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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 2023**

**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 2023, together with the comparative figures for the corresponding period in 2022, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the three months and six months ended 30 June 2023*

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	3(a)	<b>23,419</b>	7,373	<b>23,867</b>	8,151
Direct costs		<b>(16,615)</b>	(5,596)	<b>(18,234)</b>	(6,586)
Gross profit		<b>6,804</b>	1,777	<b>5,633</b>	1,565
Other income	4	<b>4</b>	34	<b>10</b>	110
Other gains and losses	5	<b>(2,219)</b>	116	<b>(2,770)</b>	619
Impairment loss under expected credit loss model, net of reversal		<b>–</b>	(336)	<b>(34)</b>	(336)
Selling and distribution costs		<b>(826)</b>	(1,027)	<b>(1,940)</b>	(1,538)
Administrative expenses		<b>(4,151)</b>	(3,437)	<b>(7,773)</b>	(7,091)
Finance costs	7	<b>(196)</b>	(56)	<b>(403)</b>	(83)
Loss before taxation	6	<b>(584)</b>	(2,929)	<b>(7,277)</b>	(6,754)
Taxation	8	<b>(955)</b>	(560)	<b>(955)</b>	(585)
Loss for the period		<b>(1,539)</b>	(3,489)	<b>(8,232)</b>	(7,339)

		Three months ended 30 June		Six months ended 30 June	
		2023	2022	2023	2022
Note		RMB'000	RMB'000	RMB'000	RMB'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Other comprehensive income/ (expense) that may be reclassified subsequently to profit or loss:</b>					
Exchange differences of translating foreign operations		<u>565</u>	<u>(166)</u>	<u>364</u>	<u>(145)</u>
Total comprehensive expense for the period		<u><u>(974)</u></u>	<u><u>(3,655)</u></u>	<u><u>(7,868)</u></u>	<u><u>(7,484)</u></u>
<b>Loss for the period attributable to:</b>					
Owners of the Company		<u>(1,450)</u>	<u>(3,433)</u>	<u>(8,132)</u>	<u>(7,240)</u>
Non-controlling interests		<u>(89)</u>	<u>(56)</u>	<u>(100)</u>	<u>(99)</u>
		<u><u>(1,539)</u></u>	<u><u>(3,489)</u></u>	<u><u>(8,232)</u></u>	<u><u>(7,339)</u></u>
<b>Total comprehensive expense for the period attributable to:</b>					
Owners of the Company		<u>(866)</u>	<u>(3,587)</u>	<u>(7,868)</u>	<u>(7,375)</u>
Non-controlling interests		<u>(108)</u>	<u>(68)</u>	<u>(114)</u>	<u>(109)</u>
		<u><u>(974)</u></u>	<u><u>(3,655)</u></u>	<u><u>(7,982)</u></u>	<u><u>(7,484)</u></u>
<b>Loss per share:</b>					
– Basic and diluted ( <i>RMB cents</i> )	10	<u><u>(0.39)</u></u>	<u><u>(0.92)</u></u>	<u><u>(2.18)</u></u>	<u><u>(2.04)</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	11	387	522
Right-of-use assets	11	1,594	3,933
Intangible asset	12	4,994	5,830
Interest in a joint venture		–	–
Deferred tax assets		888	882
		7,863	11,167
<b>Total non-current assets</b>			
<b>Current assets</b>			
Serial program rights		8,932	8,785
Film distribution and income rights		3,227	–
Trade and other receivables	13	306,853	294,862
Amounts due from non-controlling interests	17(b)	1,876	1,876
Bank balances and cash		34,900	24,044
		355,788	329,567
<b>Total current assets</b>			
		363,651	340,734
<b>Total assets</b>			
<b>Current liabilities</b>			
Trade payables	14	2,234	2,183
Other payables and accruals		88,673	54,009
Contract liabilities		22,936	18,589
Tax payables		17,175	17,704
Lease liabilities		1,214	2,608
Amounts due to shareholders	17(c)	31,225	29,891
Amount due to a director	17(d)	6,099	5,909
Amount due to a related party	17(e)	6,115	4,671
Bank borrowings	15	17,710	26,000
		193,381	161,564
<b>Total current liabilities</b>			
		162,407	168,003
<b>Net current assets</b>			
		170,270	179,170
<b>Total assets less current liabilities</b>			

