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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 THIRD QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

**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.

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months and nine months ended 30 September 2023, together with the comparative figures for the corresponding period in 2022, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023

	<i>Notes</i>	Three months ended		Nine months ended	
		30 September		30 September	
		2023	2022	2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	94,873	86,281	118,740	94,432
Direct costs		(59,483)	(11,686)	(77,717)	(18,272)
Gross profit		35,390	74,595	41,023	76,160
Other income		20	162	30	272
Other gains and losses		(118)	214	(2,888)	833
Impairment loss under expected credit loss model, net of reversal		(510)	(675)	(544)	(1,011)
Selling and distribution costs		(729)	(1,323)	(2,669)	(2,861)
Administrative expenses		(6,161)	(4,426)	(13,934)	(11,517)
Finance cost		(120)	(106)	(523)	(189)
Profit before taxation		27,772	68,441	20,495	61,687
Taxation	4	(7,046)	(9,401)	(8,001)	(9,986)
Profit for the period		20,726	59,040	12,494	51,701

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Other comprehensive (expense)/ income that may be reclassified subsequently to profit or loss:				
Exchange differences of translating foreign operations	<u>(68)</u>	2,151	<u>296</u>	2,006
Total comprehensive income for the period	<u>20,658</u>	<u>61,191</u>	<u>12,790</u>	<u>53,707</u>
Profit/(loss) for the period attributable to:				
Owners of the Company	20,747	59,066	12,615	51,826
Non-controlling interests	<u>(21)</u>	<u>(26)</u>	<u>(121)</u>	<u>(125)</u>
	<u>20,726</u>	<u>59,040</u>	<u>12,494</u>	<u>51,701</u>
Total comprehensive income/ (expense) for the period attributable to:				
Owners of the Company	20,677	61,232	12,923	53,857
Non-controlling interests	<u>(19)</u>	<u>(41)</u>	<u>(133)</u>	<u>(150)</u>
	<u>20,658</u>	<u>61,191</u>	<u>12,790</u>	<u>53,707</u>
Earnings per share attributable to owners of the Company				
– Basic and diluted (<i>RMB cents</i>)	<u>5.19</u>	<u>15.84</u>	<u>3.30</u>	<u>14.36</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2023

	Reserves						Equity attributable to the	Non- controlling interests	Total
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserve <i>RMB'000</i>	Merger reserve <i>RMB'000</i>	Foreign exchange reserve <i>RMB'000</i>	Accumulated losses <i>RMB'000</i>	of the Company <i>RMB'000</i>		
Balance at 1 January 2023 (audited)	15,505	200,299	3,784	9,300	894	(53,563)	176,219	1,498	177,717
Profit/(loss) for the period	-	-	-	-	-	12,615	12,615	(121)	12,494
Other comprehensive income	-	-	-	-	308	-	308	(12)	296
Total comprehensive income/(expense) for the period	-	-	-	-	308	12,615	12,923	(133)	12,790
Issue of shares under placing, net of issuing expenses (<i>note 6(ii)</i>)	4,592	12,765	-	-	-	-	17,357	-	17,357
Balance at 30 September 2023 (unaudited)	<u>20,097</u>	<u>213,064</u>	<u>3,784</u>	<u>9,300</u>	<u>1,202</u>	<u>(40,948)</u>	<u>206,499</u>	<u>1,365</u>	<u>207,864</u>
Balance at 1 January 2022 (audited)	13,810	169,166	5,362	9,300	665	(102,640)	95,663	(155)	95,508
Profit/(loss) for the period	-	-	-	-	-	51,826	51,826	(125)	51,701
Other comprehensive income	-	-	-	-	2,031	-	2,031	(25)	2,006
Total comprehensive income/(expense) for the period	-	-	-	-	2,031	51,826	53,857	(150)	53,707
Issue of shares under consideration shares (<i>note 6(i)</i>)	1,695	7,199	(1,578)	-	-	-	7,316	-	7,316
Capital injection from a non-controlling interest	-	-	-	-	-	-	-	1,750	1,750
Balance at 30 September 2022 (unaudited)	<u>15,505</u>	<u>176,365</u>	<u>3,784</u>	<u>9,300</u>	<u>2,696</u>	<u>(50,814)</u>	<u>156,836</u>	<u>1,445</u>	<u>158,281</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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 Conyers 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, 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 condensed 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. Mou Sufang.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in serial program/ film production and related services and film distribution and income rights, 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.

2. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance.

In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

The unaudited condensed consolidated financial results have been prepared under the historical cost basis except for certain financial instruments, which are measured at fair values.

The unaudited condensed consolidated results are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies applied in the preparation of the unaudited condensed consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2022.

