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)

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019 AND (2) CHANGE IN USE OF PROCEEDS FROM THE SUBCRIPTION COMPLETED ON 23 JANUARY 2020

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.

(1) ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

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 2019, together with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** ***RMB'000***	2018 *RMB'000* *(Re-presented)*
Continuing operations			
Revenue	*5*	**48,124**	15,365
Direct costs		**(30,497)**	(57,207)
Gross profit/(loss)		**17,627**	(41,842)
Other income	*6*	**1,022**	15,349
Other gains and losses	*7*	**3,338**	3,682
Selling and distribution costs		**(2,638)**	(6,662)
Administrative expenses		**(15,730)**	(38,541)
Profit/(loss) from continuing operations		**3,619**	(68,014)
Finance costs	*8*	**(3,574)**	-
Profit/(loss) before income tax	*9*	**45**	(68,014)
Income tax expenses	*10*	**(260)**	(4,627)
Loss for the year from continuing operations		**(215)**	(72,641)
Discontinued operation			
Loss for the year from discontinued operation	*11*	**(1,118)**	(9,911)
Loss for the year		**(1,333)**	(82,552)
Other comprehensive loss that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(124)**	(120)
Total comprehensive loss for the year		**(1,457)**	(82,672)

	Notes	2019 *RMB'000*	2018 *RMB'000* *(Re-presented)*
Profit/(loss) for the year attributable to:			
Owners of the Company			
– from continuing operations		**(95)**	(72,286)
– from discontinued operation		**1,710**	(2,513)
		1,615	(74,799)
Non-controlling interests			
– from continuing operations		**(120)**	(355)
– from discontinued operation		**(2,828)**	(7,398)
		(2,948)	(7,753)
		(1,333)	(82,552)
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**1,493**	(74,901)
Non-controlling interests		**(2,950)**	(7,771)
		(1,457)	(82,672)
Earnings/(loss) per share attributable to the owners of the company	*13*		
– Basic (RMB cents)			
– from continuing operations		**(0.01)**	(5.08)
– from discontinued operation		**0.12**	(0.17)
		0.11	(5.25)
– Diluted (RMB cents)		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
Non-current assets			
Property, plant and equipment		**1,394**	1,885
Goodwill		**–**	26,758
Deferred tax assets		**–**	1,449
Right-of-use assets		**2,507**	–
Other financial assets		**5,000**	6,582
Total non-current assets		**8,901**	36,674
Current assets			
Serial programme rights	*14*	**107,687**	48,574
Inventories		**–**	106
Trade and other receivables	*15*	**59,350**	35,859
Amounts due from non-controlling interests		**1,339**	189
Cash and bank balances		**11,539**	8,897
Total current assets		**179,915**	93,625
Total assets		**188,816**	130,299
Current liabilities			
Trade payables	*16*	**45,881**	58,178
Other payables		**29,879**	15,948
Contract liabilities		**14,069**	3,826
Current tax liabilities		**3,832**	3,572
Lease liabilities		**1,315**	–
Other borrowing		**–**	5,000
Loans due to shareholders		**8,105**	4,034
Loan due to a director		**1,254**	–
Total current liabilities		**104,335**	90,558
Net current assets		**75,580**	3,067
Total assets less current liabilities		**84,481**	39,741

	Notes	**2019** *RMB'000*	2018 *RMB'000*
Non-current liabilities			
Trade payables	*16*	**45,258**	–
Lease liabilities		**1,259**	–
Total non-current liabilities		**46,517**	–
Total liabilities		**150,852**	90,558
NET ASSETS		**37,964**	39,741
Capital and reserves			
Share capital	*17*	**11,788**	11,788
Reserves		**26,330**	24,837
Equity attributable to owners of the Company		**38,118**	36,625
Non-controlling interests		**(154)**	3,116
TOTAL EQUITY		**37,964**	39,741

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

		Reserves							
	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
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
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 and 1 January 2019	11,788	158,096	5,362	9,300	(102)	(147,819)	36,625	3,116	39,741
Derecognition of non-controlling interests upon disposal of a subsidiary	–	–	–	–	–	–	–	(320)	(320)
Profit/(loss) for the year	–	–	–	–	–	1,615	1,615	(2,948)	(1,333)
Other comprehensive loss	–	–	–	–	(122)	–	(122)	(2)	(124)
Total comprehensive loss for the year	–	–	–	–	(122)	1,615	1,493	(2,950)	(1,457)
Balance at 31 December 2019	11,788	158,096	5,362	9,300	(224)	(146,204)	38,118	(154)	37,964

Notes:

1. CORPORATE INFORMATION

Creative China Holdings Limited (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 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, 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. As at the date of this announcement, Youth Success Holdings Limited and Guang Rui Investments Limited are its immediate and ultimate parent respectively. Guang Rui Investments Limited is wholly and beneficially owned by Mr. Yang Shaoqian and his spouse, Ms. Mu Sufang.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in the provision of traditional television program production, serial programme right distribution and licensing and related services, concert and event organisation services, mobile live broadcasting services and e-commerce services, entertainment contents on demand system services (discontinued during the year ended 31 December 2019) and artist management. The Company and its subsidiaries are collectively referred as the "Group" hereafter.

