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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 2021

FINANCIAL HIGHLIGHTS:

1. Total operating revenue increased by 35.98% to RMB101,002 thousand (corresponding period of 2020: RMB74,279 thousand).
2. Net loss attributable to shareholders of the Company was RMB29,695 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2020: RMB37,121 thousand).
3. Loss per share was RMB0.15 (loss per share for the corresponding period of 2020: RMB0.19).

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 2021 (the “First Half of 2021”) and the comparative results of the Group for the corresponding period of 2020.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Unit: RMB'000

Item	Notes	For the six months ended 30 June	
		2021	2020
Total operating revenue	<i>1</i>	101,002	74,279
Total operating costs		111,026	86,135
Operating costs	<i>1</i>	88,519	63,889
Tax and surcharges		711	945
Selling expenses		7,241	7,268
Administrative expenses		15,994	15,183
Financial expenses	<i>2</i>	(1,439)	(1,150)
Including: Interest expenses		11	77
Interest income		1,336	1,276
Add: Other income		110	205
Investment income	<i>3</i>	2,522	(223)
Including: Gain from investments in associates		28	(6,263)
Gain on the changes in fair value		(92)	(10,186)
Impairment loss of credit	<i>4</i>	(21,401)	(16,204)
Gain on disposal of asset		2	56
Operating profit		(28,883)	(38,208)
Add: Non-operating income		283	188
Less: Non-operating expenses		205	88
Total profit		(28,805)	(38,108)
Less: Income tax expenses	<i>5</i>	388	1,229
Net profit		(29,193)	(39,337)
Net profit attributable to:			
Net profit from continuing operations		(29,193)	(39,337)
Net profit from discontinued operations		—	—
Shareholders of the Company		(29,695)	(37,121)
Non-controlling shareholders		502	(2,216)

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	Notes	For the six months ended 30 June	
		2021	2020
Other net comprehensive income after tax		(32)	43
Other net comprehensive income after tax attributable to owners of the Company		(19)	26
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		(19)	26
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss		—	—
Exchange differences from retranslation of financial statements		(19)	26
Other net comprehensive income after tax attributable to non-controlling shareholders		(13)	17
Total comprehensive income		(29,225)	(39,294)
Total comprehensive income attributable to shareholders of the Parent		(29,714)	(37,095)
Total comprehensive income attributable to non- controlling shareholders		489	(2,199)
Earnings per share:			
Basic earnings per share (<i>RMB</i>)	6	(0.15)	(0.19)
Diluted earnings per share (<i>RMB</i>)	6	(0.15)	(0.19)
Dividends	7	—	—

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Unit: RMB'000

Item	<i>Notes</i>	As at 30 June 2021	As at 31 December 2020
Current assets:			
Bank balances and cash		229,304	240,221
Notes receivable		463	100
Accounts receivable	8	47,527	66,762
Prepayments		1,029	1,171
Other receivables	9	3,305	3,467
Inventories		16,686	13,460
Other current assets		29,355	31,716
Total current assets		327,669	356,897
Non-current assets:			
Long-term equity investment	10	3,525	3,497
Investment in other equity instruments	11/15	205,927	205,927
Other non-current financial assets	12/15	37,956	43,017
Investment properties		110,879	110,971
Fixed assets		578	776
Construction in progress		425	—
Intangible assets		19,553	20,029
Goodwill	13	—	—
Right-of-use assets		1,028	1,982
Long-term deferred expenses		1,422	2,351
Other non-current assets		—	—
Total non-current assets		381,293	388,550
Total assets		708,962	745,447

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	Note	As at 30 June 2021	As at 31 December 2020
Current liabilities:			
Notes payable		14,072	10,807
Accounts payable	14	8,906	13,335
Contract liabilities		22,519	23,560
Employee benefit payables		5,838	5,887
Tax payables		425	4,452
Other payables		29,912	30,344
Non-current liabilities due within one year		164	218
Other current liabilities		1,353	1,556
Total current liabilities		83,189	90,159
Non-current liabilities:			
Leased liabilities		—	83
Deferred income tax liabilities		6,502	6,709
Total non-current liabilities		6,502	6,792
Total liabilities		89,691	96,951
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		934,421	934,421
Other comprehensive income		95,815	95,834
Surplus reserves		130,931	130,931
Undistributed profits		(759,682)	(729,987)
Total equity attributable to shareholders of the Company		598,795	628,509
Non-controlling interest		20,476	19,987
Total shareholders' equity		619,271	648,496
Total liabilities and shareholders' equity		708,962	745,447
Net current assets		244,480	266,738
Total assets less current liabilities		625,773	655,288

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements for the six months ended 30 June 2021 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 consolidated financial position as at 30 June 2021 and its consolidated operating results, consolidated cash flows and other relevant information for the six months ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING INCOME AND OPERATING COSTS

