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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS:

1. Total operating income of the Group for the year of 2020 was RMB217,291 thousand, representing a decrease of RMB2,636 thousand or 1.20% as compared with 2019.
2. Net loss of the Group attributable to the shareholders of the Company for the year of 2020 was RMB130,176 thousand; net loss of the Group attributable to the shareholders of the Company for the year of 2019 was RMB196,538 thousand.
3. Earnings per share was RMB-0.66 in 2020; earnings per share was RMB-0.99 in 2019.
4. As of 31 December 2020, the equity of the Group attributable to the shareholders of the Company was RMB628,509 thousand and the gearing ratio of the Group was 14.95%.
5. The Board did not propose to declare a final dividend for the year 2020.

The Board announces the consolidated results of the Group for the year ended 31 December 2020 which have been prepared in accordance with the PRC Accounting Standards and the disclosure requirements of the Listing Rules and the Hong Kong Companies Ordinance.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

Item	Notes	RMB'000	
		For the year ended 31 December 2020	For the year ended 31 December 2019
Total operating income	<i>1</i>	217,291	219,927
Total operating costs		239,669	263,468
Operating cost	<i>1</i>	192,447	212,548
Tax and surcharges		1,964	5,375
Selling expenses		13,596	19,269
Administrative expenses		33,806	34,328
Financial expenses	<i>3</i>	(2,144)	(8,052)
Including: Interest expenses		138	444
Interest income		2,219	8,560
Add: Other income		420	370
Investment income (Loss represented in “-”)	<i>4</i>	25,337	(195)
Including: Gain from investments in associates	<i>4</i>	(6,241)	(2,355)
Profit on the changes in fair value (Loss represented in “-”)		(20,317)	(13,475)
Credit impairment losses (Loss represented in “-”)		(112,718)	(95,885)
Impairment loss of assets (Loss represented in “-”)		(1,936)	(46,318)
Gain on disposal of asset (Loss represented in “-”)		50	54
Operating profit		(131,542)	(198,990)
Add: non-operating income	<i>5</i>	101	697
Less: non-operating expenses	<i>6</i>	137	162
Total profit		(131,578)	(198,455)
Less: Income tax expenses	<i>7</i>	4,778	16,056
Net profit		(136,356)	(214,511)
Net profit attributable to:			
Net profit from continuing operations		(136,356)	(214,511)
Net profit from discontinued operations		—	—
Shareholders of the Company		(130,176)	(196,538)
Non-controlling shareholders		(6,180)	(17,973)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2020

Item	Notes	RMB'000	
		For the year ended 31 December 2020	For the year ended 31 December 2019
Other net comprehensive income after tax		(10,145)	645
Other net comprehensive income after tax attributable to shareholders of the Company		(10,075)	475
Including: Other comprehensive income unqualified for subsequent reclassification into profit or loss		(9,971)	(179)
Including: Change in fair value of other equity instruments investments		(9,971)	(179)
Including: Other comprehensive income subsequently reclassified into profit or loss		(104)	654
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss		—	622
Exchange differences from retranslation of financial statements		(104)	32
Other net comprehensive income after tax attributable to non-controlling shareholders		(70)	170
Total comprehensive income		(146,501)	(213,866)
Total comprehensive income attributable to shareholders of the Company		(140,251)	(196,063)
Total comprehensive income attributable to non-controlling shareholders		(6,250)	(17,803)
Earnings per share:			
Basic earnings per share (RMB)	8	(0.66)	(0.99)
Diluted earnings per share (RMB)	8	(0.66)	(0.99)
Dividends	9	—	—

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

		RMB'000	
		As at	As at
Item	Notes	31 December 2020	31 December 2019
Current assets:			
Bank balances and cash		240,221	217,264
Notes receivable		100	—
Accounts receivable	10	66,762	172,598
Prepayments		1,171	9,375
Other receivables	11	3,467	6,086
Inventories		13,460	12,181
Other current assets		31,716	35,212
Total current assets		356,897	452,716
Non-current assets			
Long-term equity investment		3,497	9,738
Other equity instruments investment	12	205,927	215,923
Other non-current financial assets	13	43,017	54,356
Investment properties		110,971	131,832
Fixed assets		776	2,078
Right-of-use assets		1,982	4,166
Intangible assets		20,029	20,981
Goodwill		—	—
Long-term prepaid expenses		2,351	3,655
Deferred income tax assets		—	—
Other non-current assets		—	—
Total non-current assets		388,550	442,729
Total assets		745,447	895,445

