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: 8087)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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 2016 (the "**Year**"), together with comparative figures for the corresponding period in 2015, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *RMB'000*	2015 *RMB'000*
Continuing operations			
Revenue	*3*	**57,494**	89,309
Cost of sales		**(36,762)**	(63,208)
Gross profit		**20,732**	26,101
Other income	*5*	**1,577**	2,456
Other gains and losses, net	*6*	**(19,191)**	(10,711)
Selling and distribution expenses		**(23,420)**	(24,539)
Administrative expenses		**(39,685)**	(37,085)
Share of results of associates		**–**	2
Share of results of a joint venture		**(538)**	(421)
Loss before taxation	*7*	**(60,525)**	(44,197)
Taxation	*8*	**(151)**	(808)
Loss for the year from continuing operations		**(60,676)**	(45,005)
Discontinued operations			
Loss for the year from discontinued operations	*17*	**–**	(247)
Loss for the year		**(60,676)**	(45,252)
Other comprehensive income for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**31,922**	6,278
Total comprehensive expense for the year		**(28,754)**	(38,974)

	Note	**2016**	2015
		RMB'000	*RMB'000*
Loss for the year attributable to owners of the Company:			
– from continuing operations		**(59,583)**	(44,935)
– from discontinued operations		**–**	(247)
		(59,583)	(45,182)
Loss for the year attributable to non-controlling interests from continuing operations		**(1,093)**	(70)
		(60,676)	(45,252)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(27,661)**	(38,904)
Non-controlling interests		**(1,093)**	(70)
		(28,754)	(38,974)
		RMB cents	*RMB cents*
Basic loss per share	*10*		
From continuing and discontinued operations		**(1.03)**	(2.18)
From continuing operations		**(1.03)**	(2.17)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 RMB'000	2015 RMB'000
Non-current assets			
Property, plant and equipment		**25,076**	20,168
Other non-current assets		**–**	–
Interest in a joint venture		**607**	1,145
Interests in associates		**–**	6,241
Available-for-sale investments		**–**	–
Prepayments and deposits	*11*	**3,854**	14,286
Prepayment for film and entertainment business	*12*	**95,890**	35,305
Trade receivables	*11*	**–**	3,700
		125,427	80,845
Current assets			
Film rights	*12*	**104,388**	–
Trade and bills receivables	*11*	**7,611**	15,644
Prepayments, deposits and other receivables	*11*	**45,421**	47,833
Prepayment for film and entertainment business	*12*	**84,953**	–
Held for trading investments		**18,589**	6,137
Pledged bank deposits		**15,375**	15,613
Restricted cash		**5,616**	–
Cash and cash equivalents		**147,963**	420,334
		429,916	505,561
Current liabilities			
Trade payables	*13*	**13,799**	21,667
Other payables and accruals	*13*	**24,342**	17,370
Amount due to an associate		**–**	3,000
Tax payable		**531**	1,425
		38,672	43,462
Net current assets		**391,244**	462,099
Net assets		**516,671**	542,944
Capital and reserves			
Share capital	*14*	**36,721**	36,721
Reserves		**482,469**	500,576
Equity attributable to owners of the Company		**519,190**	537,297
Non-controlling interests		**(2,519)**	5,647
Total equity		**516,671**	542,944

NOTES

Year ended 31 December 2016

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"). 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 AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IFRS 11	Accounting for acquisitions of interest in joint operations
Amendments to IAS 1	Disclosure initiative
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to IAS 16 and IAS 41	Agriculture: Bearer plants
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: Applying the consolidation exception
Amendments to IFRSs	Annual improvements to IFRSs 2012-2014 cycle

Except as described below, the application of the 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.

