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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021
(2) CHANGE IN USE OF REMAINING PROCEEDS OF DISPOSAL IN 2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Creative China Holdings Limited (the "Company") collectively and individually accept full responsibility, include particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

(1) ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of Directors (the "Board") of the Company is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

		Three months ended 30 June		**Six months ended 30 June**	
		2021	2020	**2021**	2020
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3(a)	**768**	19,093	**7,998**	20,285
Direct costs		**(142)**	(8,892)	**(410)**	(9,715)
Gross profit		**626**	10,201	**7,588**	10,570
Other income		**35**	119	**156**	129
Other gains and losses		**(721)**	201	**(554)**	213
Selling and distribution costs		**(441)**	(577)	**(867)**	(1,131)
Administrative expenses		**(3,560)**	(3,829)	**(6,678)**	(6,978)
(Loss)/profit from continuing operations		**(4,061)**	6,115	**(355)**	2,803
Finance cost	7	**(30)**	(53)	**(77)**	(121)
(Loss)/profit before income tax	6	**(4,091)**	6,062	**(432)**	2,682
Income tax (expense)/credit	8	**61**	(73)	**(417)**	(73)
(Loss)/profit for the period from continuing operations		**(4,030)**	5,989	**(849)**	2,609

	Notes	Three months ended 30 June 2021 RMB'000 (Unaudited)	Three months ended 30 June 2020 RMB'000 (Unaudited)	Six months ended 30 June 2021 RMB'000 (Unaudited)	Six months ended 30 June 2020 RMB'000 (Unaudited)
Other comprehensive (loss)/ income that may be reclassified subsequently to profit or loss:					
Exchange differences of translating foreign operations		**29**	(51)	**138**	(166)
Total comprehensive (loss)/income for the period		**(4,001)**	5,938	**(711)**	2,443
(Loss)/profit for the period attributable to:					
Owners of the Company		**(4,003)**	6,018	**(791)**	2,670
Non-controlling interests		**(27)**	(29)	**(58)**	(61)
		(4,030)	5,989	**(849)**	2,609
Total comprehensive (loss)/ income for the period attributable to:					
Owners of the Company		**(3,974)**	5,966	**(654)**	2,507
Non-controlling interests		**(27)**	(28)	**(57)**	(64)
		(4,001)	5,938	**(711)**	2,443
(Loss)/earning per share:					
– Basic and diluted *(RMB cents)*	10	**(0.2513)**	0.3805	**(0.0498)**	0.1709

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	**As at 30 June 2021** *RMB'000* **(Unaudited)**	As at 31 December 2020 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	11	**282**	612
Intangible asset	12	**8,323**	–
Right-of-use assets		**1,172**	1,890
Financial assets at fair value through profit or loss		**–**	5,000
Total non-current assets		**9,777**	7,502
Current assets			
Serial programme rights		**111,928**	111,976
Trade and other receivables	13	**94,484**	87,579
Amounts due from non-controlling interests	16(b)	**1,889**	4,639
Cash and bank balances		**2,339**	11,379
Total current assets		**210,640**	215,573
Total assets		**220,417**	223,075
Current liabilities			
Trade payables	14	**16,579**	24,596
Other payables		**39,607**	37,344
Contract liabilities		**14,773**	15,369
Current tax liabilities		**4,831**	4,426
Lease liabilities		**1,946**	2,124
Loan due to shareholders	16(c)	**21,020**	21,237
Loan due to a director	16(d)	**1,165**	1,178
Total current liabilities		**99,921**	106,274
Net current assets		**110,719**	109,299
Total assets less current liabilities		**120,496**	116,801

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Trade payables	14	**48,900**	48,900
Lease liabilities		**497**	501
Total non-current liabilities		**49,397**	49,401
Total liabilities		**149,318**	155,675
NET ASSETS		**71,099**	67,400
Capital and reserves			
Share capital	15	**13,810**	13,188
Reserves		**57,440**	54,306
Equity attributable to owners of the Company		**71,250**	67,494
Non-controlling interests		**(151)**	(94)
TOTAL EQUITY		**71,099**	67,400