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 31 December 2020*

Item	<i>RMB'000</i>	
	As at 31 December 2020	As at 31 December 2019
Current liabilities:		
Notes payable	10,807	5,669
Accounts payable	13,335	10,306
Contractual liabilities	23,560	27,405
Employee benefit payables	5,887	7,689
Tax payables	4,452	382
Other payables	30,344	40,445
Non-current liabilities due within one year	218	239
Other current liabilities	1,556	—
Total current liabilities	90,159	92,135
Non-current liabilities		
Leased liabilities	83	322
Deferred income tax liabilities	6,709	7,991
Total non-current liabilities	6,792	8,313
Total liabilities	96,951	100,448
Shareholders' equity:		
Share capital	197,310	197,310
Capital reserves	934,421	934,421
Other comprehensive income	95,834	105,909
Surplus reserves	130,931	130,931
Undistributed profits	(729,987)	(599,811)
Total equity attributable to shareholders of the Company	628,509	768,760
Non-controlling interest	19,987	26,237
Total shareholders' equity	648,496	794,997
Total liabilities and shareholders' equity	745,447	895,445
Net current assets	266,738	360,581
Total assets less current liabilities	655,288	803,310

BASIS FOR PREPARATION

The Group's financial statements for the year ended 31 December 2020 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the People's Republic of China, including adoption of nine revised and new basic and specific standards issued by MOF ("New PRC Accounting Standards") and other relevant regulations issued by MOF ("PRC Accounting Standards") in 2014; and based on the applicable disclosure rules under the Listing Rules of Hong Kong Stock Exchange and Hong Kong Companies Ordinance as well as the accounting policies and estimates as stated in Note V "Significant accounting policies and accounting estimates" of the "Notes to the Financial Statements" of the Group's 2020 annual report.

ON A GOING CONCERN BASIS

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.

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 consolidated financial position as at 31 December 2020 and their consolidated operating results, consolidated cash flows and other relevant information for the year then ended.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING INCOME, OPERATING COSTS

(1) Principal operations — by business

Item	For the year ended 31 December 2020		For the year ended 31 December 2019	
	Operating income	Operating cost	Operating income	Operating cost
Advertising	89,973	75,077	96,965	98,635
Printing	2,824	2,884	3,457	3,221
Trading of print-related materials	115,256	113,220	102,620	100,112
Distribution	127	114	535	580
Other revenue	75	—	2,216	4,000
	<u>208,255</u>	<u>191,295</u>	<u>205,793</u>	<u>206,548</u>
Total	<u>208,255</u>	<u>191,295</u>	<u>205,793</u>	<u>206,548</u>

- (2) For the year ended 31 December 2020, the sum of operating income from the top five customers is RMB94,409 thousand, representing 43.45% of total operating income.

2. SEGMENT INFORMATION

The price of intra-segment transactions is determined with reference to market rates. The segments are:

Business segments	Principal activities
Advertising:	Sales of advertising spaces and outdoor advertising of the media or activities operated by BYDA, Chongqing Youth Daily, Beijing Community Newspaper.
Printing:	Provision of printing services.
Trading of print-related materials:	Sales of paper, ink, lubricant, film, pre-coating photo sensitive liquid plate and rubber used for printing and other print-related materials.
Distribution:	Distribution of newspaper that are mainly published by Chongqing Youth Daily.

(1) For the year ended 31 December 2020

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount	Elimination	Total
Operating income	90,019	7,020	122,435	127	10,384	(12,694)	217,291
Including: Income from external transactions	89,973	2,824	115,256	127	9,111	—	217,291
Income from intra-segment transactions	46	4,196	7,179	—	1,273	(12,694)	—
Total operating costs	114,601	6,872	122,986	1,063	6,841	(12,694)	239,669
Provision for impairment	43,083	2,987	53,179	37	70,368	(55,000)	114,654
Gains on changes in fair value	—	—	—	—	(20,317)	—	(20,317)
Investment income	—	—	—	—	25,337	—	25,337
Gain on disposal of asset	—	—	—	—	50	—	50
Other income	—	—	—	—	420	—	420
Operating profit (loss)	(67,665)	(2,839)	(53,730)	(973)	(61,335)	55,000	(131,542)
Non-operating income and expenses	(57)	2	39	—	(20)	—	(36)
Total profit	(67,722)	(2,837)	(53,691)	(973)	(61,355)	55,000	(131,578)
Income tax expenses	—	(9)	(162)	—	4,949	—	4,778
Net profit	(67,722)	(2,828)	(53,529)	(973)	(66,304)	55,000	(136,356)
Total assets	294,765	3,043	53,067	250	676,773	(282,451)	745,447
Total liabilities	70,003	3,269	57,015	710	38,031	(72,077)	96,951
Supplementary information							
Depreciation and amortization expenses	4,941	20	352	16	1,242	—	6,571
Capital expenditure	169	—	—	—	594	—	763
Impairment of assets	43,083	2,987	53,179	37	70,368	(55,000)	114,654
Non-cash expenses excluding depreciation and impairment of assets	—	—	—	—	—	—	—