Amendments to IAS 1 Disclosure initiative

The Group has applied the amendments to IAS 1 Disclosure initiative for the first time in the current year. The amendments to IAS 1 clarify that an entity needs not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The Group has applied these amendments retrospectively. The grouping and ordering of notes have been revised to give prominence to the areas of the Group's activities that management considers to be most relevant to an understanding of the Group's financial performance and financial position. Other than the above presentation and disclosure changes, the application of the amendments to IAS 1 has not resulted in any impact on the financial performance or financial position of the Group in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

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

IFRS 9	Financial instrument[1]
IFRS 15	Revenue from contracts with customers and the related Amendments[1]
IFRS 16	Leases[2]
Amendments to IFRS 2	Classification and measurement of share-based payment transactions[1]
Amendments to IFRS 4	Applying IFRS 9 financial instruments with IFRS 4 insurance contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to IAS 7	Disclosure initiative[4]
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses[4]
Amendments to IFRSs	Annual improvements to IFRSs 2014-2016 cycle[5]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 January 2017.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

IFRS 9 "Financial Instruments"

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of IFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of IFRS 9 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 that 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.

- 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.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, the application of IFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

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

In 2016, the HKICPA issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

The directors of the Company anticipate that the application of IFRS 15 in the future will not have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements based on the existing business model of the Group as at 31 December 2016.

IFRS 16 "Leases"

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Under the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$3,360,000 as disclosed in note 15. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors of the Company complete a detailed review.

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

3. REVENUE

	2016	2015
	RMB'000	*RMB'000*
An analysis of the Group's revenue for the year from continuing operations is as follows:		
Printed media advertising income	**51,465**	80,673
Outdoor advertising income	**5,166**	8,636
Prepaid card income	**863**	–
Total	**57,494**	89,309

Included in revenue from outdoor advertising income was an amount of RMB1,252,000 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") for the year ended 31 December 2015. 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.

4. 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;

(c) film and entertainment investment: investment for profit sharing on box office of movies and concerts and distribution income of film rights and television drama; and

(d) prepaid card: transaction fees earned from participating service providers for the use of the prepaid cards by cardholders and other card related fees upon the provision of services.

During the year ended 31 December 2016, the Group started to engage in a new operating segment, prepaid card business in Hong Kong.

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.

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 2016

	Printed media advertising *RMB'000*	**Outdoor advertising** *RMB'000*	**Film and entertainment investment** *RMB'000*	**Prepaid card** *RMB'000*	**Consolidated** *RMB'000*
Continuing operations					
Revenue – external customers	**51,465**	**5,166**	**–**	**863**	**57,494**
Segment profit (loss)	**19,033**	**(6,861)**	**(1,425)**	**(16,749)**	**(6,002)**
Bank interest income					**816**
Unallocated other income, other gains and losses, net					**(5,126)**
Share of results of a joint venture					**(538)**
Share-based payment expenses					**(2,481)**
Corporate and other unallocated expenses					**(47,194)**
Loss before taxation					**(60,525)**

For the year ended 31 December 2015

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Film and entertainment investment *RMB'000*	Prepaid card *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 associates					2
Share of results of a joint venture					(421)
Corporate and other unallocated expenses					(61,276)
Loss before taxation					(44,197)

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, impairment loss on amount due from a former subsidiary, impairment loss on deposits paid for advertising agency rights and other, loss on disposal of an associate, fair value changes of held for trading investments, loss 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, share-based payment 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 2016

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Film and entertainment investment *RMB'000*	Prepaid card *RMB'000*	Consolidated *RMB'000*
Continuing operations					
Segment assets	10,386	9,399	305,030	1,710	326,525
Interest in a joint venture					607
Held for trading investments					18,589
Amount due from a former subsidiary					4,191
Corporate and other unallocated assets					36,477
Pledged bank deposits					15,375
Restricted cash					5,616
Cash and cash equivalents					147,963
Consolidated assets					555,343
Continuing operations					
Segment liabilities	13,721	10,246	–	5,886	29,853
Corporate and other unallocated liabilities					8,819
Consolidated liabilities					38,672

At 31 December 2015

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Film and entertainment investment *RMB'000*	Prepaid card *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

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, restricted cash 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 2016

	Printed media advertising *RMB'000*	**Outdoor advertising** *RMB'000*	**Film and entertainment investment** *RMB'000*	**Prepaid card** *RMB'000*	**Consolidated** *RMB'000*
Amounts included in the measure of segment results or segment assets from continuing operations:					
Allowance for bad and doubtful debts, net	**4,555**	**2,228**	**–**	**–**	**6,783**
Imputed interest income on non-current deposits	**–**	**479**	**–**	**–**	**479**
Impairment loss on deposits paid for advertising agency rights	**–**	**7,000**	**–**	**–**	**7,000**
Advertising agency fee expense	**12,561**	**2,942**	**–**	**–**	**15,503**

