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BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1000)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS:

1. Total operating revenue decreased by 28.51% to RMB72,207 thousand (corresponding period of 2021: RMB101,002 thousand).
2. Net loss attributable to shareholders of the Company was RMB11,896 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2021: RMB29,695 thousand).
3. Loss per share was RMB0.06 (loss per share for the corresponding period of 2021: RMB0.15).

The board (the “Board”) of directors (“Directors”) of Beijing Media Corporation Limited (the “Company” or “Beijing Media”, and together with its subsidiaries, the “Group”) hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2022 (the “First Half of 2022”) and the comparative results of the Group for the corresponding period of 2021.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Unit: RMB'000

Item	Notes	For the six months ended	
		30 June	2021
		2022	2021
Total operating revenue	1	72,207	101,002
Total operating costs		85,458	111,026
Operating costs	1	66,763	88,519
Tax and surcharges	2	1,038	711
Selling expenses		7,659	7,241
Administrative expenses		12,339	15,994
Financial expenses	3	(2,341)	(1,439)
Including: Interest expenses		5	11
Interest income		2,422	1,336
Add: Other income		44	110
Investment income	4	95	2,522
Including: Gain from investments in associates		(249)	28
Gain on changes in fair value	5	(1,595)	(92)
Impairment loss of credit	6	(1,095)	(21,401)
Gain on disposal of asset		—	2
Operating profit		(15,802)	(28,883)
Add: Non-operating income	7	60	283
Less: Non-operating expenses	8	24	205
Total profit		(15,766)	(28,805)
Less: Income tax expenses	9	(1,786)	388
Net profit		(13,980)	(29,193)
Net profit attributable to:			
Net profit from continuing operations		(13,980)	(29,193)
Net profit from discontinued operations		—	—
Shareholders of the Company		(11,896)	(29,695)
Non-controlling shareholders		(2,084)	502

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	Notes	For the six months ended	
		30 June 2022	2021
Other net comprehensive income after tax		93	(32)
Other net comprehensive income after tax attributable to owners of the parent company	10	56	(19)
Including: Other comprehensive income will not be reclassified into profit or loss		—	—
Including: Change in fair value of other equity instruments investments		—	—
Including: Other comprehensive income subsequently reclassified into profit or loss		56	(19)
Including: Exchange differences from retranslation of financial statements		56	(19)
Other net comprehensive income after tax attributable to non-controlling shareholders		37	(13)
Total comprehensive income		(13,887)	(29,225)
Total comprehensive income attributable to shareholders of the parent company		(11,840)	(29,714)
Total comprehensive income attributable to non-controlling shareholders		(2,047)	489
Earnings per share:			
Basic earnings per share (RMB)	11	(0.06)	(0.15)
Diluted earnings per share (RMB)	11	(0.06)	(0.15)
Dividends	12	—	—

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Unit: RMB'000

Item	Notes	As at 30 June 2022	As at 31 December 2021
Current assets:			
Bank balances and cash		96,720	264,322
Financial assets held for trading	13	160,046	—
Notes receivable		150	2,498
Accounts receivable	14	24,899	25,792
Prepayments	15	235	522
Other receivables	16	1,458	848
Inventories		9,027	11,942
Other current assets	17	26,992	29,117
Total current assets		319,527	335,041
Non-current assets:			
Long-term equity investment	18	3,278	3,527
Investment in other equity instruments	19/28	270,421	270,421
Other non-current financial assets	20/28	1,736	1,946
Investment properties		94,544	96,185
Fixed assets	21	333	467
Intangible assets	22	18,601	19,077
Goodwill	23	—	—
Right-of-use assets		—	74
Long-term deferred expenses		494	822
Other non-current assets	24	—	—
Total non-current assets		389,407	392,519
Total assets		708,934	727,560

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	<i>Notes</i>	As at 30 June 2022	As at 31 December 2021
Current liabilities:			
Notes payable		12,124	3,239
Accounts payable	25	14,707	14,748
Contract liabilities		17,917	21,499
Employee benefit payables		5,679	6,847
Tax payables		288	6,085
Other payables	26	21,091	23,604
Non-current liabilities due within one year	27	—	61
Other current liabilities		932	1,394
Total current liabilities		72,738	77,477
Non-current liabilities:			
Deferred income tax liabilities		4,525	4,525
Total non-current liabilities		4,525	4,525
Total liabilities		77,263	82,002
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		934,421	934,421
Other comprehensive income	10	160,167	160,111
Surplus reserves		130,931	130,931
Undistributed profits		(806,042)	(794,146)
Total equity attributable to shareholders of the Company		616,787	628,627
Non-controlling interest		14,884	16,931
Total shareholders' equity		631,671	645,558
Total liabilities and shareholders' equity		708,934	727,560
Net current assets		246,789	257,564
Total assets less current liabilities		636,196	650,083

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements for the six months ended 30 June 2022 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with requirement such as Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards (“PRC Accounting Standard”) issued by the Ministry of Finance of the People's Republic of China (the “Ministry of Finance”), as well as applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance; and the accounting policies and estimates as stated in Note V “Significant accounting policies and accounting estimates” in the interim report of the Group.

2. Going concern

The Company is able to continue as a going concern for at least the next 12 months from the end of the reporting period, and there is no existence of a material uncertainty affecting the ability of on-going operation.

CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECT

There were no changes in the Group's accounting policies during the period.

STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the relevant information in the consolidated financial position as at 30 June 2022 and the consolidated operating results, consolidated cash flows for the six months ended 30 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING INCOME AND OPERATING COSTS

Item	For the six months ended 30 June	
	2022	2021
Principal operating income	69,686	98,405
Other operating income	<u>2,521</u>	<u>2,597</u>
Total operating income	<u>72,207</u>	<u>101,002</u>
Principal operating costs	66,109	87,980
Other operating costs	<u>654</u>	<u>539</u>
Total operating costs	<u>66,763</u>	<u>88,519</u>
Gross Profit	<u>5,444</u>	<u>12,483</u>

Total operating income (which is the turnover of the Group) represents the net amounts received and receivable from sales of advertising layout and goods and rendering of services by the Group to outside customers, less trade discounts during the period.

(1) Principal operations — by business segment

Item	For the six months ended 30 June			
	2022		2021	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	25,451	23,548	46,136	37,885
Printing	2,186	2,063	1,677	1,464
Trading of print-related materials	41,888	40,234	50,567	48,538
Distribution	27	81	25	93
Service income	<u>134</u>	<u>183</u>	<u>—</u>	<u>—</u>
Total	<u>69,686</u>	<u>66,109</u>	<u>98,405</u>	<u>87,980</u>

(2) The sum of operating income from the top five customers is RMB34,840 thousand representing 48.25% of operating income for the six months ended 30 June 2022.

