



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

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8087

**INTERIM
REPORT**

2018



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This report for which the directors (the "Directors") of China 33 Media Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.





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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Ruan Deqing (*Chairman*)
Mr. Peng Lichun
Mr. Ma Pun Fai

Independent Non-Executive Directors

Ms. Tay Sheve Li
Ms. Yu Shun Yan Verda
Mr. Yau Kit Yu

LEGAL ADVISER

As to PRC law:

Beijing Zhongtong Law Firm
18th Floor, Tower A, Hanzun Building
No. 29 Third Ring Road North
Xicheng District
Beijing
China

AUDITOR

HLB Hodgson Impey Cheng Limited
31/F Gloucester Tower,
The Landmark,
11 Pedder Street, Central
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Ruan Deqing
Mr. Siu Shing Tak

COMPANY SECRETARY

Mr. Siu Shing Tak, *HKICPA, AICPA*

COMPLIANCE OFFICER

Mr. Ruan Deqing

AUDIT COMMITTEE MEMBERS

Ms. Tay Sheve Li (*Chairperson*)
Ms. Yu Shun Yan Verda
Mr. Yau Kit Yu

REMUNERATION COMMITTEE MEMBERS

Ms. Tay Sheve Li (*Chairperson*)
Mr. Ruan Deqing
Ms. Yu Shun Yan Verda

NOMINATION COMMITTEE MEMBERS

Ms. Yu Shun Yan Verda (*Chairperson*)
Ms. Tay Sheve Li
Mr. Peng Lichun

REGISTERED OFFICE

Cricket Square
Hutchins Drive
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Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

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99 Lianhui Road,
Xizhimen North Street,
Haidian District,
Beijing,
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART XI OF THE COMPANIES ORDINANCE

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Tower 1
China Hong Kong City
33 Canton Road
Tsimshatsui
Hong Kong

PRINCIPAL BANKERS

Bank of Communication Co., Ltd. Hong Kong Branch
China Construction Bank (Asia) Corporation Limited
Industrial Bank Co., Ltd.

HONG KONG BRANCH SHARE REGISTRAR

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

WEBSITE ADDRESS

<http://www.china33media.com>

STOCK CODE

8087

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

BUSINESS REVIEW

The principal business of the Company and its subsidiaries (collectively, the "Group") during the period under review included printed media advertising, outdoor advertising, film and entertainment investment as well as prepaid card business. The Group's total revenue for the six months ended 30 June 2018 amounted to approximately RMB26,282,000, representing a decrease of approximately RMB34,004,000 or 56.4% as compared to approximately RMB60,286,000 for the corresponding period last year.

Overall gross profit decreased by approximately RMB9,993,000 or 63.9% to approximately RMB5,638,000 for the six months ended 30 June 2018 from approximately RMB15,631,000 for the corresponding period last year. The gross profit margin for the current period decreased to approximately 21.5% from approximately 25.9% in the corresponding period last year. The Group recorded a total comprehensive expense attributable to owners of the Company for the current period amounted to approximately RMB4,738,000 while it recorded a total comprehensive expense attributable to owners of the Company amounted to approximately RMB26,747,000 for the corresponding period last year.

REVIEW BY SEGMENT

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

	Revenue			Segment Profit (Loss)			Segment Profit (Loss)	
	Six months ended			Six months ended			Six months ended	
	30 June			30 June			30 June	
	2018	2017	Change %	2018	2017	Change %	2018	2017
(unaudited)	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(unaudited)	(unaudited)
	RMB'000	RMB'000		RMB'000	RMB'000		%	%
Printed media advertising	13,598	21,502	(36.8)	3,067	14,169	(78.4)	22.6	65.9
Outdoor advertising	4,226	3,301	28.0	1,027	1,816	(43.4)	24.3	55.0
Film and entertainment investment	4,874	34,404	(85.8)	176	816	(78.4)	3.6	2.4
Prepaid card	3,584	1,079	232.2	(5,752)	(8,056)	28.6	(160.5)	(746.6)
Total	26,282	60,286	(56.4)	(1,482)	8,745	(116.9)	(5.6)	14.5