For the year ended 31 December 2015

	Printed media advertising *RMB'000*	Outdoor advertising *RMB'000*	Film and entertainment investment *RMB'000*	Prepaid card *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

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	
	2016	2015	**2016**	2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Continuing operations:				
Hong Kong	**863**	–	**2,935**	1,704
The PRC	**56,631**	89,309	**122,492**	62,156
	57,494	89,309	**125,427**	63,860

Note: Non-current assets excluded financial assets.

Information about major customers

For the years ended 31 December 2016 and 2015, 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.

5. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Bank interest income	**816**	565
Imputed interest income on non-current deposits	**479**	723
Government grants	**133**	76
Others	**149**	1,092
	1,577	2,456

6. OTHER GAINS AND LOSSES, NET

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Allowance for bad and doubtful debts, net	**6,783**	501
Impairment loss on amount due from a former subsidiary	**1,434**	–
Impairment loss on deposits paid for advertising agency rights and other	**12,399**	–
Impairment loss on other receivables	**–**	640
Loss on disposal of an associate	**241**	–
Loss on disposal of property, plant and equipment	**39**	186
Loss on disposal of other non-current assets	**–**	5,668
Net exchange loss	**463**	322
Fair value change of held for trading investments	**(391)**	2,211
Others	**(1,777)**	1,183
	19,191	10,711

7. LOSS BEFORE TAXATION

	2016	2015
	RMB'000	*RMB'000*
Loss before taxation from continuing operations has been arrived at after charging:		
Auditor's remuneration	**1,195**	1,175
Depreciation of property, plant and equipment	**3,103**	2,441
Advertising agency fees for printed media and outdoor advertising (included in cost of sales)	**15,503**	41,618
Amortisation of other non-current assets (included in cost of sales)	**–**	642
Minimum lease payments under operating leases on buildings	**6,722**	6,185
Employee benefit expense (including directors' emoluments)		
Salaries, bonuses and other benefits	**28,967**	26,661
Contributions to retirement benefits schemes	**3,019**	5,871
Total employee benefit expenses	**31,986**	32,532

8. TAXATION

	2016	2015
	RMB'000	*RMB'000*
Continuing operations		
Current tax:		
PRC Enterprise Income Tax	**–**	1,057
Under/(over) provision in prior years	**151**	(249)
	151	808

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%.

9. 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 2016 (2015: nil).

10. LOSS PER SHARE

For continuing and discontinued operations

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

	2016	2015
	RMB'000	*RMB'000*
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	**(59,583)**	(45,182)

	Number of shares	
	2016	2015
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic loss per share	**5,760,000**	2,076,411

The computation of basic loss per share does not assume the exercise of the share options because the exercise prices of these options were higher than the average market price of the Company's shares for the year ended 31 December 2016.

No diluted loss per share has been presented for the year ended 31 December 2015 as there were no dilutive potential ordinary shares outstanding.

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:

	2016	2015
	RMB'000	*RMB'000*
Loss is calculated as follows:		
Loss for the year attributable to owners of the Company	**(59,583)**	(45,182)
Less: Loss for the year from discontinued operations *(note 17)*	**–**	247
Loss for the purpose of basic loss per share from continuing operations	**(59,583)**	(44,935)

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 for the year ended 31 December 2015 was RMB0.01 cent per share, which is based on the loss for the year from discontinued operations of RMB247,000 and the denominators detailed above for basic loss per share.

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

Trade and bills receivables

	2016	2015
	RMB'000	*RMB'000*
Trade and bills receivables	**36,073**	41,235
Less: Accumulated allowances	**(28,462)**	(21,891)
	7,611	19,344
Analysed as:		
Current	**7,611**	15,644
Non-current *(Note)*	**–**	3,700
	7,611	19,344

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 had been agreed to be settled by certain residential properties in the PRC. The properties were transferred to the Group during the year ended 31 December 2016. Accordingly, RMB3,700,000 was classified as property, plant and equipment.

