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中國創意
Creative China

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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8368)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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.

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 2022, together with the comparative figures for the corresponding period in 2021, as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2022

		Three months ended 30 June		**Six months ended 30 June**	
		2022	2021	**2022**	2021
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Revenue	3(a)	**7,373**	768	**8,151**	7,998
Direct costs		**(5,596)**	(142)	**(6,586)**	(410)
Gross profit		**1,777**	626	**1,565**	7,588
Other income	4	**34**	35	**110**	156
Other gains and losses	5	**116**	(721)	**619**	(554)
Impairment loss under expected credit loss model, net of reversal		**(336)**	–	**(336)**	–
Selling and distribution costs		**(1,027)**	(441)	**(1,538)**	(867)
Administrative expenses		**(3,437)**	(3,560)	**(7,091)**	(6,678)
Finance costs	7	**(56)**	(30)	**(83)**	(77)
Loss before income tax	6	**(2,929)**	(4,091)	**(6,754)**	(432)
Income tax (expense)/credit	8	**(560)**	61	**(585)**	(417)
Loss for the period		**(3,489)**	(4,030)	**(7,339)**	(849)

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022	2021	**2022**	2021
		RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Other comprehensive (expense)/ income that may be reclassified subsequently to profit or loss:					
Exchange differences of translating foreign operations		**(166)**	29	**(145)**	138
Total comprehensive expense for the period		**(3,655)**	(4,001)	**(7,484)**	(711)
Loss for the period attributable to:					
Owners of the Company		**(3,433)**	(4,003)	**(7,240)**	(791)
Non-controlling interests		**(56)**	(27)	**(99)**	(58)
		(3,489)	(4,030)	**(7,339)**	(849)
Total comprehensive expense for the period attributable to:					
Owners of the Company		**(3,587)**	(3,974)	**(7,375)**	(654)
Non-controlling interests		**(68)**	(27)	**(109)**	(57)
		(3,655)	(4,001)	**(7,484)**	(711)
			(Restated)		(Restated)
Loss per share:					
– Basic and diluted *(RMB cents)*	10	**(0.920)**	(1.494)	**(2.041)**	(0.302)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	**As at 30 June 2022** ***RMB'000*** **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment	11	**167**	215
Right-of-use assets	11	**2,259**	457
Intangible asset	12	**6,680**	7,516
Total non-current assets		**9,106**	8,188
Current assets			
Serial programme rights		**107,687**	111,854
Film distribution and income right	13	**7,212**	–
Trade and other receivables	14	**126,800**	116,570
Financial asset at fair value through profit or loss ("FVTPL")		**49**	–
Amounts due from non-controlling interests	17(b)	**3,444**	1,747
Bank balances and cash		**2,651**	6,126
Total current assets		**247,843**	236,297
Total assets		**256,949**	244,485
Current liabilities			
Trade payables	15	**64,736**	64,804
Other payables		**37,967**	37,241
Contract liabilities		**12,355**	14,195
Tax payables		**6,914**	6,318
Lease liabilities		**1,553**	540
Loans due to shareholders	17(c)	**26,625**	22,690
Loan due to a director	17(d)	**5,656**	3,189
Loan from a related party	17(e)	**3,335**	–
Total current liabilities		**159,141**	148,977
Net current assets		**88,702**	87,320
Total assets less current liabilities		**97,808**	95,508

	Notes	**As at 30 June 2022** *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Non-current liabilities			
Lease liabilities		**718**	–
Total non-current liabilities		**718**	–
Total liabilities		**159,859**	148,977
NET ASSETS		**97,090**	95,508
Capital and reserves			
Share capital	16	**15,505**	13,810
Reserves		**80,099**	81,853
Equity attributable to owners of the Company		**95,604**	95,663
Non-controlling interests		**1,486**	(155)
TOTAL EQUITY		**97,090**	95,508

