Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

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

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 2018, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Revenue	5	**20,721**	20,085
Direct costs		**(61,974)**	(60,923)
Gross loss		**(41,253)**	(40,838)
Other revenue	6	**15,382**	127
Other gains and losses	7	**3,709**	6,268
Selling and distribution costs		**(13,203)**	(16,370)
Administrative expenses		**(42,476)**	(29,167)
Loss from operations		**(77,841)**	(79,980)
Finance costs	8	**(84)**	–
Loss before income tax	9	**(77,925)**	(79,980)
Income tax (expense)/credit	10	**(4,627)**	189
Loss for the year		**(82,552)**	(79,791)
Other comprehensive loss that may be reclassified subsequently to profit or loss:			
Exchange differences of translating foreign operations		**(120)**	–
Total comprehensive loss for the year		**(82,672)**	(79,791)
Loss for the year attributable to:			
Owners of the Company		**(74,799)**	(73,292)
Non-controlling interests		**(7,753)**	(6,499)
		(82,552)	(79,791)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(74,901)**	(73,292)
Non-controlling interests		**(7,771)**	(6,499)
		(82,672)	(79,791)
Loss per share	12		
– Basic (RMB cents)		**(5.25)**	(5.24)
– Diluted (RMB cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Non-current assets			
Property, plant and equipment		**1,885**	7,717
Goodwill		**26,758**	31,262
Intangible assets		–	888
Programme cost		–	4,336
Deferred tax assets		**1,449**	6,298
Financial assets at fair value through other comprehensive income		**6,582**	–
Total non-current assets		**36,674**	50,501
Current assets			
Programme cost		–	36,598
Serial programme rights		**48,574**	–
Inventories		**106**	–
Trade and other receivables	*13*	**35,859**	24,233
Amounts due from non-controlling interests		**189**	252
Cash and bank balances		**8,897**	18,381
Total current assets		**93,625**	79,464
Total assets		**130,299**	129,965
Current liabilities			
Trade payables	*14*	**58,178**	9,681
Other payables		**15,948**	10,722
Contract liabilities		**3,826**	–
Current tax liabilities		**3,572**	3,613
Other borrowing		**5,000**	–
Loan due to a shareholder		**4,034**	–
Total current liabilities		**90,558**	24,016
Net current assets		**3,067**	55,448
Total assets less current liabilities		**39,741**	105,949

	Notes	**2018**	2017
		RMB'000	*RMB'000*
Non-current liabilities			
Deferred tax liabilities		**–**	222
Contingent consideration payables		**–**	151
Total non-current liabilities		**–**	373
Total liabilities		**90,558**	24,389
NET ASSETS		**39,741**	105,576
Capital and reserves			
Share capital	*15*	**11,788**	11,788
Reserves		**24,837**	90,609
Equity attributable to owners of the Company		**36,625**	102,397
Non-controlling interests		**3,116**	3,179
TOTAL EQUITY		**39,741**	105,576

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018

	Share capital	Share premium	Other reserve	Merger reserve	Foreign exchange reserve	Accumulated losses	Equity attributable to the owners of the Company	Non-controlling interests	Total
		Reserves							
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2017	9,884	112,313	5,362	9,300	-	(7,922)	128,937	9,682	138,619
Placing of new shares *(note 15(a))*	1,767	43,183	–	–	–	–	44,950	–	44,950
Issue of recalled consideration shares *(note 15(b))*	137	2,600	–	–	–	–	2,737	-	2,737
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(935)	(935)	(4)	(939)
Loss and total comprehensive loss for the year	–	–	–	–	–	(73,292)	(73,292)	(6,499)	(79,791)
Balance at 31 December 2017 as orginally presented	11,788	158,096	5,362	9,300	–	(82,149)	102,397	3,179	105,576
Initial application of HKFRS 9 *(note 2 (a) A)*	–	–	–	–	–	(1,162)	(1,162)	–	(1,162)
Restated balance at 1 January 2018	11,788	158,096	5,362	9,300	–	(83,311)	101,235	3,179	104,414
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(342)	(342)	341	(1)
Disposal of interest in a subsidiary without loss of control	–	–	–	–	–	10,633	10,633	7,367	18,000
Loss for the year	–	–	–	–	–	(74,799)	(74,799)	(7,753)	(82,552)
Other comprehensive loss	–	–	–	–	(102)	–	(102)	(18)	(120)
Total comprehensive loss for the year	–	–	–	–	(102)	(74,799)	(74,901)	(7,771)	(82,672)
Balance at 31 December 2018	11,788	158,096	5,362	9,300	(102)	(147,819)	36,625	3,116	39,741

Notes:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the 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, Beijing, 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 program production services and serial programme publishing, concert and event organisation services, mobile live broadcasting and e-commerce services, entertainment contents on demand system services and artist management.

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2018

In the current year, the Group has applied the following new HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are effective from the Group's financial period beginning on 1 January 2018.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments (see note 2(a) A below) and HKFRS 15 Revenue from Contracts with Customers (see note 2(a) B below) have been summarised in below. The directors of the Company consider the other new or amended HKFRSs that are effective from 1 January 2018 did not have any material impact to the Group's accounting policies.

A. HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 Financial Instruments — Disclosures.

The group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition to HKFRS 9 on equity (accumulated losses) as of 1 January 2018.

	RMB'000
Accumulated losses	
Accumulated losses as at 31 December 2017	82,149
Increase in expected credit losses ("ECLs") in trade receivables (note 2(a)A(ii) below)	1,162
Restated accumulated losses as at 1 January 2018	83,311

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification and measurement of financial instruments

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKRS 9 for each class of the Group's financial assets as at 1 January 2018:

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39**	**Carrying amount as at 1 January 2018 under HKFRS 9**
			RMB'000	*RMB'000*
Amounts due from non-controlling interests	Loans and receivables	Amortised cost	252	252
Trade and other receivables (excluding non-financial asset such as prepayment)	Loans and receivables	Amortised cost	3,093	1,931
Cash and cash equivalents	Loans and receivables	Amortised cost	18,381	18,381

The measurement categories for all financial liabilities remain the same for the Group, the carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

The group did not designate or re-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) Impairment

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the "expected credit loss" (ECL) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group has the following types of financial assets at amortised cost subject to HKFRS 9's new ECL model at the date of initial application:

- trade receivables
- other receivables, prepayment and deposits (excluding prepayments which were not financial instrument), cash and cash equivalent and amounts due from non-controlling interests

Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 for trade receivables, which requires the use of the lifetime expected loss provision for all trade receivables. To measure the ECLs, trade receivables have been assessed based on a function of probability of default (based on respective credit risk characteristics of trade debtors and the days past due), loss given default and the exposure at default, taking into account for time value of money and forward looking factors as far as practicable. The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	RMB'000
Loss allowance for trade receivables as at 31 December 2017 under HKAS 39	1,592
Additional credit losses recognised at 1 January 2018	1,162
Loss allowance for trade receivables as at 1 January 2018 under HKFRS 9	2,754

Other receivables, prepayment and deposits (excluding prepayments which were not financial instrument), cash and cash equivalent and amounts due from non-controlling interests

Applying the ECLs model, no impairment for other receivables, prepayment and deposits (excluding prepayments which were not financial instrument), cash and cash equivalent and amounts due from non-controlling interests as at 1 January 2018 is recognised as the amount of impairment measured under the ECLs model is immaterial.

(iii) Hedge accounting

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of HKFRS 9 by the Group).

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

B. ***HKFRS 15 Revenue from Contracts with Customers***

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group elected to use a modified retrospective approach for transition which allows the Group to recognise the cumulative effects of initially applying HKFRS15 as an adjustment to the opening balance of equity as at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKASs 11 and 18. As allowed by practical expedient in HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

Management reviewed the business model of the Group and contracts with customers as at 1 January 2018 concluded that except for the promise to provide unlimited access to entertainment content during annual subscription period which have not fully delivered as at 1 January 2018, all other contracts with customers have completed. As per the accounting policy for revenue recognition of "Entertainment On Demand system and related service" applied from 1 January 2018, the Group recognises the revenue from annual subscription over the subscription period since the Group is granting a right to access to entertainment content as it exists throughout subscription period which requires, or the customer reasonably expects, that the Group will undertake activities (e.g. maintain the server which enable the streaming of content) that significantly affect the content to which the customer has rights. The Group also has the discretion in determining the pricing it charges to its customers and primarily responsible for fulfilling the delivery of goods/services being agreed. Therefore, the Group concludes it controls the goods/services before they are transferred to the customer, and acting as a principal. Similar revenue recognition has been adopted under HKAS 18 which management therefore considered no material impact on the revenue recognised and equity as at 1 January 2018. The Group has reclassified relevant portion of the receipt in advances under other payables to contract liabilities as at 1 January 2018 as illustrated below, which represented the carrying amount the Group has obligation to transfer goods or services to customers for which the Group has received consideration from them. Other than the reclassification for contract liabilities, management considered the initial application of HKFRS 15 does not have significant impact to the Group. There was no significant effect from adoption of HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of comprehensive income and consolidated statement of cash flow for the year ended 31 December 2018 as compared with HKAS 18 and HKAS 11. As at 1 January 2018, the Group has reclassified relevant portion of the receipt in advances under other payables to contract liabilities as illustrated below, which represented the Group has received payment from customers and has obligation to transfer goods or services to customers.

	As at 1 January 2018 *RMB'000*
Liabilities	
Other payables	(1,576)
Contract liabilities	1,576
Net effect on total current liabilities	–
Net effect on total liabilities	–

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3 (Revised)	Business Combinations[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKAS 1 (Revised)	Presentation of Financial statements[2]
Amendments to HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors[2]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long term Interests in Associates and Joint Ventures[1]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2015-2017 Cycles[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2020
3 Business combinations for which the acquisition date is on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period
4 Effective for annual periods beginning on or after 1 January 2021
5 No mandatory effective date yet determined but available for early adoption

The directors of the Company anticipate that the application of the above new and revised HKFRSs will have no material impact on the consolidated financial statements except for the HKFRS 16 may have impacts as described below.

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2018, the Group had non-cancellable operating lease commitments of RMB1,622,000. The directors of the Company expect the adoption of HKFRS 16 in future will result in recognition of right-of-use assets with an offsetting liability in the statement of financial position. As of the consolidated statement of comprehensive income, there will be a decrease in operating lease payments while increase in depreciation and interest expenses. However, the directors of the Company expect that the net impact on the Group's financial performance is limited.

3. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs issued by the HKICPA 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 on a going concern basis and measured under historical cost basis except for certain financial instruments, which are measured at fair values at end of each reporting period.

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 five 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");

  Program Production segment provides traditional television program production, serial programme publishing and related services.

– Concert and event organisation and related services ("Concert and Event Organisation");

  Concert and Event Organisation segment provides organisation services, such as music concerts, prize presentation ceremony, automobile shows, university alumni and other performance events.

– Mobile live broadcasting and e-commerce and related services ("Mobile Live Broadcasting and E-commerce");

  Mobile Live Broadcasting and E-commerce segment provides an electronic platform for entertainment contents consumption and e-commerce, such as online store. This segment also provides online programme production and related services.

– Entertainment contents on demand system and related services ("Entertainment On Demand System");

  Entertainment on Demand System segment provides an entertainment contents on demand system named "Fengtingxun" which are installed in hardware placed within various karaoke boxes, mini-cinemas, hotels and internet cafes in the PRC.

– Artist management and related services ("Artist Management").

Artist management segment provides agency services for artists for arrangement of different performance activities.

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 following is an analysis of the Group's revenue and results by reportable and operating segment:

For the year ended 31 December 2018

	Program Production *RMB'000*	Concert and Event Organisation *RMB'000*	Mobile Live Broadcasting and E-Commerce *RMB'000*	Entertainment on Demand System *RMB'000*	Artist Management *RMB'000*	Total *RMB'000*
Revenue from contracts with customers	–	14,144	1,143	5,356	78	20,721
Represented by:						
Recognised over time						
– Sales of concert ticket	–	8,851	–	–	–	8,851
– Provision of event organisation services	–	4,596	–	–	–	4,596
– Online advertising income	–	–	1,142	–	–	1,142
– Subscription of content	–	–	–	2,569	–	2,569
– Provision of artist management service	–	–	–	–	78	78
Recognised at a point in time						
– Sales of concert souvenirs	–	697	–	–	–	697
– Commission income	–	–	1	–	–	1
– Sales of devices	–	–	–	2,787	–	2,787
Reportable segment revenue from external customers	–	14,144	1,143	5,356	78	20,721
Reportable segment loss	(7,666)	(11,147)	(36,768)	(9,911)	(834)	(66,326)
Interest income	5	1	1	2	1	10
Interest expense	–	–	–	84	–	84
Depreciation of property, plant and equipment	1,007	311	73	416	56	1,863
Amortisation of intangible assets	–	888	–	–	–	888
Reportable segment assets	51,120	4,612	29,870	30,865	851	117,318
Additions to non-current assets *(note 1)*	–	–	–	246	478	724
Reportable segment liabilities	48,588	9,311	10,126	9,018	227	77,270

For the year ended 31 December 2017

	Program Production *RMB'000*	Concert and event Organisation *RMB'000*	Mobile Live Broadcasting and E-commerce *RMB'000*	Entertainment On Demand System *RMB'000*	Artist Management *RMB'000*	Total *RMB'000*
Reportable segment revenue from external customers	4,055	1,382	11,520	3,128	–	20,085
Reportable segment loss	(5,558)	(3,827)	(50,147)	(13,101)	–	(72,633)
Interest income	6	5	2	2	–	15
Depreciation of property, plant and equipment	1,888	372	70	322	–	2,652
Amortisation of intangible assets	–	888	–	–	–	888
Reportable segment assets	8,773	11,263	62,874	29,666	–	112,576
Additions to non-current assets *(note 1)*	–	–	61	31	–	92
Reportable segment liabilities	5,603	3,898	9,608	2,186	–	21,295

Note:

1. Non-current assets include property, plant and equipment.

2. No disaggregated of revenue information in terms of timing of recognition has been presented for 2017 since the Group has initially applied HKFRS 15 from 1 January 2018 using the cumulative effect method. Under this method, comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11.

(b) **Reconciliation of reportable segment revenue, profit or loss, assets and liabilities**

	2018	2017
	RMB'000	*RMB'000*
Revenue		
Reportable segment and consolidated revenue	**20,721**	20,085

	2018	2017
	RMB'000	*RMB'000*
Loss before income tax		
Reportable segment loss	**(66,326)**	(72,633)
Other revenue:		
Interest income	**2**	5
Other gains and losses:		
Exchange loss	**(295)**	(1,687)
Change in fair value of contingent consideration payables	**–**	8,507
Gain on de-recognition of contingent consideration payables	**151**	–
Unallocated corporate expenses:		
Auditor's remuneration	**(703)**	(718)
Directors' emoluments	**(2,577)**	(2,616)
Legal and professional fee	**(3,021)**	(3,529)
Salaries and other benefits for key management and administration staff	**(2,265)**	(4,000)
General operating expenses	**(2,891)**	(3,309)
Consolidated loss before income tax	**(77,925)**	(79,980)

	2018	2017
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**117,318**	112,576
Unallocated corporate assets:		
Property, plant and equipment	**191**	717
Cash and bank balances	**5,479**	13,734
Financial asset at fair value through other comprehensive income	**6,582**	–
Others	**729**	2,938
Consolidated total assets	**130,299**	129,965

	2018	2017
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**77,270**	21,295
Unallocated corporate liabilities:		
Accruals and other payable	**9,254**	2,943
Contingent consideration payables	**–**	151
Loan due to a shareholder	**4,034**	–
Consolidated total liabilities	**90,558**	24,389

(c) Geographic information

The following table provides a geographical analysis of the Group's revenue from external customers.

