



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



FIRST QUARTERLY
REPORT

2022

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.

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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 three months ended 31 March 2022

FIRST QUARTERLY RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months ended 31 March 2022, together with the comparative unaudited figures for the corresponding period in 2021, are as follows:

	Notes	Three months ended	
		2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
REVENUE	4	26,391	28,571
Cost of sales		(22,260)	(23,532)
Gross profit		4,131	5,039
Other income		589	407
Other gains and losses, net	5	(4,241)	2,657
Selling and distribution expenses		(1,614)	(2,488)
Administrative expenses		(4,498)	(6,583)
Finance cost	6	(302)	(304)
LOSS BEFORE TAXATION		(5,935)	(1,272)
Taxation	7	–	–
LOSS FOR THE PERIOD		(5,935)	(1,272)
OTHER COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(819)	1,600
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE PERIOD		(6,754)	328

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2022

	<i>Notes</i>	Three months ended 31 March	
		2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Loss for the period attributable to:			
Owners of the Company		(5,932)	(1,267)
Non-controlling interests		(3)	(5)
		(5,935)	(1,272)
Total comprehensive (expenses)/income for the period attributable to:			
Owners of the Company		(6,751)	333
Non-controlling interests		(3)	(5)
		(6,754)	328
		RMB cents	RMB cents
Loss per share			
Basic and diluted	9	(0.86)	(0.18)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2022

	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 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	-	-	-	-	-	-	-	(1,267)	(1,267)	(5)	(1,272)
Exchange difference on translation of foreign operations	-	-	-	-	-	1,600	-	-	1,600	-	1,600
Total comprehensive income/(expenses) for the period	-	-	-	-	-	1,600	-	(1,267)	333	(5)	328
At 31 March 2021 (unaudited)	44,567	626,463	26,239	13,174	19	9,642	5,199	(487,024)	238,279	(1,149)	237,130
At 1 January 2022 (audited)	44,567	626,463	26,239	13,174	19	10,732	589	(594,301)	127,482	(1,412)	126,070
Loss for the period	-	-	-	-	-	-	-	(5,932)	(5,932)	(3)	(5,935)
Exchange difference on translation of foreign operations	-	-	-	-	-	(819)	-	-	(819)	-	(819)
Total comprehensive income/(expenses) for the period	-	-	-	-	-	(819)	-	(5,932)	(6,751)	(3)	(6,754)
As at 31 March 2022 (unaudited)	44,567	626,463	26,239	13,174	19	9,913	589	(600,233)	120,731	(1,415)	119,316

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

1. CORPORATE INFORMATION

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 immediate 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. 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, Kowloon, 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 three months ended 31 March 2022, the Group was principally engaged in the provision of outdoor and digital advertising services, film and entertainment investment and prepaid card business.

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 2021.

The condensed consolidated financial statements have been approved and authorised to issue by the board of Directors on 13 May 2022.

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 2022. 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 2022

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.

	Three months ended 31 March	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
An analysis of the Group's revenue for the period is as follows:		
Outdoor and digital advertising income	16,299	19,633
Film and entertainment investment income	4,881	3,760
Prepaid card income	5,211	5,178
	26,391	28,571

5. OTHER GAINS AND LOSSES, NET

	Three months ended 31 March	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Fair value change of financial assets at fair value through profit or loss	(4,241)	1,259
Gain on disposal of financial assets at fair value through profit or loss	-	1,398
	(4,241)	2,657

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

6. FINANCE COSTS

	Three months ended 31 March	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Interest expense on corporate bond	293	301
Interest expense on lease liabilities	9	3
	302	304

7. TAXATION

No provision for Hong Kong profits tax has been made as the Group has no assessable profits in Hong Kong during the three months ended 31 March 2022 (three months ended 31 March 2021: 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 three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2022

9. 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	
	2022 (unaudited) RMB'000	2021 (unaudited) RMB'000
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	(5,932)	(1,267)

	Number of shares Three months ended 31 March	
	2022 '000	2021 '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	691,200	691,200

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

BUSINESS AND FINANCIAL REVIEW

The principal business of the Group during the period included outdoor and digital advertising, film and entertainment investment and prepaid card business. The Group's total revenue for the three months ended 31 March 2022 amounted to approximately RMB26,391,000, representing a decrease of approximately RMB2,180,000 or 7.6% as compared to approximately RMB28,571,000 for the corresponding period last year, mainly contributed by the decrease of revenue from outdoor and digital advertising business due to the fierce competition in the industry.

Overall gross profit decreased by approximately RMB908,000 or 18.0% to approximately RMB4,131,000 for the three months ended 31 March 2022 from approximately RMB5,039,000 for the corresponding period of last year. The gross profit margin for the current period decreased to approximately 15.7% from approximately 17.6% for the corresponding period of last year. The total comprehensive expenses for the period attributable to owners of the Company amounted to approximately RMB6,751,000, representing a decrease of approximately 2,127.3% from total comprehensive income of approximately RMB333,000 for the corresponding period of last year.

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 decreased by approximately RMB3,334,000 or 17.0% from approximately RMB19,633,000 for the three months ended 31 March 2021 to approximately RMB16,299,000 for the three months ended 31 March 2022. It was mainly due to the fierce competition in the industry.

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 investment increased by approximately RMB1,121,000 or 29.8% as compared to the corresponding period of last year. The frequency of income from film and entertainment investment was highly dependent on the production status and the market trend for the respective periods. The film and entertainment industry has been gradually recovering from the impact of the global outbreak of COVID-19, which led to the increased revenue generated during the three months ended 31 March 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

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 slightly increased by approximately RMB33,000 or 0.6% from approximately RMB5,178,000 for the three months ended 31 March 2021 to approximately RMB5,211,000 for the three months ended 31 March 2022.

Other Gains and Losses, net

Other gains and losses decreased by approximately RMB6,898,000 or 259.6% from a gain of approximately RMB2,657,000 for the three months ended 31 March 2021 to a loss of approximately RMB4,241,000 for the three months ended 31 March 2022. The decrease was mainly due to the fair value loss on financial assets at fair value through profit or loss.

Selling and Distribution Expenses

Selling and distribution expenses mainly include advertising and marketing expenses, salaries, commissions to sales staff and travelling and related expenses. It accounted for approximately 8.7% and 6.1% of the Group's total revenue for the three months ended 31 March 2021 and 2022, respectively. The amount decreased by approximately RMB874,000 or 35.1% from approximately RMB2,488,000 for the corresponding period of last year to approximately RMB1,614,000 for the three months ended 31 March 2022. The decrease was mainly due to the cost control measures implemented during the period.

Administrative Expenses

Administrative expenses mainly consists of salaries, depreciation of fixed assets, rental expense and legal and professional fees. Administrative expenses decreased by approximately RMB2,085,000 or 31.7% from approximately RMB6,583,000 for the corresponding period of last year to approximately RMB4,498,000 for the three months ended 31 March 2022. The decrease was mainly due to lower corporate expenses incurred during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE INFORMATION

As at 31 March 2022, the Group employed a total of 39 employees (2021: 45 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 three months ended 31 March 2022, the total staff costs (including Directors' emoluments) amounted to approximately RMB2,413,000 (2021: RMB2,472,000).

CONTINGENT LIABILITIES

As at 31 March 2022, the Group did not have any significant contingent liabilities (31 December 2021: nil).

PROSPECTS

Looking forward, the Group will continue to focus on the business development of outdoor and digital advertising business and prepaid card business. With the Omicron variant outbreak in Hong Kong and China, the business environment is surrounded by uncertainties and the financial performance of the Group may continue to be affected in the year of 2022. The Group is actively looking for business opportunities in order to achieve sustainable growth and minimise the negative impact of the COVID-19. The Group will closely monitor 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 businesses 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 three months ended 31 March 2022, 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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the three months ended 31 March 2022, 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 any other conflicts of interest with the Group.

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

During the three months ended 31 March 2022, 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 2022, 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 5.67 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 shareholding (%)
Mr. Ruan	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, 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 31 March 2022, 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 5.67 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 2022, 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	Approximate percentage of shareholding (%)
Mr. Lin (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	36,412,200	5.27
China Investment and Finance Group Limited (Note 4)	Interest of a controlled corporation	36,412,200	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.

MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed above, as at 31 March 2022, the Directors are 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 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 2022.

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 31 March 2022, 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 2022	Granted/ Cancelled/ Lapsed during the period	Number of share options outstanding as at 31 March 2022	Grantees	Validity Period
11 December 2020	HK\$0.078	57,600,000	–	57,600,000	Employees	11 December 2020 till 10 December 2022
		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 three months ended 31 March 2022.

EVENTS AFTER THE REPORTING PERIOD

On 11 April 2022, the Company granted a total of 69,120,000 share options to the employees of the Group to subscribe for an aggregate of 69,120,000 shares of US\$0.01 each in the share capital of the Company under the New Share Option Scheme at an exercise price of HK\$0.112 per share with validity period of two years from the date of grant. Please refer to the announcement of the Company dated 11 April 2022 for details.

On 6 May 2022, the Company and the placing agent entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 138,240,000 placing shares at the placing price of HK\$0.085 per placing share to not less than six places who and whose beneficial owners are independent third parties. The placing shares will be allotted and issued under the general mandate. Please refer to the announcement of the Company dated 6 May 2022 for details.

MANAGEMENT DISCUSSION AND ANALYSIS

AUDIT COMMITTEE

The Company established the Audit Committee on 17 December 2010 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and the 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 31 March 2022, the Audit Committee has three members comprising Ms. Tay Sheve Li (Chairperson), Mr. Yau Kit Yu and Ms. Lam Man Chi, all being independent non-executive Directors.

The Audit Committee has reviewed the unaudited results of the Group for the three months ended 31 March 2022. 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, 13 May 2022

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.