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

		Reserves					Equity attributable to the owners of the Company	Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Merger reserve	Foreign exchange reserve	Accumulated losses			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022 (audited)	13,810	169,166	5,362	9,300	665	(102,640)	95,663	(155)	95,508
Loss for the period	–	–	–	–	–	(7,240)	(7,240)	(99)	(7,339)
Other comprehensive expense	–	–	–	–	(135)	–	(135)	(10)	(145)
Total comprehensive expense for the period	–	–	–	–	(135)	(7,240)	(7,375)	(109)	(7,484)
Issue of shares under consideration shares *(note 16)*	1,695	7,199	(1,578)	–	–	–	7,316	–	7,316
Capital injection from a non-controlling interest	–	–	–	–	–	–	–	1,750	1,750
Balance at 30 June 2022 (unaudited)	15,505	176,365	3,784	9,300	530	(109,880)	95,604	1,486	97,090
Balance at 1 January 2021 (audited)	13,188	165,378	5,362	9,300	467	(126,201)	67,494	(94)	67,400
Loss for the period	–	–	–	–	–	(791)	(791)	(58)	(849)
Other comprehensive income	–	–	–	–	137	–	137	1	138
Total comprehensive income/(expense) for the period	–	–	–	–	137	(791)	(654)	(57)	(711)
Issue of shares under consideration shares *(note 16)*	622	3,788	–	–	–	–	4,410	–	4,410
Balance at 30 June 2021 (unaudited)	13,810	169,166	5,362	9,300	604	(126,992)	71,250	(151)	71,099

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	**(12,173)**	(13,739)
Net cash generated from investing activities	**434**	5,006
Net cash generated from/(used in) financing activities	**7,568**	(250)
Net decrease in cash and cash equivalents	**(4,171)**	(8,983)
Effect of foreign exchange rate changes	**696**	(57)
Cash and cash equivalents at beginning of period	**6,126**	11,379
Cash and cash equivalents at end of period – represented by bank balances and cash only	**2,651**	2,339

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 Conyers 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 application development and operation services and artist management.

2. BASIS OF PRESENTATION

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

The unaudited condensed 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.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's unaudited condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated financial statements.

The condensed consolidated financial statements 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 distribution 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 application development and operation and related services ("Mobile application development and operation")**

  Mobile application development and operation segment provides an electronic platforms for entertainment contents consumption and e-commerce, such as online store. This segment also provides online program production, online advertising and promotional services, mobile application development 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**	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Program production and related income	**6,936**	–	**7,091**	–
Concert and event organisation and related income	**–**	–	**–**	–
Mobile application development and operation and related income	**343**	80	**343**	4,510
Artist management and related income	**94**	688	**717**	3,488
	7,373	768	**8,151**	7,998

(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 2022 (unaudited)

	Program Production *RMB'000*	Concert and Event Organisation *RMB'000*	Mobile Application Development and Operation *RMB'000*	Artist Management *RMB'000*	Total *RMB'000*
Revenue from contracts with customers	**7,091**	**–**	**343**	**717**	**8,151**
Represented by:					
Recognised over time					
– Share of box office income	**155**	**–**	**–**	**–**	**155**
– Provision of artist management services	**–**	**–**	**–**	**717**	**717**
Recognised at a point in time					
– Sale of script copyright	**6,936**	**–**	**–**	**–**	**6,936**
– Provision of live-streaming e-commerce services	**–**	**–**	**343**	**–**	**343**
Reportable segment revenue from external customers	**7,091**	**–**	**343**	**717**	**8,151**
Reportable segment profit/(loss)	**1,156**	**(891)**	**(3,848)**	**(214)**	**(3,797)**
Interest income	**–**	**–**	**–**	**1**	**1**
Interest expenses	**(44)**	**(4)**	**(6)**	**(4)**	**(58)**
Depreciation of property, plant and equipment	**(93)**	**–**	**(18)**	**–**	**(111)**
Depreciation of right-of-use assets	**(493)**	**(74)**	**(176)**	**(74)**	**(817)**
Amortisation of intangible asset	**–**	**–**	**(836)**	**–**	**(836)**
Reportable segment assets	**196,856**	**17,625**	**34,528**	**7,337**	**256,346**
Additions to non-current assets	**1,983**	**–**	**783**	**–**	**2,766**
Reportable segment liabilities	**(99,854)**	**(10,735)**	**(2,888)**	**(7,082)**	**(120,559)**