		<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>
<b>Non-current liabilities</b>			
Lease liabilities		<u>421</u>	<u>1,453</u>
<b>Total non-current liabilities</b>		<u>421</u>	<u>1,453</u>
<b>Total liabilities</b>		<u>193,802</u>	<u>163,017</u>
<b>NET ASSETS</b>		<u><b>169,849</b></u>	<u><b>177,717</b></u>
<b>Capital and reserves</b>			
Share capital	16	<u>15,505</u>	<u>15,505</u>
Reserves		<u>152,960</u>	<u>160,714</u>
<b>Equity attributable to owners of the Company</b>		<u>168,465</u>	<u>176,219</u>
Non-controlling interests		<u>1,384</u>	<u>1,498</u>
<b>TOTAL EQUITY</b>		<u><b>169,849</b></u>	<u><b>177,717</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Reserves					Accumulated losses	Equity attributable to the owners of the Company	Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Merger reserve	Foreign exchange reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023 (audited)	15,505	200,299	3,784	9,300	894	(53,563)	176,219	1,498	177,717
Loss for the period	-	-	-	-	-	(8,132)	(8,132)	(100)	(8,232)
Other comprehensive income/(expense)	-	-	-	-	378	-	378	(14)	364
Total comprehensive income/(expense) for the period	-	-	-	-	378	(8,132)	(7,754)	(114)	169,849
Balance at 30 June 2023 (unaudited)	<u>15,505</u>	<u>200,299</u>	<u>3,784</u>	<u>9,300</u>	<u>1,272</u>	<u>(61,695)</u>	<u>168,465</u>	<u>1,384</u>	<u>169,849</u>
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)	<u>15,505</u>	<u>176,365</u>	<u>3,784</u>	<u>9,300</u>	<u>530</u>	<u>(109,880)</u>	<u>95,604</u>	<u>1,486</u>	<u>97,090</u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Creative China Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 1 November 2013. The address of its registered office is at the offices of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Its principal place of business in the People’s Republic of China (the “PRC”) is located at Room 1901, 19/F, Yulin Building, No. 5A Xiangjun Nanli 2nd Alley, Chaoyang District, Beijing, the PRC, and its principal place of business in Hong Kong is located at 23/F, Yue Thai Commercial Building, 128 Connaught Road Central, Sheung Wan, Hong Kong. Up to the date of approval of the condensed consolidation financial statements, Youth Success Holdings Limited and Guang Rui Investments Limited are its immediate and ultimate parent respectively. Guang Rui Investments Limited is wholly and beneficially owned by Mr. Yang Shaoqian and his spouse, Ms. Mou Sufang.

The principal activity of the Company is investment holding while its subsidiaries are principally engaged in serial program/film production and related services and film distribution and income rights, concert and event organisation services, mobile application development and operation services and artist management. The Company and its subsidiaries are collectively referred as the “Group” hereafter.

## 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 at the end of the reporting period.

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 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022.

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 2023 for the preparation of the Group’s unaudited condensed consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 (“CODM”) 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:

- Serial program/film production and related services and film distribution and income rights (“Serial Program/Film Production and Film distribution and income rights”)

Serial Program/Film Production and Film distribution and income rights segment provides film and television program original script creation, adaptation, production and licensing and related services and film distribution and income rights.

- 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 electronic platforms for entertainment contents consumption and e-commerce, such as online store. This segment also provides live streaming e-commerce, 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 for arrangement of different performance activities.

#### (a) Revenue

Revenue of the Group represents revenue generated from (i) serial program/film production and related services and film distribution and income rights; (ii) concert and event organisation and related services; (iii) mobile application development and operation and related services; and (iv) artist management and related services. The amounts of each significant category of revenue recognised during the period are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Sale of script copyright and program	–	6,936	–	6,936
Sale of film distribution and income rights	13,773	–	13,773	155
Concert and event income	7,963	–	7,963	–
Livestreaming e-commerce	1,672	343	1,783	343
Provision of artist management services	11	94	348	717
	<b>23,419</b>	<b>7,373</b>	<b>23,867</b>	<b>8,151</b>

(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 2023 (unaudited)**

	Serial Program/ Film Production and Film Distribution and Income Rights <i>RMB'000</i>	Concert and Event Organisation <i>RMB'000</i>	Mobile Application Development and Operation <i>RMB'000</i>	Artist Management <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	<u>13,773</u>	<u>7,963</u>	<u>1,783</u>	<u>348</u>	<u>23,867</u>
Represented by:					
<b>Recognised over time</b>					
– Provision of artist management services	–	–	–	348	348
<b>Recognised at a point in time</b>					
– Sale of film distribution and income rights	13,773	–	–	–	13,773
– Concert and events income	–	7,963	–	–	7,963
– Livestreaming e-commerce	–	–	1,783	–	1,783
Reportable segment revenue from external customers	<u>13,773</u>	<u>7,963</u>	<u>1,783</u>	<u>348</u>	<u>23,867</u>
Reportable segment profit/(loss)	<u>1,909</u>	<u>(1,074)</u>	<u>(4,507)</u>	<u>(515)</u>	<u>(4,187)</u>
Interest income	4	–	1	5	10
Interest expense	(297)	(6)	(23)	(6)	(332)
Depreciation of right-of-use assets	(496)	(84)	(331)	(84)	(995)
Depreciation of property, plant and equipment	(2)	–	(154)	–	(156)
Amortisation of intangible asset	–	–	(836)	–	(836)
Reportable segment assets	256,941	15,163	26,586	29,996	328,686
Additions to non-current assets (note)	–	–	426	–	426
Reportable segment liabilities	<u>(86,183)</u>	<u>(8,511)</u>	<u>(4,374)</u>	<u>(12,426)</u>	<u>(111,494)</u>