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:

	2016	2015
	RMB'000	*RMB'000*
Trade receivables:		
Within 90 days	**3,846**	5,731
91 – 180 days	**1,499**	4,571
181 – 365 days	**2,266**	4,842
Over 1 year	**–**	3,700
	7,611	18,844
Bills receivables:		
91 – 180 days	**–**	500
	7,611	19,344

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

	2016	2015
	RMB'000	*RMB'000*
At the beginning of the year	**21,891**	29,137
Impairment losses recognised, net	**6,783**	501
Amounts written off as uncollectible	**(212)**	(7,747)
At the end of the year	**28,462**	21,891

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB5,758,000 (2015: RMB15,837,000), 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 settlement by the respective customers. The Group does not hold any collateral over these balances. The average age of these receivables is 98 days (2015: 240 days).

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

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**2,031**	4,826
91 – 180 days	**1,487**	3,659
181 – 365 days	**2,240**	3,652
Over 1 year	**–**	3,700
	5,758	15,837

Prepayments, deposits and other receivables

	2016 *RMB'000*	2015 *RMB'000*
Current:		
Other receivables, deposits and prepayments	**9,711**	5,138
Amount due from a former subsidiary	**4,143**	14,795
Prepayments for agency fees for printed media and outdoor advertising	**3,645**	4,342
Prepayment for consultancy fee for film and entertainment business	**1,800**	–
Refundable deposits	**9,024**	6,256
Deposits paid for advertising agency rights and other	**–**	16,877
Refundable deposits for termination of film investments	**17,098**	–
Deferred cash consideration *(Note 18)*	**–**	425
	45,421	47,833
Non-current:		
Other deposits and prepayments	**246**	2,119
Refundable deposits	**3,372**	11,166
Deposits paid for acquisition of property, plant and equipment	**236**	1,001
	3,854	14,286
	49,275	62,119

12. FILM RIGHTS/PREPAYMENT FOR FILM AND ENTERTAINMENT BUSINESS

Film rights

	RMB'000
COST	
At 1 January 2015 and 31 December 2015	–
Additions	104,388
At 31 December 2016	**104,388**

As at 31 December 2016, management of the Group considered the expected future income of the film rights can recover the film costs. Accordingly, no impairment is recognised for the film rights.

Prepayment for film and entertainment business

	2016	2015
	RMB'000	*RMB'000*
Current	**84,953**	–
Non-current	**95,890**	35,305
	180,843	35,305

Amount represents prepayment for profit sharing rights in films and concerts. The amount for the relevant films or concerts that are expected to broadcast or take place after twelve months from the end of the reporting period is classified as non-current assets.

13. 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:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**5,890**	6,483
91 – 180 days	**1,487**	3,055
Over 180 days	**6,422**	12,129
	13,799	21,667

Other payables and accruals

	2016	2015
	RMB'000	*RMB'000*
Receipts in advance from customers	**16,916**	11,103
Accrued salaries and staff welfare	**1,453**	2,059
Other accruals	**3,606**	2,074
Other tax payable	**2,367**	2,134
	24,342	17,370

14. 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 2015, 31 December 2015 and 31 December 2016	40,000,000,000	40,000	N/A
Issued and fully paid:			
At 1 January 2015	600,000,000	600	3,957
Issue of subscription shares on 22 April 2015 *(Note i)*	120,000,000	120	743
Issue of shares by rights issue on 8 October 2015 *(Note ii)*	5,040,000,000	5,040	32,021
At 31 December 2015 and 2016	5,760,000,000	5,760	36,721

Notes:

(i) 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 shareholders' resolution passed at the annual general meeting of the Company held on 15 May 2014.

(ii) 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 issued in 2015 ranked *pari passu* with the existing shares of the Company in all aspects.

15. OPERATING LEASE COMMITMENTS

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:

	2016	2015
	RMB'000	*RMB'000*
Within one year	**2,521**	6,834
In the second to fifth year inclusive	**839**	2,716
	3,360	9,550

Leases are negotiated for terms of one to two years (2015: one to three years).