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019

In the current year, the Group has applied the following new HKFRSs and amendents to 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 2019.

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 Leases has been summarised in below. The Directors consider the other new or amended HKFRSs that are effective from 1 January 2019 did not have any material impact to the Group's financial statements.

A. HKFRS 16 Leases

HKFRS 16 supersedes 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 than 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.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening of consolidated statement of financial position as of 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 8%.

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as of 1 January 2019:

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	1,622
Discounted using the lessee's incremental borrowing rate at the date of initial application	1,524
Less: short-term leases recognised on a straight-line basis as expense	(590)
	934
Of which are:	
Current lease liabilities	580
Non-current lease liabilities	354
	934

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

	RMB'000
Right-of-use assets	
Properties	**934**

The change in accounting policy affected the following items in the consolidated statement of financial position as of 1 January 2019:

	RMB'000
Right-of-use assets – increase by	**934**
Lease liabilities – increase by	**934**
	–

Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to HKFRSs.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 2 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

B. HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

C. Amendments to HKAS 19 – Plan amendments, curtailment or settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

D. Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

E. Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

F. Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

G. Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

H. Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

I. Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

(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.

Amendments to HKFRS 3	Definition of a business[1]
Amendments to HKAS 1 and HKAS 8	Definition of material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2020

2 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments of the amendments continue to be permitted.

Amendments to HKFRS 3 – Definition of a business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

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 the following reportable segments which 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 and operating segments:

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

  Program Production segment provides traditional television program production, serial programme right distribution and licensing 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 entertainment content through an entertainment on demand system named "Fengtingxun" which are installed in hardware placed within various karaoke boxes, mini-cinemas, hotels and internet cafes in the PRC. This segment was discontinued during the year.

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

Artist management segment provides agency service for the 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

For the year ended 31 December 2019

	Continuing operations					Discontinued operation	
	Program Production	**Concert and event Organisation**	**Mobile Live Broadcasting and E-Commerce**	**Artist Management**	**Sub total**	**Entertainment on Demand System**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers	34,862	9,489	–	3,773	48,124	11,055	59,179
Represented by:							
Recognised over time							
– Sale of concert tickets	–	7,566	–	–	7,566	–	7,566
– Provision of event organisation services	–	1,650	–	–	1,650	–	1,650
– Subscription of content	–	–	–	–	–	6,474	6,474
– Provision of artist management services	–	–	–	3,773	3,773	–	3,773
– Provision of distribution agency services	7,645	–	–	–	7,645	–	7,645
Recognised at a point in time							
– Sale of concert souvenirs	–	273	–	–	273	–	273
– Licensing of broadcasting rights under co-financing arrangements	25,991	–	–	–	25,991	–	25,991
– Production services	1,226	–	–	–	1,226	–	1,226
– Sale of devices	–	–	–	–	–	4,581	4,581
Reportable segment revenue from external customers	34,862	9,489	–	3,773	48,124	11,055	59,179
Reportable segment profit/(loss)	12,538	(1,195)	(2,996)	2,414	10,761	(1,118)	9,643
Interest income	3	1	–	–	4	2	6
Interest expense	(3,313)	–	–	–	(3,313)	(340)	(3,653)
Depreciation of right-of-use assets	(775)	(393)	–	–	(1,168)	–	(1,168)
Depreciation of property, plant and equipment	(648)	(231)	–	(38)	(917)	(326)	(1,243)
Recognition of serial programme rights expense	(20,789)	–	–	–	(20,789)	–	(20,789)
Reportable segment assets	129,553	16,781	33,743	621	180,698	–	180,698
Addition to non-current assets *(note 1)*	1,311	–	–	–	1,311	–	1,311
Reportable segment liabilities	(109,579)	(16,725)	(9,632)	(3,245)	(139,181)	–	(139,181)

For the year ended 31 December 2018

	Continuing operations					Discontinued operation	
	Program Production RMB'000	Concert and event Organisation RMB'000	Mobile Live Broadcasting and E-Commerce RMB'000	Artist Management RMB'000	Sub total RMB'000	Entertainment on Demand System RMB'000	Total RMB'000
Revenue from contracts with customers	–	14,144	1,143	78	15,365	5,356	20,721
Represented by:							
Recognised over time							
– Sale of concert tickets	–	8,851	–	–	8,851	–	8,851
– Provision of event organisation services	–	4,596	–	–	4,596	–	4,596
– Online advertising income	–	–	1,142	–	1,142	–	1,142
– Subscription of content	–	–	–	–	–	2,569	2,569
– Provision of artist management services	–	–	–	78	78	–	78
Recognised at a point in time							
– Sale of concert souvenirs	–	697	–	–	697	–	697
– Commission income	–	–	1	–	1	–	1
– Sale of devices	–	–	–	–	–	2,787	2,787
Reportable segment revenue from external customers	–	14,144	1,143	78	15,365	5,356	20,721
Reportable segment loss	(7,666)	(11,147)	(36,768)	(834)	(56,415)	(9,911)	(66,326)
Interest income	5	1	1	1	8	2	10
Interest expense	–	–	–	–	–	(84)	(84)
Depreciation of property, plant and equipment	(1,007)	(311)	(73)	(56)	(1,447)	(416)	(1,863)
Amortisation of intangible assets	–	(888)	–	–	(888)	–	(888)
Reportable segment assets	51,120	4,612	29,870	851	86,453	30,865	117,318
Additions to non-current assets *(note 1)*	–	–	–	478	478	246	724
Reportable segment liabilities	(48,588)	(9,311)	(10,126)	(227)	(68,252)	(9,018)	(77,270)