For the six months ended 30 June 2022 (unaudited)

	Serial Program/ Film Production and Film Distribution and Income Rights <i>RMB'000</i>	Concert and Event Organisation <i>RMB'000</i>	Mobile Application Development and Operation <i>RMB'000</i>	Artist Management <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from contracts with customers	7,091	–	343	717	8,151
Represented by:					
<b>Recognised over time</b>					
– Provision of artist management services	–	–	–	717	717
<b>Recognised at a point in time</b>					
– Sale of script copyright and program	6,936	–	–	–	6,936
– Sale of film distribution and income rights	155	–	–	–	155
– Livestreaming e-commerce	–	–	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 expense	(44)	(4)	(6)	(4)	(58)
Depreciation of right-of-use assets	(493)	(74)	(176)	(74)	(817)
Depreciation of property, plant and equipment	(93)	–	(18)	–	(111)
Amortisation of intangible asset	–	–	(836)	–	(836)
Reportable segment assets	196,856	17,625	34,528	7,337	256,346
Additions to non-current assets (note)	1,983	–	783	–	2,766
Reportable segment liabilities	(99,854)	(10,735)	(2,888)	(7,082)	(120,559)

Note: Non-current assets include property, plant and equipment and right-of-use asset.

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Reportable segment revenue from external customers	<b>23,867</b>	<b>8,151</b>
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss before taxation</b>		
Reportable segment loss	<b>(4,187)</b>	<b>(3,797)</b>
Unallocated other gains and losses:		
– Exchange gain	<b>133</b>	<b>183</b>
Unallocated corporate expenses:		
– Auditor's remuneration	<b>(333)</b>	<b>(291)</b>
– Directors' emoluments	<b>(1,073)</b>	<b>(1,026)</b>
– Legal and professional fee	<b>(642)</b>	<b>(549)</b>
– Salaries and other benefits for key management and administration staff	<b>(448)</b>	<b>(651)</b>
– General operating expenses	<b>(727)</b>	<b>(623)</b>
Consolidated loss before taxation	<b>(7,277)</b>	<b>(6,754)</b>
	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Assets</b>		
Reportable segment assets	<b>328,686</b>	<b>333,612</b>
Unallocated corporate assets:		
– Property, plant and equipment	<b>32</b>	<b>37</b>
– Bank balances and cash	<b>28,877</b>	<b>6,403</b>
– Others	<b>6,056</b>	<b>682</b>
Consolidated total assets	<b>363,651</b>	<b>340,734</b>

	As at 30 June 2023 <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
<b>Liabilities</b>		
Reportable segment liabilities	111,494	92,601
Unallocated corporate liabilities:		
– Accruals and other payable	21,159	3,945
– Amounts due to shareholders	31,225	29,891
– Amount due to a director	6,099	5,909
– Amount due to a related company	6,115	4,671
– Bank borrowings	17,710	26,000
	<u>193,802</u>	<u>163,017</u>
Consolidated total liabilities	<u>193,802</u>	<u>163,017</u>

(d) **Geographic information**

	Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<b>Hong Kong</b>		
– Sale of film distribution and income rights	13,773	155
<b>PRC</b>		
– Sale of script copyright and program	–	6,936
– Provision of artist management services	348	717
– Livestreaming e-commerce	1,783	343
<b>Other countries in Southeast Asia</b>		
– Concert and events income	7,963	–
	<u>23,867</u>	<u>8,151</u>

*Note:* 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 2023, revenues from one major customer (for the six months ended 30 June 2022: two major customers) with whom transactions have exceeded 10% of the Group's revenue for the period. Details were as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue from the major customer:		
Customer I:		
– Serial Program/Film Production and Film Distribution and Income Rights	<b>13,773</b>	–
Customer II:		
– Serial Program/Film Production and Film Distribution and Income Rights	<b>N/A*</b>	4,717
Customer III:		
– Serial Program/Film Production and Film Distribution and Income Rights	<b>N/A*</b>	2,219
	<b>13,773</b>	<b>6,936</b>

\* The corresponding revenue for the major customer did not contribute over 10% of the total revenue of the Group during the period.