Item	For the six months ended 30 June	
	2021	2020
Principal operating income	98,405	69,748
Other operating income	<u>2,597</u>	<u>4,531</u>
Total operating income	<u>101,002</u>	<u>74,279</u>
Principal operating costs	87,980	62,933
Other operating costs	<u>539</u>	<u>956</u>
Total operating costs	<u>88,519</u>	<u>63,889</u>
Gross Profit	<u>12,483</u>	<u>10,390</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			
	2021		2020	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	46,136	37,885	39,517	33,549
Printing	1,677	1,464	1,434	1,252
Trading of print-related materials	50,567	48,538	28,735	28,064
Distribution	<u>25</u>	<u>93</u>	<u>62</u>	<u>68</u>
Total	<u>98,405</u>	<u>87,980</u>	<u>69,748</u>	<u>62,933</u>

(2) The sum of operating revenue from the top five customers is RMB30,730 thousand representing 31.27% of principal operating revenue for the six months ended 30 June 2021.

(3) Other operating revenue includes revenue from property rental income of RMB2,470 thousand.

2. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2021	2020
Interest expenses	11	77
Less: interest income	1,336	1,276
Less: exchange gain	155	—
Add: commissions and other expenses	41	49
	<u> </u>	<u> </u>
Total	<u>(1,439)</u>	<u>(1,150)</u>

3. INVESTMENT INCOME

Item	For the six months ended 30 June	
	2021	2020
Share of profit of associates	28	(6,263)
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	2,183	7,009
Other investment income	207	(969)
	<u> </u>	<u> </u>
Total	<u>2,522</u>	<u>(223)</u>

4. IMPAIRMENT LOSS OF CREDIT

Item	For the six months ended 30 June	
	2021	2020
Loss from bad debts	(21,401)	(16,204)
	<u> </u>	<u> </u>
Total	<u>(21,401)</u>	<u>(16,204)</u>

5. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2021	2020
Current income tax expenses	595	2,158
Deferred income tax expenses	(207)	(929)
Total	388	1,229

(2) Current income tax expenses

Item	For the six months ended 30 June	
	2021	2020
Current income tax — PRC	939	1,963
Under-provision in prior years — PRC	(344)	195
Total	595	2,158

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

6. EARNINGS PER SHARE

Item	For the six months ended 30 June	
	2021	2020
Net profit for the half-year attributable to shareholders of the Company	(29,695)	(37,121)
Weighted average number of issued ordinary shares (<i>thousand shares</i>)	197,310	197,310
Earnings per share (RMB)	(0.15)	(0.19)

The basic earnings and diluted earnings per share for the six months ended 30 June 2020 and 2021 are the same as there was no dilution incurred during the periods.

7. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020 : Nil).

8. ACCOUNTS RECEIVABLE

Item	As at 30 June 2021	As at 31 December 2020
Accounts receivable	430,985	428,836
Less: Provision for bad debts	<u>383,458</u>	<u>362,074</u>
Net accounts receivable	<u>47,527</u>	<u>66,762</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 2021	As at 31 December 2020
0–90 days	15,818	13,573
91–180 days	3,199	5,587
181–365 days	3,804	8,732
1–2 years	7,630	10,154
Over 2 years	<u>17,076</u>	<u>28,716</u>
Total	<u>47,527</u>	<u>66,762</u>

The top five accounts receivable as at 30 June 2021 represented 44.23% of the total accounts receivable.

9. OTHER RECEIVABLES

Item	As at 30 June 2021	As at 31 December 2020
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	203,453	203,598
Less: Provision for bad debts	<u>200,148</u>	<u>200,131</u>
Net other receivables	<u>3,305</u>	<u>3,467</u>

9. OTHER RECEIVABLES (CONTINUED)

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

Item	As at 30 June 2021	As at 31 December 2020
Within 1 year	1,802	1,713
1–2 years	208	331
2–3 years	71	231
3–4 years	1,180	1,066
Over 4 years	44	126
Total	3,305	3,467

(2) Other receivables classified by nature

Nature	As at 30 June 2021	As at 31 December 2020
Related-party current account	5,195	5,195
External unit current (<i>Note 1</i>)	122,517	122,599
Consideration of equity transfer (<i>Note 2</i>)	72,320	72,320
Deposit and margin	1,136	500
Reserve funds	1,586	2,980
Others	699	4
Total	203,453	203,598

Note 1: The above external unit current includes RMB107,391 thousand receivable from Beiqing Transmedia Co., Ltd. As at 30 June 2021, the provision of impairment was made in full.

Note 2: The above consideration of equity transfer represents RMB72,320 thousand receivable from Beijing Trans-media Co., Ltd. As at 30 June 2021, the provision of impairment was made in full.

(3) The top five other receivables as at 30 June 2021 represented 95.54% of the total other receivables.