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Printed Media Advertising

Revenue from printed media advertising was one of the main sources of revenue, representing approximately 51.7% of the Group's total revenue for the six months ended 30 June 2018. With the unstable income from film and entertainment business, which is subject to the production status and market trend, it is expected that the printed media advertising income to the Group will still remain as one of the principal sources of income. Revenue from printed media advertising mainly represented the amount generated from the sales of the advertising space on the periodicals and was recognised upon the publication of the periodicals in which the respective advertisement was placed. "旅伴" (Fellow Traveller) is a monthly nationwide periodicals distributed on all China Railway High-speed ("CRH") trains and selected regular trains in the People's Republic of China (the "PRC"). Revenue from placing advertising on "旅伴" (Fellow Traveller) was the major source of revenue for the period under review which contributed approximately 91.5% of the Group's total revenue from printed media advertising. Revenue from printed media advertising decreased by approximately RMB7,904,000 or 36.8% from approximately RMB21,502,000 for the six months ended 30 June 2017 to approximately RMB13,598,000 for the six months ended 30 June 2018. The decrease was mainly due to decrease in number of customers for periodicals "旅伴" (Fellow Traveller).

Segment profit from printed media advertising for the six months ended 30 June 2018 amounted to approximately RMB3,067,000, representing a decrease of approximately 78.4% as compared to the corresponding period last year, which was approximately RMB14,169,000. Segment profit margin of printed media advertising decreased from approximately 65.9% for the six months ended 30 June 2017 to approximately 22.6% for the six months ended 30 June 2018. The decrease in segment margin was due to impairment of trade receivables for certain customers which were past due for years.

Outdoor Advertising

Revenue from outdoor advertising represented the amount generated from the sales of advertising spaces on the billboards and LEDs installed at certain selected train stations and revenue from promotion campaign conducted in some train stations. Revenue from outdoor advertising increased by approximately RMB925,000 or 28.0% from approximately RMB3,301,000 for the six months ended 30 June 2017 to approximately RMB4,226,000 for the six months ended 30 June 2018. The increase was mainly due to increased station campaigns when compared to the corresponding period last year.

Segment profit from outdoor advertising for the six months ended 30 June 2018 amounted to approximately RMB1,027,000 while it was of approximately RMB1,816,000 for the corresponding period last year. Segment profit margin of outdoor advertising was 24.3% for the six months ended 30 June 2018 as compared to 55.0% for the six months ended 30 June 2017. The deduction in segment profit margin was due to the additional amount charged by the suppliers for the services rendered in the past. These amounts were settled upon finalization of accounts in current interim period.

Film and Entertainment Investment

Revenue from film and entertainment investment represents profit sharing on box office of movies and concerts and distribution income of film rights and television drama. Revenue from the distribution of film rights and entertainment was recognised when (i) the Group's entitlement to such payments has been established which was upon the delivery of the master copy or materials to the customers, and (ii) the collectability of proceeds was reasonably assured. Revenue from film and entertainment business decreased by approximately RMB29,530,000 or 85.8% from approximately RMB34,404,000 for the six months ended 30 June 2017 to RMB4,874,000 for the six months ended 30 June 2018. The frequency of income from film and entertainment business was highly depending on the production status and the market trend for the respective periods. Most of the films, television programmes and television drama series are still under production as of 30 June 2018 and therefore, only one movie was released during the current interim period.