**4. OTHER INCOME**

	<b>Three months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest income from bank deposits	<b>4</b>	–	<b>10</b>	1
Rental income	–	–	–	35
Government subsidies	–	34	–	74
	<b>4</b>	<b>34</b>	<b>10</b>	<b>110</b>

## 5. OTHER GAINS AND LOSSES

	Three months ended 30 June		Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Exchange gain/(loss), net	(2,288)	67	(2,839)	58
Gain on disposal of property, plant and equipment	–	–	–	512
Gain on early termination of lease arrangement	69	–	69	–
Gain from changes in fair value of financial asset at fair value through profit or loss	–	49	–	49
	<u>(2,219)</u>	<u>116</u>	<u>(2,770)</u>	<u>619</u>

## 6. LOSS BEFORE TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Loss before taxation is arrived at after charging:				
Auditor's remuneration	177	149	333	291
Directors' remuneration (including retirement benefit scheme contributions)	536	521	1,073	1,026
Other staff costs	1,397	1,603	3,003	2,947
Retirement benefit schemes contributions for other staffs	238	363	573	610
Staff costs	<u>2,171</u>	<u>2,487</u>	<u>4,649</u>	<u>4,583</u>
Depreciation of property, plant and equipment	33	32	160	127
Depreciation of right-of-use assets	427	537	1,075	890
Amortisation of intangible asset	420	420	836	836
	<u>420</u>	<u>420</u>	<u>836</u>	<u>836</u>

## 7. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Interest on bank borrowings	139	–	264	–
Interest on lease liabilities	22	35	73	62
Interest on amount due to a related party	35	21	66	21
	<u>196</u>	<u>56</u>	<u>403</u>	<u>83</u>

## 8. TAXATION

	Three months ended 30 June		Six months ended 30 June	
	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
Current tax – HK				
– provision for the period	(932)	–	(932)	–
Current tax – the PRC				
– provision for the period	(29)	(560)	(29)	(585)
Deferred taxation	6	–	6	–
Taxation for the period	<u>(955)</u>	<u>(560)</u>	<u>(955)</u>	<u>(585)</u>

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%. 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 2023 (for the three and six months ended 30 June 2022: 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	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Loss for the purposes of basic loss per share	<u>(1,450)</u>	<u>(3,433)</u>	<u>(8,132)</u>	<u>(7,240)</u>
	Three months ended 30 June		Six months ended 30 June	
	2023 '000	2022 '000	2023 '000	2022 '000
Weighted average number of ordinary shares	<u>372,987</u>	<u>372,987</u>	<u>372,987</u>	<u>354,743</u>

*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 2023 and 2022.

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

During the six months ended 30 June 2023, the Group acquired property, plant and equipment amounting to approximately RMB25,000 (for the six months ended 30 June 2022: RMB79,000).

During the six months ended 30 June 2022, the Group disposed of certain plant and machinery for cash proceeds of RMB512,000 (for the six months ended 30 June 2023: nil), resulting in a gain on disposal of RMB512,000 (for the six months ended 30 June 2023: nil).

During the six months ended 30 June 2023, the Group entered into lease agreements and with lease terms ranged from 12 months to 24 months (for the six months ended 30 June 2022: ranged from 12.5 months to 24 months).

The Group recognised a gain of RMB69,000 relating to the early termination of the lease for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

On date of lease modification or lease commencement, the Group recognised right-of-use assets of RMB401,000 (six months ended 30 June 2022: RMB2,687,000) and lease liabilities of RMB401,000 (six months ended 30 June 2022: RMB2,687,000).

## 12. INTANGIBLE ASSET

During the six months ended 30 June 2023, the Group has not acquired any intangible asset (for the six months ended 30 June 2022: nil).

## 13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Trade receivables, gross	137,632	128,579
Less: impairment allowance	(3,633)	(3,599)
	<hr/>	<hr/>
Trade receivables, net	133,999	124,980
	<hr/>	<hr/>
Prepayments and deposits ( <i>note (a)</i> )	117,548	117,468
Other receivables ( <i>note (b)</i> )	51,860	48,968
Amount due from a joint venture	3,446	3,446
	<hr/>	<hr/>
	<b>306,853</b>	<b>294,862</b>
	<hr/> <hr/>	<hr/> <hr/>

### Notes:

- (a) At the end of the reporting period, the balances of prepayments and deposits are mainly represented by the following:
- (i) The balance included prepayment to event organisers of approximately RMB14,214,000 (31 December 2022: RMB15,700,000) under Concert and Event Organisation segment for the purpose of concert to be held in the coming years.
  - (ii) The balance included prepaid service fees to actors and performers of approximately RMB16,781,000 (31 December 2022: RMB16,781,000) in relation to performing in the Group's mobile live broadcasting platform.
  - (iii) The balance included prepaid service fees of approximately RMB79,688,000 (31 December 2022: RMB76,922,000) in relation to program production.

The Group has performed assessment on whether impairment indicator exists for the prepayments for program production, event or concert and live broadcasting program. Management considered the plans and status of utilisation of the prepayments. Based on the management's assessment, no impairment indicator has been identified for the prepayments.

- (b) As at 30 June 2023 and 31 December 2022, the Group would be entitled to a receivable amounting to RMB46,000,000 in relation to termination of a serial program right.