10. LONG-TERM EQUITY INVESTMENTS

(1) Types for long-term equity investments

Type	As at 30 June 2021	As at 31 December 2020
Investments in associates — under equity method	15,142	15,114
Less: Provision for impairment for investments in associates	11,617	11,617
Total	3,525	3,497

Investee	Changes in the period									Balance of impairment provision as at 30 June 2021	Balance as at 30 June 2021
	Balance as at 1 January 2021	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 (“Leisure Trend”)	—	—	—	—	—	—	—	—	—	—	—
Beijing Beijing Shengda Automobile Service Company Limited (“Beiqing Shengda”)	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency Co., Ltd. (“Beisheng United”)	2,111	—	—	24	—	—	—	—	—	2,135	—
BY Times Consulting Co., Ltd. (“BY Times”)	—	—	—	—	—	—	—	—	—	—	—
Beijing Beijing Top Advertising Limited (“Beiqing Top”)	—	—	—	—	—	—	—	—	—	—	—
Hebei Jujingcai E-commerce Company Limited (“Hebei Jujingcai”)	—	—	—	—	—	—	—	—	—	—	—
Beijing International Advertising Media Group Co., Limited (“International Advertising”)	—	—	—	—	—	—	—	—	—	—	10,669
Chongqing Soyang Internet Technology Co., Ltd. (“Chongqing Soyang”)	—	—	—	—	—	—	—	—	—	—	948
Beijing Shangyou Network Technology Co., Ltd. (“Shangyou Network”)	1,386	—	—	4	—	—	—	—	—	1,390	—
Total	3,497	—	—	28	—	—	—	—	—	3,525	11,617

(2) Investments in associates

Item	As at 30 June 2021	As at 31 December 2020
Unlisted investments, at cost	74,144	74,144
Share of post-acquisition profit	(59,552)	(59,580)
Share of other items of associates	550	550
Provision for impairment	11,617	11,617
Total	3,525	3,497

11. INVESTMENT IN OTHER EQUITY INSTRUMENTS

(1) Investment in other equity instruments

Item	Investment cost	As at 30 June 2021	As at 31 December 2020	Dividend income recognized for the period
Beijing Keyin Media Culture Co., Ltd.	6,560	46,524	46,524	—
Beiyang Publishing & Media Co., Ltd.	103,000	156,657	156,657	—
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	2,746	2,746	—
Total	110,060	205,927	205,927	—

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

Type	As at 30 June 2021	As at 31 December 2020
Unlisted equity investments, PRC	205,927	205,927
Total	205,927	205,927

12. OTHER NON-CURRENT FINANCIAL ASSETS

Investment in other non-current financial assets

Item	Investment cost	As at 30 June 2021	As at 31 December 2020	Dividend income recognized for the period
Beijing Runxin Dingtai Investment Center (limited partnership)	29,242	35,847	40,332	—
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	2,197	2,109	2,685	104
Total	31,439	37,956	43,017	104

13. GOODWILL

Item	As at 30 June 2021	As at 31 December 2020
Goodwill arising from the acquisition of Beiqing CéCi	47,377	47,377
Less: Provision for impairment	47,377	47,377
Total	<u>—</u>	<u>—</u>

14. ACCOUNTS PAYABLE

Item	As at 30 June 2021	As at 31 December 2020
Accounts payable	8,906	13,335
Total	<u>8,906</u>	<u>13,335</u>

The following is an aging analysis of accounts payable as at 30 June 2021 presented based on the invoice date:

Item	As at 30 June 2021	As at 31 December 2020
0–90 days	6,236	10,876
91–180 days	53	100
181–365 days	42	60
Over one year	2,575	2,299
Total	<u>8,906</u>	<u>13,335</u>

15. 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 as at 30 June 2021	Proportion of total assets (%)
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	156,657	22.10
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	46,524	6.56
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Beijing	Beijing	Internet Information Service	5.00	2,746	0.39

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

Beiyang Publishing & Media Co., Ltd. (“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 a corporate and capitalized operations. Currently, the Company holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. The Company has made investments in Beiyang Media mainly based on the following consideration to obtain better investment returns: 1) the robust operating conditions of Beiyang Media; 2) its capital operation plans including the reform of shareholding system and listing. Subsequent to our investment, there is a robust operating conditions of Beiyang Media in recent years as it has delivered sustained profitability and the assets and revenues has increase steadily. The Company is optimistic about the future operation of Beiyang Media and intends to hold the shares for a long term.

Beijing Keyin Media and Culture Co., Ltd. (“Keyin Media”) is mainly engaged in organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements, etc. Currently, the Company holds 4,000,000 shares of Keyin Media, representing 16% of the aggregate share capital of Keyin Media. The Company has made investments in Keyin Media mainly based on the consideration of its robust operating conditions and listing plan. Subsequent to our investment, there is a robust operating conditions of Keyin Media in recent years as it has delivered sustained profitability. The Company is optimistic about the future operation of Keyin Media and intends to hold the shares for a long term.

