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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8368)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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, includes particulars given in compliance with the Rules Governing the Listing of Securities on the 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 of the Company (the "Board") is pleased to present the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015, together with comparative figures for the preceeding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015**	2014
		RMB'000	*RMB'000*
Turnover	*5*	**72,596**	56,144
Direct costs		**(39,568)**	(28,362)
Gross profit		**33,028**	27,782
Other revenue	*6*	**1,683**	26
Other gains and losses	*7*	**356**	–
Selling and distribution costs		**(3,293)**	(1,342)
Listing expenses		**(10,430)**	(475)
Administrative expenses		**(17,058)**	(16,500)
Profit from operation		**4,286**	9,491
Finance costs	*8*	**(185)**	(286)
Profit before income tax	*9*	**4,101**	9,205
Income tax expense	*10*	**(3,784)**	(2,712)
Profit and total comprehensive income for the year		**317**	6,493
Attributable to:			
Owners of the Company		**528**	6,493
Non-controlling interests		**(211)**	–
		317	6,493
Earnings per share:			
– Basic and diluted (RMB cents)	*12*	**0.0609**	0.9619

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**9,170**	11,128
Goodwill		**3,555**	3,555
Intangible assets		**2,664**	3,552
Prepayment for acquisition of property, plant and equipment		**238**	384
		15,627	18,619
Current assets			
Trade and other receivables	*13*	**25,155**	3,892
Amounts due from shareholders		–	325
Cash and cash equivalents		**109,631**	19,681
Total current assets		**134,786**	23,898
Total assets		**150,413**	42,517
Current liabilities			
Trade payables	*14*	**3,122**	1,419
Other payables		**14,928**	10,547
Amount due to a related company		–	420
Amount due to a director		–	30
Loan from a shareholder		–	394
Current tax liabilities		**3,151**	2,467
Finance lease liabilities		–	650
Total current liabilities		**21,201**	15,927
Net current assets		**113,585**	7,971
Total assets less current liabilities		**129,212**	26,590

	Note	**2015**	2014
		RMB'000	RMB'000
Non-current liabilities			
Other payables		**585**	2,219
Deferred tax liabilities		**666**	888
Total non-current liabilities		**1,251**	3,107
Total liabilities		**22,452**	19,034
NET ASSETS		**127,961**	23,483
Capital and reserves			
Share capital	*15*	**9,821**	–*
Reserves		**117,601**	23,483
Equity attributable to owners of the Company		**127,422**	23,483
Non-controlling interests		**539**	–
TOTAL EQUITY		**127,961**	23,483

* *Represents amount less than RMB1,000*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

		Reserves						
	Share capital	Share premium	Other reserve	Merger reserve	Retained earnings	Equity attributable to the owners of the Company	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2014	–*	–	5,000	9,300	754	15,054	–	15,054
Recognition of equity-settled share-based payments	–	–	362	–	–	362	–	362
Issue of shares by subscription *(note 15(b))*	–*	1,574	–	–	–	1,574	–	1,574
Profit and total comprehensive income for the year	–	–	–	–	6,493	6,493	–	6,493
Balance at 31 December 2014	–*	1,574	5,362	9,300	7,247	23,483	–	23,483
Capital injection from non-controlling interests of a subsidiary	–	–	–	–	–	–	750	750
Issue of ordinary shares *(note 15(c))*	1	15,814	–	–	–	15,815	–	15,815
Capitalisation Issue of shares *(note 15(d))*	7,351	(7,351)	–	–	–	–	–	–
Issue of shares under placing *(note 15(e))*	2,469	93,833	–	–	–	96,302	–	96,302
Share issue expenses	–	(8,706)	–	–	–	(8,706)	–	(8,706)
Profit and total comprehensive income for the year	–	–	–	–	528	528	(211)	317
Balance at 31 December 2015	9,821	95,164	5,362	9,300	7,775	127,422	539	127,961

* *Represents amount less than RMB1,000*

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The Company's shares were listed on the GEM of the Stock Exchange on 18 November 2015 (the "Listing Date").

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in the provision of program production and event organisation services in the People's Republic of China ("PRC").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective on 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

The adoption of these amendments has no material impact on the Group's consolidated financial statements.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 14	Regulatory Deferral Accounts[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group.