16. COMMITMENTS

In addition to the operating lease commitments detailed in note 15 above, the Group had the following commitments at the end of the reporting period:

	2016	2015
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Agency fees for printed media and outdoor advertising	**9,044**	15,045
Production costs for film and entertainment business	**78,008**	–
	87,052	15,045

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.

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

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 16/9/2015 *RMB'000*
Revenue	2,900
Cost of services	(56)
Other income	61
Other gains and losses	(2,155)
Administration expenses	(978)
Loss before taxation	(228)
Taxation	–
Loss for the year	(228)

Loss for the year from discontinued operation include the following:

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

During the year ended 31 December 2015, 33 Consultants contributed RMB30,604,000 and RMB56,000 in respect of the Group's net operating cash flows and investing activities respectively.

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

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 was settled in cash by the purchaser during the year ended 31 December 2016.

The impact of 33 Consultant on the Group's results and cash flows for the year ended 31 December 2015 is disclosed in note 17.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the Year amounted to approximately RMB57,494,000, representing a decrease of approximately RMB34,715,000 or 37.6% as compared to that of approximately RMB92,209,000 for last year, which include RMB89,309,000 from continuing operations and RMB2,900,000 from discontinued operations of money lending business. The Group recorded a total comprehensive expense attributable to owners of the Company for the Year of approximately RMB27,661,000, representing decrease of approximately 28.9% as compared to that of approximately RMB38,904,000 for last year.

REVENUE BY SEGMENT

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

	2016	2015		**2016**	2015
	RMB'000	*RMB'000*	*Change (%)*	**% of total revenue**	
Printed media advertising	**51,465**	80,673	(36.2)	**89.5**	90.3
Outdoor advertising	**5,166**	8,636	(40.2)	**9.0**	9.7
Film and entertainment investment	**–**	–	–	**–**	–
Prepaid card	**863**	–	100.0	**1.5**	–
	57,494	89,309	(35.6)	**100.0**	100.0

Printed Media Advertising

Revenue from printed media advertising was the main source of revenue for the Year, representing approximately 89.5% thereof. It is expected that printed media advertising income would drop due to the down sizing of the business, but would remain as one of the dominate 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 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 82.8% of the Group's total revenue from printed media advertising.

The significant decrease was mainly due to decrease in number of customers for periodical "旅伴" (Fellow Traveller) and "都市生活" (City Life), as the Group's coverage for trains with placing right was reduced due to high operating cost.

Outdoor Advertising

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

The significant drop in revenue was mainly due to immaterial revenue generated from station campaigns when compared to last year.

Film and Entertainment Investment

Revenue from film and entertainment investment represents profit sharing on box office of movies and concerts and distribution income of film rights and television drama. The Group expects will start generating revenue from this new segment from next year with launch of movies and other entertainment projects.

Prepaid Card

The Group obtained the Stored Value Facilities License ("SVF License") in November 2016, and started generating income from the new business in 2016. Revenue from prepaid card mainly represent the transaction fees recognised when the prepaid cardholders made payments of fares using the prepaid card and the card related fees when the service is provided.

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. Revenue from money lending business was approximately RMB2,900,000 for the last 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 was discontinued last year.

SEGMENT RESULTS AND PROFIT/(LOSS) MARGIN OF SEGMENT

Analysis of segment results from continuing operations is as follows:

	Revenue		**Cost**		**Segment results**		**Change**	
	2016	2015	**2016**	2015	**2016**	2015		
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*%*
Printed media advertising	**51,465**	80,673	**32,432**	51,061	**19,033**	29,612	**(10,579)**	(35.7)
Outdoor advertising	**5,166**	8,636	**12,027**	17,591	**(6,861)**	(8,955)	**2,094**	23.4
Film and entertainment investment	**–**	–	**1,425**	350	**(1,425)**	(350)	**(1,075)**	(307.1)
Prepaid card	**863**	–	**17,612**	–	**(16,749)**	–	**(16,749)**	(100.0)
	57,494	89,309	**63,496**	69,002	**(6,002)**	20,307	**(26,309)**	(129.6)