(3) Other operating income includes revenue from property rental income of RMB2,047 thousand.

2. TAX AND SURCHARGES

Item	For the six months ended 30 June	
	2022	2021
Urban maintenance and construction tax	55	106
Education surcharge	24	45
Local education surcharge	16	30
Property tax	505	478
Cultural construction fee	370	—
Others	68	52
Total	1,038	711

3. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2022	2021
Interest expenses	5	11
Less: Interest income	2,422	1,336
Exchange gain and loss	38	(155)
Add: Commissions and other expenses	38	41
Total	(2,341)	(1,439)

4. INVESTMENT INCOME

Item	For the six months ended 30 June	
	2022	2021
Share of profit of associates	(249)	28
Investment income received from the financial assets at fair value through profit or loss during the holding period	—	104
Investment income received from the disposal of financial assets at fair value through profit or loss	85	2,183
Other investment income	259	207
Total	95	2,522

5. GAIN ON CHANGES IN FAIR VALUE

Item	For the six months ended 30 June	
	2022	2021
Changes in fair value of transactional financial assets	46	—
Changes in fair value of investment properties	<u>(1,641)</u>	<u>(92)</u>
Total	<u>(1,595)</u>	<u>(92)</u>

6. IMPAIRMENT LOSS OF CREDIT

Item	For the six months ended 30 June	
	2022	2021
Loss from bad debts	<u>(1,095)</u>	<u>(21,401)</u>
Total	<u>(1,095)</u>	<u>(21,401)</u>

7. NON-OPERATING INCOME

Item	For the six months ended 30 June	
	2022	2021
Current accounts needless to pay	—	240
Others	<u>60</u>	<u>43</u>
Total	<u>60</u>	<u>283</u>

8. NON-OPERATING EXPENSES

Item	For the six months ended 30 June	
	2022	2021
Compensation and late payment charges	<u>24</u>	<u>205</u>
Total	<u>24</u>	<u>205</u>

9. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2022	2021
Current income tax expenses	(1,786)	595
Deferred income tax expenses	<u>—</u>	<u>(207)</u>
Total	<u>(1,786)</u>	<u>388</u>

(2) Current income tax expenses

Item	For the six months ended 30 June	
	2022	2021
Current income tax — PRC	25	939
Under-provision in prior years — PRC	<u>(1,811)</u>	<u>(344)</u>
Total	<u>(1,786)</u>	<u>595</u>

No provisions for Hong Kong profits tax of the Group during the period, as there was no profit generated from Hong Kong.

10. OTHER COMPREHENSIVE INCOME

Item	As at 1 January 2022	Amount before income tax for the year	Less: other comprehensive income subsequently reclassified into profit or loss in current period	Less: income tax expenses	Amount after		As at 30 June 2022
					tax attributable to the parent company	tax attributable to non- controlling shareholders	
1. Other comprehensive income subsequently unable to be reclassified into profit or loss	159,618	—	—	—	—	—	159,618
Including: Change in fair value of other investments of equity instruments	159,618	—	—	—	—	—	159,618
2. Other comprehensive income subsequently able to be reclassified into profit or loss	493	93	—	—	56	37	549
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss	550	—	—	—	—	—	550
Including: Exchange differences from retranslation of financial statement	(57)	93	—	—	56	37	(1)
Total other comprehensive income	160,111	93	—	—	56	37	160,167

11. EARNINGS PER SHARE

Item	For the six months ended 30 June	
	2022	2021
Net profit for the half-year attributable to shareholders of the Company	(11,896)	(29,695)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Basic earnings per share (RMB)	(0.06)	(0.15)

The basic earnings and diluted earnings per share for the six months ended 30 June 2021 and 2022 are the same as there was no dilution incurred during the periods.

12. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (2021 : Nil).

13. FINANCIAL ASSETS HELD FOR TRADING

Item	Investment cost	As at 30 June 2022	As at 31 December 2021
Wealth management product	<u>160,000</u>	<u>160,046</u>	<u>—</u>
Total	<u>160,000</u>	<u>160,046</u>	<u>—</u>

14. ACCOUNTS RECEIVABLE

Item	As at 30 June 2022	As at 31 December 2021
Accounts receivable	428,337	428,387
Less: Provision for bad debts	<u>403,438</u>	<u>402,595</u>
Net accounts receivable	<u>24,899</u>	<u>25,792</u>

The following is an aging analysis of accounts receivable presented based on the invoice date (net of provision for bad debts):

Item	As at 30 June 2022	As at 31 December 2021
0–90 days	10,499	7,856
91–180 days	1,885	3,150
181–365 days	4,376	3,384
1–2 years	1,339	3,919
Over 2 years	<u>6,800</u>	<u>7,483</u>
Total	<u>24,899</u>	<u>25,792</u>

The top five accounts receivable as at 30 June 2022 represented 44.37% of the total accounts receivable.

15. PREPAYMENTS

Item	As at 30 June 2022	As at 31 December 2021
Prepayments	235	522
Less: Provision for bad debts	—	—
Net prepayments	<u>235</u>	<u>522</u>

The following is an aging analysis of prepayments:

Item	As at 30 June 2022	As at 31 December 2021
Within 1 year	213	500
Over 1 year	22	22
Total	<u>235</u>	<u>522</u>

The top five prepayments as at 30 June 2022 represented 100% of the total prepayments.

16. OTHER RECEIVABLES

Item	As at 30 June 2022	As at 31 December 2021
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	202,684	201,981
Less: Provision for bad debts	201,226	201,133
Net other receivables	<u>1,458</u>	<u>848</u>

16. OTHER RECEIVABLES (CONTINUED)

(1) The following is an aging analysis of other receivables (net of provision for bad debts):

Item	As at 30 June 2022	As at 31 December 2021
Within 1 year	1,328	710
1–2 years	100	104
2–3 years	24	25
3–4 years	1	6
Over 4 years	5	3
Total	1,458	848

(2) Other receivables classified by nature

Nature	As at 30 June 2022	As at 31 December 2021
Related party current account	6,901	5,540
External unit current (<i>Note</i>)	194,013	194,772
Deposit and margin	566	571
Reserve funds	1,143	1,095
Others	61	3
Total	202,684	201,981

Note: The above external unit current includes RMB107,391 thousand receivable from Beiqing Transmedia Co., Ltd. and RMB72,320 thousand receivable from Beijing Trans-media Co., Ltd. As at 30 June 2022, the provision of impairment was made in full.

(3) The top five other receivables as at 30 June 2022 represented 95.90% of the total other receivables.