15. EQUITY IN INVESTMENT IN OTHER EQUITY INSTRUMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS (CONTINUED)

B. Equity in investment in other non-current financial assets

(1) 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 as at 30 June 2021	Proportion of total assets (%)
Beijing Runxin Dingtai Investment Center (limited partnership)	Beijing	Beijing	Investment management	11.62	35,847	5.06
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	Suzhou, Jiangsu	Suzhou, Jiangsu	Investment management	2.61	2,109	0.30

(2) The investment strategies of major investments in respect of other non-current financial assets:

The Company's wholly-owned subsidiary, Beijing Network Culture Communication Co., Ltd., as a limited partner, established Beijing Runxin Dingtai Investment Center (limited partnership) (hereinafter referred to as the "Fund") in 2013, with a shareholding of 11.62%. The Fund leverages on CSC Financial Co., Ltd. to focus on investing in equities of growth companies that plan to list. The Company has made investment in the Fund mainly based on the consideration of achieving favourable yields from the Fund's investment projects and considerable investment returns.

In recent years, the Fund has also been actively facilitating various investment projects to realize exits via listing, merger and acquisition and restructuring, repurchase and transfer in NEEQ market, etc. A number of projects have realized exit after listing or partial exit and delivered satisfactory yield. As of 30 June 2021, the Company has received accumulated investment income of RMB56,417 thousand, and expects to achieve better investment returns upon our exit from the Fund at maturity.

ENTRUSTED BY CAPITAL GROUP

On 18 June 2020 and 20 May 2021, Beijing Youth Daily Agency (“BYDA”), the Committee of the Beijing Municipality of the Youth League of Communist Party of China (“China Communist Youth League Beijing Committee”), its beneficial owner, and Beijing Capital Group Company Limited (“Capital Group”) entered into an entrustment agreement and its supplemental agreement respectively, pursuant to which, China Communist Youth League Beijing Committee and BYDA have authorized Capital Group to exercise the rights and duties of investors/shareholders stipulated in the Company’s articles of association to Beijing Media, including but not limited to, the control rights, voting rights, operation rights and income rights over the Company. The term of entrust management will expire on 17 June 2025. Please refer to the announcements of the Company dated 18 June 2020 and 20 May 2021 for details.

Following the entrustment management by Capital Group, the Company held a Board meeting on 18 June 2021 for election of Mr. Su Zhaohui, a member of the Standing Committee of the Party Committee and deputy general manager of Capital Group, as the chairman of the Board of the Company, and held a Board meeting on 4 August 2021 to appoint Mr. Xu Jian as recommended by Capital Group as the president of the Company. The new chairman and the new president have many years of experience in operating management and operation of listed company, and their new role will bring new operation and management concepts and management models to the Company, which will inject new development vitality to and lead to a promising prospect of the Company superimposed with the support of Capital Group.

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, PS boards and rubber sheets to customers including commercial printers.

In the First Half of 2021, the operating revenue of the Group was RMB101,002 thousand, representing an increase of 35.98% as compared with that for the corresponding period of 2020 (corresponding period of 2020: RMB74,279 thousand). The increase in operating revenue mainly comprises: (i) the growth of operating revenue of Beiqing Community Media Technology (Beijing) Co., Ltd (“Beiqing Community Media”), which was RMB29,045 thousand in the First Half of 2021, representing a year-on-year increase of 35.96% as compared with that for the corresponding period of 2020 and accounting for 28.76% of the total operating revenue of the Group; and (ii) the increase in trading of print-related materials whose operating revenue was RMB50,567 thousand in the First Half of 2021, representing a year-on-year increase of 75.98% as compared with that for the corresponding period of 2020 and accounting for 50.07% of the total

operating revenue of the Group. Save as disclosed above, the advertising revenue of the Company decreased by 7.46% in the First Half of 2021 as compared with that for the corresponding period of 2020.

In the First Half of 2021, the Group's costs were RMB88,519 thousand, representing an increase of 38.55% as compared with those for the corresponding period of 2020. The increase in the Group's costs in the First Half of 2021 was basically in line with the growth in operating revenue, which was mainly due to the increase in costs with the growth in operating revenue.

In the First Half of 2021, net loss attributable to shareholders of the Company was RMB29,695 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2020: RMB37,121 thousand), representing a year-on-year decrease of approximately 20.00%.

The figures above indicate that the Group's operating revenue and loss reduction are showing better trend as compared with that of the corresponding period of last year, which was mainly because (i) Beijing Community Media, a subsidiary of the Company, has initially built a reasonable business model, recorded continuous growth in operating revenue and achieved operating profits, which have a positive impact on the Group; (ii) the increase in operating revenue from the increase in the trading of print-related materials after the pandemic; and (iii) the slow-down of the decreasing advertising revenue of the Company. All the above indicate that the Group is forming a bottom-building trend.

In the revenue composition of Beijing Community Media, a large proportion comes from projects cooperated with government. By leveraging its advantage as a state-owned media company, Beijing Community Media actively explored governmental resources to provide quality services for the government, leading to greater growth potential in operating revenue. Such government projects are relatively stable than those market-oriented projects, which is conducive to Beijing Community Media to consolidate the continuity of its profit model. Beijing Community Media is working hard to continuously consolidate government relations and improve service quality.

