



HK Stock Code: 1000

2021 ANNUAL REPORT

Beijing Media Corporation Limited

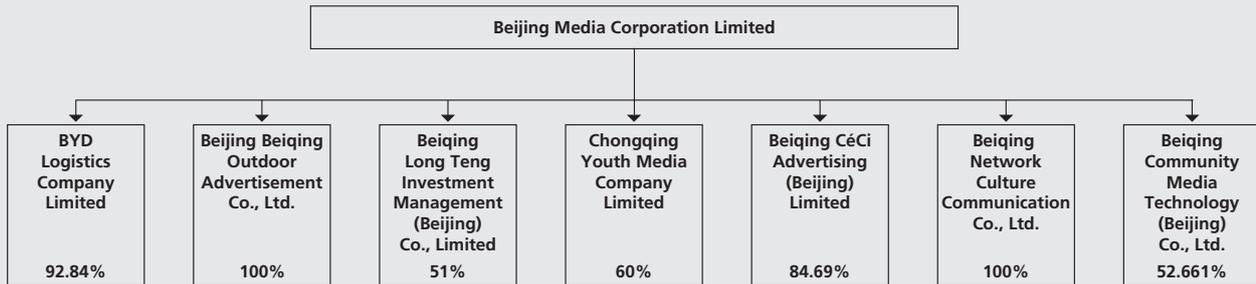
A joint stock company incorporated
in the People's Republic of China with limited liability

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COMPANY PROFILE

Beijing Media Corporation Limited (the “Company” or “Beijing Media”, together with its subsidiaries, collectively referred to as the “Group”) is one of the leading media companies in the People’s Republic of China (the “PRC”). The Group’s main advertising medium is Beijing Youth Daily. Other core businesses of the Group include the production and printing of newspapers and trading of print-related materials. The Company was listed on the Main Board of Hong Kong Stock Exchange on 22 December 2004.

COMPANY STRUCTURE (AS AT 31 DECEMBER 2021)



COMPANY WEBSITE

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2021): 197,310,000 shares
- Market Capitalisation (as at 31 December 2021): HK\$138.12 million
- Financial Year End: 31 December
- Bloomberg’s Stock Machine Search Code: 1000HKEquity
- Reuters Stock Machine Search Code: 1000.HK

AS AT 31 DECEMBER 2021**EXECUTIVE DIRECTORS**

Xu Jian (*President*) ^{Note 1}
Shang Da (*Vice President*)

NON-EXECUTIVE DIRECTORS

Su Zhaohui (*Chairman*) ^{Note 2}
Cui Ping ^{Note 3}
Jing Enji ^{Note 4}
Yang Qing
Wang Zechen ^{Note 5}

INDEPENDENT NON-EXECUTIVE DIRECTORS

Cui Enqing
Shi Hongying ^{Note 6}
Chan Yee Ping, Michael
Du Guoqing ^{Note 7}

JOINT COMPANY SECRETARIES

Shang Da
Yu Leung Fai

AUDIT COMMITTEE

Chan Yee Ping, Michael (*Chairman*)
Cui Enqing
Cui Ping ^{Note 3}

REMUNERATION COMMITTEE

Cui Enqing (*Chairman*)
Jing Enji ^{Note 4}
Du Guoqing ^{Note 7}

NOMINATION COMMITTEE

Su Zhaohui (*Chairman*) ^{Note 2}
Shi Hongying ^{Note 6}
Du Guoqing ^{Note 7}

AUTHORIZED REPRESENTATIVES

Su Zhaohui ^{Note 2}
Xu Jian ^{Note 1}

ALTERNATIVE AUTHORIZED REPRESENTATIVES

Shang Da
Yu Leung Fai

REGISTERED OFFICE

Building A, No. 23 Baijiazhuang Dongli,
Chaoyang District, Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISER

as for Hong Kong Law
DLA Piper Hong Kong
25/F, Three Exchange Square,
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Hong Kong

AUDITORS

WUYIGE Certified Public Accountants LLP
Room 1504,
Institute International Building,
No. 1 Zhichun Road,
Haidian District,
Beijing, the PRC

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Rooms 1712–1716, 17/F, Hopewell Centre,
183 Queen's Road East,
Wan Chai, Hong Kong

Notes:

1. Upon the approval at the twelfth meeting of the seventh session of the Board of the Company convened on 4 August 2021 and the 2021 First Extraordinary General Meeting of the Company convened on 25 November 2021, Mr. Xu Jian was appointed as the president of the Company and an executive Director of the seventh session of the Board of the Company respectively. At the Board meeting convened on 25 November 2021, Mr. Xu was appointed as the authorized representative of the Company. Previously, Mr. Wu Bin resigned as an executive Director and acting president of the Company on 4 August 2021. Please refer to the announcements of the Company dated 4 August 2021 and 25 November 2021 for details.
2. Upon the approval at the annual general meeting of the Company convened on 18 June 2021, Mr. Su Zhaohui was appointed as a non-executive Director of the seventh session of the Board of the Company. At the Board meeting convened on the same day, Mr. Su Zhaohui was elected as the chairman of the Board and the chairman of the Nomination Committee of the seventh session of the Board of the Company, and was also appointed as the authorized representative of the Company. Please refer to the announcements of the Company dated 28 May 2021 and 18 June 2021 for details.
3. Upon the approval at the 2021 First Extraordinary General Meeting of the Company convened on 25 November 2021, Ms. Cui Ping was appointed as a non-executive Director of the seventh session of the Board of the Company. At the Board meeting convened on the same day, Ms. Cui Ping was elected as a member of Audit Committee of the seventh session of the Board of the Company. Please refer to the announcements of the Company dated 9 October 2021 and 25 November 2021 for details.
4. Upon the approval at the 2021 First Extraordinary General Meeting of the Company convened on 25 November 2021, Mr. Jing Enji was appointed as a non-executive Director of the seventh session of the Board of the Company. At the Board meeting convened on the same day, Mr. Jing Enji was elected as a member of Remuneration Committee of the seventh session of the Board of the Company. Please refer to the announcements of the Company dated 9 October 2021 and 25 November 2021 for details.
5. Upon the approval at the 2021 First Extraordinary General Meeting of the Company convened on 25 November 2021, Mr. Wang Zechen was appointed as a non-executive Director of the seventh session of the Board of the Company. Please refer to the announcements of the Company dated 4 November 2021 and 25 November 2021 for details.
6. Upon the approval at the seventeenth meeting of the seventh session of the Board of the Company convened on 25 November 2021, Ms. Shi Hongying was elected as a member of Nomination Committee of the seventh session of the Board of the Company. Please refer to the announcement of the Company dated 25 November 2021 for details.
7. Upon the approval at the 2021 First Extraordinary General Meeting of the Company convened on 25 November 2021, Ms. Du Guoqing was appointed as an independent non-executive Director of the seventh session of the Board of the Company. At the Board meeting convened on the same day, Ms. Du Guoqing was elected as a member of Remuneration Committee and Nomination Committee of the seventh session of the Board of the Company. Please refer to the announcements of the Company dated 9 October 2021 and 25 November 2021 for details.

DEAR SHAREHOLDERS,

On behalf of the Group, I hereby present the report on the results of the Group for the year of 2021. The Group is principally engaged in sales of advertising space, printing and production of newspaper, and trading of print-related materials. The Group's principal advertising medium is Beijing Youth Daily.

On 20 May 2021, the Group was duly included in the scope of entrustment management of Capital Group, and has consecutively implemented measures including the changes of the Board, Supervisory Committee and management, as well as the amendments of the articles of association, improved the corporate governance structure and various rules and regulations, to help us to gradually transfer from public institution management system into state-owned asset management system.

In 2021, under the leadership of the new Board and management, all employees of the Group continued to overcome the adverse impact of COVID-19 pandemic, working hard together to forge ahead. As a result, the Group's operation has been promoted to improve step by step, recording a significant decrease of loss, achieving the minimum of annual loss amounts in the past five years.

In 2021, the Group actively optimized the allocation of human resources and established an enterprise operation assessment system to enhance quality and efficiency by exploring internal potentials and making up vacancies and fully integrating business sectors and business personnel.

In 2021, the Group laid a solid foundation and maintained strength, made progress while maintaining stability, accelerated to explore the direction of business transformation, made efforts to enhance its comprehensive competitiveness and endeavored to achieve good results for investors.

In 2021, the Group continued to promote management improvement, focused on addressing the previous issues, accelerated the exit of inferior companies to lay a solid foundation for enterprise development.

The Group's optimization initiatives mentioned above will have significant and profound impact on the Group's long-term, stable and positive development in the future. The Group's business in 2021 was based on the concerted efforts of the entire management teams and staff in each of our business units. The Group's key success factors were the keen insights to market opportunities and the excellent quality of our management teams and staffs. On behalf of the Shareholders and other members of the Board, I would like to express my heartfelt and sincere gratitude to the entire management teams and staffs in each of our business units.

Su Zhaohui
Chairman

25 March 2022
Beijing, the PRC

ENTRUSTED BY CAPITAL GROUP

On 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 a supplemental agreement of entrustment agreement, 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 profit 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, who was recommended by Capital Group, as the president of the Company. The new chairman and the new president have many years of experience in business management and operation of listed company, and their new assumption of duty will bring new business management concepts and management models to the Company, which will inject new vitality into development and lead to a promising prospect of the Company coupled with the support of Capital Group.

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, presensitized plate and rubber sheet to customers including commercial printers.

In 2021 the Group adhered to the strategy of “focusing on stability, innovating while maintaining stability, and seeking progress while innovating (以穩為主、穩中有試、試中求進)”, and took multiple measures simultaneously:

Firstly, the Group continued to consolidate the existing businesses and build a solid foundation for development.

The Group’s professional level of operation and management has been significantly improved since the joining of the management team of Capital Group represented by the newly appointed chairman and the president. The Group streamlined corporate structure to improve efficiency through adjusting organizational settings of functional departments including introducing professional talents to establish a legal and auditing department, preparing for the establishment of a Department of the Party and the Masses Affairs and cancelling the film and television investment department and through optimizing the organization structure of the operating department including merging the functions of the comprehensive business division and forming a service department of advertising center. The Group also improved the Company’s management procedures and amended the articles of association and adopted the OA office system. The above measures improved the Company’s efficiency and the quality of operation, and laid a solid foundation.

Secondly, the Group eliminated systematic hazards to ensure ongoing operation.

The Group actively resolved major legal disputes. In 2021, the Group completed a total of 42 lawsuits; merged the account receivable settlement function into the finance department, and made efforts to recover historical arrears; adjusted the members of the special team for liquidation and exit of inferior enterprises, implemented policies varied from different enterprises, took the leadership, promoted the exit procedure by the classification of difficulty to expedite the exit of inferior enterprises.

GROUP BUSINESS REVIEW (Continued)**Thirdly, the Group reduced cost and improved efficiency, and promoted growth by assessment.**

Through the streamlining of personnel in the operating department, adjusting redundancy and filling vacancies, improving quality and efficiency, the Company reduced the number of on-the-job employees in the advertising center from 63 to 48 in 2021, effectively reducing personnel costs and expenses; meanwhile, an enterprise-oriented operation assessment system has been established to adjust the assessment methods of the operating department and to achieve effective incentives through standardized performance assessment.

Fourthly, the Group actively explored emerging markets, planned business transformation, and chose to develop new businesses.

The new media resources such as the “Beijing Youth Daily” Mobile Client, YNET, Weibo and Wechat were fully integrated to create multi-media marketing platform; our subsidiary Beijing Community Media has deepened the field of government new media services and developed new business models; depending on the resources of Capital Group to explore outdoor advertising. In addition, it actively deployed in the fields of culture and creativity and new media digitalization and explored new businesses through capital operations.

The Group’s total operating income for 2021 was RMB187,552 thousand, representing a decrease of 13.69% as compared with the corresponding period in 2020 (2020: RMB217,291 thousand), which was mainly attributable to (1) a decrease of advertising income; (2) a decrease of paper trading income. Net loss attributable to shareholders of the Company for 2021 was RMB64,159 thousand (net loss attributable to shareholders of the Company for 2020: RMB130,176 thousand), representing a decrease of loss of 50.71% as compared with the corresponding period in 2020, which was mainly due to (1) an increase of investment income, among which RMB19,923 thousand was contributed by Runxin Dingtai Fund and RMB376 thousand by Suzhou Huaying Fund; (2) a decrease of RMB72,495 thousand from bad debt provision and asset impairment.

Advertising Business

In 2021, revenue from the Group’s advertising business was RMB82,855 thousand (RMB89,973 thousand for the corresponding period in 2020), representing a year-on-year decrease of 7.91%.

In 2021, as COVID-19 pandemic continues to have a greatly impact on the global economy, and the new media and the change of public’s reading habit influence the traditional media, the Group recorded a decrease of advertising income.

Under the severe market condition, the Company aims to the development trend of integrated media, actively adjusts product structure and expands new advertisement resources by combining the resource advantages of Capital Group and BYDA with its own resource advantages to promote business transformation. The Company mainly adopted the following measures in respect of advertising business:

1. Focusing on products, customers and services to build “three centers”

Product center, ability center and marketing center were built to be responsible for resource acquisition and product system construction, internal and external customer service and project execution, exploring new customers and expanding market; by actively expanding advertisement types and building richer product matrix, the Group constantly improved the core competitiveness in terms of video production, activity planning, operation of cultural and creative IP, operation and maintenance of new media, to develop new customers and dig out the new demand of existing customers.

GROUP BUSINESS REVIEW *(Continued)***1. Focusing on products, customers and services to build “three centers”** *(Continued)*

The Company's Advertising Center actively developed content products and developing Wechat public account, Douyin (抖音號), Today Headlines (今日頭條號)· Bai Jia (百家號) and Wechat Videos (微信視頻號) for various industries to attract more followers, interact with other parties and improve performance by way of the content-driven operation. Media Department actively expanded business channels by holding “Connection with Hong Kong (連繫香港)” themed exhibition and joining Gongmei Group's press conference of 300-day countdown to the Winter Olympics. Video Department explored to develop our Company's video account by constantly publishing quality video content and to support the Company's advertising business expansion by endeavoring to improve the ability of video production.

2. Improving the management model of business units and promoting the optimizing and upgrading of advertising income structure

The Company's advertising center focused on four business lines of real estate, finance, automobile and education, expecting to make breakthroughs in key industries to drive the overall situation and expand advantageous businesses. It has also optimized and upgraded the advertising income structure through integrating cross-industry resources, supported potential small industries to become stronger, explored new business growth points and achieved differentiated development.

The finance business unit closely followed national policies and news hotspots and drove advertising operations with news planning. It planned featured specials such as “Financial Assistance for the 14th Five-Year Plan”, effectively promoting advertising placement and increasing business performance. The real estate business unit overcame the adverse impact arising from the real estate macro-control, continued to focus on innovating content to expand the industry influence, created the “Trendsetter X Trendy Real Estate (潮人X潮盤)” brand and launched video accounts such as “Yujie Jianfang (郁姐鑒房)” and “Beiqing Pichibu (北青皮尺部)”. In addition, it explored key customers and piloted “full packaged” services, connected with government resources, integrated developers activities and held the “Lize Forum of New Financial Heights (金融新高地麗澤論壇)”. The automobile business unit constantly improved its influence over the new media field and successfully held the automotive industry awards ceremony. The education business unit, with focus on event planning, strived for new changes under the pressure of “double reduction (雙減)”, organized “Principal Forum of Youth Education (青教育)” and held “2021 Youth Education Ceremony (2021青教育盛典)”, which has effectively expanded its influence over the industry. Moreover, the comprehensive business unit has constantly enhanced the efforts to expand direct customers and secure new project resources.

3. Depending on shareholders' resources to achieve internal industry synergy

On one hand, relevant new media resources such as the “Beijing Youth Daily” Mobile Client, YNET and Wechat public account were fully integrated to create multi-media marketing platform; on the other hand, the Group kept digging out the resources of Capital Group to promote internal industry synergy, including cooperating with Langyuan of Capital Group in terms of space of site, activity planning, operation and maintenance of contents to form complementary advantages and achieve win-win cooperation.

GROUP BUSINESS REVIEW (Continued)**4. Adjusting the organization structure of the advertising business division to build a closed-loop management mechanism of “target, task, assessment and incentive”**

Firstly, the Company established a service department of advertising business division by optimizing staffing which is responsible for customer service, advertisement review, content management and administrative service to form a customer-centric service system. Secondly, the Company set up a profit-based performance appraisal system to specify performance commission ratio and cost sharing method of business staff, head of the business division and director of advertising business division, and created a marketing team with “clear rights and responsibilities, standardized operation, performance orientation, market incentives”.

The above measures can help to the gradual transformation of the Group’s key business from traditional media to new media and mobile Internet businesses, which would efficiently improve the Group’s market competitiveness and drive the whole growth of our advertising performance.

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 integrated media service business model, digging deeper into the needs of government and enterprise customers and constantly improving its activity planning and organizing capabilities to achieve the organic combination of online operation and maintenance with offline activities and the 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 enterprise customers, which has greatly increased the influence of Beiqing Community Media. Up to now, Beiqing Community Media has 21 branches across the whole urban area of Beijing, including CBD, Chaoyang, Dongcheng, Wangjing, Shunyi, Changping, Tongzhou, Daxing, Xicheng, Yizhuang, Beisan County, Yanqing and Miyun, and has published several respective newspapers of “Beiqing Community Daily”. In addition to newspapers, each of the branches and the marketing departments of Beiqing Community Media owns and cooperates with a total of 82 WeChat public accounts. At the same time, each branch also distributed news products on various new media platforms such as Douyin (抖音视频), Kuaishou (快手), Today Headlines Account (今日头条) and Sina Weibo (新浪微博), forming a strong propaganda matrix, and presenting good performance in integrated media propaganda.

In 2021, Beiqing Community Media continued to promote cooperation in government service and social organizations procurement, including (1) undertaking the cooperation with the government departments and social organizations to publish newspapers and establish publications; (2) assisting in operating WeChat official accounts; and (3) providing government with comprehensive services such as publicity and promotion, operation, development and maintenance.

In 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 offline activities, through which it has increased its popularity and recognition in the market, and achieved a win-win situation for both corporate reputation and business operation. At the same time of commercial promotion, Beiqing Community Media devoted to public welfare career, continuously creating five “Stations for National Studies” (國學書香驛站) of purely public welfare nature and are integrated Party-building, publicity with cultural education. It has benefited community residents and demonstrated its corporate responsibility by carrying out “Great Education” public welfare projects and various Party-themed activities for the community.

GROUP BUSINESS REVIEW *(Continued)***Results of Major Subsidiaries of the Group** *(Continued)*

Beijing Network Culture is a wholly-owned subsidiary of the Company. Beijing Network Culture, as a limited partner, contributed a portion to establish Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the "Fund") in 2013. Pursuant to the agreement, the Fund expired on 25 November 2021 and entered into two-year liquidation period, during which all projects the Fund will complete the exit. In 2021, the Fund distributed the exit gains for the previous investments in Jiangsu Kaimi Membrane Technology Co., Ltd., Guangdong South Lead TV & Film Co., Ltd., Jushri Technologies, Inc., Beijing TINAVI Medical Technology Co., Ltd., Beijing Yonder Environmental Energy Technology Co., Ltd. (formerly known as Beijing Yonder Environmental Technology Co.), Suzhou Koovine Environmental Protection Technology Co., Ltd. and Xi'An Bright Laser Technologies Co., Ltd.

Chongqing Media is a 60%-owned subsidiary of the Company. The current business operations of Chongqing Media are advertising and newspaper distribution. The advertising is mainly on online platforms such as WeChat, Weibo and Chongqing Headlines (重慶頭條) APP, supplemented by newspaper promotion. In 2021, Chongqing Media insisted on "stabilizing content, stabilizing operation and stabilizing talent (穩內容、穩經營、穩隊伍)" and actively explored business transformation. As a result, it achieved operating income of RMB2,688 thousand, representing an increase of 23.59% as compared with the corresponding period in 2020; its total profit was RMB-1,872 thousand, representing a decrease of loss of 51.53% as compared with the corresponding period in 2020. In terms of content, Chongqing Media continued to strengthen news report, by focusing on the 100th anniversary of the founding of Party, as well as the Two Sessions of the Nation, conducted learning, education and publicity activities of the Party History in various channels, planned more than 300 major topic-specific coverage, and set up special reports of "Striving for One Hundred Years, Starting a New Journey (奮鬥百年路·啟航新征程)" and "Focusing on the Two Sessions of the Nation (聚焦全國兩會)", attracting readers and audiences of about 25 million. In terms of operation, it timely adjusted strategies based on the market demand, spared no efforts to satisfy large customers with the publicity plan customization, and actively tried to transfer business model, facilitated to hold the "Diamond Cup" Junior Tennis Challenger of the China Tennis Open Tournament in Chongqing. In terms of talent, 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 principally engages in the businesses of printing and trading of print-related materials. In 2021, despite of the new policies issued by the country, the intense supply of resources and energy, as well as the increase of material cost, BYD Logistics has made full use of its own advantages and implemented various measures to reduce cost and improve efficiency simultaneously and achieved effective reduction of cost and expense on the basis of stabilizing businesses. On one hand, BYD Logistics accurately judged the market trends, stored inventories in advance and significantly reduced paper procurement cost; it newly engaged in paper import and procurement agency business based on the operating rights of paper import and export, which further strengthen its dual competitive advantages of sales price and market supply. At the same time, it actively cooperated with paper enterprises in Europe and Asia to ensure the diversity and stabilization of paper supply. On the other hand, following the changes of the Board of the company and the election of a new chairman, it improved its governance structure of the company and strengthened internal control to reduce operating risk. In addition, BYD Logistics 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. In December 2021, BYD Logistics had successfully won the bid of the paper materials procurement project of China Children's Press and Publishing Federation, making a breakthrough of "zero" publishing house customer. In 2021, the gross profit of BYD Logistics was RMB5,307 thousand, representing an increase of 33.17% as compared with the corresponding period of 2020. The total profit was RMB-9,701 thousand, representing a loss decrease of 82.84% as compared with the corresponding period of 2021.



GROUP BUSINESS REVIEW (Continued)

Prospects and Future Plans

In 2022, the Group will accelerate the business transformation with the resources of Capital Group, exploring and developing new business growth points and establishing a sustainable business model by “focusing on the youth, focusing on Beijing, focusing on core business and focusing on science and technology” and outward “concentric circle” expansion.

In 2022, the Group will integrate all media resources of enterprises under BYDA to create a new business landscape and develop a new growth engine.

In 2022, the Group will continue to deeply cultivate its management, improve risk control system, promote the adjustment of its organization structure and comprehensively complete enterprise informatization construction.

In 2022, the Group will enhance the talent construction, cultivate high-quality versatile talents, establish an effective incentive mechanism to strengthen the Group with talents.

In 2022, the Group will stably implement the exit of inferior companies and properly deal with the previous issues.

In 2022, the Group will, based on the strengthening of the existing businesses, grasp the opportunities arising from industry reform to create new opportunities in crisis and open a new chapter in a changing situation by trying valiantly and exploring actively, and determine to become a leading media enterprise with cross-media cultural and creative platform in China.





