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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019

The board (“**Board**”) of directors (“**Directors**”) of China 33 Media Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited results of the Group for the nine months and three months ended 30 September 2019. This announcement, containing the full text of the 2019 third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of interim results.

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

Hong Kong, 11 November 2019

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

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



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THIRD QUARTERLY
REPORT

2019

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

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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.



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2019

THIRD QUARTERLY RESULTS

The unaudited condensed consolidated results of China 33 Media Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the nine months and three months ended 30 September 2019, together with the comparative unaudited figures for the corresponding periods in 2018, are as follows:

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2019 (unaudited) RMB'000	2018 (unaudited) RMB'000	2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
Revenue	5	44,458	38,063	16,149	11,781
Cost of sales		(39,872)	(37,998)	(14,745)	(17,354)
Gross profit/(loss)		4,586	65	1,404	(5,573)
Other income		1,017	311	328	191
Other losses and gains, net		600	(4,527)	(821)	(238)
Selling and distribution expenses		(5,154)	(4,677)	(1,700)	(873)
Administrative expenses		(17,433)	(17,466)	(8,188)	(7,007)
Share of losses of a joint venture		(22)	(136)	(7)	(133)
Finance cost		(74)	–	(35)	–
Loss before tax		(16,480)	(26,430)	(9,019)	(13,633)
Income tax expense	6	–	(81)	–	(57)
Loss for the period		(16,480)	(26,511)	(9,019)	(13,690)
Other comprehensive income/(expense) for the period:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		14,992	23,995	10,739	15,811
Total comprehensive (expense)/income for the period		(1,488)	(2,516)	1,720	2,121

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2019

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2019 (unaudited) RMB'000	2018 (unaudited) RMB'000	2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
Loss for the period attributable to:					
Owners of the Company		(16,526)	(26,368)	(8,916)	(13,446)
Non-controlling interests		46	(143)	(103)	(244)
		(16,480)	(26,511)	(9,019)	(13,690)
Total comprehensive (expense)/income for the period attributable to:					
Owners of the company		(1,534)	(2,373)	1,823	2,365
Non-controlling interests		46	(143)	(103)	(244)
		(1,488)	(2,516)	1,720	2,121
		RMB cents	RMB cents	RMB cents	RMB cents
Basic and diluted loss per share	8	(0.29)	(0.46)	(0.15)	(0.23)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Attributable to owners of the Company										
	Issued capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Share redemption reserve RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Accumulated loss RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018 (audited)	36,721	626,521	26,239	13,174	19	(1,358)	7,288	(253,650)	454,954	(4,666)	450,288
Loss for the period	-	-	-	-	-	-	-	(26,368)	(26,368)	(143)	(26,511)
Other comprehensive expense for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	23,995	-	-	23,995	-	23,995
Total comprehensive expense for the period	-	-	-	-	-	23,995	-	(26,368)	(2,373)	(143)	(2,516)
At 30 September 2018 (unaudited)	36,721	626,521	26,239	13,174	19	22,637	7,288	(280,018)	452,581	(4,809)	447,772
At 1 January 2019 (audited)	36,721	626,521	26,239	13,174	19	19,348	4,807	(286,913)	439,916	(8,175)	431,741
Loss for the period	-	-	-	-	-	-	-	(16,526)	(16,526)	46	(16,480)
Other comprehensive expense for the period:											
Exchange differences on translation of foreign operations	-	-	-	-	-	14,992	-	-	14,992	-	14,992
Total comprehensive expense for the period	-	-	-	-	-	14,992	-	(16,526)	(1,534)	46	(1,488)
At 30 September 2019 (unaudited)	36,721	626,521	26,239	13,174	19	34,340	4,807	(303,439)	438,382	(8,129)	430,253

NOTES TO THE CONDENSED CONSOLIDATED 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 in Hong Kong 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 and online platforms, film and entertainment investment in Hong Kong and the PRC and prepaid card business in Hong Kong.

2. BASIS OF PREPARATION

These unaudited 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 unaudited condensed 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 financial statements are unaudited but have been reviewed by the audit committee of the Company (the “Audit Committee”).

