



CHINA 33 MEDIA GROUP LIMITED
中國三三傳媒集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8087



First Quarterly
Report **2019**

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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Given that the companies listed on GEM are generally small and mid-sized, 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.

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This report for which the directors (the “Directors”) of China 33 Media Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this report 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 report misleading.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

FIRST QUARTERLY RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2019, together with the comparative unaudited figures for the corresponding period in 2018, are as follows:

	<i>Notes</i>	Three months ended 31 March	
		2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
REVENUE	5	11,117	15,150
Cost of sales		(10,091)	(10,008)
Gross profit		1,026	5,142
Other income		284	29
Other losses and gains, net		(77)	(1,640)
Selling and distribution expenses		(1,924)	(2,115)
Administrative expenses		(4,850)	(4,884)
Share of results of a joint venture		–	(3)
LOSS BEFORE TAXATION		(5,541)	(3,471)
Taxation	6	–	(17)
LOSS FOR THE PERIOD		(5,541)	(3,488)
OTHER COMPREHENSIVE EXPENSE FOR THE PERIOD:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(8,408)	(3,333)
TOTAL COMPREHENSIVE EXPENSE FOR THE PERIOD		(13,949)	(6,821)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2019

	<i>Notes</i>	Three months ended 31 March	
		2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
Loss for the period attributable to:			
Owners of the Company		(5,540)	(3,631)
Non-controlling interests		(1)	143
		(5,541)	(3,488)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(13,948)	(6,964)
Non-controlling interests		(1)	143
		(13,949)	(6,821)
		RMB cents	RMB cents
Loss per share			
Basic and diluted	8	(0.10)	(0.06)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2019

	Attributable to owners of the Company									Non-controlling interests	Total equity
	Issued capital	Share premium	Capital reserve	Statutory reserve	Share redemption reserve	Exchange reserve	Share option reserve	Accumulated losses	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2018 (audited)	36,721	626,521	26,239	13,174	19	(1,358)	7,288	(253,650)	454,954	(4,666)	450,288
Loss for the period	-	-	-	-	-	-	-	(3,631)	(3,631)	143	(3,488)
Exchange differences on translation of foreign operations	-	-	-	-	-	(3,333)	-	-	(3,333)	-	(3,333)
Total comprehensive expense for the period	-	-	-	-	-	(3,333)	-	(3,631)	(6,964)	143	(6,821)
At 31 March 2018 (unaudited)	36,721	626,521	26,239	13,174	19	(4,691)	7,288	(257,281)	447,990	(4,523)	443,467
At 1 January 2019 (audited)	36,721	626,521	26,239	13,174	19	19,348	4,807	(286,913)	439,916	(8,175)	431,741
Loss for the period	-	-	-	-	-	-	-	(5,540)	(5,540)	(1)	(5,541)
Exchange differences on translation of foreign operations	-	-	-	-	-	(8,408)	-	-	(8,408)	-	(8,408)
Total comprehensive expense for the period	-	-	-	-	-	(8,408)	-	(5,540)	(13,948)	(1)	(13,949)
At 31 March 2019 (unaudited)	36,721	626,521	26,239	13,174	19	10,940	4,807	(292,453)	425,968	(8,176)	417,792

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 5 May 2010 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands and the principal place of business of the Company is Suite 2001, Tower 1, China Hong Kong City, 33 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The principal activity of the Company is investment holding. During the period, the Group was principally engaged in the provision of advertising services of printed media for railway networks, outdoor advertising spaces at selected trains and railway stations in the People's Republic of China (the "PRC"), film and entertainment investment in Hong Kong and the PRC and prepaid card business in Hong Kong.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") 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 the Hong Kong Limited (the "GEM Listing Rules"). The condensed consolidated financial statements have been prepared under the historical cost basis. They are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee (the "Audit Committee") of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the Group's audited financial statements for the year ended 31 December 2018.

4. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

In the current period, the Group has applied a number of new and revised IFRSs issued by the IASB that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2019. The application of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior periods/years.

