



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

THIRD QUARTERLY REPORT 2021



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.

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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, 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 2021

THIRD QUARTERLY RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the nine months and three months ended 30 September 2021, together with the comparative unaudited figures for the corresponding periods in 2020, are as follows:

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2021 (unaudited) RMB'000	2020 (unaudited) RMB'000	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
Revenue	4	85,711	72,370	24,075	22,227
Cost of sales		(75,224)	(62,714)	(21,082)	(21,843)
Gross profit		10,487	9,656	2,993	384
Other income		1,235	2,337	271	846
Other gains and losses, net	5	1,934	(1,272)	1,532	(509)
Selling and distribution expenses		(4,228)	(8,817)	(854)	(3,551)
Administrative expenses		(12,593)	(36,365)	(3,112)	(5,168)
Finance cost	6	(910)	(276)	(311)	(231)
(Loss)/profit before taxation		(4,075)	(34,737)	519	(8,229)
Taxation	7	–	(40)	–	(12)
(Loss)/profit for the period		(4,075)	(34,777)	519	(8,241)
Other comprehensive (expense)/income for the period:					
Item that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		(2,024)	(6,778)	1,989	(9,064)
Exchange reverse released upon on disposal of subsidy		–	3,640	–	–
Total comprehensive (expense)/income for the period		(6,099)	(37,915)	2,508	(17,305)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2021

	Notes	Nine months ended 30 September		Three months ended 30 September	
		2021 (unaudited) RMB'000	2020 (unaudited) RMB'000	2021 (unaudited) RMB'000	2020 (unaudited) RMB'000
(Loss)/profit for the period attributable to:					
Owners of the Company		(4,061)	(34,660)	526	(8,228)
Non-controlling interests		(14)	(117)	(7)	(13)
		(4,075)	(34,777)	519	(8,241)
Total comprehensive (expense)/income for the period attributable to:					
Owners of the company		(6,085)	(37,798)	2,515	(17,292)
Non-controlling interests		(14)	(117)	(7)	(13)
		(6,099)	(37,915)	2,508	(17,305)
		RMB cents	RMB cents	RMB cents	RMB cents
(Loss)/earning per share					
Basic and diluted	9	(0.59)	(5.9)	0.08	(1.4)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the Company										Non-controlling interests RMB'000	Total equity RMB'000
	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			
At 1 January 2020 (audited)	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	-	-	-	-	-	-	-	(34,660)	(34,660)	(117)	(34,777)	
Other comprehensive expense for the period:												
Exchange reverse released upon disposal of subsidiary	-	-	-	-	-	3,640	-	-	3,640	-	3,640	
Exchange differences on translation of foreign operations	-	-	-	-	-	(6,778)	-	-	(6,778)	-	(6,778)	
Total comprehensive expense for the period	-	-	-	-	-	(3,138)	-	(34,660)	(37,798)	(117)	(37,915)	
Released upon disposal of subsidiary	-	-	-	-	-	-	-	-	-	13,500	13,500	
Issue of shares upon placing shares	7,855	-	-	-	-	-	-	-	7,855	-	7,855	
At 30 September 2020 (unaudited)	44,576	626,521	26,239	13,174	19	31,050	4,610	(396,734)	349,455	(3,304)	346,151	
At 1 January 2021 (audited)	44,567	626,463	26,239	13,174	19	8,042	5,199	(485,757)	237,946	(1,144)	236,802	
Loss for the period	-	-	-	-	-	-	-	(4,061)	(4,061)	(14)	(4,075)	
Transfer of share option reserve upon lapse of share options	-	-	-	-	-	-	(4,610)	4,610	-	-	-	
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,024)	-	-	(2,024)	-	(2,024)	
Total comprehensive expense for the period	-	-	-	-	-	(2,024)	(4,610)	549	(6,085)	(14)	(6,099)	
At 30 September 2021 (unaudited)	44,567	626,463	26,239	13,174	19	6,018	589	(485,208)	231,861	(1,158)	230,703	

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

China 33 Media Group Limited (the “Company”) is a public limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited. Its parent is Lizhong Limited incorporated in the Cayman Islands, and its ultimate parents are Joint Loyal Limited and Broad Win Limited incorporated in British Virgin Islands. Its ultimate controlling parties are Mr. Ruan Deqing (“Mr. Ruan”) and Mr. Lin Pintong (“Mr. Lin”). Mr. Ruan is also the Chairman and Executive Director of the Company. The addresses of the registered office 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 Unit 807, 8/F, Tower 1, Silvercord, 30 Canton Road, Tsimshatsui, Hong Kong. The head office of the Company in the PRC is Unit 410-412, 4/F., One Indigo, 20 Jiuxianqiao Road, Chaoyang District, Beijing, China.