Segment profit from film and entertainment business for the six months ended 30 June 2018 amounted to approximately RMB176,000, representing a drop of approximately RMB640,000 or 78.4% as compared to the corresponding period last year. Segment profit margin increased from approximately 2.4% for the six months ended 30 June 2017 to approximately 3.6% for the six months ended 30 June 2018.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

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 business 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 was provided. Revenue from prepaid card business increased by approximately RMB2,505,000 or 232.2% from approximately RMB1,079,000 for the six months ended 30 June 2017 to approximately RMB3,584,000 for the six months ended 30 June 2018. This was due to increase in both number and amount of prepaid card sold in 2018 when compared with the corresponding period last year.

Segment loss from prepaid card business for the six months ended 30 June 2018 amounted to approximately RMB5,572,000, representing a decrease of approximately RMB2,304,000 as compared to the corresponding period last year, which was approximately RMB8,056,000. Segment loss margin of prepaid card also dropped significantly from approximately 746.6% for the six months ended 30 June 2017 to approximately 160.5% for the six months ended 30 June 2018. The decrease in segment profit and segment margin was mainly due to first half of 2017 was still the start-up stage of the company with huge investment but limited revenue, while less investment on system and manpower was needed in 2018.

Cost of Sales

Cost of sales decreased from approximately RMB44,655,000 for the six months ended 30 June 2017, to approximately RMB20,644,000 for the current period, representing a decrease of approximately 53.8%. It was due to the reduction of film rights recognised as cost of sales in current interim period, which was aligned with the revenue decrement mentioned above. Besides investment cost for the movies, cost of sales also consists of agency fee, printing cost and direct labor cost.

Other Gains and Losses, Net

Other gains and losses, decreased from a net loss of approximately RMB10,880,000 for the six months ended 30 June 2017, to net loss of approximately RMB4,289,000 in the current period, representing a significant drop of approximately 60.6%. The decrease in other losses was mainly contributed by the reduction in revaluation loss recorded from held for trading investments due to the improved in market value.

Selling and Distribution Expenses

Selling and distribution expenses decreased by approximately 52.5% from approximately RMB8,009,000 for the six months ended 30 June 2017, to approximately RMB3,804,000 for the current period, primarily due to further downsizing of the sales team in the PRC, who are responsible for printed media and outdoor advertising businesses.

Administrative Expenses

Administrative expenses decreased from approximately RMB14,901,000 for the six months ended 30 June 2017, to approximately RMB10,459,000 for the current period, representing a decrease of approximately 29.8%. The decrease in administrative expenses was due to cost control policies applied leading to lower expenses.

Income Tax

There was an income tax expense of approximately RMB24,000 for the six months ended 30 June 2018 as compared to approximately RMB15,000 resulting from loss for the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Liquidity and Financial Resources

As at 30 June 2018, the Group's cash and cash equivalents, including bank deposits and cash on hand, and short-term bank deposits with original maturities not exceeding three months, amounted to approximately RMB13,572,000, representing a net decrease of approximately RMB4,901,000 as compared to the position as at 31 December 2017. The decrease was mainly due to the payment of operating expenses.

As at 30 June 2018, the current ratio was approximately 3.79 (31 December 2017: 4.26) and gearing ratio of the Group was approximately 0.06 (31 December 2017: 0.06) 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.

Pledge of Assets

As at 30 June 2018, the Group has approximately RMB2,725,000 pledged bank deposits to secure banking facilities, denominated in Hong Kong Dollars (31 December 2017: RMB2,682,000).

Restricted cash

As at 30 June 2018, the Group has approximately RMB36,765,000 (31 December 2017: RMB22,734,000) monies received from sale and reloading of prepaid cards maintained in trust account and other segregated bank accounts.

Contingent Liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities (as at 31 December 2017: nil).

Commitments

Details of commitments are set out in Note 15 and Note 16 to the condensed consolidated interim financial statements.

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

Total comprehensive expense attributable to the owners of the Company for the six months ended 30 June 2018 amounted to approximately RMB4,738,000 as compared to expense of approximately RMB26,747,000 in the corresponding period last year. Net loss margin of the Group for the six months ended 30 June 2018 was approximately 48.8% as compared to approximately 28.9% for the corresponding period last year.