The Group has not applied or early adopted the new or revised HKFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated results. The Group is currently assessing the impact of these new or revised HKFRSs upon initial application but is not yet in a position to state whether these new or revised HKFRSs would have any significant impact on its results of operations and financial position. It is anticipated that all of the pronouncements will be adopted in the Group's accounting policies in the accounting periods when they first become effective.

The unaudited condensed consolidated results have been reviewed by the audit committee of the Board (the "Audit Committee").

3. REVENUE

Revenue of the Group represents revenue generated from (i) serial program/film production and related services and film distribution and income rights; (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 period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sale of script copyright and program	59,320	7,371	59,320	14,307
Sale of film distribution and income rights	33,160	77,983	46,933	78,138
Concert and event income	81	–	8,044	–
Livestreaming e-commerce	1,692	802	3,475	1,145
Provision of artist management services	620	125	968	842
	<u>94,873</u>	<u>86,281</u>	<u>118,740</u>	<u>94,432</u>

4. TAXATION

	Three months ended		Nine months ended	
	30 September		30 September	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current tax – the PRC				
– provision for the period	7,163	2,669	7,192	3,254
Current tax – Hong Kong				
– provision for the period	10	6,732	942	6,732
Deferred taxation	(127)	–	(133)	–
Taxation for the period	<u>7,046</u>	<u>9,401</u>	<u>8,001</u>	<u>9,986</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%. 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 periods.

5. DIVIDEND

The Directors do not recommend the payment of any dividend for the three and nine months ended 30 September 2023 (for the three and nine months ended 30 September 2022: nil).

6. EARNINGS PER SHARE

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

	Three months ended 30 September 2023		Nine months ended 30 September 2023	
	RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Profit for the purposes of basic earnings per share	<u>20,747</u>	<u>59,066</u>	<u>12,615</u>	<u>51,826</u>
	Three months ended 30 September 2023		Nine months ended 30 September 2023	
	'000	'000	'000	'000
<i>Number of shares</i>				
Issued ordinary shares at beginning of period	372,987	372,987	372,987	331,316
Effect of issuance of shares under consideration shares (note (i))	–	–	–	29,575
Effect of issuance of shares under placing (note (ii))	<u>26,842</u>	–	<u>9,046</u>	–
Weighted average number of ordinary shares (note (iii))	<u>399,829</u>	<u>372,987</u>	<u>382,033</u>	<u>360,891</u>

Notes:

- (i) 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 Beijing Yiju Creative Technology Limited at the consideration of RMB2,112,900, which would be settled by the allotment and issue of 5,671,467 consideration shares by the Company to the Vendor or its nominee(s) at the issue price of HK\$0.456 per consideration share on the completion date. The transaction is completed on 31 January 2022.

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 would be settled by the allotment and issue of the 36,000,000 consideration shares by the Company to the Cooperation Partners or their nominee(s) at the Issue Price of HK\$1 per consideration share on the completion date. The transaction is completed on 29 March 2022.

- (ii) On 22 May 2023, the Company and ALPINE NOVA LIMITED (高星有限公司) entered into the share subscription agreement, pursuant to which ALPINE NOVA LIMITED has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 30,362,150 ordinary shares (with a nominal value of HK\$1,518,107.5) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 10.83% to the closing price of HK\$0.24 per share as quoted on the Stock Exchange on the date of the subscription agreement. The above subscription was completed on 28 August 2023 (“ANL Subscription”).

The aggregate gross proceeds of the subscription was HK\$6,497,500 and the aggregate net proceeds of the subscription was approximately HK\$5,664,487 (equivalent to RMB5,012,820), representing a net issue price of approximately HK\$0.187 per subscription share.

On 19 June 2023, the Company and TAN KOON AIK entered into the share subscription agreement, pursuant to which TAN KOON AIK has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 44,671,963 ordinary shares (with a nominal value of HK\$2,233,598.15) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 17.69% to the closing price of HK\$0.26 per share as quoted on the Stock Exchange on the date of the subscription agreement. The above subscription was completed on 18 September 2023 (“TKA Subscription”).

The aggregate gross proceeds of the share subscription was RMB8,460,000 (equivalent to HK\$9,559,800) and the aggregate net proceeds of the share subscription, was approximately HK\$8,911,790 (equivalent to RMB7,886,540), representing a net issue price of approximately HK\$0.1995 per subscription share.

On 19 June 2023, the Company and TAN YEW JING entered into the share subscription agreement, pursuant to which TAN YEW JING has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 25,187,383 ordinary shares (with a nominal value of HK\$1,259,369.15) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 17.69% to the closing price of HK\$0.26 per share as quoted on the Stock Exchange on the date of the subscription agreement. The above subscription was completed on 28 August 2023 (“TYJ Subscription”).