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital	Reserves: Share premium	Reserves: Other reserve	Reserves: Merger reserve	Reserves: Foreign exchange reserve	Reserves: 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 2021 (audited)	13,188	165,378	5,362	9,300	467	(126,201)	67,494	(94)	67,400
Issue of shares under consideration shares *(note 15)*	622	3,788	–	–	–	–	4,410	–	4,410
Loss for the period	–	–	–	–	–	(791)	(791)	(58)	(849)
Other comprehensive income	–	–	–	–	137	–	137	1	138
Total comprehensive income/(loss) for the period	622	3,788	–	–	137	(791)	(654)	(57)	(711)
Balance at 30 June 2021 (unaudited)	13,810	169,166	5,362	9,300	604	(126,992)	71,250	(151)	71,099
Balance at 1 January 2020 (audited)	11,788	158,096	5,362	9,300	(224)	(146,204)	38,118	(154)	37,964
Issue of shares under placing *(note 15)*	1,400	7,282	–	–	–	–	8,682	–	8,682
Profit for the period	–	–	–	–	–	2,670	2,670	(61)	2,609
Other comprehensive loss	–	–	–	–	(163)	–	(163)	(3)	(166)
Total comprehensive (loss)/income for the period	–	–	–	–	(163)	2,670	2,507	(64)	2,443
Balance at 30 June 2020 (unaudited)	13,188	165,378	5,362	9,300	(387)	(143,534)	49,307	(218)	49,089

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(13,739)**	(23,416)
Net cash generated from investing activities	**5,006**	3
Net cash (used in)/generated from financing activities	**(250)**	19,389
Net decrease in cash and cash equivalents	**(8,983)**	(4,024)
Effect of foreign exchange rate changes	**(57)**	81
Cash and cash equivalents at beginning of period	**11,379**	11,539
Cash and cash equivalents at end of period – represented by cash and bank deposits only	**2,339**	7,596

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 1 November 2013. The address of its registered office is at the offices of 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, Chaoyang District, the PRC, and its principal place of business in Hong Kong is located at 23/F, Yue Thai Commercial Building, 128 Connaught Road Central, Sheung Wan, Hong Kong.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in the provision of film and television program original script creation, adaptation, production and licensing and related services, concert and event organisation services, mobile live broadcasting services and e-commerce services and artist management.

2. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by Hong Kong Institute of Certified Public Accountants (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance.

In addition, the unaudited condensed consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

The unaudited condensed consolidated financial results have been prepared under the historical cost basis.

The unaudited condensed consolidated results are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies applied in the preparation of the unaudited condensed consolidated results are consistent with those adopted in the preparation of the annual consolidated financial statements of the Group for the year ended 31 December 2020, except that the Group has adopted a number of new or revised HKFRSs, which are newly effective for the current period. The adoption of these new or revised HKFRSs had no change in significant accounting policies and no significant effect on the financial results of the current period. Also, no prior period adjustment is required.

The Group has not applied or early adopted the new or revised HKFRSs (including their consequential amendments) which are relevant to the Group that have been issued but are not yet effective in the preparation of these unaudited condensed consolidated results. The Group is currently assessing the impact of these new or revised HKFRSs upon initial application but is not yet in a position to state whether these new or revised HKFRSs would have any significant impact on its results of operations and financial position. It is anticipated that all of the pronouncements will be adopted in the Group's accounting policies in the accounting periods when they first become effective.

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

3. REVENUE AND SEGMENT INFORMATION

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

The Group has 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 film and television program original script creation, adaptation, production 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 program production and related services.

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

  Artist Management segment provides agency service for the artists and star athletes 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) Revenue

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

	Three months ended 30 June		**Six months ended 30 June**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Program production and related income	**–**	3,774	**–**	3,774
Concert and event organisation and related income	**–**	10	**–**	1,179
Mobile live broadcasting and e-commerce and related income	**80**	6,536	**4,510**	6,536
Artist management and related income	**688**	8,773	**3,488**	8,796
	768	19,093	**7,998**	20,285

(b) Business segments

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

For the six months ended 30 June 2021 (unaudited)