17. OTHER CURRENT ASSETS

Item	As at 30 June 2022	As at 31 December 2021
VAT to be deducted	26,992	27,608
Prepaid income tax	—	1,509
Total	26,992	29,117

18. LONG-TERM EQUITY INVESTMENTS

(1) Types for long-term equity investments

Type	As at 30 June 2022	As at 31 December 2021
Investments in associates — under equity method	4,226	4,475
Less: Provision for impairment for investments in associates	948	948
Total	3,278	3,527

Investee	Balance as at 1 January 2022	Changes in the period								Balance as at 30 June 2022	Balance of impairment provision as at 30 June 2022
		Additional investment	Decrease in investment	Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment	Others		
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—	—
Beijing Shengyi Automobile Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency Co., Ltd.	2,136	—	—	(137)	—	—	—	—	—	1,999	—
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing Beijing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—	—
Hebei Jujingcai E-commerce Company Limited	—	—	—	—	—	—	—	—	—	—	—
Chongqing Soyang Internet Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	948
Beijing Shangyou Network Technology Co., Ltd.	1,391	—	—	(112)	—	—	—	—	—	1,279	—
Total	3,527	—	—	(249)	—	—	—	—	—	3,278	948

18. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Investments in associates

Item	As at 30 June 2022	As at 31 December 2021
Unlisted investments, at cost	41,026	41,026
Share of post-acquisition profit	(36,800)	(36,551)
Provision for impairment	948	948
Total	3,278	3,527

19. INVESTMENT IN OTHER EQUITY INSTRUMENTS

(1) Investment in other equity instruments

Item	Investment cost	As at 30 June 2022	As at 31 December 2021	Dividend income recognized for the period
Beijing Keyin Media Culture Co., Ltd.	6,560	46,665	46,665	—
Beiyang Publishing & Media Co., Ltd.	103,000	194,901	194,901	—
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	3,472	3,472	—
Beijing International Advertising & Communication Group Co., Ltd.	33,119	25,383	25,383	—
Total	143,179	270,421	270,421	—

(2) Investment in other equity instruments is analyzed as follows:

Type	As at 30 June 2022	As at 31 December 2021
Unlisted equity investments, PRC	270,421	270,421
Total	270,421	270,421

20. OTHER NON-CURRENT FINANCIAL ASSETS

(1) Investment in other non-current financial assets

Item	Investment cost	As at 30 June 2022	As at 31 December 2021	Dividend income recognized for the period
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	<u>1,988</u>	<u>1,736</u>	<u>1,946</u>	—
Total	<u>1,988</u>	<u>1,736</u>	<u>1,946</u>	<u>—</u>

(2) Other non-current financial assets are analyzed as follows:

Type	As at 30 June 2022	As at 31 December 2021
Unlisted equity investments, PRC	<u>1,736</u>	<u>1,946</u>
Total	<u>1,736</u>	<u>1,946</u>

21. FIXED ASSETS

For the six months ended 30 June 2022, the fixed assets of the Group increased by RMB95 thousand (corresponding period of 2021: the fixed assets increased by RMB207 thousand).

For the six months ended 30 June 2022, the Group disposed of fixed assets with net carrying amount of RMB163 thousand (corresponding period of 2021: RMB168 thousand).

For the six months ended 30 June 2022, the depreciation of fixed assets recognized in the income statement is RMB229 thousand (corresponding period of 2021: RMB405 thousand).

22. INTANGIBLE ASSETS

For the six months ended 30 June 2022, the intangible assets of the Group increased by RMB0 thousand (corresponding period of 2021: increased by RMB0 thousand).

For the six months ended 30 June 2022, the amortization of intangible assets recognized in the income statement is RMB476 thousand (corresponding period of 2021: RMB476 thousand).

23. GOODWILL

Item	As at 30 June 2022	As at 31 December 2021
Goodwill arising from the acquisition of Beijing CéCi	47,377	47,377
Less: Provision for impairment	<u>47,377</u>	<u>47,377</u>
Total	<u>—</u>	<u>—</u>

24. OTHER NON-CURRENT ASSETS

Item	As at 30 June 2022	As at 31 December 2021
Film project prepaid expenses (<i>Note</i>)	24,000	24,000
Less: Provision for impairment	<u>24,000</u>	<u>24,000</u>
Total	<u>—</u>	<u>—</u>

Note: Film project prepaid expenses related to the Company's participation in film and television production of "Oriental King of Soccer" (《東方球王》). The project settlement period exceeds one year. The Company entered into agreements with Qianmen (Beijing) Media Co. Ltd., pursuant to which the Company participated in the production of TV series "Oriental King of Soccer". As at 30 June 2022, the balances of prepaid expenses related to the remaining television projects "Oriental King of Soccer" was RMB24,000 thousand. "Oriental King of Soccer" has not been released.

25. ACCOUNTS PAYABLE

Item	As at 30 June 2022	As at 31 December 2021
Accounts payable	<u>14,707</u>	<u>14,748</u>
Total	<u>14,707</u>	<u>14,748</u>

25. ACCOUNTS PAYABLE (CONTINUED)

The following is an aging analysis of accounts payable as at 30 June 2022 presented based on the invoice date:

Item	As at 30 June 2022	As at 31 December 2021
0-90 days	10,352	11,378
91-180 days	693	243
181-365 days	976	647
Over one year	<u>2,686</u>	<u>2,480</u>
Total	<u>14,707</u>	<u>14,748</u>

26. OTHER PAYABLES

Nature	As at 30 June 2022	As at 31 December 2021
Current account	13,908	16,636
Margin and deposit	5,750	5,553
Collection and payment for other persons	261	258
Others	<u>1,172</u>	<u>1,157</u>
Total	<u>21,091</u>	<u>23,604</u>

27. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	As at 30 June 2022	As at 31 December 2021
Lease liabilities due within one year	<u>—</u>	<u>61</u>
Total	<u>—</u>	<u>61</u>

28. EQUITY IN INVESTMENT IN OTHER EQUITY INSTRUMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS

A. Equity in investment in other equity instruments

(1) Basic information of relevant investee companies in relation to investment in other equity instruments:

Company name	Place of registration	Principal place of business	Business nature	Shareholding Percentage (%)	Fair value	Proportion of total assets (%)
					as at 30 June 2022	
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang	Shijiazhuang	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	194,901	27.49
Beijing Keyin Media and Culture Co., Ltd.	Beijing	Beijing	Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements	16.00	46,665	6.58
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Beijing	Beijing	Internet Information Service	5.00	3,472	0.49
Beijing International Advertising Media Group Co., Ltd.	Beijing	Beijing	Design, production and provision of agency service of advertisements	11.44	25,383	3.58

(2) The investment strategies of major investments in respect of investment in other equity instruments:

Beiyang Publishing & Media Co., Ltd. (hereinafter referred to as “Beiyang Media”) is mainly engaged in the production, printing, publishing and distribution of books, newspapers and magazines. It is the main platform for Hebei Publishing & Media Group Co., Ltd. to perform transformation into corporate and capitalized operations. Currently, the Group holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. In recent years, Beiyang Media has been operating well and has been profitable, and has achieved steady growth in assets and revenue. The Group is optimistic about the future operation of Beiyang Media and is prepared to continue to hold it for a long term to obtain better investment returns.

