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

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 08087)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The board (the "**Board**") of directors (the "**Directors**") of China 33 Media Group Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 (the "**Year**"), together with comparative figures for the corresponding period in 2014, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Continuing operations			
Revenue	*3*	**89,309**	114,630
Cost of sales		**(63,208)**	(88,908)
Gross profit		**26,101**	25,722
Other income	*4*	**2,456**	6,408
Other gains and losses, net	*5*	**(10,711)**	(10,602)
Selling and distribution expenses		**(24,539)**	(38,750)
Administrative expenses		**(37,085)**	(39,029)
Share of results of associates		**2**	30
Share of results of a joint venture		**(421)**	16
Loss before taxation	*6*	**(44,197)**	(56,205)
Taxation	*7*	**(808)**	(3,423)
Loss for the year from continuing operations		**(45,005)**	(59,628)
Discontinued operations			
Loss for the year from discontinued operations	*17*	**(247)**	(120)
Loss for the year		**(45,252)**	(59,748)
Other comprehensive income (expense) for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**6,278**	(871)
Total comprehensive expense for the year		**(38,974)**	(60,619)
Loss for the year attributable to owners of the Company:			
— from continuing operations		**(44,935)**	(59,003)
— from discontinued operations		**(247)**	(120)
		(45,182)	(59,123)
Loss for the year attributable to non-controlling interests from continuing operations		**(70)**	(625)
		(45,252)	(59,748)

	Note	2015 RMB'000	2014 RMB'000
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(38,904)**	(59,994)
Non-controlling interests		**(70)**	(625)
		(38,974)	(60,619)
		RMB cents	*RMB cents* (restated)
Basic loss per share	*9*		
From continuing and discontinued operations		**2.18**	6.80
From continuing operations		**2.17**	6.78

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**20,168**	11,468
Intangible assets		**–**	–
Other non-current assets		**–**	7,510
Interest in a joint venture		**1,145**	1,566
Interests in associates		**6,241**	6,239
Available-for-sale investments		**–**	–
Prepayments and deposits	*11*	**49,591**	25,671
Loans receivables	*10*	**–**	8,810
Trade receivables	*11*	**3,700**	3,079
		80,845	64,343
Current assets			
Loans receivables	*10*	**–**	33,167
Trade and bills receivables	*11*	**15,644**	16,543
Prepayments, deposits and other receivables	*11*	**47,833**	29,558
Held for trading investments		**6,137**	–
Pledged bank deposits		**15,613**	14,952
Short-term bank deposits		**–**	10,350
Cash and cash equivalents		**420,334**	29,790
		505,561	134,360
Current liabilities			
Trade payables	*12*	**21,667**	26,519
Other payables and accruals	*12*	**17,370**	19,854
Amount due to an associate		**3,000**	3,000
Tax payable		**1,425**	2,043
		43,462	51,416
Net current assets		**462,099**	82,944
Net assets		**542,944**	147,287
Capital and reserves			
Share capital	*13*	**36,721**	3,957
Reserves		**500,576**	137,943
Equity attributable to owners of the Company		**537,297**	141,900
Non-controlling interests		**5,647**	5,387
Total equity		**542,944**	147,287

NOTES

Year ended 31 December 2015

1. GENERAL

China 33 Media Group Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Lizhong Limited ("Lizhong") (incorporated in the Cayman Islands). Lizhong is jointly controlled and owned as to 48.73% and 48.73% by Joint Loyal Limited and Broad Win Limited, companies incorporated in the Cayman Islands and are wholly-owned by Mr. Ruan and Mr. Lin respectively, the ultimate controlling parties of the Company. 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 consolidated financial statements are presented in Renminbi ("RMB") which is different from the functional currency of the Company, Hong Kong dollars ("HK$"), as the directors of the Company consider that RMB is the most appropriate presentation currency in view of the convenience of the consolidated financial statements users.

The Company is an investment holding company.

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

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board.

Amendments to IAS 19	Defined benefit plans: Employee contributions
Amendments to IFRSs	Annual improvement to IFRSs 2010–2012 cycle
Amendments to IFRSs	Annual improvement to IFRSs 2011–2013 cycle

The application of these amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial instruments[3]
IFRS 14	Regulatory deferral accounts[6]
IFRS 15	Revenue from contracts with customers[3]
IFRS 16	Leases[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[5]
Amendments to IFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to IAS 1	Disclosure initiative[1]
Amendments to IAS 7	Disclosure initiative[2]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[2]
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants[1]
Amendments to IAS 27	Equity method in separate financial statements[1]
Amendments to IFRSs	Annual improvements to IFRSs 2012–2014 cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2017.
3 Effective for annual periods beginning on or after 1 January 2018.
4 Effective for annual periods beginning on or after 1 January 2019.
5 Effective for annual periods beginning on or after a date to be determined.
6 Effective for first annual IFRS financial statements beginning on or after 1 January 2016.

