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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)

**DISCLOSEABLE TRANSACTION IN RELATION TO
PROVISION OF FINANCIAL ASSISTANCE**

BACKGROUND

In 2019, Emphasis Media (an entity deemed and accounted as an indirect wholly-owned subsidiary of the Company) and Summer Star initiated a business cooperation for two joint development projects for production and distribution of serial programs in the PRC. To the best of the knowledge, information and belief of certain directors of New Talent Media (an indirect wholly-owned subsidiary of the Company), Mr. Wu TF, the largest shareholder of Summer Star, (i) invited certain investors to enter into the Investment Agreements with the goal of preparing Summer Star for a listing in Hong Kong; and (ii) to enhance confidence of those investors in the proposed listing process of Summer Star, asked New Talent Media to provide the Corporate Guarantee as a favour to support the proposed listing exercise by leveraging the status of New Talent Media as a subsidiary of a Hong Kong-listed company. Prior to the date of entering into the Investment Agreements in which New Talent Media agreed to provide the Corporate Guarantee, Mr. Wu TF and Summer Star as counter-guarantors executed the Counter-Guarantee Agreement in favour of New Talent Media, which aimed to provide a back-to-back guarantee to protect the interests of New Talent Media.

COUNTER-GUARANTEE

On 1 June 2020 (after trading hours), in consideration of the Corporate Guarantee to be provided by New Talent Media under the Investment Agreements, the Counter-Guarantors entered into the Counter-Guarantee Agreement with New Talent Media and Emphasis Media, pursuant to which the Counter-Guarantors would provide to New Talent Media the Counter-Guarantee in respect of the Corporate Guarantee.

PROVISION OF CORPORATE GUARANTEE

On 2 June 2020 (after trading hours), New Talent Media as guarantor entered into the Investment Agreements with, among others, Mr. Wu TF, pursuant to which New Talent Media agreed to provide the Corporate Guarantee for the due performance and payment obligations of Mr. Wu TF under the Investment Agreements.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the provision of the Corporate Guarantee under the Investment Agreements in aggregate was more than 5% but less than 25% as at the date of the Investment Agreements, it constituted a discloseable transaction of the Company and was therefore subject to the notification and announcement requirements but is exempted from the compliance of the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

The Company did not timely publish an announcement as soon as possible after the terms of the relevant agreements had been finalised in accordance with the requirements under Rule 19.34 of the GEM Listing Rules. The Company has implemented and adopted a set of remedial measures to prevent recurrence of similar incidents of non-compliance.

BACKGROUND

In 2019, Emphasis Media (an entity deemed and accounted as an indirect wholly-owned subsidiary of the Company) and Summer Star initiated a business cooperation for two joint development projects for the production and distribution of serial programs in the PRC. To the best of the knowledge, information and belief of certain directors of New Talent Media (an indirect wholly-owned subsidiary of the Company), Mr. Wu TF, the largest shareholder of Summer Star, (i) invited certain investors to enter into the Investment Agreements with the goal of preparing Summer Star for a listing in Hong Kong; and (ii) to enhance confidence of those investors in the proposed listing process of Summer Star, asked New Talent Media to provide the Corporate Guarantee as a favour to support the proposed listing exercise by leveraging the status of New Talent Media as a subsidiary of a Hong Kong-listed company.

With the expectation that the collaboration with Summer Star would assist the Group in expanding its presence in the industry, and the amount of the Withheld Payables (as defined below) would be able to cover the potential liabilities in connection with the provision of the Corporate Guarantee, New Talent Media agreed with Mr. Wu TF to provide the Corporate Guarantee. Immediately prior to the date of entering into the Investment Agreements in which New Talent Media agreed to provide the Corporate Guarantee, Mr. Wu TF and Summer Star as counter-guarantors executed the Counter-Guarantee Agreement in favour of New Talent

Media, which aimed to provide a back-to-back guarantee to protect the interests of New Talent Media. For details of the Counter-Guarantee Agreement and Investment Agreements, please refer to the paragraphs headed “Counter-Guarantee” and “Provision of Corporate Guarantee” in this announcement, respectively.

This incident was only identified and reported to the Board as a whole in the course of preparation of the potential transfer of listing of the Shares from GEM to the Main Board of the Stock Exchange as mentioned in the Company’s announcement dated 26 June 2023. The Company regrettably did not comply with the requirements under Rule 19.34 of the GEM Listing Rules for publishing an announcement as soon as possible after the terms of the relevant agreements had been finalised. The Company has implemented and adopted a set of remedial measures, details of which are set out in the paragraphs headed “Remedial measures and actions” in this announcement.