Note:

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

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

	2019	2018
	RMB'000	*RMB'000*
Revenue		
Reportable segment and consolidated revenue	**59,179**	20,721

	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Profit/(loss) before income tax		
Reportable segment profit/(loss) from continuing operations	**10,761**	(56,415)
Other income:		
– Interest income	**3**	2
Other gains or losses:		
– Exchange gain/(loss)	**80**	(295)
– Gain on de-recognition of contingent consideration payables	**–**	151
Unallocated corporate expenses:		
– Auditor's remuneration	**(757)**	(703)
– Directors' emoluments	**(2,641)**	(2,577)
– Legal and professional fee	**(1,962)**	(3,021)
– Salaries and other benefits for key management and administration staff	**(1,380)**	(2,265)
– General operating expenses	**(4,059)**	(2,891)
Consolidated profit/(loss) before income tax from continuing operations	**45**	(68,014)

	2019	2018
	RMB'000	*RMB'000*
Assets		
Reportable segment assets	**180,698**	117,318
Unallocated corporate assets:		
– Property, plant and equipment	**174**	191
– Cash and cash equivalents	**2,629**	5,479
– Other financial assets	**5,000**	6,582
– Others	**315**	729
Consolidated total assets	**188,816**	130,299

	2019	2018
	RMB'000	*RMB'000*
Liabilities		
Reportable segment liabilities	**139,181**	77,270
Unallocated corporate liabilities:		
– Accruals and other payables	**2,312**	9,254
– Loans due to shareholders	**8,105**	4,034
– Loan due to a director	**1,254**	–
Consolidated total liabilities	**150,852**	90,558

(c) Geographic information

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

	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
	(note)	*(note)*
Hong Kong		
– Sale of concert ticket	**6,026**	7,186
– Sale of concert souvenirs	**253**	600
– Provision of event organisation services	**1,122**	354
PRC		
– Licensing of the broadcasting rights under co-financing arrangements	**25,991**	–
– Provision of distribution agency services	**7,645**	–
– Production services	**1,226**	–
– Provision of event organisation services	**–**	1,719
– Sale of devices	**4,581**	2,787
– Provision of entertainment on demand system services	**6,474**	2,569
– Provision of artist management services	**3,773**	78
– Others	**–**	1,143
Other countries in Southeast Asia		
– Sale of concert tickets	**1,540**	1,665
– Sale of concert souvenirs	**20**	97
– Provision of event organisation services	**528**	2,523
	59,179	20,721

Note: Geographical region of customers is based on the location at which the goods and services are provided.

(d) Information about major customers

For the year ended 31 December 2019, revenues from one customer (2018: one customer) with whom transactions have exceeded 10% of the Group's revenue for the year. Details were as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from the customer:		
Customer I:		
– Program Production	**33,636**	N/A (i)
Customer II:		
– Concert and event Organisation	**N/A (ii)**	2,523
	33,636	2,523

Notes:

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

(ii) The corresponding revenue in the year ended 31 December 2019 for Customer 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 (discontinued during the year ended 31 December 2019) and (v) artist management and related services. The amounts of each significant category of revenue recognised during the year are as follows:

	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Program production and related income		
– Licensing of the broadcasting rights under co-financing arrangements	**25,991**	–
– Provision of distribution agency services	**7,645**	–
– Production services	**1,226**	–
Concert and event organisation and related income	**9,489**	14,144
Mobile live broadcasting and e-commerce and related income	**–**	1,143
Artist management and related income	**3,773**	78
	48,124	15,365
Discontinued operation		
Entertainment contents on demand system and related income	**11,055**	5,356
	59,179	20,721

6. OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Licensing of programme, net *(note)*	**–**	15,257
Interest income from bank deposits	**7**	10
Sundry income	**855**	82
Rental income	**160**	–
	1,022	15,349
Discontinued operation		
Interest income from bank deposits	**2**	2
Sundry income	**9**	31
	11	33
	1,033	15,382

Note: The income from licensing of programme is recognised at a point in time when the Group delivers and grants the customer the right to use the programme as it exists since the Group does not have 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

	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Loss on disposal of property, plant and equipment	**(70)**	–
Exchange gain/(loss)	**80**	(295)
Gain on de-recognition of contingent consideration payables	**–**	151
Reversal of provision of impairment loss of trade and other receivables	**3,328**	240
Gain on de-recognition of deferred rent payables	**–**	3,586
	3,338	3,682
Discontinued operation		
Gain on de-recognition of deferred rent payables	**–**	27
	3,338	3,709

8. FINANCE COSTS

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Imputed interest on trade payables	**3,313**	–
Interest on lease liabilities	**261**	–
	3,574	–

