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 中國創意
Creative China
Creative China Holdings Limited
中國創意控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8368)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

CHARACTERISTICS OF THE GEM (THE “GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Creative China Holdings Limited (the “Company”) collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of Directors of the Company (the “Board”) is pleased to present the audited results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	5	59,307	45,664
Direct costs		<u>(17,187)</u>	<u>(6,104)</u>
Gross profit		42,120	39,560
Other income	6	227	413
Other gains and losses	7	(675)	37
Impairment loss under expected credit loss model, net of reversal		(433)	(412)
Selling and distribution costs		(1,753)	(978)
Administrative expenses		(13,923)	(13,230)
Finance costs	8	<u>(138)</u>	<u>(5,258)</u>
Profit before income tax	9	25,425	20,132
Income tax expenses	10	<u>(1,929)</u>	<u>(76)</u>
Profit for the year		23,496	20,056
Other comprehensive income that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		<u>202</u>	<u>698</u>
Total comprehensive income for the year		<u>23,698</u>	<u>20,754</u>
Profit (loss) for the year attributable to:			
Owners of the Company		23,561	20,003
Non-controlling interests		<u>(65)</u>	<u>53</u>
		<u>23,496</u>	<u>20,056</u>

	<i>Notes</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		23,759	20,694
Non-controlling interests		(61)	60
		<u>23,698</u>	<u>20,754</u>
			(Restated)
Earnings per share attributable to owners of the Company			
– Basic and Diluted (<i>RMB cents</i>)	12	<u>7.94</u>	<u>8.11</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		215	612
Right-of-use assets		457	1,890
Intangible asset		7,516	–
Financial assets at fair value through profit or loss		–	5,000
Total non-current assets		8,188	7,502
Current assets			
Serial program rights	13	111,854	111,976
Trade and other receivables	14	116,570	87,579
Amounts due from non-controlling interests		1,747	4,639
Bank balances and cash		6,126	11,379
Total current assets		236,297	215,573
Total assets		244,485	223,075
Current liabilities			
Trade payables	15	64,804	24,596
Other payables		37,241	37,344
Contract liabilities		14,195	15,369
Tax payables		6,318	4,426
Lease liabilities		540	2,124
Loans due to shareholders		22,690	21,237
Loans due to a director		3,189	1,178
Total current liabilities		148,977	106,274
Net current assets		87,320	109,299
Total assets less current liabilities		95,508	116,801

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current liabilities			
Trade payables	15	–	48,900
Lease liabilities		–	501
Total non-current liabilities		–	49,401
Total liabilities		148,977	155,675
NET ASSETS		95,508	67,400
Capital and reserves			
Share capital	16	13,810	13,188
Reserves		81,853	54,306
Equity attributable to owners of the Company		95,663	67,494
Non-controlling interests		(155)	(94)
TOTAL EQUITY		95,508	67,400

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Reserves					Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Merger reserve	Foreign exchange reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2020	11,788	158,096	5,362	9,300	(224)	(146,204)	38,118	(154)	37,964
Profit for the year	-	-	-	-	-	20,003	20,003	53	20,056
Other comprehensive income	-	-	-	-	691	-	691	7	698
Total comprehensive income for the year	-	-	-	-	691	20,003	20,694	60	20,754
Issue of shares under placing, net of issuing expenses (note 16)	1,400	7,282	-	-	-	-	8,682	-	8,682
Balance at 31 December 2020 and 1 January 2021	13,188	165,378	5,362	9,300	467	(126,201)	67,494	(94)	67,400
Profit (loss) for the year	-	-	-	-	-	23,561	23,561	(65)	23,496
Other comprehensive income	-	-	-	-	198	-	198	4	202
Total comprehensive income (expense) for the year	-	-	-	-	198	23,561	23,759	(61)	23,698
Issue of shares under consideration shares, net of issuing expenses (note 16)	622	3,788	-	-	-	-	4,410	-	4,410
Balance at 31 December 2021	<u>13,810</u>	<u>169,166</u>	<u>5,362</u>	<u>9,300</u>	<u>665</u>	<u>(102,640)</u>	<u>95,663</u>	<u>(155)</u>	<u>95,508</u>

Notes:

1. CORPORATE INFORMATION

Creative China Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 1 November 2013. The address of its registered office is at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of business in the People’s Republic of China (the “PRC”) is located at Room 1901, 19/F, Yulin Building, No. 5A Xiangjun Nanli 2nd Alley, Chaoyang District, Beijing, the PRC, and its principal place of business in Hong Kong is located at 23/F, Yue Thai Commercial Building, 128 Connaught Road Central, Sheung Wan, Hong Kong. Up to the date of approval of the consolidation financial statements, Youth Success Holdings Limited and Guang Rui Investments Limited are its immediate and ultimate parent respectively. Guang Rui Investments Limited is wholly and beneficially owned by Mr. Yang Shaoqian and his spouse, Ms. Mu Sufang.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in the provision of film and television program original script creation, adaptation, production and licensing and related services, concert and event organisation services, mobile application development and operation services and artist management. The Company and its subsidiaries are collectively referred as the “Group” hereafter.