(c) New Companies Ordinance provisions relating to the preparation of financial statements

The provisions of the new Hong Kong Companies Ordinance (Cap.622) regarding preparation of accounts and report of the directors and audits became effective for the financial year ended 31 December 2015.

The Company has adopted the amendments to the GEM Listing Rules relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact on the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. GROUP REORGANISATION AND BASIS OF PRESENTATION

Pursuant to a group reorganisation (the "Group Reorganisation") carried out by the Group in preparation for the listing of shares of the Company on the GEM (the "Listing"), the Company became the holding company of the subsidiaries now comprising the Group on 18 May 2015. Details of the Group Reorganisation are as set out in the section headed "History, Reorganisation and Corporate Structure" to the prospectus issued by the Company dated 12 November 2015 (the "Prospectus") .

The Group Reorganisation involved the combination of a number of entities that were under common control before and after the Group Reorganisation. The Group is therefore regarded as a continuing entity resulting from the Group Reorganisation, as there has been a continuation of the risks and benefits to the ultimate controlling parties that existed prior to the Group Reorganisation.

Accordingly, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the years ended 31 December 2015 and 2014 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout those years, or since their respective dates of incorporation or establishment of the combining companies, or since the date when the combining companies first came under the common control, whichever was shorter. The consolidated statement of financial position of the Group as at 31 December 2015 and 2014 have been prepared to present the assets and liabilities of the companies now comprising the Group at that date, as if the current group structure had been in existence as at that date. All significant intra-group transactions and balances have been eliminated on consolidation.

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements 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.

4. SEGMENT INFORMATION

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

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

– Program production and related services ("Program production");

– Event organisation and related services ("Event organisation").

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

(a) Business segments

The segment information provided to the Chief Executive Officer for the reportable segments is as follows:

For the year ended 31 December 2015

	Program production *RMB'000*	**Event organisation** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue from external customers	35,663	36,933	72,596
Reportable segment profit	5,565	9,329	14,894
Interest income	19	12	31
Interest expense	185	–	185
Depreciation of property, plant and equipment	1,914	516	2,430
Amortisation of intangible assets	–	888	888
Reportable segment assets	22,949	55,918	78,867
Additions to non-current assets	436	172	608
Reportable segment liabilities	10,145	9,139	19,284

For the year ended 31 December 2014

	Program production *RMB'000*	**Event organisation** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue from external customers	29,244	26,900	56,144
Reportable segment profit	3,218	7,039	10,257
Interest income	10	4	14
Interest expense	286	–	286
Depreciation of property, plant and equipment	2,547	508	3,055
Amortisation of intangible assets	–	888	888
Property, plant and equipment written off	151	9	160
Reportable segment assets	23,671	17,668	41,339
Additions to non-current assets	2,620	67	2,687
Reportable segment liabilities	12,224	5,534	17,758

(b) Reconciliation of reportable segment revenues, profit before income tax, assets and liabilities

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Reportable segment and consolidated revenue	**72,596**	56,144

	2015	2014
	RMB'000	*RMB'000*
Profit before income tax		
Reportable segment profit	**14,894**	10,257
Other revenue	**5**	–
Unallocated corporate expenses:		
– Share-based payments	**–**	(362)
– Listing expenses	**(10,430)**	(475)
– Others	**(368)**	(215)
Consolidated profit before income tax	**4,101**	9,205

	2015	2014
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**78,867**	41,339
Unallocated corporate assets:		
– Cash and cash equivalents	**71,451**	1,026
– Others	**95**	152
Consolidated total assets	**150,413**	42,517

	2015	2014
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**19,284**	17,758
Deferred tax liabilities	**666**	888
Unallocated corporate liabilities:		
– Accruals	**2,502**	–
– Others	**–**	388
Consolidated total liabilities	**22,452**	19,034

(c) Geographic information

All revenue from external customers are located in the PRC. Geographical location of customers is based on the location at which the services are provided. No geographical location of non-current assets is presented as substantial non-current assets are physically based in the PRC.

(d) Information about major customers

For the year ended 31 December 2015, revenues from two customers (2014: one customer) with whom transactions have exceeded 10% of the Group's revenue for the year. Details were as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue from the customer:		
Customer I:		
– Program production and related services	**21,005**	22,621
– Event organisation and related services	**2,391**	16,236
	23,396	38,857
Customer II:		
– Program production and related services	**10,604**	N/A *(note)*
	34,000	38,837

Note:

The corresponding revenue in the year ended 31 December 2014 for Customer II did not contribute over 10% of the total revenue of the Group.