(2) For the year ended 31 December 2019

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount	Elimination	Total
Operating income	97,831	12,461	121,599	535	18,219	(30,718)	219,927
Including: Income from external transactions	96,965	3,457	102,620	535	16,350	—	219,927
Income from intra-segment transactions	866	9,004	18,979	—	1,869	(30,718)	—
Total operating costs	140,998	12,359	120,869	1,274	18,686	(30,718)	263,468
Impairment of assets	70,738	1,605	15,662	27	54,171	—	142,203
Gains on changes in fair value	—	—	—	—	(13,475)	—	(13,475)
Investment income	—	—	—	—	35,361	(35,556)	(195)
Gain on disposal of asset	—	—	—	—	54	—	54
Other income	—	—	—	—	370	—	370
Operating profit (loss)	(113,905)	(1,503)	(14,932)	(766)	(32,328)	(35,556)	(198,990)
Non-operating income and expenses	(70)	55	541	(2)	11	—	535
Total profit	(113,975)	(1,448)	(14,391)	(768)	(32,317)	(35,556)	(198,455)
Income tax expenses	11,366	421	4,112	—	157	—	16,056
Net profit	(125,341)	(1,869)	(18,503)	(768)	(32,474)	(35,556)	(214,511)
Total assets	373,150	9,801	95,636	605	755,719	(339,466)	895,445
Total liabilities	87,263	4,951	48,315	940	33,072	(74,093)	100,448
Supplementary information							
Depreciation and amortization expenses	5,873	38	370	21	1,315	—	7,617
Capital expenditure	2,560	—	—	1	459	—	3,020
Impairment of assets	70,738	1,605	15,662	27	54,171	—	142,203
Non-cash expenses excluding depreciation and impairment of assets	—	—	—	—	—	—	—

The business of the Group is mainly located in Beijing, China.

3. FINANCIAL EXPENSES

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Interest expenses	138	444
Less: Interest income	2,219	8,560
Less: Exchange gain	138	—
Add: Commissions and other expenses	75	64
	<u> </u>	<u> </u>
Total	<u><u>(2,144)</u></u>	<u><u>(8,052)</u></u>

4. GAIN ON INVESTMENT

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Share of profit of associates	(6,241)	(2,355)
Investment income received from the disposal of financial assets at fair value through profit or loss	22,944	—
Investment income received from holding investments of other equity instruments	9,615	—
Other	(981)	2,160
	<u> </u>	<u> </u>
Total	<u><u>25,337</u></u>	<u><u>(195)</u></u>

5. NON-OPERATING INCOME

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Government grants unrelated to routine activities	—	55
Transfer-in without any payment	92	621
Other	9	21
	<u> </u>	<u> </u>
Total	<u><u>101</u></u>	<u><u>697</u></u>

6. NON-OPERATING EXPENSES

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Losses on damage or abandonment of non-current assets	—	9
Compensation and late payment charges	80	136
Others	57	17
	<u>137</u>	<u>162</u>
Total	<u>137</u>	<u>162</u>

7. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Current income tax expenses	6,036	108
Deferred income tax expenses	(1,258)	15,948
	<u>4,778</u>	<u>16,056</u>
Total	<u>4,778</u>	<u>16,056</u>

(2) Current income tax expenses

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Current income tax — PRC	6,207	—
Under-provision in prior years — PRC	(171)	108
	<u>6,036</u>	<u>108</u>
Total	<u>6,036</u>	<u>108</u>

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

(3) Reconciliation table of total profit to income tax expenses

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Total profit	(131,578)	(198,455)
Income tax calculated at the applicable tax rate of 25%	(32,894)	(49,614)
Tax effect of non-taxable income	—	2,519
Tax effect of non-deductible expenses	311	189
Tax effect of the Company's losses in current year	38,555	46,065
Tax losses previously unrecognized utilized	(1,023)	16,789
Under-provision in prior years	(171)	108
Total	4,778	16,056

Note: The Company is an enterprise mainly engaged in providing newspaper advertising services in PRC. In accordance with the Beijing Municipal Finance Bureau, Beijing Municipal State Administration of Taxation, the Beijing Local Taxation Bureau, Beijing Municipal Committee of the Chinese Communist Party Propaganda Department forwarded Ministry of Finance, State Administration of Taxation, the Central Propaganda Department on the continued implementation of the cultural system in managing cultural institutions transformed into enterprises several tax policy notice (Jing Cai Shui [2014] No.2907), the Company was exempted from EIT from 1 January 2014 to 31 December 2018.

Pursuant to the “Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department” (Cai Shui [2019] No. 16), the enterprises that have completed the transformation before 31 December 2018 can continue to enjoy the five-year EIT exemption starting from 1 January 2019.

8. EARNINGS PER SHARE

Item	For the year ended 31 December 2020	For the year ended 31 December 2019
Net profit attributable to shareholders of the Company for the year	(130,176)	(196,538)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Earnings per share (RMB)	(0.66)	(0.99)

Diluted earnings per share and basic earnings per share for the two years ended 31 December 2019 and 2020 were the same, as no diluting events existed for both years.

9. DIVIDENDS

- (1) As the cumulative distributable profits in 2020 are insufficient to pay dividend, the Board did not propose to declare a final dividend for the year 2020.
- (2) For the Reporting Period, the Company did not distribute any dividends.