The World Health Organisation declared global health emergency over new coronavirus outbreak on 30 January 2020. The following segments have been affected:

- postponement of the negotiation of licensing the broadcasting rights under the program production segment;
- postponement of concert organisation.

The directors of the Company are continuing to assess the implications of COVID-19 pandemic to the business in which the Group operates. Depending on the duration of the COVID-19 pandemic and continued negative impact on economic activity, the Group might experience further negative results in the concert and event organisation segment and impairments on its assets in 2022. However, the exact impact in the remainder of 2022 and thereafter cannot be predicted.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 ²

¹ Effective for annual periods beginning on or after 1 April 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ Effective for annual periods beginning on or after a date to be determined

Except as described below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)”

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
 - (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and
 - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 "Financial Instruments: Presentation".

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

Amendments to HKAS 1 and HKFRS Practice Statement 2 "Disclosure of Accounting Policies"

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 "Making Materiality Judgements" (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the consolidated financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 "Definition of Accounting Estimates"

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 “Leases” (“HKFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company and its major subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

4. SEGMENT REPORTING

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (“CODM”) that are used to make strategic decisions.

The Group has the following reportable segments which are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group’s reportable and operating segments:

- Program production and related services (“Program Production”)

Program Production segment provides film and television program original script creation, adaptation, production and licensing and related services.

- Concert and event organisation and related services (“Concert and Event Organisation”)

Concert and Event Organisation segment provides organisation services, such as music concerts, prize presentation ceremony, automobile shows, university alumni and other performance events.

- Mobile application development and operation and related services (“Mobile Application Development and Operation”)

Mobile Application Development and Operation segment provides electronic platforms for entertainment contents consumption and e-commerce, such as online store. This segment also provides online program production, online advertising and promotional services, mobile application development and related services.

- Artist management and related services (“Artist Management”)

Artist management segment provides agency service for the artists for arrangement of different performance activities.

Inter-segment transactions are priced with reference to prices charged to external parties for similar order. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments’ profit that is used by the CODM for assessment of segment performance.

(a) **Business segments**

For the year ended 31 December 2021

	Program Production <i>RMB'000</i>	Concert and Event Organisation <i>RMB'000</i>	Mobile Application Development and Operation <i>RMB'000</i>	Artist Management <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	<u>40,410</u>	<u>265</u>	<u>13,632</u>	<u>5,000</u>	<u>59,307</u>
Represented by:					
Recognised over time					
– Provision of event organisation services	–	265	–	–	265
– Provision of artist management services	–	–	–	5,000	5,000
– Provision of online advertising services	–	–	4,510	–	4,510
Recognised at a point in time					
– Sale of script copyright	40,410	–	–	–	40,410
– Sale of mobile live broadcasting app	–	–	9,122	–	9,122
Reportable segment revenue from external customers	<u>40,410</u>	<u>265</u>	<u>13,632</u>	<u>5,000</u>	<u>59,307</u>
Reportable segment profit/(loss)	<u>20,667</u>	<u>(590)</u>	<u>9,528</u>	<u>3,181</u>	<u>32,786</u>
Interest income	4	–	2	1	7
Interest expense	(101)	(12)	–	(12)	(125)
Depreciation of right-of-use assets	(979)	(147)	–	(147)	(1,273)
Depreciation of property, plant and equipment	(437)	–	(2)	–	(439)
Amortisation of intangible asset	–	–	(915)	–	(915)
Reportable segment assets	187,803	18,148	32,548	5,108	243,607
Addition to non-current assets (<i>note 1</i>)	9	–	8,464	–	8,473
Reportable segment liabilities	<u>(99,961)</u>	<u>(10,325)</u>	<u>(2,035)</u>	<u>(6,708)</u>	<u>(119,029)</u>

For the year ended 31 December 2020

	Program Production <i>RMB'000</i>	Concert and Event Organisation <i>RMB'000</i>	Mobile Application Development and Operation <i>RMB'000</i>	Artist Management <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	<u>18,276</u>	<u>1,156</u>	<u>13,632</u>	<u>12,600</u>	<u>45,664</u>
Represented by:					
Recognised over time					
– Provision of event organisation services	–	1,156	–	–	1,156
– Provision of artist management services	–	–	–	12,600	12,600
– Provision of online advertising services	–	–	13,632	–	13,632
Recognised at a point in time					
– Sale of script copyright	<u>18,276</u>	–	–	–	<u>18,276</u>
Reportable segment revenue from external customers	<u>18,276</u>	<u>1,156</u>	<u>13,632</u>	<u>12,600</u>	<u>45,664</u>
Reportable segment profit/(loss)	<u>5,205</u>	<u>(330)</u>	<u>11,139</u>	<u>10,829</u>	<u>26,843</u>
Interest income	4	–	3	1	8
Interest expense	(5,182)	(25)	–	(25)	(5,232)
Depreciation of right-of-use assets	(979)	(181)	–	(181)	(1,341)
Depreciation of property, plant and equipment	(607)	–	(1)	(179)	(787)
Reportable segment assets	165,410	23,647	26,904	1,353	217,314
Addition to non-current assets (<i>note 1</i>)	–	315	5	315	635
Reportable segment liabilities	<u>(108,427)</u>	<u>(9,442)</u>	<u>(6,533)</u>	<u>(5,180)</u>	<u>(129,582)</u>

Note:

- (1) Non-current assets include property, plant and equipment, right-of-use assets and intangible asset.