	Program Production *RMB'000*	**Concert and Event Organisation** *RMB'000*	**Mobile Live Broadcasting** *RMB'000*	**Artist Management** *RMB'000*	**Sub-total** *RMB'000*
Reportable segment revenue from external customers	**–**	**–**	**4,510**	**3,488**	**7,998**
Reportable segment profit/ (loss)	**(1,971)**	**(582)**	**2,839**	**2,947**	**3,233**
Interest income	**3**	**–**	**2**	**1**	**6**
Interest expenses	**(59)**	**(6)**	**–**	**(6)**	**(71)**
Depreciation of property, plant and equipment	**(308)**	**–**	**–**	**(6)**	**(314)**
Depreciation of right-of-use assets	**(489)**	**(74)**	**–**	**(74)**	**(637)**
Amortisation of intangible assets	**–**	**–**	**(108)**	**–**	**(108)**
Reportable segment assets	**162,784**	**15,064**	**30,753**	**11,463**	**220,064**
Additions to non-current assets	**–**	**–**	**8,431**	**–**	**8,431**
Reportable segment liabilities	**100,370**	**15,243**	**2,089**	**6,211**	**123,913**

For the six months ended 30 June 2020 (unaudited)

	Program Production *RMB'000*	Concert and Event Organisation *RMB'000*	Mobile Live Broadcasting *RMB'000*	Artist Management *RMB'000*	Sub-total *RMB'000*
Reportable segment revenue from external customers	3,773	1,179	6,537	8,796	20,285
Reportable segment profit/ (loss)	(396)	(233)	3,536	2,777	5,684
Interest income	4	–	3	–	7
Interest expenses	97	8	–	8	113
Depreciation of property, plant and equipment	252	–	3	120	375
Depreciation of right-of-use assets	490	96	–	96	682
Reportable segment assets	148,510	21,840	25,789	727	196,866
Additions to non-current assets	–	–	5	–	5
Reportable segment liabilities	105,777	17,084	12,824	3,598	139,283

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment and consolidated revenue	**7,998**	20,285

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit before income tax		
Reportable segment profit	**3,233**	5,684
Other revenue:		
– Interest income	**–**	1
Other gains and losses:		
– Exchange (loss)/gain	**(554)**	213
Unallocated corporate expenses:		
– Auditor's remuneration	**(358)**	–
– Directors' emoluments	**(1,280)**	(1,340)
– Legal and professional fee	**(612)**	(828)
– Salaries and other benefits for key management and administration staff	**(697)**	(790)
– General operating expenses	**(164)**	(258)
Consolidated (loss)/profit before income tax	**(432)**	2,682

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	**220,064**	217,314
Unallocated corporate assets:		
– Property plant and equipment	**29**	284
– Cash and bank balances	**312**	298
– Financial assets at fair value through profit or loss	**–**	5,000
– Others	**12**	179
Consolidated total assets	**220,417**	223,075

	As at 30 June 2021 *RMB'000* (Unaudited)	As at 31 December 2020 *RMB'000* (Audited)
Liabilities		
Reportable segment liabilities	**123,913**	129,582
Unallocated corporate liabilities:		
– Accruals and other payable	**3,220**	3,678
– Loan due to shareholders	**21,020**	21,237
– Loan due to a director	**1,165**	1,178
Consolidated total liabilities	**149,318**	155,675

(d) Geographic information

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
PRC	**7,998**	20,285
Hong Kong	**–**	–
Other countries in Southeast Asia	**–**	–
	7,998	20,285

Geographical location of customers is based on the location at which the services are provided.

No geographical location of non-current assets is presented as substantial non-current assets are physically based in the PRC.

(e) Information about major customers

For the six months ended 30 June 2021, revenues from three customers (for the six months ended 30 June 2020: three customers) with whom transactions have exceeded 10% of the Group's revenue for the period. Details were as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from the customer:		
Customer I:		
– Mobile live broadcasting and e-commerce and related services	**3,679**	N/A[(i)]
Customer II:		
– Mobile live broadcasting and e-commerce and related services	**831**	N/A[(i)]
– Artist management	**1,604**	N/A[(i)]
Customer III:		
– Artist management	**1,714**	8,774
– Program production and related services	**–**	3,773
Customer IV:		
– Mobile live broadcasting and e-commence and related services	**N/A**[(ii)]	3,326
Customer V:		
– Mobile live broadcasting and e-commerce and related services	**N/A**[(ii)]	3,211
	7,828	19,084

Notes:

(i) The corresponding revenue in the six months ended 30 June 2020 for Customer I and II did not contribute over 10% of the total revenue of the Group.

(ii) The corresponding revenue in the six months ended 30 June 2021 for Customers IV and V did not contribute over 10% of the total revenue of the Group.

