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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2020

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 three months ended 31 March 2020. This announcement, containing the full text of the 2020 first 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 in relation to information to accompany preliminary announcements of quarterly results.

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

Hong Kong, 11 May 2020

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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FIRST
QUARTERLY
REPORT
2020



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, 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, 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 three months ended 31 March 2020

FIRST QUARTERLY RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the three months ended 31 March 2020, together with the comparative unaudited figures for the corresponding period in 2019, are as follows:

	<i>Notes</i>	Three months ended 31 March	
		2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
REVENUE	4	22,443	11,117
Cost of sales		(19,744)	(10,091)
Gross profit		2,699	1,026
Other income		722	284
Other gains and losses, net		168	(77)
Selling and distribution expenses		(1,508)	(1,924)
Administrative expenses		(4,697)	(4,850)
Finance cost		(25)	–
LOSS BEFORE TAXATION		(2,641)	(5,541)
Taxation	5	(9)	–
LOSS FOR THE PERIOD		(2,650)	(5,541)
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		3,771	(8,408)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE PERIOD		1,121	(13,949)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2020

	<i>Notes</i>	Three months ended 31 March	
		2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Loss for the period attributable to:			
Owners of the Company		(2,586)	(5,540)
Non-controlling interests		(64)	(1)
		(2,650)	(5,541)
Total comprehensive income/(expenses) for the period attributable to:			
Owners of the Company		1,185	(13,948)
Non-controlling interests		(64)	(1)
		1,121	(13,949)
		RMB cents	RMB cents
Loss per share			
Basic and diluted	7	(0.04)	(0.10)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2020

	Attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Issued capital	Share premium	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 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	-	-	-	-	-	-	-	(5,540)	(5,540)	(1)	(5,541)
Exchange differences on translation of foreign operations	-	-	-	-	-	(8,408)	-	-	(8,408)	-	(8,408)
Total comprehensive expense for the period	-	-	-	-	-	(8,408)	-	(5,540)	(13,948)	(1)	(13,949)
At 31 March 2019 (unaudited)	36,721	626,521	26,239	13,174	19	10,940	4,807	(292,453)	425,968	(8,176)	417,792
At 1 January 2020 (unaudited)	36,721	626,521	26,239	13,174	19	34,188	4,610	(362,074)	379,398	(16,687)	362,711
Loss for the period	-	-	-	-	-	-	-	(2,586)	(2,586)	(64)	(2,650)
Exchange differences on translation of foreign operations	-	-	-	-	-	3,771	-	-	3,771	-	3,771
Total comprehensive income/(expenses) for the period	-	-	-	-	-	3,771	-	(2,586)	1,185	(64)	1,121
At 31 March 2020 (unaudited)	36,721	626,521	26,239	13,174	19	37,959	4,610	(364,660)	380,583	(16,751)	363,832



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2020

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 three months ended 31 March 2020, the Group was principally engaged in the provision of outdoor and digital advertising services, film and entertainment investment, prepaid card business and provision of printed media advertising services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standards issued by the International Accounting Standards Board (the "IASB") as well as the applicable disclosure requirements of the GEM Listing Rules. The condensed consolidated financial statements have been prepared under the historical cost basis. They are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies and method of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those applied in the Group's audited consolidated financial statements for the year ended 31 December 2019.

The condensed consolidated financial statements have not been audited by the auditors of the Company but have been reviewed by the audit committee (the "Audit Committee") of the Company.

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

In the current period, the Group has applied the new and revised IFRSs issued by the IASB that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2020. The application 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 applied 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

For the three months ended 31 March 2020

4. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the advertising income, the distribution income and profit sharing of film and entertainment investments, as well as transaction fees and card related fees earned from the use of the prepaid cards.