The Board also wishes to report an ongoing litigation related to the Corporate Guarantee in which New Talent Media is one of the defendants. The Board is of the view that the litigation will have no material impact on the overall financial or operating conditions of the Group. Please refer to the paragraphs headed “Litigation” in this announcement for further details.

COUNTER-GUARANTEE

On 1 June 2020 (after trading hours), in consideration of the Corporate Guarantee to be provided by New Talent Media under the Investment Agreements, the Counter-Guarantors entered into the Counter-Guarantee Agreement with New Talent Media and Emphasis Media, pursuant to which the Counter-Guarantors would provide to New Talent Media the Counter-Guarantee in respect of the Corporate Guarantee.

The principal terms of the Counter-Guarantee Agreement are summarised as follows:

Date

1 June 2020

Parties

- (1) Mr. Wu TF, as a Counter-Guarantor;
- (2) Summer Star, as a Counter-Guarantor;
- (3) New Talent Media (an indirect wholly-owned subsidiary of the Company); and
- (4) Emphasis Media (an entity deemed and accounted as an indirect wholly-owned subsidiary of the Company).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Wu TF, Summer Star and its ultimate beneficial owners are Independent Third Parties.

Principal terms

- (1) In consideration of the Corporate Guarantee to be provided by New Talent Media under the Investment Agreements, the Counter-Guarantors would provide to New Talent Media the Counter-Guarantee in respect of the Corporate Guarantee.
- (2) The Counter-Guarantee covered all the amount (including but not limited to the aggregate principal amount of RMB10,000,000 and interest, liquidated damages, ancillary costs and expenses) to be paid by New Talent Media due to the performance of its obligations as a guarantor under the Investment Agreements.
- (3) To secure the performance of Mr. Wu TF and its obligations as a Counter-Guarantor, Summer Star would assume the guarantee responsibility towards New Talent Media by using its entitlement to the income (“**Summer Star’s Entitlement**”) to be derived from its interest in a project under the Group (the “**Project**”). Any amount paid by New Talent Media due to the performance of its obligations as a guarantor under the Investment Agreements would be deducted from the Summer Star’s Entitlement on a priority basis.

The Project and the Summer Star’s Entitlement

The Project relates to the licencing of broadcasting rights of a serial program (the “**Serial Program**”).

Prior to entering into of the Counter-Guarantee Agreement, the Summer Star’s Entitlement amounted to approximately RMB22.11 million. Of the Summer Star’s Entitlement, approximately RMB12.79 million had already been received prior to 1 June 2020 and since then has been held by the Group (the “**Withheld Payables**”), which would be deducted on a priority basis to keep the Group indemnified against any liabilities in connection with the performance of New Talent Media’s guarantee obligations under the Investment Agreements.

Subsequent to entering into of the Counter-Guarantee Agreement, the accumulated Summer Star’s Entitlement as at the date of this announcement amounted to approximately RMB37.07 million.

PROVISION OF CORPORATE GUARANTEE

On 2 June 2020 (after trading hours), New Talent Media as guarantor entered into the Investment Agreements with, among others, Mr. Wu TF, pursuant to which New Talent Media agreed to provide the Corporate Guarantee for the due performance and payment obligations of Mr. Wu TF under the Investment Agreements.

The principal terms of the Investment Agreements are summarised as follows:

	Investment Agreement A	Investment Agreement B	Investment Agreement C
Date:	2 June 2020	2 June 2020	2 June 2020
Parties:	<ul style="list-style-type: none"> (1) Mr. Wu TF (2) Mr. Liu LB (3) Guarantor A (as guarantor) (4) Guarantor B (as guarantor) (5) New Talent Media (as guarantor) 	<ul style="list-style-type: none"> (1) Mr. Wu TF (2) Mr. Chen CX (3) Guarantor A (as guarantor) (4) Guarantor B (as guarantor) (5) New Talent Media (as guarantor) 	<ul style="list-style-type: none"> (1) Mr. Wu TF (2) Mr. Lin GZ (3) Guarantor A (as guarantor) (4) Guarantor B (as guarantor) (5) New Talent Media (as guarantor)
Principal terms:	<ul style="list-style-type: none"> (1) Mr. Liu LB had acquired approximately 6.67% equity interest in an investment vehicle (the “Investment Vehicle”) in Summer Star, which corresponded to 81,501 shares in Summer Star (the “Liu LB’s Summer Star Shares”) at the consideration of RMB1,000,000 (the “Liu LB’s Investment Amount”). 	<ul style="list-style-type: none"> (1) Mr. Chen CX had acquired approximately 20% equity interest in the Investment Vehicle in Summer Star, which corresponded to 244,381 shares in Summer Star (the “Chen CX’s Summer Star Shares”) at the consideration of RMB3,000,000 (the “Chen CX’s Investment Amount”). 	<ul style="list-style-type: none"> (1) Mr. Lin GZ had acquired approximately 40% equity interest in the Investment Vehicle in Summer Star, which corresponded to 488,763 shares in Summer Star (the “Lin GZ’s Summer Star Shares”) at the consideration of RMB6,000,000 (the “Lin GZ’s Investment Amount”).

Investment Agreement A

(2) Mr. Liu LB shall, according to Mr. Wu TF's instructions, arrange for the Liu LB's Summer Star Shares to be transferred from the Investment Vehicle and be held by natural person. Mr. Wu TF and Summer Star would firstly, on a best effort basis and subject to compliance with relevant rules and regulations, arrange Mr. Liu LB to sell the Liu LB's Summer Star Shares by placing in the proposed listing of Summer Star; and after completion of the placing and upon successful listing of Summer Star's shares on the Stock Exchange, if the underwriter failed to pay the placing proceeds to Mr. Liu LB, Mr. Wu TF and other parties shall pay Mr. Liu LB.

(3) If Summer Star failed to list its shares on the Stock Exchange before 30 June 2021, or if Mr. Liu LB failed to realize his investment by placing the Liu LB's Summer Star Shares to third parties before 30 June 2021, Mr. Wu TF shall purchase the Liu LB's Summer Star Shares at the consideration equivalent to the Liu LB's Investment Amount plus interest accrued from June 2015 up to the date of actual payment at the annual interest rate of 4.35% (based on PBOC's lending benchmark interest rate at the time of entering into of Investment Agreement A).

Investment Agreement B

(2) Mr. Chen CX shall, according to Mr. Wu TF's instructions, arrange for the Chen CX's Summer Star Shares to be transferred from the Investment Vehicle and be held by natural person. Mr. Wu TF and Summer Star would firstly, on a best effort basis and subject to compliance with relevant rules and regulations, arrange Mr. Chen CX to sell the Chen CX's Summer Star Shares by placing in the proposed listing of Summer Star; and after completion of the placing and upon successful listing of Summer Star's shares on the Stock Exchange, if the underwriter failed to pay the placing proceeds to Mr. Chen CX, Mr. Wu TF and other parties shall pay Mr. Chen CX.

(3) If Summer Star failed to list its shares on the Stock Exchange before 30 June 2021, or if Mr. Chen CX failed to realize his investment by placing the Chen CX's Summer Star Shares to third parties before 30 June 2021, Mr. Wu TF shall purchase the Chen CX's Summer Star Shares at the consideration equivalent to the Chen CX's Investment Amount plus interest accrued from June 2015 up to the date of actual payment at the annual interest rate of 4.35% (based on PBOC's lending benchmark interest rate at the time of entering into of Investment Agreement B).

Investment Agreement C

(2) Mr. Lin GZ shall, according to Mr. Wu TF's instructions, arrange for the Lin GZ's Summer Star Shares to be transferred from the Investment Vehicle and be held by natural person. Mr. Wu TF and Summer Star would firstly, on a best effort basis and subject to compliance with relevant rules and regulations, arrange Mr. Lin GZ to sell the Lin GZ's Summer Star Shares by placing in the proposed listing of Summer Star; and after completion of the placing and upon successful listing of Summer Star's shares on the Stock Exchange, if the underwriter failed to pay the placing proceeds to Mr. Lin GZ, Mr. Wu TF and other parties shall pay Mr. Lin GZ.

(3) If Summer Star failed to list its shares on the Stock Exchange before 30 June 2021, or if Mr. Lin GZ failed to realize his investment by placing the Lin GZ's Summer Star Shares to third parties before 30 June 2021, Mr. Wu TF shall purchase the Lin GZ's Summer Star Shares at the consideration equivalent to the Lin GZ's Investment Amount plus interest accrued from June 2015 up to the date of actual payment at the annual interest rate of 4.35% (based on PBOC's lending benchmark interest rate at the time of entering into of Investment Agreement C).