Capital Structure

During the period under review, the Group had net assets of approximately RMB445,651,000 (31 December 2017: RMB450,288,000), comprising non-current assets of approximately RMB223,955,000 (31 December 2017: RMB219,260,000), and current assets of approximately RMB301,299,000 (31 December 2017: RMB301,869,000). The Group recorded a net current asset position of approximately RMB221,696,000 (31 December 2017: RMB231,028,000), which primarily consists of film rights amounted to approximately RMB83,379,000 (31 December 2017: RMB84,324,000), prepayment for film and entertainment business amounted to approximately RMB64,974,000 (31 December 2017: RMB64,068,000), cash and bank equivalents, restricted cash and bank deposits amounted to approximately RMB53,062,000 (31 December 2017: RMB43,889,000), prepayments, deposits and other receivables amounted to approximately RMB49,433,000 (31 December 2017: RMB55,255,000), held for trading investments amounted to approximately RMB7,969,000 (31 December 2017: RMB11,109,000) and trade and bills receivables amounted to approximately RMB42,482,000 (31 December 2017: RMB43,224,000). Major current liabilities were trade payables, other payables and accruals and contract liabilities amounted to approximately RMB13,222,000 (31 December 2017: RMB14,318,000), approximately RMB11,028,000 (31 December 2017: RMB56,446,000) and approximately RMB53,858,000 (31 December 2017: nil), respectively.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

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 United States Dollars, plus a pledged bank deposit denominated in Hong Kong Dollars. The Directors consider that the Group's risk in foreign exchange is insignificant. During the period under review, the Group did not hedge any exposure in foreign currency risk.

Human Resources

As at 30 June 2018, the Group had a total of 55 employees (as at 30 June 2017: 158 employees) situated in the PRC and Hong Kong. The Group's emolument policy is formulated based on industry practices and performance of individual employees. During the period under review, the total staff costs (including Directors' emoluments) amounted to approximately RMB8,153,000 (six months ended 30 June 2017: RMB12,490,000).

Prospects

The cultural and media industry throughout the world, and especially in the People's Republic of China (the "PRC") is presented with a huge opportunity. China has become the world's second largest film market country. With mature online and offline entertainment platforms, PRC's content demand is soaring in a historical rate. In 2017 and 2016, the total box office in PRC is RMB55.9 billions and RMB45.7 billions respectively. PRC movie attendance reached 1.6 billion and 1.3 billion in 2017 and 2016 respectively. We are committed to delivering quality entertainment content. We select, evaluate and produce good film and TV projects. We also pursue the opportunity to co-invest in various film projects led by other studios.

Players of alternative payment were very active in Hong Kong in 2017, striving to establish a solid foothold in this highly competitive market. E-Wallet and mobile payment were rapidly gaining popularity. Players like Alipay and WeChat were giving out attractive incentives with heavy advertising and introducing new usage occasions (e.g. taxi, wet market) to compete and capture market share. Local players like Hong Kong Telecom (HKT), Octopus and TNG were also adding values to their products and services to grow and stay competitive in the market. The Hongkong and Shanghai Banking Corporation (HSBC) launched PayMe focusing on P2P payment. In addition to the stored value facilities licensees, card associations and mobile phone companies were also actively joining in the competitive landscape of alternative payment industry.

Hong Kong has entered a new age of payment. The industry is growing fast with e-Wallet and mobile payment being the key area in 2017. To support the industry growth, Hong Kong Monetary Authority (HKMA) is going to launch the Faster Payment System in September 2018 to facilitate real-time payment services, allowing banks and stored value facility operators to provide real-time credit transfer and direct debit services.

In 2018, we will creatively leverage on the strength of our core products, the technology and the facilities available in the industry to develop value-added and innovative solutions for our target customers. Despite the industry's key players are large and giant corporations, we believe we will be able to carve out a niche for ourselves in the market with our effective product and market strategies.