For the six months ended 30 June 2021 (unaudited)

	Program Production *RMB'000*	Concert and Event Organisation *RMB'000*	Mobile Application Development and Operation *RMB'000*	Artist Management *RMB'000*	Total *RMB'000*
Revenue from contracts with customer	–	–	4,510	3,488	7,998
Represented by:					
Recognised over time					
– Provision of online advertising services	–	–	4,510	–	4,510
– Provision of artist management services	–	–	–	3,488	3,488
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 asset	–	–	(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

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue		
Reportable segment and consolidated revenue	**8,151**	7,998

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss before income tax		
Reportable segment (loss)/profit	**(3,797)**	3,233
Other gains and losses:		
– Exchange gain/(loss)	**183**	(554)
Unallocated corporate expenses:		
– Auditor's remuneration	**(291)**	(358)
– Directors' emoluments	**(1,026)**	(1,280)
– Legal and professional fee	**(549)**	(612)
– Salaries and other benefits for key management and administration staff	**(651)**	(697)
– General operating expenses	**(623)**	(164)
Consolidated loss before income tax	**(6,754)**	(432)

	As at 30 June 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Assets		
Reportable segment assets	**256,346**	243,607
Unallocated corporate assets:		
– Property, plant and equipment	**45**	133
– Bank balances and cash	**200**	305
– Others	**358**	440
Consolidated total assets	**256,949**	244,485

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Liabilities		
Reportable segment liabilities	**120,559**	119,029
Unallocated corporate liabilities:		
– Accruals and other payable	**3,684**	4,069
– Loans due to shareholders	**26,625**	22,690
– Loan due to a director	**5,656**	3,189
– Loan from a related company	**3,335**	–
Consolidated total liabilities	**159,859**	148,977

(d) Geographic information

	Six months ended 30 June	
	2022 *RMB'000* **(Unaudited)**	2021 *RMB'000* (Unaudited)
Revenue		
PRC	**8,151**	7,998
Hong Kong	**–**	–
	8,151	7,998

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 2022, revenues from two customers (for the six months ended 30 June 2021: 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	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from the customer:		
Customer I:		
– Program production	**4,717**	N/A[(i)]
Customer II:		
– Program production	**2,219**	N/A[(i)]
Customer III:		
– Mobile application development and operation	**N/A[(ii)]**	3,679
Customer IV:		
– Mobile application development and operation	**N/A[(ii)]**	831
– Artist management	**N/A[(ii)]**	1,604
Customer V:		
– Artist management	**N/A[(ii)]**	1,714
	6,936	7,828

Notes:

(i) The corresponding revenue in the six months ended 30 June 2021 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 2022 for Customers III, 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	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest income from bank deposits	**–**	2	**1**	6
Rental income	**–**	33	**35**	66
Government subsidies	**34**	–	**74**	84
	34	35	**110**	156

5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Exchange gain/(loss), net	**67**	(721)	**58**	(554)
Gain on disposal of property, plant and equipment	**–**	–	**512**	–
Gain from changes in fair value of financial asset at FVTPL	**49**	–	**49**	–
	116	(721)	**619**	(554)

6. LOSS BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss before income tax is arrived at after charging:				
Auditor's remuneration	**149**	178	**291**	358
Directors' remuneration (including retirement benefit scheme contributions)	**521**	638	**1,026**	1,280
Other staff costs	**1,603**	1,220	**2,947**	2,485
Retirement benefit schemes contributions for other staffs	**363**	213	**610**	409
Staff costs	**2,487**	2,071	**4,583**	4,174
Depreciation of property, plant and equipment	**32**	164	**127**	329
Depreciation of right-of-use assets	**537**	355	**890**	711
Amortisation of intangible asset	**420**	108	**836**	108

7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Interest on lease liabilities	**35**	30	**62**	77
Interest on loan from a related company	**21**	–	**21**	–
	56	30	**83**	77

8. INCOME TAX (EXPENSE)/CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax – the PRC				
– (provision)/recovered for the period	**(560)**	61	**(585)**	(417)
Income tax (expense)/credit	**(560)**	61	**(585)**	(417)

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

9. DIVIDEND

The directors do not recommend the payment of any dividend for the three and six months ended 30 June 2022 (for the three and six months ended 30 June 2021: nil).