IFRS 9 "Financial Instruments"

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' ("FVTOCI") measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised cost, the directors of the Company anticipate that the application of IFRS 9 in the future will not have other material impact on the Group's financial instruments based on the analysis of the Group's financial assets and liabilities as at 31 December 2015.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 "Revenue", IAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of IFRS 15 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 or services. Specifically, the Standard introduces 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 the performance obligations in the contract

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 16 "Leases"

IFRS 16 issued in January 2016 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

The directors of the Company anticipate that the application of IFRS 16 in the future may have impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised IFRSs will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue

	2015	2014
	RMB'000	*RMB'000*
An analysis of the Group's revenue for the year from continuing operations is as follows:		
Printed media advertising income	**80,673**	89,839
Outdoor advertising income	**8,636**	24,791
Total	**89,309**	114,630

Included in revenue from outdoor advertising income is an amount of RMB1,252,000 (2014: RMB2,418,000) in respect of advertising services provided whereby the Group received or will receive residential properties situated in the People's Republic of China (the "PRC"). Revenue is determined based on the fair value of advertising services provided which approximated the fair value of the properties determined with reference to the market value of similar properties in the same location.

Segment information

The Group determines its operating segments and measurement of segment profits based on the internal reports to the executive directors, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment. The Group's reportable and operating segments are as follows:

(a) printed media advertising: sale of advertising spaces in magazines distributed in certain train services in the PRC;

(b) outdoor advertising: sale of outdoor advertising spaces, mainly in the form of light boxes, at certain airport towers and certain railway stations in the PRC; and

(c) film investment: film investment for profit sharing on box office of movies and distribution income of television drama in the PRC.

During the year ended 31 December 2015, the Group started to be engaged in a new operating segment, film investment in the PRC.

During the year ended 31 December 2015, the Group disposed of the entire equity interest in 33 Consultants Services Limited ("33 Consultants") which engaged in money lending business. Accordingly, the Group's money lending operation is treated as discontinued operation.

During the year ended 31 December 2014, management of the Group decided to concentrate the resources of the Group on the business of printed media advertising, outdoor advertising and money lending and determined to discontinue the operation of audio advertising through audio broadcasting during train transmission. Accordingly, the Group did not renew the audio advertising contracts with the customers upon expiry of contracts during the year ended 31 December 2014. The Group's audio advertising operation was treated as discontinued operation.

The segment information reported below does not include any amounts for the discontinued operations, which are disclosed in note 17.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

For the year ended 31 December 2015

	Printed media advertising *RMB'000*	**Outdoor advertising** *RMB'000*	**Film investment** *RMB'000*	**Consolidated** *RMB'000*
Continuing operations				
Revenue — external customers	**80,673**	**8,636**	**–**	**89,309**
Segment profit (loss)	**29,612**	**(8,955)**	**(350)**	**20,307**
Bank interest income				**565**
Unallocated other income, other gains and losses, net				**(3,374)**
Share of results of a joint venture				**(421)**
Share of results of associates				**2**
Corporate and other unallocated expenses				**(61,276)**
Loss before taxation				**(44,197)**

For the year ended 31 December 2014

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Film investment *RMB'000*	Consolidated *RMB'000*
Continuing operations				
Revenue — external customers	89,839	24,791	–	114,630
Segment profit (loss)	29,167	(11,387)	–	17,780
Bank interest income				1,729
Unallocated other income, other gains and losses, net				1,253
Share of results of a joint venture				16
Share of results of associates				30
Corporate and other unallocated expenses				(77,013)
Loss before taxation				(56,205)

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment result represents the profit earned or loss incurred by each segment without allocation of bank interest income, certain other income and other gains and losses, net, loss on disposal of an associate, fair value change of held for trading investments, impairment loss of an available-for-sale investment, loss (gain) on disposal of property, plant and equipment, share of results of a joint venture and associates and corporate and other unallocated expenses. Corporate and other unallocated expenses included selling and distribution expenses, administrative expenses and other operating expenses. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

At 31 December 2015

	Printed media advertising *RMB'000*	**Outdoor advertising** *RMB'000*	**Film investment** *RMB'000*	**Consolidated** *RMB'000*
Continuing operations				
Segment assets	**20,955**	**24,539**	**37,867**	**83,361**
Interest in a joint venture				**1,145**
Interests in associates				**6,241**
Held for trading investments				**6,137**
Amount due from a former subsidiary				**14,795**
Corporate and other unallocated assets				**38,780**
Pledged bank deposits				**15,613**
Cash and cash equivalents				**420,334**
Consolidated assets				**586,406**
Continuing operations				
Segment liabilities	**27,910**	**5,625**	**–**	**33,535**
Corporate and other unallocated liabilities				**9,927**
Consolidated liabilities				**43,462**

At 31 December 2014

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Film investment *RMB'000*	Consolidated *RMB'000*
Continuing operations				
Segment assets	30,082	28,276	–	58,358
Interest in a joint venture				1,566
Interests in associates				6,239
Corporate and other unallocated assets				35,471
Pledged bank deposits				14,952
Short-term bank deposits				10,350
Cash and cash equivalents				29,790
Assets in relation to discontinued operations				41,977
Consolidated assets				198,703
Continuing operations				
Segment liabilities	17,444	17,652	–	35,096
Corporate and other unallocated liabilities				16,125
Liabilities in relation to discontinued operations				195
Consolidated liabilities				51,416

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than property, plant and equipment, held for trading investments, amount due from a former subsidiary, interests in associates and a joint venture, certain prepayments, deposits and other receivables, pledged bank deposits, short-term bank deposits and cash and cash equivalents; and

- all liabilities are allocated to operating and reportable segments other than certain other payables, amount due to an associate and tax payable.