Investment Agreement A	Investment Agreement B	Investment Agreement C
<p>(4) If, within one year from the purchase of the Liu LB’s Summer Star Shares, Summer Star’s shares were offered for sale or by way of initial public offering at a price not less than the purchase price in paragraph (3), Mr. Wu TF shall compensate Mr. Liu LB for any shortfall that may occur.</p>	<p>(4) If, within one year from the purchase of the Chen CX’s Summer Star Shares, Summer Star’s shares were offered for sale or by way of initial public offering at a price not less than the purchase price in paragraph (3), Mr. Wu TF shall compensate Mr. Chen CX for any shortfall that may occur.</p>	<p>(4) If, within one year from the purchase of the Lin GZ’s Summer Star Shares, Summer Star’s shares were offered for sale or by way of initial public offering at a price not less than the purchase price in paragraph (3), Mr. Wu TF shall compensate Mr. Lin GZ for any shortfall that may occur.</p>
<p>(5) If Mr. Wu TF was unable to assume responsibility towards Mr. Liu LB according to paragraphs (2), (3) and/or (4), the subsequent parties in line, namely Guarantor A, Guarantor B and New Talent Media, shall assume responsibility towards Mr. Liu LB.</p>	<p>(5) If Mr. Wu TF was unable to assume responsibility towards Mr. Chen CX according to paragraphs (2), (3) and/or (4), the subsequent parties in line, namely Guarantor A, Guarantor B and New Talent Media, shall assume responsibility towards Mr. Chen CX.</p>	<p>(5) If Mr. Wu TF was unable to assume responsibility towards Mr. Lin GZ according to paragraphs (2), (3) and/or (4), the subsequent parties in line, namely Guarantor A, Guarantor B and New Talent Media, shall assume responsibility towards Mr. Lin GZ.</p>
<p>(6) If Mr. Liu LB initiated litigation regarding Investment Agreement A, Mr. Wu TF, Guarantor A, Guarantor B and New Talent Media shall assume joint and several liability thereunder.</p>	<p>(6) If Mr. Chen CX initiated litigation regarding Investment Agreement B, Mr. Wu TF, Guarantor A, Guarantor B and New Talent Media shall assume joint and several liability thereunder.</p>	<p>(6) If Mr. Lin GZ initiated litigation regarding Investment Agreement C, Mr. Wu TF, Guarantor A, Guarantor B and New Talent Media shall assume joint and several liability thereunder.</p>

New Talent Media agreed to provide the Corporate Guarantee for the due performance and payment obligations of Mr. Wu TF under the Investment Agreements.

Latest development

Listing of the shares of Summer Star did not take place before 30 June 2021, and up to the date of this announcement, Mr. Wu TF did not purchase the Liu LB’s Summer Star Shares, the Chen CX’s Summer Star Shares and the Lin GZ’s Summer Star Shares from Mr. Liu LB, Mr. Chen CX and Mr. Lin GZ, respectively. As a result, each of Mr. Lin GZ, Mr. Chen CX and Mr. Liu LB initiated a claim against Mr. Wu TF, Guarantor A, Guarantor B and New Talent Media for failing to purchase their shares in Summer Star according to the terms of the Investment Agreements (collectively, the “**Litigation**”). For details of the Litigation, please refer to the paragraph headed “Litigation” below.

As at the date of this announcement, the amount jointly and severally guaranteed by Guarantor A, Guarantor B and New Talent Media was approximately RMB13.7 million, consisting of (i) RMB10 million, being the sum of the Liu LB's Investment Amount, Chen CX's Investment Amount and Lin GZ's Investment Amount; and (ii) the total interest accrued in the amount of approximately RMB3.7 million.