FINANCIAL POSITION AND OPERATIONAL RESULTS

1. Total Operating Income

Total operating income of the Group for 2021 was RMB187,552 thousand (2020: RMB217,291 thousand), representing a decrease of 13.69% as compared with 2020, of which, revenue from advertising was RMB82,855 thousand (2020: RMB89,973 thousand), representing a decrease of 7.91% as compared with 2020; revenue from printing was RMB2,921 thousand (2020: RMB2,824 thousand), representing an increase of 3.43% as compared with 2020; and revenue from trading of print-related materials was RMB96,486 thousand (2020: RMB115,256 thousand), representing a decrease of 16.29% as compared with 2020.

2. Operating Cost and Sales Tax and Surcharges

Operating cost of the Group for 2021 was RMB169,492 thousand (2020: RMB192,447 thousand), representing a decrease of 11.93% as compared with 2020, of which, cost of advertising was RMB72,599 thousand (2020: RMB75,077 thousand), representing a decrease of 3.30% as compared with 2020; cost of printing was RMB2,710 thousand (2020: RMB2,884 thousand), representing a decrease of 6.03% as compared with 2020; and cost of trading of print-related materials was RMB92,590 thousand (2020: RMB113,220 thousand), representing a decrease of 18.22% as compared with 2020. Tax and surcharges were RMB1,699 thousand (2020: RMB1,964 thousand), representing a decrease of 13.49% as compared with 2020.

3. Gross Profit

Gross profit of the Group for 2021 was RMB18,060 thousand (2020: RMB24,844 thousand), representing a decrease of 27.31% as compared with 2020; gross profit margin of the Group for 2021 was 9.63% (2020: 11.43%).

4. Selling Expenses

Selling expenses of the Group for 2021 was RMB15,556 thousand (2020: RMB13,596 thousand), representing an increase of 14.42% as compared with 2020.

5. Administrative Expenses

Administrative expenses of the Group for 2021 was RMB36,976 thousand (2020: RMB33,806 thousand), representing an increase of 9.38% as compared with 2020.

6. Financial Expenses

Financial expenses of the Group for 2021 was RMB-2,750 thousand (2020: RMB-2,144 thousand), representing an increase of 28.26% in absolute value as compared with 2020, of which, interest income was RMB2,672 thousand (2020: RMB2,219 thousand), representing an increase of 20.41% as compared with 2020; and foreign exchange gain was RMB161 thousand (2020: RMB138 thousand), representing an increase of 16.67% as compared with 2020.

FINANCIAL POSITION AND OPERATIONAL RESULTS (Continued)**7. Share of Gains of Associates**

Share of gains of associates of the Group for 2021 was RMB30 thousand (2020: loss of RMB6,241 thousand), representing an increase of RMB6,271 thousand as compared with 2020.

8. Operating Profit

Operating profit of the Group for 2021 was RMB-62,111 thousand (2020: RMB-131,542 thousand), representing a decrease of 52.78% in loss as compared with 2020.

9. Income Tax Expenses

Income tax expenses of the Group for 2021 was RMB4,694 thousand (2020: RMB4,778 thousand), representing a decrease of RMB84 thousand or 1.76% as compared with 2020. Pursuant to the "Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Cultural Public Institutions 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 structure reform before 31 December 2018 can continue to enjoy the five-year Enterprise Income Tax (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 2021 was RMB67,192 thousand (2020: net loss of RMB136,356 thousand), of which, net loss attributable to shareholders of the Company was RMB64,159 thousand (2020: net loss attributable to shareholders of the Company of RMB130,176 thousand).

11. Final Dividend

The Board did not propose a final dividend for the year 2021 (2020: Nil).

12. Net Current Assets

As at 31 December 2021, net current assets of the Group was RMB257,564 thousand (31 December 2020: RMB266,738 thousand). Current assets mainly comprised bank balances and cash of RMB264,322 thousand (31 December 2020: RMB240,221 thousand), notes receivable of RMB2,498 thousand (31 December 2020: RMB100 thousand), accounts receivable of RMB25,792 thousand (31 December 2020: RMB66,762 thousand), prepayments of RMB522 thousand (31 December 2020: RMB1,171 thousand), other receivables of RMB848 thousand (31 December 2020: RMB3,467 thousand), inventories of RMB11,942 thousand (31 December 2020: RMB13,460 thousand), and other current assets of RMB29,117 thousand (31 December 2020: RMB31,716 thousand). Current liabilities mainly comprised notes payable of RMB3,239 thousand (31 December 2020: RMB10,807 thousand), accounts payable of RMB14,748 thousand (31 December 2020: RMB13,335 thousand), contractual liabilities of RMB21,499 thousand (31 December 2020: RMB23,560 thousand), employee benefit payables of RMB6,847 thousand (31 December 2020: RMB5,887 thousand), tax payables of RMB6,085 thousand (31 December 2020: RMB4,452 thousand), other payables of RMB23,604 thousand (31 December 2020: RMB30,344 thousand), non-current liabilities due within one year of RMB61 thousand (31 December 2020: RMB218 thousand), and other current liabilities of RMB1,394 thousand (31 December 2020: RMB1,556 thousand).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2021, current assets of the Group was RMB335,041 thousand (31 December 2020: RMB356,897 thousand), including bank balances and cash of RMB264,322 thousand (31 December 2020: RMB240,221 thousand) and non-current assets of the Group was RMB392,519 thousand (31 December 2020: RMB388,550 thousand).

As at 31 December 2021, current liabilities of the Group was RMB77,477 thousand (31 December 2020: RMB90,159 thousand); and non-current liabilities was RMB4,525 thousand (31 December 2020: RMB6,792 thousand).

As at 31 December 2021, shareholders' equity of the Group was RMB645,558 thousand (31 December 2020: RMB648,496 thousand).

GEARING RATIO

As at 31 December 2021, gearing ratio of the Group was 12.70% (31 December 2020: 14.95%) (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 2021, bank loans, overdrafts and other borrowings of the Group was Nil (31 December 2020: 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 2021 was RMB18 thousand (2020: RMB138 thousand).

FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Total operating income	187,552	217,291	219,927	344,625	426,708
Net profit	(67,192)	(136,356)	(214,511)	(292,213)	(99,577)
Net profit attributable to shareholders of the Company	(64,159)	(130,176)	(196,538)	(277,310)	(85,251)
Earnings per share — basic and diluted (RMB)	(0.33)	(0.66)	(0.99)	(1.39)	(0.43)

	As at 31 December				
	2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Total assets	727,560	745,447	895,445	1,159,286	1,395,384
Total liabilities	82,002	96,951	100,448	148,694	194,810
Total equity attributable to shareholders of the Company	628,627	628,509	768,760	966,545	1,140,864
Shareholders' equity per share as at the end of the year (RMB)	3.19	3.19	3.90	4.90	5.78

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 2021)

	Number of shares	Proportion to total share capital (%)
Holder 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 of the Group for 2021 was RMB719 thousand (2020: RMB763 thousand). Capital expenditures of the Group for 2021 was mainly comprised of the expenditures consistent with business strategies including expenditures on office equipment and intangible assets.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2021, the Group did not have any contingent liabilities or any pledge of assets.

MATERIAL INVESTMENTS

As at 31 December 2021, the Company's investments in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd. account for over 5% of the Group's total assets in value. For details of such significant investments, please refer to "X.3. Equity in investment in other equity instruments" to the notes to the financial statements of the report.

Save as disclosed in this report, as of 31 December 2021, 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 subsidiaries, joint ventures, associates, etc.

FOREIGN EXCHANGE RISKS

Renminbi is the functional currency of the Group. The Group's operations conducted in the PRC are mainly settled in Renminbi. However, certain payables are settled in foreign currency (mainly HKD). Therefore, the Group 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 over long period of time so as to promote the concept of environmental protection.

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.

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.

AS AT 31 DECEMBER 2021**EXECUTIVE DIRECTORS**

Mr. Xu Jian, aged 39, is the secretary of general Party branch of the Company, an executive Director and the President of the Company. Mr. Xu successively obtained a bachelor's degree in computer science and technology from Zhejiang University and a master's degree in business administration from Guanghua School of Management of Peking University. From July 2005 to July 2013, Mr. Xu served as an engineer in the computer information department of Amway (China) Commodity Co., Ltd. and a senior manager in the underwriting and sponsoring branch in Beijing of Xiangcai Securities Co., Ltd. From July 2013 to June 2015, he served as the senior manager of the capital operation department of Beijing Capital Group Co., Ltd., and from July 2015 to January 2018, as the general manager of Chengdu Qian Feng Electronics Co., Ltd. (currently known as BAIC Blue Park New Energy Technology Co., Ltd.) (Stock Code: 600733.SH). Mr. Xu served as the assistant to general manager of the financial management department of Beijing Capital Group Co., Ltd. from February 2018 to November 2018, as the deputy general manager of the asset management department of Beijing Capital Group Co., Ltd. from December 2018 to July 2021, and has served as the president of the Company since August 2021. Mr. Xu holds a concurrent post as a director of First Capital Securities Co., Ltd. (Stock Code: 002797.SZ) since June 2021, as a director of Beijing Youth Travel Service Co., Ltd. (北京青年旅行社股份有限公司) since November 2021 and as a director of Beijing Economic Development Investment Co., Ltd. from March 2022. Mr. Xu was appointed as a Director of the Company on 25 November 2021.

Mr. Shang Da, aged 59, is the deputy secretary of general Party branch of the Company, an executive director and the vice president, the joint company secretary and the secretary to the Board. Mr. Shang obtained a bachelor's degree in trade and economics from Capital University of Economics and Business and an EMBA degree from Dongbei University of Finance and Economics. Mr. Shang has served as the secretary to the Board since 28 May 2001 and was appointed as the vice president of the Company on 13 December 2011 and joint company secretary on 19 March 2012, and has served as the chairman of BYD Logistics Company Limited since October 2021 and he also served as director and supervisor of certain subsidiaries of the Company. Mr. Shang has also been an affiliated person of Hong Kong Institute of Chartered Secretaries since 2005. Mr. Shang, by virtue of his relevant experiences, has been confirmed capable of discharging the functions of company secretary by the Hong Kong Stock Exchange in March 2015 pursuant to the Note 2 to Rule 3.28 of the Listing Rules and qualified for the position of company secretary of the Company under the Listing Rules. Mr. Shang was appointed as a Director of the Company on 30 June 2016.

NON-EXECUTIVE DIRECTORS

Mr. Su Zhaohui, aged 52, is the chairman of the Board and a non-executive Director of the Company. He is currently a member of the standing committee of the Communist Party Committee and the deputy general manager of Beijing Capital Group Co., Ltd., the chairman of Capital Securities Co., Ltd. and the chairman of Beijing Tennis Competition Marketing Co., Ltd. Mr. Su is a senior economist and holds PRC Legal Professional Qualification Certificate and Enterprise Legal Adviser Qualification Certificate. Mr. Su successively obtained a bachelor's degree in law from the department of journalism of Huazhong University of Science and Technology and a master's degree in law from the school of law of Renmin University of China. From July 1991 to August 1998, Mr. Su worked at China Golden Newspaper, serving as the director of the No. 1 editorial office and the editorial director of China Golden Newspaper. From August 1998 to January 2004, Mr. Su worked at the State Gold Administration Bureau of the State Economic and Trade Commission, serving as the deputy director of the office (office of the Communist Party Committee) of the State Gold Administration Bureau of the State Economic and Trade Commission. From January 2004 to August 2011, Mr. Su worked at China National Gold Group Corporation, serving as the director of the office (office of the Communist Party Committee), the head of the legal affairs department and the general counsel of China National Gold Group Corporation. In August 2011, Mr. Su joined Beijing Capital Group Co., Ltd., successively serving as the deputy general manager, a member of the standing committee of the Communist Party Committee and deputy general manager. From August 2017 to March 2018, Mr. Su served as a non-executive director of Beijing Capital Land Ltd. concurrently. Since January 2021, Mr. Su has served as chairman of Beijing Tennis Competition Marketing Co., Ltd. concurrently. Since September 2021, Mr. Su has served as chairman of Capital Securities Co., Ltd. concurrently. Mr. Su was appointed as a Director and the chairman of the Board of the Company on 18 June 2021.

NON-EXECUTIVE DIRECTORS *(Continued)*

Ms. Cui Ping, aged 47, is a non-executive Director of the Company, is the director of Cultural and Creative Industries Office in Beijing Capital Group Co., Ltd. She is a senior statistician and a senior economist. Ms. Cui successively obtained a bachelor's degree in economics and management of agriculture and husbandry from Beijing University of Agriculture, a master's degree in finance (including taxation) from Renmin University of China and a master's degree in consultation management and reform management from Conservatoire National des Arts et Me'tiers. Ms. Cui worked at the Beijing Municipal Bureau of Statistics from August 1997 to September 2015, successively serving as a staff member of the Population and Employment Department, deputy principal staff member, principal staff member and principal staff member and deputy director of the Monitoring and Assessment Department. Ms. Cui was the deputy general manager of the Strategic Management Department of Beijing Capital Group Co., Ltd. from September 2015 to January 2018. Ms. Cui has been the director of Cultural and Creative Industries Office in Beijing Capital Group Co., Ltd. since January 2018 and the secretary of Party Branch and the chairman of Beijing Capital Venture Investment Co., Ltd. from August 2019 to March 2022. Ms. Cui was appointed as a Director of the Company on 25 November 2021.

Mr. Jing Enji, aged 48, is a non-executive Director of the Company, director and general manager of Beijing Municipal Economic Development and Investment Company and the chairman of Beijing Youth Travel Service Co., Ltd. He is qualified as a lawyer and a Level II legal advisor for state-owned enterprises in the People's Republic of China. Mr. Jing graduated from the School of Economics and Management of North China University of Technology in 1996, majoring in Economic Law, and obtained a bachelor's degree in law. Mr. Jing joined Beijing Municipal Economic Development and Investment Co., Ltd. (formerly known as Beijing Municipal Economic Development and Investment Company) in July 1996, successively serving as the deputy manager of the asset management department, the deputy manager of the operation management department, the manager of the operation management department, the manager of the real estate development, assistant to the general manager, the deputy general manager, the executive deputy general manager, director, the general manager and the deputy secretary of the Party Committee. Mr. Jing holds a concurrent post as the chairman of Beijing Youth Travel Service Co., Ltd. since November 2021, and as the chairman of Beijing Beiqing Education and Media Co., Ltd. from January 2022. Mr. Jing was appointed as a Director of the Company on 25 November 2021.

Ms. Yang Qing, aged 38, is a non-executive Director of the Company. Ms. Yang obtained a bachelor's degree in English literature from Beijing Normal University and a master's degree of business administration from Peking University in 2005 and 2013 respectively, and graduated from Fordham University School of Law in January 2015 with a degree of master of laws of banking and financial company laws. Ms. Yang holds the Legal Professional Qualification Certificate (中國法律職業資格證). Ms. Yang served as the legal counsel of ConocoPhillips China Inc. (康菲石油中國有限公司) from June 2006 to December 2013. During May 2016 to October 2017, Ms. Yang served as the senior legal manager of Legend Holdings Corporation. Ms. Yang served as the chairman of the supervisory committee and general manager of the investment and financing department of Leshi Internet Information & Technology (Beijing) Limited from October 2017 to October 2019. Ms. Yang was appointed as a Director of the Company on 21 June 2019.

Mr. Wang Zechen (formerly known as Wang Huiyong), aged 47, is a non-executive Director of the Company. He is currently the vice president of Beijing Chengshang Cultural Communication Co., Ltd. Mr. Wang graduated from Beijing Jiaotong University in human resources management. Mr. Wang worked in the Audiovisual News Center of the Beijing Branch of Xinhua News Agency from February 2000 to December 2001 and held the positions of photographer and editor; Mr. Wang worked in Beijing Television Financial and Economic Channel from December 2001 to October 2006 and held the positions of photographer and film producer; and Mr. Wang has been serving as the vice president of Beijing Chengshang Cultural Communication Co., Ltd. since October 2006. Mr. Wang was appointed as a Director of the Company on 25 November 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cui Enqing, aged 78, is an independent non-executive Director of the Company and a senior economist. Mr. Cui graduated from the School of Economics of Peking University (one-year advanced course) in 1975 and graduated from the Party School of the Beijing Municipal Committee of the Communist Party of China with a junior college degree in economics and management in 1991. Mr. Cui had worked at the Communist Party Committee of Beijing Shijingshan District and had served as the deputy office head of district committee and the secretary of the youth league district committee, during 1965 to 1983. From 1983 to 1996, Mr. Cui served as the president of BYDA for 13 years, and also served as the deputy chairman and the manager of its operation and management committee of China Youth Newspaper Association (中國青年報刊協會). Mr. Cui also served as an adjunct professor of the School of Journalism and Communication of Renmin University of China. From 1998 to 2004, Mr. Cui served as the deputy secretary of Party Committee of Beijing Literary Federation (北京市文聯) and the standing deputy chairman and general secretary of Beijing Lao She Arts Foundation (北京老舍文藝基金會). In 2000, Mr. Cui established Beijing Star Daily (北京娛樂信報) and served as the president until 2004. Mr. Cui was appointed as a Director of the Company on 15 May 2013.

Ms. Shi Hongying, aged 49, is an independent non-executive Director of the Company. She obtained a bachelor's degree majoring in law and a master's degree majoring in law education from the Capital Normal University in July 1995 and July 2004 respectively and obtained the National Lawyer Qualification Certificate in 1998. Since July 1995, Ms. Shi has successively served in the Communist Youth League Committee, the Office of the Communist Party Committee and the Publicity Department of the Communist Party Committee of the Capital Normal University. She was transferred to the teaching position from January 2007 and now serves as an associate professor of the Capital Normal University. Ms. Shi served as a people's juror in the People's Court of Haidian District, a part-time lawyer at Beijing Zhenghai Law Firm (北京市正海律師事務所) and Beijing Yingdao Law Firm (北京市英島律師事務所) and currently works as a part-time lawyer at Beijing Yinghong Law Firm (北京英弘律師事務所). Ms. Shi also currently works as the director of the Professional Committee for Prevention and Defense of Work-Related Crime and the deputy director of the Rights and Interest Safeguarding Committee to Beijing Lawyers Association, a member of the Criminal Matters Committee and Right Protection Center to All China Lawyers Association, a managing director of the Legal Literature Research Institution, a special-term researcher of the Law Studies Research Institution to China Law Society, an expert of Civil Administrative Prosecution Expert Consultation Network of the Supreme People's Procuratorate and a member of the Experts Group of Litigation Service Center of the Supreme People's Court of PRC and other social positions. Ms. Shi was appointed as a Director of the Company on 21 June 2019.

Mr. Chan Yee Ping, Michael, aged 45, is an independent non-executive Director of the Company. He has more than twenty years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. He graduated from The Hong Kong Polytechnic University with an honour bachelor's degree in accountancy. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is a director of MCI CPA Limited, a certified public accountant firm in Hong Kong. He is currently serving as an independent non-executive director for three companies whose shares are listed on the Hong Kong Stock Exchange, namely China Sandi Holdings Limited (Stock Code: 910), China Wah Yan Healthcare Limited (formerly named as China Renji Medical Group Limited) (Stock Code: 648) and StarGlory Holdings Company Limited (formerly named as New Wisdom Holding Company Limited) (Stock Code: 8213). Mr. Chan has been serving as the company secretary of China Sunshine Paper Holdings Company Limited (Stock Code: 2002) since 2013. Since 2012, he also has been serving as a company secretary of another company whose shares are listed on the Main Board of the Hong Kong Stock Exchange, namely Northeast Electric Development Company Limited (Stock Code: 0042). From September 2017 to December 2018, Mr. Chan served as an independent non-executive director of Prosper One International Holdings Company Limited (Stock Code: 1470); and from November 2018 to February 2021, he also served as an independent non-executive director of Champion Alliance International Holdings Limited (Stock Code: 1629), shares of these two companies are listed on the Main Board of the Hong Kong Stock Exchange. Mr. Chan was appointed as a Director of the Company on 19 June 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Ms. Du Guoqing, aged 50, is an independent non-executive Director of the Company. She is currently a tutor of postgraduate and doctoral students as well as the director of Institute of Advertiser under the Advertising School of Communication University of China. Ms. Du successively obtained a bachelor's degree of education in Chinese Linguistics and Literature from Hebei Normal University (formerly known as Hebei Normal College), a master's degree in journalism and a doctoral degree of advertising from Communication University of China (formerly known as Beijing Broadcasting Institute). Ms. Du worked in Hebei Normal College from 1998 to 2003 and has been working in Communication University of China since 2003. During the period, Ms. Du has served as the director of Institute of Advertiser of Communication University of China since 2002, and served as the editor-in-chief of MARKET OBSERVER — Advertiser (《市場觀察 — 廣告主》) by China Enterprise Confederation from 2002 to 2007, a researcher of the headquarter of Dentsu Group (4324.TYO) in Tokyo, Japan from January 2010 to March 2010, the deputy director and director of the Public Relation Department under Communication University of China from 2010 to 2018. Ms. Du is currently the editor-in-chief of New Trend (《新趨勢》), an executive member of Advertising Artistic Committee of China TV Artists Association, a member of Law and Ethics Committee of China Advertising Association, a member of Academic Committee of China International Public Relations Association, an expert judge of Dentsu • China Advertising Talent Training Fund project, and a distinguished expert of the Asia Media Research Centre of Communication University of China and of the National Image Research Center of Tsinghua University. Ms. Du was appointed as a Director of the Company on November 25, 2021.

SUPERVISORS

Mr. Liu Huibin, aged 46, holds of master's degree and is the chairman of the Supervisory Committee of the Company. He is currently the General Counsel and General Manager of the Law Department in Beijing Capital Group Co., Ltd., the chairman of the Supervisory Committee in Beijing Capital Financial Asset Trading and Information Services Company Limited (北京首創金融資產交易信息服務股份有限公司), and a supervisor of Beijing Capital Eco-Environment Protection Group Co., Ltd. (600008.SH). Mr. Liu holds the qualifications of law of the People's Republic of China and enterprise legal adviser. Mr. Liu successively served as an assistant to the judge of court and a partner lawyer of a law firm. Mr. Liu joined Beijing Capital Group Co., Ltd. in August 2013, successively serving as the deputy general manager and general manager as well as the general counsel of the Law Department, the chairman of the Supervisory Committee in Beijing Capital Financial Asset Trading and Information Services Company Limited from March 2016 to March 2022 and a supervisor of Beijing Capital Eco-Environment Protection Group Co., Ltd. (600008.SH) since January 2020. Mr. Liu was appointed as a Supervisor and the chairman of the Supervisory Committee of the Company on 25 November 2021.

Ms. Li Xiaomei, aged 48, is a Supervisor of the Company and is currently a deputy manager (manager level) of the enterprise development department of China Satellite Communications Co., Ltd., and is a researcher. Ms. Li obtained a master's degree in management science and engineering from the Graduate School of Xi'an University of Technology. From May 1999 to February 2008, Ms. Li worked for China Academy of Space Technology and served successively as an engineer of the materials department, an engineer of the asset operation department, the deputy director of the operation and investment office of the operation and development department and the principal of the operation and investment office of the civil-use industry department. From February 2008 to July 2021, Ms. Li worked for China Spacesat Co., Ltd. and served successively as the deputy general manager and the general manager of the development planning department, the general manager of the investment management department and the president assistant. Since July 2021, Ms. Li has joined China Satellite Communications Co., Ltd. as a deputy manager (manager level) of the enterprise development department. Ms. Li was appointed as a Supervisor of the Company on 25 November 2021.