Other segment information

For the year ended 31 December 2015

	Printed media advertising *RMB'000*	**Outdoor advertising** *RMB'000*	**Film investment** *RMB'000*	**Consolidated** *RMB'000*
Amounts included in the measure of segment results or segment assets from continuing operations:				
Amortisation of other non-current assets	**–**	**642**	**–**	**642**
(Reversal of) allowance for bad and doubtful debts, net	**(256)**	**757**	**–**	**501**
Loss on disposal of other non-currents assets	**–**	**5,668**	**–**	**5,668**
Imputed interest income on non-current deposits	**–**	**723**	**–**	**723**
Advertising agency fee expense	**32,780**	**8,838**	**–**	**41,618**

For the year ended 31 December 2014

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Film investment *RMB'000*	Consolidated *RMB'000*
Amounts included in the measure of segment results or segment assets from continuing operations:				
Amortisation of intangible assets	–	384	–	384
Amortisation of other non-current assets	–	6,224	–	6,224
Allowance for (reversal of) bad and doubtful debts, net	1,066	(200)	–	866
Impairment loss of other non-current assets	–	6,236	–	6,236
Impairment loss of non-current deposits	–	8,984	–	8,984
Imputed interest income on non-current deposits	–	2,674	–	2,674
Additions to other non-current assets	–	719	–	719
Advertising agency fee expense	30,893	20,894	–	51,787

Geographical information

Information about the Group's revenue from external customers presented based on the locations of customers, and information about the Group's non-current assets presented based on the geographical location of the assets and the business carried out by associates and a joint venture are summarised below.

	Revenue from external customers		**Non-current assets**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Continuing operations:				
Hong Kong	**–**	–	**1,704**	282
The PRC	**89,309**	114,630	**62,156**	35,237
	89,309	114,630	**63,860**	35,519

Note: Non-current assets excluded financial assets.

Information about major customers

For the years ended 31 December 2015 and 2014, no revenue is derived from a single customer of the Group which accounted for over 10% of the Group's total revenue from continuing operations.

4. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Bank interest income	**565**	1,729
Imputed interest income on non-current deposits	**723**	2,674
Government grants *(Note)*	**76**	289
Others	**1,092**	1,716
	2,456	6,408

Note: There are no unfulfilled conditions or contingencies relating to the government grants.

5. OTHER GAINS AND LOSSES, NET

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Allowance for bad and doubtful debts, net	**501**	866
Impairment loss of non-current deposits	**–**	8,984
Impairment loss of available-for-sale investments	**–**	439
Impairment loss on other receivables	**640**	–
Loss on disposal of an associate *(Note)*	**–**	131
Loss (gain) on disposal of property, plant and equipment	**186**	(20)
Loss on disposal of other non-current assets	**5,668**	–
Net exchange loss	**322**	69
Fair value change of held for trading investments	**2,211**	–
Others	**1,183**	133
	10,711	10,602

Note: During the year ended 31 December 2014, the Company disposed of its 30% equity interest of its associate, 北京紫雲府文化傳播有限公司 Beijing Zi Yun Fu Culture Media Co., Ltd., to an independent third party at a consideration of RMB3,349,000, resulting in a loss on disposal of RMB131,000.

6. LOSS BEFORE TAXATION

	2015	2014
	RMB'000	*RMB'000*
Loss before taxation from continuing operations has been arrived at after charging:		
Auditor's remuneration	**1,175**	1,272
Depreciation of property, plant and equipment	**2,441**	1,281
Advertising agency fees for printed media and outdoor advertising (included in cost of sales) *(Note)*	**41,618**	51,787
Amortisation of intangible assets (included in cost of sales)	**–**	384
Amortisation of other non-current assets (included in cost of sales)	**642**	6,224
Impairment loss of other non-current assets (included in cost of sales)	**–**	6,236
Minimum lease payments under operating leases on buildings	**6,185**	5,741
Employee benefit expense (including directors' emoluments):		
Salaries, bonuses and other benefits	**26,661**	33,990
Contributions to retirement benefits schemes	**5,871**	7,457
Total employee benefit expenses	**32,532**	41,447

Note: The advertising agency fees represent the monthly fixed agency fees paid under the advertising agency agreements.

7. TAXATION

	2015	2014
	RMB'000	*RMB'000*
Continuing operations		
Taxation for the year comprises:		
Current tax:		
PRC Enterprise Income Tax	**1,057**	3,495
Overprovision in prior years	**(249)**	–
	808	3,495
Deferred tax	**–**	(72)
	808	3,423

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profit in Hong Kong for both years.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

8. DIVIDENDS

No dividends were paid, declared or proposed for both years.

The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2015 (2014: nil).

9. LOSS PER SHARE

For continuing and discontinued operations

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

	2015	2014
	RMB'000	*RMB'000*
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	**(45,182)**	(59,123)

	Number of shares	
	2015	2014
	'000	*'000*
		(restated)
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,076,411**	870,000

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 31 December 2014 have been restated to reflect the impact of rights issue in October 2015.

