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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

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, 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 six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2016

		Three months ended 30 June		**Six months ended 30 June**	
		2016	2015	**2016**	2015
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Audited)
Turnover	*3(a)*	**48,541**	13,203	**58,174**	21,499
Direct costs		**(45,139)**	(6,379)	**(52,682)**	(10,989)
Gross profit		**3,402**	6,824	**5,492**	10,510
Other revenue	*4*	**719**	26	**1,078**	32
Other gains and losses	*5*	**5**	309	**5**	356
Selling and distribution costs		**(1,480)**	(770)	**(2,406)**	(859)
Listing expenses		**–**	(4,134)	**–**	(5,722)
Administrative expenses		**(6,458)**	(3,706)	**(12,436)**	(7,424)
Loss from operation		**(3,812)**	(1,451)	**(8,267)**	(3,107)
Finance costs	*6*	**–**	(46)	**(141)**	(95)
Loss before income tax	*7*	**(3,812)**	(1,497)	**(8,408)**	(3,202)
Income tax expense	*8*	**(239)**	(669)	**(452)**	(815)
Loss and total comprehensive expense for the period		**(4,051)**	(2,166)	**(8,860)**	(4,017)
(Loss)/profit and total comprehensive (expense)/income for the period attributable to:					
Owners of the Company		**(4,056)**	(2,166)	**(8,642)**	(4,017)
Non-controlling interests		**5**	–*	**(218)**	–*
		(4,051)	(2,166)	**(8,860)**	(4,017)
Loss per share:					
– Basic and diluted (RMB cents)	*10*	**(0.3382)**	(0.2552)	**(0.7202)**	(0.5270)

* *Represents amount less than RMB1,000*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2016 *RMB'000* (Unaudited)	As at 31 December 2015 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	*11*	**9,345**	9,170
Goodwill		**4,820**	3,555
Intangible assets		**2,220**	2,664
Prepayment for acquisition of property, plant and equipment		**238**	238
Total non-current assets		**16,623**	15,627
Current assets			
Trade and other receivables	*12*	**67,301**	25,155
Cash and cash equivalents		**57,633**	109,631
Total current assets		**124,934**	134,786
Total assets		**141,557**	150,413
Current liabilities			
Trade payables	*13*	**2,553**	3,122
Other payables		**15,873**	14,928
Current tax liabilities		**3,475**	3,151
Total current liabilities		**21,901**	21,201
Net current assets		**103,033**	113,585
Total assets less current liabilities		**119,656**	129,212

	Note	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Non-current liabilities			
Other payables		–	585
Deferred tax liabilities		**555**	666
Total non-current liabilities		**555**	1,251
Total liabilities		**22,456**	22,452
NET ASSETS		**119,101**	127,961
Capital and reserves			
Share capital	*14*	**9,821**	9,821
Reserves		**108,959**	117,601
Equity attributable to owners of the Company		**118,780**	127,422
Non-controlling interests		**321**	539
TOTAL EQUITY		**119,101**	127,961

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Reserves					Equity attributable to the owners of the Company	Non-controlling interests	Total
	Share capital	**Share premium**	**Other reserve**	**Merger reserve**	**Retained earnings/ (accumulated losses)**			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2015 (audited)	–*	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 share capital	1	15,814	–	–	–	15,815	–	15,815
Share issue expenses	–	(206)	–	–	–	(206)	–	(206)
Loss and total comprehensive expense for the period	–	–	–	–	(4,017)	(4,017)	–*	(4,017)
Balance at 30 June 2015 (audited)	1	17,182	5,362	9,300	3,230	35,075	750	35,825
Balance at 1 January 2016 (audited)	**9,821**	**95,164**	**5,362**	**9,300**	**7,775**	**127,422**	**539**	**127,961**
Loss and total comprehensive expense for the period	**–**	**–**	**–**	**–**	**(8,642)**	**(8,642)**	**(218)**	**(8,860)**
Balance at 30 June 2016 (unaudited)	**9,821**	**95,164**	**5,362**	**9,300**	**(867)**	**118,780**	**321**	**119,101**