10. LOSS PER SHARE

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

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Loss for the purposes of basic earnings per share	**(3,433)**	(4,003)	**(7,240)**	(791)

	Three months ended 30 June		Six months ended 30 June	
	2022	2021	**2022**	2021
	'000	*'000*	***'000***	*'000*
		(Restated)		(Restated)
Number of shares				
Issued ordinary shares at beginning of period	**372,987**	256,316	**331,316**	256,316
Effect of issuance of shares under consideration shares *(note 16)*	**–**	11,538	**23,427**	5,801
Weighted average number of ordinary shares *(note)*	**372,987**	267,854	**354,743**	262,117

Note: No diluted loss per share is presented as there were no potential ordinary shares in issue for the three months and six months ended 30 June 2022 and 2021.

For the three months and six months ended 30 June 2022 and 2021, the weighted average number of ordinary shares for the purpose of the calculation of basic and diluted loss per share has been adjusted for the share consolidation that every five issued shares of the Company were consolidated into one share of the Company. Comparative figures of the weighted average number of shares for calculating basic and diluted loss per share have been restated with the effect of share consolidation on 15 July 2021.

11. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, the Group acquired property, plant and equipment amounting to approximately RMB79,000 (for the six months ended 30 June 2021: nil).

During the six months ended 30 June 2022, the Group disposed of certain plant and machinery with an aggregate carrying amount of RMBnil (six months ended 30 June 2021: nil) for cash proceeds of RMB512,000 (six months ended 30 June 2021: nil), resulting in a gain on disposal of RMB512,0000 (six months ended 30 June 2021: nil).

During the six months ended 30 June 2022, the Group renewed a lease agreement and entered into a new lease agreement with lease terms ranged from 12.5 months to 24 months (six months ended 30 June 2021: nil). On date of lease modification or lease commencement, the Group recognised right-of-use assets of RMB2,687,000 (six months ended 30 June 2021: nil) and lease liabilities of RMB2,687,000 (six months ended 30 June 2021: nil).

12. INTANGIBLE ASSET

During the six months ended 30 June 2022, the Group has not acquired any intangible asset (for the six months ended 30 June 2021: RMB8.4 million).

13. FILM DISTRIBUTION AND INCOME RIGHT

	RMB'000
At 1 January 2021 and 1 January 2022 (audited)	–
Addition during the period	7,316
Recognised as expense for the period	(472)
Exchange realignment	368
At 30 June 2022 (unaudited)	7,212

Film distribution and income right represents the right of income sharing of six foreign imported films which was acquired during the six months ended 30 June 2022.

The recognition of film distribution and income right expense for the six months ended 30 June 2022 amounted to RMB472,000 (2021: nil) and is recognized as direct costs in the consolidated statement of profit or loss and other comprehensive income.

14. TRADE AND OTHER RECEIVABLES

	As at 30 June 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Trade receivables, gross	**29,894**	24,520
Less: impairment allowance	**(1,537)**	(1,257)
Trade receivables, net	**28,357**	23,263
Prepayments and deposits	**87,695**	82,534
Other receivables, gross	**11,021**	11,043
Less: impairment allowance	**(273)**	(270)
Other receivables, net	**10,748**	10,773
	126,800	116,570

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 2022 *RMB'000* **(Unaudited)**	As at 31 December 2021 *RMB'000* (Audited)
Within 30 days	**5,153**	3,736
31 to 90 days	**26**	12,061
91 to 180 days	**150**	3,881
Over 180 days	**23,028**	3,585
	28,357	23,263

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 and other receivables for the period:

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At beginning of period	**1,527**	1,173
Impairment for the period	**287**	–
Reversal for the period	**(4)**	–
At end of period	**1,810**	1,173

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

15. 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 2022	As at 31 December 2021
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
91 to 365 days	**1,770**	1,850
Over 365 days *(note)*	**62,966**	62,954
	64,736	64,804

Note: Included in trade payables over 365 days as at 30 June 2022 was the remaining balances of RMB61,050,000 (31 December 2021: RMB61,104,000) in respect of purchase of serial programme rights which was payable by instalments up to end of 2020. At the date of approval of the interim report, 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.