No separate diluted loss per share information has been presented as there were no dilutive potential ordinary shares outstanding for both years.

From continuing operations

The calculation of the basic loss per share from continuing operations attributable to owners of the Company is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
Loss is calculated as follows:		
Loss for the year attributable to owners of the Company	**(45,182)**	(59,123)
Less: Loss for the year from discontinued operations *(note 17)*	**247**	120
Loss for the purpose of basic loss per share from continuing operations	**(44,935)**	(59,003)

The denominators used are the same as those detailed above for basic loss per share.

From discontinued operations

Basic loss per share from discontinued operations is RMB0.01 cent per share (2014: basic loss per share of RMB0.02 cent per share), which is based on the loss for the year from discontinued operations of RMB247,000 (2014: RMB120,000) and the denominators detailed above for basic loss per share.

10. LOANS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Unsecured fixed-rate loans receivables	–	13,624
Secured fixed-rate loans receivables	–	28,353
	–	41,977
Analysed as:		
Current	–	33,167
Non-current	–	8,810
	–	41,977

The exposure of the Group's fixed-rate loans receivables to interest rate risks and their contractual maturity dates are as follows:

	2015	2014
	RMB'000	*RMB'000*
Fixed-rate loans receivables*:		
Within one year	–	33,167
In more than one year, but not exceeding two years	–	485
In more than two years, but not exceeding five years	–	1,684
In more than five years	–	6,641
	–	41,977

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The Group seeks to apply strict control over its outstanding loans receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Loans receivables were neither past due nor individually impaired as at 31 December 2014.

As at 31 December 2014, all the loans receivables contained a repayment on demand clause. In the opinion of the directors of the Company, the Group would not exercise this clause as the management was not aware of any material adverse changes on the financial position of the borrowers and accordingly, an amount of RMB8,810,000 was classified as non-current assets.

As at 31 December 2014, secured loans receivables were secured by the residential properties pledged. Unsecured loans receivables were guaranteed by personal guarantees.

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's loans receivables are as follows:

	2015	2014
Effective interest rate (per annum):		
Fixed-rate loans receivables	**N/A**	10.0% – 36.0%

11. TRADE AND BILLS RECEIVABLES/PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Trade and bills receivables

	2015	2014
	RMB'000	*RMB'000*
Trade and bills receivables	**41,235**	48,759
Less: Accumulated allowances	**(21,891)**	(29,137)
	19,344	19,622
Analysed as:		
Current	**15,644**	16,543
Non-current *(Note)*	**3,700**	3,079
	19,344	19,622

Note: The Group provided advertising services to certain property developers. The consideration for such advertising services being recognised as non-current trade receivables as at 31 December 2015 amounting to RMB3,700,000 (2014: RMB3,079,000) has been agreed to be settled by certain residential properties in the PRC. The Group has not obtained physical possession of these properties as at 31 December 2015 and 2014.

The Group's credit terms with its customers generally range from 30 days to 180 days. The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing. As at the end of the reporting period, an aged analysis of the trade receivables, net of allowance for bad and doubtful debts presented based on the respective dates on which revenue was recognised, and aged analysis of bills receivable presented based on the date of issuance of bills, are as follows:

	2015	2014
	RMB'000	*RMB'000*
Trade receivables:		
Within 90 days	**5,731**	9,782
91 – 180 days	**4,571**	2,620
181 – 365 days	**4,842**	2,347
Over 1 year	**3,700**	4,309
	18,844	19,058
Bills receivables:		
Within 90 days	**–**	282
91 – 180 days	**500**	252
181 – 365 days	**–**	30
	500	564
	19,344	19,622

The movements in the allowance for bad and doubtful debts are as follows:

	2015	2014
	RMB'000	*RMB'000*
At the beginning of the year	**29,137**	28,271
Impairment losses recognised	**4,460**	3,184
Amounts recovered during the year	**(3,959)**	(2,318)
Amounts written off as uncollectible	**(7,747)**	–
At the end of the year	**21,891**	29,137

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB15,837,000 (2014: RMB12,432,000, which are past due at the reporting date for which the Group has not provided for impairment loss because they were either subsequently settled as at the date of issuance of these consolidated financial statements or there was continuous settlements by the respective customers. The Group does not hold any collateral over these balances. The average age of these receivables is 240 days (2014: 232 days).