* *Represents amount less than RMB1,000*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Net cash used in operating activities	**(49,403)**	(18,585)
Net cash (used in)/generated from investing activities	**(2,595)**	5
Net cash generated from financing activities	**–**	15,625
Net decrease in cash and cash equivalents	**(51,998)**	(2,955)
Cash and cash equivalents at beginning of period	**109,631**	19,681
Cash and cash equivalents at end of period – represented by cash and bank deposits only	**57,633**	16,726

Notes:

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 Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of businessbis located at Building C9-A, Universal Creative Park, 9 Jiuxianqiao North Road, Chaoyang District, Beijing, the People's Republic of China (the "PRC").

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 PRC.

2. GROUP REORGANISATION AND BASIS OF PRESENTATION

(a) Group reorganisation

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 of the Stock Exchange, 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").

(b) Basis of presentation

The Group Reorganisation involved the combination of a number of entities 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 unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Group for the six months ended 30 June 2016 and 2015 have been prepared using the principles of merger accounting as if the current group structure had been in existence throughout those periods, 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. All significant intra-group transactions and balances have been eliminated on consolidation. The unaudited condensed 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 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.

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 2015, except that the Group has adopted a number of new or revised HKFRSs, which are newly effective for the current period. The adoption of these new or revised HKFRSs had no change in significant accounting policies and no significant effect on the financial results of the current period. Also, no prior period adjustment is required.

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 condensed consolidated results have not been reviewed nor audited by the Company's auditor, but have been reviewed by the audit committee of the Board (the "Audit Committee").

3. TURNOVER AND 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) Turnover

The amounts of each significant category of revenue recognised in turnover during the periods are as follows:

	Three months ended 30 June		**Six months ended 30 June**	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Program production and related services:				
– Service income	**34,403**	4,645	**39,208**	9,424
– Advertising income	**–**	38	**–**	38
	34,403	4,683	**39,208**	9,462
Event organisation and related services:				
– Service income	**14,138**	8,520	**18,966**	12,037
– Advertising income	**–**	–	**–**	–
	14,138	8,520	**18,966**	12,037
	48,541	13,203	**58,174**	21,499

(b) Business segments

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

For the six months ended 30 June 2016 (unaudited)

	Program Production	**Event Organisation**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Reportable segment revenue from external customers	**39,208**	**18,966**	**58,174**
Reportable segment loss	**(1,028)**	**(5,174)**	**(6,202)**
Interest income	**13**	**15**	**28**
Interest expense	**141**	**–**	**141**
Depreciation of property, plant and equipment	**881**	**376**	**1,257**
Amortisation of intangible assets	**–**	**444**	**444**
Reportable segment assets	**69,377**	**34,481**	**103,858**
Additions to non-current assets	**309**	**1,143**	**1,452**
Reportable segment liabilities	**9,283**	**12,282**	**21,565**

For the six months ended 30 June 2015 (audited)

	Program Production *RMB'000*	Event Organisation *RMB'000*	Total *RMB'000*
Reportable segment revenue from external customers	9,462	12,037	21,499
Reportable segment (loss)/profit	(71)	2,613	2,542
Interest income	12	4	16
Interest expense	95	–	95
Depreciation of property, plant and equipment	960	252	1,212
Amortisation of intangible assets	–	444	444
Additions to non-current assets	333	75	408

(c) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue		
Reportable segment and consolidated revenue	**58,174**	21,499

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Loss before income tax		
Reportable segment (loss)/profit	**(6,202)**	2,542
Other revenue	**65**	1
Unallocated corporate expenses:		
– Listing expenses	**–**	(5,722)
– Others	**(2,271)**	(23)
Consolidated loss before income tax	**(8,408)**	(3,202)

	As at 30 June 2016 *RMB'000* (Unaudited)	As at 31 December 2015 *RMB'000* (Audited)
Assets		
Reportable segment assets	**103,858**	78,867
Unallocated corporate assets:		
– Cash and cash equivalents	**37,699**	71,451
– Others	**–**	95
Consolidated total assets	**141,557**	150,413

	As at 30 June 2016 *RMB'000* (Unaudited)	As at 31 December 2015 *RMB'000* (Audited)
Liabilities		
Reportable segment liabilities	**21,565**	19,284
Deferred tax liabilities	**555**	666
Unallocated corporate liabilities:		
– Accruals	**336**	2,502
Consolidated total liabilities	**22,456**	22,452

(d) 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.