10. ACCOUNTS RECEIVABLE

Item	As at 31 December 2020	As at 31 December 2019
Accounts receivable	428,836	425,129
Less: Provision for bad debts	<u>362,074</u>	<u>252,531</u>
Net accounts receivable	<u>66,762</u>	<u>172,598</u>
For reporting purpose, analysis as:		
Non-current assets — long-term receivables	—	—
Current assets — Accounts receivable	<u>66,762</u>	<u>172,598</u>
Total	<u><u>66,762</u></u>	<u><u>172,598</u></u>

11. OTHER RECEIVABLES

Item	As at 31 December 2020	As at 31 December 2019
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	203,598	203,042
Less: Provision for bad debts	<u>200,131</u>	<u>196,956</u>
Net other receivables	<u><u>3,467</u></u>	<u><u>6,086</u></u>

12. INVESTMENT IN OTHER EQUITY INSTRUMENTS

(1) Investment in other equity instruments

Item	Investment cost	As at 31 December 2020	As at 31 December 2019
Beijing Keyin Media and Culture Co., Ltd.	6,560	46,524	45,061
Beiyang Publishing & Media Co., Ltd.	103,000	156,657	168,017
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	2,746	2,845
Total	110,060	205,927	215,923

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

Type	As at 31 December 2020	As at 31 December 2019
Unlisted equity investments, China	205,927	215,923
Total	205,927	215,923

13. OTHER NON-CURRENT FINANCIAL ASSETS

Item	As at 31 December 2020	As at 31 December 2019
Beijing Runxin Dingtai Investment Center (limited partnership)	40,332	51,639
Suzhou Huaying Culture Industry Investment Enterprise	2,685	2,717
Total	43,017	54,356

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

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; and (3) trading of print-related materials, which involves the supply and trading of, among others, newsprint, ink, lubricants, films, pre-coating photo sensitive liquid plate and rubber to customers including commercial printers.

Due to the continuing impact of new media, advertising in the traditional print media market decreased. Although the Company actively developed new media advertising for its clients, the Group's overall advertising revenue still decreased.

The Group's total operating income for 2020 was RMB217,291 thousand, representing a decrease of 1.20% as compared with 2019 (2019: RMB219,927 thousand). Net loss attributable to shareholders of the Company for 2020 was RMB130,176 thousand (2019: RMB196,538 thousand).

Looking back at the arduous challenges and changes in 2020, even though the raging epidemic has adversely affected all businesses of the Group, the decline level in revenue of the Group has been mitigated as compared with the previous year. At the same time, the positive and effective control of cost and expense leads to the reduction in the loss. Accordingly, the epidemic did not impose any obvious substantial impact on the operation of the Group.

In 2021, the Group will promote the establishment of long-term sustainable structure by optimizing its operating structure.

In 2021, the Company will continue to optimize customer resources and enhance customer experience.

In 2021, the Company will continue to integrate its own advantages, deeply explore potential markets and enhance its overall competitiveness.

In 2021, the Group will continue to strengthen management to form an effective incentive mechanism.

In 2021, despite of the favorable macroeconomic environment, the traditional media industry is still under great pressure for economic recovery. The Group will dig out its potentials, strengthen its existing business structure to lay a solid foundation, and strive to improve its operation quality so as to gain more market share.

Advertising Business

The COVID-19 epidemic has brought a shock to the global economy, resulting in a decline in the Group's operating income due to the slowdown in macroeconomic growth. Besides, the continuing reduction in marketing activities affected the revenue from the advertising business.

In 2020, revenue from the Group's advertising business was RMB89,973 thousand (RMB96,965 thousand for the corresponding period in 2019), representing a year-on-year decrease of 7.21%.

In 2020, facing the impact of the epidemic and the shrinkage of the traditional newspaper advertising market, the Company actively changed its business ideas, strived to develop direct customers and brand customer, strengthened new media launches, as well as provided customized publicity plans. In 2020, the revenue from advertising and activities in industries such as education, finance and insurance increased compared with the corresponding period of the previous year, but the increase was not enough to compensate for the decline in industries such as tourism, sports, and performances that were greatly affected by the objective environment, resulting in an overall decline in annual advertising revenue.

In 2020, the Company further promoted the transformation of integrated media and adopted the following measures in respect of advertising business:

1. Improving the management model of business divisions and accelerating the transformation of key industries

In response to the needs of market development and to accelerate the transformation of key industries, the Company adjusted its business divisions based on industry market and the Company's operating conditions. In addition to the original three business divisions of finance, automobile, and real estate, the education division was integrated and established, with a focus on social educational and teaching institutions and educational research units.

2. Accelerating the digital transformation in an all-round way to build a diversified and multi-level way of integrated media content dissemination

The trend of resource interoperability and joint development within the Group was basically achieved. The Company took advantage of the existing integrated media marketing platform and explored short video and Internet live broadcast methods, and provided special edition advertising by relying on newspaper brand advantages. Output efficiency was enhanced and online and offline marketing activities were enriched.