9. PROFIT/(LOSS) BEFORE INCOME TAX

	2019	2018
	RMB'000	*RMB'000*
		(Re-presented)
Continuing operations		
Profit/(loss) before income tax is arrived at after charging:		
Staff costs	**9,816**	13,589
Auditor's remuneration	**757**	703
Depreciation of property, plant and equipment *(note (a))*	**1,058**	1,795
Depreciation of right-of-use assets *(note (a))*	**1,365**	–
Recognition of serial programme rights expense *(note (b))*	**20,789**	–
Amortisation of intangible assets	**–**	888
Impairment loss of property, plant and equipment	**–**	4,333
Impairment loss of goodwill	**–**	4,504
Impairment loss of programme cost	**–**	4,336
Short-term lease expenses	**709**	–

Note:

(a) No depreciation charge has been included in direct costs for the year.

(b) Included in "direct costs" for the year.

10. INCOME TAX EXPENSES

	2019	2018
	RMB'000	*RMB'000*
Continuing operations		
Current tax – the PRC		
– provision for the year	**459**	–
– over provision in respect of prior years	**(199)**	–
Deferred tax	**–**	4,627
Income tax expenses	**260**	4,627

PRC enterprise income tax is calculated at 25% (2018: 25%) on the estimated assessable profits during the year.

11. DISCONTINUED OPERATION

On 28 August 2019, Beijing Emphasis media Co., Ltd entered into the Equity Transfer Agreements (the "Agreements") pursuant to which it conditionally agreed to sell and three different purchasers conditionally agreed to purchase 11.25%, 3.00% and 5.00% of equity interest of Capital Land Digital Entertainment Co., Limited ("Capital Land") respectively, which is principally engaged in the Entertainment on Demand System, at the consideration in cash of RMB9,000,000, RMB2,400,000 and RMB4,000,000 respectively, details of which are set out in the Company's announcements dated 28 August 2018 and the Company's circular dated 24 September 2019. The Disposal was completed on 31 December 2019 (the "Disposal Date") and constitutes a discontinued operation under HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as Entertainment on Demand System represented one of the major line of business of the Group.

Analysis of the results of the discontinued operation:

	Period from 1 January 2019 to the Disposal Date ***RMB'000***	2018 *RMB'000*
Turnover	**11,055**	5,356
Expenses	**(14,851)**	(15,267)
Loss before tax	**(3,796)**	(9,911)
Gain on disposal of a subsidiary	**2,678**	–
Loss for the year from discontinued operations	**(1,118)**	(9,911)
Operating cash flows	**(1,272)**	(9,312)
Investing cash flows	**(141)**	(244)
Financing cash flows	**7**	10,748
Total Cash flows	**(1,406)**	1,192

A gain of RMB2,678,000 arose on the disposal of Capital Land, being the proceeds of disposal less the carrying amount of the subsidiary's net assets and attributable goodwill attributable to the Group. No tax charge or credit arose from the disposal.

For the purpose of presenting the discontinued operation, certain comparative figures in the consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes have been restated to present the results of the disposal group as discontinued operation in the comparative period.

12. DIVIDEND

No dividend had been paid or declared by the Company during the year (2018: nil).

13. EARNINGS/(LOSS) PER SHARE

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

	2019	2018
	RMB'000	*RMB'000*
Profit/(loss) for the purposes of basic earnings/(loss) per share		
– Continuing operations	**(95)**	(72,286)
– Discontinued operation	**1,710**	(2,513)
	1,615	(74,799)

	2019	2018
	'000	*'000*
Number of shares		
Number of ordinary shares in issue during the year	**1,423,513**	1,423,513

Note: No diluted earnings/loss per share is presented as there were no potential ordinary shares in issue for the years ended 31 December 2019 and 2018.

14. SERIAL PROGRAMME RIGHTS

	RMB'000
At 1 January 2018	–
Addition for the year	48,574
At 31 December 2018 and 1 January 2019	48,574
Addition for the year	79,902
Recognised as expense for the year	(20,789)
At 31 December 2019	107,687

The serial programme rights shown above related to two television drama series obtained by the Group under co-financing arrangements and belonging to the Programme Production segment, with finite useful life and of carrying amounts of RMB27,785,000 and RMB79,902,000 respectively as at 31 December 2019.

The attributable recognition of serial programme rights expense for the year ended 31 December 2019 amounted to RMB20,789,000 (2018: Nil) and is recognised as direct costs in the consolidated statement of comprehensive income.

The Directors assessed that the recoverable amounts of each of the serial programme rights are higher than their carrying amounts, hence no impairment loss (2018: Nil) is recognised during the year.

The Directors expect the carrying amounts to be recovered within one year after licensing the broadcasting right to the first customer and therefore these rights are classified as current assets as at 31 December 2019.

As at 31 December 2019, one of the broadcasting right already sold to the first customer. The remaining one is still negotiating with different television stations and platform.