16. SHARE CAPITAL

Authorised and issued share capital

	Number	*HK$'000*	*Equivalent to RMB'000*
Authorised			
At 1 January 2021 and 30 June 2021			
Ordinary shares of HK$0.01 each	8,000,000,000	80,000	67,024
At 1 January 2022 and 30 June 2022			
Ordinary shares of HK$0.05 each	1,600,000,000	80,000	67,024
Issued and fully paid			
At 1 January 2021	1,581,577,559	15,816	13,188
Issue of shares under consideration shares *(note 1)*	75,000,000	750	622
Share consolidation *(note 2)*	(1,325,262,048)	–	–
At 31 December 2021 and 1 January 2022	331,315,511	16,566	13,810
Issue of shares under consideration shares *(notes 3 and 4)*	41,671,467	2,084	1,695
At 30 June 2022	372,986,978	18,650	15,505

Notes:

1. 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. The acquisition was completed on 17 June 2021.

2. On 15 July 2021, every five issued shares of the Company were consolidated into one share of the Company.

3. On 1 December 2021, Beijing Chuangju Shi Dai Cultural Communication Limited (the "Vendor"), the Company and Beijing Emphasis Media Company Limited (the "Purchaser"), an indirect wholly owned subsidiary of the Company, entered into the equity transfer agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, 10% equity interests of Beijing Yiju Creative Technology Limited at the consideration of RMB2,112,900, which would be settled by the allotment and issue of 5,671,467 consideration shares by the Company to the Vendor or its nominee(s) at the issue price of HK$0.456 per consideration share on the completion date. The transaction is completed on 31 January 2022.

4. On 20 October 2021, the Company, CCH Film Production Limited, Truth Pictures (Hong Kong) Limited ("Truth Pictures"), Yuanxin Pictures (Beijing) Limited ("Yuanxin") (Truth Pictures and Yuanxin, collectively as "Cooperation Partners") and Mr. Liang Long Fei, as the Guarantor, entered into a cooperation agreement ("Cooperation Agreement"), pursuant to which the Group and Cooperation Partners have conditionally agreed to carry out the cooperation in the distribution of the 6 foreign imported films ("Target Films") in the PRC at the consideration of RMB30,000,000, which would be settled by the allotment and issue of the 36,000,000 consideration shares by the Company to the Cooperation Partners or their nominee(s) at the Issue Price of HK$1 per consideration share on the completion date. The transaction is completed on 29 March 2022.

17. 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**	
		2022	2021
		RMB'000	*RMB'000*
		(Unaudited)	(Unaudited)
Shareholder A *(note)*	Salaries	**38**	38
Shareholder B *(note)*	Salaries	**38**	38
Director A	Lease payment	**265**	570
Related company	Proceeds from loan	**3,289**	–
	Interest expenses on loan	**21**	–

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

(b) The amounts due from non-controlling interests of subsidiaries are unsecured, interest-free and repayable on demand or due within 1 year. The balance includes the receivable from trade of RMB1.7 million (31 December 2021: RMB1.7 million), net of impairment loss provided.

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

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

(e) The Group entered into a loan agreement with Emperor Force Limited, a related company under the control of controlling shareholders of the Group during the six months ended 30 June 2022. The loan from a related company amounted to US$500,000 (equivalent to RMB3,289,000) is unsecured, carries interests of 2.75% per annum and repayable within 1 year.

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

	Six months ended 30 June	
	2022	2021
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Wages and salaries	**1,654**	1,952
Contributions to retirement benefit schemes	**22**	23
	1,676	1,975

18. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group uses independent professional valuer to perform valuations of financial instruments which are categorised into Level 2 and Level 3 of the fair value hierarchy. Valuation reports with analysis of changes in fair value measurement are prepared by the independent professional valuer at each interim and annual reporting date, and are reviewed and approved by the chief financial officer. Discussion of the valuation process and results with the chief financial officer is held twice a year to coincide with the reporting dates.