Beijing Keyin Media and Culture Co., Ltd. (hereinafter referred to as “Keyin Media”) is mainly engaged in organizing exchange activities on culture and art, design, production and provision of agency service of advertisements, etc. Currently, the Group holds 4,000,000 shares of Keyin Media, representing 16% of the aggregate share capital of Keyin Media. In recent years, Keyin Media has been operating well and has been profitable. The Group is optimistic about the future operation of Keyin Media and is prepared to continue to hold it for a long term.

B. Equity in other non-current financial assets

Basic information of relevant investee companies in relation to other non-current financial assets:

Company name	Place of registration	Principal place of business	Business nature	Shareholding percentage (%)	Fair value	Proportion of total assets (%)
					as at 30 June 2022	
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	Suzhou	Suzhou	Investment management	2.61	1,736	0.24

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, which contributes to part of the Group's turnover; (2) printing, whose turnover includes revenue from printing publications arranged by BYD Logistics Company Limited ("BYD Logistics"); and (3) trading of print-related materials, which involves the supply and trading of, among other things, newsprint, ink, lubricants, films, presensitized plate and rubber sheets to customers including commercial printers.

In the First Half of 2022, the total operating revenue of the Group was RMB72,207 thousand, representing a decrease of 28.51% as compared with that for the corresponding period of 2021 (first half of 2021: RMB101,002 thousand). Operating costs of the Group were RMB66,763 thousand, representing a decrease of 24.58% as compared with those for the corresponding period of 2021 (first half of 2021: RMB88,519 thousand). In the First Half of 2022, net loss attributable to shareholders of the Company was RMB11,896 thousand, representing a year-on-year decrease of 59.94% as compared with that for the corresponding period of 2021 (net loss attributable to shareholders of the Company for the first half of 2021: RMB29,695 thousand).

Due to the COVID-19 pandemic, the competition from new media and changes in policy, the operating revenue of the various business sectors of the Group declined to varying degrees. In particular, Beiqing Community Media Technology (Beijing) Co., Ltd. ("Beiqing Community Media"), a subsidiary of the Company whose operating revenue decreased by RMB15,703 thousand in the First Half of 2022 due to the impact of changes in the management policy of the industry, affected the operating revenue of the Group.

The Group's operating costs decreased by 24.58% as compared to those for the corresponding period of 2021, mainly due to the fact that the Group has proactively taken measures of reducing costs and enhancing efficiency, including optimizing human resources allocation, strictly controlling costs and reducing business expenses. The administrative expenses were therefore significantly decreased by RMB3,655 thousand, representing a decrease of 22.85% as compared with those for the corresponding period of 2021.

The Group recorded a significant decrease of loss, thanks to (1) the bad debts accrued over years and the provision for asset impairment significantly decreased by RMB20,306 thousand in the First Half of 2022; (2) the implementation of measures of reducing costs and enhancing efficiency, which effectively reduced costs and administrative expenses; (3) turnaround from loss to profit of BYD Logistics, a subsidiary of the Company, whose net profit in the First Half of 2022 was RMB410 thousand, achieving not only operating profits but also financial profit after provision.

In the First Half of 2022, the Group built foundation and sought for development mainly from the following four aspects:

I. Optimizing corporate governance and promoting operation with management

The Company completed the re-election and appointment of directors and supervisors for the new session of the Board and the Supervisory Committee, such that the Board composition was more professional and diverse; expanded the management team and adjusted the division of senior management personnel to enhance capacity development; adjusted organizational structure and formed the general business division of the advertising center to optimize performance assessment; launched CRM system construction and applied OA office system to subsidiaries to enhance refined management and business synergies; and revised the Company's procedures to optimize state-owned assets management system. Such initiatives have improved the Group's management efficiency and consolidated its operational foundation.

II. Expanding to the new area of camping education and actively seeking for business transformation

Capitalizing on its own resources advantage, the Company contributed RMB15,000 thousand to set up Beijing Beiqing Innovation Cultural Industry Development Co., Ltd. (北京北青創新文化產業發展有限公司), a wholly-owned subsidiary engaging in camping education business featuring light-asset operation model, for the purpose of developing a leading camping education operation service provider in the PRC. The company will operate and manage a batch of innovative practice bases focusing on course content and growth experience in the form of collective living and learning to provide sustained experiences that are fun, creative and educational for the youth group. At present, the first camp project is planned to be put into operation at the end of August to achieve good results.

III. Revitalizing the idle funds and assets to effectively increase investment income

The Company entered into the asset management agreement for single asset management plan with Capital Securities Co., Ltd. ("Capital Securities"), which was entrusted to operate cash management business for the Company, and take effective use of idle funds to improve investment income under controllable risks; leased the Company's idle office buildings to Beijing Agricultural Investment Co., Ltd. and Beijing Rural Area Equity Exchange Co., Ltd. to obtain rental income; and sold and disposed of commodities for replacement of advertising to relieve inventory management pressure.

IV. Consolidating resources and focusing on principal businesses to rule out systemic risk

In the First Half of 2022, the Group endeavored to solve previous issues. Bad debts accrued and assets impairment provided were significantly reduced, which effectively reduced systematic risks. Certain inferior companies are undergoing liquidation and one of them have been liquidated so far. Additionally, the Group has been actively recovering historical debts, won cases involving RMB10,270 thousand and received accounts receivable amounting to RMB2,690 thousand.

Advertising Business

In the First Half of 2022, due to the sustained and repeated COVID-19 pandemic, offline business of the Company's advertising center segments and advertising sectors of subsidiaries were stagnant, resulting in decrease in placements of customers in performance, consumption, tourism and other industries and a decrease in revenue from advertising business. In the First Half of 2022, revenue from advertising business of the Group was RMB25,451 thousand (corresponding period of 2021: RMB46,136 thousand), representing a decrease of 44.83% as compared with that for the corresponding period of 2021.

