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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 2022**

**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 2022, together with the comparative figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022

	<i>Notes</i>	Three months ended		Nine months ended	
		30 September	2021	30 September	2021
		2022	2021	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3	86,281	28,798	94,432	36,796
Direct costs		(11,686)	(14,199)	(18,272)	(14,609)
Gross profit		74,595	14,599	76,160	22,187
Other income		162	35	272	191
Other gains and losses		214	(175)	833	(729)
Impairment loss under expected credit loss model, net of reversal		(675)	–	(1,011)	–
Selling and distribution costs		(1,323)	(444)	(2,861)	(1,311)
Administrative expenses		(4,426)	(3,966)	(11,517)	(10,644)
Finance cost		(106)	(30)	(189)	(107)
Profit before income tax		68,441	10,019	61,687	9,587
Income tax expense	4	(9,401)	(218)	(9,986)	(635)
Profit for the period		59,040	9,801	51,701	8,952

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
<i>Notes</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>2,151</u>	<u>(20)</u>	<u>2,006</u>	<u>118</u>
Total comprehensive income for the period	<u>61,191</u>	<u>9,781</u>	<u>53,707</u>	<u>9,070</u>
Profit/(loss) for the period attributable to:				
Owners of the Company	<u>59,066</u>	9,831	<u>51,826</u>	9,040
Non-controlling interests	<u>(26)</u>	<u>(30)</u>	<u>(125)</u>	<u>(88)</u>
	<u>59,040</u>	<u>9,801</u>	<u>51,701</u>	<u>8,952</u>
Total comprehensive income/ (expense) for the period attributable to:				
Owners of the Company	<u>61,232</u>	9,811	<u>53,857</u>	9,157
Non-controlling interests	<u>(41)</u>	<u>(30)</u>	<u>(150)</u>	<u>(87)</u>
	<u>61,191</u>	<u>9,781</u>	<u>53,707</u>	<u>9,070</u>
Earnings per share:				
– Basic and diluted (<i>RMB cents</i>)	<u>15.836</u>	<u>2.967</u>	<u>14.361</u>	<u>2.806</u>
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2022

	Reserves					Accumulated losses	Equity attributable to the 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	RMB'000	RMB'000
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	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>
Balance at 1 January 2021 (audited)	13,188	165,378	5,362	9,300	467	(126,201)	67,494	(94)	67,400
Profit/(loss) for the period	-	-	-	-	-	9,040	9,040	(88)	8,952
Other comprehensive income	-	-	-	-	117	-	117	1	118
Total comprehensive income/(expense) for the period	-	-	-	-	117	9,040	9,157	(87)	9,070
Issue of shares under consideration shares	622	3,788	-	-	-	-	4,410	-	4,410
Balance at 30 September 2021 (unaudited)	<u>13,810</u>	<u>169,166</u>	<u>5,362</u>	<u>9,300</u>	<u>584</u>	<u>(117,161)</u>	<u>81,061</u>	<u>(181)</u>	<u>80,880</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.

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.

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 2021.

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) 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 in revenue during the period are as follows:

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Program production and related income	85,354	27,476	92,445	27,476
Concert and event organisation and related income	–	266	–	266
Mobile application development and operation and related income	802	–	1,145	4,510
Artist management and related income	125	1,056	842	4,544
	86,281	28,798	94,432	36,796

4. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	30 September		30 September	
	2022	2021	2022	2021
	<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	2,669	(3)	3,254	(420)
Current tax – Hong Kong				
– provision for the period	6,732	(215)	6,732	(215)
Deferred tax	–	–	–	–
Income tax expense	9,401	(218)	9,986	(635)

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 periods.

5. DIVIDEND

The directors do not recommend the payment of any dividend for the three and nine months ended 30 September 2022 (for the three and nine months ended 30 September 2021: 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 2022		Nine months ended 30 September 2022	
	<i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
<i>Profit</i>				
Profit for the purposes of basic earnings per share	59,066	9,831	51,826	9,040

	Three months ended 30 September 2022		Nine months ended 30 September 2022	
	'000	2021 '000	'000	2021 '000
<i>Number of shares</i>				
Issued ordinary shares at beginning of period	372,987	331,316	331,316	316,316
Effect of issuance of shares under consideration shares (<i>note (i)</i>)	–	–	29,575	5,824
Weighted average number of ordinary shares (<i>note (ii)</i>)	372,987	331,316	360,891	322,140

Notes:

- (i) 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 (the “Purchaser”) under GEM Listing Rules on 27 May 2021 (the “Agreement”), the Purchaser 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 the Purchaser 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 or its nominee(s).

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) 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 2022 and 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group for the nine months ended 30 September 2022 amounted to approximately RMB94.4 million, representing an increase of approximately 156.6% as compared to that recorded for the nine months ended 30 September 2021 of approximately RMB36.8 million. The revenue was mainly generated from program production, mobile application development and operation and artist management segments. The increase in revenue was mainly due to the transfer of the distribution rights of imported film projects being mentioned in the 2022 interim report and sales of script copyrights under the program production segment.

Gross profit

The gross profit for the nine months ended 30 September 2022 amounted to approximately RMB76.2 million, representing an increase of approximately 243.3% as compared to that recorded for the nine months ended 30 September 2021 of approximately RMB22.2 million. Gross profit was being recorded for the nine months ended 30 September 2022 was mainly attributable to the transfer of the distribution rights of film projects and sales of script copyrights.

