CINDERELLA MEDIA GROUP LIMITED
先 傳 媒 集 團 有 限 公 司 *

(continued in Bermuda with limited liability)
(Stock code: 550)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

AUDITED RESULTS

The board of directors (the "Board") of Cinderella Media Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016, together with the comparative figures for the year ended 31 December 2015 as follows:

* *for identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
Continuing operations			
Turnover	3	**96,527**	62,857
Direct operating costs		**(18,396)**	(17,118)
Gross profit		**78,131**	45,739
Other revenue and net income		**380**	1,813
Selling and distribution costs		**(16,540)**	(16,759)
Administrative and other operating expenses		**(77,578)**	(25,253)
Other expenses		**(4)**	(56)
Finance costs		**(602)**	(72)
(Loss)/Profit before income tax from continuing operations	5	**(16,213)**	5,412
Income tax credit/(expense)	6	**1,978**	(1,719)
(Loss)/Profit for the year from continuing operations		**(14,235)**	3,693
Discontinued operations			
Loss for the year from discontinued operations		**–**	(29,758)
Loss for the year		**(14,235)**	(26,065)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of financial statements of foreign operations		**(590)**	1,070
Fair value gain on available-for-sale financial assets		**5,756**	–
Release of exchange reserve upon disposal of subsidiaries		**–**	(4,041)
Other comprehensive income for the year, net of tax		**5,166**	(2,971)
Total comprehensive income for the year		**(9,069)**	(29,036)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016 (Continued)

	Notes	2016 HK$'000	2015 HK$'000
(Loss)/Profit for the year attributable to:			
Owners of the Company			
(Loss)/Profit for the year from continuing operations		**(12,115)**	3,693
Loss for the year from discontinued operations		–	(29,758)
Loss for the year attributable to owners of the Company		**(12,115)**	(26,065)
Non-controlling interests			
Loss for the year from continuing operations		**(2,120)**	–
Loss for the year from discontinued operations		–	–
Loss for the year attributable to non-controlling interests		**(2,120)**	–
		(14,235)	(26,065)
Total comprehensive income attributable to:			
Owners of the Company		**(6,949)**	(29,036)
Non-controlling interests		**(2,120)**	–
		(9,069)	(29,036)
			(Represented)
Loss per share from continuing and discontinued operations	*8(a)*		
Basic		**(HK3.55 cents)**	(HK7.71 cents)
Diluted		**(HK3.55 cents)**	(HK7.71 cents)
(Loss)/Earnings per share from continuing operations	*8(b)*		
Basic		**(HK3.55 cents)**	HK1.09 cents
Diluted		**(HK3.55 cents)**	HK1.09 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**3,734**	4,748
Prepaid land lease payments		**4,752**	5,286
Investment properties		**27,946**	28,826
Goodwill		**3,211**	–
Other intangible assets	*9*	**153,862**	–
Available-for-sale financial assets		**44,979**	–
		238,484	38,860
Current assets			
Trade and other receivables and deposits	*10*	**41,382**	8,793
Tax recoverable		**332**	3,187
Cash and cash equivalents		**83,373**	90,858
		125,087	102,838
Current liabilities			
Other payables and accruals		**8,996**	6,909
Amount due to non-controlling interests of a subsidiary		**6,750**	–
Amount due to a shareholder		**13,950**	–
Current portion of license right fees payables		**31,730**	–
Provision for taxation		**–**	4,081
		61,426	10,990
Net current assets		**63,661**	91,848
Total assets less current liabilities		**302,145**	130,708
Non-current liabilities			
Non-current portion of license right fees payables		**76,570**	–
Deferred tax liabilities		**7,869**	–
		84,439	–
Net assets		**217,706**	130,708

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016 (Continued)

	Notes	2016 HK$'000	2015 HK$'000
EQUITY			
Share capital	*11*	**74,007**	66,757
Reserves		**127,959**	63,951
Equity attributable to equity holders of the parent		**201,966**	130,708
Non-controlling interests		**15,740**	–
Total equity		**217,706**	130,708