	Fair value as at				
Financial asset	**30 June 2022**	31 December 2021	**Fair value hierarchy**	**Valuation technique(s)**	**Significant unobservable inputs**
	RMB'000	*RMB'000*			
Financial asset at FVTPL	**49**	–	Level 3	Income Approach	Discount rate of 2.82%

Note: The higher the discount rate, the lower the fair value. In the opinion of the directors of the Company, no sensitivity analysis is prepared as the effect is considered insignificant.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate to their fair values.

Reconciliation of Level 3 fair value measurements

	Financial asset at FVTPL
	RMB'000
At 1 January 2021 and 1 January 2022 (audited)	–
Gain in profit or loss	49
At 30 June 2022 (unaudited)	49

The only financial asset measured at FVTPL on Level 3 fair value measurement represents the income guarantee in relation to the six foreign imported films acquired during the six months ended 30 June 2022.

During the six months ended 30 June 2022, fair value gain of RMB49,000 relating to this income guarantee has been recognized in profit or loss (six months ended 30 June 2021: nil). Fair value gain on financial asset at FVTPL is included in 'other gains and losses'.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2022 amounted to approximately RMB8.2 million, representing an increase of approximately 1.9% as compared to that recorded for the six months ended 30 June 2021 of approximately RMB8.0 million. The revenue was mainly generated from program production, mobile application development and operation and artist management segment. Revenue for the period was similar to the corresponding period in 2021.

Gross profit

The gross profit for the six months ended 30 June 2022 amounted to approximately RMB1.6 million, representing a decrease of approximately 79.4% as comparing to that recorded in the corresponding period in 2021 of approximately RMB7.6 million. The decrease was mainly due to the higher costs recognized for the program production and mobile application development and operation business as compared to the corresponding period in 2021.

Expenses

Selling and distribution costs for the six months ended 30 June 2022 was approximately RMB1.5 million, which represented an increase by approximately 77.4% as compared to the corresponding period in last year. The increase in selling and distribution costs incurred for the six months ended 30 June 2022 were mainly for the selling and distribution costs of live streaming e-commerce.

Administrative expenses for the six months ended 30 June 2022 amounted to approximately RMB7.1 million (six months ended 30 June 2021: approximately RMB6.7 million). The increase is mainly due to the amortization of Mobile APP "Aiwoo".

Income tax expenses

The Group had recorded PRC enterprise income tax expense of approximately RMB0.6 million for subsidiaries located in PRC for the six months ended 30 June 2022, while such income tax expense of RMB0.4 million was recorded for the corresponding period in 2021. The income tax expenses was due to the profit making under the program production segment. There are no provision of Hong Kong profits tax for the six months ended 30 June 2022 and 2021 as no subsidiaries of the Company located in Hong Kong have recorded taxable profit during both periods. Under the two-tiered profits tax rates regime, Hong Kong profits tax of the qualifying group entity is calculated at 8.25% (2021: 8.25%) on the first HK$2 million of the estimated assessable profits and 16.5% (2021: 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% (2021: 25%) on the estimated assessable profits during the period.

Loss attributable to owners of the Company for the period

Loss attributable to owners of the Company for the six months ended 30 June 2022 was approximately RMB7.2 million, while loss of approximately RMB0.8 million was recorded for the corresponding period in 2021. The loss was mainly due the higher costs recognized for the program production and mobile application development and operation business as compared to the corresponding period in 2021.

Financial resources, liquidity and capital structure

For the six months ended 30 June 2022, the Group continued to finance its working capital through cash flows generated from operating activities, shareholders' loan and shareholders' equity. As at 30 June 2022, the Group had net current assets of approximately RMB88.7 million (as at 31 December 2021: approximately RMB87.3 million) including bank balances and cash of approximately RMB2.7 million (as at 31 December 2021: approximately RMB6.1 million). The decrease in bank balances and cash was due to few receipts from trade receivables and prepayments paid for mobile application development and operation and artist management segment. The current ratio, calculated as the ratio of current assets to current liabilities, was approximately 1.56 times as at 30 June 2022 (as at 31 December 2021: approximately 1.59 times). The capital of the Group comprises solely of ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB95.6 million as at 30 June 2022 (as at 31 December 2021: approximately RMB95.7 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 bank balances and cash.