	Three months ended 31 March	
	2020	2019
	(unaudited) RMB'000	(unaudited) RMB'000
An analysis of the Group's revenue for the period is as follows:		
Printed media advertising income	112	288
Outdoor and digital advertising income	17,761	1,071
Film and entertainment investment income	–	5,991
Prepaid card income	4,570	3,767
	22,443	11,117

	Printed media advertising (unaudited) RMB'000	Outdoor and digital advertising (unaudited) RMB'000	Film and entertainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
For the three months ended 31 March 2020					
Segment revenue:					
Revenue – external customers	112	17,761	–	4,570	22,443
Timing of revenue recognition					
At a point in time	–	–	–	4,570	4,570
Over time	112	17,761	–	–	17,873
	112	17,761	–	4,570	22,443
Segment (loss)/profit	(672)	717	(254)	(136)	(345)
<i>Reconciliation:</i>					
Bank interest income					534
Unallocated other income, other losses and gains, net					356
Finance cost					(25)
Corporate and other unallocated expenses					(3,161)
Loss before taxation					(2,641)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2020

4. 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 three months ended					
31 March 2019					
Segment revenue:					
Revenue – external customers	288	1,071	5,991	3,767	11,117
Timing of revenue recognition					
At a point in time	–	–	5,991	3,767	9,758
Over time	288	1,071	–	–	1,359
	288	1,071	5,991	3,767	11,117
Segment (loss)/profit	(655)	(18)	586	(1,547)	(1,634)
<i>Reconciliation:</i>					
Bank interest income					26
Unallocated other income, other losses and gains, net					191
Corporate and other unallocated expenses					(4,124)
Loss before taxation					(5,541)

5. TAXATION

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 three months ended 31 March 2020 (three months ended 31 March 2019: Nil). Taxes on profits assessable in the People's Republic of China (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 three months ended 31 March 2020 (three months ended 31 March 2019: Nil).

6. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2020 (three months ended 31 March 2019: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2020

7. 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:

	Three months ended 31 March	
	2020 (unaudited) RMB'000	2019 (unaudited) RMB'000
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	(2,586)	(5,540)

	Number of shares Three months ended 31 March	
	2020 '000	2019 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The principal business of the Group during the period included outdoor and digital advertising, film and entertainment investment, prepaid card business and printed media advertising. The Group's total revenue for the three months ended 31 March 2020 amounted to approximately RMB22,443,000, representing an increase of approximately RMB11,326,000 or 101.9% as compared to approximately RMB11,117,000 for the corresponding period last year, mainly contributed by the new digital advertising business acquired in 2019.

Overall gross profit increased by approximately RMB1,673,000 or 163.1% to approximately RMB2,699,000 for the three months ended 31 March 2020 from approximately RMB1,026,000 for the corresponding period of last year. The gross profit margin for the current period increased to approximately 12.0% from approximately 9.2% for the corresponding period of last year. The total comprehensive income for the period attributable to owners of the Company amounted to approximately RMB1,121,000, representing an increase of approximately 108.0% from total comprehensive expenses of approximately RMB13,949,000 for the corresponding period of last year.

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 monthly nationwide periodicals distributed on China Railway High-speed (“CRH”) trains and selected regular trains in China.

Revenue from printed media advertising decreased by approximately RMB176,000 or 61.1% from approximately RMB288,000 for the three months ended 31 March 2019 to approximately RMB112,000 for the three months ended 31 March 2020. The decrease was mainly due to decrease in number of customers for periodical “旅伴” (Fellow Traveller) in the period under review. With termination of cooperation agreement with China Railway Publisher, the Group's revenue on printed media advertising was mainly from those contracts entered with old customers. We expect in year of 2020, there will only be minimal revenue generated from printed media advertising.

Segment loss from printed media advertising for the three months ended 31 March 2020 amounted to approximately RMB672,000, representing an increase of approximately RMB17,000 or 2.6% as compared to approximately RMB655,000 for the corresponding period of last year. The segment loss margin of printed media advertising increase from approximately 227.4% for the three months ended 31 March 2019 to approximately 600% for the three months ended 31 March 2020, due to very limited revenue generated in the period under review which was not enough to cover the fixed cost.

Outdoor and Digital 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 and revenue from promotion campaign conducted in some train stations. Revenue was recognised when advertising was published or station campaigns were launched.

The Group acquired a new advertising business in 2019—the digital advertising. Digital advertising income was recognized when advertising was published, and the income was based on the marketing value generated through the recognition of transaction volume, service fees for advertising design, analysis, planning and other services provided in the process.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue from outdoor and digital advertising increased by approximately RMB16,690,000 or 1,558.4% from approximately RMB1,071,000 for the three months ended 31 March 2019 to approximately RMB17,761,000 for the three months ended 31 March 2020. The increase was mainly due to increased income generated from newly acquired advertising business, which contributed Group's revenue from second half year of 2019.