Ms. Wang Sisi, aged 36, is a Supervisor of the Company. Ms. Wang graduated from North China University of Technology with a master's degree in law. She worked in the Urban Management Commission of Beijing Dongcheng District from October 2008 to June 2013; she successively served as the head of general manager office, manager assistant of the safety management department, director assistant of the general manager office and other positions in Beijing Exhibition Center Group Co., Ltd. from June 2013 to December 2018; she joined the Company in January 2019 and has successively served as the deputy manager of administrative department and deputy director of the board office. Ms. Wang was elected as a Supervisor of the Company on 28 May 2020.

SENIOR MANAGEMENT

Mr. Xu Jian, is the president of the Company. For details of the biographical information of Mr. Xu, please refer to the profile of executive Director above.

Mr. Du Min, aged 53, is the executive vice president of the Company. Mr. Du graduated in 1991 from Renmin University of China with a bachelor's degree in law. Mr. Du attended a master's program of journalism at Renmin University of China from 1993 to 1995, graduated from Wuhan University in 2013 with a doctoral degree. Mr. Du held a number of different positions such as editor, reporter and department head of China Business Times from July 1991 to July 1995. Mr. Du became the vice president and the deputy chief editor of China Business starting from August 1995. In September 1998, Mr. Du joined the America International Data Group's branch in China as a vice president. Mr. Du then served as the vice president of Shanghai Meining Computer Software Company Limited from July 2000 to September 2002 and became the general manager of the Company in December 2002. Mr. Du was an executive Director from 30 December 2002 to 7 June 2010. Mr. Du was appointed as the executive vice president of the Company in October 2004.

Mr. Shang Da, is the vice president of the Company. For details of the biographical information of Mr. Shang, please refer to the profile of executive Director above.

Ms. Hou Hui, aged 36, is the deputy chief accountant and head of finance of the Company. Ms. Hou graduated from Beijing Information Science and Technology University, majoring in technology economics and management with a master's degree in management and is an intermediate accountant. From September 2011 to December 2013, Ms. Hou served as a pre-sales consultant for the Industry Department Four of the Beijing branch of Yonyou Network Technology Co., Ltd. (formerly known as Yonyou Software Co., Ltd.) (Stock Code: 600588.SH); from December 2013 to December 2021, Ms. Hou successively served as staff, assistant to general manager and deputy general manager of the finance and accounting department of Capital Environmental Holdings Limited (Stock Code: 03989.HK), during which time Ms. Hou also served as chief financial officer and director of several subsidiary project companies concurrently. Ms. Hou was appointed as the Deputy Chief Accountant, Head of Finance of the Company on 16 December 2021.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present the annual report and the audited consolidated financial statements for the year ended 31 December 2021.

ISSUE AND LISTING OF SHARES

The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2004. Under the Hong Kong public offering and international placing, 54,901,000 shares (including 7,161,000 over-allotment shares) were issued at an offer price of HKD18.95 per share.

The highest and lowest trading prices of the Company's H Shares per share were HKD0.92 and HKD0.56 respectively for the year ended 31 December 2021. On 31 December 2021 (the last trading day in 2021), the transaction volume was 0 share and the closing price was HKD0.7 per share.

ACCOUNTS

Financial position of the Group as at 31 December 2021 is set out on pages 74 to 75 of the consolidated balance sheet.

Results of the Group for the year ended 31 December 2021 are set out on pages 76 to 77 of the consolidated income statement.

Cash flows of the Group for the year ended 31 December 2021 are set out on pages 78 to 79 of consolidated cash flow statement.

Changes in equity of the Group for the year ended 31 December 2021 are set out on page 80 of the consolidated statement of changes in shareholders' equity.

PRINCIPAL BUSINESS

The Group is principally engaged in the sales of advertising space, production and printing of newspapers and trading of print-related materials. Details of the business of the Company's principal subsidiaries are set out in Note X. "Disclosure of Interests in Other Entities" to the financial statements. Discussion on major risks and uncertainties faced by the Group and discussions in respect of the possible future development of business of the Group, are included in the sections headed "Management Discussion and Analysis" and "Corporate Governance Report" of this annual report.

DIVIDEND

The Company has formulated a set of dividend policies to provide shareholders with stable dividends, which set out the principles and guidelines for declaring, paying or distributing the Company's profits to shareholders as dividends. In accordance with the Company Law and the Articles of Association, all shareholders are entitled to equal dividends and distribution rights. The Company's payment of dividends is determined by the Board at its discretion after considering the following factors, including the Company's financial position, and subject to the approval from shareholders:

- a. The Company's actual financial performance and expected financial performance;
- b. The Group's debt-to-equity ratio, return on share capital and financial contractual commitments;
- c. Undistributed profits and distributable reserves of the Company and each member of the Group;
- d. The Group's demand for expected working capital and its future strategic plans;

DIVIDEND (Continued)

- e. Tax considerations;
- f. Possible impact on the Company's reputation;
- g. Legal and regulatory restrictions; and
- h. Any other factors that the Board may consider relevant.

The Board did not propose the payment of a final dividend for the year ended 31 December 2021.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2021, the total purchase by the Group from its five largest suppliers was RMB84,339 thousand (2020: RMB123,644 thousand), accounting for 49.76% of its total purchase for the year of 2021 (2020: 64.25%); and the purchase from the largest supplier was RMB24,280 thousand (2020: RMB65,285 thousand), accounting for 14.33% of its total purchase for the year of 2021 (2020: 33.92%). One of the five largest suppliers is related party of the Company; the cooperation term ranges from one year to twenty years, and the credit term for purchase of products generally ranges from 30 days to 90 days.

During the Reporting Period, the total sales by the Group to its five largest customers was RMB62,144 thousand (2020: RMB94,409 thousand), accounting for 33.13% of its total sales for the year of 2021 (2020: 43.45%); and the amount of sales to the largest customer was RMB28,623 thousand (2020: RMB38,248 thousand), accounting for 15.26% of its total sales for the year of 2021 (2020: 17.60%). None of the five largest customers is related party of the Company; the cooperation term ranges from one year to twenty years, and the agreed credit term generally does not exceed 30 days.

Among the above, the amount of purchase by the Group from BYDA, the controlling shareholder, and its subsidiaries during the Reporting Period was RMB12,881 thousand. Besides, as far as the Directors are aware, none of the Directors, their close associates nor Shareholders holding more than 5% of the Company's issued shares has any interest in the Group's five largest suppliers or customers.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2021, the subsidiaries of the Company included BYD Logistics, Beiqing Long Teng, Beiqing CéCi, Beiqing Network Culture, Beiqing Community Media, Beiqing Outdoor, Chongqing Media and CHONGQING YOUTH (AMERICA) LLC.

As at 31 December 2021, the associates of the Company included Beiqing Top, Beijing Leisure Trend Advertising Company Limited, Beijing Shengyi Automobile Technology Service Co., Ltd. (formerly known as Beijing Beiqing Shengda Automobile Service Company Limited), Beijing Beisheng United Insurance Agency Co., Ltd., BY Time Consulting Co., Ltd., Hebei Jujingcai E-commerce Company Limited, Chongqing Soyang Internet Technology Co., Ltd., BIAC and Beijing Shangyou Network Technology Co., Ltd.

For details of principal subsidiaries, joint ventures and associates of the Company, please refer to Note X. "Disclosure of Interests in Other Entities" to the Financial Statements in this annual report.

RESERVES

The change in reserve during the Reporting Period is set out in the consolidated statement of changes in Shareholders' equity on page 80 of this annual report. According to the Company Law and the Articles of Association, reserves consist of capital reserves, surplus reserves and undistributed profits.

FIXED ASSETS

The changes in investment properties and fixed assets during the Reporting Period are set out in Note VIII.11. "Investment properties" and VIII.12. "Fixed assets" to the Financial Statements in this annual report, respectively.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBER OF SHAREHOLDERS

As at 31 December 2021, the total number of shares issued by the Company was 197,310,000 shares. The Shareholders of the Company include BYDA, Beijing Chengshang Cultural Communication Co., Ltd., China Telecommunication Broadcast Satellite Co., Ltd., Beijing Development Area Ltd., Sino Television Co., Ltd. and public Shareholders of H Shares, holding 124,839,974 Domestic Shares, 7,367,000 Domestic Shares, 4,263,117 Domestic Shares, 2,986,109 Domestic Shares, 2,952,800 Domestic Shares and 54,901,000 H Shares respectively, representing 63.27%, 3.73%, 2.16%, 1.52%, 1.50% and 27.82% of the Company's total share capital, respectively.

Class of Shares	Number of issued shares	Percentage	Number of Shareholders*
Domestic Shares	142,409,000	72.18%	5
H Shares	54,901,000	27.82%	292
Total	197,310,000	100%	297

* The above-mentioned percentage figures are based on the records in the Company's register of members as at 31 December 2021.

PUBLIC FLOAT

Based on the public information available to the Company and to the knowledge of the Directors, up to the date of this report, the public float of the Company maintained above 25% of the Company's issued shares as required under Rule 8.08 of the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, so far as the Directors, Supervisors and chief executives of the Company are aware of, 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 SFO, the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES (Continued)

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

The 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 knowledge of the Directors, Supervisors and chief executives of the Company, as at 31 December 2021, there was no other person (other than Directors, Supervisors or chief executives of the Company) with interests and/or short positions in shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Mr. Su Zhaohui and Ms. Cui Ping, the Directors, and Mr. Liu Huibin, the Supervisor, also work for Capital Group; Mr. Wang Zechen, the Director, also works for Beijing Chengshang Cultural Communication Co., Ltd. Save as disclosed above, as at 31 December 2021, none of the other Directors or Supervisors works in another company which held an interest or short position in the shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

ULTIMATE CONTROLLING SHAREHOLDER

BYDA is the ultimate controlling shareholder of the Company. As at 31 December 2021, BYDA owned 63.27% equity interest in the Company. Capital Group has obtained the voting rights attached to such shares held by BYDA in accordance with the entrust management arrangement between BYDA and its beneficial owner on 20 May 2021.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of no more than three years.

None of the Directors or Supervisors has entered into or proposed to enter into any service contract with any member of the Group which cannot be terminated by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY PROVISION

The Company maintained Directors liability insurance for Directors to protect them from all costs, charges, losses, expenses and liabilities incurred in the execution and discharge of their duties or related thereto pursuant to the applicable laws and within the scope of Director's liability insurance. Such provisions were in force during the year ended 31 December 2021 and remain in force as of the date of this report.

DIRECTORS' AND SUPERVISORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, during the Reporting Period, neither the Company nor any of its subsidiaries has entered into any transaction, arrangement or contract (which is effective during or at the end of the Reporting Period) of significance to the business of the Company or its controlling companies, subsidiaries and fellow subsidiaries in which any Director or Supervisor or their respective connected entities had material interests.

MANAGEMENT CONTRACT

During the Reporting Period, the Company had not entered into nor there was any contract which was related to the management or administration of the overall business or a material part of the business of the Company.

DIRECTORS' AND SUPERVISORS' RIGHT IN THE SUBSCRIPTION OF SHARES OR DEBENTURES

During the reporting period, no agreement or arrangement was entered into by the Company, the Company's holding company, a subsidiary or fellow subsidiary of the Company to enable the directors and supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any related corporation of the Company.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the emoluments of Directors, Supervisors and senior management are set out in Note VIII.48. "Remuneration of Directors, Supervisors and Employees" to the Financial Statements.

The Directors and Supervisors who also serve in BYDA ceased to receive remuneration from the Company since 1 July 2014.

The Directors and Supervisors of the Company who serve in Capital Group and its subsidiaries do not receive remuneration from the Company.

Mr. Zhao Meng, a former Supervisor of the Company (resigned on 25 November 2021), voluntarily waived to receive remuneration from the Company on 5 September 2018. Save as disclosed above, during the Reporting Period, there was no arrangement whereby any other Director or Supervisor of the Company waived to receive the remuneration from the Company.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2021, none of Directors, Supervisors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (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 and 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 entered into the register referred to therein, or 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 AND REDEMPTION OF THE LISTED SECURITIES

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.

CHANGES IN MEMBERS OF THE BOARD AND SUPERVISORY COMMITTEE

On 18 June 2021, as Beijing Youth Daily Agency, a controlling shareholder of the Company, has entrusted the Capital Group to manage the Company, Mr. Ji Chuanpai, as a Director recommended by BYDA, resigned from the positions as an executive Director, chairman of the Board, chairman of the Nomination Committee of the Board, authorized representative of the Company and all his other positions in the Group. Upon approval at the annual general meeting of the Company held on the same day, Mr. Su Zhaohui was appointed as a non-executive Director of the seventh session of the Board of the Company. At the Board meeting held on the same day, Mr. Su Zhaohui was elected as the chairman of the Board and chairman of the Nomination Committee of the Company. Mr. Su Zhaohui was also appointed as the authorized representative of the Company on the same day. For details, please refer to the announcements of the Company dated 28 May 2021 and 18 June 2021.

On 4 August 2021, due to job changes, Mr. Wu Bin resigned from the positions as an executive Director, acting president, authorized representative of the Company and all his other positions in the Group. For details, please refer to the announcement of the Company dated 4 August 2021. Upon approval at the twelfth meeting of the seventh session of the Board held on the same day and the 2021 First Extraordinary General meeting of the Company held on 25 November 2021, Mr. Xu Jian was appointed as the president of the Company and an executive Director of the seventh session of the Board of the Company respectively. Mr. Xu Jian was also appointed as the authorized representative of the Company on 25 November 2021. For details, please refer to the announcements of the Company dated 4 August 2021 and 25 November 2021.

On 25 November 2021, due to work arrangements, Ms. Liu Jia resigned as an executive Director and authorized representative of the Company. Due to personal family reasons, Mr. Chen Ji resigned as an independent non-executive Director of the Company. Due to job changes, Mr. Wu Changqi resigned as an independent non-executive Director of the Company. Upon the approval by the Shareholders at the 2021 First Extraordinary General Meeting of the Company held on the same day, Ms. Cui Ping, Mr. Jing Enji and Mr. Wang Zechen were appointed as non-executive Directors of the seventh session of the Board of the Company, and Ms. Du Guoqing was appointed as an independent non-executive Director of the seventh session of the Board of the Company, and Mr. Sun Fang was dismissed as a non-executive Director of the seventh session of the Board of the Company. At the Board meeting held on the same day, Ms. Cui Ping was appointed as a member of Audit Committee of the seventh session of the Board of the Company, and Mr. Jing Enji was appointed as a member of Remuneration Committee of the seventh session of the Board of the Company, and Ms. Shi Hongying was appointed as a member of Nomination Committee of the seventh session of the Board of the Company, and Ms. Du Guoqing was appointed as a member of Remuneration Committee and Nomination Committee of the seventh session of the Board of the Company respectively. For details, please refer to the announcements of the Company dated 9 October 2021, 4 November 2021 and 25 November 2021.

CHANGES IN MEMBERS OF THE BOARD AND SUPERVISORY COMMITTEE *(Continued)*

Save as disclosed above, there was no change in the members of the Board and the Supervisory Committee during the Reporting Period and up to the date of this report.

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 two independent non-executive Directors and one non-executive Director.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management of the Company. In addition, the Audit Committee has discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including reviewing the audited consolidated financial statements of the Group for the year of 2021 without dissenting opinions.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the PRC laws or the Articles of Association, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2021, the bank borrowings of the Group were Nil.

CONNECTED TRANSACTIONS

Connected transactions of the Group during the Reporting Period are set out as follows:

Transactions — Non-exempt Connected Transactions**1. Non-competition Agreement**

The Company entered into a non-competition agreement with BYDA on 8 December 2004, pursuant to which, BYDA agreed and procured its subsidiaries and associates not to engage, invest, involve, participate in or own any business which would compete with the business of the Company and granted the Company a pre-emptive right and an option to acquire from BYDA the retained business and certain future business.

During the Reporting Period, no decision was made by the Directors (including the independent non-executive Directors) to exercise or to waive the option and/or pre-emptive right.

2. Mutual Property Tenancy Agreement

The Company renewed the mutual property tenancy agreement with BYDA on 12 November 2018 for a term from 1 January 2019 to 31 December 2021. Pursuant to the mutual property tenancy agreement, BYDA agreed to lease from the Company the whole of 5th floor, the floor area of 622.5 square meters on 8th floor, the whole of 19th floor, and the whole of 23rd floor of the Beijing Youth Daily Agency Building amounting to a total floor area of 2,962.5 square meters; whereas the Company agreed to lease from BYDA the whole of 7th floor of the Beijing Youth Daily Agency Building amounting to a total floor area of 830 square meters.

CONNECTED TRANSACTIONS *(Continued)***Transactions — Non-exempt Connected Transactions** *(Continued)***2. Mutual Property Tenancy Agreement** *(Continued)*

Pursuant to the mutual property tenancy agreement, the annual rental of RMB6,812,268.75 payable by BYDA throughout the tenancy period is calculated based on a daily rental of RMB6.3 per square meter which remains the same during the period of the three years ended 31 December 2021. Pursuant to the mutual property tenancy agreement, the annual rental of RMB6,000,000 payable by the Company throughout the tenancy period is calculated based on a daily rental of RMB6.3 per square meter which remains the same during the period of the three years ended 31 December 2021. For details, please refer to the announcement of the Company dated 12 November 2018.

BYDA is the controlling Shareholder of the Company, and therefore a connected person of the Company under the Listing Rules.

During the Reporting Period, the annual cap for rental payable by BYDA to the Company was RMB6,812,268.75, while the actual rental received by the Company from BYDA was RMB3,680,861.69. The annual cap for rental payable by the Company to BYDA was RMB6,000,000, while the actual rental paid by the Company to BYDA was RMB1,684,516.65.

3. Advertising Agency Framework Agreement

The Company and BYDA renewed the advertising agency framework agreement on 12 November 2018 for a term of three years with effect from 1 January 2019 to 31 December 2021. Upon expiry, the advertising agency framework agreement will, subject to compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of three years. Pursuant to the advertising agency framework agreement, (1) BYDA shall authorize the Group to act as the advertising agent of BYDA Group to sell advertising space in the journals or media and the emerging media resources in the possession of or represented by BYDA Group (excluding Beijing Youth Daily) and to provide related services; and (2) the Company shall authorize BYDA Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media and the emerging media resources in the possession of or represented by the Group and to provide related services. Under the advertising agency framework agreement, the price shall be determined in accordance with the contract price agreed by the Company and BYDA, which shall be no less favorable to the Company than those available to independent third parties. The contract price shall be determined after arm's length negotiations between the Company and BYDA according to unit price set out in the standard advertising price lists of the Company (subject to applicable discounts: generally at around 30%–50% discount which is also applicable to independent third parties and thus no less favorable than discount available to independent third parties, and the specific discount is determined also with reference to the industry nature, market circumstances, placement position and publishing time, etc.), actual placement quantity, size and other factors. The standard price lists of the Company and BYDA are determined with reference to the placement size, placement position and the placement color (color or black and white) and are disclosed on the advertising rate card formulated and published by the Company and BYDA in that year, respectively. The aforesaid standard price lists of the Company and BYDA are also applicable to advertising agency agreements with other independent third parties. The Company believes that the standard price list is fair and reasonable, and on normal commercial terms. The consideration under the advertising agency framework agreement is payable by cash in a lump sum or by installments according to the specific and separate implementation agreements and funded by the relevant party's internal resources. For details, please refer to the announcements of the Company dated 12 November 2018 and 27 February 2019.

CONNECTED TRANSACTIONS *(Continued)***Transactions — Non-exempt Connected Transactions** *(Continued)***3. Advertising Agency Framework Agreement** *(Continued)*

BYDA is the controlling Shareholder of the Company and therefore BYDA Group is a connected person of the Company under the Listing Rules.

During the Reporting Period, the annual cap of advertising fee payable by BYDA Group to the Group was RMB5,000,000 and the actual amount paid was RMB471,698.12. The annual cap of advertising fee payable by the Group to BYDA Group was RMB16,000,000 and the actual amount paid was RMB9,950,749.66.

On 12 November 2021, the Company and BYDA renewed advertisement agency framework agreement for a term of three years from 1 January 2022 to 31 December 2024. Pursuant to the renewed advertisement agency framework agreement, the annual caps in respect of the advertising fee payable by the Group to BYDA Group for each of the three years ending 31 December 2024 are RMB16,000,000. For details of the transaction, please refer to the announcements of the Company dated 12 November 2021 and 15 December 2021.

4. Advertising Business Agreement

The Company and BYDA entered into the advertising business agreement and the supplemental agreement of advertising business agreement on 7 December 2004 and 9 April 2010, respectively. Pursuant to such agreements, BYDA agreed to grant exclusive rights to the Company to operate the advertising business in respect of the Beijing Youth Daily for a duration of 30 years from 1 October 2004 to 30 September 2033, which will automatically be renewed upon expiry, subject to compliance with the requirements of the Listing Rules. The rights granted include the right to sell all of the advertising space in Beijing Youth Daily, and the Company is entitled to all revenue from such sales. As consideration, the Company will: (a) be responsible for the printing, including printing costs and the choice of newsprint of Beijing Youth Daily; (b) pay BYDA a fee representing 16.5% of the total advertising revenue generated from Beijing Youth Daily or such figure or formula as agreed by parties in the future; and (c) allocate to BYDA up to 360 pages per year of advertising space in Beijing Youth Daily for publicity announcements and notices per year (provided that the advertising space allocated will not exceed 9% of the total advertising space of the paper in each issuance), for which no fee will be paid by BYDA. The consideration under the advertising business agreement is payable by cash on a monthly basis according to the advertising business agreement and funded by the Company's internal resources. For details, please refer to the announcement of the Company dated 12 November 2018.

BYDA is the controlling Shareholder of the Company, and therefore a connected person of the Company under the Listing Rules.

During the Reporting Period, the annual cap for fees payable by the Company to BYDA was RMB13,500,000, and the actual fees paid were RMB2,930,622.49.

On 12 November 2021, the Company determined the annual caps for each of the three years ending 31 December 2024 on 12 November 2021. The updated annual caps in respect of the continuing connected transactions under the Advertisement Business Agreement to be RMB8,000,000. For details, please refer to the announcements of the Company dated 12 November 2021 and 15 December 2021.

CONNECTED TRANSACTIONS *(Continued)***Transactions — Non-exempt Connected Transactions** *(Continued)***5. Printing Framework Agreement**

BYD Logistics and BYDA renewed the printing framework agreement on 12 November 2018 for a term from 1 January 2019 to 31 December 2021. Upon expiry, the printing framework agreement will, subject to the relevant requirements under the Listing Rules and the agreement of the parties, be renewed for a further term of three years. Pursuant to the printing framework agreement, BYD Logistics has agreed to provide printing services and printing materials to BYDA in respect of the relevant newspapers and magazines of BYDA (excluding Beijing Youth Daily) and other newspapers and magazines of BYDA which may be introduced by it from time to time. Under the printing framework agreement, the price shall be determined in accordance with the following pricing principles: 1) the relevant market price, which is determined by reference to the prevailing market prices for comparable services which are available at arm's length and provided by at least two independent service providers located in the same region or surrounding areas thereof; and 2) where there is no relevant market price, then the contracted price agreed by both parties shall be determined on the basis of reasonable cost plus reasonable profit margin: a) the reasonable cost shall be determined by reference to the operation cost and labor cost of the products and/or services provided by BYD Logistics, and the payback period; and b) the expected profit margin shall be not less than 13%, which is line with the industry and not lower than the profit rate charged to independent third parties by BYD Logistics. The above-mentioned range of profit is determined by reference to the profit margin of the prevailing market and the then market for the products and/or services as contemplated thereunder, the average profit margin in the related industry, and/or the overall profit margin of the BYD Logistics in the past years. The considerations under the printing framework agreement are payable by installments pursuant to the agreed payback period and according to the specific and separate implementation agreements and funded by the relevant party's internal resources. For details, please refer to the announcement of the Company dated 12 November 2018.