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 <b>30 June</b> <b>2023</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
Within 30 days	122	47,756
31 to 90 days	14,291	61,591
91 to 180 days	–	437
Over 180 days	<u>119,586</u>	<u>15,196</u>
	<u><b>133,999</b></u>	<u>124,980</u>

The normal credit period granted to trade debtors is generally within one year. 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 <b>30 June</b> <b>2023</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
91 to 365 days	200	200
Over 365 days	<u>2,034</u>	<u>1,983</u>
	<u><b>2,234</b></u>	<u>2,183</u>

#### 15. BANK BORROWINGS

	As at <b>30 June</b> <b>2023</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2022 <i>RMB'000</i> (Audited)
The carrying amount of bank borrowings which are repayable within one year	<u><b>17,710</b></u>	<u>26,000</u>

The Group's bank borrowings are unsecured, and carry interest rate ranging from 2.8% to 3.7% (2022: 2.8% to 3.7%) per annum.

## 16. SHARE CAPITAL

### Authorised and issued share capital

	<i>Number</i>	<i>HK\$'000</i>	<i>Equivalent to RMB'000</i>
<b>Authorised</b>			
Ordinary shares of HK\$0.05 at each at 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	1,600,000,000	80,000	67,024
<b>Issued and fully paid</b>			
At 1 January 2022	331,315,511	16,566	13,810
Issue of shares under consideration shares ( <i>note (a)</i> )	36,000,000	1,800	1,463
Issue of shares on acquisition of additional interests from a non-controlling interest ( <i>note (b)</i> )	5,671,467	284	232
At 31 December 2022, 1 January 2023 and 30 June 2023	372,986,978	18,650	15,505

#### Notes:

- (a) On 20 October 2021, the Group, Truth Pictures (Hong Kong) Limited and Yuanxin Pictures (Beijing) Limited (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 is payable by the Group to the Cooperation Partners, which would 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 was completed on 29 March 2022. The transaction was treated as share-based payment transactions with the Cooperation Partners and the related film distribution and income rights were recognised as assets at fair value at the date of acquisition in accordance with HKFRS 2. The fair value of the film distribution and income rights amounting to approximately RMB31,250,000 were primarily valued based on the discount cash flows method using the discount rate of 21.7% based on the management’s estimation. During the year ended 31 December 2022, the Group has disposed of these film distribution and income rights to an independent third party at a consideration of approximately RMB50,000,000.
- (b) On 1 December 2021, the Group and Beijing Chuangju Shi Dai Cultural Communication Limited (the “Vendor”) entered into an equity transfer agreement, pursuant to which the Vendor has conditionally agreed the sell and the Group has conditionally agreed to acquire, 10% equity interests of Yiju Creative at the consideration of RMB2,112,900, which would be settled by the allotment and issue of the 5,671,467 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 was completed on 31 January 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	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Shareholder A (note (i))	Salaries	38	38
Shareholder B (note (i))	Salaries	38	38
Director A	Lease payment	–	265
Related company	Proceeds from loan	1,294	3,289
	Interest expenses on loan	66	21
Shareholder C (note (ii))	Purchase of film distribution and income rights	12,885	–
		12,885	–

Notes:

- (i) The shareholders are the controlling shareholders of the Group.
- (ii) The shareholder is not a controlling shareholder of the Group.
- (b) The amounts due from non-controlling interests of subsidiaries are unsecured, interest-free and repayable on demand or due within one year.
- (c) The amounts due to the controlling shareholders are unsecured, interest-free and repayable on demand or due on within one year.
- (d) The amount due to a director is unsecured, interest-free and repayable on demand.
- (e) The amount due to a related company, an entity wholly-owned by the controlling shareholders, is unsecured, carries interests of 2.75% (2022: 2.75%) per annum and due within one year.
- (f) The remuneration of the Directors and other members of key management during the period was as follows:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries	1,505	1,654
Contributions to retirement benefit schemes	16	22
	1,521	1,676

## 18. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of equity attributable to owners of the Company, comprising share capital and reserves.

The capital structure of the Group consists of debts, which includes the amounts due to shareholders, a director and a related party, banks borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves. The Group's risk management reviews the capital structure actively and regularly. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

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 2023 and 31 December 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 2023 is approximately 15.45% (2022: 23.87%).

The gearing ratio at the end of reporting period was as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	<b>As at 31 December 2022 RMB'000 (Audited)</b>
Debt	<b>61,149</b>	66,471
Less: Cash and cash equivalents	<b>(34,900)</b>	(24,044)
Net debt	<b><u>26,249</u></b>	<u>42,427</u>
Equity	<b><u>169,849</u></b>	<u>177,717</u>
Net debt to equity ratio	<b><u>15.45%</u></b>	<u>23.87%</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Revenue**

Revenue of the Group for the six months ended 30 June 2023 amounted to approximately RMB24.0 million, representing an increase of approximately 192.7% as compared to that recorded for the six months ended 30 June 2022 of approximately RMB8.2 million. The increase in revenue mainly comes from film distribution and income rights, holding multiple of concerts and live streaming e-commerce business.

#### **Gross profit**

The gross profit for the six months ended 30 June 2023 amounted to approximately RMB5.6 million, representing an increase of approximately 250% as comparing to that recorded in the corresponding period in 2022 of approximately RMB1.6 million. The increase in gross profit was mainly attributable to the increase in the gross profit of serial Program/film production and related services and film distribution and income rights segment.