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

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

CORPORATE GOVERNANCE

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

DIVIDENDS

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the period under review, none of the Directors had material interest, either directly or indirectly, in any transaction, arrangement or contract to the business of the Group to which the Company or any of its subsidiaries was a party.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the six months ended 30 June 2018, the Directors were not aware of any business or interest of each of the Directors, or the controlling shareholders of the Company and their respective associates (as defined under GEM Listing Rules) that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

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

During the six months ended 30 June 2018, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 June 2018, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer referred to rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in the ordinary shares of the Company (the "Shares")

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

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Notes:

- (1) These Shares were registered in the name of Lizhong Limited (“Lizhong”), 48.73% of the entire issued share capital of which was owned by Joint Loyal Limited (“Joint Loyal”). The entire issued share capital of Joint Loyal was owned by Mr. Ruan Deqing (“Mr. Ruan”), an executive director. Mr. Ruan was deemed to be interested in all the Shares in which Joint Loyal was interested by virtue of the SFO. Mr. Ruan was the sole director of Joint Loyal.

Save as disclosed above, as at 30 June 2018, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 of the GEM Listing Rules.

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

So far as is known to the Directors, as at 30 June 2018, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in Shares and underlying Shares of the Company

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

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Notes:

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

Save as disclosed above, as at 30 June 2018, the Directors were not aware of any other persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the Code. The primary duties of the Audit Committee are mainly to review the material investment, capital operation and material financial system of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external audit firms; to assess the performance of internal financial and audit personnel; and to assess the internal control of the Company. As at 30 June 2018, the Audit Committee comprises Ms. Tay Sheve Li (Chairperson), Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu, all being independent non-executive directors.

The Audit Committee has reviewed the unaudited results of the Group for the six months ended 30 June 2018. Members of the Audit Committee were of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

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

Hong Kong, 10 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated results of China 33 Media Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the six months and three months ended 30 June 2018, together with the comparative unaudited figures for the corresponding periods in 2017, are as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2018 (unaudited) RMB'000	2017 (unaudited) RMB'000	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000
REVENUE	3, 4	26,282	60,286	11,132	48,158
Cost of sales		(20,644)	(44,655)	(10,636)	(37,872)
Gross profit		5,638	15,631	496	10,286
Other income		120	1,092	91	570
Other losses and gains, net	4	(4,289)	(10,880)	(2,649)	(9,764)
Selling and distribution expenses		(3,804)	(8,009)	(1,689)	(3,968)
Administrative expenses		(10,459)	(14,901)	(5,575)	(6,448)
Share of results of a joint venture		(3)	(56)	–	(3)
Finance cost		–	(286)	–	(286)
LOSS BEFORE TAXATION		(12,797)	(17,409)	(9,326)	(9,613)
Income tax (expense) credit	5	(24)	(15)	(7)	27
LOSS FOR THE PERIOD	6	(12,821)	(17,424)	(9,333)	(9,586)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