BYDA is the controlling Shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the Reporting Period, the annual cap for fees payable by BYDA to BYD Logistics was RMB13,000,000 and the actual fees paid were RMB773,052.78.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the year ended 31 December 2021 have followed the pricing principles of such continuing connected transactions.

The Directors (including the independent non-executive Directors) have confirmed to the Board that, after reviewing item 2 to item 5 in the above continuing connected transactions, that these transactions were: (A) entered into during the usual and ordinary course of business of the Group; (B) based on normal commercial terms or better terms; and (C) based on agreements regulating relevant transactions, on fair and reasonable terms, in the interests of the Company and the Shareholders as a whole and have not exceeded any cap for the aforesaid transactions.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with No. 3101 of the Chinese Institute of Certified Public Accountants Other Verifying Business Standards — Verifying Businesses Other Than the Audit or Review of Historical Financial Information issued by the Ministry of Finance of the PRC and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group above pursuant to Rule 14A.56 of the Listing Rules, that (i) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board; (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that

CONNECTED TRANSACTIONS *(Continued)***Transactions — Non-exempt Connected Transactions** *(Continued)*

the transactions were not, in any material respect, in accordance with the pricing policies of the Group; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in any material respect, in accordance with the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the amount of each of the continuing connected transactions has exceeded the annual cap set by the Company. A copy of the auditor's letter on continuing connected transactions has been provided by the Company to the Hong Kong Stock Exchange.

Save as disclosed above, there is no related party transaction or continuing related party transaction included in Note XII. "RELATED PARTIES AND RELATED TRANSACTIONS" to the Financial Statements that constitutes a disclosable connected transaction or continuing connected transaction under the Listing Rules. During the Reporting Period, the Company has complied with Chapter 14A of the Listing Rules in respect of the disclosure of its connected transactions and continuing connected transactions.

6. Personnel Service Agreement

On 12 November 2021, the Company and BYDA entered into the personnel service agreement for a term commencing from 1 January 2022 and ending on 31 December 2022. Pursuant to the personnel service agreement, BYDA will assign employees to the Company to provide services to the Company. The service fees paid by the Company to BYDA under the personnel service agreement are determined based on the salary (or remuneration) of the assigned employee during the period of providing services to the Company and other taxes and fees. The relevant arrangements for service fees are fair and reasonable, and as far as the Company is concerned, shall be on terms that are no less favorable to the Company than those available to or from independent third party under the same conditions. The total service fees paid by the Company to BYDA Group during the validity period of the agreement shall not exceed RMB2,300,000, including the post salary and performance salary of the assigned employee, wherein the post salary is fixed and accounts for 40% of the total salary (or remuneration), including basic salary, qualification salary, five social insurances and housing provident fund and welfare subsidies; and performance salary is a floating salary which accounts for 60% of the total salary (or remuneration), and is implemented in accordance with the performance appraisal system of each department of the Company. The annual cap in 2022 for the transactions contemplated under the Personnel Service Agreement is RMB2,300,000.

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

During January 2018 to March 2019, the Group provided 13 loans totaling to RMB333.2 million to BYDA Group and 7 loans totaling RMB220 million to an associate company, which did not comply with the announcement, circular, shareholders' approval, written agreement and reporting requirements under Chapters 13, 14 and 14A of the Listing Rules. The Company has ratified the above loans and collected all principals and accrued interests, and took a series measures to strengthen its internal control. For details, please refer to the announcements of the Company dated 22 April 2019 and 24 June 2019 and 2019 and 2020 annual report of the Company.

On 10 February 2022, the Hong Kong Stock Exchange took disciplinary action against the Company and 22 Directors and Supervisors in relation to the above transactions, including censures to the Company, imposing a prejudice to investors' interests statement against 3 former Directors, censures to 17 former Directors and Supervisors and current Directors Mr. Shang Da and Mr. Cui Enqing, and directions to the relevant directors to complete 24 hours of training on regulatory and legal topics including Listing Rule compliance. Mr. Shang Da and Mr. Cui Enqing have completed the training as mentioned above. For details, please refer to the announcements of the Company dated 10 February 2022 and 8 March 2022.

MATERIAL LITIGATION

In 2019, the Company filed a lawsuit against Beijing Trans-media Co., Ltd. (“Trans-media”) and Beijing Jihe Advertising Co., Ltd. with the court, in relation to the delinquent consideration for the equity transfer, and the court held that the parties involved shall apply for arbitration instead, and therefore rejected the lawsuit of the Company. The Company then filed an application for arbitration proceeding at the Beijing Arbitration Commission, and the Beijing Arbitration Commission ruled on October 2021, pursuant to which, Trans-media shall pay to the Company the outstanding consideration of RMB72,320,000 under the Equity Transfer Agreement and the relevant payable interests as well as the legal costs in relation to the arbitration proceeding. Please refer to the announcements of the Company dated 1 February 2019 and 15 October 2021 for details.

Save as disclosed above, to the knowledge of the Directors, as at 31 December 2021, the Company was not involved in any material litigation, arbitration or claim and there was no material legal action or claim that is outstanding or may arise or occur, which may pose material threat to the business and financial condition of the Group.

RETIREMENT SCHEME

All the full-time employees of the Group are covered by a government-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirement. The PRC government is responsible for payment of the pension. The Group was required to make defined contributions to the pension scheme at the rate of 16% of the employees’ basic salaries for the year ended 31 December 2021 (2020: 16%), which is subject to certain caps as required by the relevant local government. Under this scheme, the Group has no obligation for other retirement benefit besides the annual contributions.

STAFF

As at 31 December 2021, the Group had a total of 289 staff members (31 December 2020: 298). The decrease in the number of the staff as compared with 2020 was mainly due to the reasonable decrease of the normal business needs of the Company and its subsidiaries. During the Reporting Period, the Group’s employee remuneration amounted to approximately RMB51,695 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the employees, and carried out abundant staff training activities. In 2021, the Group carried out staff trainings in respect of new media, creative industries, connected transactions, etc.

REMUNERATION POLICY

The Company has set up the Remuneration Committee under the Board, which is responsible for formulating the remuneration policy and making proposal regarding the remunerations of the Directors and senior management of the Company to the Board. The remunerations of the Directors of the Company are determined by the Remuneration Committee as authorized by the general meeting of the Company. The remuneration of Supervisors of the Company shall be approved by the general meeting of the Company. The remuneration policy of the Company is determined and realized according to the duties of the Directors, Supervisors and senior management and the Company’s operating performance.

Position-based remuneration system was adopted for general management staff and their remuneration was determined according to the relative importance of the positions, the responsibilities assumed in the positions and other factors. Various salary models such as performance linked and piece rate wage model were adopted respectively for other employees based on the types of employees and their job nature.

The Company stringently controlled the overall salary amount management of its controlled subsidiaries and its wholly-owned subsidiaries in accordance with the applicable policy requirements of the PRC government. It sought to maintain an appropriate balance between salary increase and the growth in economic benefits, in order to achieve a win-win situation among Shareholders, management and employees and to facilitate the harmonious development of the enterprise.

REMUNERATION POLICY *(Continued)*

The Company paid housing funds and social security funds on behalf of employees on a monthly basis, according to the relevant national and local laws and regulations on labour affairs and social security. In particular, social security funds include pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance, etc.

AUDITOR

It was approved at the annual general meeting of the Company held on 18 June 2021 that WUYIGE Certified Public Accountants LLP was re-appointed as the auditor of the Company for the year 2021, which shall audit the financial statements of the Company in accordance with the China Auditing Standards and take on the duties of international auditor under the Listing Rules. The Audit Committee was authorised to determine auditor's remuneration.

The consolidated financial statements of the Company for the year of 2021 prepared in accordance with the China Accounting Standards were audited by WUYIGE Certified Public Accountants LLP, which has been serving as the auditor of the Company since 2017.

TAXATION

According to the Law on Corporate Income Tax of the PRC which came into effect on 1 January 2008, Implementing Regulations of the Law on Corporate Income Tax of the PRC and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H Shares register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivable will be subject to the withholding of the corporate income tax. Pursuant to Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document issued by the State Administration of Tax on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders is subject to individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries where they are residing and Mainland China.

By order of the Board

Su Zhaohui

Chairman of the Board

25 March 2022

Beijing, the PRC

1. OVERVIEW OF CORPORATE GOVERNANCE

The Company always attaches primary priority to the implementation of a well-established, sound and rational corporate governance framework. Currently, the corporate governance documents of the Company include but not limited to the following documents:

- (1) Articles of Association of Beijing Media Corporation Limited;
- (2) Internal Control Handbook of Beijing Media Corporation Limited, including but not limited to the following policies and procedures:
 - Procedures of Disclosure and Inspection of Connected Transactions;
 - Procedures of Internal Fraud Management; and
 - Procedures of Investors Relationship Management.

The Board has reviewed the corporate governance documents adopted by the Company and believed that such documents in compliance with all the requirements of code provisions set out in the Corporate Governance Code under Appendix 14 to the Listing Rules.

2. CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has been in compliance with the code provisions set out in the Corporate Governance Code under Appendix 14 to the Listing Rules.

3. 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 that they have complied with the required standards under the Model Code during the Reporting Period.

4. THE BOARD

The list below shows the composition of the Board and relevant information as at 31 December 2021:

Name	Gender	Age	Other positions in the Company	Term of Directorship	Whether to receive remuneration from the Company
Executive Directors					
Xu Jian ^{Note 1}	M	39	President	From 25 November 2021 to the 2021 annual general meeting of the Company	No
Shang Da	M	59	Vice president	From 21 June 2019 to the 2021 annual general meeting of the Company	Yes
Non-executive Directors					
Su Zhaohui ^{Note 2}	M	52	Chairman	From 18 June 2021 to the 2021 annual general meeting of the Company	No
Cui Ping ^{Note 1}	F	47		From 25 November 2021 to the 2021 annual general meeting of the Company	No
Jing Enji ^{Note 1}	M	48		From 25 November 2021 to the 2021 annual general meeting of the Company	No
Yang Qing	F	38		From 21 June 2019 to the 2021 annual general meeting of the Company	Yes
Wang Zechen ^{Note 1}	M	47		From 25 November 2021 to the 2021 annual general meeting of the Company	Yes
Independent Non-executive Directors					
Cui Enqing	M	78		From 21 June 2019 to the 2021 annual general meeting of the Company	Yes
Shi Hongying	F	49		From 21 June 2019 to the 2021 annual general meeting of the Company	Yes
Chan Yee Ping, Michael	M	45		From 19 June 2020 to the 2021 annual general meeting of the Company	Yes
Du Guoqing ^{Note 1}	F	50		From 25 November 2021 to the 2021 annual general meeting of the Company	Yes

4. THE BOARD *(Continued)*

The Board is a standing decision-making body of the Company, and responsible for steering and supervising the Company in an accountable and efficiency-oriented manner. All Directors are obliged to act in the best interests of the Company. All members of the Board acknowledged that they shall take joint responsibility to all the Shareholders for the management, supervision and operations of the Company.

Note :

1. Upon the approval at 2021 First Extraordinary General Meeting of the Company convened on 25 November 2021, Mr. Xu Jian was appointed as an executive Director of the seventh session of the Board of the Company and the authorized representative of the Company; Ms. Cui Ping, Mr. Ji Enjing and Mr. Wang Zechen were appointed as non-executive Directors of the seventh session of the Board of the Company; and Ms. Du Guoqing was appointed as an independent non-executive Director of the seventh session of the Board of the Company. Please refer to the announcement of the Company dated 25 November 2021 for details.
2. At the annual general meeting of the Company convened on 18 June 2021, Mr. Su Zhaohui was appointed as a non-executive Director of the seventh session of the Board of the Company and the authorized representative of the Company. And Mr. Su Zhaohui was elected as the chairman of the Board and the chairman of the Nomination Committee of the seventh session of the Board of the Company at the Board meeting convened on the same day. Please refer to the announcement of the Company dated 18 June 2021 for details.

The Company confirms that the Board is primarily responsible for making decisions on the following matters:

- determination of the operational plan and investment proposals of the Company;
- formulation of the annual budget and budget implementation proposals of the Company;
- formulation of proposals on profit distribution and recovery of losses of the Company;
- formulation of proposals on increasing or reducing registered capital and issuance of corporate bonds of the Company;
- formulation of proposals on the mergers, spin-off or winding-up of the Company;
- determination on the internal management structure of the Company;
- appointment or removal of the president of the Company, appointment or removal of the vice president and other senior management members (including the chief financial officer) as nominated by the president, and determination of their respective remuneration;
- setting up the basic management systems of the Company;
- formulation of proposals for amendments to Articles of Association;
- formulation of proposals for material acquisitions or disposals of the Company.

The Company confirms that the management is primarily responsible for making decisions and performing daily management on the following matters:

- formulation of proposal for the internal management structure of the Company;
- formulation of proposal for the basic management systems of the Company;
- formulation of the basic regulations of the Company;

4. THE BOARD (Continued)

- recommendation on appointment or removal of other senior management members (including the chief financial officer) of the Company;
- appointment or removal of chief officers other than those subject to the appointment and removal by the Board;
- formulation of proposal on the branch structure and determination on establishment of branch of the Company;
- appointment, replacement and recommendation on the shareholder's representatives, directors or supervisors of subsidiaries or associated companies of the Company.

During the Reporting Period, the composition of the Board has at all time been in compliance with Rule 3.10(1) of the Listing Rules which requires a minimum of three independent non-executive Directors on board, with Rule 3.10A of the Listing Rules which requires independent non-executive Directors to represent at least one-third of the Board, and with Rule 3.10(2) of the Listing Rules which requires that at least one of the independent non-executive Directors must possess appropriate professional qualification, or accounting or relevant financial management expertise.

A total of ten Board meetings were convened during the Reporting Period, and the attendance rate of individual Directors at Board meetings is as follows:

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Executive Directors		
Xu Jian ^{Note 1}	2/2	—
Shang Da	10/10	—
Ji Chuanpai ^{Note 2}	2/2	—
Wu Bin ^{Note 3}	3/3	—
Liu Jia ^{Note 4}	8/8	—
Non-executive Directors		
Su Zhaohui ^{Note 5}	8/8	—
Cui Ping ^{Note 6}	2/2	—
Jing Enji ^{Note 7}	2/2	—
Sun Fang ^{Note 8}	1/8	—
Yang Qing	9/10	1/10
Wang Zechen ^{Note 9}	2/2	—
Independent non-executive Directors		
Cui Enqing	8/10	2/10
Chen Ji ^{Note 10}	6/8	2/8
Wu Changqi ^{Note 11}	8/8	—
Shi Hongying	10/10	—
Chan Yee Ping, Michael	10/10	—
Du Guoqing ^{Note 12}	2/2	—

4. THE BOARD (Continued)

Notes :

1. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Xu Jian was appointed as an executive Director of the seventh session of the Board of the Company and the authorized representative of the Company. Mr. Xu has attended two Board meetings of the Company convened during his tenure of service during the Reporting Period.
2. As BYDA, the controlling shareholder of the Company, has entrusted the Capital Group to manage the Company, Mr. Ji Chuanpai, as a Director recommended by BYDA, resigned on 18 June 2021 from the positions as an executive Director, chairman of the Board, chairman of the Nomination Committee of the Board, authorized representative of the Company and all his other positions in the Group. Mr. Ji Chuanpai has attended two Board meetings of the Company convened during his tenure of service during the Reporting Period.
3. On 4 August 2021, due to job changes, Mr. Wu Bin resigned from the positions as an executive Director, acting president, authorized representative of the Company and all his other positions in the Group. Mr. Wu Bin has attended three Board meetings of the Company convened during his tenure of service during the Reporting Period.
4. On 25 November 2021, due to work arrangement, Ms. Liu Jia, resigned as an executive Director of the Company. Ms. Liu Jia has attended eight Board meetings of the Company convened during her tenure of service during the Reporting Period.
5. Upon the approval at the annual general meeting of the Company convened on 18 June 2021, Mr. Su Zhaohui was appointed as a non-executive Director of the seventh session of the Board of the Company and the authorized representative of the Company. Mr. Su Zhaohui has attended eight Board meetings of the Company convened during his tenure of service during the Reporting Period.
6. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Ms. Cui Ping was appointed as a non-executive Director of the seventh session of the Board of the Company. Ms. Cui Ping has attended two Board meetings of the Company convened during her tenure of service during the Reporting Period.
7. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Jing Enji was appointed as a non-executive Director of the seventh session of the Board of the Company. Mr. Jing Enji has attended two Board meetings of the Company convened during his tenure of service during the Reporting Period.
8. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Sun Fang was dismissed as a non-executive Director of the seventh session of the Board of the Company. Mr. Sun Fang has attended one Board meeting of the Company convened during his tenure of service during the Reporting Period.
9. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Wang Zechen was appointed as a non-executive Director of the seventh session of the Board of the Company. Mr. Wang Zechen has attended two Board meetings of the Company convened during his tenure of service during the Reporting Period.
10. On 25 November 2021, due to personal family reasons, Mr. Chen Ji, resigned as an independent non-executive Director of the Company. Mr. Chen Ji has attended eight Board meetings of the Company convened during his tenure of service during the Reporting Period.
11. On 25 November 2021, due to his work change, Mr. Wu Changqi resigned as an independent non-executive Director of the Company. Mr. Wu Changqi has attended eight Board meetings of the Company convened during his tenure of service during the Reporting Period.
12. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Ms. Du Guoqing was appointed as an independent non-executive Director of the seventh session of the Board of the Company. Ms. Du Guoqing has attended two Board meetings of the Company convened during her tenure of service during the Reporting Period.

4. THE BOARD (Continued)

The Company has received the annual confirmation letter from each of the independent non-executive Directors confirming their compliance with the independence requirements set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

During the Reporting Period, in order to ensure that they continue to contribute to the Board with comprehensive information under appropriate situation, Directors (including Xu Jian, Shang Da, Su Zhaohui, Cui Ping, Jing Enji, Yang Qing, Wang Zechen, Cui Enqing, Shi Hongying, Chan Yee Ping, Michael, Du Guoqing, Ji Chuanpai, Wu Bin, Liu Jia, Chen Ji, Wu Changqi) actively participated in continuing professional development to develop and update their knowledge and skills. The Company regularly provided the Directors with Hong Kong Capital Market Regulatory Highlights and other relevant materials from the legal advisor, so that they were informed of the latest regulatory issues, punishment precedents and relevant regulatory documents of the latest Hong Kong capital market, and organized the legal advisor to provide professional trainings. During the Reporting Period, all the above Directors have actively participated in the Hong Kong capital market compliance training and trainings on the continuous obligations and violation punishments of directors of listed company from the legal advisor.

Members of the Board, Supervisory Committee and senior management did not have any financial, business, family or other material relationship with each other save for working relationship in the Company.

The Company convened three general meetings during the Reporting Period, and the attendance rate of individual Directors at the general meeting is as follow:

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Executive Directors		
Xu Jian ^{Note 1}	1/1	—
Shang Da	3/3	—
Ji chuanpai ^{Note 2}	0/1	—
Wu Bin ^{Note 3}	1/1	—
Liu Jia ^{Note 4}	2/2	—
Non-executive Directors		
Su Zhaohui ^{Note 5}	2/2	—
Cui Ping ^{Note 6}	1/1	—
Jing Enji ^{Note 7}	1/1	—
Sun Fang ^{Note 8}	0/2	—
Yang Qing	3/3	—
Wang Zechen ^{Note 9}	1/1	—
Independent non-executive Directors		
Cui Enqing	3/3	—
Chen Ji ^{Note 10}	0/2	—
Wu Changqi ^{Note 11}	2/2	—
Shi Hongying	3/3	—
Chan Yee Ping, Michael	3/3	—
Du Guoqing ^{Note 12}	1/1	—

4. THE BOARD (Continued)*Notes :*

1. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Xu Jian was appointed as an executive Director of the seventh session of the Board of the Company and the authorized representative of the Company. Mr. Xu has attended one general meeting of the Company convened during his tenure of service during the Reporting Period.
2. As Beijing Youth Daily Agency, the controlling shareholder of the Company, has entrusted the Capital Group to manage the Company, Mr. Ji Chuanpai, as a Director recommended by BYDA, resigned on 18 June 2021 from the positions as an executive Director, chairman of the Board, chairman of the Nomination Committee of the Board, authorized representative of the Company and all his other positions in the Group. Mr. Ji Chuanpai has not attended one general meeting of the Company convened during his tenure of service during the Reporting Period.
3. On 4 August 2021, due to job changes, Mr. Wu Bin resigned from the positions as an executive Director, acting president, authorized representative of the Company and all his other positions in the Group. Mr. Wu Bin has attended one general meeting of the Company convened during his tenure of service during the Reporting Period.
4. On 25 November 2021, due to work arrangement, Ms. Liu Jia, resigned as an executive Director of the Company. Ms. Liu Jia has attended two general meetings of the Company convened during her tenure of service during the Reporting Period.
5. Upon the approval at the annual general meeting of the Company convened on 18 June 2021, Mr. Su Zhaohui was appointed as a non-executive Director of the seventh session of the Board of the Company and the authorized representative of the Company. Mr. Su Zhaohui has attended two general meetings of the Company convened during his tenure of service during the Reporting Period.
6. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Ms. Cui Ping was appointed as a non-executive Director of the seventh session of the Board of the Company. Ms. Cui Ping has attended one general meeting of the Company convened during her tenure of service during the Reporting Period.
7. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Jing Enji was appointed as a non-executive Director of the seventh session of the Board of the Company. Mr. Jing Enji has attended one general meeting of the Company convened during his tenure of service during the Reporting Period.
8. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Sun Fang was dismissed as a non-executive Director of the seventh session of the Board of the Company. Mr. Sun Fang has not attended two general meetings of the Company convened during his tenure of service during the Reporting Period.
9. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Mr. Wang Zechen was appointed as a non-executive Director of the seventh session of the Board of the Company. Mr. Wang Zechen has attended one general meeting of the Company convened during his tenure of service during the Reporting Period.
10. On 25 November 2021, due to personal family reasons, Mr. Chen Ji resigned as an independent non-executive Director of the Company. Mr. Chen Ji has not attended two general meetings of the Company convened during his tenure of service during the Reporting Period.
11. On 25 November 2021, due to the work change, Mr. Wu Changqi resigned as an independent non-executive Director of the Company. Mr. Wu Changqi has attended two general meetings of the Company convened during his tenure of service during the Reporting Period.
12. Upon the approval at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, Ms. Du Guoqing was appointed as an independent non-executive Director of the seventh session of the Board of the Company. Ms. Du Guoqing has attended one general meeting of the Company convened during her tenure of service during the Reporting Period.