The Group was in a net debt position as at 30 June 2022. The Group's gearing ratio, as calculated by dividing the Group's net debt by the Group's total equity, as at 30 June 2022 is approximately 33.95% (as at 31 December 2021: approximately 20.68%), the increase in gearing ratio was mainly due to increase in loan from shareholders, a director and a related company.

Consideration shares

(1) Acquisition of shareholding interests in a subsidiary involving the issue of consideration shares under specific mandate

On 1 December 2021, Beijing Chuangju Shi Dai Cultural Communication Limited (the "Vendor"), the Company and Beijing Emphasis Media Company Limited (the "Purchaser"), an indirect wholly owned subsidiary of the Company, entered into the equity transfer agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire, 10% equity interests of Beijing Yiju Creative Technology Limited ("Yiju Creative") at the consideration of RMB2,112,900, which would be settled by the allotment and issue of the consideration shares by the Company to the Vendor or its nominee(s) at the issue price of HK$0.456 each on the completion date. The transaction is completed on 31 January 2022. Details can be referred to the circular made on 12 January 2022 and the announcement dated 31 January 2022.

(2) Cooperation Agreement involving the issue of consideration shares under general mandate

On 20 October 2021, the Company, CCH Film Production Limited, Truth Pictures (Hong Kong) Limited ("Truth Pictures"), Yuanxin Pictures (Beijing) Limited* ("Yuanxin Pictures") (Truth Pictures and Yuanxin Pictures, collectively the "Cooperation Partners") and Mr. Liang Longfei (the "Guarantor") entered into a cooperation agreement, pursuant to which (i) the Group and Cooperation Partners have conditionally agreed to carry out the cooperation in the distribution of the six foreign imported films in the PRC; and (ii) the Consideration in the sum of RMB30,000,000 (equivalent to approximately HK$36,000,000) is payable by the Company to the Cooperation Partners, which will be settled by the allotment and issue of an aggregate of 36,000,000 Consideration Shares by the Company to the Cooperation Partners or their nominee(s) at the issue price of HK$1.0 each according to the terms and conditions thereof. The transaction is completed on 29 March 2022. Detail can be referred to the announcements made on 6 September 2021, 20 October 2021 and 29 March 2022.

Credit Risk

The Group's credit risk is primarily attributable to trade and other receivables, bank balances and amounts due from non-controlling interests. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor and significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluation are assessed for impairment assessment based on the Group's internal credit rating, historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. In this regard, the directors of the Company considered that the credit risk for trade receivables is significantly reduced at the end of the reporting period.

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 application development and operation; and (iv) artist management.

Program production and related services

The Group has recorded revenue of approximately RMB7.1 million in program production and related services for the six months ended 30 June 2022, while there was no revenue for the corresponding period last year. The revenue mainly comes from transferring of script copyright and the net box office of an imported film.

The epidemic in Mainland China and its prevention and control measures have an negative impact on the economy of the second quarter. At the same time, there are many uncertain factors affecting in the global economy including geopolitical conflicts have led to fluctuations in commodity prices, continuing impact to the international supply chains, and tightening monetary policy in developed economies. China's economy might face downward pressure in the coming period. Further, the continuing downturn of the Mainland Chinese box office coupled with the withdrawal of blockbuster films, closure of cinemas in many first-tier cities during the long-holiday leading to low operating rate of cinemas with unforeseeable recovery. In order to meet with (1) the Group's strategic development in response to the epidemic prevention and control measures in the Mainland China, (2) the macro economy which is facing a further downward pressure, and (3) to promptly recognise revenue under Group's ordinary business in distribution segment, the Board of Directors agreed to transfer the distribution rights of film projects to an independent third party, in order to bring benefits of the Group. As at the date of this announcement, no agreement has been signed in relation to the above.