	Note	Six months ended 30 June		Three months ended 30 June	
		2018 (unaudited) RMB'000	2017 (unaudited) RMB'000	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD:					
Item that may be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		8,184	(10,504)	11,517	(6,189)
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		(4,637)	(27,928)	2,184	(15,775)
(Loss) profit for the period attributable to:					
Owners of the Company		(12,922)	(16,243)	(9,291)	(8,619)
Non-controlling interests		101	(1,181)	(42)	(967)
		(12,821)	(17,424)	(9,333)	(9,586)
Total comprehensive (expense) income attributable to:					
Owners of the Company		(4,738)	(26,747)	2,226	(14,808)
Non-controlling interests		101	(1,181)	(42)	(967)
		(4,637)	(27,928)	2,184	(15,775)
		RMB cents	RMB cents	RMB cents	RMB cents
BASIC AND DILUTED LOSS PER SHARE	8	(0.22)	(0.28)	(0.16)	(0.15)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Non-current assets			
Property, plant and equipment	9	16,923	19,776
Interest in a joint venture		346	349
Prepayments and deposits		4,822	4,794
Prepayment for film and entertainment business	10	201,864	194,341
		223,955	219,260
Current assets			
Film rights	11	83,379	84,324
Trade and bills receivables	12	42,482	43,224
Prepayments, deposits and other receivables		49,433	55,255
Prepayment for film and entertainment business	10	64,974	64,068
Held for trading investments		7,969	11,109
Pledged bank deposits		2,725	2,682
Restricted cash		36,765	22,734
Cash and cash equivalents		13,572	18,473
		301,299	301,869
Current liabilities			
Trade payables	13	13,222	14,318
Other payables and accruals	13	11,028	56,446
Contract liabilities		53,858	–
Tax payable		1,495	77
		79,603	70,841
Net current assets		221,696	231,028
Net assets		445,651	450,288

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2018

	Notes	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Capital and reserves			
Share capital	14	36,721	36,721
Reserves		413,495	418,233
Equity attributable to owners of the Company		450,216	454,954
Non-controlling interests		(4,565)	(4,666)
Total equity		445,651	450,288

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

	Attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital reserve	Statutory reserve	Share redemption reserve	Exchange reserve	Share option reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017 (audited)	36,721	626,521	26,239	13,174	19	31,651	2,481	(217,616)	519,190	(2,519)	516,671
Loss for the period	-	-	-	-	-	-	-	(16,243)	(16,243)	(1,181)	(17,424)
Other comprehensive expense for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	(10,504)	-	-	(10,504)	-	(10,504)
Total comprehensive expense for the period	-	-	-	-	-	(10,504)	-	(16,243)	(26,747)	(1,181)	(27,928)
At 30 June 2017 (unaudited)	36,721	626,521	26,239	13,174	19	21,147	2,481	(233,859)	492,443	(3,700)	488,743
At 1 January 2018 (audited)	36,721	626,521	26,239	13,174	19	(1,358)	7,288	(253,650)	454,954	(4,666)	450,288
(Loss) profit for the period	-	-	-	-	-	-	-	(12,922)	(12,922)	101	(12,821)
Other comprehensive income for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	8,184	-	-	8,184	-	8,184
Total comprehensive (expense) income for the period	-	-	-	-	-	8,184	-	(12,922)	(4,738)	101	(4,637)
At 30 June 2018 (unaudited)	36,721	626,521	26,239	13,174	19	6,826	7,288	(266,572)	450,216	(4,565)	445,651

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000
Net cash used in operating activities	(9,794)	(141,918)
Net cash from investing activities	868	21,138
Net cash from financing activities	–	6,039
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,926)	(114,741)
Cash and cash equivalents at beginning of period	18,473	147,963
Effect of foreign exchange rate changes, net	4,025	(15,083)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	13,572	18,139

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. During the period, the Group was principally engaged in the provision of advertising services of printed media for railway networks, outdoor advertising spaces on railway stations in the PRC, film and entertainment investment in Hong Kong and the PRC and prepaid card business in Hong Kong.

2. BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34 (“IAS 34”) “Interim Financial Reporting” issued by the International Accounting Standards Board (the “IASB”) as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of the Hong Kong Limited (the “GEM Listing Rules”). These consolidated financial statements have been prepared under the historical cost convention. They are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements are unaudited but have been reviewed by the Audit Committee.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are relevant to the Group’s operation for the preparation of the Group’s interim condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Annual improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as further explained below, the directors do not anticipate that the application of the new and revised HKFRSs above will have a material effect on these interim condensed consolidated financial statements and the disclosure.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

HKFRS 15

HKFRS 15 replaces HKAS 18 "Revenue" ("HKAS 18"), which covered revenue arising from sale of goods and rendering of services, and HKAS 11 "Construction contracts" ("HKAS 11") which specified the accounting for construction contracts. Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers. Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time.

HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time.

- When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and the related interpretations.

- "Receipts in advance from customers" in relation to deposits or payments received in advance for printing media advertising or outdoor advertising not yet posted for customers and advanced payment from customers for prepaid card business, which was previously included in "Other payables and accruals" has been reclassified as "Contract liabilities".

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONTINUED)

HKFRS 15 (CONTINUED)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 RMB'000	Reclassification RMB'000	Carrying amounts under HKFRS 15 at 1 January 2018 RMB'000
Current liabilities			
Other payables and accruals	56,446	(41,769)	14,677
Contract liabilities	–	41,769	41,769

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

	As reported RMB'000	Adjustments RMB'000	Amounts without application of HKFRS 15 RMB'000
Current liabilities			
Other payables and accruals	–	53,858	53,858
Contract liabilities	53,858	(53,858)	(53,858)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. OPERATING SEGMENT INFORMATION

The Group determines its operating segments and measurement of segment results 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 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.

	Printed media advertising (unaudited) RMB'000	Outdoor advertising (unaudited) RMB'000	Film and entertainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
For the six months ended 30 June 2018					
Segment revenue:					
Sales to external customers	13,598	4,226	4,874	3,584	26,282
Timing of revenue recognition					
At a point in time	–	–	4,874	3,584	8,458
Over time	13,598	4,226	–	–	17,824
	13,598	4,226	4,874	3,584	26,282
Segment results	3,067	1,027	176	(5,752)	(1,482)
<i>Reconciliation:</i>					
Bank interest income					48
Unallocated other income, other gains and losses, net					(2,686)
Share of profits and losses of: A joint venture					(3)
Corporate and other unallocated expenses					(8,674)
Loss before taxation					(12,797)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. OPERATING SEGMENT INFORMATION (CONTINUED)

	Printed media advertising (unaudited) RMB'000	Outdoor advertising (unaudited) RMB'000	Film and entertainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
For the six months ended 30 June 2017					
Segment revenue:					
Sales to external customers	21,502	3,301	34,404	1,079	60,286
Segment results	14,169	1,816	816	(8,056)	8,745
<i>Reconciliation:</i>					
Bank interest income					134
Unallocated other income, other gains and losses, net					(9,922)
Share of profits and losses of:					
A joint venture					(56)
Finance cost					(286)
Corporate and other unallocated expenses					(16,024)
Loss before taxation					(17,409)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. REVENUE, OTHER LOSSES AND GAINS, NET

Revenue, which is also the Group's turnover, represents the advertising income, net of business tax and interest income. An analysis of revenue and other losses and gains, net, are as follows:

	Six months ended 30 June		Three months ended 30 June	
	2018	2017	2018	2017
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
Revenue				
Printed media advertising income	13,598	21,502	6,505	11,674
Outdoor advertising income	4,226	3,301	1,874	1,486
Film and entrainment investment income	4,874	34,404	704	34,404
Prepaid card income	3,584	1,079	2,049	594
Total	26,282	60,286	11,132	48,158
Other losses and gains, net				
Fair value change of held for trading investments	(3,166)	(10,859)	(1,880)	(10,289)
Others	(1,123)	(21)	(769)	525
Total	(4,289)	(10,880)	(2,649)	(9,764)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

5. INCOME TAX (EXPENSE) CREDIT

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (six months ended 30 June 2017: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing tax rate, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the Law of the PRC on Enterprise Income Tax, the PRC Enterprise Income tax rate of all the PRC subsidiaries is 25%.