The aged analysis of the trade receivables that are past due but not impaired:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**4,826**	4,907
91 – 180 days	**3,659**	2,347
181 – 365 days	**3,652**	1,582
Over 1 year	**3,700**	3,596
	15,837	12,432

Prepayments, deposits and other receivables

	2015	2014
	RMB'000	*RMB'000*
Current:		
Other receivables, deposits and prepayments	**5,138**	14,147
Amount due from a former subsidiary	**14,795**	–
Prepayments for agency fees for printed media and outdoor advertising and other	**4,342**	5,559
Refundable deposits	**6,256**	–
Deposits paid for advertising agency rights and other	**16,877**	9,852
Deferred cash consideration *(note 18)*	**425**	–
	47,833	29,558
Non-current:		
Other deposits and prepayments	**2,119**	–
Refundable deposits	**11,166**	16,935
Deposits paid for acquisition of property, plant and equipment	**1,001**	3,736
Prepayment for film investment	**35,305**	5,000
	49,591	25,671
	97,424	55,229

12. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

Trade payables

The normal credit period on trade payables is generally ranged from 30 days to 180 days.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**6,483**	785
91 – 180 days	**3,055**	3,946
Over 180 days	**12,129**	21,788
	21,667	26,519

Other payables and accruals

	2015	2014
	RMB'000	*RMB'000*
Receipts in advance from customers	**11,103**	8,577
Accrued salaries and staff welfare	**2,059**	6,908
Other accruals	**2,074**	2,292
Other tax payable	**2,134**	2,077
	17,370	19,854

13. SHARE CAPITAL

	Number of shares	Share capital *US$'000*	Shown in the consolidated financial statements as *RMB'000*
Ordinary shares of US$0.001 each			
Authorised:			
At 1 January 2014, 31 December 2014 and 31 December 2015	40,000,000,000	40,000	N/A
Issued and fully paid:			
At 1 January 2014 and 31 December 2014	600,000,000	600	3,957
Issue of subscription shares on 22 April 2015 *(Note 1)*	120,000,000	120	743
Issue of shares by rights issue on 8 October 2015 *(Note 2)*	5,040,000,000	5,040	32,021
At 31 December 2015	5,760,000,000	5,760	36,721

Notes:

(1) On 22 April 2015, the Company issued 120,000,000 ordinary shares of US$0.001 each at the subscription price of HK$0.22 per share to an independent third party totalling HK$26,400,000 (approximately RMB21,101,000). The subscription shares were issued under the general mandate granted to the directors of the Company by a shareholders' resolution passed at the annual general meeting of the Company held on 15 May 2014.

(2) Pursuant to an extraordinary general meeting held on 31 August 2015, an ordinary resolution was passed to approve the rights issue. On 8 October 2015, the Company issued 5,040,000,000 ordinary shares by way of rights issue at a price of HK$0.1 per rights share on the basis of 7 rights shares for every share held.

All the shares ranked *pari passu* with the existing shares of the Company in all aspects.

14. OPERATING LEASE ARRANGEMENT

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

	2015 ***RMB'000***	2014 *RMB'000*
Within one year	**6,834**	4,058
In the second to fifth year inclusive	**2,716**	4,222
	9,550	8,280

Leases are negotiated for terms of one to three years (2014: one to three years).

15. COMMITMENTS

In addition to the operating lease commitments detailed in note 14 above, the Group had the following commitments at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Agency fees for printed media and outdoor advertising	**15,045**	69,225

16. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities (2014: Nil).

17. DISCONTINUED OPERATIONS

Discontinued operation during the year ended 31 December 2015

On 16 September 2015, the Group disposed of the entire equity interest in 33 Consultants to independent third parties at a consideration of HK$500,000 (approximately RMB425,000). Prior to disposal, 33 Consultants was principally engaged in provision of mortgage loans and short-term loans in Hong Kong. Accordingly the Group's operating segment regarding money lending business is presented as discontinued operation.

The loss for the year from the discontinued provision of money lending operating segment is set out below. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to present the money lending as a discontinued operation.

	2015	2014
	RMB'000	*RMB'000*
Loss from money lending for the year	**(228)**	(139)
Loss on disposal of a subsidiary	**(19)**	–
	(247)	(139)

The results of the money lending for the period from 1 January 2015 to 16 September 2015, which have been included in the consolidated statement of profit or loss and other comprehensive income, were as follows:

	1/1/2015 to 16/09/2015 *RMB'000*	Year ended 31/12/2014 *RMB'000*
Revenue	**2,900**	982
Cost of services	**(56)**	(300)
Other income	**61**	11
Other gains and losses	**(2,155)**	–
Administration expenses	**(978)**	(832)
Loss before taxation	**(228)**	(139)
Taxation	**–**	–
Loss for the year	**(228)**	(139)

Loss for the year from discontinued operation include the following:

Impairment loss on loan receivables	**2,155**	–
Depreciation for property, plant and equipment	**14**	9
Salaries, bonuses and other benefits	**583**	498
Contributions to retirement benefits schemes	**22**	12

The carrying amounts of the assets and liabilities of 33 Consultants at the date of disposal are disclosed in note 18.

Discontinued operation during the year ended 31 December 2014

During the year ended 31 December 2014, management of the Group decided to concentrate the resources of the Group on the businesses of printed media advertising, outdoor advertising and money lending and determined to discontinue the operation of audio advertising through audio broadcasting during train transmission. Accordingly, the Group did not renew the audio advertising contracts with the customers upon expiry of contracts during the year ended 31 December 2014. The Group's audio advertising operation was treated as discontinued operation.

The results from the discontinued operation for the year ended 31 December 2014 was analysed as follows:

	2014 *RMB'000*
Revenue and profit before taxation	19
Taxation	–
Profit for the year from discontinued operation	19

During the year ended 31 December 2014, the audio advertising operations contributed RMB19,000 in respect of the Group's net operating cash flows.