The aggregate gross proceeds of the TYJ Subscription was HK\$5,390,100 (equivalent to RMB4,770,000) and the aggregate net proceeds of the share subscription, was approximately HK\$5,036,942 (equivalent to RMB4,457,471), representing a net issue price of approximately HK\$0.2000 per subscription share.

- (iii) Diluted earnings per share was the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the three months and nine months ended 30 September 2023 and 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group for the nine months ended 30 September 2023 amounted to approximately RMB118.7 million, representing an increase of approximately 25.7% as compared to that recorded for the nine months ended 30 September 2022 of approximately RMB94.4 million. The increase in revenue was mainly due to sales of several script copyrights.

Gross profit

The gross profit for the nine months ended 30 September 2023 amounted to approximately RMB41.0 million, representing a decrease of approximately 46.1% as compared to that recorded for the nine months ended 30 September 2022 of approximately RMB76.2 million. The decrease of gross profit for the nine months ended 30 September 2023 was mainly attributable to increase of cost.

Expenses

Selling and distribution costs for the nine months ended 30 September 2023 was approximately RMB2.7 million, which represented a decrease of approximately 6.8% as compared to the corresponding period in last year. The decrease of selling and distribution costs for the nine months ended 30 September 2023 were mainly lower of staff cost.

Administrative expenses for the nine months ended 30 September 2023 amounted to approximately RMB13.9 million (for the nine months ended 30 September 2022: approximately RMB11.5 million), which was increased by approximately 20.9% as compared to the corresponding period in last year. The main reason is due to the increase of legal and professional fee.

Taxation

The Group's income tax expenses amounted to approximately RMB8.0 million for the nine months ended 30 September 2023, and approximately RMB9.9 million for the corresponding period in last year. Income tax expenses for the nine months ended 30 September 2023 were due to profits arising from transfer of the distribution rights of film projects and sales of script copyrights. RMB0.9 million and RMB7.2 million was being provided for Hong Kong profits tax and PRC enterprise income tax respectively for the nine months ended 30 September 2023. PRC enterprise income tax for subsidiaries incorporated in the PRC is calculated at 25% on assessable profits during the period. 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 period. The income tax expenses recognised in the relevant periods are in accordance with the relevant laws and regulations.

Profit attributable to the owners of the Company

The Group recorded profit attributable to the owners of the Company of approximately RMB12.6 million for the period as compared to a profit attributable to the owners of the Company of approximately RMB51.8 million, which was decreased by approximately 75.6% for the corresponding period in 2022. The decrease in net profit after tax was mainly due to increase of cost, increase of exchange loss and legal and professional fee.

Use of proceeds

Share subscription

On 22 May 2023, the Company and ALPINE NOVA LIMITED (高星有限公司) entered into the share subscription agreement, pursuant to which ALPINE NOVA LIMITED has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 30,362,150 ordinary shares (with a nominal value of HK\$1,518,107.5) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 10.83% to the closing price of HK\$0.24 per share as quoted on the Stock Exchange on the date of the subscription agreement. The above subscription was completed on 28 August 2023 (“ANL Subscription”).

The aggregate gross proceeds of the subscription was HK\$6,497,500 and the aggregate net proceeds of the subscription was approximately HK\$5,664,487 (equivalent to RMB5,012,820), representing a net issue price of approximately HK\$0.187 per subscription share. As at 30 September 2023, the net proceeds from the ANL Subscription has been fully utilised as follows:

- approximately HK\$3,974,604 (equivalent to RMB3,517,349), has been utilised to finance mobile application development and operation and related services
- approximately HK\$1,689,883 (equivalent to RMB1,495,471), has been utilised for general working capital of the Company

On 19 June 2023, the Company and TAN KOON AIK entered into the share subscription agreement, pursuant to which TAN KOON AIK has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 44,671,963 ordinary shares (with a nominal value of HK\$2,233,598.15) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 17.69% to the closing price of HK\$0.26 per share as quoted on the Stock Exchange on the date of the subscription agreement. The above subscription was completed on 18 September 2023 (“TKA Subscription”).

The aggregate gross proceeds of the share subscription was RMB8,460,000 (equivalent to HK\$9,559,800) and the aggregate net proceeds of the share subscription, was approximately HK\$8,911,790 (equivalent to RMB7,886,540), representing a net issue price of approximately HK\$0.1995 per subscription share. As at 30 September 2023, the net proceeds from the TKA Subscription has been utilised as follows:

- approximately HK\$297,367 (equivalent to RMB278,208), has been utilised to finance mobile application development and operation and related services
- approximately HK\$2,625,423 (equivalent to RMB2,323,383), has been utilised for general working capital of the Company

The remaining of approximately HK\$5,989,000 (equivalent to RMB5,300,000), will be used in mobile application development and operation and related services by year 2024.