3. SIGNIFICANT ACCOUNTING POLICIES

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

4. ADOPTION OF NEW AND REVISED IFRSs

In the current period, the Group has adopted a number of new and revised IFRSs, amendments to IASs and Interpretations (hereinafter collectively referred to as “new and revised IFRSs”) issued by the IASB that are relevant to the Group and effective for accounting periods beginning on or after 1 January 2019. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current period and prior periods/years.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE AND OPERATING SEGMENT INFORMATION

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

	Nine months ended 30 September 2019 (unaudited) RMB'000		Three months ended 30 September 2019 (unaudited) RMB'000	
	2019 (unaudited) RMB'000	2018 (unaudited) RMB'000	2019 (unaudited) RMB'000	2018 (unaudited) RMB'000
An analysis of the Group's revenue for the period is as follow:				
Printed media advertising	721	14,989	78	1,391
Outdoor advertising	25,641	7,953	12,224	3,727
Film and entertainment investment	7,703	9,138	84	4,264
Prepaid card	10,393	5,983	3,763	2,399
Total	44,458	38,063	16,149	11,781

	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 nine months ended 30 September 2019					
Segment revenue:					
Sales to external customers	721	25,641	7,703	10,393	44,458
Timing of revenue recognition					
At a point in time	-	-	7,703	10,393	18,096
Over time	721	25,641	-	-	26,362
Segment results	721 (783)	25,641 1,524	7,703 489	10,393 (4,917)	44,458 (3,687)
<i>Reconciliation:</i>					
Bank interest income					303
Other unallocated income and gains and losses, net					1,314
Share of losses of a joint venture					(22)
Corporate and other unallocated expenses					(14,388)
Loss before tax					(16,480)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. REVENUE AND OPERATING SEGMENT INFORMATION (continued)

	Printed media advertising (unaudited) RMB'000	Outdoor advertising (unaudited) RMB'000	Film and entertainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
For the nine months ended 30 September 2018					
Segment revenue:					
Sales to external customers	14,989	7,953	9,138	5,983	38,063
Timing of revenue recognition					
At a point in time	–	–	9,138	5,983	15,121
Over time	14,989	7,953	–	–	22,942
Segment results	14,989 (2,423)	7,953 2,003	9,138 292	5,983 (9,589)	38,063 (9,717)
<i>Reconciliation:</i>					
Bank interest income					200
Other unallocated income and gains and losses, net					(2,884)
Share of losses of a joint venture					(136)
Corporate and other unallocated expenses					(13,893)
Loss before tax					(26,430)

6. INCOME TAX

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 nine months ended 30 September 2019 (nine months ended 30 September 2018: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof.

Pursuant to the PRC Corporate Income Tax Law, the PRC corporate income tax rate of all the PRC subsidiaries is 25%. The Group is not subject to any taxation under the jurisdiction of the Cayman Islands during the nine months ended 30 September 2019 (nine months ended 30 September 2018: Nil).

7. DIVIDENDS

The Directors did not recommend the payment of any dividend for the nine months ended 30 September 2019 (nine months ended 30 September 2018: 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:

	Nine months ended 30 September 2019 (unaudited) RMB'000		Three months ended 30 September 2019 (unaudited) RMB'000	
	2018 (unaudited) RMB'000	2018 (unaudited) RMB'000	2018 (unaudited) RMB'000	2018 (unaudited) RMB'000
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	(16,526)	(26,368)	(8,916)	(13,446)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. LOSS PER SHARE (continued)

	Number of shares			
	Nine months ended		Three months ended	
	30 September		30 September	
	2019	2018	2019	2018
	'000	'000	'000	'000
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.

9. SHARE CAPITAL

	Number of share '000	Share Capital RMB'000
Ordinary shares of US\$0.001 each		
Authorised:		
As at 1 January 2018, 30 September 2018, 1 January 2019 and 30 September 2019	40,000,000	263,672
Issued and fully paid:		
As at 1 January 2018, 30 September 2018, 1 January 2019 and 30 September 2019	5,760,000	36,721

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

BUSINESS REVIEW

The principal business of the Group during the period included printed media advertising, outdoor advertising, film and entertainment investment, as well as prepaid card business. The Group's revenue for the nine months ended 30 September 2019 amounted to approximately RMB44,458,000, representing an increase of approximately RMB6,395,000 or 16.8% as compared to approximately RMB38,063,000 for the corresponding period last year.

Overall gross profit increased by approximately RMB4,521,000 to approximately RMB4,586,000 for the nine months ended 30 September 2019 from approximately RMB65,000 for the corresponding period last year. The gross profit margin for the current period increased to 10.3% from 0.2% in the corresponding period last year. The Group recorded a total comprehensive expense attributable to the owners of the Company of approximately RMB1,534,000 during the period, representing a decrease of RMB839,000, or 35.4% when compared to RMB2,373,000 for the corresponding period last year.