The trading of print-related materials is characterized by large operating revenue and low profit margin, and the benefits are mainly improved by increasing sales.

Improving the incentive mechanism and reducing costs are ways to promote the recovery of the Company's advertising business and improve efficiency. The Company will actively implement a comprehensive incentive mechanism to stimulate endogenous motivation and motivate employees' enthusiasm to increase operating revenue and improve efficiency.

Currently, the costs and expenses of the Company are relatively high, which is not in line with the operating revenue. Therefore, reducing costs and expenses is one of the key points to improve profitability. The Company has been actively improving management efficiency and standards, rationally allocating expenditures and establishing a cost management system.

Advertising Business

In the First Half of 2021, revenue from advertising business of the Group was RMB46,136 thousand (corresponding period of 2020: RMB39,517 thousand), representing an increase of 16.75% as compared with that for the corresponding period of 2020.

In the First Half of 2021, with the impact of market policies and industry recovery, total advertising revenue has been stabilized and increased year on year in general. In terms of business model, aiming at developing integrated media, the Company focused on the use of new media platforms such as Beijing Headlines APP, YNET.com and WeChat official account, and integrated short video, live broadcast and other video platforms to enrich the integrated media platform. The advertising division has implemented the business division management model for the four key industries of real estate, finance, automobile and education, expecting to make breakthroughs in key industries, and drive the overall situation and expand advantageous businesses. It has also optimized and upgraded the structure of revenue from advertising through integrating cross-industry resources. In particular, industries such as real estate, finance, automobile, sports, and government have basically completed the targeted tasks. Meanwhile, the Company has actively strengthened the assessment and management of business personnel, striving to fully lift the enthusiasm of work.

The finance business division closely followed national policies and hot political activities and drove advertising operations with news planning. It planned nine featured specials such as “financial assistance for the 14th Five-Year Plan”, “special edition for giving New Year’s greetings during the Spring Festival”, “2021 Two Sessions of the Nation”, “making new advances by good learning of the Party history and re-upgrading of financial services”, fully promoting advertising operations.

The real estate business division has continued to innovate content to expand the industry influence, created the “Trendsetter X Trendy Real Estate (潮人X潮盤)” brand, and invited cross-industry got talents to visit the real estate on site together for each issue; it constantly launched blockbuster news on regional reports and industry in-depth investigation. In addition, it explored key customers and piloted small-scale of “full packaged” services. It tried to cooperate with Beijing Science and Technology Park Construction (Group) Co. Ltd. to provide phased “full packaged” services, planned “530 House Buying Festival in Huairou”; and lined up government resources to integrate activities of developers. It has jointly held the “Lize Forum of New Financial Heights (金融新高地麗澤論壇)” with Lize Financial Business District in Beijing, and cooperated with the Beijing Capital Land Ltd., Beijing Urban Construction Investment & Development Co., Ltd and Sino-Ocean Group Holding Limited. All of the above not only generated income, but also was recognized by the industry.

The education business division, with focus on event planning, planned the “Beijing-Tianjin-Hebei Adolescent Science & Technology Innovation Association”, “principal forum of youth education (青教育)”, “Beijing-Tianjin-Hebei youth E-sports competition”. In terms of layout operation, it published a spring special issue and a summer special issue.

Film and Television Business

In the First Half of 2021, the Company insisted on developing high-quality film and television projects, focused on the film and television industry research and paid attention to emerging growth points in the industry, such as the exploration of film and television IPs and developing immersion sector. 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 benefit and steadily recovered distribution income. 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 enrich the cultural attributes of Beijing Media brand through content development and strategic cooperation.

Results of Major Subsidiaries of the Group

Beijing Beiqing Outdoor Advertisement Co., Ltd. (“Beiqing Outdoor”) is a wholly-owned subsidiary of the Company which principally engages in the operation of urban outdoor single column billboards. In the First Half of 2021, faced with severe market conditions and shrinking traditional industries, it maintained a good agency business relationship with cooperative enterprises, and continued to look for new opportunities for growth without increasing expenditure costs.

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, and has formulated new strategic goals to achieve steady growth in new projects. Beiqing Community Media’s intensive cultivation in 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 simultaneously pushes 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 media matrix, and the integrated media performed well in propaganda. At the same time, each of the branches of Beiqing Community Media operated a total of 33 certified WeChat official accounts.

In the First Half of 2021, 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 6 publications, including “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 of WeChat official 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 Political Communication” (《通州E政通》) and “Tongzhou Youth Innovation Association” (《通州青創會》); and undertook the publicity projects of a total of 17 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.