3. Further improving the customer ranking mechanism

Privileges, temporary welfare policies and packaging policies were introduced to promote the overall sales of paper media and new media to increase revenue.

Film and Television Business

In 2020, the Company insisted on developing high-quality film and television projects. The TV series “Setting Sail” (《啟航》) presented by the Company as the lead-presenter in the theme of urban reform and development achieved satisfactory social and economic benefits, and won the highest award in the literature and art circles of Beijing — the 9th Beijing Literature and Art Award, and was nominated as the excellent TV drama of the 32nd China TV Drama “Flying Apsaras Awards” (第三十二屆電視劇“飛天獎”優秀電視劇). The project has begun to create issuance income. In the future, the Company will continue to leverage its content advantages, actively reserve projects, focus on the development and operation of film and television content, and further build the cultural attributes of Beijing Media brand through content development and strategic cooperation.

Results of major subsidiaries of the Group

Beiqing Community Media is a 52.661%-owned subsidiary of the Company. Beiqing Community Media has transformed from its original traditional media newspaper business model to a government-affiliated media service business model, and has formulated new strategic goals to achieve steady growth in new projects. 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 the influence of Beiqing Community Media. Up to now, Beiqing Community Media has several branches across the whole urban area of Beijing, including CBD, Chaoyang, Dongcheng, Wangjing, Shunyi, Changping and Beijing Administrative Sub-center and has published a total of 12 newspapers of “Beiqing Community Daily”. In addition to newspapers, each branch also distributed news products on various new media platforms such as Douyin (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 the integrated media performed well in propaganda. At the same time, the branches of Beiqing Community Media operated a total of 46 certified WeChat public accounts.

In 2020, Beiqing Community Media continued to promote cooperation in government service and social organizations procurement. Beiqing Community Media undertook the cooperation with the government departments and social organizations to publish newspapers, establishing a total of 8 publications, including “Beixinqiao Scenery” (《北新橋風景》), “Sui Yuan” (《隨園》), “News” (《建聞》), “Shichahai Culture Monthly” (《什刹海文化月刊》), “Beijing Police Academy” (《北京警察學院》), “Oriental Fashion Driving School News” (《東方時尚駕校校報》), “Daxing Civil Affairs” (《大興民政》) and “Wangsiying Community News” (《王四營社區報》); assisted the government in operating

5 WeChat public accounts, namely “Zhangjiawan, an Ancient Water Transport Town” (《漕運古鎮張家灣》), “A View of Zhongcang” (《瞰中倉》), “Beijing City Sub-center Investment News” (《北京城市副中心投資快訊》), “Tongzhou E Zhengtong” (《通州E政通》) and “Tongzhou Youth Innovation Association” (《通州青創會》); and undertook the publicity projects of 8 government units including the Water Affairs Bureau of Beijing Chaoyang District and the Office of the Capital Spiritual Civilization Construction Committee. It established public opinion studio through collaboration with the Network Information Office of CPC Beijing Xicheng District Committee to provide comprehensive services such as monitoring of public opinion. It also cooperated with the Management Committee of Beijing Chaoyang National Cultural Industry Innovation Experimental Zone to launch a joint publication project and cooperated with the Integrated Media Center of Beijing Xicheng District to provide short video shooting and production and short video platform promotion services.

In 2020, Beiqing Community Media focused on commercial promotion of the real estate sector and organized more than 50 brand-themed events for several real estate companies through the marketing methods of online project promotion and landing activities, such as “5I5J Community Good Helper Service Plan” conference, “Real Estate Encyclopedia Lecture Hall” activities, etc. While developing customers for real estate companies, it has also increased the visibility and recognition of Beiqing Community Media in the market, and achieved a win-win situation for both corporate reputation and business.

In 2020, Beiqing Community Media has made a profit of RMB1,509 thousand.

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. Among the companies invested by the Fund, Beijing TINAVI Medical Technology Co., Ltd. (Stock code: 688277) was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange on 7 July 2020. In 2020, the Company gained an investment income of RMB22,932 thousand from the Fund. In the future, the Fund will continue to achieve gains by exit from listings, mergers and acquisitions, share transfers of the investees, etc., and will also actively assist in the development of investees through relevant business resources.

Chongqing Media is a 60%-owned subsidiary of the Company. In 2020, the operation of Chongqing Media reduced in the second half of 2020 due to the multiple impacts of the COVID-19 epidemic and the reforms of parent company.

BYD Logistics is a 92.84%-owned subsidiary of the Company and principally engages in the businesses of printing and trading of print-related materials. In terms of printing business, affected by the continued decline in the paper media market, the printing business further shrank. In terms of material trading business, affected by the epidemic in the first half of 2020, most customers of BYD Logistics suspended work and production, market demand and sales revenue fell sharply. Paper sales recovered as the market gradually returned to normal in the second half of 2020. BYD Logistics has been actively expanding its product categories and businesses. In 2020, it obtained the right to independently operate import and export operations and added the import paper sales agency business. In the fourth quarter, it further developed the writing paper sales business, mainly including printing of teaching auxiliary materials which has large market demand. Besides, it has actively obtained the exclusive right to import writing paper in northern China from a foreign company, which has a competitive advantage in sales price and a promising sales market.