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest income from bank deposits	**2**	2	**6**	8
Sundry income	**33**	117	**150**	121
	35	119	**156**	129

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Exchange (loss)/gain, net	**(721)**	201	**(554)**	213

6. (LOSS)/PROFIT BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit before income tax is arrived at after charging:				
Auditor's remuneration	**178**	–	**358**	–
Directors' remuneration (including retirement benefit scheme contributions)	**638**	670	**1,280**	1,340
Other staff costs	**1,220**	1,476	**2,485**	2,913
Retirement benefit schemes contributions for other staffs	**213**	236	**409**	474
Staff costs	**2,071**	2,382	**4,174**	4,727
Depreciation of property, plant and equipment	**164**	109	**329**	400
Depreciation of right-of-use assets	**355**	413	**711**	777
Amortisation of intangible asset	**108**	–	**108**	–

7. FINANCE COST

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on lease liabilities	**30**	53	**77**	121

8. INCOME TAX (EXPENSE)/CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax – the PRC				
– (provision)/recovered for the period	**61**	(73)	**(417)**	(73)
Current tax – Hong Kong				
– provision for the period	**–**	–	**–**	–
Deferred tax	**–**	–	**–**	–
Income tax (expense)/credit	**61**	(73)	**(417)**	(73)

Under the two-tiered profits tax rates regime, Hong Kong profits tax of the qualifying group entity is calculated at 8.25% (for the six months ended 30 June 2020: 8.25%) on the first HK$2 million of the estimated assessable profits and 16.5% (for the six months ended 30 June 2020: 16.5%) on the estimated assessable profits above HK$2 million during the period. Hong Kong profits tax of group entities not qualifying for the two-tiered profits tax regime will be taxed at a flat rate of 16.5%. PRC enterprise income tax is calculated at 25% (for the six months ended 30 June 2020: 25%) on the estimated assessable profits during the period.

9. DIVIDEND

The directors do not recommend the payment of any dividend for the three and six months ended 30 June 2021 (for the three and six months ended 30 June 2020: nil).

10. (LOSS)/EARNINGS PER SHARE

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

	Three months ended 30 June		**Six months ended 30 June**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
(Loss)/profit for the purposes of basic earnings per share	**(4,003)**	6,018	**(791)**	2,670

	Three months ended 30 June		**Six months ended 30 June**	
	2021	2020	**2021**	2020
	'000	*'000*	***'000***	*'000*
Number of shares				
Issued ordinary shares at beginning of period	**1,581,578**	1,581,578	**1,581,578**	1,423,513
Effect of issuance of shares under placing *(note 15)*	**–**	–	**–**	138,958
Effect of issuance of shares under consideration shares *(note 15)*	**11,538**	–	**5,801**	–
Weighted average number of ordinary shares *(note)*	**1,593,116**	1,581,578	**1,587,379**	1,562,471

Note:

No diluted (loss)/earnings per share is presented as there were no potential ordinary shares in issue for the three months and six months ended 30 June 2021 and 2020.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group has not acquired any property, plant and equipment (for the six months ended 30 June 2020: approximately RMB5,000).

12. INTANGIBLE ASSET

During the six months ended 30 June 2021, the Group acquired intangible asset amounting to approximately RMB8.4 million (for the six months ended 30 June 2020: RMBnil).

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade receivables, gross	**2,164**	9,171
Less: impairment allowance	**(1,110)**	(1,110)
Trade receivables, net	**1,054**	8,061
Prepayments and deposits	**80,164**	66,828
Other receivables, gross	**13,329**	12,753
Less: impairment allowance	**(63)**	(63)
Other receivables, net	**13,266**	12,690
	94,484	87,579

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Within 30 days	**180**	7,760
31 to 90 days	**–**	–
91 to 180 days	**530**	–
Over 180 days	**344**	301
	1,054	8,061

Note:

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

At the end of reporting period, the Group reviews trade and other receivables for evidence of impairment on both an individual and collective basis.

The below table reconciled the impairment allowance of trade debtors for the period:

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At beginning of period	**1,173**	1,351
Impairment for the period	**–**	–
Reversal for the period	**–**	–
At end of period	**1,173**	1,351

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

14. TRADE PAYABLES

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

	As at 30 June 2021	As at 31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 30 days	**–**	–
31 to 90 days	**–**	–
91 to 365 days	**–**	–
Over 365 days *(note)*	**65,479**	73,496
	65,479	73,496

Note:

Included in trade payables over 365 days as at 30 June 2021 and 31 December 2020 was the remaining balances of RMB63,604,000 in respect of purchase of serial programme rights which was payable by instalments up to end of 2020. At the date of approval of this announcement, the Group is still negotiating with different TV stations and platforms for initial broadcasting of the serial program. The Group has obtained consent from the vendor to defer the settlement of certain payables but no later than 31 December 2022 in case distribution of broadcasting right is delayed.

