached to the 2019 annual report of the Company.

The positions of Chairman of the Board and Chief Executive Officer ("CEO") of the Company are both currently carried on by the same person. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and there is a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). Given the composition of the Board, the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference based on the guidelines recommended by the Hong Kong Institute of Certified Public Accountants.

The audit committee (the "Audit Committee") comprises three independent non-executive Directors, namely Mr. Lee King Fui, Mr. Lee Wing Lun and Mr. Lee Lun Cheong who together have sufficient accounting and financial management expertise, and business experience to carry out their duties. Mr. Lee King Fui is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review the Company's annual report and accounts, half-year report, quarterly reports and monthly reports and to provide advices and comments thereon to the Board. The Audit Committee is also responsible for reviewing and monitoring the Company's internal control procedures. The Group's unaudited results for the Nine-month Period have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results has complied with applicable accounting standards and requirements and that adequate disclosures have been made.

REMUNERATION COMMITTEE

A remuneration committee (the "Remuneration Committee") consisting of three Independent Non-executive Directors and one Executive Director was set up by the Company in accordance with the Code. Mr. Lee King Fui, an independent non-executive Director, is the chairman of the Remuneration Committee, and other members are Mr. Lee Wing Lun and Mr. Lee Lun Cheong who are independent non-executive Directors, and Mr. Shiu Stephen Junior, an executive Director. The major responsibilities of the Remuneration Committee include: (i) to make recommendations to the Board on the Company's policy and structure for all remuneration of directors' and senior management and in the establishment of a formal and transparent procedure for developing such remuneration policy; (ii) to review and determine the remuneration packages of the executive directors and senior management and to ensure that no director is involved in deciding his own remuneration; and (iii) to review and make recommendations to the Board about the overall remuneration policy of the Company.

NOMINATION COMMITTEE

A nomination committee (the "Nomination Committee") consisting of three Independent Non-executive Directors and one Executive Director was set up by the Company in accordance with the Code. Mr. Shiu Stephen Junior, an executive Director, is the chairman of the Nomination Committee, and other members are Mr. Lee King Fui, Mr. Lee Wing Lun and Lee Lun Cheong, independent non-executive Directors. The Nomination Committee has adopted a written nomination procedure specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee will base the priority of the criteria in the procedure (such as appropriate experience, personal skills and time commitment, etc.) to identify and commend proposed candidates to the Board.

COMPLIANCE OF CODE FOR DIRECTORS' SECURITIES TRANSACTION

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the Nine-month Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the Nine-month Period.

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

Hong Kong, 15 May 2020

As at the date hereof, the Board comprises:

Executive Directors:	Mr. Shiu Stephen Junior *(Chairman)* Mr. Sun Lap Key, Christopher Mr. Lee Wing Ho, Albert
Independent Non-executive Directors:	Mr. Lee King Fui Mr. Lee Wing Lun Mr. Lee Lun Cheong

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.