Beiqing Outdoor is a wholly-owned subsidiary of the Company which principally engages in the operation of urban outdoor single column billboards. In 2020, with the severe market condition and the shrinkage of traditional industries, its operation scale experienced a substantial decline.

Prospects and Future Plans

In 2021, the Group will continue to adopt cost control measures in all dimensions.

In 2021, the Group will continue to establish a long-term sustainable operation structure and strive to improve operation standard.

In 2021, the Group will continue to strengthen its operations and management and improve its operational quality.

In 2021, the Group will continue to improve internal control and further improve the level of compliance management.

In 2021, the Group will actively deploy the future, promote the development of the Group's business, increase the Group's brand influence, and strive to become a leading media group with a cross-media platform in China.

FINANCIAL POSITION AND OPERATIONAL RESULTS

1. Total Operating Income

Total operating income of the Group for 2020 was RMB217,291 thousand (2019: RMB219,927 thousand), representing a decrease of 1.20% as compared with 2019, of which, revenue from advertising was RMB89,973 thousand (2019: RMB96,965 thousand), representing a decrease of 7.21% as compared with 2019; revenue from printing was RMB2,824 thousand (2019: RMB3,457 thousand), representing a decrease of 18.31% as compared with 2019; and revenue from trading of print-related materials was RMB115,256 thousand (2019: RMB102,620 thousand), representing an increase of 12.31% as compared with 2019.

2. Operating Cost and Sales Tax and Surcharges

Operating cost of the Group for 2020 was RMB192,447 thousand (2019: RMB212,548 thousand), representing a decrease of 9.46% as compared with 2019, of which, cost of advertising was RMB75,077 thousand (2019: RMB98,635 thousand), representing a decrease of 23.88% as compared with 2019; cost of printing was RMB2,884 thousand (2019: RMB3,221 thousand), representing a decrease of 10.46% as compared with 2019; and cost of trading of print-related materials was RMB113,220 thousand (2019: RMB100,112 thousand), representing an increase of 13.09% as compared with 2019. Tax and surcharges were RMB1,964 thousand (2019: RMB5,375 thousand), representing a decrease of 63.46% as compared with 2019.

3. Gross Profit

Gross profit of the Group for 2020 was RMB24,844 thousand (2019: RMB7,379 thousand), representing an increase of 236.69% as compared with 2019; gross profit margin of the Group for 2020 was 11.43% (2019: 3.36%).

4. Selling Expenses

Selling expenses of the Group for 2020 was RMB13,596 thousand (2019: RMB19,269 thousand), representing a decrease of 29.44% as compared with 2019.

5. Administrative Expenses

Administrative expenses of the Group for 2020 was RMB33,806 thousand (2019: RMB34,328 thousand), representing a decrease of 1.52% as compared with 2019.

6. Financial Expenses

Financial expenses of the Group for 2020 was RMB-2,144 thousand (2019: RMB-8,052 thousand), representing a decrease of 73.37% in absolute value as compared with 2019, of which, interest income was RMB2,219 thousand (2019: RMB8,560 thousand), representing a decrease of 74.08% as compared with 2019; and foreign exchange gain was RMB138 thousand (2019: Nil).

7. Share of Loss of Associates

Share of loss of associates of the Group for 2020 was RMB6,241 thousand (2019: loss of RMB2,355 thousand), representing an increase of loss of 165.01% as compared with 2019.

8. Operating Profit

Operating profit of the Group for 2020 was RMB-131,542 thousand (2019: RMB-198,990 thousand), representing a decrease of loss of 33.90% as compared with 2019.

9. Income Tax Expenses

Income tax expenses of the Group for 2020 was RMB4,778 thousand (2019: RMB16,056 thousand), representing a decrease of RMB11,278 thousand or 70.24% as compared with 2019. Pursuant to the “Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department” (Cai Shui [2019] No. 16), the enterprises that have completed the transformation before 31 December 2018 can continue to enjoy the five-year EIT exemption starting from 1 January 2019.

10. Net Profit/loss and Net Profit/loss Attributable to Shareholders of the Company

Net loss of the Group for 2020 was RMB136,356 thousand (2019: net loss of RMB214,511 thousand), of which, net loss attributable to shareholders of the Company was RMB130,176 thousand (2019: RMB196,538 thousand).

11. Final Dividend

The Board did not propose a final dividend for the year 2020 (2019: Nil).