(b) **Reconciliation of reportable segment revenue, profit or loss, assets and liabilities**

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		
Reportable segment and consolidated revenue	<u>59,307</u>	<u>45,664</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before income tax		
Reportable segment profit	32,786	26,843
Other income:		
– Interest income	–	1
Other gains or losses:		
– Exchange loss	(678)	(12)
Unallocated corporate expenses:		
– Auditor's remuneration	(589)	(845)
– Directors' emoluments	(2,553)	(2,650)
– Legal and professional fee	(1,825)	(959)
– Salaries and other benefits for key management and administration staff	(1,266)	(1,519)
– General operating expenses	(450)	(727)
Consolidated profit before income tax	<u>25,425</u>	<u>20,132</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Assets		
Reportable segment assets	243,607	217,314
Unallocated corporate assets:		
– Property, plant and equipment	133	284
– Bank balances and cash	305	298
– Financial assets at fair value through profit or loss	–	5,000
– Others	440	179
Consolidated total assets	<u>244,485</u>	<u>223,075</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Liabilities		
Reportable segment liabilities	119,029	129,582
Unallocated corporate liabilities:		
– Accruals and other payables	4,069	3,678
– Loans due to shareholders	22,690	21,237
– Loans due to a director	3,189	1,178
Consolidated total liabilities	<u>148,977</u>	<u>155,675</u>

(c) **Geographic information**

The following table provides a geographical analysis of the Group's revenue from external customers:

	2021 <i>RMB'000</i> <i>(note)</i>	2020 <i>RMB'000</i> <i>(note)</i>
Hong Kong		
– Sale of script copyright	13,508	7,427
– Provision of event organisation services	265	–
– Sale of mobile live broadcasting app	9,122	–
PRC		
– Sale of script copyright	26,902	10,849
– Provision of event organisation services	–	1,156
– Provision of online advertising services	4,510	13,632
– Provision of artist management services	5,000	12,600
	<u>59,307</u>	<u>45,664</u>

Note: Geographical region of customers is based on the location at which the goods and services are provided.

(d) **Information about major customers**

For the year ended 31 December 2021, revenues from four customers (2020: four customers) with whom transactions have exceeded 10% of the Group's revenue for the year. Details were as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Customer I:		
– Program Production	14,151	N/A ⁽ⁱ⁾
Customer II:		
– Program Production	13,508	7,427
Customer III:		
– Program Production	12,100	10,849
Customer IV:		
– Mobile Application Development and Operation	9,122	N/A ⁽ⁱ⁾
Customer V:		
– Mobile Application Development and Operation	N/A ⁽ⁱⁱ⁾	10,318
Customer VI:		
– Artist Management	N/A ⁽ⁱⁱ⁾	9,387
	<u>48,881</u>	<u>37,981</u>

Notes:

- (i) The corresponding revenue in the year ended 31 December 2020 for Customer I and IV did not contribute over 10% of the total revenue of the Group.
- (ii) The corresponding revenue in the year ended 31 December 2021 for Customer V and VI did not contribute over 10% of the total revenue of the Group.

5. REVENUE

Revenue of the Group represents revenue generated from (i) program production and related services, (ii) concert and event organisation and related services, (iii) mobile application development and operation and related services, and (iv) artist management and related services. The amounts of each significant category of revenue recognised during the year are as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Program production and related income		
– Sale of script copyright	40,410	18,276
Concert and event organisation and related income	265	1,156
Mobile application development and operation and related income	13,632	13,632
Artist management and related income	5,000	12,600
	<u>59,307</u>	<u>45,664</u>

6. OTHER INCOME

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income from bank deposits	7	9
Sundry income	2	13
Rental income	135	127
Government subsidy	83	264
	<u>227</u>	<u>413</u>

7. OTHER GAINS AND LOSSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Gain on disposal of property, plant and equipment	3	–
Exchange (loss) gain	(678)	3
Gain on disposal of a subsidiary	–	34
	<u>(675)</u>	<u>37</u>

8. FINANCE COSTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Imputed interest on trade payables	–	5,005
Interest on lease liabilities	138	253
	<u>138</u>	<u>5,258</u>

9. PROFIT BEFORE INCOME TAX

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit before income tax is arrived at after charging:		
Staff costs	8,244	7,744
Auditor's remuneration (<i>note (a)</i>)	589	845
Depreciation of property, plant and equipment (<i>note (a)</i>)	439	822
Depreciation of right-of-use assets (<i>note (a)</i>)	1,419	1,524
Amortisation of intangible asset (<i>note (a)</i>)	915	–
	<u>915</u>	<u>–</u>

Note:

(a) Included in “administrative expenses” for both years.