15. SHARE CAPITAL

Authorised and issued share capital

	Number	*HK$'000*	*Equivalent to RMB'000*
Authorised			
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	8,000,000,000	80,000	67,024
Issued and fully paid			
Ordinary shares			
At 1 January 2020	1,423,513,043	14,235	11,788
Issue of shares under placing *(note 1)*	158,064,516	1,581	1,400
At 31 December 2020 and 1 January 2021	1,581,577,559	15,816	13,188
Issue of shares under consideration shares *(note 2)*	75,000,000	750	622
At 30 June 2021	1,656,577,559	16,566	13,810

Notes:

1. Pursuant to the Company announcement dated on 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.

2. On 17 June 2021, pursuant to an agreement entered into between Idol Entertainment Limited (the "Vendor"), the Company and Beijing Yiju Creative Technology Limited, a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company (the "Purchaser") under GEM Listing Rules on 27 May 2021 (the "Agreement"), the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell all assets pertinent to Mobile APP including, among others, its business, ownership, operating rights and Intellectual Property Rights (the "Target Asset") at the consideration of RMB14,000,000 in which the amount of RMB4,000,000 out of the consideration was set off against the deposit in the amount of RMB4,000,000 which had been paid by the Purchaser to the Vendor under an operation agreement, and the amount of RMB10,000,000 out of the consideration was satisfied by the allotment and issue of the 75,000,000 consideration shares at the Issue Price of HK$0.16 per consideration share by the Company to the Vendor.

16. RELATED PARTY TRANSACTIONS

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

Related party relationship	Type of transaction	Six months ended 30 June	
		2021	2020
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Shareholder A *(note)*	Salaries	**38**	38
Shareholder B *(note)*	Salaries	**38**	38
Director A	Lease payment	**570**	570

Note: The shareholders are the controlling shareholders of the Group.

(b) The amounts due from non-controlling interests are unsecured, interest-free and repayable on demand or due within 1 year. The balance includes the receivable from trade of RMB1.7 million. No ECL provision was recognised as management assessed the effect is immaterial.

(c) The loans due to the controlling shareholders are unsecured, interest-free and repayable on demand or due on within 1 year.

(d) The loans due to a director are unsecured, interest-free and repayable on demand or due within 1 year.

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

	Six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Wages and salaries	**1,952**	2,102
Social insurance and housing fund	**–**	–
Mandatory provident fund	**23**	28
	1,975	2,130

17. POST BALANCE SHEET EVENT

Share consolidation

Subsequent to the end of the reporting period, the authorised and issued shares of the Company were consolidated on the basis that every five of the issued and unissued shares of HK$0.01 each of the Company were consolidated into one share of the Company respectively with the par value of HK$0.05 each. The share consolidation of the Company was effective on 15 July 2021 and the total number of issued shares of the Company was adjusted from 1,656,577,559 shares of par value of HK$0.01 each to 331,315,511 shares of par value of HK$0.05 each.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2021 amounted to approximately RMB8.0 million, representing a decrease of approximately 60.6% as compared to that recorded for the six months ended 30 June 2020 of approximately RMB20.3 million. The revenue was mainly generated from mobile live broadcasting and e-commerce and artist management segments. The decrease in revenue was mainly due to the relevant adjustment made by mainstream platform and channels to adopt the relative trend of key promotion on television series and films to be broadcasted during the exceptional period, hence, the negotiation of licensing the broadcasting rights has been postponed. Further, under the pandemic, concerts were postponed and limitation of our contracted athletes to participate in commercial activities, amid the enclosed training camp before the Tokyo Olympics.

Gross profit

The gross profit for the six months ended 30 June 2021 amounted to approximately RMB7.6 million, representing a decrease of approximately 28.2% as compared to that recorded for the six months ended 30 June 2020 of approximately RMB10.6 million. Gross profit margin increased from 52.1% to 94.9% as compared to the corresponding period in last year. Gross profit was being recorded for the six months ended 30 June 2021 was mainly attributable to a number of planning, low cost of online promotional activities and jobs being arranged for our contracted artists.