The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective. The directors anticipate that the application of the new and revised IFRSs will have no material impact on the results and financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

5. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the advertising income, revenue from distribution of film rights and profit sharing from concerts, as well as transaction fees and card related fees earned from the use of the prepaid cards.

	Three months ended 31 March	
	2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
An analysis of the Group's revenue for the period is as follows:		
Printed media advertising income	288	7,093
Outdoor advertising income	1,071	2,352
Film and entertainment investment income	5,991	4,170
Prepaid card income	3,767	1,535
	11,117	15,150

	Printed media advertising (unaudited) RMB'000	Outdoor advertising (unaudited) RMB'000	Film and entertainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
For the three months ended 31 March 2019					
Segment revenue:					
Revenue – external customers	288	1,071	5,991	3,767	11,117
Timing of revenue recognition					
At a point in time	–	–	5,991	3,767	9,758
Over time	288	1,071	–	–	1,359
	288	1,071	5,991	3,767	11,117
Segment (loss)/profit	(655)	(18)	586	(1,547)	(1,634)
<i>Reconciliation:</i>					
Bank interest income					26
Unallocated other income, other losses and gains, net					191
Corporate and other unallocated expenses					(4,124)
Loss before taxation					(5,541)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

5. REVENUE AND OPERATING SEGMENT INFORMATION (continued)

	Printed media advertising (unaudited) RMB'000	Outdoor advertising (unaudited) RMB'000	Film and entertainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
For the three months ended 31 March 2018					
Segment revenue:					
Revenue – external customers	7,093	2,352	4,170	1,535	15,150
Timing of revenue recognition					
At a point in time	–	–	4,170	1,535	5,705
Over time	7,093	2,352	–	–	9,445
	7,093	2,352	4,170	1,535	15,150
Segment profit/(loss)	3,628	1,134	362	(2,880)	2,244
<i>Reconciliation:</i>					
Bank interest income					29
Unallocated other income, other losses and gains, net					(1,643)
Share of results of a joint venture					(3)
Corporate and other unallocated expenses					(4,098)
Loss before taxation					(3,471)

6. TAXATION

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the three months ended 31 March 2019 (three months ended 31 March 2018: Nil). Taxes on profits assessable in the People's Republic of China (the "PRC") have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the PRC Corporate Income Tax Law, the PRC corporate income tax rate of all the PRC subsidiaries is 25%. The Group is not subject to any taxation under the jurisdiction of the Cayman Islands during the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2019 (three months ended 31 March 2018: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2019

8. 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 31 March	
	2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	(5,540)	(3,631)

	Number of shares Three months ended 31 March	
	2019 '000	2018 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	5,760,000	5,760,000

The calculation of the diluted loss per share for both periods did not assume the exercise of the Company's outstanding share options as the effect is anti-dilutive.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The principal business of the Group during the period included printed media advertising, outdoor advertising, film and entertainment investment and prepaid card business. The Group's total revenue for the three months ended 31 March 2019 amounted to approximately RMB11,117,000, representing a decrease of approximately RMB4,033,000 or 26.6% as compared to approximately RMB15,150,000 for the corresponding period last year.

Overall gross profit decreased by approximately RMB4,116,000 or 80.0% to approximately RMB1,026,000 for the three months ended 31 March 2019 from approximately RMB5,142,000 for the corresponding period of last year. The gross profit margin for the current period decreased to approximately 9.2% from approximately 33.9% for the corresponding period of last year. The total comprehensive expense for the period attributable to owners of the Company amounted to approximately RMB13,948,000, representing an increase of approximately 100.0% from approximately RMB6,964,000 for the corresponding period of last year.