In light of the macroeconomic situation and the severe market challenge, the Company actively responded in the First Half of 2022 with a focus on products, customers and service and gradually established “three centers” (being product center, ability center and marketing center) taking use of its advantage in resources and has been continuously accelerating business transformation:

1. Optimizing organizational structure and improving operating environment

The Group combined the general business division I and the general business division II of the advertising center and formed the general business division, thus the advertising center formed a parallel business model of 5 business divisions including finance, real estate, automobile, education and general business, to integrate cross-industry resources and seek for new source of growth on condition of consolidating advantageous business. Simultaneously, the automobile business division and the real estate business division adjusted the division head and formed new management team to explore new customer resources and improve the management efficiency in all aspects;

The Group optimized performance assessment and adopted “profit-based” incentive measure to fully mobilize the enthusiasm of the team and scale down the expenditure of the advertising business;

The Group launched CRM system construction to improve lean management of the advertising business.

2. *Building core competitiveness starting from content planning*

The Group optimized content products focusing on content and enhanced content platform construction in light of the increasing demand for advertising products of its customers, which effectively improved customer satisfaction.

Finance is a key advertising segment of the Company. In the First Half of 2022, the finance business division penetrated deeply to get knowledge of customer needs, adhered to focusing on the original content, and planned 14 special issues including 2022 Please Answer, Colorful National Tide for the New Year, National Two Sessions, Mid-Year Economic Development, Youth Centuries, and Interpretation of the 13th Party Congress Report. The finance business division also actively sought for and signed with new customers and effectively stabilized its market share. In addition, the real estate division re-published Guangsha Times (廣廈時代), created special reports and actively planned content marketing scheme for the development of the real estate industry in the future. The education business division has strengthened the planning of new media content, and the “Youth EDU” public account offers updates on education news in real time, with continuously increasing fans.

3. *Developing visual products and endeavoring efforts to integrated media marketing platform*

In the development direction of integrated media, and on condition of obtaining the right to act as the exclusive agency for finance, real estate and automobile sectors at Beijing Youth Daily Mobile Client and YNET, the Group further enriched the integrated media platform taking use of WeChat public account, Weibo and other new media resources by way of incorporating short videos and live broadcasts to attract targeted customer. Meanwhile, following the development trend of new media marketing popularized by video platform, the Group, leveraging its own extensive event planning experience, built promotional video products, promoted the construction of new media accounts and IP development, and expanded video marketing business through multiple channels:

Each business division combines video production with innovative event planning models to create a full range of service solutions for customers. In the First Half of 2022, the automobile business division designed and developed three types of products, being community activities, new media account videos, and Beijing Auto

Show interviews, and put them into operation. The education business division reintegrated its own resources and cooperated with more than 60 public schools in light of the latest education market condition, which accumulated resources for famous teachers' classrooms and principal's round table activity. The real estate business division actively planned to accelerate video marketing activities for multiple projects. The home building materials industry of the general business division cooperated with the video department and the media department to launch the Tik Tok account "Dongboge (咚波哥)". Based on customer needs, the Group planned a variety of publicity programs for Xicheng District Beijing Commercial Committee and the National Centre for the Performing Arts;

Additionally, the Company also actively planned to create a richer product portfolio focusing on media advertising and outdoor advertising, and satisfied more customer needs through precise placement positioning, thereby driving improvement in advertising performance.

Results of Major Subsidiaries of the Group

BYD Logistics is a 92.84%-owned subsidiary of the Company and is principally engaged in the businesses of printing and trading of print-related materials. In the First Half of 2022, BYD Logistics implemented various measures in light of the adverse impact of the international political environment and the rebound of domestic COVID-19 pandemic, consolidated management while maintaining stability of its business, enhanced risk control and achieved a turnaround from loss to profit. In the First Half of 2022, the net profit of BYD Logistics was RMB410 thousand. In terms of printing business, BYD Logistics maintained stable operation, and successfully accomplished the printing and publication of "Beijing Youth Daily" during major reporting periods such as the Beijing 2022 Winter Paralympics, the Beijing Two Sessions, the National Two Sessions, and the 13th Beijing Party Congress; contributed to the education cause of Beijing for years by undertaking the publication of Beijing Examination News (《北京考試報》) and was highly recognized by customers, demonstrating corporate social responsibility. In terms of printing-related materials trading business, under the adverse situation of rising prices of raw material, shirking demand in domestic papers and freight logistics stagnated by 2-month traffic restrictions, BYD Logistics actively sought for alternative products for customers from the source of supply and ultimately achieved centralized arrival and sales based on demand.

Beiqing Community Media is a 52.661%-owned subsidiary of the Company. Beiqing Community Media has transformed from original traditional media newspaper business model to a government-affiliated integrated media service business model, digging deeper into the needs of government and enterprise customers and improving its planning and organizing capabilities to build information dissemination platform and service platform for customers through the organic combination of online operation and maintenance with offline activities. Beiqing Community Media's intensive cultivation of community media has been highly recognized by community residents, governments at all levels and

cooperative businesses, which has greatly increased its influence. Up to now, Beiqing Community Media has 16 branches across the whole urban area of Beijing, including CBD, Wangjing, Shunyi, Changping, Tongzhou, Daxing, Dongcheng, Xicheng, Beisan County, Miyun, Haidian, Fangshan, Sanjianfang, Fengtai, Yizhuang and Jingxi, and has published several newspapers of “Beiqing Community Daily”. In addition to newspapers, the branches of Beiqing Community Media operate a total of more than 30 WeChat public accounts under operating news category. At the same time, the branches also distributed news products on various new media platforms such as TikTok (抖音號), Kuaishou (快手號), Today Headlines Account (今日頭條號) and Sina Weibo (新浪微博), forming a strong propaganda matrix, and presenting good performance in integrated media propaganda.

In the First Half of 2022, offline community event of Beiqing Community Media reduced significantly due to the rebounded COVID-19 pandemic; coupled with the impact of change in the management policy of the industry on its business, the operating revenue of Beiqing Community Media declined significantly. Insisting on stabilizing business and teams, Beiqing Community Media facilitated cooperation in government services and social group purchases, including undertaking comprehensive services such as publicity, promotion, operation, development and maintenance of government and social groups, assisting the government and social groups in operating new media projects and undertaking cooperative publication. Additionally, Beiqing Community Media actively undertook the promotion and advertising placement of marketing projects in the real estate sector. In the second half of 2022, Beiqing Community Media will seek progress while maintaining stability on the basis of developing conventional media service business and relevant derivative businesses, actively explore business fields such as corporate media services through resource synergy, and tap new source of profit growth.