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Employee compensation reserve	Investment revaluation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Proposed final and special dividends	Retained earnings	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2015	66,727	–	341	–	2,621	(43,897)	95,402	1,287	20,018	37,027	179,526	–	179,526
Exercise of share options	30	552	(341)	–	–	–	–	–	–	–	241	–	241
Share issue expenses	–	(5)	–	–	–	–	–	–	–	–	(5)	–	(5)
Final 2014 dividends paid	–	–	–	–	–	–	–	–	(20,018)	–	(20,018)	–	(20,018)
Disposal of subsidiaries	–	–	–	–	–	–	–	(1,287)	–	1,287	–	–	–
Transactions with owners	30	547	(341)	–	–	–	–	(1,287)	(20,018)	1,287	(19,782)	–	(19,782)
Loss for the year	–	–	–	–	–	–	–	–	–	(26,065)	(26,065)	–	(26,065)
Other comprehensive income													
Currency translation	–	–	–	–	1,070	–	–	–	–	–	1,070	–	1,070
Release of exchange reserve upon disposal of subsidiaries	–	–	–	–	(4,041)	–	–	–	–	–	(4,041)	–	(4,041)
Total comprehensive income for the year	–	–	–	–	(2,971)	–	–	–	–	(26,065)	(29,036)	–	(29,036)
Balance at 31 December 2015	66,757	547	–	–	(350)	(43,897)	95,402	–	–	12,249	130,708	–	130,708

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016 (Continued)

	Attributable to owners of the Company											Non-controlling interests	Total equity
	Share capital	Share premium	Employee compensation reserve	Investment revaluation reserve	Exchange reserve	Merger reserve	Contributed surplus	Statutory reserves	Proposed final and special dividends	Retained earnings	Total		
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 January 2016	66,757	547	–	–	(350)	(43,897)	95,402	–	–	12,249	130,708	–	130,708
Issue of shares upon placing	7,000	64,750	–	–	–	–	–	–	–	–	71,750	–	71,750
Share issue expenses	–	(717)	–	–	–	–	–	–	–	–	(717)	–	(717)
Share option granted	–	–	4,687	–	–	–	–	–	–	–	4,687	–	4,687
Exercise of share option	250	3,117	(880)	–	–	–	–	–	–	–	2,487	–	2,487
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	17,860	17,860
Transactions with owners	7,250	67,150	3,807	–	–	–	–	–	–	–	78,207	17,860	96,067
Loss for the year	–	–	–	–	–	–	–	–	–	(12,115)	(12,115)	(2,120)	(14,235)
Other comprehensive income													
Currency translation	–	–	–	–	(590)	–	–	–	–	–	(590)	–	(590)
Fair value gain on available-for-sale financial assets	–	–	–	5,756	–	–	–	–	–	–	5,756	–	5,756
Total comprehensive income for the year	–	–	–	5,756	(590)	–	–	–	–	(12,115)	(6,949)	(2,120)	(9,069)
Balance at 31 December 2016	74,007	67,697	3,807	5,756	(940)	(43,897)	95,402	–	–	134	201,966	15,740	217,706

Merger reserve of the Group arose as a result of the Group's reorganisation in 2000 and represents the difference between the nominal amount of the share capital issued by the Company and the nominal amount of the issued share capital of Recruit (BVI) Limited. Contributed surplus of the Group arose as a result of the reduction in share capital in accordance with the Group's capital reorganisation in 2003.

In accordance with relevant regulations prevailing in the People's Republic of China ("the PRC"), certain of the Company's subsidiaries, established in the PRC, are required to appropriate no less than 10% of their net profits to the statutory reserves, until the respective balances of the fund reach 50% of the respective registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, these statutory reserves may be used to offset against their respective accumulated losses, if any.

1. GENERAL INFORMATION

Cinderella Media Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company on 13 March 2000 and redomiciled to Bermuda by way of de-registration in the Cayman Islands and continuation as an exempted company under the laws of Bermuda, with limited liability on 29 January 2003. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is 26/F, 625 King's Road, North Point, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK").

The Company acts as an investment holding company and provides corporate management services. The principal activities of the Group are property investment, provision of advertising service and provision of website development and information technology services. There were no significant changes in the Group's operation during the year.