During the Year, the segment results of printed media advertising recorded a segment profit of approximately RMB19,033,000, representing a decrease of approximately 35.7% as compared to that of approximately RMB29,612,000 for last year. The decrease in segment profit was mainly due to less revenue generated while the Group still needs to bear fixed cost for magazine placing rights at first quarter of 2016 before the relevant contracts expired. Segment results of outdoor advertising recorded a segment loss of approximately RMB6,861,000 for the Year, while it was approximately RMB8,955,000 for last year. The improvement in segment result was contributed by early termination of all the advertising agency agreements with expiry dates 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, the Group started to engage in a new operating segment, film and entertainment investment in the PRC, as the films have not yet launched by the Year end, thus there was no profit sharing on box office of movies and distribution income of film rights and television drama. By late 2016, the Group obtained SVF License, and started generating income from prepaid card. However, as a start-up business, lots of expenses were incurred on professional team, network system and regulation compliance, resulting a relatively large segment loss.

In overall, there was a decrease in the segment results of approximately RMB26,309,000 to loss of RMB6,002,000, representing a decrease of approximately 129.6% from approximately RMB20,307,000 as compared to that of last year mainly contributed by the large loss from prepaid card business.

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

	Profit/(loss) margin of segment	
	2016	2015
	%	*%*
Printed media advertising	**37.0**	36.7
Outdoor advertising	**(132.8)**	(103.7)
Film and entertainment investment	**(100.0)**	(100.0)
Prepaid card	**(1,940.8)**	–
(Loss)/profit margin of all segments	**(10.4)**	22.7

Profit margin of printed media advertising segment has remained constant from approximately 36.7% for last year to approximately 37.0% for the Year.

Loss margin of outdoor advertising segment increased from approximately 103.7% last year to approximately 132.8% for the Year. The drop in margin was due to the significant reduction in revenue from station campaign which has a high margin over 90%.

The segment on film and entertainment investment has not yet launched by the Year end, thus there was no profit sharing on box office of movies and distribution income of film rights and television drama.

Prepaid card business was at a start-up stage in 2016, lots of expenses were incurred on professional team, network system and regulation compliance, resulting a relatively large loss margin.

The margin of segment as a whole decreased from approximately 22.7% profit margin for last year to approximately 10.4% loss margin for the Year. This was mainly contributed by the huge loss recorded by prepaid card business during its start-up stage.

Other Income

There was other income of approximately RMB1,577,000, compared to last year of RMB2,517,000, among which RMB2,456,000 was from continuing operations and RMB61,000 was from discontinued operations, representing a decrease of approximately 37.3%. The decrease was due to reduction in non-operating income generated from providing tailor made typesetting and design services upon customers requests on need basis.

Cost of Sales

Cost of sales mainly consists of agency fee, printing cost for magazines, system cost for prepaid card networks and direct labor cost. Cost of sales decreased from approximately RMB63,264,000 for last year among which RMB63,208,000 was from continuing operations and RMB56,000 was from discontinued operations, to RMB36,762,000 for the Year, representing a decrease of approximately 41.9%. The sharp decrease was contributed by the expiration of the magazine placing right in first quarter of 2016 resulting in drop in agency fee. Also there was decrease in staff cost since the Group has closed down some branch offices due to the down-sized printed media business.

Selling and Distribution Expenses

Selling and distribution expenses mainly include salaries, bonuses, commissions to sales staff and travelling and related expenses. It accounted for approximately 26.6% and 40.7% of the Group's total revenue from both continuing and discontinued operations for the years ended 31 December 2015 and 2016, respectively. The amount decreased by approximately 4.6% from approximately RMB24,539,000 for last year which was solely derived from the continuing operations to approximately RMB23,420,000, 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. The decrease was partly offset by the selling expense incurred by prepaid card business which covers salary for marketing team and advertising expenses for promotion of prepaid cards.

Administrative Expenses

Administrative expenses mainly consists of salaries, rental expense and legal and professional fees. Administrative expenses increased by approximately 4.3% from approximately RMB38,063,000 for the last year, among which RMB37,085,000 was from continuing operations and RMB978,000 was from discontinuing operation to approximately RMB39,685,000 for the Year. The increase in administrative expenses was mainly due to the 60,000,000 share options granted to the consultants of the Company on December 2016, incurring an amount of approximately RMB2,481,000 share-based payment expenses.