12. Net Current Assets

As at 31 December 2020, net current assets of the Group was RMB266,738 thousand (31 December 2019: RMB360,581 thousand). Current assets mainly comprised bank balances and cash of RMB240,221 thousand (31 December 2019: RMB217,264 thousand), notes receivable of RMB100 thousand (31 December 2019: Nil), accounts receivable of RMB66,762 thousand (31 December 2019: RMB172,598 thousand), prepayments of RMB1,171 thousand (31 December 2019: RMB9,375 thousand), other receivables of RMB3,467 thousand (31 December 2019: RMB6,086 thousand), inventories of RMB13,460 thousand (31 December 2019: RMB12,181 thousand), and other current assets of RMB31,716 thousand (31 December 2019: RMB35,212 thousand). Current liabilities mainly comprised notes payable of RMB10,807 thousand (31 December 2019: RMB5,669 thousand), accounts payable of RMB13,335 thousand (31 December 2019: RMB10,306 thousand), contractual liabilities of RMB23,560 thousand (31 December 2019: 27,405 thousand), employee benefit payables of RMB5,887 thousand (31 December 2019: RMB7,689 thousand), tax payables of RMB4,452 thousand (31 December 2019: RMB382 thousand), other payables of RMB30,344 thousand (31 December 2019: RMB40,445 thousand), and non-current liabilities due within one year of RMB218 thousand (31 December 2019: RMB239 thousand).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2020, current assets of the Group was RMB356,897 thousand (31 December 2019: RMB452,716 thousand), including bank balances and cash of RMB240,221 thousand (31 December 2019: RMB217,264 thousand) and non-current assets of the Group was RMB388,550 thousand (31 December 2019: RMB442,729 thousand).

As at 31 December 2020, current liabilities of the Group was RMB90,159 thousand (31 December 2019: RMB92,135 thousand); and non-current liabilities was RMB6,792 thousand (31 December 2019: RMB8,313 thousand).

As at 31 December 2020, shareholders' equity of the Group was RMB648,496 thousand (31 December 2019: RMB794,997 thousand).

GEARING RATIO

As at 31 December 2020, gearing ratio of the Group was 14.95% (31 December 2019: 12.64%) (the gearing ratio is calculated by dividing the Group's total liabilities by its total equity).

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2020, bank loans of the Group was Nil (31 December 2019: Nil). Most of the currency unit of cash and cash equivalent held by the Group was Renminbi.

FINANCING COST

Financing cost of the Group for 2020 was RMB138 thousand (2019: RMB444 thousand).

FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total operating income	217,291	219,927	344,625	426,708	483,306
Net profit	(136,356)	(214,511)	(292,213)	(99,577)	(70,874)
Net profit attributable to shareholders of the Company	<u>(130,176)</u>	<u>(196,538)</u>	<u>(277,310)</u>	<u>(85,251)</u>	<u>(58,838)</u>
Earnings per share — basic and diluted (<i>RMB</i>)	<u>(0.66)</u>	<u>(0.99)</u>	<u>(1.39)</u>	<u>(0.43)</u>	<u>(0.30)</u>
	As at 31 December				
	2020	2019	2018	2017	2016
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	745,447	895,445	1,159,286	1,395,384	1,500,835
Total liabilities	96,951	100,448	148,694	194,810	240,586
Total equity attributable to shareholders of the Company	628,509	768,760	966,545	1,140,864	1,214,959
Shareholders' equity per share as at the end of the year (<i>RMB</i>)	<u>3.19</u>	<u>3.90</u>	<u>4.90</u>	<u>5.78</u>	<u>6.16</u>

USE OF PROCEEDS FROM THE LISTING

The Company raised a total net proceeds of HKD889,086 thousand from the global offering in 2004, all of which have been used up.

In order to capture more business opportunities arising from emerging media businesses and other media-related businesses, the Company believes that it will seek for various financing arrangements to support business development subject to business needs and mature conditions in the future.

SHARE STRUCTURE (AS AT 31 DECEMBER 2020)

	Number of shares	Proportion to total share capital (%)
Holders of Domestic Shares		
— BYDA	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.	2,952,800	1.50
Domestic Shares (<i>subtotal</i>)	142,409,000	72.18
H Shares <i>Note</i>	54,901,000	27.82
Total share capital	197,310,000	100.00

Note:

Including 19,533,000 H Shares, representing 9.90% of the total share capital of the Company, which are held by Leshi Internet Information & Technology (Beijing) Limited.

CAPITAL EXPENDITURE

Capital expenditures, including expenditures on office equipment and intangible assets, of the Group for 2020 was RMB763 thousand (2019: RMB3,020 thousand). Capital expenditures of the Group for 2020 was mainly comprised of the expenditures consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2020, the Group did not have any other contingent liabilities or any pledge of assets.

MATERIAL INVESTMENTS

As at 31 December 2020, the Company's investments in Beiyang Publishing & Media Co., Ltd., Beijing Keyin Media Culture Co., Ltd. and Beijing Runxin Dingtai Investment Center (limited partnership) accounted for over 5% of the Group's total assets in value.

Save as disclosed in this announcement, during the Reporting Period, the Group had no material investments or any plan related to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the Reporting Period, the Group had no material acquisition or disposal of assets.

During the Reporting Period, the Group had no material acquisition or disposal of subsidiaries, joint ventures and associates.