LITIGATION

Each of Mr. Lin GZ, Mr. Chen CX and Mr. Liu LB initiated a claim against Mr. Wu TF, Guarantor A, Guarantor B and New Talent Media for failing to purchase their shares in Summer Star according to the terms of the Investment Agreements, and the relevant notices of responding to an action were received by New Talent Media in July 2022, March 2023 and March 2023, respectively. Pursuant to the judgment of the People's Court of Futian, Shenzhen dated 30 March 2023 on the case of Mr. Lin GZ, it was held that: (i) Mr. Wu TF, Guarantor A and New Talent Media shall pay RMB6.0 million, equivalent to the Lin GZ's Investment Amount, to Mr. Lin GZ; (ii) Mr. Wu TF, Guarantor A and New Talent Media shall make interest payment to Mr. Lin GZ according to the terms of Investment Agreement C, on joint and several basis within ten days from the effective date of the judgment; and (iii) Guarantor B shall assume joint and several liability for the aforementioned liabilities within the range of RMB2.0 million. The defendants have filed appeals on 22 May 2023 with the Shenzhen Intermediate People's Court, and as of the date of this announcement, judgments of the appeals are pending.

Pursuant to the judgment of the People's Court of Futian, Shenzhen dated 26 May 2023 on the case of Mr. Chen CX, it was held that: (i) Mr. Wu TF, Guarantor A and New Talent Media shall pay RMB3.0 million, equivalent to the Chen CX's Investment Amount, to Mr. Chen CX; (ii) Mr. Wu TF, Guarantor A and New Talent Media shall make interest payment to Mr. Chen CX according to the terms of Investment Agreement B, on joint and several basis within ten days from the effective date of the judgment; and (iii) Guarantor B shall assume joint and several liability for the aforementioned liabilities within the range of RMB2.0 million. The defendants have filed appeals on 18 June 2023 with the Shenzhen Intermediate People's Court, and as of the date of this announcement, judgments of the appeals are pending.

Pursuant to the judgment of the People's Court of Futian, Shenzhen dated 5 June 2023 on the case of Mr. Liu LB, it was held that: (i) Mr. Wu TF, Guarantor A and New Talent Media shall pay RMB1.0 million, equivalent to the Liu LB's Investment Amount, to Mr. Liu LB; (ii) Mr. Wu TF, Guarantor A and New Talent Media shall make interest payment to Mr. Liu LB according to the terms of Investment Agreement A, on joint and several basis within ten days from the effective date of the judgment; and (iii) Guarantor B shall assume joint and several liability for the aforementioned liabilities within the range of RMB2.0 million. The defendants have filed appeals on 18 June 2023 with the Shenzhen Intermediate People's Court, and as of the date of this announcement, judgments of the appeals are pending.

Given that the Group would be able to enforce the Counter-Guarantee to recover nearly all amounts which the Group is liable to pay under the Corporate Guarantee by offsetting the corresponding amounts against the Withheld Payables, the Board is of the view that the Counter-Guarantee would be able to mitigate any risk associated with the provision of the Corporate Guarantee by the Group, and based on the information currently available, the Litigation will have no material impact on the overall financial or operating conditions of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

In 2019, Emphasis Media and Summer Star entered into cooperation agreements for two joint development projects for production and distribution of serial programs in the PRC. Leveraging on the Group's substantial experience and network in serial program production, in 2020, New Talent Media believed if the cooperation was successful, it would be the Group's first joint producer project. Having considered the potential for long-term business collaboration among the parties, the role of Summer Star in future cooperation which might facilitate the Group's business expansion in the industry and the adequacy of the Withheld Payables to cover the potential liabilities in connection with the provision of the Corporate Guarantee, New Talent Media agreed to provide the Corporate Guarantee to secure the payment obligations of the Mr. Wu TF, the single largest shareholder of Summer Star, pursuant to the terms of the Investment Agreements.

As at the date of this announcement, as disclosed in the preceding paragraphs, the Group would be able to enforce the Counter-Guarantee to recover nearly all amounts which the Group would be liable to pay under the Corporate Guarantee by offsetting the corresponding amounts against the Withheld Payables. The Board, after thorough consideration of the above arrangement and documents in relation to the Transaction, assessment that the Transaction has no material effect on the financial condition of the Group and detailed discussion among the Directors at the Board meeting, is therefore of the view that the Counter-Guarantee would be effective in mitigating any risk associated with the provision of the Corporate Guarantee by the Group.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Investment Agreements and Counter-Guarantee Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

New Talent Media, Emphasis Media, the Company and the Group

New Talent Media, an indirect wholly-owned subsidiary of the Company, was established in Beijing, the PRC on 25 December 2013. It is principally engaged in investment holding.

Emphasis Media, which is deemed as and accounted for as a wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements, was established in Beijing, the PRC on 17 July 2002. It is principally engaged in serial program/film production and film rights investment and event organization.