Other Gains and Losses

Other gains and losses, net, increased by 49.2% from loss of RMB12,866,000, among which RMB10,711,000 was from continuing operations and RMB2,155,000 was from discontinued operation to approximately RMB19,191,000 loss, due to impairment loss on deposits paid for advertising agency rights and other.

Income Tax Expense

The income tax expense of the Group for the Year was approximately RMB151,000 (2015: RMB808,000) at the effective tax rate of 0.2% (2015: 1.8%).

Liquidity and Financial Resources

As at 31 December 2016, 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 RMB147,963,000 representing a decrease of approximately RMB272,371,000, as compared to the position as at 31 December 2015. The significant decrease was mainly due to the investments in movies, film rights and prepayments for entertainment business. Besides, the Group has further purchased more securities during the Year.

As at 31 December 2016 the current ratio was approximately 11.12 (2015: 11.63) and the gearing ratio of the Group was approximately 0.34 (2015: 2.75) 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 October 2015 in connection with the open offer of 5,040,000,000 new shares 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.

Pledge of Assets

As at 31 December 2016, the Group has approximately RMB15,375,000 (2015: RMB15,613,000) pledged bank deposits to secure banking facilities, denominated in HKD (2015: denominated in RMB).

Restricted cash

As at 31 December 2016, the Group has approximately RMB5,616,000 (2015: Nil) monies received from sale and reloading of prepaid cards maintained in one or more segregated bank accounts.

Contingent Liabilities

As at 31 December 2016, the Group did not have any significant contingent liabilities (2015: Nil).

Capital Commitments

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

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 RMB27,661,000, representing a decrease of approximately 28.9%, as compared to approximately RMB38,904,000 for last year. Net loss margin of the Group was approximately 105.5% as compared to approximately 49.1% for last year, contributed by high loss margin from prepaid card business, and impairment loss on deposits paid for advertising agency rights and other.

Capital Structure

During the Year, the Group had net assets of approximately RMB516,671,000 (2015: RMB542,944,000), comprising non-current assets of approximately RMB125,427,000 (2015: RMB80,845,000), and current assets of approximately RMB429,916,000 (2015: RMB505,561,000). The Group recorded a net current asset position of approximately RMB391,244,000 (2015: RMB462,099,000), which primarily consists of film rights amounted to approximately RMB104,388,000 (2015: nil), prepayment for film and entertainment business amounted to approximately RMB84,953,000 (2015: nil), cash and bank equivalents, restricted cash and bank deposits amounted to approximately RMB168,954,000 (2015: RMB435,947,000), prepayments, deposits and other receivables amounted to approximately RMB45,421,000 (2015: RMB47,833,000), held for trading investments amounted to approximately RMB18,589,000 (2015: RMB6,137,000) and trade and bills receivables amounted to approximately RMB7,611,000 (2015: RMB15,644,000). Major current liabilities were trade payables and other payables and accruals amounted to approximately RMB13,799,000 (2015: RMB21,667,000) and approximately RMB24,342,000 (2015: RMB17,370,000), 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 for media business, while film and entertainment investment and prepaid card business were mainly settled in Hong Kong Dollars. 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 2016, the Group employed a total of 181 employees (2015: 289 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 down sizing of printed media business in 2016 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 RMB31,986,000 (2015: RMB33,137,000).

Material Acquisition and Disposal

The Group disposed the entire equity interest in an associate, Beijing Zhong Shi Xin Ke Media Advertising Co., Ltd which engaged in provision of advertising agency services during the Year.

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 2016. 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 2016.

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

During the year ended 31 December 2016, 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 15 May 2017 to 18 May 2017, 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 2016, 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 2016, the Audit Committee had held four meetings to review the final results of the Group for 2015, the 2015 annual report of the Company, the 2016 interim results and report of the Company and the quarterly results and report for the periods ended 31 March 2016 and 30 September 2016, 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 2016 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 and Executive Director

Hong Kong, 27 March 2017

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

This notice, 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 notice 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 notice misleading.

This notice 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.