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also include the applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK.

2. ADOPTION OF NEW OR AMENDED HKFRSs

During the year, the Group has adopted all the amended HKFRSs which are first effective for the reporting year and relevant to the Group. The adoption of these amended HKFRSs did not result in material changes to the Group's accounting policies.

At the date of this results announcement, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Directors are currently assessing the impact of the new and amended HKFRSs upon initial application. So far, the Directors have preliminarily concluded that the initial application of these HKFRSs will not result in material financial impact on the consolidated financial statements. Information on new and amended HKFRSs that are expected to have an impact on the Group's accounting policies is provided below.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

HKFRS 9 (2014) – Financial Instruments

The standard is effective for accounting periods beginning on or after 1 January 2018. It introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("FVTPL").

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The standard is effective for accounting periods beginning on or after 1 January 2018. The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. ADOPTION OF NEW OR AMENDED HKFRSs *(Continued)*

HKFRS 16 – Leases

The standard is effective for accounting periods beginning on or after 1 January 2019. It, which upon the effective date will supersede HKAS 17 " Leases " and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

3. TURNOVER

Turnover represents the revenue from the Group's principal activities as analysed below:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Advertising income	**95,829**	62,011
Rental income	**698**	846
	96,527	62,857

4. SEGMENT INFORMATION

The executive directors have identified the Group's two service lines: i) advertising; and ii) property investment as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Advertising		**Property investment**		**Consolidated**	
	2016	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue						
– External sales	**95,829**	62,011	**698**	846	**96,527**	62,857
Reportable segment profit	**6,531**	17,113	**49**	350	**6,580**	17,463
Amortisation of other intangible assets	**41,037**	–	**–**	–	**41,037**	–
Depreciation	**122**	139	**343**	343	**465**	482
Impairment of trade receivables	**4**	56	**–**	–	**4**	56
Reportable segment assets	**206,529**	11,013	**28,470**	29,383	**234,999**	40,396
Additions to non-current segment assets during the year	**112,480**	22	**–**	–	**112,480**	22
Reportable segment liabilities	**123,337**	9,895	**253**	20	**123,590**	9,915

4. **SEGMENT INFORMATION** *(Continued)*

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements as follows:

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Reportable segment revenue (Turnover)	**96,527**	62,857
Group revenue	**96,527**	62,857
Reportable segment profit	**6,580**	17,463
Equity-settled share-based payment expenses	**(4,687)**	–
Unallocated corporate income	**179**	1,715
Unallocated corporate expenses*	**(17,683)**	(13,694)
Finance costs	**(602)**	(72)
(Loss)/Profit before income tax	**(16,213)**	5,412
Reportable segment assets	**234,999**	40,396
Available-for-sale financial assets	**44,979**	–
Cash and cash equivalents	**73,640**	86,882
Other corporate assets	**9,953**	14,420
Group assets	**363,571**	141,698
Reportable segment liabilities	**123,590**	9,915
Amount due to a shareholder	**13,950**	–
Deferred tax liabilities	**7,869**	–
Other corporate liabilities	**456**	1,075
Group liabilities	**145,865**	10,990

* Unallocated corporate expenses manly included staff costs and legal and professional expenses incurred by the Company.

4. **SEGMENT INFORMATION** *(Continued)*

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas.

	Revenue from external customers (Continuing operations)		**Non-current assets**	
	2016	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
PRC	**28,342**	–	**7,133**	7,952
Hong Kong (domicile)	**68,185**	62,857	**231,351**	30,908
	96,527	62,857	**238,484**	38,860

Sales by geographical markets are analysed based on the location of customers and the geographical location of non-current assets is based on the physical location of the assets.