15. TRADE AND OTHER RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables, gross	**1,414**	4,291
Less: impairment allowance	**(1,351)**	(4,164)
Trade receivables, net	**63**	127
Prepayments and deposits *(note (i) to (iii))*	**38,463**	23,617
Other receivables, gross	**20,824**	12,540
Less: impairment allowance	**–**	(425)
Other receivables, net	**20,824**	12,115
	59,350	35,859

Note:

As at 31 December 2019, the balances of prepayments and deposits and other receivables are mainly represented by the following:

(i) The balance included an amount of approximately RMB11,399,000 (2018: approximately RMB3,465,000) prepayment to event organisers under Concert and event Organisation segment for the purpose of concert to be held in the coming years.

(ii) The balance included an amount of approximately RMB16,782,000 (2018: approximately RMB16,782,000) prepaid service fees to actors and performers in relation to performing in the Group's mobile live broadcasting platform.

(iii) The balance included an amount of approximately RMB4,600,000 (2018:Nil) prepaid license fee to copyright owners in relation to obtaining of the re-editing right of serial program.

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

	2019	2018
	RMB'000	*RMB'000*
Within 30 days	–	3
31 to 90 days	–	8
91 to 180 days	**63**	116
	63	127

The Group recognised impairment loss based on the accounting policy. 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.

16. TRADE PAYABLES

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

	2019	2018
	RMB'000	*RMB'000*
Within 30 days *(note)*	**79,896**	48,692
91-365 days	**1,577**	–
Over 365 days	**9,666**	9,486
	91,139	58,178
Represented by:		
Current portion	**45,881**	58,178
Non-current portion	**45,258**	–
	91,139	58,178

Note: Included in trade payables within 30 days as at 31 December 2019 was the remaining balances of RMB34,638,000 in respect of purchase of serial programme rights which was payable by instalments upto end of 2020. As at the date of this announcement, the Group is negotiating with different TV stations and platforms for initial broadcasting of the serial programme. The Group obtained consent from the vendor to defer the settlement of payable but no later than 31 December 2021 in case distribution of broadcasting right is delayed.

17. SHARE CAPITAL

Authorised and issued share capital

	2019			2018		
			Equivalent to			Equivalent to
	Number	*HKD'000*	*RMB'000*	Number	*HKD'000*	*RMB'000*
Authorised						
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 and end of the year	**1,423,513,043**	**14,235**	**11,788**	1,423,513,043	14,235	11,788

18. EVENTS AFTER REPORTING PERIOD

Completion of subscription of shares

Pursuant to the Company's announcement dated 10 January 2020, the Company entered into the subscription agreement with the subscriber in relation to the subscription of shares. Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue 158,064,516 shares to the subscriber at the subscription price of HK$0.062 per share. The above subscription was completed on 23 January 2020. The net proceeds from the subscription amounted to approximately HK$9,790,000.

The assessment of the impact of the Coronavirus Disease 2019

In view of the outbreak of Coronavirus Disease 2019 ("COVID-19") in January 2020 in the PRC, the PRC authority has taken national prevention and control of the COVID-19. The COVID-19 has certain impacts on the business operation and overall economy in some geographical areas or industries in the PRC. To a certain extent the outbreak might affect the program production progress and most of the concerts scheduled in the second half of 2020, and the extent of the impact depends on the duration of the epidemic and the implementation of regulatory policies and relevant protective measures. The Group will stay alert on the development and situation of the COVID-19, continuing to assess its impacts on the financial position and operating results of the Group and take necessary action to mitigate the business risk in the PRC. Up to the date of this announcement, the assessment is still in progress.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANICAL REVIEW

Unless otherwise specified, the figures stated in the following review are extracted from the audited financial figures of the continued operations of the Group:

Revenue

Revenue for the year ended 31 December 2019 ("Year 2019") amounted to approximately RMB48.1 million, representing an increase of approximately 213.2% as compared to that recorded for the year ended 31 December 2018 ("Year 2018") of approximately RMB15.4 million. The increase in revenue was mainly contributed by the program production segment and artist management segment.

Gross profit/(loss)

The gross profit for Year 2019 amounted to approximately RMB17.6 million as compared to that recorded of gross loss for Year 2018 of approximately RMB41.8 million. The increase in gross profit was mainly due to the distribution fee from serial program and production income obtained from license the first-round broadcasting rights of serial program, production of online drama, the production of content and jobs being arranged for our exclusive world champion athletes in 2019 from the artist management segment.

Other revenue

Other revenue was decreased from approximately RMB15.3 million in Year 2018 to approximately RMB1.0 million in Year 2019, which is due to the temporary effect regarding the transition period of restructuring of the mobile live broadcasting and e-commerce segment.

Expenses

Selling and distribution costs for Year 2019 was approximately RMB2.6 million, representing a decrease of approximately RMB4.0 million (approximately 60.4%) as compared to Year 2018. It is mainly due to less expenses being incurred from the mobile live broadcasting and e-commerce segment.

Administrative expenses for Year 2019 amounted to approximately RMB15.7 million (Year 2018: approximately RMB38.5 million), which was decreased by approximately 59.2% as compared to Year 2018 which was mainly due to strengthened control by the the management and there are no amortisation and impairment loss of programme cost, impairment loss of goodwill and property, plant and equipment during Year 2019.