10. INCOME TAX EXPENSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax – HK		
– provision for the year	1,485	30
– underprovision in prior years	8	–
Current tax – the PRC		
– provision for the year	436	31
– underprovision in prior years	–	15
	<u>–</u>	<u>15</u>
Income tax expenses	<u>1,929</u>	<u>76</u>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

11. DIVIDEND

No dividend had been paid or declared by the Company during the year (2020: nil).

12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the purposes of basic earnings per share	<u>23,561</u>	<u>20,003</u>
	2021 '000	2020 '000 (Restated)
Weighted average number of ordinary shares	<u>296,795</u>	<u>246,788</u>

Note: No diluted earnings per share is presented as there were no potential ordinary shares in issue for the years ended 31 December 2021 and 2020.

For the years ended 31 December 2021 and 2020, the weighted average number of ordinary shares for the purpose of the calculation of basic and diluted earnings per share has been adjusted for the share consolidation that every five issued shares of the Company were consolidated into one share of the Company. Comparative figures of the weighted average number of shares for calculating basic and diluted earnings per share have been re-presented with the effect of share consolidation on 15 July 2021.

13. SERIAL PROGRAM RIGHTS

	Serial program rights <i>RMB'000</i>	Adaptation right <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2020	107,687	–	107,687
Addition for the year	–	4,533	4,533
Exchange realignment	<u>–</u>	<u>(244)</u>	<u>(244)</u>
At 31 December 2020 and 1 January 2021	107,687	4,289	111,976
Exchange realignment	<u>–</u>	<u>(122)</u>	<u>(122)</u>
At 31 December 2021	<u>107,687</u>	<u>4,167</u>	<u>111,854</u>

The serial program rights shown above included two television drama series obtained by the Group under co-financing arrangements and belonging to the Program Production segment, with carrying amounts of RMB27,785,000 and RMB79,902,000 respectively as at 31 December 2021 and 2020.

The Group did not recognise any serial program rights as direct costs for the year ended 31 December 2021 (2020: nil) in the consolidated statement of profit or loss and other comprehensive income.

The Group carries out a net realisable value review on a project-by-project basis at the end of each reporting period and make provision for obsolete if necessary. The Directors the Company assessed that the net realisable value of each of the serial program rights are higher than their carrying amounts, hence no impairment (2020: Nil) was recognised during the current year.

14. TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables, gross	24,520	9,171
Less: impairment allowance	<u>(1,257)</u>	<u>(1,110)</u>
Trade receivables, net	23,263	8,061
Prepayments and deposits (<i>notes (i) to (iii)</i>)	82,534	66,828
Other receivables, gross	11,043	12,753
Less: impairment allowance	<u>(270)</u>	<u>(63)</u>
Other receivables, net	<u>10,773</u>	<u>12,690</u>
	<u>116,570</u>	<u>87,579</u>

Notes:

At end of reporting period, the balances of prepayments and deposits are mainly represented by the following:

- (i) The balance included prepayment to event organisers of approximately RMB15,164,000 (2020: approximately RMB15,711,000) under Concert and Event Organisation segment for the purpose of concert to be held in the coming years.
- (ii) The balance included prepaid service fees to actors and performers of approximately RMB16,781,000 (2020: approximately RMB16,781,000) in relation to performing in the Group's mobile live broadcasting platform.
- (iii) The balance included prepaid service fees of approximately RMB47,080,000 in relation to program production (2020: RMB28,710,000).

The Directors of the Company assessed that there is no material recoverability issue for the prepayments and deposits and the Group did not record any impairment of prepayments and deposits during the year ended 31 December 2021 (2020: Nil).

The aging analysis of trade receivables (net of impairment losses), based on invoice dates, as of the end of year, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 30 days	3,736	7,760
31 to 90 days	12,061	–
91 to 180 days	3,881	–
181 to 365 days	<u>3,585</u>	<u>301</u>
	<u>23,263</u>	<u>8,061</u>

The credit period granted to trade debtors ranges 0–90 days (2020: 0–90 days) from the invoice dates.

15. TRADE PAYABLES

The aging analysis of trade payables, based on invoice dates, as of the end of year, is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
91 to 365 days	1,850	–
Over 365 days (<i>note</i>)	<u>62,954</u>	<u>73,496</u>
	<u>64,804</u>	<u>73,496</u>
Represented by:		
Current portion	64,804	24,596
Non-current portion	<u>–</u>	<u>48,900</u>
	<u>64,804</u>	<u>73,496</u>

Note: Included in trade payables over 365 days as at 31 December 2021 was the remaining balances of RMB61,104,000 (2020: RMB71,604,000) in respect of purchase of serial program rights which was payable by instalments until end of 2020. At the date of approval of these financial statements, the Group is still negotiating with different TV stations and platforms for initial broadcasting of the serial program, the Group has obtained consent from the vendor to defer the settlement of certain payables but no later than 31 December 2022 in case distribution of broadcasting right is delayed.