5. **(LOSS)/PROFIT BEFORE INCOME TAX**

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
(Loss)/Profit before income tax is arrived at after charging/(crediting):		
Amortisation of prepaid land lease payments	**136**	96
Amortisation of other intangible assets	**41,037**	–
Auditor's remuneration	**580**	500
Depreciation of property, plant and equipment, included in administrative and other operating expense	**818**	618
Depreciation of investment properties	**880**	880
Employee benefit expense	**26,943**	26,948
Impairment of trade receivables	**4**	56
Minimum lease payments paid under operating leases in respect of:		
– Rented premises and production facilities	**4,304**	1,500
– Internet access line	**155**	154
– Office equipment	**89**	47
Direct operating expenses arising from investment properties that generated rental income	**101**	104
Gains on financial assets at fair value through profit or loss	**–**	(57)

During the year, auditor's remuneration for other services amounted to HK$150,000 (2015: HK$810,000).

6. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profits for the year. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operations.

	2016	2015
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong profits tax		
Current year	**1,419**	1,718
(Over)/Under provision in prior years	**(28)**	1
	1,391	1,719
Deferred tax		
Current year	**(3,369)**	–
	(1,978)	1,719

7. DIVIDENDS

The directors do not recommend the payment of a dividend for the years ended 31 December 2016 and 2015.

8. (LOSS)/EARNINGS PER SHARE

(a) For continuing and discontinued operations

The calculations of basic and diluted (loss)/earnings per share are based on the following data:

	2016	2015
	HK$'000	*HK$'000*
(Loss)/Profit for the year attributable to owners of the Company		
Continuing operations	**(12,115)**	3,693
Discontinued operations	**–**	(29,758)
	(12,115)	(26,065)

8. (LOSS)/EARNINGS PER SHARE *(Continued)*

(a) For continuing and discontinued operations *(Continued)*

	Number of shares **2016** ***’000***	2015 *’000* (Represented)
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**341,149**	338,154
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	**–**	10
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**341,149**	338,164

The weighted average number of ordinary shares for the purpose of computing basic (loss)/earnings per share for the year ended 31 December 2015 has been adjusted to reflect the bonus element in the placing of shares of the Company during the year.

In 2016 and 2015, diluted (loss)/earnings per share attributable to owners of the Company are the same as basic (loss)/earnings per share as the impact of the exercise of share options was anti-dilutive.

(b) For continuing operations

The calculation of basic earnings per share from continuing operations is based on the loss attributable to owners of the Company from continuing operations of HK$12,115,000 (2015: profit of HK$3,693,000) and the denominators used are the same as those detailed above for basic earnings per share.

For the year ended 31 December 2016, diluted loss per share from continuing operations is same as basic loss per share as the impact of the exercise of share options was anti-dilutive.

For the year ended 31 December 2015, diluted earnings per share from continuing operations is based on profit attributable to owners of the Company from continuing operations of HK$3,693,000 and the denominators used are the same as those detailed above for diluted earnings per share.

(c) For discontinued operations

For the year ended 31 December 2015, basic loss per share for discontinued operations was HK8.80 cent, based on the loss attributable to owners of the Company from discontinued operations of HK$29,758,000 and the denominators used were the same as those detailed above for both basic loss per share. Diluted loss per share from discontinued operations attributable to owners of the Company was the same as basic loss per share as the impact of the exercise of share options was anti-dilutive.

There is no discontinued operation for the year ended 31 December 2016.

9. OTHER INTANGIBLE ASSETS

	Advertising agency license rights
	HK$'000
Cost	
Acquired through business combination *(Note a)*	88,638
Additions *(Note b)*	106,261
At 31 December 2016	194,899
Accumulated amortisation	
Charge for the year	41,037
At 31 December 2016	41,037
Net carry amount	
At 31 December 2016	153,862

Note:

(a) This represents an advertising agency license right obtained by the Group through the acquisition of Hong Kong Made (Media) Limited ("Hong Kong Made") during the year ended 31 December 2016. Hong Kong Made is the exclusive advertising agent of Guangzhou Shengyu ("Shengyu") in providing advertising agency services and related production services in respect of 20 trains of Guangzhou-Shenzhen Railway-China Railway High Speed ("China Railway High Speed") under the exclusive advertising agency agreement entered into between Hong Kong Made and Shengyu on 24 June 2014. According to the agreement, Hong Kong Made can place advertisements for its customer at display boards, LED displays at both ends of the compartments and outside the train, both side of the train doors, tray tables and head rests.