	2018
	RMB'000
	(note)
Hong Kong	
– Sales of concert ticket	**7,186**
– Sales of concert souvenirs	**600**
– Provision of event organisation services	**354**
PRC	
– Provision of event organisation services	**1,719**
– Sales of devices	**2,787**
– Provision of entertainment contents on demand system services	**2,569**
– Others	**1,221**
Other Southeast Asian countries	
– Sales of concert ticket	**1,665**
– Sales of concert souvenirs	**97**
– Provision of event organisation services	**2,523**
	20,721

Note: Geographical region of customers is based on the location at which the goods and services are provided. The group has initially applied HKFRS 15 using the cumulative effect method (see note 2(a) B). Under this method, the comparative information in relation to disaggregation of sales of good and services by geographical region is not restated.

In 2017, all revenue from external customers are located in the PRC. 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 2018, revenues from one customer (2017: two customers) with whom transactions have exceeded 10% of the Group's revenue for the year. Details were as follows:

	2018	2017
	RMB'000	*RMB'000*
Revenue from the customer:		
Customer I:		
– Program Production	**N/A[(ii)]**	3,449
Customer II:		
– Mobile Live Broadcasting and E-commerce	**N/A[(ii)]**	11,321
Customer III:		
– Concert and Event Organisation	**2,523**	N/A[(i)]
	2,523	14,770

Notes:

(i) The corresponding revenue in the year ended 31 December 2017 for Customer III did not contribute over 10% of the total revenue of the Group.

(ii) The corresponding revenue in the year ended 31 December 2018 for Customers I and II did not contribute over 10% of the total revenue of the Group.

5. 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 live broadcasting and e-commerce and related services, (iv) entertainment contents on demand system and related services and (v) artist management and related services. The amounts of each significant category of revenue recognised during the year are as follows:

	2018	2017
	RMB'000	*RMB'000*
Program production and related income	**–**	4,055
Concert and event organisation and related income	**14,144**	1,382
Mobile live broadcasting and e-commerce and related income	**1,143**	11,520
Entertainment contents on demand system and related income	**5,356**	3,128
Artist management and related income	**78**	–
	20,721	20,085

6. OTHER REVENUE

	2018	2017
	RMB'000	*RMB'000*
Licensing of programme *(note)*	**15,257**	–
Interest income from bank deposits	**12**	20
Sundry income	**113**	107
	15,382	127

Note:

During the year, the Group licensed certain of its programmes developed under Mobile Live Broadcasting and E-commerce segment to an independent third party for the re-editing rights with unlimited period and recorded principal amount of RMB17,000,000. The income from licensing of programme is recognised at the point of time the Group delivered and grant the customer the right to use the programme as it exists since the Group do not has obligation or the customer do not reasonably expects, that the Group will undertake activities that significantly affect the programme to which the customer has rights.

7. OTHER GAINS AND LOSSES

	2018	2017
	RMB'000	*RMB'000*
Loss on disposal of property, plant and equipment	**–**	(35)
Written off of other receivables	**–**	(517)
Exchange loss	**(295)**	(1,687)
Change in fair value of contingent consideration payables	**–**	8,507
Gain on de-recognition of contingent consideration payables	**151**	–
Bad debt recovered	**240**	–
Gain on de-recognition of deferred rent payables	**3,613**	–
	3,709	6,268

8. FINANCE COSTS

	2018	2017
	RMB'000	*RMB'000*
Interest on other borrowings	**84**	–

9. LOSS BEFORE INCOME TAX

	2018	2017
	RMB'000	*RMB'000*
Loss before income tax is arrived at after charging:		
Staff costs	**21,449**	20,644
Auditor's remuneration	**703**	718
Depreciation of property, plant and equipment *(note (i) below)*	**2,211**	2,983
Amortisation of intangible assets	**888**	888
Impairment loss of property, plant and equipment	**4,349**	–
Impairment loss of goodwill	**4,504**	–
Impairment loss of programme cost	**4,336**	–

Note:

(i) No depreciation charge (2017: RMB866,000) has been included in direct costs for the year.

10. INCOME TAX (EXPENSE)/CREDIT

	2018	2017
	RMB'000	*RMB'000*
Current tax – the PRC		
– provision for the year	**–**	(33)
Deferred tax	**(4,627)**	222
Income tax (expense)/credit	**(4,627)**	189

PRC enterprise income tax is calculated at 25% (2017: 25%) on the estimated assessable profits during the year.

11. DIVIDEND

No dividend had been paid or declared by the Company during the year (2017: nil).