16. SHARE CAPITAL

Authorised and issued share capital

	2021			2020		
	<i>Number</i>	<i>HK\$'000</i>	<i>Equivalent to RMB'000</i>	<i>Number</i>	<i>HK\$'000</i>	<i>Equivalent to RMB'000</i>
Authorised						
Ordinary shares of HK\$0.05 (2020: HK\$0.01) each	<u>1,600,000,000</u>	<u>80,000</u>	<u>67,024</u>	<u>8,000,000,000</u>	<u>80,000</u>	<u>67,024</u>
Issued and fully paid						
Ordinary shares						
At beginning of year	1,581,577,559	15,816	13,188	1,423,513,043	14,235	11,788
Issue of shares under placing (<i>note a</i>)	-	-	-	158,064,516	1,581	1,400
Issue of shares under consideration shares (<i>note b</i>)	75,000,000	750	622	-	-	-
Share consolidation (<i>note c</i>)	<u>(1,325,262,048)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of year	<u>331,315,511</u>	<u>16,566</u>	<u>13,810</u>	<u>1,581,577,559</u>	<u>15,816</u>	<u>13,188</u>

Notes:

- (a) Pursuant to the Company announcement dated on 10 January 2020, the Company entered into the subscription agreement with the subscriber in relation to the subscription of shares. Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue 158,064,516 shares to the subscriber at the subscription price of HK\$0.062 per share. The above subscription was completed on 23 January 2020. The net proceeds from the subscription amounted to approximately HK\$9,790,000.
- (b) On 17 June 2021, pursuant to an agreement entered into between Idol Entertainment Limited (the “Vendor”), the Company and Beijing Yiju Creative Technology Limited, a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company (“Yiju Creative”) (the “Agreement”), Yiju Creative has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell all assets pertinent to Mobile APP including, among others, its business, ownership, operating rights and Intellectual Property Rights (the “Target Asset”) at the consideration of RMB14,000,000 in which the amount of RMB4,000,000 out of the consideration was set off against the deposit in the amount of RMB4,000,000 which had been paid by Yiju Creative to the Vendor under an operation agreement, and the amount of RMB10,000,000 out of the consideration was satisfied by the allotment and issue of the 75,000,000 consideration shares at the issue price of HK\$0.16 per consideration share by the Company to the Vendor. The acquisition was completed on 17 June 2021.
- (c) On 15 July 2021, every five issued shares of the Company were consolidated into one share of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Unless otherwise specified, the figures stated in the following review are extracted from the audited financial figures of the continuing operations of the Group:

Revenue

For the year ended 31 December 2021 (“Year 2021”), the Group recorded revenue of approximately RMB59.3 million, representing an increase of approximately 29.9% over approximately RMB45.7 million for the year ended 31 December 2020 (“Year 2020”). The increase in revenue was mainly due to several sales of script copyrights under the program production and related services segment.

Gross profit

For Year 2021, the Group recorded gross profit of RMB42.1 million, representing an increase of approximately 6.5% over RMB39.6 million recorded in Year 2020. The increase in gross profit was mainly due to several sales of script copyrights and revenue from developing custom APP for customer.

Other income

Other income of the Group decreased from approximately RMB0.4 million in Year 2020 to approximately RMB0.2 million in Year 2021, mainly due to much less government subsidy being obtained for the year.

Expenses

For Year 2021, selling and distribution costs amounted to approximately RMB1.8 million, as comparing to approximately RMB1.0 million (increased by approximately 79.2%) from Year 2020, mainly due to increase in development and maintenance costs. For Year 2021, administrative expenses amounted to approximately RMB13.9 million, which was similar to approximately RMB13.2 million in 2020.

Income tax expenses

The Group's income tax expenses amounted to approximately RMB1.9 million for Year 2021, and approximately RMB76,000 for Year 2020. Income tax expenses for Year 2021 were due to profits arising from the sale of several script copyrights and revenue from developing custom APP for customer. The provision of profit tax made for Hong Kong profits tax and PRC enterprise income tax in Year 2021 were RMB1.5 million and RMB0.4 million respectively. PRC enterprise income tax for subsidiaries incorporated in the PRC is calculated at 25% on assessable profits during the year. Hong Kong profit tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profit and 16.5% on the estimated assessable profit above HK\$2 million during the year. The income tax expenses recognised in the relevant periods are in accordance with the relevant laws and regulations.

Profit attributable to owners of the Company for the year

The Group's profit attributable to owners of the Company amounted to approximately RMB23.6 million, while for Year 2020 the Group's profit attributable to owners of the Company was approximately RMB20.0 million. The increase in profit attributable to owners of the Company was mainly attributable to sales of script copyrights and revenue from developing custom APP for customer.