9. OTHER INTANGIBLE ASSETS *(Continued)*

Note: (Continued)

(b) On 27 April 2016, Hong Kong Made entered into an additional exclusive advertising agency agreement (the "additional agreement") with Shengyu for compartments of further 2 trains of China Railway High Speed. The additional agreement will be expired on 30 June 2017.

On 27 April 2016, Hong Kong Made entered into an exclusive advertising agency agreement with Shengyu to early renew the exclusive advertising agency license rights (the "renewal agreement") for compartments of 22 trains of China Railway High Speed for further 3 years. The renewal agreement will be expired on 30 June 2020.

On 27 April 2016, Ample Success Limited, a subsidiary of the Group, entered into a new exclusive advertising agency agreement with Shengyu for the body of 22 trains of China Railway High Speed. The agreement will be expired on 30 March 2019.

Advertising agency license rights acquired in a business combination are recognised at fair value at the acquisition date. The fair values of other intangible assets as at the date of acquisition were valued by an independent valuer, Graval Consulting Limited, and are determined using multi-period excess earnings method, whereby the asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. Advertising agency license rights have finite useful life and are carried at cost less accumulated amortisation and impairment losses, if any. Amortisation is calculated using straight-line method over their expected lives.

10. TRADE AND OTHER RECEIVABLES AND DEPOSITS

Ageing analysis of trade receivables, net of provision as at 31 December 2016, based on invoice date, is as follows:

	2016	2015
	HK$'000	*HK$'000*
0 - 30 days	**18,639**	6,356
31 - 60 days	**4,379**	231
61 - 90 days	**176**	39
91 - 120 days	**905**	4
121 - 150 days	**749**	3
Over 150 days	**515**	–
Total trade receivables	**25,363**	6,633
Other receivables and deposits	**16,019**	2,160
	41,382	8,793

The Group allows a credit period from 7 to 120 days (2015: 7 to 120 days) to its customers.

11. SHARE CAPITAL

	2016		2015	
	Number of shares	**Nominal value**	Number of shares	Nominal value
	'000	***HK$'000***	*'000*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.20 each				
At 1 January	**5,000,000**	**1,000,000**	500,000	100,000
Increase during the year	**–**	**–**	4,500,000	900,000
At 31 December	**5,000,000**	**1,000,000**	5,000,000	1,000,000
Issued and fully paid:				
Ordinary shares of HK$0.20 each				
At 1 January	**333,784**	**66,757**	333,634	66,727
Shares issued upon exercise of share options	**1,250**	**250**	150	30
Shares issued upon placing in December 2016	**35,000**	**7,000**	–	–
At 31 December	**370,034**	**74,007**	333,784	66,757

Pursuant to the special resolution dated 29 December 2015, the authorised share capital of the Company was increased from HK$100,000,000 divided into 500,000,000 ordinary shares of HK$0.20 each to HK$1,000,000,000 divided into 5,000,000,000 ordinary shares by the creation of 4,500,000,000 unissued shares of HK$0.20 each.

On 2 December 2016, the Company entered into a placing agreement with the placing agent, pursuant to which an aggregate of 35,000,000 new ordinary shares were placed by the placing agent on behalf of the Company, at the placing price of HK$2.05 per placing share with the independent investors. The Company issued 35,000,000 new ordinary shares at HK$2.05 per share on 16 December 2016. As a result, there was an increase in share capital and share premium of HK$7,000,000 and HK$64,750,000 respectively. Details of the placing are set out in the Company's announcements dated 2 December 2016 and 16 December 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Train Media

Development in 2016

On 29 January 2016, Fullmoon Global Limited ("Fullmoon"), the Company's wholly owned subsidiary, entered into a sale and purchase agreement (the "SPA") with Silver Golden Limited and Mr. Sui Chok Lee (collectively the "Vendors") where Fullmoon agreed to buy and the Vendors agreed to sell a total of 60% interest in Hong Kong Made (Media) Limited ("Hong Kong Made") for a consideration of HK$30 million and a loan assignment of HK$6.6 million, with a total of HK$36.6 million. According to the SPA, Ms. Chau Lan Sze, the sole beneficial owner of Silver Golden Limited, together with the Vendors, warranted the Purchaser that the audited net profit after taxation of Hong Kong Made for each of the year ending on 31 March 2017 (the "2016 Profits") and 31 March 2018 (the "2017 Profits") should be at least HK$5 million (the "Profit Guarantee"). The consideration of the transaction was fully settled by cash and was completed on 1 April 2016.