Beiqing Network Culture Communication Co., Ltd. (“Beiqing Network Culture”) is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, contributed a portion to establish Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the “Fund”) in 2013. Pursuant to the agreement, the Fund expired on 25 November 2021 and entered into two-year liquidation period, during which all projects of the Fund will complete the exit. In the First Half of 2022, the Fund has completely withdrawn from the previous investments in Jushri Technologies, Inc. and Beijing TINAVI Medical Technology Co., Ltd. by way of capital reduction at the secondary market, and the return on divestment has been distributed in July 2022.

Chongqing Youth Media Company Limited (“Chongqing Youth Media”) is a 60%-owned subsidiary of the Company. The current business operations of Chongqing Media are advertising and newspaper distribution. The advertising is mainly on online platforms, supplemented by newspaper promotion. In the First Half of 2022, Chongqing Youth Media reached cooperation agreement with Chongqing Municipal Committee of the Communist Youth League of China (“Chongqing municipal League”), on one hand to complete newspaper revision pilot, consolidate new media platforms such as Chongqing Youth New Media Center, form an integrated media communication portfolio

covering newspapers, periodicals, internet, WeChat and Weibo by aggregating content and pipelines, while actively expanding government new media operation and maintenance business; on the other hand, to enhance resource interaction and business synergy between Beijing and Chongqing, and Chongqing Youth Media actively prepared the “Diamond Cup” Junior Tennis Challenger of the China Tennis Open Tournament (Chongqing Station). The event will be jointly sponsored by Chongqing municipal League and Chongqing Municipal Sports Bureau and start in the second half of 2022. The event has won the title sponsorship and the investment promotion is progressing smoothly. Chongqing Youth Media also participated in public welfare activity and donated supplies in value of RMB3,000 thousand to support the centralized Tibet-assistance project organized by Chongqing municipal League, which demonstrated sound corporate image.

Prospects and Future Plans

In the second half of 2022, the Group believes that under the leadership of the government, the impact of the repeated pandemic on the social economy will be gradually reduced, and the market is expected to recover gradually.

In the second half of 2022, the Group will adhere to the operation and development strategy of “maintaining stability, trying amid stability and making progress while trying” as well as the corporate culture of “unity and perseverance”, build a foundation, innovate and open up and reshape the Company’s core competitiveness.

In the second half of 2022, the Group will strengthen product and capacity building, create self-media matrix, establish multimedia product system and strive to explore new business model by expanding camping education and other asset-light operating business.

In the second half of 2022, the Group will actively integrate resources, innovate IP operation and maintenance and activity planning, including obtaining the event authorization from Beijing China Open Tennis Master Games Sports Promotion Co., Ltd., cooperating with its subsidiary Chongqing Media, to introduce China Open Tennis Tournaments IP into Chongqing, and holding the “Diamond Cup” Junior Tennis Challenger of the China Tennis Open Tournament (Chongqing Station) jointly with Chongqing municipal League and Chongqing Municipal Sports Bureau.

In the second half of 2022, the Group will deepen the expansion of cultural and creative resources, keep exploring business transformation, seek opportunities for industrial cooperation through industry research and field research, and carry out capital operations when appropriate.

In the second half of 2022, the Group will continue to deeply cultivate its management, standardize internal operations, strengthen risk control and the construction of talents, systems and corporate information, facilitate the reform of the compensation system, and stimulate the endogenous driving force for the Company’s development.

In the second half of 2022, the Group will make efforts to address the previous issues, strengthen the recovery of accounts receivable, and actively promote the liquidation and withdrawal of inferior companies and the settlement of proceedings, so as to lay a solid foundation for its sustainable development.

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2022, total operating revenue of the Group was RMB72,207 thousand (corresponding period of 2021: RMB101,002 thousand), representing a decrease of 28.51% as compared with that for the corresponding period of 2021, of which, revenue from advertising was RMB25,451 thousand (corresponding period of 2021: RMB46,136 thousand), representing a decrease of RMB20,685 thousand or 44.83% as compared with that for the corresponding period of 2021; revenue from printing was RMB2,186 thousand (corresponding period of 2021: RMB1,677 thousand), representing an increase of RMB509 thousand or 30.35% as compared with that for the corresponding period of 2021; and revenue from the trading of print-related materials was RMB41,888 thousand (corresponding period of 2021: RMB50,567 thousand), representing a decrease of RMB8,679 thousand or 17.16% as compared with that for the corresponding period of 2021.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2022, operating costs of the Group were RMB66,763 thousand (corresponding period of 2021: RMB88,519 thousand), representing a decrease of 24.58% as compared with those for the corresponding period of 2021, of which, costs of advertising were RMB23,548 thousand (corresponding period of 2021: RMB37,885 thousand), representing a decrease of RMB14,337 thousand or 37.84% compared with those for the corresponding period of 2021; costs of printing were RMB2,063 thousand (corresponding period of 2021: RMB1,464 thousand), representing an increase of RMB599 thousand or 40.92% as compared with those for the corresponding period of 2021; costs of the trading of print-related materials were RMB40,234 thousand (corresponding period of 2021: RMB48,538 thousand), representing a decrease of RMB8,304 thousand or 17.11% as compared with those for the corresponding period of 2021. Tax and surcharges were RMB1,038 thousand (corresponding period of 2021: RMB711 thousand), representing an increase of 45.99% as compared with those for the corresponding period of 2021.

3. Selling Expenses

For the six months ended 30 June 2022, selling expenses of the Group were RMB7,659 thousand (corresponding period of 2021: RMB7,241 thousand), representing an increase of 5.77% as compared with those for the corresponding period of 2021.

4. Administrative Expenses

For the six months ended 30 June 2022, administrative expenses of the Group were RMB12,339 thousand (corresponding period of 2021: RMB15,994 thousand), representing a decrease of 22.85% as compared with those for the corresponding period of 2021.

5. Financial Expenses

For the six months ended 30 June 2022, financial expenses of the Group were RMB-2,341 thousand (corresponding period of 2021: RMB-1,439 thousand), representing an increase of 62.68% in absolute value as compared with those for the corresponding period of 2021, of which, interest income was RMB2,422 thousand (corresponding period of 2021: RMB1,336 thousand), representing an increase of 81.29% as compared with that for the corresponding period of 2021.

6. Share of Loss of Associates

For the six months ended 30 June 2022, share of loss of associates of the Group was RMB249 thousand (corresponding period of 2021: RMB-28 thousand), representing an increase in loss of 989.29% as compared with that for the corresponding period of 2021.

7. Operating Profit

For the six months ended 30 June 2022, operating profit of the Group was RMB-15,802 thousand (corresponding period of 2021: RMB-28,883 thousand), representing a decrease in loss of 45.29% as compared with that for the corresponding period of 2021.