Income tax expenses

The Group had income tax expenses for Year 2019 of approximately RMB0.3 million while comparing to approximately RMB4.6 million for Year 2018. The income tax expense for Year 2019 was due to the profit making under the program production segment, while the income tax expenses for Year 2018 was due to the de-recognition of deferred tax assets recognised for tax losses in prior years. There is no provision of Hong Kong profits tax for Year 2019 as no subsidiaries of the Company located in Hong Kong have recorded taxable profit during Year 2019. PRC enterprise income tax for the subsidiaries incorporated in the PRC and Hong Kong profits tax for the subsidiaries incorporated in Hong Kong are calculated at 25% and 16.5% respectively on taxable profit of relevant period in accordance with the relevant laws and regulations.

Profit/(loss) attributable to owners of the Company for the year

The Group recorded a profit attributable to owners of the Company of approximately RMB1.6 million as compared to a loss attributable to owners of the Company of approximately RMB74.8 million during Year 2018 (both including the financial results of discontinued operations). The increase of profit attributable to owners of the Company was mainly due to (1) the distribution of a serial programme; (2) licensing of broadcasting rights; (3) production of online drama; (4) production of content and jobs being arranged for our athletes from the artist management segment; and (5) gain of disposal from the partial disposal of entertainment contents on demand system segment.

Financial resources, liquidity and capital structure

During the Year 2019, the Group finances its operations by internally generated cash flow, borrowings and shareholders' equity. As at 31 December 2019, the Group had net current assets of approximately RMB75.6 million (as at 31 December 2018: approximately RMB3.0 million) including cash and cash equivalents of approximately RMB11.5 million (as at 31 December 2018: approximately RMB8.9 million). The increase in cash and cash equivalents was mainly due to settlement of licensing on the broadcasting rights and proceeds being received from the partial disposal of entertainment contents on demand system segment during Year 2019. The increase in net current assets was because of the Group's investment in a serial programme on the list for the celebration of the 70th anniversary of the PRC and recognised as serial programme rights in current assets while part of the payables of this investment were recognised as non-current liabilities in accordance to the contract terms. The current ratio, being the ratio of current assets to current liabilities, was approximately 1.7 times as at 31 December 2019 (as at 31 December 2018: approximately 1.0 times). The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB38.1 million as at 31 December 2019 (as at 31 December 2018: approximately RMB36.6 million).

BUSINESS REVIEW AND PROSPECT

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 (discontinued during Year 2019) and (v) artist management.

Program production and related services

The Group has recorded revenue in program production and related sevices of approximately RMB34.9 million for the Year 2019 compared with nil of revenue being recorded in Year 2018. This was mainly due to distribution fee for serial program, licensing of first-round broadcasting rights of a serial programme to a PRC media and production of online drama.

The license right of the serial program was purchased in 2018 and licensed on the first-round broadcasting rights and second-round broadcasting rights of contracted amount of RMB 54.0 million and RMB11.0 million respectively in first half of 2019. Subject to the accounting standards and the consideration of current outbreak of COVID-19, the corresponding revenue of licensing of the second-round broadcasting rights is expected to be recognised in early 2021. We are actively in negotiation of transferring the online broadcasting rights with major online video platforms in the PRC.

During the Year 2019, the Group has entered into agreements in relation to production, licensing and distribution of serial programs: (1) an exclusive distribution agency agreement with a film and television production company for a serial program totaling 45 episodes; (2) a joint development and production agreement with a PRC media company in Year 2020 for a top-rated South Korean TV serial program and our Group has controlling interest in this program; (3) an exclusive adaptation right agreement with a Korean TV station authorised media company for a TV serial program; and (4) an investment in one of the serial program on list for celebration of the 70th anniversary of the PRC. The Group has also entered into a cooperation agreement with a PRC television video production company, which specialized in creation of intellectual property rights in drama program, in order to secure more resources for potential production of serial programs, online dramas and movies. Our Group expects these developments will bring additional revenue to the Group in the coming future.

Concert and Event Organisation

The revenue from event organisation segment for Year 2019 was decreased from approximately RMB14.1 million to approximately RMB9.5 million (approximately 32.9%), which was mainly due to the concerts and events being cancelled or postponed in second half of 2019 coupled with sluggish domestic consumption of Hong Kong. The Group had organised concerts in Hong Kong, Taiwan and Southeast Asia during the year.

In order to diversify our business reliance on the traditional event organization income, the Group started the concert organization segment in 2018 through cooperation with entertainment companies that had access to famous Korean artists. We have successfully organized pop music concert events with artists such as Wilber Pan (潘瑋柏), BTOB (Born to Beat), SEVENTEEN, NU'EST W, APINK, Jessica Jung (鄭秀妍), Li Joon Gi (李準基), NU'EST, and Jaypark (朴載範) in the PRC, Hong Kong, Taiwan, Malaysia and Thailand since the financial year of 2018. The Group is negotiating with the entertainment companies to reschedule concerts which were being cancelled in second half of 2019.