5. TURNOVER

Turnover of the Group represents revenue generated from (i) program production and related services and (ii) event organisation and related services. The amounts of each significant category of revenue recognised in turnover during the year are as follows:

	2015	2014
	RMB'000	*RMB'000*
Program production and related services:		
– Service income	**35,625**	27,055
– Advertising income	**38**	2,189
	35,663	29,244
Event organisation and related services:		
– Service income	**34,905**	23,881
– Advertising income	**2,028**	3,019
	36,933	26,900
	72,596	56,144

6. OTHER REVENUE

	2015	2014
	RMB'000	*RMB'000*
Interest income from bank deposits	**36**	14
Exchange gain	**1,544**	12
Sponsorship	**97**	–
Sundry income	**6**	–
	1,683	26

7. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**47**	–
Gain on disposal of a subsidiary	**309**	–
	356	–

8. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on finance lease	**–**	50
Imputed interest on other payables	**185**	236
	185	286

9. PROFIT BEFORE INCOME TAX

	2015	2014
	RMB'000	*RMB'000*
Profit before income tax is arrived at after charging:		
Staff costs	**12,686**	13,647
Auditor's remuneration	**1,600**	–
Depreciation of property, plant and equipment: *(note)*		
– Owned	**2,430**	2,772
– Held under finance leases	**–**	283
Amortisation of intangible assets	**888**	888
Property, plant and equipment written off	**–**	160

Note:

Depreciation charge of RMB1,150,000 (2014: RMB1,165,000) has been included in direct costs for the year.

10. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax – the PRC		
– provision for the year	**3,958**	2,934
– under provision in respect of prior years	**48**	–
Deferred tax	**(222)**	(222)
	3,784	2,712

PRC enterprise income tax is calculated at 25% (2014: 25%) on the estimated assessable profits during the year.

11. DIVIDEND

No dividend had been paid or declared by the Company during the year (2014: nil).

12. 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:

Earnings

	2015	2014
	RMB'000	*RMB'000*
Earnings for the purposes of basic earnings per share	**528**	6,493

Number of shares

	2015	2014
	'000	*'000*
Weighted average number of ordinary shares *(note)*	**866,918**	675,000

Note:

In the calculation of the weighted average of ordinary shares, the number of shares in issue immediately after the completion of capitalisation issue of shares, as detailed in note 15(d), are deemed to have been issued to the ordinary shareholders since the date becoming the ordinary shareholders up to 31 December 2014 or up to 18 November 2015, immediately before the completion of the placing of shares, as detailed in note 15(e).

Diluted earnings per share was the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding for the years ended 31 December 2015 and 2014.

13. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**14,554**	210
Prepayments and deposits	**7,747**	1,503
Other receivables	**2,854**	2,179
	25,155	3,892

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

	2015	2014
	RMB'000	*RMB'000*
Within 30 days *(note)*	**13,306**	210
31 to 90 days	**409**	–
91 to 180 days	**–**	–
Over 180 days	**839**	–
	14,554	210

Note:

Included in trade receivables within 30 days as at 31 December 2015 are the amounts of RMB11,869,000 (2014: RMB170,000) for which all services were provided but not yet invoiced.

The credit period granted to trade debtors ranges 0-90 days from the invoice dates.

At the end of reporting period, the Group reviews trade and other receivables for evidence of impairment on both an individual and collective basis. Based on the impairment assessment, no impairment loss has been recognised as at 31 December 2015 (2014: nil). The Group did not hold any collateral as security or other credit enhancement over the trade receivables.

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

	2015	2014
	RMB'000	*RMB'000*
Not past due	**6,746**	210
Past due but not impaired		
Within 30 days	**6,309**	–
31 to 90 days	**–**	–
91 to 180 days	**997**	–
Over 180 days	**502**	–
	14,554	210

Trade receivables that were not past due relate to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired relate to customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable.

14. TRADE PAYABLES

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

	2015	2014
	RMB'000	*RMB'000*
Within 30 days *(note)*	**2,668**	929
31 to 90 days	**–**	–
91 to 365 days	**453**	–
Over 365 days	**1**	490
	3,122	1,419

Note:

Included in trade payables within 30 days as at 31 December 2015 are the amounts of RMB2,004,000 (2014: nil) for which all services were provided by the suppliers but not yet invoiced.