Hong Kong Made is the exclusive advertising agent of 廣州聲煜金線廣告有限公司 ("Shengyu") in providing advertising agency services and related production services in respect of 20 trains of Guangzhou-Shenzhen Railway-China Railway High Speed ("China Railway High Speed") under the exclusive advertising agency agreement entered into between Hong Kong Made and Shengyu on 24 June 2014. According to the agreement, Hong Kong Made can place advertisements for its customer at display board, LED displays at both ends of the compartments and outside the train, both side of the train doors, tray tables and head rests.

In April 2016, another exclusive agreement has been entered into to extend the exclusivity to the train body of the China Railway High Speed and the number of trains of China Railway High Speed to 22 trains.

From the date of completion of acquiring Hong Kong Made (i.e., 1 April 2016 to 31 December 2016), Hong Kong Made recorded revenue of approximately HK$39.3 million and profit of approximately HK$17.7 million.

BUSINESS REVIEW *(Continued)*

Train Media *(Continued)*

Development in 2016 *(Continued)*

The consideration was determined after arm's length negotiations between the Vendors and the Company after taking into account, among other things, (i) the development prospects of Hong Kong Made; (ii) the Profit Guarantee; and (iii) the expected synergy to and the development prospects of the existing businesses of the Group after completion. The Directors consider that the consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole. As at 31 December 2016, nine months after the completion, the Train Media business contributed profit of approximately HK$17.7 million and, given no loss was made in the last three months up till 31 March 2017, Hong Kong Made has already met the first year of Profit Guarantee in accordance with the SPA.

Recruit Magazine

Development in 2016

Turnover for the recruitment advertising business registered a 8.9% decrease from HK$62.0 million in 2015 to HK$56.5 million in 2016. The decrease is mainly attributable to the drop in the print advertisement. The recruitment advertising business is adversely affected by the downturn in retail business since major part of our customers was from the retail sector. The gross profit margin dropped by 2% since the direct operating costs, such as papers and printing costs, were not reduced corresponding to the decrease in turnover. In view of the tough business environment, management exercised tight control on its operating costs in order to maintain the recruitment advertising business' profit contribution.

Property Investment

Development in 2016

Apart from advertising business, the Group is also engaged in property investment business. Express Ocean Investment Limited is a wholly owned subsidiary of the Company which owns several office premises in Hong Kong. This business contributes a steady stream of rental income of approximately HK$698,000 (2015: HK$846,000) to the Group. The decrease was mainly due to a majority of the units held by the Group were surrendered near the end of 2015 that it took several months to source new tenants with condition that monthly rental was adjusted downward.

BUSINESS REVIEW *(Continued)*

Principal risk and uncertainties

In general, the Company's businesses are subject to several factors: 1. the overall macroeconomic condition in the PRC; 2. changes in consumption trends; 3. economic and employment condition in Hong Kong; and 4. property market condition in Hong Kong.

These factors may or may not have material impact on the Group's financial conditions and results of its operation. The Company will continue to implement prudential, operational and financial policies in seeking to address the impact of these uncertain factors.

PROSPECTS

As mentioned in the last year's annual report, due to a high association with Hong Kong in many aspects, the PRC's economy is still considered a major concern to the Group's business, in particular, the indebtedness of both public and private sectors and the loss in foreign reserve were exacerbated in the last year, showing the loss of confidence to the economic outlook in the PRC. Not to mention, the anticipation of the start of interest rate rise cycle in the United States has already led to significant changes of cash flows around the world. On the political side, the unexpected outcome of the presidential election in the United States and the surge of nationalism in western countries shatter the political stability that fuels the uncertainty to the global economic outlook.