Expenses

Selling and distribution costs for the six months ended 30 June 2021 was approximately RMB0.9 million, which represented a decrease of approximately 23.3% as compared to the corresponding period in last year of approximately RMB1.1 million. The selling and distribution costs incurred for the six months ended 30 June 2021 were mainly for the maintenance of the mobile live broadcasting segment.

Administrative expenses for the six months ended 30 June 2021 amounted to approximately RMB6.7 million (for the six months ended 30 June 2020: approximately RMB7.0 million).

Income tax expenses

The Group's income tax expenses amounted to approximately RMB0.4 million for the six months ended 30 June 2021, and approximately RMB73,000 for corresponding period in last year. Income tax expenses for the six months ended 30 June 2021 were due to profits arising from publishing of advertisements. No significant provision was made for Hong Kong profits tax for the six months ended 30 June 2021. Income tax expenses for six months ended 30 June

2020 were mainly arising from the program production segment. PRC enterprise income tax for subsidiaries incorporated in the PRC is calculated at 25% on assessable profits during the period. Hong Kong profit tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profit and 16.5% on the estimated assessable profit above HK$2 million during the period. The income tax expenses recognised in the relevant periods are in accordance with the relevant laws and regulations.

(Loss)/profit for the period

Loss for the six months ended 30 June 2021 was approximately RMB0.8 million (profit for six months ended 30 June 2020 was approximately RMB2.6 million), which was decreased by approximately 132.5% as compared to the corresponding period in last year. The net loss after tax was mainly due to no revenue being generated from program production and event & concerts organisation segment, less jobs being arranged under the artist management segment.

Consideration shares

Pursuant to an agreement entered into between Idol Entertainment Limited (the "Vendor"), the Company and Beijing Yiju Creative Technology Limited, a company established under the laws of the PRC and an indirect non-wholly owned subsidiary of the Company (the "Purchaser") under GEM Listing Rules on 27 May 2021 (the "Agreement"), the Purchaser had conditionally agreed to acquire, and the Vendor had conditionally agreed to sell all assets pertinent to Mobile APP including, among others, its business, ownership, operating rights and Intellectual Property Rights (the "Target Asset") at the consideration of RMB14,000,000 in which the amount of RMB4,000,000 out of the consideration was set off against the deposit in the amount of RMB4,000,000 which had been paid by the Purchaser to the Vendor under an operation agreement, and the amount of RMB10,000,000 out of the Consideration was satisfied by the allotment and issue of the 75,000,000 consideration shares at the Issue Price of HK$0.16 per consideration share by the Company to the Vendor. The acquisition was completed on 17 June 2021.

Financial resources, liquidity and capital structure

During the six months ended 30 June 2021, the Group finances its operations by internally generated cash flow, borrowings and shareholders' equity. As at 30 June 2021, the Group had net current assets of approximately RMB110.7 million (as at 31 December 2020: approximately RMB109.3 million) including cash and cash equivalents of approximately RMB2.3 million (as at 31 December 2020: approximately RMB11.4 million). The decrease in cash and cash equivalents was mainly due to the Group has deployed capital for the pre-production of a TV serial program and movies which entered into during 2020. The current ratio, being the ratio of current assets to current liabilities, was approximately 2.11 times as at 30 June 2021 (as at 31 December 2020: approximately 2.03 times). The capital of the Group comprises only ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB71.3 million as at 30 June 2021 (as at 31 December 2020: approximately RMB67.5 million).

The Group monitors capital on the basis of gearing ratio. The ratio is calculated as net debt divided by total equity. Net debt is calculated as total debt less cash and cash equivalents.

The Group was in a net debt position as at 30 June 2021. The Group's gearing ratio, as calculated by dividing the Group's net debt by the Group's total equity, as at 30 June 2021 is approximately 27.85% (as at 31 December 2020: approximately 16.35%), the increase in gearing ratio was mainly due to decrease in cash and cash equivalents for the prepayments of programs production.

BUSINESS REVIEW AND PROSPECTS

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

Program production and related services

The Group has not recorded revenue in program production and related services for the six months ended 30 June 2021, as compared to that recorded for the six months ended 30 June 2020 of approximately RMB3.8 million.

The Group will continue to seek for opportunity to generate revenue from the adaptation, creation, and pre-production planning of films and television programs. The Group is also exploring opportunities in distribution of films in Mainland China.