5. CHAIRMAN AND PRESIDENT

During the Reporting Period, the roles of chairman and president of the Company were performed by different individuals. As at 31 December 2021, Mr. Su Zhaohui and Mr. Xu Jian took the positions of chairman and president of the Company respectively.

The two posts of the chairman and president are separate and distinct. The chairman does not assume the post of president of the Company simultaneously. Distinct written terms of reference have been adopted for these two posts. The chairman shall be responsible for overseeing the operation of the Board, while the president shall oversee the business operations of the Company. Please refer to the roles of the chairman and president set out in Article 97 and Article 109 of the Articles of Association of the Company for details.

6. NON-EXECUTIVE DIRECTORS

Pursuant to the Articles of Association, non-executive Directors are appointed for a term of three years.

Independent non-executive Directors are appointed for a term of three years which is renewable upon re-election. Independent non-executive Directors may not be removed without legitimate cause before expiry of their terms. Where an independent non-executive Director is removed from office before expiry of his term, the matter shall be disclosed by the Company as a special issue.

7. REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two independent non-executive Directors and one non-executive Director. The Remuneration Committee is chaired by Mr. Cui Enqing with Mr. Jing Enji and Ms. Du Guoqing as members.

The Remuneration Committee consults the chairman and/or president on the remuneration of other executive Directors and seeks assistance and/or advice from external professional advisors when considered necessary.

For details of the basis of remuneration of Directors, please refer to Note VIII.48. "Remuneration of Directors, Supervisors and Employees" to the Financial Statements. The principal duties of the Remuneration Committee include but are not limited to:

- to advise the Board on setting up formal and transparent procedures in respect of the determination of remuneration policy and structure for the Directors and senior management members of the Company;
- to advise the Board on the remuneration of individual executive Directors and senior management;
- to advise the Board on the remuneration of non-executive Directors;
- to review and approve the management's remuneration proposals with reference to the corporate goals and objectives established by the Board;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct or any compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment;
- to ensure the Board to review its performance on a regular basis; and
- to ensure that the Directors or any of their associates are not involved in the determination of their own remuneration.

7. REMUNERATION COMMITTEE (Continued)

Two meetings of the Remuneration Committee were convened during the Reporting Period, and the attendance rate of individual members at the meetings of the Remuneration Committee is as follows:

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Cui Enqing ^{Note 1}	2/2	—
Chen Ji ^{Note 2}	1/1	—
Wu Changqi ^{Note 2}	1/1	—
Jing Enji ^{Note 1}	1/1	—
Du Guoqing ^{Note 1}	1/1	—

Notes:

- As approved by the seventeenth meeting of the seventh session of the Board of the Company held on 25 November 2021, the Remuneration Committee of the seventh session of the Board of the Company consists of Mr. Cui Enqing, Mr. Jing Enji and Ms. Du Guoqing, and the chairman is Mr. Cui Enqing. For details, please refer to the Company's announcement dated 25 November 2021.
- On 25 November 2021, Mr. Chen Ji and Mr. Wu Changqi ceased to be members of the Remuneration Committee. For details, please refer to the Company's announcement dated 9 October 2021.

The Remuneration Committee held a meeting on 11 January 2021, at which it considered and approved the resolution on annual bonus for executive Directors and senior management of the Company.

The Remuneration Committee held a meeting on 25 November 2021, at which it considered and approved the resolution on determining the annual salary of Ms. Du Guoqing for acting as an independent non-executive Director and the resolution on determining the annual salary of Mr. Wang Zechen for acting as a non-executive Director.

8. NOMINATION COMMITTEE

The Board has set up a Nomination Committee comprising one non-executive Director and two independent non-executive Directors. The Nomination Committee was chaired by Mr. Su Zhaohui, the chairman of the Board of the Company, with Ms. Shi Hongying and Ms. Du Guoqing as members.

The principal duties of the Nomination Committee include but are not limited to:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations regarding any proposed changes in the Board in line with the Company's corporate strategy;
- to identify individuals suitably qualified to become Directors, select and nominate candidates of Directors or make recommendations to the Board in this regard;
- to assess the independence of independent non-executive Directors; and
- to formulate criteria, procedures and methods for selecting candidates for Directors and senior management of the Company and its investees and make recommendations to the Board.

8. NOMINATION COMMITTEE (Continued)

The Nomination Committee attaches importance to the diversity of Board composition, the Company has formulated a board diversity policy (as detailed in "BOARD DIVERSITY POLICY"), and believes that such diversity is beneficial to the Board as well as the Company. While reviewing and evaluating the Board composition and making recommendations to the Board on appointment of new Directors, the Nomination Committee shall take account of the benefits of diversity in various aspects, in order to maintain an appropriate scope and the balance between expertise, skills, experience and background of the Board members. The Nomination Committee will make discussion to agree upon all the measurable targets to realize the diversity of Board composition each year. The Company has developed a nomination policy in respect of the nomination of Directors. The appointment of new Directors shall be first considered by the Nomination Committee. In considering the appointment of Directors, the Nomination Committee applies standards such as the board diversity policy. The recommendations of the Nomination Committee shall be then submitted to the Board for consideration and approval. The appointment of any Directors by the Board shall be subject to the approval at the general meeting.

Five meetings of the Nomination Committee were convened during the Reporting Period, and the attendance rate of individual members at the meeting of the Nomination Committee is as follows:

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Ji Chuanpai ^{Note 1}	1/1	—
Chen Ji ^{Note 2}	4/4	—
Wu Changqi ^{Note 2}	4/4	—
Su Zhaohui ^{Note 3}	4/4	—
Shi Hongying ^{Note 4}	1/1	—
Du Guoqing ^{Note 4}	1/1	—

Notes:

- On 18 June 2021, Mr. Ji Chuanpai ceased to be the chairman of the Nomination Committee. For details, please refer to the announcement of the Company dated 18 June 2021.
- On 25 November 2021, Mr. Chen Ji and Mr. Wu Changqi ceased to be members of the Nomination Committee. For details, please refer to the announcement of the Company dated 9 October 2021.
- Upon the approval at the eleventh meeting of the seventh session of the Board of the Company held on 18 June 2021, Mr. Su Zhaohui was appointed as the chairman of the Nomination Committee of the seventh session of the Board of the Company. For details, please refer to the announcement of the Company dated 18 June 2021.
- Upon the approval at the seventeenth meeting of the seventh session of the Board of the Company held on 25 November 2021, the Audit Committee of the seventh session of the Board of the Company comprised Mr. Su Zhaohui, Ms. Shi Hongying and Ms. Du Guoqing with Mr. Su Zhaohui as the chairman. For details, please refer to the announcement of the Company dated 25 November 2021.

8. NOMINATION COMMITTEE *(Continued)*

The Nomination Committee of the Board of the Company held a meeting on 8 October 2021, at which it considered and approved the resolution on the nomination of Ms. Du Guoqing as an independent non-executive Director candidate of the Company. In consideration of the appointment of Ms. Du Guoqing as the independent non-executive Director candidate, the Nomination Committee has considered her past performance, her confirmation letter of independence to the Company under Rule 3.13 of Listing Rules and has taken consideration of her skills, background, knowledge and experience. Ms. Du Guoqing has extensive experience in advertising media. In addition, her education, background, experience and practice enable her to provide relevant valuable opinions, and contribute to the diversity of the Board. She does not hold a position as a director in seven or more listed companies, therefore, she is able to devote sufficient time and attention to the Company. The Nomination Committee is of the view that Ms. Du Guoqing has satisfied the requirement of independence under Rule 3.13 of the Listing Rules with reference to relevant confirmation.

9. AUDIT COMMITTEE

The Board has set up an Audit Committee comprising one non-executive Director and two independent non-executive Directors. The Audit Committee was chaired by Mr. Chan Yee Ping, Michael, with Ms. Cui Ping and Mr. Cui Enqing as members.

The principal duties of the Audit Committee include but are not limited to:

- to be responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to deal with any questions of its resignation or dismissal;
- to examine annual audit plan submitted by the external auditor and provide opinions;
- to review and monitor the external auditor's independence and objectivity;
- to formulate and implement policy engaging an external auditor to provide non-audit services;
- to monitor the integrity of financial statements of the Company and its annual report, accounts, half year report and, if prepared for publication, quarterly reports, and to review significant opinion regarding financial reporting contained in the statements and reports;
- to review the Company's financial control, internal control and risk management systems;
- to discuss with the management the system of internal control to ensure that the management has discharged its duty to set up an effective internal control system; and
- to review the Company's financial and accounting policies and practices.

Under code provision of the Corporate Governance Code, the terms of reference of the Audit Committee shall at least include reviewing the risk management and internal control systems of the issuer; discuss with the management in relation to the risk management and internal control systems, to ensure the management has established an effective internal control system according to their duties; and upon its own initiative or appointed by the Board, to consider major investigation findings on risk management and internal control matters and the management's response to these findings. The Audit Committee of the Company has reviewed the risk management and internal control systems of the Group during the Reporting Period, and has discussed with the management in relation to the risk management and internal control systems, and has been able to, upon its own initiative or appointed by the Board, consider major investigation findings on risk management and internal control matters and the management's response to these findings.

9. AUDIT COMMITTEE (Continued)

The Audit Committee will seek assistance and/or advice from external professional advisors when considered necessary.

Two meetings of the Audit Committee were convened during the Reporting Period, and the attendance rate of individual members at the meetings of the Audit Committee is as follows:

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Chan Yee Ping, Michael ^{Note 1}	2/2	—
Wu Changqi ^{Note 2}	2/2	—
Cui Enqing	2/2	—

Notes:

1. Upon the approval at the seventeenth meeting of the seventh session of the Board of the Company held on 25 November 2021, the Audit Committee of the seventh session of the Board of the Company consists of Mr. Chan Yee Ping, Michael, Mr. Cui Enqing and Ms. Cui Ping, and is chaired by Mr. Chan Yee Ping, Michael. For details, please refer to the Company's announcement dated 25 November 2021.
2. On 25 November 2021, Mr. Wu Changqi ceased to be a member of the Audit Committee. For details, please refer to the announcement of the Company dated 9 October 2021.

The Audit Committee of the Board of the Company held a meeting on 25 March 2021, at which it considered the results of the Group for the year of 2020; reviewed and evaluated the risk management and internal control systems as well as the effectiveness of the internal audit function of the Group for the year ended 31 December 2020; and considered and approved the resolution to pay audit fees for the year 2020 (RMB1,180 thousand for annual audit and RMB20 thousand for reporting on continuing connected transactions) to WUYIGE Certified Public Accountants LLP and the resolution in relation to the reappointment of WUYIGE Certified Public Accountants LLP as the auditor for Beijing Media for the year 2021.

The Audit Committee of the Board of the Company held a meeting on 26 August 2021, at which it considered the results of the Group for the first half of 2021 and reviewed and evaluated the risk management and internal control systems as well as the effectiveness of the internal audit function of the Group for the six months ended 30 June 2021.

The Company has been in full compliance with requirements of Rule 3.21 of the Listing Rules throughout the period from its listing on the Hong Kong Stock Exchange to 31 December 2021.

The Board is responsible for overseeing the preparation of financial statements for each financial period, so that the financial statements give a true and fair view of the operating position, results and cash flow of the Company during the period. When preparing the financial statements for the year ended 31 December 2021, the Board (1) selected and consistently applied appropriate accounting policies; (2) approved the adoption of all standards in line with the China Accounting Standards; and (3) made appropriate judgments and assessments in a prudent manner and adopted a going concern basis for preparation of financial statements. For the statement of reporting responsibility issued by WUYIGE Certified Public Accountants LLP, the auditor of the Company, please refer to the Report of the Auditor set out in this annual report.

10. REMUNERATION OF THE AUDITOR

The Company re-appointed WUYIGE Certified Public Accountants LLP as the auditor for the year 2021. As at 31 December 2021, annual fees for the audit services provided by WUYIGE Certified Public Accountants LLP to the Company amounted to RMB1,200 thousand. The fees for providing special audit services and non-audit services to the Group amounted to RMB0. WUYIGE Certified Public Accountants LLP has been providing audit service to the Company since 2017.

11. COMPANY SECRETARIES

Both of Mr. Shang Da and Mr. Yu Leung Fai, as the joint company secretaries of the Company, have confirmed their completion of relevant professional training for no less than 15 hours during the Reporting Period respectively.

12. RIGHTS OF SHAREHOLDER

The Board and senior management of the Company understand that they represent the interests of the Shareholders as a whole. As such, they take safeguarding the value of shares, maintaining the steady level and sustained growth of the investment return and enhancing the competitiveness of the business as priority.

Pursuant to the Articles of Association, an extraordinary general meeting shall be convened within two months upon request in writing by Shareholders holding individually or jointly 3% or above of the outstanding shares of the Company carrying voting rights, where shareholdings of the Shareholders shall be determined as on the date of submission of the relevant written request.

The relevant documents must state the purposes of the general meeting and be served to all Shareholders.

The Shareholders may raise enquiries to the Board, and the Company shall provide sufficient contact information (for details, please refer to the Company's website: www.bjmedia.com.cn) so as to have the Shareholders' enquiries properly handled. The Shareholders may raise their relevant proposals directly at the general meeting.

13. INVESTOR RELATIONS**(1) Material amendments to the Articles of Association**

Approved at the first extraordinary general meeting of 2021 of the Company convened on 25 November 2021, the Company made certain amendments to the Articles of Association to reflect the composition of the Board, the Supervisory Committee and the senior management team of the Company and to establish in general terms the principles of the Company's standardized governance in accordance with the relevant laws and regulations of state-owned enterprises. For details, please refer to announcements dated 10 October 2021, 25 November 2021 and the circular dated 9 November 2021 of the Company published on the websites of the Hong Kong Stock Exchange and the Company.

Save as disclosed above, there was no material amendment to the Articles of Association during the Reporting Period.

13. INVESTOR RELATIONS *(Continued)***(2) General meetings**

During the Reporting Period, the Company convened one annual general meeting and two extraordinary general meetings.

The 2020 annual general meeting was held at 2:30 p.m. on 18 June 2021 at Conference Room 2104, 21st Floor, Beijing Youth Daily Agency Building, No. 23 Baijiazhuang Dongli Chaoyang District, Beijing, the PRC, where resolutions in relation to the report of the Board of Directors for the year ended 31 December 2020, the report of the Supervisory Committee for the year ended 31 December 2020, the audited financial statements of the Company for the year ended 31 December 2020, the reappointment of WUYIGE Certified Public Accountants LLP as the Company's auditor for the year 2021, and the appointment of the Directors of the Company were considered and approved. Please refer to the announcement of the Company dated 18 June 2021 for details.

The first extraordinary general meeting of 2021 was held at 2:00 p.m. on 25 November 2021 at Conference Room 704, 7th Floor, Beijing Youth Daily Building, No. 23 Baijiazhuang Dongli Chaoyang District, Beijing, the PRC, and considered and passed a resolution to amend the Articles of Association of the Company, a resolution to appoint Directors and Supervisors of the Company and a resolution to remove Directors of the Company. Please refer to the announcement of the Company dated 25 November 2021 for details.

The second extraordinary general meeting of 2021 was held at 2:00 p.m. on 31 December 2021 at Conference Room 704, 7th Floor, Beijing Youth Daily Building, No. 23 Baijiazhuang Dongli Chaoyang District, Beijing, the PRC, and considered and passed a resolution for the Company to enter into the Continuing Connected Transaction Agreement and its annual caps. Please refer to the announcement of the Company dated 31 December 2021 for details.

(3) Important matters for Shareholders for the financial year of 2021

The 2021 annual general meeting of the Company will be held at 2:00 p.m. on 17 June 2022 at Conference Room 704, 7th Floor, Beijing Youth Daily Agency Building, No. 23 Baijiazhuang Dongli Chaoyang District, Beijing, the PRC.

(4) Market value of public float

The highest and lowest trading prices of the Company's H Shares during 2021 were HKD0.92 and HKD0.56 per share respectively. On 31 December 2021 (the last trading day in 2021), the transaction volume was 0 share and the closing price was HKD0.70 per share.

14. RISK MANAGEMENT AND INTERNAL CONTROL

- Risk management and internal control systems

The Company has set up the risk management and internal control systems according to the requirements of the Corporate Governance Code in Appendix 14 to the Listing Rules. The internal structure was comparatively scientific and the design of risk management and internal control systems was proper. The Company has set up relatively scientific decision-making mechanism, implementation mechanism and supervision mechanism. The Company has continued to make efforts to strengthen and improve its risk management and internal control systems as well as enhance the control procedures, so as to improve operating efficiencies and reduce operating risks. The Board is responsible for the risk management and internal control systems and shall maintain the reliability and effectiveness thereof in order to protect the interests of the Shareholders and the assets of the Company. The risk management and internal control systems aim at managing rather than eliminating the risk of failure to meet the business goals, and they can only make a reasonable rather than absolute assurance against material misstatements or losses.

Through the Audit Committee, the Board has regularly reviewed and monitored the effectiveness of the internal control and risk management systems, confirmed those areas which can be improved and taken appropriate measures to ensure that the major business and operational risks can be recognized and handled, and ensured that systems are complete and adequate. If a serious internal control defect is discovered during the review processes of the risk management and internal control systems, the Company will focus on the major work objectives and the areas of major business risks of the year aiming on the material risks of the year figured out by assessing, refining major risk control measures, timely tracking the effectiveness of the risk control, and specifying the responsible persons and their duties regarding control over major risk.

The Company is committed to setting up complete risk management and internal control systems, including the Board, the Audit Committee under the Board, the management, legal and audit department and other departments of the Company. The monitoring and the internal control measures of management at different levels of the Company are the first defence of risk management and internal control; the senior management (including risk management and financial control) of the Company is the second defence of risk management and internal control; the Audit Committee under the Board and legal and audit department are the third defence of risk management and internal control. As an independent monitoring department, the legal and audit department carries out internal audit of the risk management system of the Company. The president of the Company represents the highest authority of contact for all departments, reports to the Board in respect of all departmental operations effectively and promotes proper decision-making of the Company to cater for and coordinate various requests of the departments. As such, any matter of a material nature discovered by the staff (e.g. discloseable matters) can be reported to the decision-making management of the Company in a prompt, accurate and efficient manner. On the other hand, decisions of the Company's management can be implemented and supervised in an accurate, prompt and consistent manner. The Board undertakes the ultimate responsibility of the establishment and improvements of the risk management and internal control systems of the Company as well as the effective implementation of the risk management work, and the Board is also the highest decision-making body of risk management and internal control of the Company.

If the risk management and internal control systems is implemented effectively, it will contribute to ensure the orderly operations and management and effective risk control of the Company, thereby safeguarding the safety and integrity of the Company's properties, maintaining proper accounting records and ensuring each transaction is conducted under authorization of the management, so as to attain the Company's goal of operation and management.

14. RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

- Risk management and internal control systems *(Continued)*

The legal and audit department of the Company conducts independent review on the sufficiency and effectiveness of the risk management and internal control system, and the review plan and risk evaluation are discussed and determined by the Audit Committee annually. At each meeting held regularly in the whole year, the legal and audit department of the Company shall report to the Audit Committee the working results about whether there is sufficient internal control and its effectiveness in the previous reporting period, including but not limited to pointing out any failure to implement such internal monitoring procedures or the major weaknesses of any procedure. The audit method that focuses on risk control has been adopted by the legal and audit department of the Company. The annual working plan of the legal and audit department of the Company covers all the main tasks and procedures of all the operational, business and service units, and carries out special review according to the requirements of the management, of which the review results would be given to the Audit Committee. The legal and audit department shall monitor affairs regarding review, and follow up such affairs afterwards so as to facilitate proper implementation thereof, and shall report its progress to the Audit Committee regularly. The legal and audit department of the Company independently ensures that the Board, the Audit Committee and the administrative management of the Company report the implementation and improvement measures of internal control.

Besides the annual works arranged, the legal and audit department also conducts other special reviews as required. The Board and the Audit Committee actively supervise the results reported by the legal and audit department, as well as the remedial measures taken by various departments.

- Procedures of identification, assessment and management of major risks, and procedures of handling and disclosure of inside information

The Company has set up the procedures of identification, assessment and management of major risks. All functional departments and the risk management department of the Company shall execute the basic work flows of internal control and risk management of the Company, finish the routine tasks on time, and make and submit feedbacks about the information of routine risk-related works. The leaders of the risk management department shall be responsible for the examination and approval of the final appraisal results, carrying out classification of the risks that the Company will finally recognize, and classifying the major risks into business risk, financial risk, operational or other risks. Furthermore, for those major risks already identified, the Company shall make an assessment according to their respective probability of occurrence, seriousness of consequences, order of priority and whether there existed alert(s). Afterwards, the management will adopt appropriate measures for the major risks based on the major risks already identified and their assessment results.

14. RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

- Procedures of identification, assessment and management of major risks, and procedures of handling and disclosure of inside information *(Continued)*

The capital risk and competition strategy risks were the major risks for 2021. Regarding the capital risk, the trend of the industry in 2021 adversely affected the print media. Companies had to adjust and optimize structures as well as explore new business domains. The capital pressure under this situation on business model driven by capital is apparent. As for the competition strategy risk, the traditional print media has been affected, the competition in the market of the new business domains was intense with little development potential, and the Company has been faced with huge pressure. In 2021, based on the actual situations of all aspects, the Company has formulated practical proposals to carry out effective management of risks in different ways. For example, the Group actively integrates online and offline resources, accelerates the advancement of optimized industrial and product integration, explores new areas, strengthens the association of integrated media and expands its customer base, while continuing to strengthen operation management, closely follow up and strengthen the supervision of customers' credit risks to reduce their risks, and improve service quality to strive for more market share and enhance the Group's competitiveness.

In order to further improve the risk and internal control management systems, establish good systems and work procedure, execute and implement monitoring work, fulfill a full work flow risk management from prevention beforehand, monitoring at present and subsequent follow-up and implementation, the Company has organized each functional department to sort out and amend the various management systems of the Group.

The management workflows of the financial reports, information disclosure of the Company strictly follow the requirements of the Listing Rules and the Company has formulated and set up standard procedures for collection, sorting, examining and disclosure of information. The Company has put great emphasis on the treatment and announcement of inside information. Before disclosing the relevant information to the public, the Company ensured that the information is kept confidential absolutely, and made registration and filling of the people informed of such inside information. The Supervisory Committee monitored the management of inside information.

- Review of the effectiveness of risk management and internal control

The Group has set up the internal audit function through which the Board regularly carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. For the year ended 31 December 2021, the Board has made two reviews on the effectiveness of the risk management and internal control systems of the Group through the Audit Committee, and the review period covers the year ended 31 December 2020 and the six months ended 30 June 2021, respectively. In March 2022, the Board also made a review on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2021 through the Audit Committee. The scope of the above reviews includes all material control, including financial, operational and compliance control. In addition, the Board has reviewed the statement made by the management on the effectiveness of risk management and internal control.

In addition, the Company engaged an internal control advisor to evaluate and make recommendations for improvement on the internal control level of the Company during the last three years successively. According to the internal control advisor's review reports on the risk management and internal control of the Company for the year of 2021, the internal control issues indicated by the internal control advisor have been solved in the previous year. The Company will continuously take the rectification measures in terms of the corporate risks and internal control issues advised by internal control consultants during the year so as to further improve the risk management and internal control systems of the Group.