REVIEW BY SEGMENT

Analysis of revenue, segment profit/(loss) and segment profit/(loss) margin by segment is as follows:

	Revenue			Segment profit/(loss)			Segment profit/(loss) margin	
	Three months ended			Three months ended			Three months ended	
	31 March			31 March			31 March	
	2019	2018	Change %	2019	2018	Change %	2019	2018
(unaudited)	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(unaudited)	(unaudited)
	RMB'000	RMB'000		RMB'000	RMB'000		%	%
Printed media advertising	288	7,093	(95.9)	(655)	3,628	(118.1)	(227.4)	51.1
Outdoor advertising	1,071	2,352	(54.5)	(18)	1,134	(101.6)	(1.7)	48.2
Film and entertainment investment	5,991	4,170	43.7	586	362	61.9	9.8	8.7
Prepaid card	3,767	1,535	145.4	(1,547)	(2,880)	(46.3)	(41.1)	(187.6)
Total	11,117	15,150	(26.6)	(1,634)	2,244	(172.8)	(14.7)	14.8

MANAGEMENT DISCUSSION AND ANALYSIS

Printed Media Advertising

Revenue from printed media advertising mainly represented the amount generated from the sales of the advertising space on the periodicals and was recognised upon the publication of the periodicals in which the respective advertisement was placed. “旅伴” (Fellow Traveller) is monthly nationwide periodicals distributed on China Railway High-speed (“CRH”) trains and selected regular trains in China. Revenue from “旅伴” (Fellow Traveller) was the only source of revenue for the period under review from printed media advertising.

Revenue from printed media advertising decreased by approximately RMB6,805,000 or 95.9% from approximately RMB7,093,000 for the three months ended 31 March 2018 to approximately RMB288,000 for the three months ended 31 March 2019. The decrease was mainly due to decrease in number of customers for periodical “旅伴” (Fellow Traveller) in the period under review. With termination of cooperation agreement with China Railway Publisher in 2016, the Group’s revenue on printed media was mainly from those contracts entered before 2016. By 2019 most of the contracts will be expired, so the revenue dropped significantly.

Segment loss from printed media advertising for the three months ended 31 March 2019 amounted to approximately RMB655,000, representing a decrease of approximately 118.1% as compared to the corresponding period of last year, which was segment profit of approximately RMB3,628,000. The decrease in segment (loss)/profit was mainly due to the significant reduction in number of customers. The segment (loss)/profit margin of printed media advertising decrease from segment profit margin approximately 51.1% for the three months ended 31 March 2018 to segment loss margin of approximately 227.4% for the three months ended 31 March 2019, due to very limited revenue generated in the period under review which was not enough to cover the fixed cost.

Outdoor Advertising

Revenue from outdoor advertising represented the amount generated from sales of advertising spaces on billboards and LEDs installed at certain selected train stations and revenue from holding advertising campaigns at train stations. Revenue from outdoor media advertising decreased by approximately RMB1,281,000 or 54.5% from approximately RMB2,352,000 for the three months ended 31 March 2018 to approximately RMB1,071,000 for the three months ended 31 March 2019. The decrease in revenue was due to decrease in number of customers for station promotion campaigns.

Segment loss from outdoor advertising for the three months ended 31 March 2019 amounted to approximately RMB18,000, representing a decrease of approximately 101.6% as compared to the corresponding period last year, which was segment profit of approximately RMB1,134,000. Segment (loss)/profit margin of outdoor advertising decreased from segment profit margin of approximately 48.2% for the three months ended 31 March 2018 to segment loss margin of approximately 1.7% for the three months ended 31 March 2019. This was due to reduction in revenue from station promotion campaigns which has a high margin.

MANAGEMENT DISCUSSION AND ANALYSIS

Film and Entertainment Investment

Revenue from film and entertainment investment represents profit sharing on box office of movies and concerts and distribution income of film rights and television drama. Revenue from the distribution of film rights and entertainment was recognised when (i) the Group's entitlement to such payments has been established which was upon the delivery of the master copy or materials to the customers, and (ii) the collectability of proceeds was reasonably assured. Revenue from film and entertainment investment increased by approximately RMB1,821,000 or 43.7% from approximately RMB4,170,000 for the three months ended 31 March 2018 to approximately RMB5,991,000 for the three months ended 31 March 2019. The frequency of income from film and entertainment investment was highly depending on the production status and the market trend for the respective periods.