Owing to the relevant adjustment made by mainstream platform and channels to adopt the relative trend of key promotion on television series and films to be broadcasted, the Group expects the discussion with several PRC television video production and online platforms for distribution and/or licensing the broadcasting rights of three serial programs in our inventory will be delayed.

The Group continues to pursue production, distribution and licensing of broadcasting rights of serial programs, online dramas and movies to create values.

Concert and event organisation

For the six months ended 30 June 2021, no revenue being recorded in concert and event organising as compared to same period of last year of approximately RMB1.2 million. The decrease is due to limitation of social gathering under the COVID-19 pandemic, therefore there were no events and concerts being organised during the period.

Subject to the situation of the COVID-19 pandemic, the Group will use its best endeavour to reschedule the timetable of concerts, which already being entered into agreements with Korean pop stars and PRC singers, once feasible.

Mobile live broadcasting and e-commerce

During the six months ended 30 June 2021, revenue of approximately RMB4.5 million was recorded as compared to approximately RMB6.5 million for last year same period (representing a decrease of 31.0%). The decrease was mainly due to reduction of advertising income.

Artist management

The revenue for the six months ended 30 June 2021 was approximately RMB3.5 million as compared to the same period of last year of approximately RMB8.8 million, representing a decrease of approximately 60.3%. The reason was due to less jobs being arranged during the period.

The Group will continue to work on the development of mobile application and the expansion planning; and introduce more artists proactively in order to promote the online fans and stars to participate and interact through "Aiwoo" (an APP to provide online fans and stars with the tools necessary to engagement and interaction) in order to generate more revenue to the Group.

The Group expects the commercial income of our contracted world champion athletes will be considerably increased after the Tokyo Olympic event accordingly.

The Group will continue to seek for opportunities for our artists, as well as managing and promoting our artists and/or star athletes in order to bring more value to the Group.

Although the businesses of the Group are facing various external challenges in 2021, the Group will strive to make improvements and overcome the challenges under the leadership of our experienced management. Together with the various opportunities currently exploring, the Group believes our business will continue to improve.

Principal risks and uncertainties

A number of factors may affect the results and business operations of the Group, major risks are summarised below.

Reliance on limited number of customers

The Group derived a significant portion of our revenue from a limited number of customers. For the six months ended 30 June 2021, the largest customer and the five largest customers of the Group contributed approximately 46.0% and 100% of total revenue to the Group respectively. There is a risk that these significant customers to cancel or early terminate the contract and no assurance that these significant customers will continue their business relationship with the Group or that the revenue generated from the customers will increase or be maintained in the future. The Group will continue to expand the customer base to mitigate the risk.

Intense competition

The television broadcasting content production market is highly fragmented. New players are entering into the market, while existing big players are growing. The Group is facing pricing pressure from the television station customers which have the sole decision making to which program to be played. The Group also faces threat of substitution by films, television series and competition programs which take up higher proportions of audience rating compared to television broadcasting contents such as variety shows.

The robust sector in the event organisation is very competitive. Apart from competition with other event organisers, television stations, online video networks and film distributors with high backward integration ability, many corporations setup their own in-house public relations, which have the ability to organise their own events such as annual parties. Further, companies that are well-established in other related fields such as public relations agencies, also are the potential competitors of the event organisation segment of the Group.

Uncertainties of market demand of recently developed businesses

The Group had made material investment in the mobile live broadcasting and e-commerce businesses. The Group believes these businesses have huge potential under the fast growing internet platform and the huge demand in the pan-entertainment sector. However, the instability in determining reliable estimates on the fast changing users' behaviors make no assurance that our optimistic expectation on these businesses can be realised. Further, its regulatory control are not fully sophisticated. The Group's operations of "entertainment contents + social media + e-commerce" of mobile live broadcasting and e-commerce business require quick reaction to the rapid market changes, therefore the Group has not yet been affirmed that the value of this business model will be realised in the short term.

Mobile live broadcasting and e-commerce are not necessities, the demand of these businesses may fall significantly if the economy in the PRC faces material downturn with the decrease in purchasing power of potential consumers. In addition, the consumption trend and demand of the internet and pan-entertainment can be changed quickly, the Group may require to deploy resources continuously to attract and retain the customers' loyalty. The management of the Group will closely monitor the operation and the market changes of these segments.

Employees and remuneration policies

As at 30 June 2021, the Group had a total of 25 employees (30 June 2020: 29). 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 in a mix of HKD and RMB, the Group will review and monitor the risk relating to foreign exchanges.