14. RISK MANAGEMENT AND INTERNAL CONTROL *(Continued)*

The Company has been actively taking the following internal control rectification measures:

1. The Company has established a connected transaction and notifiable transaction management team (the "Management Team") to monitor and implement the approval and disclosure procedures for transactions and matters as required by the Listing Rules;
2. The Company has appointed a designated person as contact of departments and subsidiaries and engaged the transaction information collection special monitoring personnel, the contact reports the latest specific transactions and major financial expenses to the transaction information collection special monitoring personnel and the Management Team on a regular basis for following-up by the Management Team in a timely manner. The major financial expenses are reviewed and approved by the management of the Company;
3. The Company continues to provide compliance training to the Directors, Supervisors and senior management of the Company and relevant responsible persons of each department of the Company and at the subsidiary level. The training includes disclosure of connected transactions, notifiable transactions and inside information, etc.;
4. The Company has sent compliance letters to the relevant personnel of the subsidiaries on a monthly basis;
5. The members of the Board, Supervisory Committee, senior executives and connected shareholders of the material subsidiaries of the Company shall submit connected transaction declarations and conflict of interest statement at least semi-annually to the board of the subsidiaries of the Company;
6. The Company will further amend and improve the written management system and make a clear division on the functions and powers of various departments in the transactions;
7. The Company will seek advice from legal counsel and other external expert on the transactions;
8. The Board and the Management Team of the Company are responsible for implementing the relevant reward and punishment mechanism. The legal and audit department and human resources department of the Company are responsible for implementing the compliance assessment and accountability mechanism of departments and subsidiaries.

From the above review and the review report of the internal control advisor, in the views of the Board, the Company has set up an internal auditing function. Through a series of rectification measures, the Company has an effective and adequate risk management and internal control system, and no important missing issues of risk control have been found which may affect the Company's financial, operational, compliance control and risk management function. In the course of review, the Board is of the view that the resources, qualifications and experiences of the staff in the areas of accounting, internal audit and the financial reporting function and the training and budget of the staff of the Group are adequate.

15. CORPORATE GOVERNANCE

Pursuant to the resolutions passed at the general meeting of the Company, the Board shall be responsible for the following duties in corporate governance:

- develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- review and monitor the training and continuous professional development of Directors and senior management;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report of the Company; and
- set up Shareholder communication policy and ensure its effect through regular review.

During the Reporting Period, the Board reviewed and supervised from time to time the implementation of a series of corporate governance policies, including the Articles of Association of Beijing Media Corporation Limited, Rules of Procedures for the Board, Rules of Procedures for the Audit Committee, Rules of Procedures for the Remuneration Committee, Rules of Procedures for the Nomination Committee and the board diversity policy of the Company; reviewed and actively organized training and continuing professional development for Directors and senior management; reviewed and monitored whether there was any violation of laws and regulatory requirements by the Company; approved the Corporate Governance Report of the Company for the year 2021, and approved the disclosure on the website of the Hong Kong Stock Exchange and the Company's website of the same; and formulated, reviewed and supervised Shareholder communications policy to ensure its effectiveness.

16. BOARD DIVERSITY POLICY

The Board adopted the following board diversity policies:

Policy statement: in order to achieve sustainable and balanced development, the Company recognizes an increasing diversity at the Board level as a key element in supporting the Company to reach its strategic objectives and maintaining sustainable development. All Board appointments were based on merits, and candidates were considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable objectives and progress towards the objectives: when determining the composition of the Board, the Company will consider board diversity on a range of perspectives, including but not limited to gender, age, cultural and educational background, expertise and experience, skills, knowledge and term of service. The final decision will be based on the specific needs in talents at different stages of the Company's business development and strategic planning, as well as the advantage of the candidates and contribution the candidates will bring to the Board. The composition of the Board (including gender, age and term of service) shall be disclosed annually in the "Corporate Governance Report". The objective of diversity has achieved in respect of the current Board composition.

Review of policy: the Nomination Committee of the Board will review this policy, when appropriate, to ensure the effectiveness of this policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The current session of the Supervisory Committee has supervised the work of the Board and the management in accordance with the resolutions passed in the annual general meeting, so as to maximize Shareholders' interests and achieve a steady and sustainable growth of the Company, and to safeguard the assets and financial position of the Company, to protect and enhance the interests of the Company and the Shareholders as a whole.

1. CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE IN 2021

On 25 November 2021, Mr. Zhang Zhibing resigned as the chairman of the Supervisory Committee and a shareholder representative Supervisor of the Company due to work arrangements, Mr. Zhang Chuanshui resigned as a shareholder representative Supervisor of the Company due to work arrangements, and Mr. Zhao Meng resigned as a shareholder representative Supervisor of the Company due to work changes. Ms. Xiao Guohui resigned as the Company's employee representative Supervisor due to work arrangements. Upon the approval of the Company's first extraordinary general meeting of 2021 held on the same day, Mr. Liu Huibin and Ms. Li Xiaomei were appointed as the Company's shareholder representative Supervisors. At the fifth meeting of the seventh session of the Supervisory Committee held on the same day, Mr. Liu Huibin was elected as the chairman of the Supervisory Committee of the Company. For details, please refer to the announcements of the Company dated 9 October 2021 and 25 November 2021.

Save as disclosed above, there were no other changes in the members of the Supervisory Committee during the Reporting Period.

2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2021

Over the past year, the Supervisory Committee continued to promote the improvement in the corporate governance structure, operational transparency as well as the level of compliance of the Company. It ensured that the management of the Company had endeavoured to establish a positive corporate image in the capital market. In addition, measures were implemented to safeguard the interests of investors, especially those of small and medium investors.

(1) Financial Position of the Company

The Supervisory Committee reviewed the financial system, financial reports and internal audit of the Company during the Reporting Period. The Supervisory Committee considers that the contents of financial report, audited financial statements and the annual report are true and reliable, and the audit opinion from the Company's auditor is objective and fair.

(2) Operation of the Company

The Supervisory Committee supervised the Company's operating activities. During the Reporting Period, the Supervisory Committee noticed the improvement of the formulating and implementation of its internal working procedures to gradually improve the Company's internal control system and to control various risks in the Company's operations. The Supervisory Committee is of view that the Company operates in compliance with the laws and regulations of the PRC, the Articles of Association and working procedures of the Company.

(3) Directors and Management of the Company

The Supervisory Committee supervised the performance of duties by the Directors and the management, as well as the implementation of resolutions of the general meeting. The Supervisory Committee considers that the Directors and senior management have acted according to the resolutions of the general meeting and faithfully discharged their duties to achieve the operational targets. The Supervisory Committee is not aware of any violation of laws, regulations, the Articles of Association or impairment to the interests of Shareholders by the Directors or other senior management in performing their duties during the Reporting Period.

2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2021 *(Continued)***(4) Transactions of Merger & Acquisition or Disposal of Assets by the Group**

The Supervisory Committee is responsible for reviewing the operating activities such as mergers and acquisitions and disposal of assets of the Group. The Supervisory Committee is not aware of any mergers and acquisitions as well as the disposals of assets of the Group without fair and reasonable transaction prices, and is not aware of any insider trading or acts detrimental to the interests of the Shareholders, especially the independent Shareholders.

(5) Fairness of (Continuing) Connected Transactions

The Supervisory Committee has supervised the (continuing) connected transactions of the Group. The Supervisory Committee considers that the terms on which the (continuing) connected transactions were conducted by the Group were fair and reasonable during the Reporting Period, and is not aware of any acts detrimental to the interests of the Company or its Shareholders.

As a whole, during the Reporting Period, the current session of the Board established and implemented the Company's development strategy, actively incorporated the opinions and suggestions of the Supervisory Committee to safeguard the interest of the Company and its Shareholders according to the business targets as decided at the general meeting. In the coming year, the Supervisory Committee will continue to discharge its obligations faithfully to maximize the interests of the Company and its Shareholders.

Beijing Media Corporation Limited
Supervisory Committee

25 March 2022

1. ABOUT THE REPORT

The Group considers that sound environmental, social and governance performance is crucial in maintaining the Group's future sustainability in development, achieving long-term objectives and creating long-term value for Shareholders. As a propaganda and cultural media enterprise, the Group takes the responsibility to serve the society and pays close attention to the fulfillment of corporate social responsibility and sustainable development. Concern for the environment, dedication to the society and commitment to corporate governance are not only the Group's response to the support and concern of all parties, but also important guarantee for the Group to achieve sustainable development, realize its development strategy, achieve its goals and enhance quality and efficiency. While steadily improving its financial performance, the Group firmly bears in mind the fundamental attributes of a cultural enterprise and takes an active approach in creating and realizing value, striving to expand market and optimising business model. Meanwhile, the Company integrates corporate social responsibilities into its business operation and development, and pursues the common progress and development with its customers, employees, Shareholders and the society.

The Board presents the Group's Environmental, Social and Governance (ESG) report in accordance with the ESG Reporting Guide issued by the Stock Exchange, as set out in Appendix 27 of the Listing Rules. The Group proactively undertakes corporate social responsibility, contributes to meeting the environmental, social and governance requirements and challenges faced by society, and has implemented a number of significant initiatives related to environmental protection, employment and labor practices, operating practices and community investment.

We consider ESG input as part of our corporate social responsibility and we have pledged to incorporate ESG considerations into our decision-making process. Therefore, we have developed a core governance framework to ensure the alignment of ESG governance with our growth strategy, while advocating the ESG integration into our business operations. Our corporate social responsibility framework is divided into two components, namely the Board and an ESG Working Group.

The Board has the ultimate responsibility for overseeing the Group's ESG issues, including ESG management approaches, strategies and policies. In order to better manage the Group's ESG performance and identify potential risks, the Board conducts materiality assessments regularly, and takes into account the views of stakeholders to assess and prioritize material ESG-related issues with the assistance of the ESG Working Group.

The ESG Working Group is composed of core members from various departments to assist the Board in overseeing ESG issues. The ESG Working Group is responsible for collecting and analyzing ESG data, monitoring and evaluating the Group's ESG performance, ensuring compliance with ESG related-laws and regulations and preparing ESG Report. The ESG Working Group arranges regular meetings to evaluate the effectiveness of current policies and procedures, and formulates appropriate solutions to improve the overall effectiveness of ESG policies. At the meeting, the ESG Working Group discussed the current and future plans to monitor and manage the Group's strategic objectives in terms of sustainable development, reduce potential risks, and minimise the negative impact on the Group's business operations. The Group strives to reduce the impact of its operations on the environment by setting ESG goals and targets. The Group is actively pursuing its commitment to integrating sustainable development into its business operations and fulfilling its corporate responsibility. The ESG Working Group periodically reports to the Board to assist in assessing and identifying ESG risks and opportunities of the Group, evaluate the implementation and effectiveness of internal control mechanisms and review the progress of the targets and indicators set.

1. ABOUT THE REPORT *(Continued)*

Reporting Reference and Scope

This report has been prepared in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” to the Listing Rules. The scope of this report covers the relevant situation of the Company and its subsidiaries during the period from 1 January 2021 to 31 December 2021.

Stakeholder Engagement

The Hong Kong Stock Exchange has set forth principles for reporting in the ESG Guide: Materiality, Quantitative and Consistency, which should form the basis for preparing the ESG report. Through stakeholder engagement, companies can obtain different views and identify material environmental and social issues.

The Group believes that effective feedback from stakeholders not only contributes to a comprehensive and impartial assessment of its ESG performance, but also enables it to improve the performance based on the feedback. Therefore, the Group has engaged in open and regular communication with our stakeholders, including shareholders, employees, suppliers, government and regulatory authorities and the general public. Over the years, the Group has continued to refine its sustainability focus to respond to the demands. We have communicated with the five types of stakeholders as described below and reviewed our ESG Strategy in the following five aspects.

Stakeholders and engagement methods

Stakeholder	Interests and concerns	Engagement channels
Shareholders and investors	Return on investment Corporate strategy and governance Information transparency	Announcements, Annual General Meeting and official websites of the Company
Employees	Employee welfare Career development Healthy working environment	Employee satisfaction surveys, employee training and performance review
Suppliers	Long-term business relationship Supplier assessment criteria	Procurement processes, open tender, meetings and other visits
Government and regulatory authorities	Compliance with laws and regulations Business sustainability	Review of compliance with local laws and regulations, and routine reports
General public	Community involvement Environmental awareness	Regular listing reports and announcements, the Company’s official website and public welfare activities

The business of the Group affects different stakeholders, and stakeholders have different expectations on the Group. The Group will maintain communication with stakeholders, collect opinions of stakeholders more extensively through different forms, and improve the substantive analysis. At the same time, the Group will enhance the reporting principles of quantification and consistency, and define the content and presentation of the ESG Report in a way that better meet the expectations of stakeholders.

2. ENVIRONMENTAL PROTECTION

The Group belongs to media advertising industry, which does not involve in manufacturing and is thus a low-polluting industry. No significant impact has been found in its production and business management, and the Group requires all departments to study and strictly implement the “Environmental Protection Law of the PRC”, the “Atmospheric Pollution Prevention and Control Law of the PRC”, the “Law of PRC on the Prevention and Control of the Environmental Pollution by Solid Waste”, the “Water Pollution Prevention and Control Law of the PRC”, the Beijing “Emission Standard of Volatile Organic Compounds for Printing Industry”, and other laws, regulations and industry regulations.

The Group regularly assesses the risks of business environment, reviews environmental practices and adopts necessary preventive measures to reduce risks to ensure the compliance with relevant laws and regulations.

2.1 Response to Climate Change

Climate change is one of the most complicated challenges faced by humanity. Global warming has given rise to more frequent extreme weather conditions, including changes in precipitation patterns, droughts, floods and forest fires. Sea level rise will make people in densely populated coastal areas and island countries homeless. Faced with all sorts of problems, individuals, corporations and governments must take immediate actions to tackle climate change.

Excessive greenhouse gas emissions are the main cause of global climate change. To achieve a low carbon economy, the Group is committed to reducing its greenhouse gas emissions through the approaches of mitigation and adaptation. For example, the Group has adopted various environmental policies and measures and promoted energy saving measures and practices in the office to mitigate the risks of climate change. The Group has also considered potential physical risks of climate change to its daily operations, and through implementation of the relevant protective measures to minimize the risks.

The Group focuses on reducing emissions in its operations, engaging suppliers to reduce emissions in supply chains.

2.2 Emission Management

The emission of greenhouse gases and wasted gases of the Group is mainly attributable to the use of vehicles for business and travelling purposes. The Group tries to reduce the use of vehicles by telephone and mail instead of in-person meetings, and arranges regular inspections and maintenance for vehicles to ensure their components, including engines and tires, are working properly, so as to improve the efficiency of gasoline consumption and ultimately reduce the emission of greenhouse gases and waste gases to improve.

The Group has always attached great importance to waste management and has implemented green office practice. We use electronic transmission for our daily office documents, promote double-sided photocopying of paper for printing requisite documents, and encourage recycling of paper to reduce the unnecessary use of resources and associated waste generation. We conduct telephone conferences whenever it is possible to reduce the number of physical meetings and reduce waste emissions from long-distance journeys using transportation. The Group follows “Regulations of Beijing Municipality on Domestic Waste Management” and promotes the concept of waste sorting by installing waste sorting and recycling facilities in office area. The Group regularly invites specialized recycling service providers to collect and recycle various used products.

2. ENVIRONMENTAL PROTECTION (Continued)

2.2 Emission Management (Continued)

During the Reporting Period, the emission of greenhouse gases of the Group is set out below:

	2021	2020	Changes
The emission of greenhouse gases:			
Direct emission of greenhouse gases (Scope 1) (ton)	12.59	7.13	77%
Indirect emission of greenhouse gases (Scope 2) (ton)	0.28	0.29	-3%
The emission density of greenhouse gases (ton per capita)	0.04	0.02	100%
Total emission of greenhouse gases per floor area (KG per square meter)	2.58	1.49	73%
Hazardous waste (ton)	4.06	1.85	120%
Hazardous waste per capita (KG per capita)	14.04	6.20	126%
Non-hazardous waste (ton)	1.17	1.17	—
Non-hazardous waste per capita (KG per capita)	4.04	4	—

Scope 1: direct emission of greenhouse gases incurred from the sources owned and controlled by the Group (gasoline consumption caused by vehicles)

Scope 2: the emission of greenhouse gases indirectly caused by electricity, heating, and cooling (electricity power supply for office and water consumption)

Notes:

1. Hazardous waste produced by the Group's office buildings mainly includes waste toner cartridges and waste ink cartridges from printing equipment. Waste toner cartridges and waste ink cartridges are centrally managed and disposed of. Such data covers all office buildings of the Group in the Mainland of China.
2. Non-hazardous waste produced by the Group's office buildings mainly includes domestic waste and non-hazardous office waste. As domestic waste is disposed of by the property management companies and kitchen waste recyclers and cannot be measured separately. Office waste is collected and recycled by professional waste collectors. Therefore, the domestic waste and office waste generated from office buildings were estimated. These statistics covers all office buildings of the Group.
3. The number of people used in the calculation of emission density, resource density and domestic waste estimation is the annual average number of people working in office buildings.
4. The increase in data in 2021 is due to the outbreak of COVID-19 epidemic in 2020 and the Company's implementation of flexible work and home office systems in the first half of 2020, therefore, the data for the two years are not directly comparable.

2. ENVIRONMENTAL PROTECTION (Continued)

2.3 Use and Management of Resources

The Group puts priority on saving during its operation and takes a series of energy saving and emission reduction measures to improve resource utilization efficiency, reduce corporate costs and contribute to environmental protection. For instance, the Group has actively promoted the coordinated office platform to reduce the waste of paper and office consumables. The Group has reused a series of supplies when holding on-site events and exhibitions. The Group strongly advocates the water and electricity saving through various measures, including turning off lights and electrical appliances in idle rooms, placing save water signs in the pantries and lavatories to encourage our employees to conserve water, and promoting reuse of non-edible water, such as watering plants or cleaning floor with the water used for cleaning items, etc.

As a result of the aforesaid measures, the Group has achieved good performance for energy saving, emission reduction, costs decrease and efficiency improvement. During the Reporting Period, the utilization of resources of the Group is as follows:

	2021	2020	Changes
Energy consumption			
Consumption volume of gasoline (Liter)	5,754.41	3,261.80	76%
Consumption density of gasoline (Liter per capita)	19.91	10.95	82%
Consumption volume of electricity (kWh)	442,613.00	434,522.75	2%
Consumption density of electricity (kWh per capita)	1,531.53	1,458.13	5%
Total energy consumption per floor area (kWh per square meter)	88.93	87.30	2%
Water consumption			
Total water consumption (ton)	3,908.50	3,146.25	24%
Consumption density of water (ton per capita)	13.52	10.56	22%
Paper consumption			
Total paper consumption (KG)	8.10	21.63	63%
Consumption density of paper (KG per capita)	0.03	0.07	57%

Notes:

1. The increase in data in 2021 is due to the outbreak of COVID-19 epidemic in 2020 and the Company's implementation of flexible work and home office systems in the first half of 2020, therefore, the data for the two years are not directly comparable.
2. Data on packaging does not apply to the Group

Although the core business of the Group has remote impact on the environment and natural resources, as a good company, the Group promises to endeavor to minimize the negative environmental impact of our business operations and our investment in order to achieve sustainable development.

3. STAFF MANAGEMENT

During the Reporting Period, the Group has strictly followed the requirements of the laws and regulations including the “Labour Law of the PRC”, the “Labour Contract Law of the PRC”, the “Implementing Regulations of the Labour Contract Law of the PRC”, the “Prevention and Control of Occupational Diseases Law of the PRC”, the “Law of the PRC on the Protection of Minors”, and “Prohibition of Child Labour”, and it has formulated certain internal systems such as Human Resources Management System, in accordance with the law to thoroughly protect the legal rights of staff, and jointly create a good labour-management relation. We have distributed an Employee Manual to every newly hired employee, so that the employees are aware of their rights and responsibilities in terms of group culture, employment arrangements, code of conduct, and career development, etc.

3.1 Employment and Labour Standards

During the recruitment process, the overall qualities of applicants were the most important assessment elements for us, and all interviewees must undergo a series of strict selection process before being officially employed, including written tests regarding the related professional skill, comprehensive ability tests and interviews with the supervisors, etc. The Group would strictly keep confidential all the interviewees’ data. The Group has strictly followed the requirements of the labour laws and regulations, and shall not allow child labour or forced labour to be involved in its operation. During the recruitment process, the Group strictly inspected the ages and identities of the applicants to ensure that the applicants have the legal working qualifications. During the Reporting Period, the Group did not find any use of child labour or forced labour. At the same time, the Group handles matters such as the termination of employment relations strictly in accordance with the provisions of the Labour Law, and its permanent employees may resign by making resignation applications 30 days in advance; and for those under probation, the resignation applications will need to be 3 days in advance.

As of 31 December 2021, the number of staff of the Group is set out below:

Classification	2021	2020	Changes
Total number of staff	289	298	-3%
Delineation by gender:			
female	171	158	8%
male	118	140	-16%
Delineation by age group:			
under the age of 30	104	107	-3%
the age of 30 to 50	176	179	-2%
over the age of 50	9	12	-25%
Delineation by employment types:			
ordinary staff	237	239	-1%
middle management	40	47	-15%
senior management	12	12	—
Delineation by area:			
Beijing	277	268	3%
Chongqing	12	30	-60%

The Group is committed to maintaining a diversified development of the working environment, giving female employees the same rights and equal opportunities as male employees in pay, promotion and other aspects. The Group strictly prohibits all forms of discrimination, such as gender, regional, religious and nationality, and treats all types of employees equally. In respect of employee remuneration, the remuneration that the Group paid to the employee will not be less than the minimum wage standard specified by the local government. The Group has strictly followed the relevant national or local labour laws and regulations, and provided employees with welfare. Our employees can enjoy the social insurances required by the state (including pension, unemployment, medical and work injury), housing provident fund, medical subsidy, paid annual leave, paid sick leave, work-related injury leave, long-term sick leave, mourning leave and marriage leave, etc.

3. STAFF MANAGEMENT (Continued)

3.2 Health and Safety of Employees

The Group has always been focusing on the health and safety of employees. The Group arranges the employees to conduct comprehensive physical examination every year and sets up a staff clinic for our employees to provide health consultation and simple disease treatment services. The Group regularly cleans the working areas thoroughly and is committed to creating a safe and hygienic working environment for employees. In principle, the Group adopts a working and rest hour system of 8 working hours a day, 40 working hours a week with 2 rest hours at noon a day and provides free lunch for its employees. The working and rest time varies according to different regions and business requirements. The Group does not encourage employees to work overtime, respects the employees' schedule, and encourages the employees to complete their work efficiently within 8 hours. The Group takes care of the interest and needs of female employees according to the "Special Rules on the Labour Protection for Female Employees", and has implemented a special short working hour system for the lactation period. The Group attaches great importance to the opinions of employees and the labour union and has built a formal monitoring and management channel to maximise the protection for the interest of employees. The Group cares for the employees and has established a system to care for those employees in distress and sickness.

During the past three financial years, the Group did not have any employee death accidents due to work. During the Reporting Period, the number of loss for business day caused by work injury was zero.

3.3 Vocational Development for Employees

The Group attaches great importance to the personal development of employees by motivating the employees to enhance their expertise, personal skills and their comprehensive abilities to meet the development needs of the Group. The Human Resources Department of the Group was responsible for developing the training programs. Upon completion of the training, the employees who took part in the training programs were required to submit the training satisfaction questionnaire or training reports to help the relevant department continue to improve the contents of the training.