(e) Information about major customers

For the six months ended 30 June 2016, revenues from three customers (for the six months ended 30 June 2015: three customers) with whom transactions have exceeded 10% of the Group's revenue for the period. Details were as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Revenue from the customer:		
Customer I:		
– Program production and related services	**27,170**	–
Customer II:		
– Program production and related services	**10,860**	9,424
– Event organisation and related services	**–**	2,721
	10,860	12,145
Customer III:		
– Program production and related services	**877**	–
– Event organisation and related services	**8,970**	–
	9,847	–
Customer IV:		
– Event organisation and related services	**–**	2,358
Customer V:		
– Event organisation and related services	**–**	3,491
	47,877	17,994

4. OTHER REVENUE

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Interest income from bank deposits	**30**	13	**77**	17
Exchange gain	**689**	13	**984**	15
Sundry income	**–**	–	**17**	–
	719	26	**1,078**	32

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Gain on disposal of property, plant and equipment	**5**	–	**5**	47
Gain on disposal of a subsidiary	**–**	309	**–**	309
	5	309	**5**	356

6. FINANCE COST

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Imputed interest on other payables	**–**	46	**141**	95

7. LOSS BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Loss before income tax is arrived at after charging:				
Directors' remuneration (including retirement benefit scheme contributions)	**648**	218	**1,295**	391
Other staff costs	**2,415**	2,010	**4,946**	4,213
Retirement benefit schemes contributions for other staffs	**894**	640	**1,673**	1,307
Staff costs	**3,957**	2,868	**7,914**	5,911
Depreciation of property, plant and equipment *(note)*	**640**	665	**1,257**	1,212
Amortisation of intangible assets	**222**	222	**444**	444

Note:

Depreciation charge of RMB543,000 (for the six months ended 30 June 2015: RMB603,000) has been included in direct costs for the six months ended 30 June 2016.

8. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Current tax – the PRC				
– provision for the period	**294**	676	**563**	878
– under provision in respect of prior years	**–**	48	**–**	48
Deferred tax	**(55)**	(55)	**(111)**	(111)
Income tax expense	**239**	669	**452**	815

PRC enterprise income tax is calculated at 25% (for the six months ended 30 June 2015: 25%) on the estimated assessable profits for the period.

9. DIVIDEND

The directors do not recommend the payment of any dividend for the three and six months ended 30 June 2016 (for the three and six months ended 30 June 2015: nil).

10. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Audited)
Loss				
Loss for the purposes of basic loss per share	**(4,056)**	(2,166)	**(8,642)**	(4,017)

	Three months ended 30 June		Six months ended 30 June	
	2016	2015	**2016**	2015
	'000	*'000*	***'000***	*'000*
Number of shares				
Weighted average number of ordinary shares *(note)*	**1,200,000**	848,077	**1,200,000**	762,017

Note:

In the calculation of the weighted average of ordinary shares for the three and six months ended 30 June 2015, the number of shares in issue immediately after the completion of 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 on 3 November 2015, are deemed to have been issued to the ordinary shareholders since the date becoming the ordinary shareholders up to 30 June 2015.

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 six months ended 30 June 2016 and 2015.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired property, plant and equipment amounting to approximately RMB1,452,000 (for the six months ended 30 June 2015: approximately RMB454,000).

12. TRADE AND OTHER RECEIVABLES

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Trade receivables	**44,634**	14,554
Prepayments and deposits	**15,424**	7,747
Other receivables	**7,243**	2,854
	67,301	25,155

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

	As at 30 June 2016 RMB'000 (Unaudited)	As at 31 December 2015 RMB'000 (Audited)
Within 30 days *(note)*	**43,184**	13,306
31 to 90 days	**1,000**	409
91 to 180 days	**–**	–
Over 180 days	**450**	839
	44,634	14,554

Note:

Included in trade receivables within 30 days as at 30 June 2016 are the amounts of RMB40,884,000 (as at 31 December 2015: RMB11,869,000) 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.