In the First Half of 2021, Beiqing Community Media continued to focus on commercial promotion of the real estate sector, organized brand-themed events for several real estate companies through the marketing methods of online promotion and ground activities, such as carrying out “Celebrating the YOUNG Year with You (約你一起朝YOUNG年)” — warm spring action for caring the youth in Beijing jointly with Chaoyang Communist Youth League, and together with numerous caring enterprises including Peacock City Residential Group (孔雀城住宅集團), 5I5J and Xiao Yao Yao pharmaceutical platform and held “Passion for Winter Sports — 310 Days Countdown to the Winter Olympics and the Kick-off of 5I5J Winter Olympics Mass Activity (「激情冰雪相約冬奧倒計時310天暨我愛我家冬奧志願服務百千萬行動啟動會」)” jointly with China Communist Youth League Beijing Committee, the Committee of Youth League in Chaoyang District, and together with 5I5J, etc. While developing customers for real estate companies, it has also increased its popularity and recognition in the market, and achieved a win-win situation for both corporate reputation and business.

In the First Half of 2021, the revenue of Beiqing Community Media mainly generated from activities, advertising and WeChat operating, which has increased as compared with that for the corresponding period of 2020. From the perspective of business volume, Beiqing Community Media has achieved sustainable development in government cooperation projects, found a suitable market direction for itself, and established its market position in related community services. In the second half of 2021, Beiqing Community Media will continue to expand cooperation in government service procurement, and always capture market information with strong execution in view of securing more room for survival under new trends and new environments.

Beiqing Network Culture Communication Co., Ltd. (“Beiqing Network Culture”) is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, formed Beijing Runxin Dingtai Investment Centre (limited partnership) (the “Fund”) in 2013. In the First Half of 2021, the Fund distributed the exit gains for the previously invested projects, namely Jiangsu Kaimi Membrane Technology Co., Ltd., Guangdong South Lead TV & Film Co., Ltd. and Jushri Technologies, Inc. (“Jushri Technologies”). It is expected that Jushri Technologies, UniTTEC Co., Ltd., and Beijing TINAVI Medical Technology Co., Ltd. projects held by the Fund will still contribute exit gains in the second half of 2021. In the future, the Fund will mainly achieve exit gains from listings, mergers and acquisitions, share transfers of the investees, etc. The Fund will expire in November 2021.

Chongqing Youth Media Company Limited (“Chongqing Youth Media”) is a 60%-owned subsidiary of the Company. The current business operations of Chongqing Youth Media are advertising and newspaper distribution. The advertising is mainly on online platforms such as WeChat, Weibo and Chongqing Headlines (重慶頭條) APP, supplemented by newspaper promotion. In the First Half of 2021, affected by the media environment and the COVID-19 epidemic, the revenue from advertising has declined and the circulation of newspapers was approximately 5,000. Chongqing Youth Media has adjusted the strategy in a timely manner according to market demand, and customized the promotion plan for key accounts such as Chongqing Aier Maige Ophthalmology Hospital Co., Ltd.. On the basis of stabilizing the existing team, it deepened the reform of the system and mechanism, and made greater efforts in the training of All-media talents, so as to develop a group of high-level talents who can integrate resources and platforms, are willing to make innovation, are good at decision-making, and lead and guide the development of integrated media and the construction of All-media.

BYD Logistics is a 92.84%-owned subsidiary of the Company and is principally engaged in printing and trading business of printing-related materials. In the First Half of 2021, in terms of printing business, the sales increased slightly as compared with that for the corresponding period of 2020, mainly due to the increase in external printing business. In terms of printing related material trading, the agency business of imported paper increased rapidly, moreover, the imported writing paper had a promising sales trend. Under the dual competitive advantages of sales price and supply, sales value in the First Half of 2021 achieved a substantial increase, representing an increase of 60.97% as compared with that for the corresponding period of 2020. In addition, BYD Logistics actively improved its own advantages and obtained the Management Quality System Certification Certificate in April 2021, passing the certification in “sales of paper”, which further established the advantages of sales of paper and provided a strong guarantee for the future market bidding.

PROSPECTS AND FUTURE PLANS

In the second half of 2021, despite of the recurring epidemic, the Company believes that with the leadership of the government, there will not be a great impact on the economic situation. From the overall perspective of macroeconomic development trend, the market economic environment in the second half is generally better than that in the first half. From the perspective of development trend of the industry over the past years, it will be better than the first half in the second half, when the industry enters into its peak season. Therefore, according to the macroeconomic development trend and industry development trend, the Company predicts that its operations will tend to improve in a favorable direction in the second half of 2021.

In the second half of 2021, by leveraging on the extensive experience, professional skills, strategic planning and management capabilities of the new chairman and president of the Company, it is believed that the operation and management standards of the Company will be greatly improved.

In the second half of 2021, the Company will continue to consolidate its business foundation. On the basis of continuing to increase revenue and reduce expenditures, maintain the existing main business and strengthen the original performance, the Company will continue to optimize the management structure, integrate the advantageous resources of all parties, and try to make use of its advantages to reform, actively explore new marketing models and business directions, create new business growth drivers, and strive to improve quality and efficiency.