While maintaining optimistic to the Train Media business, the Group believes it would be a good chance to acquire businesses with good potential at a relatively low cost. As a result, the Company is actively seeking other quality investment opportunities, expanding it to engage into different cultural related businesses, namely, drama production, education, virtual reality technology, etc., in order to maximise return for the shareholders of the Company.

FINANCIAL REVIEW

Turnover for the year ended 31 December 2016 was approximately HK$96.5 million (2015: HK$62.9 million) and represented an increase of 53.6% from the previous corresponding year which was mainly contributed by the Train Media business acquired during the year. The gross profit margin improved from 72.8% in 2015 to 80.9% in 2016.

Other income decreased by 79.0% to approximately HK$380,000 (2015: HK$1.8 million) in 2016 mainly due to decrease in interest income and service income by approximately HK$1.3 million.

FINANCIAL REVIEW *(Continued)*

The administrative expenses significantly increased by 206.7% to approximately HK$77.6 million (2015: HK$25.3 million) mainly due to inclusion of operating expenses as a result of the acquisition of Hong Kong Made and the share option expenses arisen from the grant of share options amounting to approximately HK$4.7 million. Please refer to Section "Share Option" for details. In addition, the amortisation of exclusive advertising rights of Train Media business at group level as adjusted and amortised according to the fair value (instead of book value) of the exclusive rights after the completion of the Train Media business, amounting to approximately HK$41.0 million was recognised as expenses during the year. Excluding the non-cash share option expense and amortisation of the exclusive advertising rights, the Group would in fact be profit making of approximately HK$31.5 million.

FINANCIAL KEY PERFORMANCE

The above financial data were chosen to present in this annual report as they represent a material financial impact on the financial statements of the Group for the current and/or the previous financial year, that a change of which could affect the revenue and profit conspicuously. It is believed that by presenting the changes of these financial data can effectively explain the financial performance of the Group for the year ended 31 December 2016.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, the Group had net current assets of approximately HK$63.7 million (2015: HK$91.8 million). The Group's current ratio as at 31 December 2016, which is defined as current assets over current liabilities, was 2.0 (2015: 9.4). The financial position of the Group was healthy with total cash and bank balance of approximately HK$83.4 million (2015: HK$90.9 million).

The Group's gearing ratio as at 31 December 2016 was 0% (2015: 0%), which is calculated on the basis of the Group's total interest-bearing debts over the total equity interest. Total bank loan as at 31 December 2016 was nil (2015: nil).

The Group adopts centralized financing and treasury policies in order to ensure the Group's funding is utilized efficiently. Conservative approach is adopted on monitoring foreign exchange exposure and interest rate risk. Forward contracts were used to hedge the foreign currency exposure in trading and capital expenditure when it was considered appropriate.

CAPITAL STRUCTURE

As at 31 December 2016, the total issued shares of the Company ("Shares") was 370,034,000 (2015: 333,784,000 Shares) at HK$0.2 each.

Share Option

On 5 April 2016, a total of 3,330,000 share options of the Company were granted to each of Mr. Tsang Hing Bun, Executive Director and Mr. Yiu Yu Cheung, Non-executive Director at an exercise price of HK$1.99. As at 31 December 2016, a total of 1,250,000 share options have been exercised. No options were cancelled or lapsed during the year.

Fund Raising Activity

On 2 December 2016, the Company entered into a placing agreement with Great Roc Capital Securities Limited ("Great Roc", the "Placing Agent") pursuant to which the Company has conditionally agreed to place, through the Placing Agent, on a best-effort basis, a maximum of 35,000,000 shares under the general mandate granted by the shareholders of the Company at the annual general meeting held on 2 June 2016 to not less than six placees who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons as defined in the Rules Governing the Securities Listed on the Stock Exchange of Hong Kong Limited at a price of HK$2.05 per share. The gross and net proceeds raised from the placing of a total of 35,000,000 shares were approximately HK$71,750,000 and HK$71,000,000 respectively where the intended use of proceeds were for (i) repayment of shareholder's loan; (ii) development of Company's existing business; and (iii) general working capital of the Company and potential investments to be identified. As at the date of this announcement, approximately HK$14 million has been repaid to the shareholder and its associates, approximately HK$3 million has been applied for general working capital. The remaining capital will be applied for potential investments and development of Company's businesses.