8. Income Tax Expenses

For the six months ended 30 June 2022, income tax expenses of the Group for the current period were RMB-1,786 thousand (corresponding period of 2021: RMB388 thousand), representing a decrease of 560.31% as compared with those for the corresponding period of 2021.

9. Net Profit/Loss Attributable to Shareholders of the Company

For the six months ended 30 June 2022, net loss attributable to shareholders of the Company was RMB11,896 thousand (corresponding period of 2021: net loss of RMB29,695 thousand), representing a decrease in net loss of 59.94% as compared with that for the corresponding period of 2021.

10. Financial Resources and Liquidity

For the six months ended 30 June 2022, the Group's funds are mainly derived from the fund generated from operating business and deposits balance. The Group's funds are mainly used as the working capital and general recurrent expenses of the Group.

As at 30 June 2022, current assets of the Group were RMB319,527 thousand (31 December 2021: RMB335,041 thousand), including bank balances and cash of RMB96,720 thousand (31 December 2021: RMB264,322 thousand). Non-current assets of the Group were RMB389,407 thousand (31 December 2021: RMB392,519 thousand).

As at 30 June 2022, current liabilities of the Group were RMB72,738 thousand (31 December 2021: RMB77,477 thousand) and non-current liabilities were RMB4,525 thousand (31 December 2021: RMB4,525 thousand).

As at 30 June 2022, shareholders' equity of the Group was RMB631,671 thousand (31 December 2021: RMB645,558 thousand).

11. Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2022, the bank borrowings of the Group were Nil (31 December 2021: Nil). Most of the currency unit of cash and cash equivalent held by the Group was Renminbi.

12. Gearing Ratio

As at 30 June 2022, gearing ratio of the Group was 12.23% (31 December 2021: 12.70%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

SHARE STRUCTURE (AS AT 30 JUNE 2022)

	Number of Shares	Proportion to total share capital (%)
Holder of domestic shares		
— Beijing Youth Daily Agency	124,839,974	63.27
— Beijing Chengshang Cultural Communication Co., Ltd.	7,367,000	3.73
— China Telecommunication Broadcast Satellite Co., Ltd.	4,263,117	2.16
— Beijing Development Area Ltd.	2,986,109	1.52
— Sino Television Co., Ltd.	<u>2,952,800</u>	<u>1.50</u>
Domestic shares (subtotal)	142,409,000	72.18
H shares ^{Note}	<u>54,901,000</u>	<u>27.82</u>
Total share capital	<u><u>197,310,000</u></u>	<u><u>100</u></u>

Note:

Including 19,533,000 outstanding H shares of the Company held by Leshi Internet Information & Technology Corp., Beijing, representing 9.90% of the total share capital of the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as the Directors, supervisors (“Supervisors”) and chief executive of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the Securities and Futures Ordinance (“SFO”), the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

Name of shareholders	Class of shares	Nature of shares	Nature of interest	Number of Shares interested in	Percentage in total issued Shares of the same class (%)	Percentage in total share capital of the Company (%)
BYDA	Beneficial owner	Domestic Shares	N/A	124,839,974	87.66	63.27
Capital Group ^{Note 1}	Other	Domestic Shares	N/A	124,839,974	87.66	63.27
Beijing Chengshang Cultural Communication Co., Ltd. ^{Note 2}	Beneficial owner	Domestic Shares	N/A	7,367,000	5.17	3.73
Guofu Shangtong Information and Technology Development Co., Ltd. ^{Note 2}	Interest of controlled corporation	Domestic Shares	N/A	7,367,000	5.17	3.73
Leshi Internet Information & Technology Corp., Beijing ^{Note 3}	Beneficial owner	H Shares	Long position	19,533,000	35.58	9.90
Founder Investment (HK) Ltd. ^{Note 4 & Note 5}	Beneficial owner	H Shares	Long position	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd. ^{Note 4}	Interest of controlled corporation	H Shares	Long position	4,939,000	8.99	2.50
Beijing University New Technology Corporation ^{Note 4}	Interest of controlled corporation	H Shares	Long position	4,939,000	8.99	2.50
Beijing University ^{Note 4}	Interest of controlled corporation	H Shares	Long position	4,939,000	8.99	2.50
CITI CITI Ltd. ^{Note 5}	Interest of controlled corporation	H Shares	Long position	4,939,000	8.99	2.50
Xia Jie ^{Note 5}	Interest of controlled corporation	H Shares	Long position	4,939,000	8.99	2.50
Yue Shan International Limited ^{Note 6}	Interest of controlled corporation	H Shares	Long position	4,939,000	8.99	2.50
Cao Yawen ^{Note 6}	Interest of controlled corporation	H Shares	Long position	4,939,000	8.99	2.50

Notes:

1. Entrusted by the China Communist Youth League Beijing Committee, Capital Group has taken over the subsidiaries of Beijing Youth Daily Agency (excluding the Company) since 18 June 2020 with a term of five years. The Company has been included in such entrustment scope since 20 May 2021, pursuant to which, Capital Group will exercise the powers of investors/shareholders stipulated in the Company's articles of association during the term of the entrustment, including but not limited to obtaining the Company's control, voting, operating and profit rights. Therefore, Capital Group has an interest in the 124,839,974 domestic shares held by Beijing Youth Daily Agency.
2. Beijing Chengshang Cultural Communication Co., Ltd. owns 7,367,000 domestic shares of the Company, approximately amounting to 3.73% of the total issued share capital (5.17% of the total issued domestic shares) of the Company. Guofu Shangtong Information and Technology Development Co., Ltd. directly owns 42.86% of Beijing Chengshang Cultural Communication Co., Ltd. and is therefore deemed to have an interest in the 7,367,000 domestic shares registered in the name of Beijing Chengshang Cultural Communication Co., Ltd. under the SFO. On 22 March 2021, the interests of such shares were provided to persons other than qualified lenders as guarantees, which led to the change in the nature of the equity interests held by Beijing Chengshang Cultural Communication Co., Ltd. and Guofu Shangtong Information and Technology Development Co., Ltd. in such shares.
3. Leshi Internet Information & Technology Corp., Beijing owns 19,533,000 H shares of the Company, representing approximately 9.9% of the total issued share capital (35.58% of the total issued H shares) of the Company.
4. Founder Investment (HK) Ltd. owns 4,939,000 H shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Beijing University directly owns 100% equity interest in Beijing University New Technology Corporation, which directly owns 80% equity interest in Beijing Beida Founder Group, which in turn owns 51% equity interest in Founder Investment (HK) Ltd. Therefore, Beijing University, Beijing University New Technology Corporation, Beijing Beida Founder Group and Beijing University Founder Investment Co., Ltd. are deemed under the SFO to have an interest in the 4,939,000 H shares registered in the name of Founder Investment (HK) Ltd.
5. Founder Investment (HK) Ltd. owns 4,939,000 H shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Xia Jie indirectly owns 49% equity interest in Founder Investment (HK) Ltd. through CITI CITI Ltd., which is directly 100% owned by Xia Jie. Therefore, Xia Jie is deemed under the SFO to have an interest in the 4,939,000 H shares registered in the name of Founder Investment (HK) Ltd.
6. Yue Shan International Limited, as a trust beneficiary, owns 4,939,000 H shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Cao Yawen directly owns 100% equity interest in Yue Shan International Limited and is therefore deemed under the SFO to have an interest in the 4,939,000 H Shares registered in the name of Founder Investment (HK) Ltd.