The principal activity of the Company is investment holding. During the nine months ended 30 September 2021, 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 Financial Reporting Standards (“IFRSs”) 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 except for certain financial instruments that are measured at fair values as appropriate. 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 2020.

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 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 2021. 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

4. REVENUE

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.

	Nine months ended 30 September 2021		Three months ended 30 September 2021	
	(unaudited) RMB'000	2020 (unaudited) RMB'000	(unaudited) RMB'000	2020 (unaudited) RMB'000
An analysis of the Group's revenue for the period is as follow:				
Printed media advertising income	–	314	–	106
Outdoor and digital advertising income	56,683	49,596	14,311	13,093
Film and entertainment investment income	12,907	7,213	3,803	3,574
Prepaid card income	16,121	15,247	5,961	5,454
Total	85,711	72,370	24,075	22,227

5. OTHER GAINS AND LOSSES, NET

	Nine months ended 30 September 2021		Three months ended 30 September 2021	
	(unaudited) RMB'000	2020 (unaudited) RMB'000	(unaudited) RMB'000	2020 (unaudited) RMB'000
Fair value change of financial assets at fair value through profit or loss	(1,629)	(1,264)	(633)	(548)
Gain on disposal of financial assets at fair value through profit or loss	3,563	–	2,165	–
Others	–	(8)	–	39
Total	1,934	(1,272)	1,532	(509)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. FINANCE COST

	Nine months ended		Three months ended	
	30 September		30 September	
	2021	2020	2021	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
	RMB'000	RMB'000	RMB'000	RMB'000
Interest expense on lease liabilities	3	276	–	231
Interest expense on corporate bond	907	–	311	–
	910	276	311	231

7. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group has sufficient tax losses brought forward available to offset the current period's estimated assessable profits (2020: Nil).

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment.) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of assessable profits of qualifying corporations will be taxed at 8.25%, and assessable profits above HK\$2,000,000 will be taxed at 16.5%. The assessable profits of corporations not qualifying for the two tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

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

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands during the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: Nil).

9. (LOSS)/EARNING PER SHARE

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

	Nine months ended 30 September 2021		Three months ended 30 September 2021	
	(unaudited) RMB'000	2020 (unaudited) RMB'000	(unaudited) RMB'000	2020 (unaudited) RMB'000
Loss for the purpose of basic and diluted (loss)/earning per share ((Loss)/profit for the period attributable to owners of the Company)	(4,061)	(34,660)	526	(8,228)

	Number of shares			
	Nine months ended 30 September 2021		Three months ended 30 September 2021	
	'000	2020 '000	'000	2020 '000
Average number of ordinary shares for the purpose of basic and diluted loss per share	691,200	583,147	691,200	597,287

The calculation of the diluted (loss)/earning 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 FINANCIAL STATEMENTS

10. SHARE CAPITAL

	Number of share	Share Capital US\$'000	Share Capital RMB'000
Authorised:			
Ordinary shares of US\$0.001 each as at 1 January 2020	40,000,000,000	40,000	N/A
Share consolidation (note (i))	(36,000,000,000)	–	–
Ordinary shares of US\$0.01 each as at 30 September 2020, 1 January 2021 and 30 September 2021			
	4,000,000,000	40,000	N/A
Issued and fully paid:			
Ordinary shares of US\$0.001 each as at 1 January 2020	5,760,000,000	5,760	36,721
Share consolidation (note (i))	(5,184,000,000)	–	–
Placing of shares (note (ii))	115,200,000	1,152	7,855
Ordinary shares of US\$0.01 each as at 30 September 2020, 1 January 2021 and 30 September 2021			
	691,200,000	6,912	44,576

Notes:

- (i) The share consolidation of every ten issued and unissued shares of US\$0.001 each be consolidated into one consolidated share of US\$0.01 each was approved at the extraordinary general meeting of the Company held on 8 June 2020 and became effective on 10 June 2020.
- (ii) On 27 August 2020, the Company and the placing agent entered into the placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 115,200,000 placing shares at the placing price of HK\$0.079 per placing share to not less than six places. On 14 September 2020, a total of 115,200,000 placing shares have been successfully placed by the placing agent.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

BUSINESS AND FINANCIAL REVIEW

The principal business of the Group during the nine months ended 30 September 2021 included outdoor and digital advertising, film and entertainment investment, prepaid card business and printed media advertising. The Group's total revenue for the nine months ended 30 September 2021 amounted to approximately RMB85,711,000, representing an increase of approximately RMB13,341,000 or 18.4% as compared to approximately RMB72,370,000 for the corresponding period last year, mainly contributed by the recovery of business and economic environment, in particular the film and entertainment business and outdoor and digital advertising business, as the COVID-19 pandemic is stabilising gradually.

Overall gross profit increased by approximately RMB831,000 or 8.6% to approximately RMB10,487,000 for the nine months ended 30 September 2021 from approximately RMB9,656,000 for the corresponding period last year. The gross profit margin for the current period slightly decreased to 12.2% from 13.3% in the corresponding period last year. The Group recorded a total comprehensive expense attributable to the owners of the Company of approximately RMB6,085,000 during the nine months ended 30 September 2021, representing a decrease of approximately RMB31,713,000 or 83.9% when compared to approximately RMB37,798,000 for the corresponding period last year. The decrease was mainly attributable to the expenses in respect of the disposal of a subsidiary recognised during 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 a monthly nationwide periodicals distributed on China Railway High-speed trains and selected regular trains in the People's Republic of China. With phasing out of the printed media advertising, no revenue was generated during the nine months ended 30 September 2021.

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. Revenue from digital advertising 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.

Revenue from outdoor and digital advertising increased by approximately RMB7,087,000 or 14.3% from approximately RMB49,596,000 for the nine months ended 30 September 2020 to approximately RMB56,683,000 for the nine months ended 30 September 2021. The increase was mainly due to increased number of customers.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

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 increased by approximately RMB5,694,000 or 78.9% from approximately RMB7,213,000 for the nine months ended 30 September 2020 to approximately RMB12,907,000 for the nine months ended 30 September 2021. The frequency of income from film and entertainment business was highly depending on the production status and the market trend for the respective periods. The film and entertainment industry has been recovering as compared to the early stage of the global outbreak of COVID-19 in year of 2020, which led to the increase in revenue generated during the nine months ended 30 September 2021.

Prepaid Card

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 RMB874,000 or 5.7% from approximately RMB15,247,000 for the nine months ended 30 September 2020 to approximately RMB16,121,000 for the nine months ended 30 September 2021.

Cost of Sales

Cost of sales mainly consists of agency fee for advertising medium, prepaid card transaction processing costs, production cost for film and entertainment projects and direct labor cost. Cost of sales increased from approximately RMB62,714,000 for the nine months ended 30 September 2020 to approximately RMB75,224,000 for the nine months ended 30 September 2021, representing an increase of approximately RMB12,510,000 or 19.9%. The increase was mainly contributed by the increased agency and production cost driven by the outdoor and digital advertising business and film and entertainment business.

Other Income

Other income mainly consists of bank interest income and income received from managing a prepaid card sales counter for a co-branded partner. Other income decreased from approximately RMB2,337,000 for the nine months ended 30 September 2020 to approximately RMB1,235,000 for the nine months ended 30 September 2021, representing a decrease of approximately RMB1,102,000 or 47.2%. The decrease was mainly contributed by the decreased bank interest income.

Other Gains and Losses, Net

Other gains and losses increased by approximately RMB3,206,000 or 252.0% from a net loss of approximately RMB1,272,000 for the nine months ended 30 September 2020 to a net gain of RMB1,934,000 for the nine months ended 30 September 2021. The increase was mainly due to the gain on disposal of financial assets at fair value through profit or loss recognised during the nine months ended 30 September 2021.

Selling and Distribution Expenses

Selling and distribution expenses mainly include advertising and marketing expenses, salaries, commissions to sales staff and travelling and related expenses. Selling and distribution expenses decreased by approximately RMB4,589,000 or 52.0% from approximately RMB8,817,000 for the nine months ended 30 September 2020 to approximately RMB4,228,000 for the nine months ended 30 September 2021, which was mainly due to the implementation of cost control measures during the nine months ended 30 September 2021.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Administrative Expenses

Administrative expenses mainly consist of salaries, depreciation, rental expense and legal and professional fees. Administrative expenses decreased by approximately RMB23,772,000 or 65.4% from approximately RMB36,365,000 for the nine months ended 30 September 2020 to approximately RMB12,593,000 for the nine months ended 30 September 2021, which was mainly due to the expenses in respect of the disposal of a subsidiary recognised during the corresponding period of last year.

EMPLOYEE INFORMATION

As at 30 September 2021, the Group employed a total of 45 employees (30 September 2020: 49 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 nine months ended 30 September 2021, the total staff costs (including Directors' emoluments) amounted to approximately RMB7,976,000 (2020: RMB7,238,000).

CONTINGENT LIABILITIES

As at 30 September 2021, the Group did not have any significant contingent liabilities (as at 31 December 2020: nil).

PROSPECTS

Looking forward, the Group will continue to focus on its business development on various segments, in particular the outdoor and digital advertising business and prepaid card business. The global outbreak of COVID-19 may continue to affect the financial performance of the Group in the year of 2021. Yet, the Group has been actively looking for opportunities for the business growth and aims to minimise the negative impact of the COVID-19. The Group will continue to pay close attention to the development of the COVID-19 pandemic and will work as a whole to cope with the situation, strengthen cost control and adopt appropriate measures to develop our business in the 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 nine months ended 30 September 2021, save for code provision A.4.1 of the CG Code which requires that the non-executive directors should be appointed for a specific term and subject to re-election and code provision E.1.2 of the CG Code which requires that the chairman of the board should attend annual general meetings.

DIRECTORS' INTERESTS IN COMPETING INTERESTS

For the nine months ended 30 September 2021, none of the Directors or the controlling shareholders of the Company or their respective associates (as defined in GEM Listing Rules) had any interest in the business that competes or may compete with the business of the Group or had any other conflicts of interest with the Group.

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

During the nine months ended 30 September 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

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 2021, 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	Approximate percentage of the Company's issued share capital (%)
Mr. Ruan Deqing	Interest of a controlled corporation	57,602,000 (Note 1)	8.33

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 September 2021, 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 2021, the following persons (other than the Directors 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	Approximate percentage of the Company's issued share capital (%)
Mr. Lin Pintong (Note 1)	Interest of a controlled corporation	57,602,000	8.33
Lizhong (Note 1)	Beneficial owner	57,602,000	8.33
Broad Win (Note 1)	Interest of a controlled corporation	57,602,000	8.33
Ms. Pan Xiaoying (Note 2)	Interest of spouse	57,602,000	8.33
Joint Loyal (Note 1)	Interest of a controlled corporation	57,602,000	8.33
Ms. Liu Sibin (Note 3)	Interest of spouse	57,602,000	8.33
New Express Investment Limited (Note 4)	Beneficial owner	36,412,000	5.27
China Investment and Finance Group Limited (Note 4)	Interest of a controlled corporation	36,412,000	5.27

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 September 2021, the Directors were not aware of any other persons (other than the 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.

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

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 nine months ended 30 September 2021.

SHARE OPTION SCHEME

A share option scheme was adopted by the Company pursuant to a resolution passed by the shareholders of the Company on 17 December 2010 (the "Old Share Option Scheme") and the Old Share Option Scheme was expired on 16 December 2020. A new share option scheme has been adopted by the Company pursuant to a resolution passed by the shareholders of the Company on 30 June 2021 (the "New Share Option Scheme"). As at 30 September 2021, there were 57,600,000 outstanding share options under the Old Share Option Scheme. Details of the outstanding share options are set out below:

Date of grant	Exercise price	Number of share options outstanding as at 1 January 2021	Granted during the period	Cancelled during the period	Lapsed during the period	Number of share options outstanding as at 30 September 2021	Grantees	Validity Period
5 July 2019	HK\$0.29	5,760,000	-	-	(5,760,000)	-	Mr. Ruan Deqing, the executive Director	5 July 2019 till 4 July 2021
5 July 2019	HK\$0.29	5,760,000	-	-	(5,760,000)	-	Mr. Ma Pun Fai, the executive Director	5 July 2019 till 4 July 2021
5 July 2019	HK\$0.29	46,080,000	-	-	(46,080,000)	-	Consultants	5 July 2019 till 4 July 2021
11 December 2020	HK\$0.078	57,600,000	-	-	-	57,600,000	Employees	11 December 2020 till 10 December 2022
		115,200,000	-	-	(57,600,000)	57,600,000		

Saved as disclosed above, no share option was granted, exercised, lapsed or cancelled under the Old Share Option Scheme or the New Share Option Scheme during the nine months ended 30 September 2021.

EVENTS AFTER THE REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

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 to review the financial statements, financial reports and accounts of the Company; to review the accounting policy, financial position and financial reporting procedures of the Company; to communicate with external auditors; 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 30 September 2021, the Audit Committee comprises Ms. Tay Sheve Li, Mr. Yau Kit Yu and Ms. Lam Man Chi, 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 2021. 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

Hong Kong, 12 November 2021

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. Lam Man Chi and Mr. Yau Kit Yu.