Financial resources, liquidity and capital structure

For Year 2021, the Group continued to finance its working capital through cash flows generated from operating activities, shareholders' loan and shareholders' equity. As at 31 December 2021, the Group had net current assets of approximately RMB87.3 million (as at 31 December 2020: approximately RMB109.3 million) including cash and cash equivalents of approximately RMB6.1 million (as at 31 December 2020: approximately RMB11.4 million). The decrease in net current assets was due to the reclassification of non-current trade payable to current trade payable. The current ratio, calculated as the ratio of current assets to current liabilities, was approximately 1.59 times as at 31 December 2021 (as at 31 December 2020: approximately 2.03 times). The capital of the Group comprises solely of ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB95.7 million as at 31 December 2021 (as at 31 December 2020: approximately RMB67.5 million). The gearing ratio for Year 2021 was 20.68%, increased from 16.35% in Year 2020. It was mainly due to the increase in net debt.

Consideration shares

(1) Cooperation Agreement involving the issue of consideration shares under general mandate

On 20 October 2021, the Company, CCH Film Production Limited, Truth Pictures (Hong Kong) Limited (“Truth Pictures”), Yuanxin Pictures (Beijing) Limited* (“Yuanxin”), (Truth Pictures and Yuanxin, collectively as “Cooperation Partners”) and Mr. Liang Long Fei, as the Guarantor, entered into a cooperation agreement (“Cooperation Agreement”), pursuant to which the Group and Cooperation Partners have conditionally agreed to carry out the cooperation in the distribution of the 6 foreign imported films (“Target Films”) in the PRC at the consideration of RMB30,000,000, which will be settled by the allotment and issue of the consideration shares by the Company to the Cooperation Partners or their nominee(s) at the Issue Price on the completion date.

Pursuant to the Cooperation Agreement, the parties propose to carry out the distribution through cinemas, television station and/or the New Media (as the case may be) on an income sharing basis, whereby the Group is entitled to (i) 82% of the Total Net Income for the Target Film imported from Taiwan; and (ii) 100% of the Total Net Income for each of the remaining Target Films respectively within the Licensing Period. The actual income shall not be less than RMB35 million (the “Guaranteed Income”), failing which the Cooperation Partners shall compensate the Group for the amount equivalent to the shortfall, being the difference between the Guaranteed Income and the actual income, in cash (the “Compensation”), provided that the amount of the Compensation shall not exceed the Guaranteed Income in any event.

As of the date of this announcement, the transaction has not been completed and none of the consideration shares have been issued. Details can be referred to the Company’s announcements dated 6 September 2021, 20 October 2021 and 28 December 2021.

* For identification purpose only

(2) *Acquisition of Mobile APP involving the issue of consideration shares under general mandate*

Pursuant to an agreement entered into between Idol Entertainment Limited (the “Vendor”), the Company and Beijing Yiju Creative Technology Limited, a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company (“Yiju Creative”) under GEM Listing Rules on 27 May 2021 (the “Agreement”), Yiju Creative had conditionally agreed to acquire, and the Vendor had conditionally agreed to sell all assets pertinent to Aiwoo (a mobile APP) including, among others, its business, ownership, operating rights and intellectual property rights at the consideration of RMB14,000,000 in which the amount of RMB4,000,000 out of the consideration was set off against the deposit in the amount of RMB4,000,000 which had been paid by Yiju Creative to the Vendor under an operation agreement, and the amount of RMB10,000,000 out of the consideration was satisfied by the allotment and issue of the 75,000,000 consideration shares (equivalent to 15,000,000 consideration shares post share consolidation being duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company held on 13 July 2021) at the issue price of HK\$0.16 per consideration share by the Company to the Vendor. The acquisition was completed on 17 June 2021.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the businesses of (i) program production, film and television program pre-production, distribution and related services, (ii) concert and event organisation, (iii) mobile application development and operation; and (iv) artist management.

Program production and related services

The Group’s revenue from program production and related services amounted to approximately RMB40.4 million for Year 2021 and approximately RMB18.3 million for the corresponding period last year. The increase was mainly due to several sales of script copyrights.

The Group has entered into the cooperation agreement (for details can be referred to the section headed “Consideration Shares” under this announcement and the Company’s announcements dated 6 September 2021, 20 October 2021 and 28 December 2021) to distribute 6 foreign imported films in Mainland China. The Group, upon completion of the transaction, believes that leveraging on the existing capabilities of the Group and the combination of the Group’s and the Cooperation Partners’ experience and expertise, the cooperation would enable the Group to expand its arm into the film industry, diversify its production and operation promotion business, expand its market share and reinforce its position in the film industry, and broaden its income stream.

The Group actively collaborates with more film and television production companies in the PRC engaging in the creation of film and television intellectual property, in order to obtain more potential resources and reserves of television programs, online dramas and movies. The Group continues to leverage its own production experience and related resources to expand the program production segment to original script creation, adaptation, production, licensing, and related services, in order to create more self-developed film and serial program script copyrights.