REVIEW BY SEGMENT

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

	Revenue			Segment (loss)/profit			Segment (loss)/profit margin		
	30 September		Change %	30 September		Change %	30 September		%
2019	2018	2019		2018	2019		2018		
	(unaudited)	(unaudited)		(unaudited)	(unaudited)		(unaudited)	(unaudited)	
	RMB'000	RMB'000		RMB'000	RMB'000		%	%	
Printed media advertising	721	14,989	(95.2)	(783)	(2,423)	(67.7)	(108.6)	(16.2)	
Outdoor advertising	25,641	7,953	222.4	1,524	2,003	(23.9)	5.9	25.2	
Film and entertainment investment	7,703	9,138	(15.7)	489	292	67.5	6.3	3.2	
Prepaid card	10,393	5,983	73.7	(4,917)	(9,589)	(48.7)	(47.3)	(160.3)	
Total	44,458	38,063	16.8	(3,687)	(9,717)	(62.1)	(8.3)	(25.5)	

Printed Media Advertising

Revenue from printed media advertising mainly represented the amount generated from the sales of the advertising space on the periodicals and was recognised upon the publication of the periodicals in which the respective advertisement was placed. "旅伴" (Fellow Traveller) is a monthly nationwide periodicals distributed on 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 source of revenue for the period under review from printed media advertising. With phasing out of the printed media advertising, revenue from printed media advertising decreased significantly by approximately RMB14,268,000 or 95.2% from approximately RMB14,989,000 for the nine months ended 30 September 2018 to approximately RMB721,000 for the nine months ended 30 September 2019. The decrease was mainly due to decrease in number of customers for periodicals "旅伴" (Fellow Traveller).

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Segment loss from printed media advertising for the nine months ended 30 September 2019 amounted to approximately RMB783,000, representing a decrease of approximately 67.7% as compared to the corresponding period last year, which was approximately RMB2,423,000. Segment loss margin of printed media advertising decreased from approximately 16.2% for the nine months ended 30 September 2018 to approximately 108.6% for the nine months ended 30 September 2019. The decrease in segment margin was due to significant decrease in revenue which was not enough to cover the fixed costs like salary, causing a negative margin.

Outdoor Advertising

Revenue from outdoor advertising represented the amount generated from advertising revenue from online platforms, 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 significantly by approximately RMB17,688,000 or 222.4% from approximately RMB7,953,000 for the nine months ended 30 September 2018 to approximately RMB25,641,000 for the nine months ended 30 September 2019. The increase was mainly contributed by a new advertising income from the online platforms, which was newly launched in the first half year of 2019.

Segment profit from outdoor advertising for the nine months ended 30 September 2019 amounted to approximately RMB1,524,000 while it was of approximately RMB2,003,000 for the corresponding period last year. Segment profit margin of outdoor advertising was 5.9% for the nine months ended 30 September 2019 as compared to 25.2% for the nine months ended 30 September 2018. The deduction in the segment profit margin was mainly due to the new advertising income from online platforms, which is at the start up stage and has a low profit margin.

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 RMB1,435,000 or 15.7% from approximately RMB9,138,000 for the nine months ended 30 September 2018 to RMB7,703,000 for the nine months ended 30 September 2019. The frequency of income from film and entertainment business was highly depending on the production status and the market trend for the respective periods.

Segment profit from film and entertainment business for the nine months ended 30 September 2019 amounted to approximately RMB489,000, representing a slight increase of approximately RMB197,000 or 67.5% as compared to approximately RMB292,000 for the corresponding period last year. Segment profit margin increased from approximately 3.2% for the nine months ended 30 September 2018 to approximately 6.3% for the nine months ended 30 September 2019.

Prepaid Card

The Group obtained the Stored Value Facilities License ("SVF License") in November 2016, and started generating income from the new business in 2016. Revenue from prepaid card 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 RMB4,410,000 or 73.7% from approximately RMB5,983,000 for the nine months ended 30 September 2018 to approximately RMB10,393,000 for the nine months ended 30 September 2019. This was due to increase in both number and amount of prepaid card sold in 2019 when compared with the corresponding period last year.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Segment loss from prepaid card business for the nine months ended 30 September 2019 amounted to approximately RMB4,917,000, representing a decrease of approximately RMB4,672,000, or 48.7% as compared to the corresponding period last year, which was approximately RMB9,589,000. Segment loss margin of prepaid card also dropped significantly from approximately 160.3% for the nine months ended 30 September 2018 to approximately 47.3% for the nine months ended 30 September 2019. The decrease in segment loss and increased segment margin was mainly due to more income generated from expired card management fee, plus decreased in the card processing system cost, improved the segment performance as a whole.