#### **Other gain and loss**

The other loss for the six months ended 30 June 2023 amounted to approximately RMB2.8 million, representing a decrease of approximately 567% as comparing to an other gain that recorded in the corresponding period in 2022 of approximately RMB0.6 million. The increase in other loss was mainly due to exchange loss being incurred.

#### **Expenses**

Selling and distribution costs for the six months ended 30 June 2023 was approximately RMB1.9 million, which represented an increase by approximately 26.7% as compared to the corresponding period in last year. The selling and distribution costs incurred for the six months ended 30 June 2023 were mainly for live streaming e-commerce businesses.

Administrative expenses for the six months ended 30 June 2023 amounted to approximately RMB7.8 million (six months ended 30 June 2022: approximately RMB7.1 million). It is mainly due to the increase of leasing of studio for live streaming e-commerce, legal and professional expenses, travelling expenses and repair & maintenance expenses.

#### **Taxation**

The Group had recorded taxation of approximately RMB1.0 million, of which RMB0.9 million and RMB0.1 million for subsidiaries located in Hong Kong and PRC for the six months ended 30 June 2023 respectively, while such income tax expense of RMB0.6 million was recorded for the corresponding period in 2022, of which is in nil from subsidiaries located

in Hong Kong and RMB0.6 million for subsidiaries located in PRC. The income tax expenses was due to the profit making under the serial Program/film production and related services and film distribution and income rights segment. Under the two-tiered profits tax rates regime, Hong Kong profits tax of the qualifying group entity is calculated at 8.25% (2022: 8.25%) on the first HK\$2 million of the estimated assessable profits and 16.5% (2022: 16.5%) on the estimated assessable profits above HK\$2 million during the year. 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% (2022: 25%) on the estimated assessable profits during the year.

### **Loss attributable to owners of the Company for the period**

Loss attributable to owners of the Company for the six months ended 30 June 2023 was approximately RMB7.9 million, while loss of approximately RMB7.4 million was recorded for the corresponding period in 2022. The loss was mainly due to the higher costs recognised for the Concert and event organisation and related services and mobile application development and operation business as compared to the corresponding period in 2022.

### **Financial resources, liquidity and capital structure**

For the six months ended 30 June 2023, the Group continued to finance its working capital through cash flows generated from operating activities, shareholders' loan and shareholders' equity. As at 30 June 2023, the Group had net current assets of approximately RMB162.4 million (as at 31 December 2022: approximately RMB168.0 million) including cash and cash equivalents of approximately RMB34.9 million (as at 31 December 2022: approximately RMB24.0 million). The decrease in net current assets was mainly due to repayment of loans and increase of the other payable in relation to projects. The current ratio, calculated as the ratio of current assets to current liabilities, was approximately 1.84 times as at 30 June 2023 (as at 31 December 2022: approximately 2.04 times). The capital of the Group comprises solely of ordinary shares. Total equity attributable to owners of the Company amounted to approximately RMB168.5 million as at 30 June 2023 (as at 31 December 2022: approximately RMB176.2 million). The gearing ratio as at 30 June 2023 was 15.45%, decreased from 23.87% in Year 2022. It was mainly due to the decrease in net debt (For details, please refer to note 18 to the consolidated financial statements).

### **Subscription of new shares under specific mandate**

On 22 May 2023, the Company and ALPINE NOVA LIMITED (高星有限公司) entered into the share subscription agreement, pursuant to which ALPINE NOVA LIMITED has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 30,362,150 ordinary shares (with a nominal value of HK\$1,518,107.5) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 10.83% to the closing price of HK\$0.24 per share as quoted on the Stock Exchange on the date of the subscription agreement. The transaction has not yet been completed. Please refer to announcements dated on 22 May 2023, 23 May 2023 and circular dated 27 June 2023 for details.

The aggregate gross proceeds of the subscription will be HK\$6,497,500 and the aggregate net proceeds of the subscription are estimated to be approximately HK\$5,681,640 (equivalent to RMB5,028,000), representing a net issue price of approximately HK\$0.187 per subscription share.

The Company intends to apply the net proceeds of the subscription in the following manner:

- (i) approximately 70.17% of the net proceeds, or approximately HK\$3,986,640 (equivalent to RMB3,528,000) to mobile application development and operation and related services; and
- (ii) approximately 29.83% of the net proceeds, or approximately HK\$1,695,000 (equivalent to RMB1,500,000), will be used for the general working capital of the Group.

The Board considered that the subscription represents an opportunity to raise additional capital for the development of mobile application development and operation and related services, maintaining the Group's working capital and business operation and will also enlarge the shareholders and capital base of the Company and strengthen the financial position of the Group.