15. SHARE CAPITAL

Authorised and issued share capital

	2015			2014		
			Equivalent to			Equivalent to
	Number	***HKD'000***	***RMB'000***	Number	*HKD'000*	*RMB'000*
Ordinary shares of HK$0.01 each						
Authorised						
At 1 January	**38,000,000**	**380**	**299**	38,000,000	380	299
Increase in authorised share capital on 3 November 2015 (note (a))	**7,962,000,000**	**79,620**	**66,725**	–	–	–
At 31 December	**8,000,000,000**	**80,000**	**67,024**	38,000,000	380	299
Issued and fully paid						
Ordinary shares						
At beginning of the year	**1,000**	**–***	**–***	1	–*	–*
Issue of shares by subscription (note (b))	–	–	–	999	–*	–*
Issue of ordinary shares (note (c))	**99,000**	**1**	**1**	–	–	–
Capitalisation Issue of shares (note (d))	**899,900,000**	**8,999**	**7,351**	–	–	–
Issue of shares under placing (note (e))	**300,000,000**	**3,000**	**2,469**	–	–	–
At end of the year	**1,200,000,000**	**12,000**	**9,821**	1,000	–*	–*

(a) The Company was incorporated in the Cayman Island on 1 November 2013 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the same date, one ordinary share of HK$0.01 was issued. Pursuant to the written resolutions passed on 3 November 2015 the authorised share capital of the Company was increased from HK$380,000 to HK$80,000,000 by the creation of an additional 79,620,000 ordinary shares.

(b) On 17 January 2014, 899 shares of the Company were allotted to Guang Rui Investments Limited ("Guang Rui") at par value and 100 shares of the Company were allotted to Ever Ring Holdings Limited ("Ever Ring") at HK$2,000,000.

(c) On 21 April 2015, 25,000 shares of the Company were alloted to an independent third party at cash consideration of HK$20,000,000. At the same date, 66,600 and 7,400 shares of the Company were allotted to Guang Rui and Ever Ring respectively at par value.

(d) On 3 November 2015, a total of 899,900,000 shares of the Company were allotted to the existing shareholders, credited as fully paid at par by way of capitalisation of the sum of HK$8,999,000 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").

(e) Under the placing took place during the year, 300,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.39 per share for a total cash consideration (before share issuance expenses) of approximately HK$117,000,000.

* *Represents amount less than 1,000 of relevant currency*

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2015, the Group recorded revenue of approximately RMB72.6 million (2014: RMB56.1 million), representing a 29.3% increase comparing to the last year.

An analysis of the Group's turnover for the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Program production	**35,663**	29,244
Event organisation	**36,933**	26,900
	72,596	56,144

The increase in turnover was mainly attributable to the diversification of customer base and the stable business relationship with our key customers during the year.

Gross profit and gross profit margin

For the year ended 31 December 2015, the Group recorded a gross profit of approximately RMB33.0 million (2014: RMB27.8 million), represented an increase of approximately RMB5.2 million as compared to that of last year, which is in line with our revenue growth. The gross profit margin for the year ended 31 December 2015 stabilised at approximately 45.5% (2014: 49.5%).

Expenses

Selling and distribution costs for the year ended 31 December 2015 was approximately RMB3.3 million (2014: RMB1.3 million), representing an increase of approximately RMB2.0 million as compared to that of last year. It was mainly due to the increased staff costs in marketing during the year ended 31 December 2015 for the increased pitching activities.

Administrative expenses for the year ended 31 December 2015 was approximately RMB17.1 million (2014: RMB16.5 million), which remained stable as compared to last year.

Income tax expense

Income tax expense increased by approximately 39.5%, from approximately RMB2.7 million for the year ended 31 December 2014 to approximately RMB3.8 million for the year ended 31 December 2015. Income tax expense for both 2014 and 2015 mainly represented the PRC enterprise income tax of group companies calculated at 25% on its taxable income in accordance with the relevant PRC laws and regulations.

Profit for the year

Profit for the year ended 31 December 2015 was approximately RMB0.3 million (2014: RMB6.5 million). The decrease was mainly attributable to the recognition of listing expenses of approximately RMB10.4 million (2014: RMB0.5 million) during the year ended 31 December 2015.