Information disclosed above is based on the information published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executives of the Company, as at 30 June 2022, there was no other person with interests and/or short positions in shares or underlying shares of the Company which should be recorded under section 336 of the SFO.

CAPITAL EXPENDITURE

Capital expenditure, including purchase of electronic equipment, of the Group for the First Half of 2022 was RMB95 thousand (corresponding period of 2021: RMB207 thousand). The Group expects that its capital expenditure for the second half of 2022 will be mainly comprised of the expenditures consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2022, the Group did not have any other contingent liabilities or any pledge of assets.

FOREIGN EXCHANGE RISKS

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain payables are settled in foreign currency (mainly Hong Kong dollars). Therefore, the Company is exposed to fluctuations in foreign exchange rate to a certain extent. Operating cash flow or liquidity of the Group is subject to very limited effect from exchange rate fluctuations.

EMPLOYEES

As at 30 June 2022, the Group had a total of 310 employees (as at 30 June 2021: a total of 280 employees), and the increase in the number of employees as compared with the corresponding period of last year was mainly due to the reasonable adjustment of the normal business needs of some subsidiaries of the Company. During the six months ended 30 June 2022, the total employees remuneration paid by the Group was approximately RMB23,311 thousand. The remuneration and benefits of the employees of the Group are determined in accordance with market rates, state policies and individual performance. The Group actively encouraged the self-development of the employees. In the First Half of 2022, the Group carried out staff trainings in respect of connected transactions and compliance management and operation management system of the Company, etc.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Hong Kong Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2022, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

As at 30 June 2022, the Company’s investments in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd. account for over 5% of the Group’s total assets in value. For details of such significant investments, please refer to note 19(1) headed “Investment in other equity instruments” and note 28.A. headed “Equity in investment in other equity instruments” to the financial statements of this announcement.

Save as disclosed in this announcement, as of 30 June 2022, the Group had no material investment, or any plan related to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

To increase the cash revenue of the Group, the Company entered into the single asset management contract with Capital Securities and the Beijing Branch of Bank of Communications Co., Ltd. on 19 April 2022 to effectively manage existing idle funds through conducting low-risk investment activities without affecting the ordinary operating liquidity of the Group. Pursuant to the single asset management contract, the Company will entrust Capital Securities to provide asset management and investment services for the entrusted assets, effective from 17 June 2022, being the date of approval by the Independent Shareholders at the AGM for a period of one year. Within the validity period of the single asset management contract, the maximum daily balance of the entrusted assets managed by Capital Securities shall not exceed RMB200 million. For details of the above transaction, please refer to the announcement of the Company dated 19 April 2022 and the circular of the Company dated 26 May 2022.

Save as disclosed above, during the six months ended 30 June 2022, the Group had no material acquisition or disposal of assets.

During the six months ended 30 June 2022, the Group had no material acquisition or disposal of subsidiaries, associates or joint ventures.

THE HONG KONG STOCK EXCHANGE'S DISCIPLINARY ACTION IN RELATION TO PREVIOUS CONNECTED TRANSACTIONS

On 10 February 2022, the Hong Kong Stock Exchange took disciplinary action against the Company and 22 Directors and Supervisors in relation to the breach of the Listing Rules in relation to the provision of loans totaling to RMB553.2 million to BYDA Group and an associate company of the Company during the period from January 2018 to March 2019, including censures to the Company, imposing a prejudice to investors' interests statement against 3 former Directors, censures to 19 former Directors and Supervisors, and directions to the relevant directors to complete 24 hours of training on regulatory and legal topics including Listing Rule compliance. The Company has ratified the above loans and collected all principals and accrued interests, and took a series measures to strengthen its internal control. For details, please refer to the announcements of the Company dated 22 April 2019, 24 June 2019, 10 February 2022 and 8 March 2022 and 2019–2021 annual reports of the Company.

CHANGES RELATED TO THE PERFORMANCE OF THE GROUP SINCE 31 DECEMBER 2021

Save as disclosed in this announcement, there is no significant change between the current information of the Company on the matters listed in paragraph 32 of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the information disclosed in the most recent published annual report of the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2022, the Company has fully complied with all code provisions set out in the Corporate Governance Code under Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiries of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the standards under the Model Code during the six months ended 30 June 2022.

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, the Company has set up an Audit Committee which is responsible for the review, supervision and adjustment of the financial reporting process and internal control of the Group. Members of the Audit Committee comprise one non-executive Director and two independent non-executive Directors.

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the Audit Committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the unaudited interim results of the Group for the six months ended 30 June 2022, and has no objection thereto.

DISTRIBUTABLE RESERVE

As at 30 June 2022, the Company's accumulated loss amounted to RMB653,878 thousand and the Company's surplus reserve amounted to RMB130,931 thousand.

According to the articles of association of the Company, the Company's surplus reserve can be used to recover its losses after being approved at the general meeting of the Company.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2022.

DISCLOSURE OF INFORMATION ON THE HONG KONG STOCK EXCHANGE'S AND THE COMPANY'S WEBSITES

The Company's interim report for the six months ended 30 June 2022 will be published on the Hong Kong Stock Exchange's HKEXnews website (<http://www.hkexnews.hk>) and the Company's website (<http://www.bjmedia.com.cn>).

By Order of the Board
Su Zhaohui
Chairman

Beijing, the PRC, 26 August 2022

As at the date of this announcement, the Board comprises: the executive directors of the Company, Xu Jian and Wu Min; the non-executive directors of the Company, Su Zhaohui, Cui Ping, Jing Enji, Wang Zechen and Zhang Lei; and the independent non-executive directors of the Company, Shi Hongying, Chan Yee Ping, Michael, Du Guoqing and Kong Weiping.

Please also refer to the published version of this announcement on the Company's website at www.bjmedia.com.cn.