In response of the "Korean K-pop Wave" in recent years, we have pre-emptively prepared ahead to bring back the Korean Wave to the PRC upon feasible through our established relationships with various prominent Korean artists. We consider that our concert and event organization segment with Korean artists in the PRC market (including fan meetings, concerts and other commercial activities) will contribute additional revenue streams to our Group such as ticketing sales, advertising sponsorships, Internet content promotion, and peripheral commodity sales.

The Group has entered into an agreement with a renowned top league PRC singer to organize concerts in 2020 to 2021. Due to the recent outbreak of COVID-19, the Group expects to postpone certain concerts to late 2020. The Group is also in negotiation with relevant artists management companies and expect to continue to organize concerts starting in second and third quarters of 2020. The Group expects that the concerts organisation of the Group will have more desirable results in the future.

Mobile Live Broadcasting and E-commerce

The Group has not recorded revenue from mobile live and e-commerce segment in Year 2019 as compared to last year of revenue of approximately RMB1.1 million due to the temporary effect regarding the transition period of restructuring of the mobile live broadcasting and e-commerce segment.

Our "Great Star" mobile phone application provides online tools and services for well known artists, key opinion leaders (KOLs), online celebrities, and video content creators to participate in mobile live broadcasting, text and video interaction, video content distribution, integrated peripheral merchandise sales, and online settlement and payment.

In May 2019, "Great Star", our mobile live broadcasting and e-commerce APP, signed a custodial agreement with a Hong Kong developer of the mobile application "Aiwoo", for the exclusive operational rights of their application in the PRC. "Aiwoo" provides online fans and stars with the tools necessary to fuel engagement and interaction. Through the application, fans can follow and keep up-to-date to the dynamics of their favorite stars in real-time, and interact with these stars by online application. It provides fan groups and their communities the ability to purchase the peripheral products of their stars and participate in social interactions and functions between fans, thus building a borderless online entertainment community. "Aiwoo" and our Group have been cooperating on our concert pipeline for the promotion, marketing, ticket sales, and peripheral commodity sales in our concerts and event organization segment, including Korean artists BTOB (Born to Beat), SEVENTEEN, NU'EST W, APINK, Jessica Jung (鄭秀妍), Li Joon Gi (李準基), NU'EST and Jaypark (朴載範) in Hong Kong, Taiwan, Malaysia and Thailand. Although the revenue from mobile live broadcasting and e-commerce is relative low currently, we are optimistic on the business prospects of "Great Star" and it could be accelerated as “Great Star” and “Aiwoo” have perfect the consumer experience under a parallel running environment, leveraging the existing proprietary technology developed by “Great Star” (such as live broadcasting tools, integrated commodity sales tools, etc.) and integrating these tools into the “Aiwoo” application. By sharing the customer flow and user-base of both applications, utilizing the influence and appeal of celebrities, and tapping into the existing demand and habits of fans and the fan-economy, the Group aims to leverage the synergy between these two applications to increase overall application downloads and daily boot activity in order to build a comprehensive online community of fans and micro-communities. Our Group believes that with “Great Star” and “Aiwoo”, our mobile live broadcasting and e-commerce segment holds great potential and promising synergy with our other businesses, namely in the Internet age as an online supplementary to our traditionally offline event and concert organization and our artist management segment.

During the second quarter of 2019, the Group disposed the investment in Instance App Inc. Pte. Ltd. (“Instance”). Instance is an operator of “Instance App”, the e-commerce application which is based in Singapore. Details of Instance’s business was also disclosed in the voluntary announcement of the Company dated 20 April 2018. Before the disposal, the Group had approximately 6% equity interest of Instance and the cost of this investment was US$997,500. Instance has lagged behind on certain representations and did not generate any revenue since the Company’s subscription. After certain discussions with the major shareholder of Instance, the Company agreed to sell and major shareholder of Instance agreed to buy back the entire shareholdings of Instance held by the Company for US$997,500 (the “Buy-back”), which is same as the cost of investment of the Company. The Company and the major shareholder of Instance entered into agreement in relation to the Buy-back and completed the transaction in May 2019.

Entertainment Contents on Demand System

On 28 August 2019, the Group entered into equity transfer agreements with three different purchasers for the disposal of 19.25% of equity interest of Capital Land Digital Entertainment Co. Ltd. (“Capital Land”, which operates “Fengtingxun” an entertainment contents on demand system) in total at the consideration in cash of total of RMB15.4 million (the “Disposal”). The Disposal was approved by the shareholders of the Company in the extraordinary general meeting held on 11 October 2019. Following the completion of the Disposal, the Company will cease to be a subsidiary of Fengtingxun. The Disposal was completed on 31 December 2019.

The Group considered that the Disposal represent a good opportunity for the Group to (i) realise its investment in the Capital Land; (ii) to strengthen its liquidity for future investment opportunities and potential future expansion plans, especially in the program production which may require additional funding for investment, at a reasonable return from the investment in the entertainment contents on demand system business; and (iii) to improve the financial performance of the Group by focusing on developing in program production and concert and event organisation after the disposal.