Concert and event organisation

Revenue from the event organisation segment decreased from approximately RMB1.2 million to approximately RMB0.3 million for Year 2021 (approximately 77.1%). The decrease was mainly due to the global suspension of concerts under the novel coronavirus outbreak.

The Group has entered into agreements to organise over 23 concerts (including K-pop artists and a renowned top singer from the PRC), which are expected to be rescheduled once the pandemic is under control. As “K-pop” remains popular, we have been building relationships with agencies for renowned Korean artists, and we hope to re-introduce the Korean wave into Mainland China at the appropriate time. We believe that the business opportunities in the Mainland China market for Korean artists (including fan meetings, concerts and other commercial activities) will contribute additional income sources for the Group at various levels, including but not limited to ticketing sales, advertising sponsorships, internet content promotion and sales of peripheral merchandise.

The Group anticipates that concerts to be organised will achieve positive results in future.

Mobile application development and operation

Revenue from the mobile application development and operation segment amounted to approximately RMB13.6 million for Year 2021, similar to revenue being recorded for the Year 2020. The revenue was mainly due to online advertising and developing custom APP for customer.

Over the years, the Group has dedicated efforts towards the mobile live broadcasting and e-commerce segment and has established dedicated information technology and promotional planning teams, each responsible for technical support such as research and development, planning, operations and maintenance, design, products and provide internet platform promotional planning services. The mobile live broadcasting and e-commerce segment possesses smart mobile application development capacity, and has successfully developed its own mobile video live broadcasting technology, online transaction payment technology and technology for simultaneously playing video and completing payment without page redirection, which has been applied in “Great Star”, the Group’s self-developed mobile end application, and the mobile application “Aiwoo” being acquired in Year 2021 (an application providing online fans and celebrities with online tools for engagement and interaction). The Group is committed to the development of customized applications and internet platform promotional planning.

Based on the above, the Board decided to change the segment from “mobile live broadcasting and e-commerce” to “mobile application development and operation”.

On 4 October 2021, Beijing Yiju Creative Technology Limited (“Yiju Creative”), an indirect non-wholly owned subsidiary of the Company, entered into a cooperation framework agreement (the “Cooperation Framework Agreement”) with Beijing Shu Cai Cultural Media Limited* (“Shu Cai”), which shall be valid for five years with automatic extension of five years indefinitely if no party disagrees when it expires.

According to the Cooperation Framework Agreement, Yiju Creative and Shu Cai have agreed to establish a cooperation on the aspects of creating and managing the official pages for over 30 exclusive artists of Shu Cai on the personalized mobile-based social networking platform named “Aiwoo” (“Mobile APP”) owned by Yiju Creative (the “Potential Cooperation”). The Potential Cooperation is subject to the terms and conditions of the formal agreement(s) based on each project (the “Formal Agreement(s)”).

The Group expects, upon the signing of the Formal Agreement(s), the Cooperation Framework Agreement will enable the Group to create synergy across its mobile web application and operating business and its artist management business. With China’s current effort to regulate the entertainment business and provide proper guidance to celebrity fan culture, a brand-new and healthy development model will bring about unprecedented changes and opportunities for the massive fan economy. By providing a platform for personalized fan pages to be established and private traffic to be managed, the Potential Cooperation will provide tailored advertising services and marketing solutions to commercial customers, and at the same time, create more business opportunities and revenue for the Group.

By implementing new elements to mobile application development and operation and artist management segments, the Group expects these mobile applications will bring more peripheral revenue (including advertising, product endorsements, etc.), while also increase revenue derives from customized mobile applications and internet platform promotional planning revenue.

Artist management

Revenue amounted to approximately RMB5.0 million for the year ended 31 December 2021 and approximately RMB12.6 million for the corresponding period last year. The decrease was mainly due to less jobs being arranged during the Olympics.

The Group will continue to work on the development of mobile application and the expansion planning; and introduce more artists proactively in order to promote the online fans and stars to participate and interact through “Aiwoo” (an APP to provide online fans and stars with the tools necessary to engagement and interaction) in order to generate more revenue to the Group.

Despite various external challenges facing the Group's businesses, the Group is confident that under the leadership of our experienced management and the strong teams formed by the seasoned staff, the Group will be able to overcome any and all challenges. With various business opportunities that the Group is currently exploring, the Group believes that our business will continue to improve.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had a total of 26 employees (2020: 28). The decrease was mainly due staff resignations in the fourth quarter while suitable candidates for replacements have yet to be found. The Group remunerates its employees based on their performance, experience and the prevailing market situation. Their remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay discretionary bonuses to its employees based on individual performance.

FOREIGN EXCHANGE RISKS

Regular sales and purchases of the Group are mainly conducted in RMB. The Group will review and monitor the risk relating to foreign exchanges.

CAPITAL EXPENDITURE

The Group paid approximately RMB42,000 for the addition of property, plant and equipment during Year 2021 (Year 2020: approximately RMB37,000).