13. TRADE PAYABLES

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

	As at 30 June 2016 *RMB'000* **(Unaudited)**	As at 31 December 2015 *RMB'000* (Audited)
Within 30 days *(note)*	**2,058**	2,668
31 to 90 days	**–**	–
91 to 365 days	**389**	453
Over 365 days	**106**	1
	2,553	3,122

Note:

Included in trade payables within 30 days as at 30 June 2016 are the amounts of RMB2,029,000 (as at 31 December 2015: RMB2,004,000) for which all services were provided by the suppliers but not yet invoiced.

14. SHARE CAPIAL

Authorised and issued share capital

	Number	**HK$'000**	**Equivalent to RMB'000**
Authorised			
At 1 January 2015	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 2015, 1 January 2016 and 30 June 2016	8,000,000,000	80,000	67,024
Issued and fully paid			
Ordinary shares			
At 1 January 2015	1,000	–*	–*
Issue of ordinary shares *(note (b))*	99,000	1	1
Capitalisation Issue of shares *(note (c))*	899,900,000	8,999	7,351
Issue of shares under placing *(note (d))*	300,000,000	3,000	2,469
At 31 December 2015, 1 January 2016 and 30 June 2016	1,200,000,000	12,000	9,821

Notes:

(a) 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 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 Investments Limited and Ever Ring Holdings Limited respectively at par value.

(c) 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").

(d) Under the placing took place during the year ended 31 December 2015, 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

15. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in this condensed consolidated financial statements, the Group had the following significant transactions with related parties during the period:

		Six months ended 30 June	
		2016	2015
		RMB'000	*RMB'000*
Related party relationship	**Type of transaction**	**(Unaudited)**	(Audited)
Executive director	Waive of finance lease obligations	–	310
Shareholder A	Salaries	38	38
Shareholder B	Salaries	38	38
Company controlled by a close family member of a shareholder	Consideration for the disposal of a subsidiary	–	400

(b) The remuneration of directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Wages and salaries	**1,907**	1,079
Social insurance and housing fund	**51**	161
	1,958	1,240

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

Turnover for the six months ended 30 June 2016 amounted to approximately RMB58.2 million, representing an increase of approximately 170.6% as compared to the six months ended 30 June 2015 of approximately RMB21.5 million. The increase was mainly due to (i) more service income generated from the increased number of performance events and automobile shows during the six months ended 30 June 2016; and (ii) considerable income from the production services provided to a provincial television station for large scale music programs.

Gross profit and gross profit margin

For the six months ended 30 June 2016, the Group recorded a gross profit of approximately RMB5.5 million and a gross profit margin of approximately 9.4% (six months ended 30 June 2015: gross profit of approximately RMB10.5 million and gross profit margin of approximately 48.9%). Due to the strategy of offering a more competitive prices to new customers in order to increase our market share, there is a decrease in the overall gross profit margin of the Group during the six months ended 30 June 2016.

Expenses

Selling and distribution costs for the six months ended 30 June 2016 was approximately RMB2.4 million, representing an increase of approximately RMB1.5 million as compared to the corresponding period in 2015. This significant increase was mainly due to (i) the increased number of marketing staff and resources utilised during the six months ended 30 June 2016 for pitching activities; and (ii) marketing expenditure for the development of a new internet live broadcasting business for personal computers and mobile devices.

Administrative expenses increased by approximately RMB5.0 million, from approximately RMB7.4 million for the six months ended 30 June 2015 to approximately RMB12.4 million for the six months ended 30 June 2016. The increase was due to (i) higher legal and professional expenses and increased remuneration and administrative expenses for the Group's management team after the Company was listed on GEM on 18 November 2015 and the increase in staff cost for staff employed during the six months ended 30 June 2016 for the expansion of our existing businesses and the development of the internet live broadcasting business.