The Company is an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on GEM. The Group is principally engaged in (i) serial program/film production and related services and film rights investment; (ii) concert and event organisation and related services; (iii) mobile application development and operation and related services; and (iv) artist management.

Summer Star

Summer Star was a joint-stock company established under the laws of the PRC on 18 June 2008 with registered capital of RMB45.1 million. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Wu TF, the single largest shareholder of Summer Star, ultimately and beneficially owns approximately 42.23% and 43.41% of the equity interest in Summer Star at the time of entering into the Transaction and as at the date of this announcement, respectively. The principal business activities of Summer Star include film and television drama related business and artists management.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Summer Star is an Independent Third Party.

Mr. Wu TF

Mr. Wu TF is a PRC citizen who is a private investor. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, Mr. Wu TF is an Independent Third Party.

Mr. Liu LB, Mr. Chen CX and Mr. Lin GZ

Mr. Liu LB, Mr. Chen CX and Mr. Lin GZ are PRC citizens who are private investors. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, all of them are Independent Third Parties.

Guarantor A and Guarantor B

Guarantor A and Guarantor B are PRC citizens who are private investors. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, both of them are Independent Third Parties.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the provision of the Corporate Guarantee under the Investment Agreements in aggregate was more than 5% but less than 25% as at the date of the Investment Agreements, it constituted a discloseable transaction of the Company and was therefore subject to the reporting and announcement requirements but was exempted from the compliance of the Shareholders' approval requirement under Chapter 19 of the GEM Listing Rules.

Due to misapprehension of the disclosure requirements regarding the provision of guarantee by a listed issuer under the GEM Listing Rules, certain directors of New Talent Media who participated in the Transaction mistakenly believed that the Withheld Payables under the Counter-Guarantee could be offset against the guaranteed amount under the Corporate Guarantee. Consequently, they did not consider the Transaction as a discloseable transaction under Chapter 19 of the GEM Listing Rules and failed to report the Transaction to the Board for further approval at the material time. The Company did not timely publish an announcement as soon as possible after the terms of the Transaction had been finalised in accordance with the requirements under Rule 19.34 of the GEM Listing Rules. This non-compliance incident was only identified and reported to the Board as a whole in the course of preparation of the potential transfer of listing of the Shares from GEM to the Main Board of the Stock Exchange as mentioned in the Company's announcement dated 26 June 2023. The Transaction has been approved and ratified by the Board as at the date of this announcement.

REMEDIAL MEASURES AND ACTIONS

As an enhanced governance structure, a compliance team (the "**Compliance Team**"), consisting of an executive director, an independent non-executive Director and the Chairman of the Audit Committee, has been established under a board-approved terms of reference and charged with the powers and duties to assist the Board in managing the compliance requirements pertaining to notifiable transactions and other continuous obligations of the Company under the GEM Listing Rules.

As of the date of this announcement, the Group has also implemented certain specific preventive and detective remedial measures to strengthen its compliance function in order to ensure rigorous adherence to the requirements under the GEM Listing Rules and other relevant regulations, with a specific focus on preventing the recurrence of similar incidents of non-compliance across all levels of the organization.

The Group is committed to maintaining a robust compliance system and actively monitoring compliance across all levels of the organization.

The remedial measures include the following:

1. At policy level, the Company has enhanced its governance policy to regulate those transactions falling into the realm of Chapters 17, 19 and 20 of the GEM Listing Rules. These transactions shall be escalated to the Compliance Team in their proposal stage for initial assessment and reserved for the Board and Audit Committee for final approval before any agreements and commitments would be made.
2. At reporting level, the Company has enhanced its internal communications and reporting procedures among senior management, subsidiaries, and departments within the Group, in collaboration with the Compliance Team and the Board, specifically on identifying and assessing disclosure obligations under the GEM Listing Rules prior to engaging in relevant transactions. To this end, responsible staff will be obligated to promptly inform the Compliance Team of any potential notifiable transactions at proposal stage and circulate draft agreements for review, ensuring timely compliance with all applicable requirements.
3. At execution level, the Compliance Team with reference to the terms of reference, is empowered to engage external legal advisers or seek professional advice whenever necessary and appropriate. This ensures that the Compliance Team has access to professional guidance and insights, enabling them to take appropriate actions in relation to any proposed transactions or events in the future.
4. All responsible staff members have been reminded to strictly adhere to the established approval and reporting flow for transactions that may have potential implications under the GEM Listing Rules.
5. As a foundational measure, the Company has implemented a more comprehensive training schedule, covering a series of governance and compliance topics including compliance requirements under Chapters 17, 19 and 20 of the GEM Listing Rules, for refreshing and updating the understanding and knowledge of the Company's key personnel regarding compliance with the GEM Listing Rules, and strengthen their comprehension and awareness of other relevant regulatory requirements, thus promoting a culture of compliance within the Group.