12. 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:

	2018	2017
	RMB'000	*RMB'000*
Loss for the purposes of basic loss per share	**(74,799)**	(73,292)

	2018	2017
	'000	*'000*
Number of shares		
Issued ordinary shares of 1 January	**1,423,513**	1,207,246
Effect of issuance of shares under the placing	**–**	190,137
Effect of issuance of shares in relation to recalled consideration shares	**–**	446
Weighted average number of ordinary shares	**1,423,513**	1,397,829

Note:

No diluted loss per share is presented as the effect of all potential ordinary shares is anti-dilutive for the years ended 31 December 2018 and 2017.

13. TRADE AND OTHER RECEIVABLES

	31 December 2018	1 January 2018	31 December 2017
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables, gross	**4,291**	4,211	4,211
Less: impairment allowance *(note)*	**(4,164)**	(2,754)	(1,592)
Trade receivables, net	**127**	1,457	2,619
Prepayments and deposits	**23,617**	21,140	21,140
Other receivables, gross	**12,540**	474	474
Less: impairment allowance	**(425)**	–	–
Other receivables, net	**12,115**	474	474
	35,859	23,071	24,233

Note: Upon adoption of HKFRS 9, an opening adjustment as at 1 January 2018 was made to recognise additional provision on trade receivables (note 2(a) A (ii)).

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

	2018	2017
	RMB'000	*RMB'000*
Within 30 days	**3**	4
31 to 90 days	**8**	–
91 to 180 days	**116**	–
Over 180 days	**–**	2,615
	127	2,619

Note:

No amounts (2017: RMB4,000) are included in trade receivables within 30 days as at 31 December 2018 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. No significant change in the gross carrying amounts of trade receivable during the year contributed to changes in the loss allowance.

Comparative information under HKAS 39

Prior to 1 January 2018, an impairment loss was recognised only when there was objective evidence of impairment. At 31 December 2017, trade receivables of RMB1,592,000 was determined to be impaired. The aging analysis of trade receivables that were not considered to be impaired was as follows:

	2017
	RMB'000
Neither past due nor impaired	4
Past due but not impaired	
Within 30 days	–
31 to 90 days	–
91 to 180 days	–
Over 180 days	2,615
	2,619

Trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

Trade receivables that were past due but not impaired mainly relate to a customer who is being sued by the Group for the settlement of the receivables. Based on the facts, management believes that no impairment allowance is necessary in respect of these balances under HKAS 39 and the balances are still considered fully recoverable as at 31 December 2017.

The below table reconciled the impairment allowance of trade and other receivables for the year:

	2018	2017
	RMB'000	*RMB'000*
At the beginning of year	**1,592**	–
Impact on initial application of HKFRS 9 *(note 2(a) A(ii))*	**1,162**	–
Adjusted balance at the beginning of year	**2,754**	–
Provision for impairment in accordance with HKFRS 9	**2,075**	–
Provision for impairment in accordance with HKAS 39	**–**	1,592
Reversal of provision on recovery of doubtful debts	**(240)**	–
At the end of year	**4,589**	1,592

14. TRADE PAYABLES

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

	2018	2017
	RMB'000	*RMB'000*
Within 30 days *(note)*	**48,692**	8,927
31 to 90 days	**–**	–
91 to 365 days	**–**	–
Over 365 days	**9,486**	754
	58,178	9,681

Note:

Included in trade payables within 30 days as at 31 December 2018 was the remaining balances of RMB48,692,000 in respect of purchase of serial programme rights which was payable by instalments. The Group is negotiating with different TV stations and online platforms for initial publishing of the serial programme. The Group requested and obtained conditional consent (in case the initial publishing is delayed) from the vendor to settle the payable no later than 31 December 2020.

15. SHARE CAPITAL

Authorised and issued share capital

	2018			2017		
	Number	***HKD'000***	**Equivalent to *RMB'000***	Number	*HKD'000*	Equivalent to *RMB'000*
Ordinary shares of HK$0.01 each	**8,000,000,000**	**80,000**	**67,024**	8,000,000,000	80,000	67,024
Issued and fully paid						
Ordinary shares						
At beginning of the year	**1,423,513,043**	**14,235**	**11,788**	1,207,246,376	12,072	9,884
Issue of share under placing *(note (a))*	–	–	–	200,000,000	2,000	1,767
Issue of shares in relation to recalled consideration shares *(note (b))*	–	–	–	16,266,667	163	137
At end of the year	**1,423,513,043**	**14,235**	**11,788**	1,423,513,043	14,235	11,788

Notes:

(a) Under the placing took place during the year ended 31 December 2017, 200,000,000 new ordinary shares of HK$0.01 each were issued at a price of HK$0.265 per share. A sum of approximately HK$50,700,000 (equivalent to RMB43,183,000) in cash was received in the placing, after the net of related expenses borne by the Company of approximately RMB1,881,000. The directors considered that the placing was taken place for the purpose of raising sufficient fund for general working capital and expansion of business.