Segment profit from film and entertainment investment for the three months ended 31 March 2019 amounted to approximately RMB586,000, representing an increase of approximately 61.9% as compared to the corresponding period last year, which was approximately RMB362,000. Segment profit margin of film and entertainment investment increased from approximately 8.7% for the three months ended 31 March 2018 to 9.8% for the three months ended 31 March 2019.

Prepaid Card

The Group obtained the Stored Value Facilities License ("SVF License") in November 2016, and started generating income from the new business in 2016. Revenue from prepaid card mainly represent the transaction fees recognised when the prepaid cardholders made payments of fares using the prepaid card and the card related fees when the service is provided. Revenue from prepaid card business increased by approximately RMB2,232,000 or 145.4% from approximately RMB1,535,000 for the three months ended 31 March 2018 to approximately RMB3,767,000 for the three months ended 31 March 2019. This was due to significant increase in both number and amount of prepaid cards sold in 2019 when compared with the corresponding period last year.

Segment loss from prepaid card business for the three months ended 31 March 2019 amounted to approximately RMB1,547,000, representing a decrease of approximately 46.3% as compared to the corresponding period last year, which was approximately RMB2,880,000. Segment loss margin of prepaid card business decreased from approximately 187.6% for the three months ended 31 March 2018 to approximately 41.1% for the three months ended 31 March 2019. The decrease was contributed by more Unionpay prepaid card sold which has a higher profit margin, and increased in card related income due to more card sold when compare to corresponding period last year.

CONTINGENT LIABILITIES

As at 31 March 2019, the Group did not have any significant contingent liabilities (as at 31 March 2018: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

Film market in the People's Republic of China (the "PRC") is presented with a huge opportunity. PRC movie attendance reached 1.7 billion in 2018. The total box office revenue in PRC was approximately RMB60.9 billion, representing an increase of approximately 9.06% as compared to 2017. Approximately 62.15% of the total box office revenue in 2018 was generated from domestic films. This is very encouraging for domestic films investors. With the growing popularity of online entertainment platforms, film viewership number will be even more optimistic. We are committed to deliver quality entertainment content and will continue seeking cooperation opportunities with other studios to co-invest in various film projects.

According to the quarterly statistics released by Hong Kong Monetary Authority, the total number of Stored Value Facilities (the "SVF") accounts in use was 54.10 million by the end of the third quarter of 2018. With population of 7.48 million, each person is having 7 SVF accounts on average. The launch of Faster Payment System in September 2018 has opened a common platform to all payment service providers, making top-up from bank accounts to SVF accounts, person to person transfer and e-wallet payment more efficient and simpler than ever. Its round-the-clock operation facilitates both customers and SVF operators. E-wallet is gaining momentum fast in 2018. The introduction of universal QR code standard for retail payments will certainly help promote the adoption of e-wallet payment services in Hong Kong.

Launching e-wallet is one of our key focuses in 2019. Collaborating with quality business partners to extend usage occasions of our products creatively and diversifying our distribution channels continue to be our key strategies. With the supporting infrastructure developed by the authority in place and our effective products and marketing strategies, we believe we would be able to achieve satisfactory results in 2019 and contribute to the Group's sustainable growth.

For the printed media business, in view that (i) the traditional printed media business has been decreasing since the year ended 31 December 2014; and (ii) the gradual shift of business focus from traditional media to new media opportunities in order to diversify the Group's existing businesses, we decided to down size the distribution of the printed periodical business following the expiry of the then cooperation agreement on 31 December 2016.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 15 to the GEM Listing Rules throughout period under review.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the three months ended 31 March 2019, the Directors were not aware of any business or interest of each of the Directors, or the controlling shareholders of the Company and their respective associates (as defined in GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the three months ended 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 March 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the required standard of dealings by directors of listed issuer referred to in Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary Shares of the Company

Name of director	Nature of interest	Number of Shares held	Approximate percentage of shareholding (Note 1) (%)
Mr. Ruan Deqing	Interest of a controlled corporation	576,020,000 ordinary Shares (Note 2)	10.00

Notes:

- (1) Based on the total number of issued Shares as at 31 March 2019.
- (2) These Shares are registered in the name of Lizhong Limited ("Lizhong"), 48.73% of the entire issued share capital of which was owned by Joint Loyal Limited ("Joint Loyal"). The entire issued share capital of Joint Loyal was owned by Mr. Ruan Deqing ("Mr. Ruan"), an executive director. Mr. Ruan is deemed to be interested in all the Shares in which Joint Loyal was interested by virtue of the SFO. Mr. Ruan was the sole director of Joint Loyal.