The net proceeds from the Disposal was amounted to approximately RMB14,735,000. As at 31 December 2019, the net proceeds from the Disposal has been utilized as follows:

Intended use of net proceeds	Approximately amount of net proceeds intended to be utilized *(RMB'000)*	Approximately amount of net proceeds utilized *(RMB'000)*
For payment of production of television serial programs	4,635	4,635
For payment of expenditures for concerts and events organisation	5,149	700
For repayment of shareholders' loan	4,951	451
	14,735	8,457

As disclosed in the circular of the Company dated 24 September 2019 (the "Circular"), the net proceeds from the Disposal were expected to be fully utilized by the end of Year 2019. Due to the reschedule of certain concerts, the expected payment of expenditures for concerts and events organisation are also postponed. Also, the shareholders of the Company agreed the Company can repay the shareholders' loans according to the flexibility of the Company's cash flow status and therefore the actual repayment of shareholders' loan during Year 2019 was different from the expected amount disclosed in the Circular.

The total net gain on disposal of Capital Land was approximately RMB13.3 million (included the gain on disposal of partial disposal completed in Year 2018) of which RMB2.7 million was recognized in Year 2019.

Artist Management

The revenue for the year ended 31 December 2019 was approximately RMB3.8 million as compared to the same period of last year of approximately RMB78,000. With the advent of the 2020 Summer Tokyo Olympics, the commercial value of world champion athletes will be considerably increased. The Group believes that it will bring considerable benefits to the Group. Our Group will continue to seek for opportunities between our artists and customers or brands, as well as managing and promoting our artists and/or athletic artists in order to bring more value to the Group.

Although the businesses of the Group are facing various external challenges, the Group is confident that it can overcome the challenges under the leadership of our experienced management and the strong teams formed by the seasoned staff. Together with the various opportunities currently exploring, the Group believes our business will continue to improve.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had a total of 30 employees (2018: 74). The decrease mainly due to cost control and disposal of Capital Land (which being considered not a subsidiary of the Group). 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 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 paid approximately RMB1.3 million for the addition of property, plant and equipment during Year 2019 (Year 2018: approximately RMB0.5 million) (for continued operations).

CAPITAL COMMITMENTS

As at 31 December 2019, the Group did not have any capital commitments.

CONTINGENT LIABILITIES

As at 31 December 2019, there were no significant contingent liabilities for the Group.

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

Apart from the disposal of Capital Land disclosed above, there were no other significant investments held as at 31 December 2019 (as at 31 December 2018: nil) nor other material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during Year 2019 (Year 2018: nil).

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 2019, 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 2019.

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, Ms. Fu Yuehong and Mr. Tan Song Kwang.

The audited annual results of the Company for the year ended 31 December 2019 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 2019.

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 2019 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 2020 AGM of the Company will be held on 29 May 2020 (Friday) at 2:00 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 25 May 2020 (Monday) to 29 May 2020 (Friday), both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the 2020 AGM. In order to be eligible to attend and vote at the 2020 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 22 May 2020 (Friday).

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 2019 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.

(2) CHANGE IN USE OF PROCEEDS FROM THE SUBSCRIPTION COMPLETED ON 23 JANUARY 2020

Reference is made to the announcements of the Company dated 10 January 2020 and 23 January 2020 in relation to the subscription of 158,064,516 new ordinary shares of the Company by Mr. Wu Jian (the "Announcements"). Capitalised terms used hereinafter shall have the same meanings as those used in the Announcements unless the context requires otherwise.

The net proceeds from the Subscription is approximately HK$9,790,000. As disclosed in the Announcements, the net proceeds from the Subscription were intended to be applied in the following manner:

(i) approximately 91.01% (i.e. approximately HK$8,910,000) to produce TV serial programmes; and

(ii) approximately 8.99% (i.e. approximately HK$880,000) to the general working capital of the Group.

At the date of this announcement, the Board resolved to change the proposed use of net proceeds from the Subscription in the following manner:

	Intended use of net proceeds from the Subscription as disclosed in the Company's announcement dated 23 January 2020	**Utilised amount as at the date of this announcement**	**Revised use of net proceeds from the Subscription**
	HK$'000	*HK$'000*	*HK$'000*
Produce TV serial programmes	8,910	–	5,843
Payment for concert organisation expenses	–	–	2,067
General working capital	880	–	1,880
	9,790	–	9,790

Save for the aforesaid changes, there are no other changes in the use of the net proceeds from the Subscription.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

From January 2020, the PRC are facing the outbreak of COVID-19 and most of the entertainment and commercial events have been suspended or forced to delay. The Group expected to begin the production of a serial programme in 2020, which is re-edited from a top-rated overseas TV serial program, however, due to the outbreak of COVID-19, the production is required to be rescheduled and there is no certain timetable of the production up to date of this announcement.

On the other hand, the Group has entered into the contracts to organise concerts in the second half of 2020 and certain initial costs are required to pay in advance. Also, during the outbreak of COVID-19 and possible global economy downturn, the Directors are in the view of allowing more flexibility of the Group to use its cash resources.

The Directors consider that the change in the net proceeds from the Subscription can increase the flexibility for the Group to use its cash resources and is more in line with the current needs of the Group. Thus, the Directors consider that the change in the net proceeds is in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 13 March 2020

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 Ms. Fu Yuehong, 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.