Financial resources, liquidity and capital structure

During the year ended 31 December 2015, the Group financed its operations by internally generated cash flow and shareholders' equity. As at 31 December 2015, the Group had net current assets of approximately RMB113.6 million (31 December 2014: RMB8.0 million) including cash and cash equivalents of approximately RMB109.6 million (31 December 2014: RMB19.7 million). The current ratio, being the ratio of current assets to current liabilities, was approximately 6.4 as at 31 December 2015 (31 December 2014: 1.5).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB127.4 million as at 31 December 2015 (31 December 2014: RMB23.5 million).

BUSINESS REVIEW

The Group is principally engaged in the businesses of program production and event organisation in the PRC. As a result of diversifying customer base and the stable business relationship with our key customers, the revenue of program production segment and event organisation increased by approximately 21.9% and 37.3%, respectively, in year ended 31 December 2015 as compared to the year ended 31 December 2014. The Group will continue to explore and develop cooperation opportunities with other customers.

The Group was successfully listed on GEM on 18 November 2015. The proceeds raised have strengthened the Group's cash flow and provided financial resources to the Group in developing the Group's core businesses and exploring new business opportunities in order to maximise the value of the Company.

Employees and remuneration policies

As at 31 December 2015, The Group had a total of 123 employees. The Group remunerates its employees based on their performance, experience and the prevailing market practice. Their remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay a discretionary bonus to its employees based on individual performance.

Foreign exchange risks

The sales and purchase of the Group are mainly in RMB. The Group will review and monitor from time to time the risk relating to foreign exchanges.

Capital expenditure

The Group purchased property, plant and equipment amounting to approximately RMB0.6 million for the year ended 31 December 2015 (2014: RMB2.7 million).

Capital commitments

As at 31 December 2015, the Group did not have any capital commitments.

Contingent liabilities

As at 31 December 2015, there were no significant contingent liabilities for the Group.

Significant investment, material acquisitions or disposals of subsidiaries and affiliated companies

There were neither significant investments held as at 31 December 2015 (31 December 2014: nil) nor material acquisitions and disposals of subsidiaries and affiliated companies made by the Group during the year ended 31 December 2015 (year ended 31 December 2014: nil).

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the Prospectus for the period from 6 November 2015, being the latest practicable date as defined in the Prospectus, to 31 December 2015 (the "Review Period") with the Group's actual business progress for the Review Period is set out as follows:

Business objectives	Actual progress
Expanding the spectrums of video categories to be broadcasted online and related services	The Group has continued to expand the spectrums of video categories to be broadcasted online and related services. Subsequent to the Review Period, the Group has entered into a three-year cooperative agreement with a website to jointly develop and operate a live video broadcast platform. The Group will mainly provide the content of the platform. Details of which are disclosed in the announcement dated 21 January 2016.
Exploring additional and diversified revenue streams to share the advertising profits of the customers generated from the television and online programs produced by the Group in addition to charging a fixed production fee	Pursuant to a three-year cooperative agreement with a provincial television station, the Group has kicked off the production of a music program during the Review Period for which we expect we would not only generate production income but also will be entitled to share profits to be generated from the project. The music program is expected to be broadcasted in weekly episodes during the summer of 2016. In addition, the Group has participated in the investment and production of a commercial concert during the Review Period.
Setting up a studio for shooting programs, holding promotional events for brand owners and other related uses	The Group is continuing to identify the suitable location to set up the studio and is negotiating with certain landlords on the detailed terms. Therefore, there was no use of fund during the Review Period.

Use of proceeds from the placing of shares

The Company was successfully listed on GEM on 18 November 2015 by way of the placing of a total of 300,000,000 new shares in the Company at the placing price of HK$0.39 each (the "Placing") and the net proceeds raised from the Placing were about HK$101.2 million after deduction of underwriting commission and relevant expenses.