On 19 June 2023, the Company and TAN KOON AIK entered into the share subscription agreement, pursuant to which TAN KOON AIK has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue 44,671,963 ordinary shares (with a nominal value of HK\$2,233,598.15) at a subscription price of HK\$0.214 per subscription share, a discount of approximately 17.69% to the closing price of HK\$0.26 per share as quoted on the Stock Exchange on the date of the subscription agreement. The transaction has not yet been completed. Please refer to announcement dated on 19 June 2023 and circular dated 24 July 2023 for details. The aggregate gross proceeds of the share subscription will be RMB8,460,000 (equivalent to HK\$9,559,800) and the aggregate net proceeds of the share subscription, are estimated to be approximately HK\$8,937,170 (equivalent to RMB7,909,000), representing a net issue price of approximately HK\$0.2001 per subscription share.

The Company intends to apply the net proceeds of the subscription in the following manner:

- (i) approximately 70.54% of the net proceeds, or approximately HK\$6,304,270 (equivalent to RMB5,579,000) to mobile application development and operation and related services; and
- (ii) approximately 29.46% of the net proceeds, or approximately HK\$2,632,900 (equivalent to RMB2,330,000), will be used for the general working capital of the Group.

The Board considered that the share subscription represents an opportunity to raise additional capital for the development of mobile application development and operation and related services, maintaining the Group's working capital and business operation and will also enlarge the shareholders and capital base of the Company and strengthen the financial position of the Group.

## **Issue of convertible bonds under specific mandate**

On 22 May 2023 (after trading hours of the Stock Exchange), the Company and Ms. Li Wen (李雯) entered into a convertible bonds subscription agreement (“CB Subscription Agreement”), pursuant to which Ms. Li Wen (李雯) has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the convertible bonds (“Convertible Bonds”) in the principal amount of RMB17,500,000 (equivalent to HK\$19,775,000). The Convertible Bonds with 2% annual interest rate can be convertible into 36,620,370 ordinary shares of HK\$0.05 each (with a nominal value of HK\$1,831,018.5) in the issued share capital of the Company at the convertible price of HK\$0.54 per Share at the option of the bondholder and subject to and in accordance with the terms and conditions of the CB Subscription Agreement.

The convertible price is HK\$0.54 per share, representing (i) a premium of approximately 125% over the closing price of HK\$0.24 per share as quoted on the Stock Exchange on the date of the CB Subscription Agreement. The maturity date of the Convertible Bonds will fall on the second anniversary of the issue date.

The aggregate gross proceeds from the issue of the Convertible Bonds will be HK\$19,775,000 and the aggregate net proceeds from the issue of the Convertible Bonds are estimated to be approximately HK\$17,630,260 (equivalent to RMB15,602,000). The net price per conversion share is estimated to be approximately HK\$0.481.

The Company intends to apply the net proceeds from the issue of the Convertible Bonds in the following manner: (i) approximately 38.45% of the net proceeds, or approximately HK\$6,780,000 (equivalent to RMB6,000,000), will be used for serial program/film production and related services and film distribution and income rights; (ii) approximately 31.55% of the net proceeds, or approximately HK\$5,561,860 (equivalent to RMB4,922,000), will be used for mobile application development and operation; and (iii) approximately 30.00% of the net proceeds, or approximately HK\$5,288,400 (equivalent to RMB4,680,000), will be used for the general working capital of the Group.

The Directors consider that (i) the issuance of the Convertible Bonds provides an opportunity for the Company to raise additional funds for its operations and broaden the Company’s capital base for business development, and (ii) the issue of the Convertible Bonds is an appropriate mean of raising additional capital of the Company since it will not have an immediate dilution effect on the shareholding of the existing shareholders.

The transaction has not yet been completed. Please refer to announcements dated on 22 May 2023, 23 May 2023 and circular dated 27 June 2023 for details.

On 19 June 2023, the Company and Mr. Nian Binbin (念彬彬) entered into the convertible bonds subscription agreement, pursuant to which Mr. Nian Binbin (念彬彬) has conditionally agreed to subscribe for, and the Company has conditionally agreed to issue the convertible bonds in the principal amount of RMB9,000,000 (equivalent to HK\$10,170,000). The convertible bonds with 2% annual interest rate can be convertible into 18,833,333 ordinary shares of HK\$0.05 each (with a nominal value of HK\$941,666) in the issued share capital

in the Company at the convertible price of HK\$0.54 per share, a premium of approximately 107.69% over the closing price of HK\$0.260 per share as quoted on the Stock Exchange on the date of the subscription agreement, at the option of the bondholder and subject to and in accordance with the terms and conditions of the subscription agreement. The maturity date of the convertible bonds will fall on the second anniversary of the issue date.

The aggregate gross proceeds from the issue of the convertible bonds will be HK\$10,170,000 (equivalent to RMB9,000,000) and the aggregate net proceeds from the issue of the convertible bonds are estimated to be approximately HK\$9,502,170 (equivalent to RMB8,409,000). The net price per conversion Share is estimated to be approximately HK\$0.5045.