18. DISPOSAL OF A SUBSIDIARY

As referred to in note 17, on 16 September 2015, the Group discontinued its money lending operation at the time of disposal of its subsidiary, 33 Consultants. The net assets of 33 Consultants at the date of disposal were as follows:

	RMB'000
Deferred cash consideration	425

Analysis of assets and liabilities over which control was lost:

	RMB'000
Property, plant and equipment	44
Loans receivables	11,403
Bank balances and cash	5,394
Accruals	(121)
Amount due to ultimate holding company	(16,257)
Net assets disposed of	463

Loss on disposal of a subsidiary:

Consideration receivable	425
Net assets disposed of	(463)
Translation difference of consideration receivable	19
Loss on disposal of a subsidiary	(19)

Cash outflow arising on loss of disposal:

Bank balances and cash disposed of	5,394

The deferred consideration will be settled in cash by the purchaser on or before 31 March 2016.

The impact of 33 Consultant on the Group's results and cash flows in the current and prior years is disclosed in note 17.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the Year amounted to approximately RMB92,209,000, including RMB89,309,000 from continuing operations and RMB2,900,000 from discontinued operation, representing a decrease of approximately RMB23,422,000 or 20.3% as compared to that of approximately RMB115,631,000 for last year, which include RMB114,630,000 from continuing operations and RMB1,001,000 from discontinued operations. The Group recorded a total comprehensive expense attributable to owners of the Company for the Year of approximately RMB38,904,000, representing a decrease of approximately 35.2% as compared to that of approximately RMB59,994,000 for last year.

REVENUE BY SEGMENT

Analysis of revenue by segment from continuing operations is as follows:

	2015	2014	**Change**	**2015**	2014
	RMB'000	*RMB'000*	**(%)**	**% of total revenue**	
Printed media advertising	**80,673**	89,839	(10.2)	**90.3**	78.4
Outdoor advertising	**8,636**	24,791	(65.2)	**9.7**	21.6
	89,309	114,630	(22.1)	**100.0**	100.0

Printed Media Advertising

Revenue from printed media advertising was the main source of revenue for the Year, representing approximately 90.3% thereof. It is expected that printed media advertising would remain as the principal source of income for the Group in the future. Revenue from printed media advertising mainly represented the amount generated from the sales of the advertising space on the periodicals operated by the Group and was recognised upon the publication of the periodicals in which the respective advertisement was published. "旅伴" (Fellow Traveller) is a monthly nationwide periodicals distributed on all China Railway High-speed ("CRH") trains and selected regular trains in the PRC. Revenue from "旅伴" (Fellow Traveller) was the major source of revenue for the Year which contributed approximately 83.3% of the Group's total revenue from printed media advertising.

The decrease was mainly due to termination of distribution of periodical "都市生活" (City Life) on trains which belongs to Wuhan Railway Bureau and the cessation of periodical "上海鐵道" (Shanghai Railway) in late 2014.

Outdoor Advertising

Revenue from outdoor advertising represented the advertising income generated from the sales of advertising spaces at airports, billboards and LEDs installed at certain selected train stations.

The significant drop in revenue from outdoor advertising was mainly contributed by early termination of advertising on billboards and LEDs installed at train stations which were loss making and no new contracts were entered for advertising on air traffic control towers.

MONEY LENDING INTEREST INCOME FROM DISCONTINUED OPERATION

Revenue from money lending business represented interest income from provision of mortgage loans and short-term loans in Hong Kong. This was a new operating segment since late 2014. Revenue from money lending business was approximately RMB2,900,000 for the Year. Since the management of the Group decided to concentrate on the resources of the Group on the business of printed media advertising and new segment of film investment, on 16 September 2015, the Group disposed of the entire equity interest in 33 Consultants Services Limited which engaged in money lending business to two independent third parties. Accordingly, the Group's money lending operation is discontinued during the Year.

SEGMENT RESULTS AND PROFIT/(LOSS) MARGIN OF SEGMENT

Analysis of segment results from continuing operations is as follows:

	Revenue		Cost		Segment results		Change	
	2015	2014	**2015**	2014	**2015**	2014		
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	%
Printed media advertising	**80,673**	89,839	**51,061**	60,672	**29,612**	29,167	**445**	1.5
Outdoor advertising	**8,636**	24,791	**17,591**	36,178	**(8,955)**	(11,387)	**2,432**	21.4
Film investment	**–**	–	**350**	–	**(350)**	–	**(350)**	(100)
	89,309	114,630	**69,002**	96,850	**20,307**	17,780	**2,527**	14.2

During the Year, the segment results of printed media advertising recorded a segment profit of approximately RMB29,612,000, representing an increase of approximately 1.5% as compared to that of approximately RMB29,167,000 for last year. The increase in segment profit mainly due to cessation of periodical "上海鐵道" (Shanghai Railway) and "都市生活" (City Life) in trains under Wuhan Railway Bureau since late 2014 which were loss making. Segment results of outdoor advertising recorded a segment loss of approximately RMB8,955,000 for the Year, while it was approximately RMB11,387,000 for last year. The improvement in segment result was contributed by early termination of all the advertising agency agreements with expiry dates after 2015 in mid-2015 with the local PRC railway authorities for the outdoor advertising spaces at various railway stations in the PRC, thus the monthly fixed advertising agency fee payment was highly reduced. By late 2015, Group started to engage in a new operating segment, film investments in the PRC, as the film production has not yet started nor launched by year end, thus there was no profit sharing on box office of movies and distribution income of television drama in the PRC.