(b) Included in the shares issued for acquisition of a subsidiary were 16,266,667 shares which were subject to lock-up and dealing restrictions and adjustments. As at 31 December 2016, these shares were classified as financial liabilities until the date for the release of the relevant restrictions. During the year ended 31 December 2017, all the 16,266,667 shares were recalled by the Company and sold to an independent third party.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

	2018	2017
	RMB'000	*RMB'000*
Program production	–	4,055
Concert and event organisation	**14,144**	1,382
Mobile live broadcasting and e-commerce	**1,143**	11,520
Entertainment contents on demand system	**5,356**	3,128
Artist management	**78**	–
	20,721	20,085

Revenue for the year ended 31 December 2018 ("Year 2018") amounted to approximately RMB20.7 million, representing an increase of approximately 3.2% as compared to that recorded for the year ended 31 December 2017 ("Year 2017") of approximately RMB20.1 million. The increase in revenue mainly contributed by concerts and event organisation business. The revenue from event organisation segment for Year 2018 was significantly increased from approximately RMB1.4 million (representing approximately 10 times) to approximately RMB14.1 million, which was mainly due to the Group had organised several concerts in Hong Kong, Taiwan and Southeast Asia during the year. In addition, the coverage of "Fengtingxun", the entertainment contents on demand system operated by the Group, is continuously improving. The Group recorded revenue from entertainment contents on demand system business of approximately of RMB5.4 million for Year 2018, which was increased by approximately 71.2% as compared to Year 2017.

"Great Star", the mobile live broadcasting platform of the Group, recorded revenue of approximately RMB1.1 million in Year 2018 compared to RMB11.5 million in Year 2017. The revenue significantly decreased as there was no production services of online entertainment videos being provided in Year 2018 as compared to last year.

As the Group did not provide any production services for recurring programs during Year 2018 as compared to Year 2017, therefore no revenue from program production had been recognised during Year 2018.

For the new developed artist management business, its revenue for Year 2018 contributed less than 1% to the Group's total revenue as this business was in the beginning stage.

Gross loss

The gross loss for Year 2018 amounted to approximately RMB41.3 million, which had been increased by approximately 1.0% as compared to that recorded for Year 2017 of approximately RMB40.8 million. The increase in gross loss is mainly due to the content production costs of mobile live broadcasting and e-commerce business incurred in 2017 which being recognised in 2018.

Other revenue

Other revenue was significantly increased from approximately RMB0.1 million in Year 2017 to approximately RMB15.4 million in Year 2018. The increase in Year 2018 was due to the revenue of approximately RMB15.3 million came from licensing the re-editing rights of our programmes being developed in "Great Star".

Expenses

Selling and distribution costs for Year 2018 was approximately RMB13.2 million, representing a decrease of approximately RMB3.2 million (approximately 19.3%) as compared to Year 2017. The selling and distribution costs incurred for Year 2018 were mainly for the promotion of the mobile live broadcasting and e-commerce business and entertainment contents on demand system business. The promotional cost of "Great Star" and "Fengtingxun" has been decreased as compared to last year.

Administrative expenses for Year 2018 amounted to approximately RMB42.5 million (Year 2017: approximately RMB29.2 million), which was increased by approximately 45.6% as compared to Year 2017 which was mainly due to (i) impairment loss of programme cost and trade and other receivable; (ii) impairment loss of leasehold improvement due to the termination of the lease of the office in the PRC; and (iii) goodwill impairment loss on event organisation and mobile live broadcasting businesses.

Income tax (expense)/credit

The Group had income tax expense for Year 2018 of approximately RMB4.6 million while recorded an income tax credit of approximately RMB0.2 million for Year 2017. The income tax expense for Year 2018 was due to the de-recognition of deferred tax assets recognised for tax losses in prior years. There are no provision of Hong Kong profits tax and PRC enterprise income tax for Year 2018 as no subsidiaries of the Company located in Hong Kong and the PRC have recorded taxable profit during both periods. PRC enterprise income tax for the subsidiaries incorporated in the PRC and Hong Kong profits tax for the subsidiaries incorporated in Hong Kong is calculated at 25% and 16.5% respectively on taxable profit of relevant period in accordance with the relevant laws and regulations.

Loss for the year

Loss for Year 2018 was approximately RMB82.6 million (Year 2017: RMB79.8 million). The increase in net loss after tax was mainly due to (i) the content production costs recognised for the mobile live broadcasting and e-commerce business which was incurred in 2017; and (ii) certain impairment losses of assets recognised as mentioned above.

Financial resources, liquidity and capital structure

During the year ended 31 December 2018, the Group finances its operations by internally generated cash flow, borrowings and shareholders' equity. As at 31 December 2018, the Group had net current assets of approximately RMB3.1 million (as at 31 December 2017: approximately RMB55.4 million) including cash and cash equivalents of approximately RMB8.9 million (as at 31 December 2017: approximately RMB18.4 million). The decrease in cash and cash equivalents was mainly due to loss incurred during the year ended 31 December 2018. The current ratio, being the ratio of current assets to current liabilities, was approximately 1.03 times as at 31 December 2018 (as at 31 December 2017: approximately 3.3 times).

The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB36.6 million as at 31 December 2018 (as at 31 December 2017: approximately RMB102.4 million).

BUSINESS REVIEW

The Group is principally engaged in the businesses of (i) program production and related services, (ii) concert and event organisation, (iii) mobile live broadcasting and e-commerce; (iv) entertainment contents on demand system and (v) artist management.

For the concert and event organisation segment, the Group started to cooperate with certain entertainment companies which have great resources on Korean artists. During Year 2018, the Group organised concerts in Hong Kong, Taiwan and Southeast Asia. The Group recorded revenue of approximately RMB14.1 million from the event organisation segment, which represented an increase of more than 10 times as compared to last year. The reason of such significantly increase was due to the Group started to organise several concerts and recognised relevant income in the second half of Year 2018.