The Company has engaged external legal advisers to provide a training session, covering Chapters 17, 19 and 20 of the GEM Listing Rules, to (i) the Directors, (ii) the senior management and company secretary of the Company and (iii) the management and finance team at the subsidiary level.

6. The Company has structured a more comprehensive scope of internal control review to include all key risk areas, including the controls relating to compliance controls under Chapters 17, 19 and 20 of the GEM Listing Rules and undertaken to appoint an independent internal control reviewer to conduct such assessments on an annual basis.

As of the date of this announcement, the Company has engaged an internal control consultant to review the Company's internal control and compliance systems, including the implementation status of the aforementioned measures.

The Board is of the view that the implementation of the aforementioned follow-up actions and the remedial measures in place are adequate and effective to prevent the recurrence of similar incidents in the future. Moving forward, the Company will continue to enforce its internal control policies and procedures on an ongoing basis and update such policies and procedures as and when appropriate to ensure compliance to the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associate”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Company”	Creative China Holdings Limited (中國創意控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (Stock Code: 8368)
“Contractual Arrangements”	a series of the Group’s contractual arrangements to allow New Talent Media Company Limited* (北京聚視文化傳媒有限公司) to exercise effective control over the Group’s PRC subsidiaries and enjoy the economic benefits generated by these entities
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Corporate Guarantee”	the provision of guarantee by New Talent Media respectively in favour of Mr. Liu LB, Mr. Chen CX and Mr. Lin GZ to secure the payment obligations of Mr. Wu TF pursuant to the terms of the Investment Agreements
“Counter-Guarantee”	the provision of the counter-guarantee by the Counter-Guarantors to New Talent Media under the Counter-Guarantee Agreement

“Counter-Guarantee Agreement”	the counter-guarantee agreement dated 1 June 2020 entered into among the Counter-Guarantors, New Talent Media and Emphasis Media in relation to the Counter-Guarantee
“Counter-Guarantors”	collectively, Mr. Wu TF and Summer Star, and each a “Counter-Guarantor”
“Director(s)”	the director(s) of the Company
“Emphasis Media”	Beijing Emphasis Media Co., Ltd. (北京無限印象傳媒有限公司), a company incorporated in the PRC with limited liability, which is deemed as and accounted for as a wholly-owned subsidiary of the Company by virtue of the Contractual Arrangements
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Investment Agreement A”	the investment agreement dated 2 June 2020 and entered into among Mr. Wu TF, Mr. Liu LB, Guarantor A, Guarantor B and New Talent Media
“Investment Agreement B”	the investment agreement dated 2 June 2020 and entered into among Mr. Wu TF, Mr. Chen CX, Guarantor A, Guarantor B and New Talent Media
“Investment Agreement C”	the investment agreement dated 2 June 2020 and entered into among Mr. Wu TF, Mr. Lin GZ, Guarantor A, Guarantor B and New Talent Media

“Investment Agreements”	collectively, Investment Agreement A, Investment Agreement B and Investment Agreement C
“Mr. Chen CX”	Mr. Chen Chuanxin (陳創新)
“Mr. Lin GZ”	Mr. Lin Guizhong (林桂忠)
“Mr. Liu LB”	Mr. Liu Libiao (劉利彪)
“Mr. Wu TF”	Mr. Wu Tingfei (吳廷飛)
“New Talent Media”	Beijing New Talent Media Company Limited* (北京聚視文化傳媒有限公司), an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the sole purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.05 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Summer Star”	Beijing Summer Star Media Co., Ltd.* (北京盛夏星空影視傳媒股份有限公司), a joint-stock company established under the laws of the PRC

“Transaction” the entering into of the Investment Agreements and Counter-Guarantee Agreement by the Group

“%” per cent

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

Hong Kong, 14 November 2023

As at the date of this announcement, the Board 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the Company’s website at www.ntmediabj.com.

* For identification purposes only