The Company intends to apply the net proceeds in the following manner: (i) approximately 70.51% of the net proceeds, or approximately HK\$6,699,770 (equivalent to RMB5,929,000), will be used for mobile application development and operation; and (ii) approximately 29.49% of the net proceeds, or approximately HK\$2,802,400 (equivalent to RMB2,480,000), will be used for the general working capital of the Group.

The Directors consider that (i) the issuance of the convertible bonds provides an opportunity for the Company to raise additional funds for its operations and broaden the Company's capital base for business development, and (ii) the issue of the convertible bonds is an appropriate mean of raising additional capital of the Company since it will not have an immediate dilution effect on the shareholding of the existing shareholders. The transaction has not yet been completed. Please refer to announcement dated on 19 June 2023 and circular dated 24 July 2023 for details.

### **Subscription of new shares under general mandate**

On 19 June 2023, the Company and TAN YEW JING entered into the subscription agreement, pursuant to which TAN YEW JING has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, 25,187,383 ordinary shares (with a nominal value of HK\$1,259,369.15) at a subscription price of HK\$0.214 per Subscription Share, a discount of approximately 17.69% to the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on the date of the subscription agreement. The transaction has not yet been completed. Please refer to announcement dated on 19 June 2023 for details.

The aggregate gross proceeds of the subscription will be HK\$5,390,100 (equivalent to RMB4,770,000) and the aggregate net proceeds of the subscription are estimated to be approximately HK\$5,244,895 (equivalent to RMB4,641,500), representing a net issue price of approximately HK\$0.2082 per subscription Share.

The Company intends to apply the net proceeds of the subscription in the following manner: (i) approximately 70.00% of the net proceeds, or approximately HK\$3,671,427 (equivalent to RMB3,249,050) to mobile application development and operation and related services; and (ii) approximately 30.00% of the net proceeds, or approximately HK\$1,573,469 (equivalent to RMB1,392,450), will be used for the general working capital of the Group.

The Board considered that the subscription represents an opportunity to raise additional capital for the development of mobile application development and operation and related services, maintaining the Group's working capital and business operation and will also enlarge the shareholders and capital base of the Company and strengthen the financial position of the Group.

### **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) serial program/film production and related services and film distribution and income rights; (ii) concert and event organisation and related services; (iii) mobile application development and operation and related services; and (iv) artist management.

### **Serial Program/film production and related services and film distribution and income rights**

The Group has recorded revenue of approximately RMB13.8 million in program production and related services for the six months ended 30 June 2023, while there was recorded revenue of approximately RMB7.1 million for the corresponding period last year. The revenue mainly comes from the film distribution and income rights in relation to imported film.

The Group believes there is a shortage of imported films in the PRC box office market and demand will be high. The Group will steadily explore investment related to the introduction of imported films business to broaden our source of income.

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 recorded revenue of approximately RMB8.0 million from concert and event organisation segment in the six months ended 30 June 2023, as compared to no revenue being recognised for the same period in 2022. The revenue mainly comes from several concerts being held in Taiwan.

The Group will try to liaise with the artistes to organize more concerts (including K-pop artists and a renowned top singer from the PRC) in the future.

### **Mobile application development and operation**

The Group has recorded revenue of approximately RMB1.8 million from the mobile application development and operation segment for the six months ended 30 June 2023, comparing to RMB0.3 million for the corresponding period of last year. Revenue are mainly from live streaming e-commerce.

The Group will continue to cooperate with a well-known celebrity in Mainland China to launch the live broadcasts on Taobao and DouYin platforms. The Group will continue to get into in-depth cooperation with well-known celebrities to deeply cultivate the huge market of live streaming e-commerce.

### **Artist management**

The revenue for the six months ended 30 June 2023 was approximately RMB0.3 million as compared to approximately RMB0.7 million in the same period of last year. The decrease was mainly due to less jobs being organised for our artists for the period.

Our Group will continue to seek for opportunities between our artists and customers or brands, as well as managing and promoting our artists and/or athletic artists in order to bring more value to the Group.

Although the businesses of the Group are facing various external challenges in 2023, 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 2023, the largest customer of the Group contributed approximately 57.7% 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. 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 2023, the Group had a total of 28 employees (30 June 2022: 38). 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 RMB25,000 for the addition of property, plant and equipment during the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately RMB79,000).

## **Capital Commitments**

As at 30 June 2023, the Group had capital commitments of RMB33.0 million (as at 31 December 2022: RMB33.0 million).

## **Contingent Liabilities**

As at 30 June 2023, 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 2023 nor material acquisitions and disposals of subsidiaries or affiliated companies made by the Group during the six months ended 30 June 2023 (Year 2022: (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).

## **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 2023.

### **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. The number of options available for grant under the scheme mandate as at 1 January 2023 and 30 June 2023 is 24,000,000 shares.

### **COMPETING INTERESTS**

During the six months ended 30 June 2023, 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 2023 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 set out in Part 2 of the CG Code for the six months ended 30 June 2023, 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 2023.

### **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 2023 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, 7 August 2023

*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.*

*This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” 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](http://www.ntmediabj.com).*