Under the "Korean K-pop Wave" in recent years, the Group rides the opportunities to expand our event organisation segment from Mainland China to overseas. In the concerts organised by the Group during Year 2018, many famous Korean artists had performed in the above concerts, namely BTOB, SEVENTEEN, NU'EST W, APINK, Jessica and etc.

For the mobile live broadcasting and e-commerce segment, the Group continues to develop our unique business model of "entertainment contents + social media + e-commerce" and promote "Great Star" to increase its penetration in the mobile internet and social media. In this highly competitive market, the Group is continuing to optimise "Great Star" to cater the demand of the market and add on new features, aiming to establish its unique market position. Due to the robust competition in the e-commerce and internet industry of China, the Group expects that the segment may not be able to capture the potential revenue from this business model in the short-term. Therefore, there are no significant turnover had been recognised from this business model during Year 2018. However, our online platform team provided the promotional service to a customer and generated revenue of approximately RMB1.1 million during Year 2018.

In 2018, the Group adopted the popularity of using short video on promoting merchandises and generated RMB 15.3 million of other revenue by licensing the re-editing and use of rights of programmes produced by "Great Star". Having the re-editing and use of rights, the buyer can redevelop these programmes to various short videos and put on the shelf in various platforms.

The entertainment contents on demand system, "Fengtingxun" operated by the Group, has continuously improved and being installed in various entertainment outlets in the PRC. The bundling sales model of our own IP digital equipment and entertainment contents helped to boost the penetration of "Fengtingxun". The revenue from entertainment contents on demand system business has increased by approximately 71.2%. The Group decided to recognise a partial return from the investment in the entertainment contents on demand system business at a reasonable price by disposing approximately 14.17% and 11.33% equity interest in Capital Land to two independent third parties respectively during Year 2018. After the completion of these disposals, Capital Land remains as a subsidiary of the Group under the arrangement of shareholders voting agreement, which entered into with certain shareholders of Capital Land. The Group believes that the proceed can be used for the development of other business segments of the Group.

The Group did not record any revenue from program production services during Year 2018 mainly due to customers continue to produce its television programs by using its own-production house started in 2017.

In addition, the Group purchased a serial programme right for principal amount of approximately RMB55.0 million. This serial programme has obtained the permit for broadcasting. The Group is in the process of negotiation with various television stations and online video platforms in the PRC, target to realise the revenue from its first launch in 2019. The Group believes that this can obtain considerable return from the income of publishing, sponsorship and etc.

PROSPECT

Based on the financial performance in Year 2018, the management of the Group believes that the synergy effect of concert and event organisation, mobile live broadcasting, artist management, production and publishing, will create a new drive to the Group.

In Year 2018, the Group organised various concerts of Korean artists in Hong Kong, Taiwan and Southeast Asia. Apart from establishing our brand name, we also successfully in strengthening our relationship with different media and entertainment companies. The Group will explore more opportunities to organise medium to large concerts. Besides Korean artists, the Group would strive for expanding artist resources in order to organise various performance events for artists from different nations and regions. The Group entered into framework agreements with certain media and entertainment companies and artists to hold concerts in Asia throughout 2019-2020. The Group expects the concerts organisation of the Group will have more desirable results in 2019.

The Group has established our own artist management business in Year 2018 and had already entered into sole global agency agreements with certain artists and world champion atheletes in Hong Kong and China. The Group will continue to explore talents with great potential in order to strengthen our wardrobe and arrange job for our contracted artists and world champion atheletes. In the fast moving internet platform where information disseminate in the next second, talents can easily upload/live stream their performance or idea to the audience on many platforms We believe a strong and capable management team can efficiently identify each artist's and sports star's core development and utilise their market effect.

The Group expects to obtain considerable profit share from the jobs arranged to our contracted artists and world champion athletes (for example, advertisement, films, TV programmes and etc.). Through the development and increase in popularity, our contracted stars will increase our revenue stream and subsequently more stars will join the Group. In addition, apart from artists, we will also diversify our talents by continuing to explore more potentials in other sectors.

The business model of "Great Star" targets to open up the opportunities across online and offline business. These opportunities covers across the entire media and entertainment industry, include but not limited to artist agency, concerts, copyrights distribution, advertising, film and television production, variety shows and sales of stars' peripheral products. This creates extensive values to the Group. The Group has begun trial in live broadcasting the highlights of concerts organised by our concert and event organising segment on "Great Star". We believe that it can help to draw more internet users, including fans, and eventually using "Great Star" as their dissemination platform. The Group expects to lever live broadcasting to improve "Great Star" charisma. The Group is also actively exploring other potential opportunities derives from these live broadcasting with other media and entertainment companies. For example, using "Great Star" autonomous technology of mobile video live broadcasting, online transaction and payment to complete online transaction without switching the webpage while watching videos. Having this, "Great Star" can lever the contents or even live shows to sell peripheral products and exclusive souvenirs of the events, hence, increasing the revenue streams of "Great Star".