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 HKD). 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.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always upheld the philosophy of placing equal emphasis on development and environmental protection. During its day-to-day operation, the Group reasonably utilises resources in strict compliance with the relevant laws, regulations, standards and other local rules. It has formulated and implemented the relevant internal rules and strives to minimize its impacts on the ecological environment from production and operation in terms of resource utilization and other aspects. During the Reporting Period, the Group organised several public benefit events relating to protection of natural environment. In the meantime, the Group is committed to maintaining and consolidating a healthy operation environment so that it can realize steady and orderly growth. The Group also tries its best to improve the working environment for its employees, advocates a philosophy of green office and green production and strives to create a safe, healthy, ideal and protected working environment for all employees. During the Reporting Period, the Group placed advertisements in the theme of public welfare all year round so as to promote the concept of environmental protection.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavours to maintain sustainable development in the long term, continuously creates value for its employees and customers, and fosters good relationships with its suppliers. The Group deeply understands that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. During the Reporting Period, the Group held staff trainings, and organised the staff to watch arts performances and sporting events for several times. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. The Group abides by the principles of honesty and trustworthiness and commits itself to consistently providing quality services to its customers. During the Reporting Period, there was no significant and material dispute between the Group and its suppliers and/or customers.

AUDIT COMMITTEE

The Company has set up an Audit Committee in accordance with the requirements of the Listing Rules to review, supervise and adjust the financial reporting process and internal control of the Group. The Audit Committee comprises three 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 discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including reviewing of the audited consolidated financial statements of the Group for the year of 2020 without dissenting opinions.

COMPLIANCE WITH LAWS, REGULATIONS AND CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has been in compliance with the laws and regulations which would have a material impact on the Group and the code provisions set out in the Corporate Governance Code under Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

In respect of securities transactions of Directors and Supervisors, the Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by its Directors and Supervisors. Having made sufficient enquiries to Directors and Supervisors, all Directors and Supervisors confirmed they have complied with the required standards under the Model Code during the Reporting Period.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

FINAL DIVIDEND

The Board did not recommend the distribution of final dividend for the year ended 31 December 2020.

CLOSURE OF REGISTER OF MEMBERS

The Company intends to hold the 2020 annual general meeting of the Company (“AGM”) at the 2104 meeting room of Beijing Youth Daily Agency Building at 2:30 p.m. on Friday, 18 June 2021. The register of members of the Company will be closed from Wednesday, 19 May 2021 to Friday, 18 June 2021 (both days inclusive). In order to qualify to attend the AGM and to vote at the meeting, all instruments of transfer of the holders of H Shares must be lodged at the H Share registrar of the Company at Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 18 May 2021. Shareholders whose names appear on the register of members of the Company on Wednesday, 19 May 2021 shall be entitled to attend the AGM.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the Company’s website (www.bjmedia.com.cn) and the website of Hong Kong Stock Exchange (www.hkex.com.hk). The 2020 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the aforesaid websites in due course.

By order of the Board
Beijing Media Corporation Limited
Ji Chuanpai
Chairman

Beijing, the PRC, 26 March 2021

As at the date of this announcement, the Board comprises: the executive directors of the Company, Ji Chuanpai, Wu Bin, Shang Da and Liu Jia; the non-executive directors of the Company, Sun Fang and Yang Qing; and the independent non-executive directors of the Company, Cui Enqing, Chen Ji, Wu Changqi, Shi Hongying and Chan Yee Ping, Michael.

DEFINITIONS

“Audit Committee”	Audit Committee of the Board
“Beiqing Community Media”	Beiqing Community Media Technology (Beijing) Co., Ltd. (formerly known as Beiqing Community Cultural Media (Beijing) Company Limited), a subsidiary of the Company
“Beiqing Network Culture”	Beiqing Network Culture Communication Co., Ltd., a subsidiary of the Company
“Beiqing Outdoor”	Beijing Beiqing Outdoor Advertisement Co., Ltd., a subsidiary of the Company
“Board”	The board of Directors
“BYD Logistics”	BYD Logistics Company Limited, a subsidiary of the Company
“Chongqing Media”	Chongqing Youth Media Company Limited, a subsidiary of the Company
“Company”	Beijing Media Corporation Limited, a joint stock limited company incorporated under the laws of the PRC and whose H shares are listed and traded on the Hong Kong Stock Exchange
“Director(s)”	The director(s) of the Company
“Domestic Shares”	The ordinary shares of RMB1.00 per share in the capital of the Company
“Group”	The Company and its subsidiaries
“H Shares”	The foreign shares listed overseas of RMB1.00 per share in the ordinary share capital of the Company
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“Parent” or “BYDA”	Beijing Youth Daily Agency, the controlling shareholder of the Company
“Parent Group”	Beijing Youth Daily Agency and its subsidiaries (excluding the Group)
“PRC” or “China”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration Region and Taiwan
“Reporting Period”	The year ended 31 December 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	The shareholder(s) of the Company
“Supervisor(s)”	The supervisor(s) of the Company