In overall, there was an increase in the segment results of approximately RMB2,527,000 to RMB20,307,000, representing an increase of approximately 14.2% from approximately RMB17,780,000 as compared to that of last year.

Analysis of profit/(loss) margin of segment from continuing operations is as follows:

	Profit/(loss) margin of segment 2015 %	2014 %
Printed media advertising	**36.7**	32.5
Outdoor advertising	**(103.7)**	(45.9)
Film Investment	**(100.0)**	–
Profit margin of all segments	**22.7**	15.5

Profit margin of printed media advertising segment increased from approximately 32.5% for last year to approximately 36.7% for the Year contributed by the cessation of distribution of loss making periodicals "上海鐵道" (Shanghai Railway) and "都市生活" (City Life) on trains which belongs to Wuhan Railway Bureau in late 2014.

Loss margin of outdoor advertising segment significantly increased from approximately 45.9% last year to approximately 103.7% for the Year. The worsen in margin was because of one-off loss on disposal of other non-current assets recognised in 2015.

The new segment on film investment has not yet started production nor launched by year end, thus there was no profit sharing on box office of movies and distribution income of television drama.

The profit margin of segment as a whole increased from approximately 15.5% for last year to approximately 22.7% for the Year. This was mainly contributed by the higher profit margin from the printed media advertising segment, which has ceased distribution of loss making periodical "上海鐵道" (Shanghai Railway) since September 2014 and periodical "都市生活" (City Life) on trains which belongs to Wuhan Railway Bureau which was also loss making.

Other Income

There was other income of approximately RMB2,517,000, among which RMB2,456,000 was from continuing operations and RMB61,000 was from discontinued operation for the Year. Compared to last year of RMB6,419,000, among which RMB6,408,000 was from continuing operations and RMB11,000 was from discontinued operations, the decrease was mainly due to reduce in non-current deposits paid which result in decrease in imputed interest income and there was also reduction in bank interest income.

Cost of Sales

Cost of sales mainly consists of agency fee, printing cost, amortisation of installation and construction cost of billboards and LEDs installed in the train stations and direct labor cost. Cost of sales decreased from approximately RMB89,208,000 for last year among which RMB88,908,000 was from continuing operations and RMB300,000 was from discontinued operations, to RMB63,264,000 for the Year, among which RMB63,208,000 was from continuing operations and RMB56,000 was from discontinued operation, representing a decrease of approximately 29.1%. Sharp decrease in cost of sales was contributed by transfer of advertising rights on billboard and LEDs on train stations to independent third parties leading to reduction in agency fee. In addition, the billboard and LEDs were also transferred together with the agency rights, thus no more amortisation of installation and construction cost incurred.

Selling and Distribution Expenses

Selling and distribution expenses mainly include salaries, bonuses, commissions to sales staff, travelling and related expenses, office expenses and others. It accounted for approximately 33.5% and 26.6% of the Group's total revenue from both continuing and discontinued operations for the years ended 31 December 2014 and 2015, respectively. The amount decreased by approximately 36.7% from approximately RMB38,750,000 for last year to approximately RMB24,539,000, which is solely derived from the continuing operations for both years. Such decrease was primarily attributable to the decrease in sales commission due to decrease in sales, and cost control policies applied resulting overall costs including entertainment and office expenses being lowered.

Administrative Expenses

Administrative expenses mainly consists of salaries, rental expense and legal and professional fees. Administrative expenses decreased by approximately 7.0% from approximately RMB39,861,000 for last year among which RMB39,029,000 was from continuing operations and RMB832,000 was from discontinued operations, to approximately RMB38,063,000 for the Year, among which RMB37,085,000 was from continuing operation and RMB978,000 was from discontinuing operation. The decrease in administrative expenses was due to cost control policies applied leading to lower entertainment expenses, but partly offset by higher rental expense and other administrative expenses incurred for prepaid card business in Hong Kong.

Other Gains and Losses

Other gains and losses, net, increased by 21.4% from RMB10,602,000, which solely derived from continuing operations, to RMB12,866,000, among which RMB10,711,000 was from continuing operations and RMB2,155,000 was from discontinued operation due to impairment loss on loan receivables. The part from continuing operations mainly represented loss on disposal of other non-current assets due to the Group's termination of all the advertising agency agreements with expiry dates after 2015 with the local PRC railway authorities for the outdoor advertising spaces at various railway stations in the PRC and fair value change of held for trading investments.

Income Tax Expense

The income tax expense of the Group for the Year was approximately RMB808,000 (2014: RMB3,423,000) at the effective tax rate of 1.83% (2014: 6.09%).