CONTINGENT LIABILITIES

As at 30 September 2019, the Group did not have any significant contingent liabilities.

PROSPECTS

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

According to the quarterly statistics released by Hong Kong Monetary Authority, the total number of Stored Value Facilities (the "SVF") accounts in use was 56.1 million by the end of the fourth quarter of 2018. With population of 7.48 million, each person is having 7 SVF accounts on average. The launch of Faster Payment System in September 2018 has opened a common platform to all payment service providers, making top-up from bank accounts to SVF accounts, person to person transfer and e-wallet payment more efficient and simpler than ever. Its round-the-clock operation facilitates both customers and SVF operators. E-wallet is gaining momentum fast in 2018. The introduction of universal QR code standard for retail payments will certainly help promote the adoption of e-wallet payment services in Hong Kong.

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

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

CORPORATE GOVERNANCE

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 "CG Code") contained in Appendix 15 to the GEM Listing Rules. In the opinion of the Directors, the Company has complied with the CG Code throughout the period under review.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

DIRECTORS' INTERESTS IN COMPETING INTERESTS

For the nine months ended 30 September 2019, the Directors were not aware of any business or interest of each of the Directors, or the controlling shareholders of the Company and their respective close associates (as defined under the 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 nine months ended 30 September 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

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

As at 30 September 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Nature of interest	Number of Shares held	Number of underlying Shares held (Note 2)	Total	Approximate percentage of shareholding (%)
Mr. Ruan Deqing	Interest of a controlled corporation/ Beneficial owner	576,020,000 (Note 1)	57,600,000	633,620,000	11.00
Mr. Ma Pun Fai	Beneficial owner	–	57,600,000	57,600,000	1.00

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.
- (2) Mr. Ruan and Mr. Ma Pun Fai, the executive Directors, were granted share options under the share option scheme of the Company on 5 July 2019 at an exercise price of HK\$0.029 per Share with the validity period from 5 July 2019 to 4 July 2021.

Save as disclosed above, as at 30 September 2019, none of the Directors and chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Rules 5.46 to 5.68 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

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

As at 30 September 2019, the following persons (other than a Director or chief executive of the Company) 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 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	Number of underlying Shares held	Total	Approximate percentage of shareholding (%)
Mr. Lin Pintong (Note 1)	Interest of a controlled corporation	576,020,000	–	576,020,000	10.00
Lizhong (Note 1)	Beneficial owner	576,020,000	–	576,020,000	10.00
Broad Win (Note 1)	Interest of a controlled corporation	576,020,000	–	576,020,000	10.00
Ms. Pan Xiaoying (Note 2)	Interest of spouse	576,020,000	–	576,020,000	10.00
Joint Loyal (Note 1)	Interest of a controlled corporation	576,020,000	–	576,020,000	10.00
Ms. Liu Sibin (Note 3)	Interest of spouse	576,020,000	57,600,000	633,620,000	11.00
New Express Investment Limited (Note 4)	Beneficial owner	398,622,000	–	398,622,000	6.92
China Investment and Finance Group Limited (Note 4)	Interest of a controlled corporation	398,622,000	–	398,622,000	6.92

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.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Save as disclosed above, as at 30 September 2019, the Directors were not aware of any other persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company 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.

SHARE OPTION SCHEME

The Company has adopted the existing share option scheme (the "Share Option Scheme") on 17 December 2010. The scheme mandate limit of which has been refreshed at the annual general meeting of the Company on 17 May 2019. On 5 July 2019, a total of 576,000,000 share options were granted to certain eligible participants under the Share Option Scheme to subscribe for an aggregate of 576,000,000 Shares at an exercise price of HK\$0.029 per Share with the validity period from 5 July 2019 to 4 July 2021 (both dates inclusive). During the period under review, 576,000,000 share options were lapsed, and no share options were exercised or cancelled. As at 30 September 2019, there were outstanding 576,000,000 share options.

EVENTS AFTER THE REPORTING PERIOD

There was no significant events occurring after the reporting period and up to the date of this quarterly report.

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 September 2019, the Audit Committee comprises Ms. Tay Sheve Li, Ms. Yu Shun Yan Verda and Mr. Yau Kit Yu, all being independent non-executive directors. Ms. Tay Sheve Li, who possess appropriate professional qualifications, accounting and related financial management expertise, serves as the Chairperson of the Audit Committee.

The Audit Committee has reviewed the unaudited results of the Group for the nine months ended 30 September 2019. 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

Hong Kong, 11 November 2019

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