CAPITAL COMMITMENTS

As at 31 December 2021, the Group had capital commitments of RMB25.3 million (Year 2020: RMB52.3 million).

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no significant investments held as at 31 December 2021 (as at 31 December 2020: share subscription) nor material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during Year 2021 (Year 2020: equity disposal of Beijing Octagons Impact Communications Co. Ltd.), other than (i) the Cooperation Agreement involving the issue of consideration shares under general mandate and (ii) acquisition of Mobile APP involving the issue of consideration shares under general mandate, as disclosed in this announcement under the Consideration shares section, and (iii) acquisition of shareholding interests in a subsidiary involving the issue of consideration shares under specific mandate, as disclosed in this announcement under Events after the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

Acquisition of shareholding interests in a subsidiary involving the issue of consideration shares under specific mandate

On 1 December 2021, Beijing Chuangju Shi Dai Cultural Communication Limited (the “Vendor”), the Company and Beijing Emphasis Media Company Limited (the “Purchaser”), an indirect wholly owned subsidiary of the Company, entered into the equity transfer agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, 10% equity interests of Yiju Creative at the consideration of RMB2,112,900, which will be settled by the allotment and issue of the consideration shares by the Company to the Vendor or its nominee(s) at the issue price on the completion date. The transaction is completed on 31 January 2022.

CORPORATE GOVERNANCE

The Board strives to uphold the principles of corporate governance set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 to the GEM Listing Rules, and adopted various measures to enhance the internal control system, the Directors’ continuous professional development and other areas of practice of the Company. While the Board strives to maintain a high level of corporate governance, it also works hard to create value and achieve maximum return for its shareholders. The Board will continue to conduct review and improve the quality of corporate governance practices with reference to local and international standards.

For the year ended 31 December 2021, the Company has complied with the code provisions set out in the CG Code except the following deviations (Code Provisions A.2.1, A.4.1, A.6.7 and C.2.5):

Chairman and Chief Executive Officer

Mr. Philip Jian Yang is the Chairman of the Board and the Chief Executive Officer of the Company and is responsible for the overall operations, management, business development and strategy planning of the Group.

The Chairman also takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the directors to make active contribution in Board’s affairs and promoting a culture of openness and debate.

The Board is of the view that although Mr. Yang is both Chairman and the Chief Executive Officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company. The Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

Non-executive Directors

The non-executive directors of the Company were not appointed for a specific term but their respective terms of office are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. The rotation clause sets up a mechanism to ensure that all Directors of the Company shall retire at least once every three years and be eligible for re-election.

Attendance of general meeting

Ms. Fu Yuehong, an independent non-executive director of the Company, was unavailable to attend the annual general meeting of the Company held on 10 June 2021 due to other business commitment.

Mr. Yang Shiyuan, a non-executive director of the Company, was unavailable to attend the extraordinary general meeting of the Company held on 13 July 2021 due to other business commitment.

Internal Audit Function

The Company does not have an internal audit function and is currently of the view that there is no immediate need to set up an internal audit function within the Group in light of the size, nature and complexity of the Group's business. It was decided that the Board would be directly responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable laws, rules and regulations. The situation will be reviewed from time to time.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board.

As at the date of this announcement, the audit committee comprises three independent non-executive directors, namely Mr. Yau Yan Yuen, Ms. Fu Yuehong and Mr. Tan Song Kwang.

The audited annual results of the Company for the year ended 31 December 2021 have been reviewed by the audit committee members who have provided advice and comments thereon.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2021.

SCOPE OF WORK OF CL PARTNERS CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, CL Partners CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by CL Partners CPA Limited on this preliminary announcement.

ANNUAL GENERAL MEETING (THE "AGM")

The 2022 AGM of the Company will be held on 27 May 2022 (Friday) at 2:00 p.m., the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 May 2022 (Tuesday) to 27 May 2022 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 23 May 2022 (Monday).

RETIREMENT OF DIRECTOR

The Board of the Company announces that the Board has been informed by Ms. Yang Jianping ("Ms. Yang"), an executive Director, that she will not offer herself for re-election at 2022 AGM and will retire at the conclusion of the 2022 AGM as Ms. Yang would like to spend more time pursuing her own business.

Ms. Yang has confirmed that there is no disagreement between her and the Board and there are no other matters relating to her retirement that need to be brought to the attention of the shareholders of the Company or the Stock Exchange.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at www.ntmediabj.com. The annual report of the Company for the year ended 31 December 2021 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Creative China Holdings Limited
Philip Jian Yang
Chairman and Executive Director

Hong Kong, 24 March 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Philip Jian Yang and Ms. Yang Jianping as executive Directors; Mr. Yang Shiyuan, Mr. Ge Xuyu and Mr. Wang Yong as non-executive Directors; and Ms. Fu Yuehong, Mr. Yau Yan Yuen and Mr. Tan Song Kwang as independent non-executive Directors.

This announcement will remain on GEM website at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its publication and will be published on the website of the Company at www.ntmediabj.com.

* *For identification purposes only*