Capital expenditure

The Group paid approximately RMBnil and RMB8,431,000 for the addition of property, plant and equipment and intangible asset respectively during the six months ended 30 June 2021 (for the six months ended 30 June 2020: addition of property, plant and equipment approximately RMB5,000).

Capital commitments

As at 30 June 2021, the Group had capital commitments of RMB36,400,000 (as at 31 December 2020: RMB52,300,000).

Contingent liabilities

As at 30 June 2021, there were no significant contingent liabilities for the Group.

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

Other than the acquisition of Mobile App as disclosed in note 15, there was no other significant investments held as at 30 June 2021 (as at 31 December 2020: nil) nor material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

SHARE OPTION SCHEME

The Company has adopted the share option scheme on 3 November 2015 (the "Share Option Scheme") and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of its adoption and enables the Company to grant share options to the eligible persons (including any executive director, non-executive director and independent non- executive director, advisor and consultant of the Group) (the "Eligible Person(s)") as incentives or rewards for their contributions to the Group. No share option was granted, exercised, cancelled or lapsed since its adoption by the Company and there is no outstanding share option under the Share Option Scheme.

COMPETING INTERESTS

During the six months ended 30 June 2021, none of the Directors, the controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) as at 30 June 2021 had any interest in any business which competes or is likely to compete, directly or indirectly, with the business of the Group or any other conflicts of interest with the Group.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing good corporate governance practices and procedures. The maintenance of high standard of business ethics and corporate governance practices has always been one of the Group's goals. The Company believes that good corporate governance provides a framework that is essential for effective management, successful business growth and a healthy corporate culture, thereby leading to the enhancement of shareholders' value.

The Board has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules.

The Board is pleased to report compliance with the code provisions of the CG Code for the six months ended 30 June 2021, except the following deviations (Code Provisions A.2.1, A.4.1, A.6.7 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.

Attendance of annual general meeting

Ms. Fu Yuehong, an independent non-executive director of the Company, was unavailable to attend the annual general meeting of the Company held on 10 June 2021 due to other business commitment.

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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the directors (the "Required Standard of Dealings"). The Company has confirmed, having made specific enquiry of the directors, all the directors have complied with the Required Standard of Dealings throughout the six months ended 30 June 2021.

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 unaudited condensed consolidated results of the Company for the six months ended 30 June 2021 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that such unaudited condensed consolidated results comply with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosure have been made.

(2) CHANGE IN USE OF REMAINING PROCEEDS OF DISPOSAL IN 2019

USE OF PROCEEDS

Disposal of 19.25% of equity interest of Capital Land Digital Entertainment Co. Ltd

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., and the disposal was completed on 31 December 2019 ("Disposal"). The total consideration in cash was RMB15,400,000 and the net proceeds was amounted to RMB14,735,000. As at 30 June 2021, the net proceeds from Disposal has been utilised as follows:

– approximately RMB4,635,000 has been utilised to finance the production of TV serial programmes

– approximately RMB3,149,000 has been utilised to pay for concert organisation expenses

– approximately RMB4,951,000 has been utilised for repayment of shareholders' loan

Up to the date of this announcement, the remaining of approximately RMB2,000,000 has not been used in paying for concert organisation expenses.

Change in use of remaining proceeds of Disposal in 2019

As disclosed above, the remaining net proceeds of approximately RMB2,000,000 was originally intended to be applied in paying for concert organisation expenses. Due to the pandemic of COVID-19, most of the concerts are postponed and there is no certain timetable for holding concerts up to the date of this announcement. On the other hand, the Group has entered into agreements in relation to the adaption, creation and pre-production planning of films and television programs, the Directors are in the view of allowing more flexibility of the Group to use its cash resources, so RMB2,000,000 will be used for program production segment in the fourth quarter of 2021.

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

	Intended use of net proceeds from the Disposal as disclosed in the Company's circular dated 24 September 2019	**Utilised amount as at 30 June 2021 and the date of this announcement**	**Revised use of net proceeds from the Disposal**
	RMB'000	*RMB'000*	*RMB'000*
Produce TV serial programmes	4,635	4,635	6,635
Payment for concert organisation expenses	5,149	3,149	3,149
Repayment of shareholders' loan	4,951	4,951	4,951
	14,735	12,735	14,735

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

Hong Kong, 6 August 2021

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.