The actual net proceeds from the issue of new shares of the Company under the Placing was different from the estimated net proceeds of approximately HK$76.1 million as set out in the Prospectus. The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, which is (i) approximately 50% of the net proceeds, representing approximately HK$50.6

million for the expansion of the spectrums of video categories to be broadcasted online and related services; (ii) approximately 25% of the net proceeds, representing approximately HK$25.3 million for exploring additional and diversified revenue streams to share the advertising profits of the customers generated from the television and online programs produced by the Group in addition to charging a fixed production fee; (iii) approximately 15% of the net proceeds, representing approximately HK$15.2 million for setting up a studio for shooting programs, holding promotional events for brand owners and other related uses; and (iv) approximately 10% of the net proceeds, representing approximately HK$10.1 million for expanding the program production and event organisation businesses, and as general working capital. During the Review Period, the Group has applied the net proceeds as follows:

	Adjusted use of proceeds in the same manner and proportion as stated in Prospectus *HK$ million*	**Actual usage** *HK$ million*
Expanding the spectrums of video categories to be broadcasted online and related services	50.6	4.6
Exploring additional and diversified revenue streams to share the advertising profits of the customers generated from the television and online programs produced by us in addition to charging a fixed production fee	25.3	13.1
Setting up a studio for shooting programs, holding promotional events for brand owners and other related uses	15.2	–
Expanding the program production and event organisation businesses, and as general working capital	10.1	2.8
	101.2	20.5

As at the date of this announcement, the unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong and the PRC.

The Directors regularly evaluates the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the Review Period, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

PROSPECTS

After the reporting period, the Group has a series of developments in the pipeline which creates decent business opportunities ahead.

On 4 January 2016, the Group entered into a non-legally binding memorandum of understanding with an independent third party in relation to the acquisition of equity interest of Yanse. Yanse is principally engaged in the business of event organisation, including corporate conference, theme events and annual convention. The Group expect the Group will be able to achieve synergy after the completion of this possible acquisition.

In January 2016, the Group also entered into a three-year strategic cooperation agreement and Jason's Entertainment, for the purpose of the provision of service to the television program production industry in the PRC. Jason's Entertainment is a media communication company in Taiwan and is principally engaged in the production of television programs, event organisation and artist agency. The Group believe the cooperation with Jason's Entertainment will achieve synergy for the Group to become more competitive in the field of television program production.

On 21 January 2016, the Group entered into a three-year cooperation agreement with 1905, pursuant to which the Group and 1905 will develop and operate a live video broadcast platform on www.1905.com. With the extensive content production experience of the Group and the platform resources provided by 1905, this strategic move is expected to further enhance the business development of the Group.

The Group will continue to focus on the core business segments of program production and event organisation: (i) explore and develop cooperation opportunities with different customers and strengthen the relationship with key customers; (ii) explore other possible revenue streams, such as sharing the profits generated from the products derived and launched in relation to the program and program sponsorship; and (iii) explore new opportunities to capitalise on the rapid development of the internet by targeting to produce live stream videos for viewers to watch the concerts or events simultaneously online or via mobile platforms.

CORPORATE GOVERNANCE

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

As the shares of the Company were not yet listed on GEM until the Listing Date, the code provisions were not applicable to the Company during the year before the Listing Date. Throughout the period since the Listing Date and up to 31 December 2015, the Company has complied with the code provisions set out in the CG Code except the following deviations (Code Provisions A.2.1 and A.4.1):

Chairman and Chief Executive Officer

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

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

The Board is of the view that although Mr. Yang is both Chairman and the Chief Executive Officer, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals who would meet from time to time to discuss issues affecting operation of the Company.

Non-executive directors

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the shares of the Company were listed on GEM on 18 November 2015, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any securities of the Company during the year ended 31 December 2015.

AUDIT COMMITTEE

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

As at the date of this announcement, the audit committee comprises three independent non-executive directors, namely Mr. Law Kin Ho, Mr. Li Fei and Mr. Tan Song Kwang.

The audited annual results of the Company for the year ended 31 December 2015 have been reviewed by the audit committee members who have provided advice and comments thereon.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2015.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2015 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagement issued by Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this preliminary announcement.

ANNUAL GENERAL MEETING (THE "AGM")

The 2016 AGM of the Company will be held on Friday, 27 May 2016 at 2:30 p.m., the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 25 May 2016 to Friday, 27 May 2016, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2016 AGM. In order to be eligible to attend and vote at the 2016 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 24 May 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at www.ntmediabj.com. The annual report of the Company for the year ended 31 December 2015 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 18 March 2016

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Philip Jian Yang, Mr. Li Lin, Mr. Yang Shiyuan and Mr. Sun Rui as executive directors; Mr. Ge Xuyu and Mr. Wang Yong as non-executive directors; and Mr. Li Fei, Mr. Law Kin Ho and Mr. Tan Song Kwang as independent non-executive directors.

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