Liquidity and Financial Resources

As at 31 December 2015, the Group's cash and cash equivalents, including bank balances and cash on hand, and short-term bank deposits with original maturities of more than three months, amounted to approximately RMB420,334,000 representing an increase of approximately RMB380,194,000, as compared to the position as at 31 December 2014. The significant increase was due to approximately RMB423 million (HK$497 million) fund raised in October 2015 in connection with the open offer of 5,040,000,000 new shares to be issued by the Company at a subscription price of HK$0.1 per new share on the basis of seven new shares for every existing shares (the "Open Offer").

As at 31 December 2015 the current ratio was approximately 11.63 (2014: 2.61) and the gearing ratio of the Group was approximately 2.75 (2014: 0.04) which was calculated based on the Group's net debt divided by the equity attributable to owners of the Company plus net debt. The Group satisfied its working capital needs principally from internally generated cash flow from operating activities and from the funds raised in the Open Offer.

Pledge of Assets

As at 31 December 2015, the Group has approximately RMB15,613,000 (2014: RMB14,952,000) pledged bank deposits to secure banking facilities, denominated in RMB.

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: Nil).

Capital Commitments

As at 31 December 2015, save as disclosed in note 15 to the preliminary announcement, the Group did not have any significant capital commitments.

Total Comprehensive Expense Attributable to Owners of the Company and Net Loss Margin

Total comprehensive expense attributable to the owners of the Company for the Year amounted to approximately RMB38,904,000, representing a decrease of approximately 35.2%, as compared to approximately RMB59,944,000 for last year. Net loss margin of the Group was approximately 49.1% as compared to approximately 51.7% for last year.

Capital Structure

During the Year, the Group had net assets of approximately RMB542,944,000 (2014: RMB147,287,000), comprising non-current assets of approximately RMB80,845,000 (2014: RMB64,343,000), and current assets of approximately RMB505,561,000 (2014: RMB134,360,000). The Group recorded a net current asset position of approximately RMB462,099,000 (2014: RMB82,944,000), which primarily consists of cash and bank equivalents and bank deposits amounted to approximately RMB435,947,000 (2014: RMB55,092,000), trade and bills receivables amounted to approximately RMB15,644,000 (2014: RMB16,543,000), prepayments, deposits and other receivables amounted to approximately RMB47,833,000 (2014: RMB29,558,000) and loan receivables reduced to zero with disposal of the subsidiary (2014: RMB33,167,000). Major current liabilities were trade payables and other payables and accruals amounted to approximately RMB21,667,000 (2014: RMB26,519,000) and approximately RMB17,370,000 (2014: RMB19,854,000), respectively. The Group has no bank borrowings.

Foreign Exchange Risk

The Group mainly operates in the PRC with most of the transactions settled in Renminbi. Part of the Group's cash and bank deposits are denominated in Hong Kong Dollars and Renminbi. The Directors consider that the Group's risk in foreign exchange is insignificant. During the Year, the Group did not hedge any exposure in foreign currency risk.

Human Resources

As at 31 December 2015, the Group employed a total of 289 employees (2014: 384 employees) situated in the PRC and Hong Kong. Such decrease was primarily attributable to the reduction in the number of staff in each subsidiaries as a result of cost control and cessation of LEDs and billboards outdoor advertising business from mid 2015 as well as termination of some periodicals. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the year under review, the total staff costs (including Directors' emoluments) from continuing and discontinued operations, amounted to approximately RMB33,137,000 (2014: RMB41,957,000).

Material Acquisition and Disposal

The Group disposed the entire equity interest in 33 Consultants which engaged in money lending business during the year. The details of disposal are set out in note 18 to the preliminary announcement.

Corporate Governance Practices

Recognising the importance of a listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance and to comply, to the extent practicable, with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 15 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing

Rules”). Save as disclosed below, the Directors consider that the Company has complied with the Code during the year ended 31 December 2015. The Company will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with the increasingly tightened regulatory requirements and to meet the rising expectations of shareholders of the Company and investors.

Model Code for Directors' Securities Transactions

The Company has adopted a code of conduct regarding securities transactions by directors 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 of 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 the directors during the year ended 31 December 2015.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Closure of the Register of Member

The register of members of the Company will be closed from 5 May 2016 to 6 May 2016, both dates inclusive, during which period no transfer of shares (the “Shares”) of the Company could be registered for determination of entitlement of shareholders of the Company to the attendance at the forthcoming annual general meeting of the Company.

Audit Committee

The Company established the Audit Committee on 17 December 2010 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and 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 assess the internal control of the Company; and to perform the corporate governance functions under Paragraph D.3.1 of the Code.

As at 31 December 2015, the Audit Committee has three members comprising Ms. Tay Sheve Li (Chairperson), Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu. During the year ended 31 December 2015, the Audit Committee had held four meetings to review the final results of the Group for 2014, the 2014 annual report of the Company, the 2015 interim results and report of the Company and the quarterly results and report for the periods ended 31 March 2015 and 30 September 2015, the Group's internal controls for the year and corporate governance of the Group. The Group's final results for the year ended 31 December 2015 had been reviewed by the Audit Committee before submission to the Board for approval. 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 disclosure have been made.

By Order of the Board
China 33 Media Group Limited
Ruan Deqing
Chairman

Hong Kong, 23 March 2016

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and the Company's website at www.china33media.com.