Due to the epidemics in Mainland China in the second quarter, the operation of program production business has been affected. In the second half of 2022, the Group will continue to actively collaborates with more film and television production companies in the PRC engaging in the creation of film and television intellectual property, in order to obtain more potential resources and reserves of television programs, online dramas and movies. The Group continues to leverage its own production experience and related resources to expand the program production segment to original script creation, adaptation, production, licensing, and related services, in order to create more self-developed film and serial program script copyrights.

Concert and event organisation

The Group has not recorded revenue from concert and event organisation segment in the six months ended 30 June 2022 and for the same period in 2021.

The Group will liaise with the artistes to reschedule over 23 concerts (including K-pop artists and a renowned top singer from the PRC) once the pandemic is under control.

Mobile application development and operation

The Group has recorded revenue of RMB0.3 million from the mobile application development and operation segment for the six months ended 30 June 2022, comparing to RMB4.5 million for the corresponding period of last year. The decrease was mainly due to less promotional services for the period.

In recent years, drastic changes caused by the pandemic have had various effects on traditional retail industry and made dramatic shifts to rapid growth of live streaming e-commerce. With the Group's rich experience in mobile live broadcast and development for many years, the Group started to set up our live streaming e-commerce at the beginning of the year, and launched 19 live broadcasts on Taobao in the second quarter, including in-depth cooperation with a well-known Mainland China singing artist. The Group also plans to in-depth cooperation with a number of well-known celebrities in the second half of 2022 to deeply cultivate the huge market of live streaming e-commerce.

The Group will continue to work on the cooperation framework agreement between Beijing Yiju Creative Technology Limited ("Yiju Creative") and Beijing Shu Cai Cultural Media Limited* ("Shu Cai") to establish a formal agreement in relation to the cooperation on the aspects of creating and managing the official pages for over 30 exclusive artists of Shu Cai on the personalized mobile-based social networking platform named "Aiwoo" ("Mobile APP") owned by Yiju Creative, in order to create more business opportunities and revenue for the Group.

Artist management

The revenue for the six months ended 30 June 2022 was approximately RMB0.7 million as compared to approximately RMB3.5 million in the same period of last year. The decrease was mainly due to less jobs being arranged for our artists during the pandemic period.

Our Group will continue to introducing more artists and seek for opportunities with our artists to work with 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 in 2022, 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 2022, the largest customer and the five largest customers of the Group contributed approximately 57.9% and 97.5% 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. The pandemic made geographical limitation to organise concerts. However, the management of the Group will closely monitor the operation and the market changes of these segments.

Uncertainties of market demand of recently developed businesses

The Group had made material investment in the mobile application development and operation 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, due to the instability in judgements 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 mobile application development and operation 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.

Live streaming 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 2022, the Group had a total of 38 employees (30 June 2021: 25). The increase was mainly due expansion of live streaming e-commerce segment. 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

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

Capital expenditure

The Group paid approximately RMB79,000 for the addition of property, plant and equipment during the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

Capital commitments

As at 30 June 2022, the Group had capital commitments of RMB26.4 million (as at 31 December 2021: RMB25.3 million).

Contingent liabilities

As at 30 June 2022, the Group did not have any significant contingent liabilities.

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

There were no significant investments held as at 30 June 2022 nor material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the six months ended 30 June 2022, other than (i) the Cooperation Agreement involving the issue of consideration shares under general mandate, and (ii) acquisition of shareholding interests in a subsidiary involving the issue of consideration shares under specific mandate, as disclosed in the "Management Discussion and Analysis" under the section headed "Consideration shares" in this announcement (for the six months ended 30 June 2021: acquisition of Mobile APP involving the issue of consideration shares under general mandate).

OTHER INFORMATION

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 2022.

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 2022, 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 2022 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 2022, except the following deviations (Code Provisions C.2.1 and D.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. The Board will regularly review the need to appoint different individuals to perform the roles of chairman and chief executive officer separately.

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 2022.

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 2022 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.

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

Hong Kong, 5 August 2022

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Philip Jian Yang as executive director; 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.

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* *For identification purposes only*