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2021, total operating revenue of the Group was RMB101,002 thousand (corresponding period of 2020: RMB74,279 thousand), representing an increase of 35.98% as compared with that for the corresponding period of 2020, of which, revenue from advertising was RMB46,136 thousand (corresponding period of 2020: RMB39,517 thousand), representing an increase of RMB6,619 thousand or 16.75% as compared with that for the corresponding period of 2020; revenue from printing was RMB1,677 thousand (corresponding period of 2020: RMB1,434 thousand), representing an increase of RMB243 thousand or 16.95% as compared with that for the corresponding period of 2020; and revenue from the trading of print-related materials was RMB50,567 thousand, (corresponding period of 2020: RMB28,735 thousand), representing an increase of RMB21,832 thousand or 75.98% as compared with that for the corresponding period of 2020.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2021, operating costs of the Group were RMB88,519 thousand (corresponding period of 2020: RMB63,889 thousand), representing an increase of 38.55% as compared with those for the corresponding period of 2020, of which, costs of advertising were RMB37,885 thousand (corresponding period of 2020: RMB33,549 thousand), representing an increase of RMB4,336 thousand or 12.92% compared with those for the corresponding period of 2020; costs of printing were RMB1,464 thousand (corresponding period of 2020: RMB1,252 thousand), representing an increase of RMB212 thousand or 16.93% as compared with those for the corresponding period of 2020; costs of the trading of print-related materials were RMB48,538 thousand (corresponding period of 2020: RMB28,064 thousand), representing an increase of RMB20,474 thousand or 72.95% as compared with those for the corresponding period of 2020; tax and surcharges were RMB711 thousand (corresponding period of 2020: RMB945 thousand), representing a decrease of 24.76% as compared with those for the corresponding period of 2020.

3. Selling Expenses

For the six months ended 30 June 2021, selling expenses of the Group were RMB7,241 thousand (corresponding period of 2020: RMB7,268 thousand), representing a decrease of 0.37% as compared with those for the corresponding period of 2020.

4. Administrative Expenses

For the six months ended 30 June 2021, administrative expenses of the Group were RMB15,994 thousand (corresponding period of 2020: RMB15,183 thousand), representing an increase of 5.34% as compared with those for the corresponding period of 2020.

5. Financial Expenses

For the six months ended 30 June 2021, financial expenses of the Group were RMB-1,439 thousand (corresponding period of 2020: RMB-1,150 thousand), representing an increase of 25.13% in absolute value as compared with those for the corresponding period of 2020, of which, interest income was RMB1,336 thousand (corresponding period of 2020: RMB1,276 thousand), representing an increase of 4.7% as compared with that for the corresponding period of 2020.

6. Share of Loss of Associates

For the six months ended 30 June 2021, share of profit of associates of the Group was RMB28 thousand (corresponding period of 2020: RMB-6,263 thousand), representing a decrease in loss of 100.45% as compared with that for the corresponding period of 2020.

7. Operating Profit

For the six months ended 30 June 2021, operating profit of the Group was RMB-28,883 thousand (corresponding period of 2020: RMB-38,208 thousand), representing a decrease in loss of 24.41% as compared with that for the corresponding period of 2020.

8. Income Tax Expenses

For the six months ended 30 June 2021, income tax expenses of the Group for the current period were RMB388 thousand (corresponding period of 2020: RMB1,229 thousand), representing a decrease of 68.43% as compared with those for the corresponding period of 2020.

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

For the six months ended 30 June 2021, net loss attributable to shareholders of the Company was RMB29,695 thousand (corresponding period of 2020: net loss of RMB37,121 thousand), representing a decrease in net loss of 20.00% as compared with that for the corresponding period of 2020.

10. Financial Resources and Liquidity

For the six months ended 30 June 2021, 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 2021, current assets of the Group were RMB327,669 thousand (31 December 2020: RMB356,897 thousand), including bank balances and cash of RMB229,304 thousand (31 December 2020: RMB240,221 thousand). Non-current assets of the Group were RMB381,293 thousand (31 December 2020: RMB388,550 thousand).

As at 30 June 2021, current liabilities of the Group were RMB83,189 thousand (31 December 2020: RMB90,159 thousand) and non-current liabilities were RMB6,502 thousand (31 December 2020: RMB6,792 thousand).

As at 30 June 2021, shareholders' equity of the Group was RMB619,271 thousand (31 December 2020: RMB648,496 thousand).

11. Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2021, the bank borrowings of the Group were Nil (31 December 2020: Nil). Most of the currency unit of cash and cash equivalent held by the Group was Renminbi.