Save as disclosed above, as at 31 March 2019, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO.

MANAGEMENT DISCUSSION AND ANALYSIS

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors, as at 31 March 2019, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long positions in Shares and underlying Shares of the Company

Name of shareholder	Nature of interest	Number of Shares held	Approximate percentage of shareholding (Note 1) (%)
Mr. Lin Pintong (Note 2)	Interest of a controlled corporation	576,020,000	10.00
Lizhong (Note 2)	Beneficial owner	576,020,000	10.00
Broad Win Limited (Note 2)	Interest of a controlled corporation	576,020,000	10.00
Ms. Pan Xiaoying (Note 3)	Interest of spouse	576,020,000	10.00
Joint Loyal (Note 2)	Interest of a controlled corporation	576,020,000	10.00
Ms. Liu Sibin (Note 4)	Interest of spouse	576,020,000	10.00
New Express Investment Limited (Note 5)	Beneficial owner	398,622,000	6.92
China Investment and Finance Group Limited (Note 5)	Interest of a controlled corporation	398,622,000	6.92

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) Based on the total number of issued Shares as at 31 March 2019.
- (2) These Shares were registered in the name of and beneficially owned by Lizhong, 48.73% and 48.73% of the entire issued share capital of Lizhong was owned by Broad Win Limited (“Broad Win”) and Joint Loyal respectively. The entire issued share capital of Broad Win and Joint Loyal was owned by Mr. Lin Pintong (“Mr. Lin”) and Mr. Ruan respectively. Under the SFO, each of Mr. Lin, Mr. Ruan, Broad Win and Joint Loyal was deemed to be interested in all the Shares held by Lizhong. The directors of Lizhong were Mr. Lin, Mr. Ruan and Mr. Han Wenqian.
- (3) Ms. Pan Xiaoying (“Ms. Pan”) was the spouse of Mr. Lin. Therefore, Ms. Pan was deemed, or taken to be, interested in the Shares which Mr. Lin was deemed, or taken to be interested in for the purposes of the SFO.
- (4) Ms. Liu Sibin (“Ms. Liu”) was the spouse of Mr. Ruan. Therefore, Ms. Liu was deemed, or taken to be, interested in the Shares which Mr. Ruan was deemed, or taken to be interested in for the purposes of the SFO.
- (5) These Shares were registered in the name of and beneficially owned by New Express Investment Limited (“New Express Investment”). The entire issued share capital of New Express Investment was owned by China Investment and Finance Group Limited (“China Investment”). China Investment was deemed to be interested in all the Shares in which New Express Investment was interested by virtue of the SFO.

Save as disclosed above, as at 31 March 2019, the Directors were not aware of any other persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company had adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the code of conduct and required standard of dealings concerning securities transactions by directors throughout the period under review.

AUDIT COMMITTEE

The Audit Committee was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; to review the risk management and the internal control systems of the Company; and to perform the corporate governance functions under Paragraph D.3.1 of the CG Code. As at the date of this report, the Audit Committee has three members, namely Ms. Tay Sheve Li (Chairperson), Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu, all being independent non-executive Directors.

MANAGEMENT DISCUSSION AND ANALYSIS

The Audit Committee has reviewed the unaudited results of the Group for the three months ended 31 March 2019. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

By order of the Board
China 33 Media Group Limited
Ruan Deqing
Chairman and Executive Director

Hong Kong, 14 May 2019

As at the date of this report, the executive Directors are Mr. Ruan Deqing (Chairman), Mr. Peng Lichun and Mr. Ma Pun Fai; and the independent non-executive Directors are Ms. Tay Sheve Li, Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu.