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**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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 six months ended 30 June 2023. This announcement, containing the full text of the 2023 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results.

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

Hong Kong, 14 August 2023

*As at the date of this announcement, the executive Directors are Mr. Ruan Deqing (Chairman) 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.*

*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 Listed Company Information” page of the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting and the Company’s website at [www.china33media.com](http://www.china33media.com).*



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

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8087



INTERIM REPORT  
2023

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

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

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

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



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# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

## UNAUDITED INTERIM RESULTS

The unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months and three months ended 30 June 2023, together with the comparative unaudited figures for the corresponding periods in 2022, are as follows:

	Notes	Six months ended 30 June		Three months ended 30 June	
		2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
REVENUE	4	19,055	46,827	6,468	20,436
Cost of sales		(13,272)	(38,700)	(3,356)	(16,440)
Gross profit		5,783	8,127	3,112	3,996
Other income		4,810	1,153	1,896	564
Other gains and losses, net	5	(1,848)	(5,288)	(130)	(1,047)
Selling and distribution expenses		(983)	(2,475)	(514)	(861)
Administrative expenses		(9,219)	(15,317)	(4,774)	(10,819)
Finance cost	6	(720)	(623)	(685)	(321)
LOSS BEFORE TAXATION		(2,177)	(14,423)	(1,095)	(8,488)
Taxation	7	–	–	–	–
LOSS FOR THE PERIOD	8	(2,177)	(14,423)	(1,095)	(8,488)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Note	Six months ended 30 June		Three months ended 30 June	
		2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
OTHER COMPREHENSIVE INCOME (EXPENSE) FOR THE PERIOD:					
Item that may be subsequently reclassified to profit or loss:					
Exchange differences on translation of foreign operations		2,262	7,640	4,999	8,459
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD		85	(6,783)	3,904	(29)
LOSS FOR THE PERIOD ATTRIBUTABLE TO:					
Owners of the Company		(2,163)	(14,417)	(1,090)	(8,485)
Non-controlling interests		(14)	(6)	(5)	(3)
		(2,177)	(14,423)	(1,095)	(8,488)
TOTAL COMPREHENSIVE EXPENSE ATTRIBUTABLE TO:					
Owners of the Company		99	(6,777)	3,909	(26)
Non-controlling interests		(14)	(6)	(5)	(3)
		85	(6,783)	3,904	(29)
		RMB cents	RMB cents	RMB cents	RMB cents
BASIC AND DILUTED LOSS PER SHARE	10	(1.25)	(2.09)	(0.63)	(1.23)

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		4,733	4,652
Right-of-use assets		1,302	133
Prepayments and deposits		4,012	3,841
Prepayment for film and entertainment business	11	12,020	11,497
		<b>22,067</b>	20,123
<b>Current assets</b>			
Film rights	12	11,557	9,065
Trade receivables	13	63,638	57,277
Prepayments, deposits and other receivables		11,379	12,042
Prepayment for film and entertainment business	11	10,854	17,236
Financial assets at fair value through profit or loss		13,066	12,732
Pledged bank deposits		11,747	–
Restricted cash		202,522	233,463
Cash and cash equivalents		11,363	2,941
		<b>336,126</b>	344,756
<b>Current liabilities</b>			
Trade payables	14	19,045	25,672
Other payables and accruals	14	239,192	240,423
Contract liabilities		366	366
Lease liabilities		776	151
Bond payable		12,331	12,399
Tax payable		1,839	1,843
		<b>273,549</b>	280,854
<b>Net current assets</b>		<b>62,577</b>	63,902
<b>Total assets less current liabilities</b>		<b>84,644</b>	84,025



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
<b>Non-current liabilities</b>			
Bond payable		–	–
Lease liabilities		534	–
		534	–
<b>Net assets</b>			
		84,110	84,025
<b>Capital and reserves</b>			
Share capital	15	44,567	44,567
Reserves		41,008	40,909
<b>Equity attributable to owners of the Company</b>			
<b>Non-controlling interests</b>		<b>(1,465)</b>	<b>(1,451)</b>
<b>Total equity</b>			
		84,110	84,025



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company								Total	Non-controlling interests	Total equity
	Issued capital	Share premium account	Capital reserve	Statutory reserve	Share redemption reserve	Exchange reserve	Share option reserve	Accumulated losses			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 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	-	-	-	-	-	-	-	(14,417)	(14,417)	(6)	(14,423)
Exchange differences on translation of foreign operations	-	-	-	-	-	7,640	-	-	7,640	-	7,640
Total comprehensive expense for the period	-	-	-	-	-	7,640	-	(14,417)	(6,777)	(6)	(6,783)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	2,490	-	2,490	-	2,490
<b>At 30 June 2022 (unaudited)</b>	<b>44,567</b>	<b>626,463</b>	<b>26,239</b>	<b>13,174</b>	<b>19</b>	<b>18,372</b>	<b>3,079</b>	<b>(608,718)</b>	<b>123,195</b>	<b>(1,418)</b>	<b>121,777</b>
At 1 January 2023 (audited)	44,567	626,463	26,239	13,174	19	23,748	2,447	(651,181)	85,476	(1,451)	84,025
Loss for the period	-	-	-	-	-	-	-	(2,163)	(2,163)	(14)	(2,177)
Exchange differences on translation of foreign operations	-	-	-	-	-	2,262	-	-	2,262	-	2,262
Total comprehensive expense for the period	-	-	-	-	-	2,262	-	(2,163)	99	(14)	85
<b>At 30 June 2023 (unaudited)</b>	<b>44,567</b>	<b>626,463</b>	<b>26,239</b>	<b>13,174</b>	<b>19</b>	<b>26,010</b>	<b>2,447</b>	<b>(653,344)</b>	<b>85,575</b>	<b>(1,465)</b>	<b>84,110</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Net cash (used in)/from operating activities	(12,263)	13,533
Net cash from/(used in) investing activities	21,447	(17,530)
Net cash used in financing activities	(1,231)	(1,063)
<b>NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,953</b>	<b>(5,060)</b>
Cash and cash equivalents at beginning of period	2,941	12,829
Effect of foreign exchange rate changes, net	469	5,731
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>11,363</b>	<b>13,500</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM 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 Lzhong 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 six months ended 30 June 2023, 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 on 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 2022.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 3. APPLICATION OF NEW AND REVISED IFRS

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 2023. 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.

## 4. REVENUE AND OPERATING SEGMENT INFORMATION

	Six months ended 30 June		Three months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
An analysis of the Group's revenue for the period is as follows:				
Outdoor and digital advertising income	2,289	26,299	1,169	10,000
Film and entrainment investment income	5,365	9,516	293	4,635
Prepaid card income	11,401	11,012	6,006	5,801
<b>Total</b>	<b>19,055</b>	<b>46,827</b>	<b>7,468</b>	<b>20,436</b>

The Group's reportable and operating segments are as follows:

- (a) outdoor and digital advertising: income generated from online advertising through mobile applications and websites, etc. as well as sale of advertising spaces on the billboards and LEDs installed at certain railway stations, revenue from promotion campaigns conducted in train stations;
- (b) film and entertainment investment: investment for profit sharing on box office of movies and concerts and distribution income of film rights and television drama; and
- (c) prepaid card: transaction fees earned from participating service providers for the use of the prepaid cards by cardholders and other card related fees upon the provision of services.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Outdoor and digital advertising (unaudited) RMB'000	Film and entrainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
<b>For the six months ended 30 June 2023</b>				
Segment revenue – external customers	2,289	5,365	11,401	19,055
Timing of revenue recognition				
At a point in time	–	5,365	11,401	16,766
Over time	2,289	–	–	2,289
<b>Segment profit/(loss)</b>	<b>(113)</b>	<b>(50)</b>	<b>3,016</b>	<b>2,853</b>
<i>Reconciliation:</i>				
Unallocated other income, other gains and losses, net				2,962
Finance cost				(726)
Corporate and other unallocated expenses				(7,266)
Loss before taxation				(2,177)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 4. REVENUE AND OPERATING SEGMENT INFORMATION (CONTINUED)

	Outdoor and digital advertising (unaudited) RMB'000	Film and entrainment investment (unaudited) RMB'000	Prepaid card (unaudited) RMB'000	Total (unaudited) RMB'000
<b>For the six months ended 30 June 2022</b>				
Segment revenue – external customers	26,299	9,516	11,012	46,827
Timing of revenue recognition				
At a point in time	–	9,516	11,012	20,528
Over time	26,299	–	–	26,299
<b>Segment profit/(loss)</b>	<b>489</b>	<b>(3,103)</b>	<b>142</b>	<b>(2,472)</b>
<i>Reconciliation:</i>				
Unallocated other income, other gains and losses, net				(4,135)
Finance cost				(623)
Corporate and other unallocated expenses				(7,193)
Loss before taxation				(14,423)

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 5. OTHER GAINS AND LOSSES, NET

	Six months ended 30 June		Three months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Fair value change of financial assets at fair value through profit or loss	(1,833)	(5,288)	(100)	(1,047)
Others	(14)	–	(30)	–
<b>Total</b>	<b>(1,848)</b>	<b>(5,288)</b>	<b>(130)</b>	<b>(1,047)</b>

## 6. FINANCE COST

	Six months ended 30 June		Three months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Interest expense on lease liabilities	20	16	18	7
Interest expense on corporate bond	700	607	667	314
	<b>720</b>	<b>623</b>	<b>685</b>	<b>321</b>

## 7. TAXATION

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong during the six months ended 30 June 2023 (six months ended 30 June 2022: 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%.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 8. LOSS FOR THE PERIOD

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

	Six months ended 30 June		Three months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Depreciation	512	568	242	237
Depreciation on right of use assets	399	387	268	373
Employee benefit expense (including directors' remuneration):				
Salaries, bonuses and other benefits	5,718	7,106	3,321	4,845
Pension scheme contributions	357	321	186	169
<b>Total employee benefit expenses</b>	<b>6,075</b>	<b>7,427</b>	<b>3,507</b>	<b>5,014</b>

## 9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 10. LOSS PER SHARE

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

	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
Loss for the purpose of basic and diluted loss per share (Loss for the period attributable to owners of the Company)	(2,163)	(14,417)	(1,090)	(8,485)

	Number of shares			
	Six months ended 30 June		Three months ended 30 June	
	2023	2022	2023	2022
	'000	'000	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	172,800	691,200	172,800	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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 11. PREPAYMENT FOR FILM AND ENTERTAINMENT BUSINESS

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Current	10,854	17,236
Non-current	12,020	11,497
	<b>22,874</b>	28,733

Amount represents prepayment for profit sharing rights in films and concerts. The amount for the relevant films, drama or concerts that are expected to broadcast or take place after twelve months from the end of the reporting period is classified as non-current assets.

## 12. FILM RIGHTS

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Cost		
At 1 January	9,065	15,893
Additions	7,400	7,754
Recognised as an expense included in cost of sales	(5,319)	(13,139)
Provision of film rights	–	(2,585)
Effect of foreign currency exchange difference	411	1,142
As at 30 June/31 December	<b>11,557</b>	9,065

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 13. TRADE RECEIVABLES

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Trade receivables	106,999	99,088
Less: Allowance for expected credit losses	(43,361)	(41,811)
	<b>63,638</b>	57,277

The Group's credit terms with its customers generally range from 30 days to 365 days. The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing. As at the end of the reporting period, an aged analysis of the trade receivables, net of allowance for bad and doubtful debts, presented based on the respective dates on which revenue was recognised are as follows:

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Trade receivables:		
Within 90 days	3,506	11,167
91-180 days	10,173	4,688
181-365 days	12,474	8,358
Over 1 year	37,485	33,064
	<b>63,638</b>	57,277

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 14. TRADE PAYABLES/OTHER PAYABLES AND ACCRUALS

### Trade payables

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

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Within 90 days	11,414	18,869
91-180 days	6,038	6,299
Over 181 days	1,593	504
	<b>19,045</b>	<b>25,672</b>

### Other payables and accruals

	30 June 2023 (unaudited) RMB'000	31 December 2022 (audited) RMB'000
Other payables (Note)	193,093	196,676
Accrued salaries and staff welfare	260	200
Other accruals	43,049	41,959
Other tax payable	2,790	1,588
	<b>239,192</b>	<b>240,423</b>

Note: Other payables amounting RMB193,093,000 (31 December 2022: RMB196,676,000) was related to restricted cash received from prepaid card holders and held for who in the course of the conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 15. SHARE CAPITAL

	Number of share	Share Capital US\$'000	Share Capital RMB'000
Authorised:			
Ordinary shares of US\$0.001 each as at 31 December 2022, 1 January 2023 and 30 June 2023	40,000,000,000	40,000	–
Issued and fully paid:			
Ordinary shares of US\$0.001 each as at 31 December 2022, 1 January 2023 and 30 June 2023	691,200,000	6,912	44,567

## 16. RELATED PARTY TRANSACTIONS

### Key management personnel compensation

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

	Six months ended 30 June		Three months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Short term employee benefit	583	720	290	357
Post employment benefit	10	15	5	7
	<b>593</b>	735	<b>295</b>	364

# MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

## BUSINESS AND FINANCIAL REVIEW

The principal business of the Group during the period under review included outdoor and digital advertising, film and entertainment investment and prepaid card business. The Group's total revenue for the six months ended 30 June 2023 amounted to approximately RMB19,055,000, representing a decrease of approximately RMB27,772,000 or 59.3% as compared to approximately RMB46,827,000 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 RMB2,344,000 or 28.8% to approximately RMB5,783,000 for the six months ended 30 June 2023 from approximately RMB8,127,000 for the corresponding period last year. The gross profit margin for the current period increased to approximately 32.0% from approximately 17.4% in the corresponding period last year. The total comprehensive expense attributable to owners of the Company for the current period amounted to approximately RMB99,000, representing a decrease of approximately 101.5% as compared to approximately RMB6,777,000 for the corresponding period of last year. The decrease was mainly attributable to decrease in administrative expenses offset by the exchange differences on translation of foreign operations.

### 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 recognised 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 RMB24,010,000 or 91.3% from approximately RMB26,299,000 for the corresponding period last year to approximately RMB2,289,000 for the six months ended 30 June 2023. The decrease was mainly due to the fierce competition in the industry which led to reduced number of customers.

Segment loss from outdoor and digital advertising for the six months ended 30 June 2023 amounted to approximately RMB113,000, representing a decrease of approximately RMB602,000 or 123.1% as compared to approximately RMB489,000 for the corresponding period last year.

### Film and Entertainment Investment

Revenue from film and entertainment investment represents profit sharing on box office of movies and concerts and distribution income of film rights and television drama. Revenue from the distribution of film rights and entertainment was recognised when (i) the Group's entitlement to such payments has been established which was upon the delivery of the master copy or materials to the customers, and (ii) the collectability of proceeds was reasonably assured.

Revenue from film and entertainment business decreased by approximately RMB4,151,000 or 43.6% from approximately RMB9,516,000 for the corresponding period last year to RMB5,365,000 for the six months ended 30 June 2023. The frequency of income from film and entertainment business was highly depending on the production status and the market trend for the respective periods.

Segment loss from film and entertainment business for the six months ended 30 June 2023 amounted to approximately RMB50,000, representing a decrease of approximately RMB3,053,000 or 98.4% as compared to approximately RMB3,103,000 the corresponding period last year. The decrease was mainly contributed by lower public relation expenses incurred for the marketing and promotion.



# MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

## Prepaid Card

The Group obtained the Stored Value Facilities License (“SVF License”) in November 2016. Revenue from prepaid card business mainly represent the transaction fees recognised when the prepaid cardholders made payments of fares using the prepaid card and the card related fees when the service was provided. Revenue from prepaid card business increased by approximately RMB389,000 or 3.5% from approximately RMB11,012,000 for the corresponding period last year to approximately RMB11,401,000 for the six months ended 30 June 2023. It was mainly attributable to the increase in number of sales channels and clients which increased the transaction related fees. The larger card base also bring in additional income from card related services fees, for instance card management fee.

Segment profit from prepaid card business for the six months ended 30 June 2023 amounted to approximately RMB3,016,000, representing an increase of approximately RMB142,000 or 2,023.9% as compared to approximately RMB142,000 for the corresponding period last year.

## Cost of Sales

Cost of sales mainly consists of production cost for film and entertainment projects, agency fee for advertising medium, prepaid card transaction processing costs and direct labor cost. Cost of sales decreased from approximately RMB38,700,000 for the corresponding period last year to approximately RMB13,272,000 for the six months ended 30 June 2023, representing a decrease of approximately RMB25,428,000 or 65.7%. The decrease was mainly contributed by the declined revenue and agency cost driven by the outdoor and digital advertising business.

## Other Income

Other income mainly consists of bank interest income, government grant and income received from managing a prepaid card sales counter for a co-branded partner. Other income increased from approximately RMB1,153,000 for the corresponding period last year to approximately RMB4,810,000 for the six months ended 30 June 2023, representing an increase of approximately RMB3,657,000 or 317.2%. The increase was mainly contributed by the increased time deposit interest income.

## Other Gains and Losses, Net

Other gains and losses decreased by approximately RMB3,440,000 or 65.1% from a net loss of approximately RMB5,288,000 for the corresponding period last year to a net loss of RMB1,848,000 for the six months ended 30 June 2023. The decrease was mainly due to lower fair value loss on financial assets at fair value through profit or loss recognised during the six months ended 30 June 2023.

## 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 RMB1,492,000 or 60.3% from approximately RMB2,475,000 for the corresponding period last year, to approximately RMB983,000 for the six months ended 30 June 2023. The decrease was mainly contributed by the cost control measures implemented.

## Administrative Expenses

Administrative expenses mainly consists of salaries, depreciation, rental expense and legal and professional fees. Administrative expenses decreased from approximately RMB15,317,000 for the corresponding period last year to approximately RMB9,219,000 for the six months ended 30 June 2023, representing a decrease of approximately RMB6,098,000 or 39.8%, which was mainly due to no share-based payment expenses and lower corporate expenses incurred during the six months ended 30 June 2023.

## Liquidity and Financial Resources

As at 30 June 2023, the Group’s cash and cash equivalents amounted to approximately RMB209,076,000. As at 30 June 2023, the Group had a bond payable in the principal amount of HK\$12 million (31 December 2022: HK\$12 million). The bond bears interest rate at 12% per annum.

As at 30 June 2023, the current ratio of the Group was approximately 1.23 (31 December 2022: 1.23) and gearing ratio of the Group, which was calculated based on the Group’s net debt divided by the equity attributable to owners of the Company plus net debt, was approximately 0.41 (31 December 2022: 0.18). The Group satisfied its working capital needs principally from internally generated cash flow from operating activities.

# MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

## Pledge of Assets

As at 30 June 2023, none of the assets of the Group has been pledged to secure any loan granted to the Group (31 December 2022: nil).

## Restricted Cash

As at 30 June 2023, the Group has approximately RMB202,522,000 (31 December 2022: RMB233,463,000) monies received from sale and reloading of prepaid cards maintained in one or more segregated bank accounts. The increase in restricted cash by approximately 13.3% when compared to the corresponding period last year was contributed by increase in the amount of prepaid cards sold.

## CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities (as at 31 December 2022: nil).

## CAPITAL COMMITMENTS

As at 30 June 2023, the Group did not have any significant capital commitment (as at 31 December 2022: nil).

## FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and Hong Kong with most of the transactions settled in Renminbi and Hong Kong Dollars. The Group's cash and bank deposits are mainly denominated in Hong Kong Dollars and Renminbi. The Directors consider that the Group's risk in foreign exchange is insignificant. During the six months ended 30 June 2023, the Group did not hedge any exposure in foreign currency risk.

## HUMAN RESOURCES

As at 30 June 2023, the Group had a total of 28 employees (30 June 2022: 32 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 six months ended 30 June 2023, the total staff costs (including Directors' emoluments) amounted to approximately RMB6,075,000 (six months ended 30 June 2022: RMB7,427,000).

## PROSPECTS

Looking forward, the Group will continue to focus on the business development of outdoor and digital advertising business and prepaid card business. The business environment is surrounded by uncertainties and the financial performance of the Group may continue to be affected in the year of 2023. The Group is actively looking for business opportunities in order to achieve sustainable growth. The Group 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 as contained in Part 2 of Appendix 15 to the GEM Listing Rules (the "CG Code"). To the best knowledge of the Board, the Company has complied with the CG Code during the six months ended 30 June 2023.

## DIVIDENDS

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

# MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

For the six months ended 30 June 2023, 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 six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION OR DISPOSAL AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no significant investments, material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2023. The Group has no specific plan for material investments or capital assets as at 30 June 2023.

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

As at 30 June 2023, 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 Deqing	Interest of a controlled corporation	14,400,500 (Note 1)	8.33

Notes:

- (1) These Shares were registered in the name of and beneficially owned by 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.

# MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Save as disclosed above, as at 30 June 2023, 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.

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

As at 30 June 2023, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

### Long positions in shares and underlying shares of the Company

Name of shareholder	Nature of interest	Number of Shares held	Approximate percentage of shareholding (%)
Mr. Lin Pintong (Note 1)	Interest of a controlled corporation	14,400,500	8.33
Lizhong (Note 1)	Beneficial owner	14,400,500	8.33
Broad Win (Note 1)	Interest of a controlled corporation	14,400,500	8.33
Ms. Pan Xiaoying (Note 2)	Interest of spouse	14,400,500	8.33
Joint Loyal (Note 1)	Interest of a controlled corporation	14,400,500	8.33
Ms. Liu Sibin (Note 3)	Interest of spouse	14,400,500	8.33
New Express Investment Limited (Note 4)	Beneficial owner	9,103,000	5.27
China Investment and Finance Group Limited (Note 4)	Interest of a controlled corporation	9,103,000	5.27



# MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

Notes:

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

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all the Directors, all the Directors confirmed that they have complied with the code of conduct and required standard of dealings concerning securities transactions by directors during the six months ended 30 June 2023.

## EVENTS AFTER THE REPORTING PERIOD

An extraordinary general meeting of the Company was held on 5 August 2022 in which the resolutions to approve the proposed capital reduction to reduce the consolidated share par value from US\$0.04 to US\$0.001 by cancelling the paid-up capital of the Company to the extent of US\$0.039 on each of the issued consolidated shares (“Capital Reduction”) and the proposed sub-division of each of the authorised but unissued consolidated shares of par value of US\$0.04 each into forty (40) new shares of par value of US\$0.001 each (“Share Sub-division”) were passed by the shareholders of the Company. The Capital Reduction and the Share Sub-division became effective on 27 April 2023. Please refer to the announcement of the Company dated 26 April 2023 for details.

# MANAGEMENT DISCUSSION AND ANALYSIS AND DISCLOSURE OF ADDITIONAL INFORMATION

## SHARE OPTION SCHEME

A share option scheme was adopted by the Company pursuant to a resolution passed by the shareholders of the Company on 30 June 2021 (the "Share Option Scheme"). As at 30 June 2023, there are 17,280,000 outstanding share options under the 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 2023	Granted during the period	Cancelled/ lapsed/exercised during the period	Number of share options outstanding as at 30 June 2023	Grantees	Validity Period
11 April 2022	HK\$0.448	17,280,000	–	–	17,280,000	Employees	11 April 2022 to 10 April 2024

Saved as disclosed above, no share option was granted, exercised, lapsed or cancelled under the Share Option Scheme during the six months ended 30 June 2023.

Notes:

1. All share options granted were vested immediately.

## AUDIT COMMITTEE

The Company established the Audit Committee on 17 December 2010 with written terms of reference in compliance with 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 the CG Code. As at 31 March 2023, 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 consolidated results of the Group and the report for the six months ended 30 June 2023. The Audit Committee was of the opinion that the preparation of such results and report 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, 14 August 2023

*As at the date of this report, the executive Directors are Mr. Ruan Deqing (Chairman) 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.*