Regarding to the entertainment on demand system business "Fengtingxun", it continues to increase its penetration, market share and competitiveness. The revenue was being provenly increased by approximately 71% (from RMB3.1 million in Year 2017 to RMB5.4 million in Year 2018). Further to the official notice on standardising the operation and management of private mini theatres, digital subscriber line, on-demand cinema announced in 2017, the Group expects that a more specific guideline on the requirement of technical specifications of billing and screening system and equipment will be promulgated to regulate the entertainment outlets in the near future. As "Fengtingxun", Member of Copyrights Society of China, is a legally authorised on-demand content provider and with its own IP on Entertainment On Demand System including digital entertainment, video encoding system, cloud management system, digital settlement system, the announcement and implementation of regulations from the PRC government will substantially increase the demand of "Fengtingxun".

The Group recognised a partial return from the investment in the entertainment contents on demand system business at a reasonable price by disposing the equity interest in Capital Land in April and Jul to two independent third parties at approximately 14.17% and 11.33% respectively during Year 2018. As Capital Land remains as a subsidiary of the Company, the participation of new investors with entertainment background would not affect the development plan of "Fengtingxun", instead they will contribute add on value to the expansion of "Fengtingxun", hence, creating more opportunities together with the Group.

There are no revenue recorded for the program production business during Year 2018 due to the change of our customer's business strategy. Given this, the Group started to diversify its business strategy on the program production segment. During Year 2018, PRC TV programmes had been given lots of attention. Certain TV programmes recorded high ratings in Mainland China, and even in Hong Kong and overseas market. The Group decides to expand its business strategy to publishing. The Group purchased a serial programme rights from a professional production company in Year 2018 and is in the process of negotiating with various television stations and online platforms. The Group expects to lever this opportunity to extent its market to overseas. The Group also expects the publication of this programme would be the turning point of our production segment and create revenue streams to the Group.

Although the businesses of the Group are facing various challenges, the Group is confident that it can overcome the challenges under the leadership of our experienced management and the new strong teams formed by the seasoned staff in the concert and event organisation segment and artist management segment. Together with the various opportunities currently exploring, the Group believes our business will create a new era.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2018, The Group had a total of 74 employees (2017: 120). The Group remunerates its employees based on their performance, experience and the prevailing market situation. 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 turnover and direct costs of the Group are mainly in Renminbi ("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 RMB0.7 million for the year ended 31 December 2018 (Year 2017: approximately RMB0.3 million).

CAPITAL COMMITMENTS

As at 31 December 2018, the Group did not have any capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2018, there were no significant contingent liabilities for the Group.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no significant investments held as at 31 December 2018 (as at 31 December 2017: nil). There were no other material acquisition and disposal of subsidiary or affiliated company made by the Group during the year ended 31 December 2018 (during the year ended 31 December 2017: nil).

USE OF PROCEEDS FROM PLACING OF SHARES

On 18 January 2017, the Company had completed the placing of 200,000,000 new ordinary shares of the Company (with aggregate nominal value of HK$2,000,000) (the "Placing Share(s)") to not less than six placees at the placing price of HK$0.265 (the "Placing Price") per Placing Share (the "2017 Placing"). The Placing Price was agreed with the placing agent in the placing agreement dated 13 December 2016 and the closing price quoted on the Stock Exchange per ordinary share of the Company as at that date was HK$0.295. The gross proceeds from the 2017 Placing is HK$53.0 million and the net proceeds is approximately HK$50.7 million after deducting the placing commission and other related expenses. The net issue price was approximately HK$0.25 per Placing Share. Each of the placees and its ultimate beneficial owners (where applicable) is an independent third party and none of the placees has become a substantial shareholder (as defined in the GEM Listing Rules) after the completion of the 2017 Placing. The Group intends to use the net proceeds from the 2017 Placing for the general working capital. The 2017 Placing was a good opportunity to raise additional funds as working capital of the Group without any interest burden and can broaden the Company's capital base and shareholders base. The Group utilised approximately HK$36.0 million of the net proceeds from the 2017 Placing as at 31 December 2017 and fully utilised the net proceeds from the 2017 Placing as at 30 June 2018 as intended.

The net proceeds from the 2017 Placing of approximately HK$50.7 million were utilised for general working capital as follows:

	Utilised amount as at 31 December 2017 *HK$ million*	Utilised amount as at 30 June 2018 *HK$ million*
Programme production for the mobile live broadcasting platform	34.6	34.6
General operating expenses (including but not limited to staff costs, legal and professional expenses and general selling and administrative expenses)	1.4	16.1
	36.0	50.7

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.

For the year ended 31 December 2018, the Company has complied with the code provisions set out in the CG Code except the following deviations (Code Provisions A.2.1, A.4.1 and C.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 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.

Internal Audit Function

The Company 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.

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 year ended 31 December 2018.

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. Yau Yan Yuen, Mr. Li Fei and Mr. Tan Song Kwang.

The audited annual results of the Company for the year ended 31 December 2018 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 2018.

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 2018 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 2019 AGM of the Company will be held on Friday, 10 May 2019 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 Monday, 6 May 2019 to Friday, 10 May 2019, both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2019 AGM. In order to be eligible to attend and vote at the 2019 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 Friday, 3 May 2019.

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 2018 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 and Executive Director

Hong Kong, 25 March 2019

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