On 19 June 2023, the Company and TAN YEW JING entered into the share subscription agreement, pursuant to which TAN YEW JING has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 25,187,383 ordinary shares (with a nominal value of HK\$1,259,369.15) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 17.69% to the closing price of HK\$0.26 per share as quoted on the Stock Exchange on the date of the subscription agreement. The above subscription was completed on 28 August 2023 (“TYJ Subscription”).

The aggregate gross proceeds of the TYJ Subscription was HK\$5,390,100 (equivalent to RMB4,770,000) and the aggregate net proceeds of the share subscription, was approximately HK\$5,036,942 (equivalent to RMB4,457,471), representing a net issue price of approximately HK\$0.2000 per subscription share. As at 30 September 2023, the net proceeds from the TYJ Subscription has been utilised as follows:

- approximately HK\$728,029 (equivalent to RMB644,273), has been utilised to finance mobile application development and operation and related services
- approximately HK\$1,511,083 (equivalent to RMB1,337,241), has been utilised for general working capital of the Company

The remaining of approximately HK\$2,797,831 (equivalent to RMB2,475,956), will be used in mobile application development and operation and related services by year 2024.

BUSINESS REVIEW AND PROSPECTS

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

Serial program/film production and related services and film distribution and income rights

The Group has recorded revenue of approximately RMB106.2 million for the nine months ended 30 September 2023, representing an increase of approximately 14.9% as compared to that recorded for the nine months ended 30 September 2022 of approximately RMB92.4 million. The increase was mainly due to sales of several script copyrights.

The Group continues to pursue adaptation, creation, and pre-production planning of films and television programs, as well as the distribution and licensing of broadcasting rights of serial programs, online dramas and movies to create values.

Concert and event organisation

The Group has recorded revenue of approximately RMB8.0 million from concert and event organisation segment in the nine months ended 30 September 2023, as compared to no revenue being recognised for the same period in 2022. The revenue mainly comes from several concerts being held in Taiwan.

The Group will try to liaise with the artistes to organize more concerts (including K-pop artists and a renowned top singer from the PRC) in the future.

Mobile application development and operation

The Group has recorded revenue of approximately RMB3.5 million from the mobile application development and operation segment for the nine months ended 30 September 2023, comparing to RMB1.1 million for the corresponding period of last year. Revenue are mainly from livestreaming business.

The Group will continue to seek for cooperate with celebrity in Mainland China to launch the live broadcasts on Taobao and Douyin platforms. The Group will continue to get into in-depth cooperation with well-known celebrities to deeply cultivate the huge market of livestreaming e-commerce.

Artist management

The revenue for the nine months ended 30 September 2023 was approximately RMB0.9 million as compared to the same period of last year of approximately RMB0.8 million, representing an increase of approximately 12.5%. The reason was due to more jobs being arranged.

The Group will continue to seek for opportunities for our artists, as well as managing and promoting our artists and/or star athletes in order to bring more value to the Group.

Although the businesses of the Group are facing various external challenges in 2023, the Group will strive to make improvements and overcome the challenges under the leadership of our experienced management. Together with the various opportunities currently exploring, the Group believes our business will continue to improve.

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 nine months ended 30 September 2023.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 3 November 2015 (the "Share Option Scheme") and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of its adoption and enables the Company to grant share options to the eligible persons (including any executive director, non-executive director and independent non-executive director, advisor and consultant of the Group) (the "Eligible Person(s)") as incentives or rewards for their contributions to the Group. No share option was granted, exercised, expired or lapsed since its adoption by the Company and there is no outstanding share option under the Share Option Scheme.

COMPETING INTERESTS

During the nine months ended 30 September 2023, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) as at 30 September 2023 had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

The Board is pleased to report compliance with the code provisions set out in Part 2 of the CG Code for the nine months ended 30 September 2023, except the following deviations (Code Provisions C.2.1 and D.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 the 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.

Internal audit function

The Group 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. This situation will be reviewed from time to time.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the directors (the “Required Standard of Dealings”). The Company has confirmed, having made specific enquiry of the directors, all the directors have complied with the Required Standard of Dealings throughout the nine months ended 30 September 2023.

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. 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. Wang Xinghua.

The unaudited condensed consolidated results of the Company for the nine months ended 30 September 2023 have been reviewed by the audit committee. The audit committee is of the opinion that such unaudited condensed consolidated results comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosure have been made.

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

Hong Kong, 6 November 2023

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

This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk 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.