	Six months ended 30 June		Three months ended 30 June	
	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000
Current tax				
PRC Enterprise Income Tax	(24)	(15)	(7)	27

6. LOSS FOR THE PERIOD

The Group's loss for the period is arrived at after charging:

	Six months ended 30 June		Three months ended 30 June	
	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000
Depreciation	1,586	1,309	851	703
Minimum lease payments under operating leases on land and buildings	1,198	2,467	318	1,024
Employee benefit expense (including directors' remuneration):				
Wages and salaries	6,392	11,394	3,681	5,958
Pension scheme contributions*	1,761	1,096	1,415	534
Total employee benefit expense	8,153	12,490	5,096	6,492

* As at the end of the reporting period, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

8. LOSS PER SHARE

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

	Six months ended 30 June		Three months ended 30 June	
	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	(12,922)	(16,243)	(9,291)	(8,619)

	Number of shares			
	Six months ended 30 June		Three months ended 30 June	
	2018 '000	2017 '000	2018 '000	2017 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	5,760,000	5,760,000	5,760,000	5,760,000

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Net carrying amount at 1 January	19,776	25,076
Additions	492	2,894
Disposals/written off	(1,608)	(4,487)
Depreciation	(1,586)	(3,458)
Effect of foreign currency exchange difference	(151)	(249)
Net carrying amount at the period/year end	16,923	19,776

10. PREPAYMENT FOR FILM AND ENTERTAINMENT BUSINESS

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Current	64,974	64,068
Non-current	201,864	194,341
	266,838	258,409

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.

11. FILM RIGHTS

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Cost		
At 1 January	84,324	104,388
Additions	1,846	35,490
Recognised as an expense included in cost of sales	(3,899)	(48,421)
Effect of foreign currency exchange difference	1,108	(7,133)
As at 30 June/31 December	83,379	84,324

As at the end of the reporting period, 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. TRADE AND BILLS RECEIVABLES

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Trade and bills receivables	68,908	69,689
Less: Accumulated allowances	(26,426)	(26,465)
	42,482	43,224

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 180 days.

As at the end of the reporting period, an aged analysis of the trade and bills receivables, net of allowance for bad and doubtful debts presented based on the respective dates on which revenue was recognised are as follows:

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Trade receivables:		
Within 90 days	3,681	12,052
91-180 days	4,705	30,577
181-365 days	33,870	325
Over 1 year	226	–
	42,482	42,954
Bill receivables:		
Within 90 days	–	270
	42,482	43,224

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

13. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

Trade payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Within 90 days	3,222	4,136
91-180 days	93	416
Over 181 days	9,907	9,766
	13,222	14,318

Other payables and accruals

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Receipts in advance from customers (Note)	–	41,769
Accrued salaries and staff welfare	144	694
Other accruals	9,202	11,662
Other tax payable	1,682	2,321
	11,028	56,446

Note: Receipt in advance amounting RMB17,807,000 were payable to external clients in respect of the restricted cash received and held for clients in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. SHARE CAPITAL

	Number of share	Share Capital RMB'000
Ordinary shares of US\$0.001 each		
Authorised:		
As at 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	40,000,000,000	263,672
Issued and fully paid:		
As at 1 January 2017, 30 June 2017, 1 January 2018 and 30 June 2018	5,760,000,000	36,721

15. OPERATING LEASE COMMITMENTS

The Group leases its office premises under operating lease arrangements. Leases for these properties are negotiated for terms of one to three years.

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Within 1 year	2,628	3,090
After 1 year but within 5 years	211	1,459
	2,839	4,549

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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:

	30 June 2018 (unaudited) RMB'000	31 December 2017 (audited) RMB'000
Contracted, but not provided for:		
Agency fees for printed media and outdoor advertising	5,616	6,166
Production costs for film and entertainment business	34,062	33,587
	39,678	39,753

17. RELATED PARTY TRANSACTIONS

Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid/payable to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June		Three months ended 30 June	
	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000	2018 (unaudited) RMB'000	2017 (unaudited) RMB'000
Short term employee benefit	1,121	1,217	560	609
Post employment benefit	29	30	15	15
	1,150	1,247	575	623