Segment profit from outdoor and digital advertising for the three months ended 31 March 2020 amounted to approximately RMB717,000, representing an increase of approximately RMB735,000 or 4,083.3% as compared to the corresponding period last year, which was segment loss of approximately RMB18,000. Segment profit/(loss) margin of outdoor and digital advertising increased from segment loss margin of approximately 1.7% for the three months ended 31 March 2019 to segment profit margin of approximately 4.0% for the three months ended 31 March 2020. The increase in the segment margin was contributed by the higher profit brought by the new digital advertising than the traditional advertising on the LEDs installed at train stations.

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. Due to the global outbreak of Coronavirus Disease 2019 (COVID-19) in the year of 2020, the segment on film and entertainment investment were seriously affected. With the pandemic, cinemas and concert coliseum were closed down and all production work was suspended, thus there was no revenue for the period under review, i.e. 100% drop in revenue from approximately RMB5,991,000 for the three months ended 31 March 2019. The frequency of income from film and entertainment investment was highly depending on the production status and the market trend for the respective periods.

Segment loss from film and entertainment investment for the three months ended 31 March 2020 amounted to approximately RMB254,000, representing a decrease of approximately RMB840,000 or 143.3% as compared to the corresponding period last year, which was segment profit amounted to approximately RMB586,000.

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. Revenue from prepaid card business increased by approximately RMB803,000 or 21.3% from approximately RMB3,767,000 for the three months ended 31 March 2019 to approximately RMB4,570,000 for the three months ended 31 March 2020. COVID-19 impacts our prepaid card business with around 20% decrease in sales, in particular with significant drop in the sales to tourists, our sales in shopping mall dropped, and the sales in convenient stores also decreased. The increased in the revenue was mainly contributed by card management fee with the card sold in prior years, as the card management fees were collected after 1 year of card being sold.

MANAGEMENT DISCUSSION AND ANALYSIS

Segment loss from prepaid card business for the three months ended 31 March 2020 amounted to approximately RMB136,000, representing a decrease of approximately RMB1,411,000 or 91.2% as compared to the corresponding period last year, which was approximately RMB1,547,000. Segment loss margin of prepaid card business decreased from approximately 41.1% for the three months ended 31 March 2019 to approximately 3.0% for the three months ended 31 March 2020. The decrease was contributed by more Unionpay prepaid card sold which has a higher profit margin, and increased in card related income due to more increased card in force when compared to corresponding period last year.

CONTINGENT LIABILITIES

As at 31 March 2020, the Group did not have any significant contingent liabilities (as at 31 March 2019: nil).

PROSPECTS

Looking forward, the Group will continue to focus on its business development on various segments, in particular the digital advertising business and prepaid card business. The Group expects tough challenges from fast changing economic conditions and the global outbreak of Coronavirus Disease 2019 (COVID-19). The financial performance of the Group might be affected by the COVID-19 outbreak in year of 2020, especially the film and entertainment investment business and the prepaid card business. However, the Group believes that the current circumstances provide opportunities to boost the digital advertising business, in the view that merchants try to promote their products and services more intensively after the COVID-19 pandemic. The Group will continue to closely monitor the situation, strengthen cost control and adopt appropriate measures to develop our businesses in year ahead.

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 during the three months ended 31 March 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the three months ended 31 March 2020, 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 in GEM Listing Rules) that compete 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 three months ended 31 March 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT DISCUSSION AND ANALYSIS

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

As at 31 March 2020, 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 31 March 2020, 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

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

As at 31 March 2020, 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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the 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 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 during the three months ended 31 March 2020.

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 three months ended 31 March 2020, no share options were lapsed, exercised or cancelled. As at 31 March 2020, 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 was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the CG 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 review the risk management and the internal control systems of the Company; and to perform the corporate governance functions under Paragraph D.3.1 of the CG Code. As at the date of this report, the Audit Committee has three members, namely Ms. Tay Sheve Li (Chairperson of the Audit Committee), 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 three months ended 31 March 2020. The Audit Committee was 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, 11 May 2020

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.