Income tax expense

Income tax expense decreased by approximately 44.5%, from approximately RMB0.8 million for the six months ended 30 June 2015 to approximately RMB0.5 million for the six months ended 30 June 2016. Income tax expense for both periods mainly represented PRC enterprise income tax for the group companies calculated at 25% on taxable income in accordance with the relevant PRC laws and regulations. The decrease in income tax expense was due to the decrease in taxable income of certain subsidiaries of the Company in the PRC for the six months ended 30 June 2016 as compared to the corresponding period in 2015.

Loss for the period

Loss for the six months ended 30 June 2016 was approximately RMB8.9 million (six months ended 30 June 2015: RMB4.0 million). The increase in net loss was mainly attributable to (i) our competitive pricing strategy which decreased the gross profit margin; and (ii) an increase in selling and distribution costs and administrative expenses as mentioned above.

Financial resources, liquidity and capital structure

During the six months ended 30 June 2016, the Group continued to finance its operations by internally generated cash flow and shareholders' equity. As at 30 June 2016, the Group had net current assets of approximately RMB103.0 million (31 December 2015: RMB113.6 million) including cash and cash equivalents of approximately RMB57.6 million (31 December 2015: RMB109.6 million). The decrease in cash and cash equivalents was mainly due to an increase in trade receivables and prepayment to suppliers for the increase in business scale and the operating loss incurred during the six months ended 30 June 2016. The current ratio, being the ratio of current assets to current liabilities, was approximately 5.7 times as at 30 June 2016 (31 December 2015: 6.4 times).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB118.8 million as at 30 June 2016 (31 December 2015: RMB127.4 million).

BUSINESS REVIEW AND PROSPECTS

Overview

The Group is principally engaged in the businesses of program production and event organisation in the PRC. The turnover from program production segment and event organisation segment for the six months ended 30 June 2016 increased by 314.4% and 57.6% respectively as compared to the corresponding period in 2015. The increase in turnover has affirmed the effort of the Group's expansion plan of the business. However, the adoption of competitive pricing strategy, combining with the effect of the increasing marketing expenses and administrative expenses for the increase in business scale, has led to an increased net loss during six months ended 30 June 2016 as compared to the six months ended 30 June 2015.

Program Production

During the six months ended 30 June 2016, the turnover from program production and related services of the Group amounted to approximately RMB39.2 million, which increased significantly by approximately 314.4% in comparison with the corresponding period in 2015. The Group has recorded an income of approximately RMB27.2 million from production services provided to a provincial television station for large-scale music programs during the six months ended 30 June 2016, which was the main reason of the increased turnover. In addition, the Group continued to provide program production services of recurring programs, namely, television guide, film trailers and "Film Star Podcast", which provided a stable income stream to the Group.

Event Organisation

During the six months ended 30 June 2016, the turnover from event organisation and related services of the Group amounted to approximately RMB19.0 million, which represented an increase of approximately 57.6% in comparison with the corresponding period in 2015. During the six months ended 30 June 2016, service income from organising automobile shows contributed RMB4.2 million to the Group's total turnover, while the Group only recorded an income of approximately RMB0.5 million from such services during the six months ended 30 June 2015. In addition, we also organised a large-scale performance event for an university alumni event during the six months ended 30 June 2016 which generated turnover of approximately RMB9.0 million to the Group.

Prospects

Compared to maximising profits in the near-term, our Group is more focused on our long-term strategic development. We believe increasing the scale of our core business and developing opportunities from various related business will enable our Group to be more cost-effective and competitive in the long run. Looking forward, apart from the continuation to explore new revenue streams focusing on the core business segments of program production and event organisation, the Group will seek potential business opportunities outside our core businesses.

Employees and remuneration policies

As at 30 June 2016, the Group had a total of 172 employees. The Group remunerates its employees based on their performance, experience and the prevailing market rate. Their remuneration packages are normally renewed on an annual basis, based on performance appraisals and other relevant factors. The Group may pay discretionary bonuses to its employees based on individual performance.