12. Gearing Ratio

As at 30 June 2021, gearing ratio of the Group was 14.48% (31 December 2020: 14.95%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

SHARE STRUCTURE (AS AT 30 JUNE 2021)

	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.	2,952,800	1.50
Domestic shares (subtotal)	142,409,000	72.18
H shares ^{Note}	54,901,000	27.82
Total share capital	<u>197,310,000</u>	<u>100</u>

Note:

Including 19,533,000 H shares 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 2021, 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	Capacity	H shares/ domestic shares	Nature of Interest	Number of H shares/ domestic shares held	Percentage of H shares/ domestic shares held over total issued H shares/ domestic shares respectively	Percentage in total share capital of the Company
Beijing Youth Daily Agency	Beneficial owner	domestic shares	N/A	124,839,974	87.66	63.27
Beijing 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 and 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
Aggregate Asset Management Pte Ltd.	Investment manager	H shares	Long position	2,869,000	5.23	1.45

Notes:

1. Entrusted by the China Communist Youth League Beijing Committee, the 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 the scope of such custody since 20 May 2021, pursuant to which, the Capital Group will exercise the powers of investors/shareholders stipulated in the Company's articles of association during the term of the custody, 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 data 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 executive of the Company, as at 30 June 2021, 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 2021 was RMB207 thousand (corresponding period of 2020: RMB82 thousand). The Group expects that its capital expenditure for the second half of 2021 will be mainly comprised of the expenditures consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2021, 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 2021, the Group had a total of 280 employees (as at 30 June 2020: a total of 308 employees), and the decrease 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 2021, the total employees remuneration paid by the Group was approximately RMB25,434 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 2021, the Group carried out staff trainings in respect of connected transactions and compliance management, etc.

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

As at 30 June 2021, 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 2021, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

During the six months ended 30 June 2021, the Group made no new material investment, or any plan relating to material investment or acquisition of assets.

As at 30 June 2021, the Company’s investments in Beiyang Media, Keyin Media and Beijing Runxin Dingtai Investment Center (limited partnership) account for over 5% of the Group’s total assets in value. For details of such significant investments, please refer to note 11 headed “INVESTMENT IN OTHER EQUITY INSTRUMENTS”, note 12 headed “OTHER NON-CURRENT FINANCIAL ASSETS” and note 15 headed “EQUITY IN INVESTMENT IN OTHER EQUITY INSTRUMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS” in this announcement.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the six months ended 30 June 2021, the Group did not have material acquisitions or disposals of assets relating to its subsidiaries, associates or joint venture companies.

AMENDMENT TO ARTICLES OF ASSOCIATION

There was no material amendment to the articles of association of the Company during the six months ended 30 June 2021.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2020

Save as disclosed above, the industry segments, the developments within the segments and the information disclosed in the most recent published annual report of the Group have not changed materially, and did not have significant effect on the performance of each industry segment of the Group.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

During the six months ended 30 June 2021, the Company had fully complied with all code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 2021.

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 three independent non-executive Directors.

The Audit Committee and the management team 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 financial statements of the Group for the six months ended 30 June 2021, and has no objection thereto.

CONNECTED TRANSACTIONS MANAGEMENT

In order to standardise and strengthen the Company's management of connected transactions, the Company has established the "Beijing Media Corporation Limited Connected Transactions Management System". The office of the Board of the Company is responsible for the management of connected transactions. Pursuant to the requirements of the relevant system of the Company, the Company is required to comply with the reporting, announcements and independent shareholders' approval requirements (if applicable) under the Listing Rules before conducting any proposed connected transactions.

INTERNAL CONTROL AND RISK MANAGEMENT

The Company has engaged internal control advisors for two consecutive years to review the Group's internal control and risk management and make recommendations for improvement. The management of the Company acknowledges the internal control report issued by the internal control advisor and has been actively implementing a series of rectification measures to address the issues identified in the report, including but not limited to:

1. the Company has improved the Group's management of transactions, with a contact in each division and subsidiary to regularly report the latest special transactions and significant financial expenditures and relevant plans to the Company's responsible team which will follow up with relevant approval and disclosure procedures in accordance with the Listing Rules;
2. the Company has established and continuously improved the subsidiaries' system of reporting connected transactions and conflict of interest explanatory letters to ensure that the information filled in by members of the Board and senior executives of subsidiaries and major shareholders of material subsidiaries is complete;
3. the Company has continuously conducted compliance training to Directors, Supervisors and senior management of the Company as well as relevant responsible personnel of the Company's departments and at the subsidiary level on matters such as connected transactions, notifiable transactions and disclosure of inside information, and sent compliance reminder letters to relevant personnel of subsidiaries on a monthly basis;
4. the Company will further revise and improve its written management system, clearly distinguish function of each department for relevant transactions, and seek advice from legal advisors and other external experts in relation to transactions; and
5. the Company has strengthened the management of overdue accounts receivable, regularly summarized and submitted written collection records to the management, and maintained collection plans and repayment plans for follow-up collection.

DISTRIBUTABLE RESERVE

As at 30 June 2021, the Company's accumulated loss amounted to RMB635,729 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 2021.

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 2021 will be published on the Hong Kong Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.bjmedia.com.cn>).

By Order of the Board
Su Zhaohui
Chairman

Beijing, the PRC, 27 August 2021

As at the date of this announcement, the Board comprises: the executive directors of the Company, Shang Da and Liu Jia; the non-executive directors of the Company, Su Zhaohui, 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.

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