Expenses

Selling and distribution costs for the nine months ended 30 September 2022 was approximately RMB2.9 million, which represented an increase of approximately 118.2% as compared to the corresponding period in last year. The increase of selling and distribution costs for the nine months ended 30 September 2022 were mainly the selling and distribution costs of live streaming e-commerce.

Administrative expenses for the nine months ended 30 September 2022 amounted to approximately RMB11.5 million (for the nine months ended 30 September 2021: approximately RMB10.6 million), which was increased by approximately 8.2% as compared to the corresponding period in last year. The main reason is due to the increase of administrative expenses of live streaming e-commerce.

Income tax expenses

The Group's income tax expenses amounted to approximately RMB10.0 million for the nine months ended 30 September 2022, and approximately RMB0.6 million for corresponding period in last year. Income tax expenses for the nine months ended 30 September 2022 were due to profits arising from transfer of the distribution rights of film projects and sales of script copyrights. RMB6.7 million and RMB3.3 million was being provided for Hong Kong profits tax and PRC enterprise income tax respectively for the nine months ended 30 September 2022. 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/(loss) attributable to the owners of the Company

The Group recorded profit attributable to the owners of the Company of approximately RMB51.8 million for the period as compared to a profit attributable to the owners of the Company of approximately RMB9.0 million, which was increased by approximately 473.4% for the corresponding period in 2021. The increase in net profit after tax was mainly due to the transfer of the distribution rights of film projects and sales of script copyrights.

Consideration shares

(1) 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 Beijing Yiju Creative Technology Limited ("Yiju Creative") at the consideration of RMB2,112,900, which would 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 of HK\$0.456 each on the completion date. The transaction was completed on 31 January 2022. Details can be referred to the circular made on 12 January 2022 and the announcement dated 31 January 2022.

(2) *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 Pictures”) (Truth Pictures and Yuanxin Pictures, collectively the “Cooperation Partners”) and Mr. Liang Longfei (the “Guarantor”) entered into a cooperation agreement, pursuant to which (i) the Group and Cooperation Partners have conditionally agreed to carry out the cooperation in the distribution of the six foreign imported films in the PRC; and (ii) the Consideration in the sum of RMB30,000,000 (equivalent to approximately HK\$36,000,000) is payable by the Company to the Cooperation Partners, which would be settled by the allotment and issue of an aggregate of 36,000,000 Consideration Shares by the Company to the Cooperation Partners or their nominee(s) at the issue price of HK\$1.0 each according to the terms and conditions thereof. The transaction was completed on 29 March 2022. Detail can be referred to the announcements made on 6 September 2021, 20 October 2021 and 29 March 2022. The fair value of the imported films was being recorded on the completion date of issuance of the Consideration Shares.

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the businesses of (i) program production 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 has recorded revenue of approximately RMB92.4 million for the nine months ended 30 September 2022, representing an increase of approximately 236.5% as compared to that recorded for the nine months ended 30 September 2021 of approximately RMB27.5 million. The increase was mainly due to the transfer of the distribution rights of film projects and sales of 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

For the nine months ended 30 September 2022, no revenue being recorded in concert and event organising as compared to same period of last year of approximately RMB0.3 million. The decrease is due to the limitation of social gathering under the COVID-19 pandemic, therefore there were no events and concerts being organised during the period.

Due to the relaxation of quarantine rules in Southeast Asia and Taiwan, the Group is rescheduling the timetable of concerts which already being entered into agreements with Korean pop stars.

Mobile application development and operation

During the nine months ended 30 September 2022, revenue of approximately RMB1.1 million was recorded as compared to approximately RMB4.5 million for last year same period representing a decrease of 74.6%. The decrease was mainly due to reducing in advertising income.

The Group started its live streaming e-commerce since the second quarter, and launched live broadcasts, namely 365 Blessings on Taobao, including in-depth cooperation with a well-known Mainland China artist. The Group has entered into a live broadcast management contract with a well-known artist in Mainland China in the third quarter. The Group endorsed the artist to participate in the “China New Anchor Contest” being organised by a well-known domestic e-commerce platform and won the championship. The Group will continue to get into in-depth cooperation with well-known celebrities to deeply cultivate the huge market of live streaming e-commerce.

The Group will continue to work on the cooperation framework agreement between Beijing Yiju Creative Technology Limited (“Yiju Creative”) and Beijing Shu Cai Cultural Media Limited* (“Shu Cai”) to establish a formal agreement in relation to the cooperation on the aspects of creating and managing the official pages for various exclusive artists of Shu Cai on the personalized mobile-based social networking platform named “Aiwoo” (“Mobile APP”) owned by Yiju Creative, in order to create more business opportunities and revenue for the Group in broadcasting and e-commerce and artist management segments, the Group expects these mobile application 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

The revenue for the nine months ended 30 September 2022 was approximately RMB0.8 million as compared to the same period of last year of approximately RMB4.5 million, representing a decrease of approximately 81.5%. The reason was due to less jobs being arranged during the pandemic period in the second quarter.

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 2022, 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 2022.

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 2022, 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 2022 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 of the CG Code for the nine months ended 30 September 2022, 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 2022.

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. Tan Song Kwang.

The unaudited condensed consolidated results of the Company for the nine months ended 30 September 2022 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, 7 November 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Philip Jian Yang as executive director; 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 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.

* *For identification purposes only*