Foreign exchange risks

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

Capital expenditure

The Group purchased property, plant and equipment amounting to approximately RMB1.5 million for the six months ended 30 June 2016 (2015: RMB0.3 million).

Capital commitments

As at 30 June 2016, the Group did not have any capital commitments.

Contingent liabilities

As at 30 June 2016, 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 30 June 2016 (31 December 2015: nil) nor material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the six months ended 30 June 2016 (for the six months ended 30 June 2015: nil).

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the period from 6 November 2015, being the latest practicable date as defined in the Prospectus, to 30 June 2016 (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. During the Review Period, the Group has entered into a three-year cooperative agreement with 1905 (Beijing) Network Technology Co. Ltd to jointly develop and operate a live video broadcast platform. The Group will mainly provide the content for the platform. Details of which are disclosed in the announcement dated 21 January 2016.

Exploring additional and divisified 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 "Provincial Television Station Agreement"), the Group has kicked off various work of the production of programs under the Provincial Television Station Agreement 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. In addition, the Group has completed certain production under this Provincial Television Station Agreement and recognised the corresponding income 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 a 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 use of the net proceeds from the Placing as at 30 June 2016 was approximately as follows:

	Adjusted use of proceeds in the same manner and proportion as stated in Prospectus *HK$ million*	**Utilised amount** *HK$ million*
Expanding the spectrums of video categories to be broadcasted online and related services (note (i))	50.6	6.0
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 (note (ii))	25.3	25.3
Setting up a studio for shooting programs, holding promotional events for brand owners and other related uses (note (iii))	15.2	–
Expanding the program production and event organisation businesses, and as general working capital	10.1	6.0
	101.2	37.3

Notes:

(i) As at 30 June 2016, the Group was still preparing the production of live stream videos of events to be watched online via mobile and other platforms, as the delay of the schedule to commence such production, the expenses incurred during the Review Period were related to the development stage, the major production costs have not yet been incurred, therefore the utilised amount of the net proceeds from the Placing as at 30 June 2016 was lower than the estimated relative utilisation as at the same date disclosed in the Prospectus.

(ii) During the Review Period, the Group had provided the production services to the provincial television station for large-scale music programs which fell into this business objective but part of them were not related to the seasonality reality show which agreed in the Provincial Television Station Agreement. In this case, the utilisation of the net proceeds from the Placing as at 30 June 2016 was higher than the estimated relative utilisation as at the same date disclosed in the Prospectus as the estimated usage mainly considered the expenditure on the production of the seasonality reality show.

(iii) As at 30 June 2016, the Group was still identifying the suitable location to set up the studio, therefore no relative net proceeds from the Placing were utilised during the Review Period.

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 six months ended 30 June 2016.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 3 November 2015 (the "Share Option Scheme") which will remain in force for a period of 10 years from 18 November 2015, the day which the Group was successfully listed on GEM. The details including principal terms of the Share Option Scheme are summarised in the paragraph headed "Statutory and General Information – Share Option Scheme" in Appendix IV to the Prospectus. For the six months ended 30 June 2016, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Share Option Scheme.

COMPETING INTERESTS

During the six months ended 30 June 2016, 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 June 2016 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.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by the compliance adviser of the Company, Altus Capital Limited, as at the date of this announcement, save for the compliance adviser agreement dated 4 November 2015 entered into between the Company and Altus Capital Limited, neither Altus Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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. Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices. To us, maintaining high standards of corporate governance practices is not just complying with the provisions but also the intent of the regulations to enhance corporate performance and accountability.

The Board is pleased to report compliance with the code provisions of the CG Code for the six months ended 30 June 2016, 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 the 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.

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 six months ended 30 June 2016.

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. The audit committee comprises three independent non-executive directors, namely Mr. Law Kin Ho, Mr. Li Fei and Mr. Tan Song Kwang.

The condensed consolidated results of the Company for the six months ended 30 June 2016 have been reviewed by the audit committee. The audit committee is of the opinion that such 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, 9 August 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.