CAPITAL COMMITMENTS

As at 31 December 2016, the Group did not have any significant capital commitments (2015: nil).

CONTINGENT LIABILITIES

As at 31 December 2016, the Group had no contingent liabilities (2015: nil).

EVENT AFTER REPORT DATE

On 22 February 2017, Express Ocean Investment Limited ("Express Ocean"), a wholly owned subsidiary of the Company entered into a loan agreement with ICBC (Asia) Limited ("ICBC") pursuant to which Express Ocean borrowed HK$6.1 million from ICBC by pledging all the office premises under its name with the Company as corporate guarantor. Effective interest rate of the loan was 2.25% per annum. The loan was drawdown on the same date.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 29 January 2016, the Group entered into a sale and purchase agreement with independent third parties to acquire 60% equity interest of Hong Kong Made for a consideration of HK$30 million and a loan assignment of HK$6.6 million, with a total of HK$36.6 million. For details, please refer to the announcement of the Company dated 29 January 2016.

Save as disclosed, the Group has not made any material acquisition or disposal of subsidiaries during the year under review.

SIGNIFICANT SECURITIES INVESTMENTS

On 1 February 2016, the Company acquired an aggregate of 115,740,000 shares of UKF (Holdings) Limited, a company listed on the Mainboard of the Stock Exchange (stock code: 1468), from an independent individual seller at an average price of HK$0.215 each for a consideration of approximately HK$24.9 million. As one of the applicable percentages exceeded 5% but below 25%, the acquisition was considered Discloseable Transaction.

Save as disclosed above, no significant securities investments were made during the year ended 31 December 2016.

CHARGES ON GROUP ASSETS

The Group has held several office premises as investment properties under Express Ocean Investment Limited ("Express Ocean"), a wholly owned subsidiary of the Company. Subsequently on 22 February 2017, Express Ocean entered into a loan agreement with Industrial and Commercial Bank of China (Asia) Limited ("ICBC") pursuant to which Express Ocean borrowed HK$6.1 million from ICBC by pledging all the office premises under its name with the Company as corporate guarantor (2015: nil).

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2016, the Group had around 55 employees (2015: 53). The pay scale of the Group's employees is maintained at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system. Other employees benefits include provident fund, insurance and medical cover.

DIVIDENDS

The Directors did not recommend any final dividend for the year ended 31 December 2016 (2015: nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, the Company did not purchase, redeem or sell any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard as set out in the Model Code regarding securities transactions by the Directors throughout the year ended 31 December 2016.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Group has adopted practices which meet the Corporate Governance Code and Corporate Governance Report for the year (the "Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The report describes its corporate governance practices, explains the applications of the principles of the Code and deviations, if any.

In the opinion of the Board, the Company has complied with the Corporate Governance Code and Corporate Governance Report for the year contained in Appendix 14 of the Listing Rules.

AUDIT COMMITTEE

The audit committee has four members comprising the three independent non-executive directors and one non-executive director, namely, Mr. Chan Siu Lun (Chairman), Mr. William Keith Jacobsen, Mr. Chan Chiu Hung, Alex and Mr. Yiu Yu Cheung with terms of reference in compliance with the Listing Rules. The audit committee has reviewed the audited financial results of the Group for the year ended 31 December 2016.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of this announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2016.

By order of the Board
CINDERELLA MEDIA GROUP LIMITED
Tsang Hing Bun
Executive Director

Hong Kong, 24 March 2017

As at the date of this announcement, the Board comprises Mr. Liu Gary Wei (Chief Executive Officer) and Mr. Tsang Hing Bun as Executive Directors; Mr. Chen Jiarong (Chairman), Mr. Yiu Yu Cheung and Mr. Leung Siu Kee as Non-executive Directors; and Mr. Chan Siu Lun, Mr. William Keith Jacobsen and Mr. Chan Chiu Hung, Alex, as Independent Non-executive Directors.