During the Reporting Period, participations in trainings of the employees of the Group are set out below:

	Number of employees participating in trainings	Number of employees	Proportion of trained employees
Delineation by employment types:			
ordinary staff	52	240	22%
middle management	19	40	48%
senior management	12	12	100%
			Average training hours of each employee (hour per capita)
Delineation by gender:			
female employee			46.98
male employee			49.79
Delineation by employment types:			
ordinary staff			64.65
middle management			24.95
senior management			13.71

The Group respects every employee, and has launched a variety of user-friendly arrangements and leisure activities for the staff to achieve work-life balance. During the Reporting Period, the Group organised various cultural and sports activities to promote its corporate culture and enrich the cultural life of its employees.

4. SUPPLY CHAIN MANAGEMENT

Pursuant to relevant legislations and regulations, the Group has formalized the Measures for Procurement Management, which, with procedures of suppliers admittance included, rules the behavior of the staff engaging in purchasing, to standardize the Group’s purchasing events and build up refined purchasing management system. The Purchasing Department seeks for qualified suppliers in the market and carries out regular assessment on their overall ability, assets’ condition, business nature, reputation in the industry, quality of the products, delivery of the products and compliance with the legislations and regulations. We will conduct investigations (including qualification reviewing and onsite inspection) on the suppliers’ background before engagement. Participants in the investigations come from departments in the demand end and professional team (if applicable). We typically offer price consultation to not less than three suppliers. Other factors such as the delivery time, the technical capability of the suppliers, suppliers’ compliance with laws and regulations relating to quality and safety of products and services, labor practice and environment are also taken into consideration in choosing suppliers. The adverse effect of the services or products provided by suppliers on environment is one of the main considerations when the Group looks for new suppliers. As customers are increasingly concerned about environmental problems and emphasize the importance of applying environment-friendly materials, the Group will continue to shoulder its responsibility as an enterprise citizen to communicate and highlight relevant environmental issues to our suppliers. Cooperation and contract will be terminated with those suppliers which fail to meet the applicable compliance standard. We believe that, through the above assessment process, we can minimise the potential environmental and social risks associated with the supply chain management.

As of 31 December 2021, the number of suppliers of the Group is set out below:

	Number of suppliers
Delineation by area where suppliers registered:	
Beijing	175
Sichuan	9
Tianjin	7
Guangdong	7
Shandong	5
Shanghai	5
Zhejiang	5
Hebei	3
Jiangxi	3
Liaoning	3
Fujian	1
Henan	1
Hunan	1
Jiangsu	1
Shaanxi	1
Total	227

Note: The area refers to the place of registration of suppliers.

5. PRODUCT RESPONSIBILITY MANAGEMENT

Followed by the spirit of undertaking responsibility for consumers, the advertisement required by the Group to be published shall have an identity of legal operating entity, while advertisement reviewer shall conduct affirmation on the identity of legal operating advertiser. Upon the affirmation of the advertisers' legal identity, more reviews shall be carried out on the contents of advertisement provided by advertisers in accordance with the relevant laws and regulations, including the "Advertising Law of the PRC" and the "Anti-Unfair Competition Law of the PRC". The Group also followed the applicable laws governing health and safety standards, advertising and labeling. We uphold the principles of truth, objectiveness and fairness, prohibit themselves from compensated news and false news, and ensure the quality of production services without producing, endorsing or disseminating false advertisement, in order to spread positive energy, and pursue a healthy and progressive cultural taste. If there are complaints against the content of advertisements from readers, the department of advertisement review will, in coordination with the department of advertisement business, actively compensate the loss of readers based on specific situation.

During the Reporting Period, the Group did not receive any complaints about advertising due to violations of the regulations of the press, publication, radio, film and television industry and applicable advertising laws and regulations.

6. PROTECTION OF INTELLECTUAL PROPERTY AND CONSUMER'S PRIVACY

The Group understands how important it is to protect intellectual property and consumer's privacy. The Group has obtained relevant licenses for the software and information used in business operations. The Group only purchases genuine products.

The Group attaches great importance to customers' privacy management in strict compliance with the "Law of the PRC on Consumer Rights and Interests" and other related laws and regulations in the PRC. In order to ensure that the information and privacy of clients are fully protected, the Group has established the information confidentiality management regulations and the file confidentiality system. The relevant responsible persons shall ensure strict compliance requirements and shall not expand the scope of insiders without authorisation. Meanwhile, they shall do a good job in keeping the confidential materials and information, and shall not cause the outflow of confidential materials and information due to mismanagement. Without authorisation, they shall not duplicate, copy, or copy by writing of confidential documents and data. Meanwhile, the Group will process all information provided by customers, employees and business partners in accordance with the "Civil Code of the People's Republic of China" and relevant laws and regulations to ensure that such data is properly protected.

7. ANTI-CORRUPTION MANAGEMENT

The Group adopts a zero tolerance approach to corruption in any form and strives to maintain an ethical corporate culture. We have strictly abided by China's relevant anti-corruption and anti-money laundering laws and regulations. We have also formulated the Anti-fraud System of Beijing Media Corporation Limited in accordance with the relevant laws and regulations. Any employee who engages in any form of corruption or money laundering will be subject to disciplinary and/or legal action. The Group has established a whistle-blowing channel for employees to report any misconduct to the Audit Committee. The Audit Committee will investigate any suspicious activity or illegal act to safeguard the interests of the Group. All investigations are conducted in a confidential manner and management will take corrective action to address the proven fraud. The Audit Committee will report misconduct to the Board and the Supervisory Committee, and if the misconduct is in breach of the relevant laws, it will forward the relevant report to the law enforcement agency for follow-up.

The Group plans to conduct regular training for all directors and employees on anti-corruption and anti-fraud policies and procedures to maintain employees' awareness of anti-corruption.

During the Reporting Period, the Group has complied with the relevant anti-corruption and anti-money laundering laws and regulations and there have been no concluded corruption proceedings against the Group or its employees (2020: Nil).

8. COMMUNITY INVESTMENT

Over the years, the Group has been committed to corporate social responsibility and has spared no effort to build a cohesive and caring society. During the Reporting Period, our corporate social responsibility team took advantage of the relaxation of social distance restriction measures to arrange various community caring activities and our employees actively participated in these activities in the hope of helping the needy. We believe that these community caring activities can enhance our staffs' sense of responsibility, interpersonal skills and ability to work with colleagues. During the Reporting Period, the Group's community caring activities were as follows:

- The "Winter Sunshine Warms You and Me" charity event, which realized New Year's wishes of 100 rural left-behind children in Shizhu County, Chongqing, sending them storybooks, school bags, cotton clothes and other items.



- Together with Beijing Municipal Committee and Chaoyang District Committee, the Group jointly organized the "310 Days Countdown to the Winter Olympics and the Launch of the 515J Winter Olympics Voluntary Service for Millions of People Campaign" with 515J, which was advertised by more than 20 media. Olympic champions participated in this activity and 200 residents interacted and experienced winter sports, guiding the whole community to participate in fitness sports and to motivate the Winter Olympics.



- The Group steadily stay in line with an official media's nature of promoting positive energy, and takes up the responsibility of promoting red culture. In the past two years, the Group built purely public welfare of the "Station for National Studies" (國學書香驛站). Since the opening of the stations, each station has guaranteed more than 3 activities every week, such as leading the reading of picture books, tea ceremony, calligraphy, environmental protection lectures, law popularization class, reading club and other public welfare activities. There were more than 5,000 activities held up to now, radiating more than 38 communities, benefiting 1,865 children and parents in total, and cultivating more than 75 community volunteers.



“Articles of Association”	The articles of association of the Company as amended from time to time
“Audit Committee”	The audit committee under the Board
“Beiqing CéCi”	Beiqing CéCi Advertising (Beijing) Limited, a subsidiary of the Company
“Beiqing Community Media”	Beiqing Community Media Technology (Beijing) Co., Ltd., a subsidiary of the Company
“Beiqing Long Teng”	Beiqing Long Teng Investment Management (Beijing) Co., 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
“Beiqing Top”	Beijing Beiqing Top Advertising Limited, an associate of the Company
“BIAC”	Beijing International Advertising & Communication Group Co., Ltd., a limited company incorporated under the laws of the PRC, an associate of the Company
“Board”	The board of Directors of the Company
“BYD Logistics”	BYD Logistics Company Limited, a subsidiary of the Company
“Capital Group”	Beijing Capital Group Company Limited
“China Accounting Standards”	The Accounting Standards for Business Enterprises in the PRC
“Chongqing Media”	Chongqing Youth Media Company Limited, a subsidiary of the Company
“Company”, “we”, “us” or “Beijing Media”	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
“Company Law”	The Company Law of the PRC
“Director(s)”	The director(s) of the Company
“Domestic Share(s)”	The ordinary share(s) of RMB1.00 per share in the share capital of the Company
“Group”	The Company and its subsidiaries
“H Share(s)”	The foreign share(s) 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
“Main Board”	The main board of the Hong Kong Stock Exchange
“Nomination Committee”	The nomination committee under the Board
“Parent” or “BYDA”	Beijing Youth Daily Agency, the controlling shareholder of the Company
“Parent Group” or “BYDA 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 report, excluding Hong Kong, Macau Special Administration Region and Taiwan
“Remuneration Committee”	The remuneration committee under the Board
“Reporting Period”	The year ended 31 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of Hong Kong Laws
“Shareholder(s)”	The shareholder(s) of the Company
“Supervisor(s)”	The supervisor(s) of the Company
“Supervisory Committee”	The supervisory committee of the Company

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)

For the year ended 31 December 2021



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DA XIN SHEN ZI [2022] No. 2-00352

To all Shareholders of Beijing Media Corporation Limited:

I. OPINION

We have audited the financial statements of Beijing Media Corporation Limited (hereafter referred to as “the Company”), which comprise the consolidated and BYDA’s balance sheets as at 31 December 2021, the consolidated and BYDA’s statements of income, the consolidated and BYDA’s statements of cash flows and the consolidated and BYDA’s statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and BYDA’s financial position of the Company as at 31 December 2021, and of its consolidated and BYDA’s financial performance and cash flows for the year then ended in all material aspects in accordance with Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

We conducted our audit in accordance with Chinese Certified Public Accountants Auditing Standards. Our responsibilities under those standards are further described in “the Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the Code of Ethics for Chinese Certified Public Accountants and have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

A Provision for bad debts of accounts receivable

1. The Matter

For policies and disclosures of the Company on provision for bad debts of accounts receivable, please refer to “V.10. Determination and accounting treatment methods of expected credit loss” and “VIII.3. Accounts receivable” in the notes. As at 31 December 2021, the balance of carrying amount of accounts receivable of the Company was RMB428,387 thousand, the balance of bad debt provision for accounts receivable was RMB402,595 thousand, both were accounting for higher balances. The Company makes provision for bad debts based on the amount of the expected credit loss during the whole duration of the accounts receivable. When using this simplification approach of ECL model, the management shall properly group different customer bases according to historical experience, calculate the expected credit loss with reference to the historical credit loss situation, and apply significant accounting estimation and judgment. Therefore, we identified the provision for bad debts of accounts receivable as a key audit matter.

2. Audit response

The procedures we conducted to measure the allowance for bad debts of accounts receivable, mainly include:

- (1) Evaluate and test of the effectiveness of the design and operation of the internal control related to accounts receivable management of the Company;
- (2) Analyze the rationality of grouping of accounts receivable, including the determination basis of accounts receivable groups, the judgment of provision for bad debts on an individual basis, etc.;
- (3) Analyze the rationality of the use of the expected credit loss model, and review the calculation process of provision for bad debts based on the expected credit loss model and whether the bad debts provision of accounts receivable is sufficient;
- (4) Assess the rationality of provision for bad debts of accounts receivable by analysing the aging and customer payment of accounts receivable and conducting practical analysis procedures;
- (5) Verify the existence of accounts receivable by implementing the audit enquiry to the customers who have the large amount of account receivable.

B. Revenue recognition**1. The Matter**

For policies and disclosures of the Company on revenue recognition and classification, please refer to "V.22. Revenue" and "VIII.35. Total operating income, operating costs" in the notes. The Company is principally engaged in sales of advertising, printing and trading of print-related materials. The Company's operating income for 2021 was RMB187,552 thousand, representing a decrease of 13.69% as compared with 2020. Operating income is a key performance indicator of the Company, and there is an inherent risk that management manipulates the timing of revenue recognition to achieve specific goals or expectations. Therefore, we identified the recognition of revenue as a key audit matter.

2. Audit response

The procedures we conducted to measure revenue recognition, mainly include:

- (1) Evaluate and test the effectiveness of the design and operation of the internal control related to the recognition of revenue of the Company;
- (2) Sample the sales contracts, identify the contract terms and conditions that related to the transfer of control and evaluate whether the revenue recognition method and timing of the Company is in accordance with the requirements of Accounting Standards for Enterprises;
- (3) Select samples for current year's revenue transactions by sampling method, check the Company's revenue-related sales contracts, sales invoices, dispatch list, placing order, advertising spaces, customer receipts and other documents, and evaluate whether the revenue recognition accord with the Company's revenue recognition accounting policies;
- (4) For the revenue recognized by the Company before and after the balance sheet date, select samples and check the related sales contracts, sales invoices, dispatch list, placing order, advertising spaces, customer receipts and other documents, in order to evaluate whether the revenue was recognized during the proper accounting period;

- (5) Implement the audit enquiry to the major customers of the Company, to confirm the sales amount of the current period and verify the authenticity and accuracy of sales revenue.

IV. OTHER INFORMATION

The management of the Company (hereafter referred to as “the management”) are responsible for the other information. The other information comprises all of the information included in the annual report of 2021 other than the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF THE MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

The management is responsible for the preparation of financial statements that give a true and fair view in accordance with Accounting Standards for Business Enterprises, and design, implement and maintain the necessary internal control to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

VI. AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP. Certified Public Accountant of China:
(Project partner)

Certified Public Accountant of China:

China. Beijing

25 March 2022

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

Item	Notes	RMB'000	
		As at 31 December 2021	As at 31 December 2020
Current assets:			
Bank balances and cash	VIII.1	264,322	240,221
Notes receivable	VIII.2	2,498	100
Accounts receivable	VIII.3	25,792	66,762
Prepayments	VIII.4	522	1,171
Other receivables	VIII.5	848	3,467
Inventories	VIII.6	11,942	13,460
Other current assets	VIII.7	29,117	31,716
Total current assets		335,041	356,897
Non-current assets:			
Long-term equity investment	VIII.8	3,527	3,497
Other equity instruments investment	VIII.9	270,421	205,927
Other non-current financial assets	VIII.10	1,946	43,017
Investment properties	VIII.11	96,185	110,971
Fixed assets	VIII.12	467	776
Right-of-use assets	VIII.13	74	1,982
Intangible assets	VIII.14	19,077	20,029
Goodwill	VIII.15	—	—
Long-term deferred expenses	VIII.16	822	2,351
Deferred income tax assets	VIII.17	—	—
Other non-current assets	VIII.18	—	—
Total non-current assets		392,519	388,550
Total assets		727,560	745,447

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)

Item	Notes	RMB'000	
		As at 31 December 2021	As at 31 December 2020
Current liabilities:			
Notes payable	VIII.20	3,239	10,807
Accounts payable	VIII.21	14,748	13,335
Contractual liabilities	VIII.22	21,499	23,560
Employee benefit payables	VIII.23	6,847	5,887
Tax payables	VIII.24	6,085	4,452
Other payables	VIII.25	23,604	30,344
Non-current liabilities due within one year	VIII.26	61	218
Other current liabilities	VIII.27	1,394	1,556
Total current liabilities		77,477	90,159
Non-current liabilities:			
Leased liabilities	VIII.28	—	83
Deferred income tax liabilities	VIII.17	4,525	6,709
Total non-current liabilities		4,525	6,792
Total liabilities		82,002	96,951
Shareholders' equity:			
Share capital	VIII.29	197,310	197,310
Capital reserves	VIII.30	934,421	934,421
Other comprehensive income	VIII.31	160,111	95,834
Surplus reserves	VIII.32	130,931	130,931
Undistributed profits	VIII.33	(794,146)	(729,987)
Total equity attributable to shareholders of the Company		628,627	628,509
Non-controlling interest	VIII.34	16,931	19,987
Total shareholders' equity		645,558	648,496
Total liabilities and shareholders' equity		727,560	745,447
Net current assets		257,564	266,738
Total assets less current liabilities		650,083	655,288

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

Item	Notes	RMB'000	
		For the year ended 31 December 2021	For the year ended 31 December 2020
Total operating income	VIII.35	187,552	217,291
Total operating costs		220,973	239,669
Operating costs	VIII.35	169,492	192,447
Tax and surcharges	VIII.36	1,699	1,964
Selling expenses		15,556	13,596
Administrative expenses		36,976	33,806
Financial expenses	VIII.37	(2,750)	(2,144)
Including: Interest expenses		18	138
Interest income		2,672	2,219
Add: Other income	VIII.38	189	420
Investment income (Loss represented in "-")	VIII.39	28,217	25,337
Including: Gain from investments in associates		30	(6,241)
Profit on the changes in fair value (Loss represented in "-")	VIII.40	(14,948)	(20,317)
Credit impairment losses (Loss represented in "-")	VIII.41	(41,827)	(112,718)
Impairment loss of assets (Loss represented in "-")	VIII.42	(332)	(1,936)
Gain on disposal of assets (Loss represented in "-")	VIII.43	11	50
Operating profit		(62,111)	(131,542)
Add: non-operating income	VIII.44	291	101
Less: non-operating expenses	VIII.45	678	137
Total profit		(62,498)	(131,578)
Less: Income tax expenses	VIII.46	4,694	4,778
Net profit		(67,192)	(136,356)
Net profit attributable to:			
Net profit from continuing operations		(67,192)	(136,356)
Net profit from discontinued operations		—	—
Shareholders of the Company		(64,159)	(130,176)
Non-controlling shareholders		(3,033)	(6,180)

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)

Item	Notes	RMB'000	
		For the year ended 31 December 2021	For the year ended 31 December 2020
Other net comprehensive income after tax	<i>VIII.52</i>	64,254	(10,145)
Other net comprehensive income after tax attributable to shareholders of the Company		64,277	(10,075)
Including: Other comprehensive income unqualified for subsequent reclassification into profit or loss		64,312	(9,971)
Including: Change in fair value of other equity instruments investments		64,312	(9,971)
Including: Other comprehensive income subsequently reclassified into profit or loss	<i>VIII.52</i>	(35)	(104)
Including: Exchange differences from retranslation of financial statements		(35)	(104)
Other net comprehensive income after tax attributable to non-controlling shareholders		(23)	(70)
Total comprehensive income		(2,938)	(146,501)
Total comprehensive income attributable to shareholders of the Company		118	(140,251)
Total comprehensive income attributable to non-controlling shareholders		(3,056)	(6,250)
Earnings per share:			
Basic earnings per share (RMB)	<i>XVII.1</i>	(0.33)	(0.66)
Diluted earnings per share (RMB)	<i>XVII.1</i>	(0.33)	(0.66)
Dividends	<i>VIII.50</i>	—	—

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

Item	Notes	<i>RMB'000</i>	
		For the year ended 31 December 2021	For the year ended 31 December 2020
1. Cash flows from operating activities:			
Cash received from the sale of goods and provision of services		200,878	225,237
Tax refund received		1,456	—
Other cash receipt related to operating activities		38,080	6,777
Sub-total of cash inflows from operating activities		240,414	232,014
Cash paid for goods purchased and services received		153,769	183,397
Cash paid to and on behalf of employees		51,695	47,270
Payments of taxes and surcharges		11,166	7,161
Other cash payments relating to operating activities		21,174	23,106
Sub-total of cash outflows from operating activities		237,804	260,934
Net cash flow from operating activities	<i>VIII.53</i>	2,610	(28,920)
2. Cash flows from investment activities:			
Cash received from sales of investments		40,908	11,557
Cash received from returns on investments		20,528	24,992
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		12	65
Other cash receipt relating to investing activities		1,990	3,000
Sub-total of cash inflows from investing activities		63,438	39,614
Cash paid to acquire fixed assets, intangible assets and other long-term assets		719	763
Cash paid for investment		—	1,700
Other cash payments related to investing activities		—	—
Sub-total of cash outflows from investing activities		719	2,463
Net cash from investing activities		62,719	37,151

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)

Item	Notes	RMB'000	
		For the year ended 31 December 2021	For the year ended 31 December 2020
3. Cash flows from financial activities:			
Cash received from investors		—	—
Including: cash received from non-controlling shareholders of subsidiaries		—	—
Cash received from borrowings obtained		—	—
Other cash receipts relating to financing activities		—	—
Sub-total of cash inflows from financial activities		—	—
Cash payments for borrowings repayment		—	—
Cash payments for distribution of dividends or profits or interest expenses		—	—
Including: dividends or profits paid to non-controlling shareholders of subsidiaries		—	—
Other cash payments relating to financing activities		—	300
Sub-total of cash outflows from financial activities		—	300
Net cash flows from financial activities		—	(300)
4. Effect of exchange rate changes on cash and cash equivalents		94	22
5. Net increase in cash and cash equivalents	<i>VIII.53</i>	65,423	7,953
Add: opening balance of cash and cash equivalents		195,660	187,707
6. Closing balance of cash and cash equivalents	<i>VIII.54</i>	261,083	195,660

Consolidated Statement of Changes in Shareholders' Equity

2021

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

BEIJING MEDIA CORPORATION LIMITED

RMB'000

Item	For the year ended 31 December 2021								
	Attributable to shareholders of BYDA						Non-controlling interest	Total shareholders' equity	
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Sub-total			
Balance as at 31 December 2020	197,310	934,421	95,834	130,931	(729,987)	628,509	19,987	648,496	
Change in accounting policies	—	—	—	—	—	—	—	—	
Balance as at 1 January 2021	197,310	934,421	95,834	130,931	(729,987)	628,509	19,987	648,496	
Net profit	—	—	—	—	(64,159)	(64,159)	(3,033)	(67,192)	
Other comprehensive income	—	—	64,277	—	—	64,277	(23)	64,254	
Retained earnings carried forward from other comprehensive income	—	—	—	—	—	—	—	—	
Others	—	—	—	—	—	—	—	—	
Sub-total of the changes during the year	—	—	64,277	—	(64,159)	118	(3,056)	(2,938)	
Balance as at 31 December 2021	197,310	934,421	160,111	130,931	(794,146)	628,627	16,931	645,558	
	For the year ended 31 December 2020								
	Attributable to shareholders of BYDA								
Item	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Sub-total	Non-controlling interest	Total shareholders' equity	
Balance as at 31 December 2019	197,310	934,421	105,909	130,931	(599,811)	768,760	26,237	794,997	
Change in accounting policies	—	—	—	—	—	—	—	—	
Balance as at 1 January 2020	197,310	934,421	105,909	130,931	(599,811)	768,760	26,237	794,997	
Net profit	—	—	—	—	(130,176)	(130,176)	(6,180)	(136,356)	
Other comprehensive income	—	—	(10,075)	—	—	(10,075)	(70)	(10,145)	
Retained earnings carried forward from other comprehensive income	—	—	—	—	—	—	—	—	
Others	—	—	—	—	—	—	—	—	
Sub-total of the changes during the year	—	—	(10,075)	—	(130,176)	(140,251)	(6,250)	(146,501)	
Balance as at 31 December 2020	197,310	934,421	95,834	130,931	(729,987)	628,509	19,987	648,496	

Note: In accordance with the People's Republic of China ("PRC") regulations and the Articles of Association of the Company, the respective subsidiaries of the Group are required to transfer 10% of the profit after tax, determined in accordance with the PRC Accounting Standards, every year to statutory surplus reserves until the balance reaches 50% of the registered share capital. Such reserves can be used to offset any losses to be incurred and to increase share capital. Except for the reduction of losses, any other usage should not result in the balance falling below 25% of the registered share capital.

I. GENERAL INFORMATION

Beijing Media Corporation Limited (hereinafter referred to as the “Company”) was incorporated in the PRC on 28 May 2001 as a joint stock company with limited liability under the PRC Company Law. The Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”).

The Company’s parent company and ultimate holding company is Beijing Youth Daily Agency (“BYDA”) which is a state-owned entity established in the PRC.

The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section in the annual report.

The consolidated financial statements are presented in Renminbi (“RMB”) which is the functional currency of the Company.

The Company and its subsidiaries (hereinafter referred to as the Group (“Group”)) are principally engaged in the provision of newspaper, magazine and outdoor advertising services, printing and trading of print-related materials in the PRC.

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries which are included in the scope of consolidated financial statements for the year ended 31 December 2021 of the Group are as follows:

Name of units	Shareholding (%)	
	Direct	Indirect
Beijing Beiqing Outdoor Advertisement Co., Ltd. (Beiqing Outdoor)	100.00	—
Beiqing Network Culture Communication Co., Ltd. (Beiqing Network)	100.00	—
BYD Logistics Company Limited (BYD Logistics)	92.84	—
Beiqing CéCi Advertising (Beijing) Limited (Beiqing CéCi)	84.69	—
Beiqing Long Teng Investment Management (Beijing) Co., Limited (Beiqing Long Teng)	80.84	—
Beiqing Community Media Technology (Beijing) Co., Ltd. (Beiqing Community Media)	52.66	—
Chongqing Youth Media Company Limited (Chongqing Media)	60.00	—
CHONG QING YOUTH (AMERICA) LLC (Chong Qing America)	—	60.00

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**1. Basis of preparation**

The Group’s financial statements for the year ended 31 December 2021 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; the disclosure requirements of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and Hong Kong Companies Ordinance; and the accounting policies and estimates as stated in Note V “Significant accounting policies and accounting estimates”.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS *(Continued)*

2. On a going concern basis

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

IV. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's consolidated 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 2021 and their consolidated operating results, consolidated cash flows and other relevant information for the year then ended.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting Period

The accounting period of the Group is from 1 January to 31 December of each calendar year.

2. Reporting currency

The reporting currency of the Group is RMB.

The financial statements of the Group are expressed in RMB.

3. Basis of preparation and principle of measurement

The Group's financial statements have been prepared on an accrual basis. Except for financial assets held for trading and investment properties which are measured at fair value, the financial statements are prepared under the historical cost convention.

4. Business Combination

(1) Business combination involving entities under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, the carrying amounts of the ownership interests held by the Group of the acquiree in the ultimate controlling party's consolidated financial statements at the acquisition date should be deemed as the original investment costs of long-term equity. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original investment costs of long-term equity investment and the carrying amounts (or the total par value of shares issued) will be adjusted to the capital reserves. If the capital reserves are insufficient to absorb the difference, the remaining amount shall be deducted from retained earnings.

(2) Business combination involving entities not under common control

In a business combination involving enterprises not under common control, the combination costs are the aggregate of the fair values of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value. The Company shall recognize the difference of the combination costs in excess of its interest portion in the fair value of the net identifiable assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs less than its interest portion in the fair value of the net identifiable assets acquired from the acquiree in the non-operating income for current period after reassessment.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***5. Preparation of consolidated financial statement****(1) Determination of the scope of consolidation**

All subsidiaries (including individual entities under the control of the Group) are included in the consolidated financial statements of the Group, including enterprises controlled by the Group, the divisible parts of the invested entities as well as structured entities.

(2) Uniform accounting policies, balance sheet date and accounting period

If the subsidiaries adopt different accounting policies or accounting period compared with those of the Group, the Group shall make necessary adjustments on the subsidiaries' financial statements according to its accounting policies or accounting period when the consolidated financial statements are prepared.

(3) The elimination in the preparation of consolidated financial statements

The consolidated financial statements are prepared based on the individual financial statements of the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the Company held by one subsidiary shall be treated as the Company's treasury shares and a deduction of the shareholder's equity which is presented as "less: treasury shares" in the consolidated balance sheet within equity.

(4) The accounting treatment for obtaining subsidiaries through a business combination

Where a subsidiary has been acquired through a business combination involving enterprises under common control in the reporting period, the obtained subsidiary is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the accounting period in which the acquisition occurred. Where a subsidiary has been acquired through a business combination not involving enterprises under common control, their individual financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

(5) Accounting treatment for disposal of subsidiaries

In respect of disposal of long-term equity investment in subsidiaries without losing control, the difference between disposal consideration and the net assets of subsidiaries attributable to the long-term equity investment continually calculated since the date of acquisition or combination date shall be adjusted to capital reserve (capital premium or share capital premium) in the consolidated financial statements. In case the capital reserve is insufficient for offset, retained earnings will be adjusted.

When the control over the investee is lost due to reasons such as disposal of part of the equity investment, remaining shareholding will be re-measured based on the fair value on the date of loss of control when preparing the consolidated financial statements. The difference between the sum of disposal consideration and fair value of the remaining equity less the net assets attributable to the original shareholdings calculated from the date of acquisition or combination shall be recorded into the investment income for the period when the control is lost, and goodwill will be written off at the same time. Other comprehensive income related to the original equity investment in the subsidiary will be transferred to investment income for the period when control is lost.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. Joint arrangement classification and accounting treatments

(1) The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures. A joint arrangement will be classified as joint operation when the joint arrangement achieves not through an individual entity. Individual entity is an entity with individual identifiable finance structure, including single legal entity and entity unqualified as legal entity but qualified as lawful entity. A joint arrangement is usually be classified as joint venture when the joint arrangement achieves through incorporating an individual entity. When changes arising from relevant events or environment cause changes of the cooperative parties' rights and obligations in the joint arrangements, the cooperative parties shall reassess the classification of the joint arrangements.

(2) The accounting treatment of joint operations

The Group, as the party participating in joint operations, recognizes the following items relating to interests in the joint operations and accounts for them in accordance with related requirements of Accounting Standards for Business Enterprises: solely-held assets and solely-assumed liabilities, and share of any assets and liabilities held jointly; revenue from the sale of its share of the output arising from the joint operation; share of the revenue from the sale of the output by the joint operation; its own expenses; and share of any expenses incurred jointly.

The Group, as a party involved in joint operations without common control power, shall account for its investments referring to the treatment method of joint operation participants if it is entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, it accounts for their investments according to related requirements of Accounting Standards for Business Enterprises.

(3) The accounting treatment of joint ventures

The Group, as the party participating in a joint venture, accounts for its investment in accordance with Accounting Standards for Business Enterprises No.2 Long-term equity investment. And as a party not involved in joint ventures, the Group accounts for its investments according to its influence extent on the joint ventures.

7. Recognition standard for cash and cash equivalents

The cash is recognized when the Group's preparing statement of cash flows represents cash on hand and deposits that can be readily drawn on demand. Cash equivalents is recognized when the Group's preparing statement of cash flows represent short-term and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***8. Foreign Currency Transaction and Translation of Foreign Currency Financial Statements****(1) Foreign currency translation**

The Company records foreign currency transactions in RMB for accounting purpose using the spot exchange rate prevailing on the date when the transactions occur. As at the balance sheet date, monetary items denominated in foreign currency are translated to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign currency that are measured at historical cost are still translated at amount in functional currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rate at the date when fair value was determined and the difference between the translated functional currency amount and the prior translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

(2) The translation of financial statements denominated in foreign currency

If the Group's subsidiaries, joint ventures and associates etc. adopt different reporting currencies, their financial statements denominated in foreign currency shall be translated to financial statements in RMB when preparing consolidated financial statements. The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date. Items of the equity, except for "undistributed profits", are translated at the spot exchange rate at the dates on which such items occurred. The revenue and expenditures in the statement of income are translated using the spot exchange rate at the transaction date. The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity. Foreign currency cash flows are translated at the spot exchange rate prevailing on the date when the cash flow occurs. Effect arising from changes of exchange rates on cash is presented separately in the statement of cash flows. When disposing of foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

9. Financial instruments**(1) Classification and reclassification of financial instruments**

A financial instrument is a contract that forms the financial assets of a party and forms the financial liabilities or equity instruments of other parties.

1) Financial assets

The Group will recognize its financial assets as financial assets measured at amortised cost if both of the following conditions are met: ① Where the Group's business model for managing financial assets is aimed at collecting contractual cash flows; ② the contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

(1) Classification and reclassification of financial instruments *(Continued)*

1) Financial assets *(Continued)*

The Group will recognize its financial assets as financial assets at fair value through other comprehensive income if both of the following conditions are met: ① Where the Group's business model for managing financial assets is aimed at both collecting contractual cash flows and selling the financial assets; ② the contractual terms of the financial assets stipulate that the cash flows generated on a specific date are only the payment of the principal and interest based on the outstanding principal amount.

For investments in non-trading equity instruments, the Group may, at the time of initial recognition, irrevocably designate it as a financial asset at fair value through other comprehensive income. The designation is based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

For those financial assets other than financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, the Group classifies it as financial assets at fair value through profit or loss. At initial recognition, if accounting mismatch can be eliminated or reduced, the Group may irrevocably designate financial assets as financial assets at fair value through profit or loss.

When the Group changes the business model for managing financial assets, all relevant financial assets as affected are reclassified on the first day of the first reporting period after the business model changes, and the reclassification is applied prospectively from the reclassification date. The Group does not retroactively adjust any previously recognized gains, losses (including impairment losses or gains) or interests.

2) Financial liabilities

On initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss; financial liabilities arising from the transfer of financial assets which did not qualify for derecognition or continuing involvement in the transferred financial assets; financial liabilities at amortised cost. All financial liabilities are not reclassified.

(2) Measurement of financial instruments

On initial recognition, the Group's financial instruments are measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss for the current period. For financial assets or financial liabilities of other classes, the related transaction expense is included in the amount of initial recognition. Accounts receivable or notes receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Group. Subsequent measurement of financial instruments depends on their classifications.

1) Financial Assets

① Financial assets at amortised cost. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets at amortised cost that are not parts of any hedging relationships are included in profit or loss in the period which they incurred when derecognised, reclassified, amortised or recognised the impairment under the effective interest method.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***9. Financial instruments** *(Continued)***(2) Measurement of financial instruments** *(Continued)*1) Financial Assets *(Continued)*

- ② Financial assets at fair value through profit or loss. After initial recognition, gain or loss (including interest and dividend income) arisen from subsequent measurement of the financial assets (excluding the financial assets are parts of the hedging relationships) at fair value is included in profit and loss in the period which they incurred.
- ③ Debt instruments investment at fair value through other comprehensive income. After initial recognition, such financial assets are subsequently measured at fair value. Interest, impairment loss or gain and exchange gain and loss calculated using the effective interest method is included in profit or loss in the period which they incurred, and other gains or losses are recognised in other comprehensive income. When derecognised, the accumulated gains or losses previously recognised in other comprehensive income are transferred out from other comprehensive income and included in profit or loss in the period which they incurred.
- ④ Investment in non-trading equity instruments designated at fair value through other comprehensive income. After initial recognition, such financial assets are subsequently measured at fair value. Except that dividend income received (excluding the parts recovered as investment costs) is included in profit or loss, and other relevant gains or losses are included in other comprehensive income, and would not be transferred to profit or loss in the period.

2) Financial Liabilities

- ① Financial liabilities at fair value through profit or loss
Such financial liabilities include financial liabilities for trading purpose (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. After initial recognition, the financial liabilities are subsequently measured at fair value. Except for those involving the hedge accounting, the gains or losses (including interest expenses) arising from changes in fair value of financial liabilities for trading purpose are included in profit or loss in the period which they incurred. The changes in fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes of that financial liabilities' credit risk to be recognised in other comprehensive income, while other changes in fair value are included in profit or loss in the period. If the inclusion of the impact of changes in credit risk of such financial liabilities causes or increases the accounting mismatch of profit or loss, the Group will include all gains or losses of such financial liabilities in profit or loss in the period.
- ② Financial liabilities at amortised cost. After initial recognition, such financial liabilities are measured at amortised cost by using the effective interest method.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Financial instruments *(Continued)*

(3) Recognition method of financial instruments' fair value

For financial assets or financial liabilities in active markets, the Group uses the quoted prices in active markets to determine their fair value. If there is no active market, the Group uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach. In limited cases, if there is insufficient information used to determine the fair value, or if the range of possible estimated fair values is broad, and the cost represents the best estimate of the fair value in such a range, then such costs can represent the proper estimate of the fair value in that range. The Group determines whether the cost represents the fair value based on all information in relation to the results and operations of the investees available since the date of initial recognition.

(4) Recognition and measurement of transfer of financial assets and financial liabilities

1) Financial assets

Financial assets of the Group are derecognised where: ① the contractual rights to receive cash flows from such financial assets have suspended; ② the Group has transferred substantially all the risks and rewards associated with ownership of such financial assets; ③ the Group has neither transferred nor retained substantially all the risks and rewards associated with ownership of such financial assets, and has not retained control of such financial assets.

In the case that the Group has neither transferred nor retained substantially all the rewards associated with ownership of such financial assets and has retained control of such financial assets, the Group will continue to recognise such financial assets according to the extent of transfer of such financial assets, and will recognise relevant liabilities accordingly.

When the transfer of financial assets as a whole qualifies for derecognition, the Group will include the difference of the following two amounts in profit or loss in the period: ① the carrying amount of the transferring financial assets on the derecognition date; ② the sum of the consideration obtained from transferring the financial assets, and the amount of derecognised part in the accumulated changed amount of fair value directly included in other comprehensive income (the related transferring financial assets are the financial assets at fair value through other comprehensive income).

When a partial transfer of financial assets qualifies for derecognition, the carrying amount of the transferring financial assets is allocated between the part subject to and the part not subject to derecognition, in proportion to the respective fair values of those parts. The difference between: ① the carrying amount of the part derecognised; and ② the sum of the consideration obtained from the part derecognised and the cumulative changed amount of fair value for the part derecognized (the related transferring financial assets are classified as the financial assets at fair value through other comprehensive income) is included in profit or loss in the period.

When derecognising the investment in non-trading equity instruments at fair value through other comprehensive income designated by the Group, the accumulated gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and included in retained earnings.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***9. Financial instruments** *(Continued)***(4) Recognition and measurement of transfer of financial assets and financial liabilities** *(Continued)*

2) Financial liabilities

Once the present obligation of financial liabilities (or parts of them) has been lifted, financial liabilities (or parts of them) of the Group has been derecognised.

The difference between the carrying amount of financial liabilities (or parts of them) and consideration paid (including transferred non-cash assets or liabilities) is recognised in profit or loss, when financial liabilities (or parts of them) are derecognised.

10. Determination and accounting treatment methods of expected credit loss

Based on the expected credit loss, the Group made the impairment accounting for financial assets at amortised cost (including accounts receivable), financial assets (including financing of accounts receivable) at fair value through other comprehensive income, rental receivable, and recognised the provision for such losses.

The Group assesses whether the credit risk of relevant financial instruments since its initial recognition is significantly increased on each balance sheet date, and divides the process of credit impairment of financial instruments into three stages, with different accounting treatment methods for impairment of financial instruments in different stages: (1) first stage, where the credit risk of financial instruments is not significantly increased since its initial recognition, the Group measures the provision for loss based on the expected credit loss of such financial instruments in the next 12 months, and calculates the interest income based on its book balance (that is, without deduction for credit allowance) and effective interest; (2) second stage, where the credit risk of financial instruments is significantly increased since its initial recognition but no impairment of credits existed, the Group measures the provision for loss based on the expected credit loss of such financial instruments in the lifetime, and calculates the interest income based on its book balance and effective interest; (3) third stage, where impairment of credits existed since its initial recognition, the Group measures the provision for loss based on the expected credit loss of such financial instruments in the lifetime, and calculates the interest income based on its amortised cost (book balance minus provision made for impairment) and effective interest.

(1) Method of measuring loss allowance for financial instruments with lower credit risk

For financial instruments with lower credit risk as at the balance sheet date, the Group may not make a comparison with the credit risk at the time of initial recognition, but directly make the assumption that the credit risk of the instrument has not increased significantly since initial recognition.

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(2) Method of measuring loss allowance for accounts receivable and rental receivable

1) Accounts receivable without containing significant financing elements

For accounts receivable without containing significant financing elements arising from the transactions regulated under the Accounting Standards for Business Enterprises No. 14 — Revenue, the Group adopts a simplification approach which always measures the provision for loss based on the expected credit loss in the lifetime.

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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Determination and accounting treatment methods of expected credit loss *(Continued)*

(2) Method of measuring loss allowance for accounts receivable, and rental receivable *(Continued)*

1) Accounts receivable without containing significant financing elements *(Continued)*

Based on the nature of financial instruments, the Group assesses whether credit risk has increased significantly on the basis of a single financial asset or combination of financial assets. According to the credit risk characteristics, the Group divides the notes receivable and accounts receivable into several combinations, and calculates the expected credit losses on a combined basis. The basis for determining the combination is as follows:

Accounts receivable group 1:	Aging portfolio customers
Accounts receivable group 2:	Related party customers
Notes receivable group 1:	Bank acceptance bill
Notes receivable group 2:	Trade acceptance bill

For accounts receivable designated to a group, the Group makes the comparison of trade receivables overdue days and full lifetime expected credit losses rate to calculate the expected credit losses by taking into account the historical credit losses experience, and the existing and forecast of future economic conditions. For bills receivable and contract assets designated to a combination, the Group applies exposure at default and lifetime expected credit losses rate to calculate the expected credit losses by taking into account the historical credit losses experience, and the existing and forecast of future economic conditions.

2) Accounts receivable and rental receivable containing significant financing elements

For accounts receivable or contract assets containing significant financing elements and lease receivable regulated by the Accounting Standards for Business Enterprises No. 21 — Lease, the Group measures loss provision based on general approach, i.e. “three stages” model.

(3) Method of measuring loss provisions for accounts receivable

For financial assets other than those mentioned above, e.g. debt investment, other debt investment, other receivables, long-term receivables other than rental receivable, etc., the Group measures loss provisions with the general method, i.e. the “three-stage” model.

The Group divides other receivables into several groups based on the nature of the payment, and calculates the expected credit loss on the basis of the groups. The basis for determining the groups is as follows:

Other receivables group 1:	Margins, deposits, petty cash, etc.
Other receivables group 2:	Related party payments
Other receivables group 3:	Other current payments

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***10. Determination and accounting treatment methods of expected credit loss** *(Continued)***(4) Related party group**

There is a special relationship between the related parties and the Company (such as intergroup related parties, jointly controlled entities and associates) where the difference between the present value of future cash flows and their carrying amount is expected to be minimal, the accounts receivable are generally not made for provision of bad debt. However, if there is concrete evidence indicating that a related party who is a debtor of the company the registration of which is revoked, bankrupt, insolvent, or in serious shortage of cash flows and has no intention to undergo debt restructuring in respect of such receivables or the receivables cannot be otherwise collected, provision for bad debts should be made for the part that is expected to be possibly collected. If the entire amount due from a related party is not expected to be recovered, bad debt provision for the entire amount may be made.

(5) Accounting treatment methods of expected credit losses

In order to reflect the changes in the credit risk of financial instruments since its initial recognition, the Group re-measures the expected credit loss on each balance sheet date and the increase or reversal of the loss provision resulting therefrom shall be deemed as impairment loss or gain to be included in profit and loss in the current period, and based on the types of financial instruments, offsetting against the carrying amount of the financial asset shown on the balance sheet or included in estimated liabilities (loans commitment or financial guarantee contracts) or included in other comprehensive income (investment in equity at fair value through other comprehensive income).

11. Inventories

Inventories mainly include goods in stock.

The Group maintains a perpetual inventory system. Inventories are recorded at actual cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are consumed or issued. Low value consumables are amortised in full when received for use.

At the end of the period, inventories are measured at the lower of costs and net realisable value. Where the inventories are expected not to be recoverable as they become damaged, partially or wholly obsolete or whose selling price is lower than its cost, provision for inventory impairment is made for the excess of its cost and net realisable value.

Net realisable value of the available-for-sale finished goods are determined by its estimated selling price less estimated selling expenses and related taxes.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Contractual assets and contractual liabilities

(1) Contractual assets

A contract asset is the Group's right to receive consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditioned on something other than the passage of time and impairment of a contract asset is measured using expected credit loss model. The provision for impairment of contractual assets shall refer to the expected credit loss of financial instruments. For contractual assets that do not contain significant financing components, the Group adopts a simplified method to measure provision for loss. For contractual assets that contain significant financing components, the Group uses general methods to measure provision for loss.

If there is an impairment loss on contractual assets, the Group will debit "asset impairment loss" and credit "provision for impairment of contract assets" based on amounts to be written down; if there is a reversal on provision for asset impairment which has been provided, the Group makes the opposite accounting record.

(2) Contractual liabilities

The obligation of the Group to transfer goods or to provide services for consideration received or to be received is presented as contractual liabilities.

Contractual assets and contractual liabilities under the same contract are presented on a net amount basis by the Group.

13. Long-term equity investment

(1) Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the acquirer's share of the carrying amount of the owners' equity in the acquiree at the acquisition date. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition determined at the date of acquisition. For a long-term equity investment acquired in cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No.12 — Debt Restructuring. For a long-term equity investment acquired by exchange of non-cash assets, the initial investment cost shall be determined according to related requirements of Accounting Standards for Business Enterprises No.7 — Non-monetary Asset Exchange.

(2) Subsequent measurement and recognition of profit or loss

Where the Group is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method. Where the Group has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method. Where portion of the long-term equity investment in an associate is indirectly held through venture capital organizations, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless of whether these entities can exercise significant influence on the investments, the Group shall account for the remaining portion using the equity method according to Accounting Standards for Business Enterprises No. 22-Financial Instrument Recognition and Measurement.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***13. Long-term equity investment** *(Continued)***(3) Basis for recognition of joint control or significant influence over an investee**

Joint control of an investee is that the decision of activities that can significantly affect the arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities etc. The Group holding of above 20% to 50% voting capital of the investee presents it can exercise significant influence over the investee. The Group usually can exercise significant influence over the investee even its voting capital is less than 20% if it can meet one of the following situations: appointing representatives in the Board or similar governing body of the investee; participating in the strategy and policy decision process; delegating management personnel; the investee relying on the Group's technique or technical material; significant transactions occur between the Group and the investee.

14. Investment properties

The investment properties of the Group are buildings leased for rental income.

Investment property is measured at cost. The cost for investment properties purchased from outsiders includes purchase price, related taxes and other expenses directly related to the assets. The cost of investment properties constructed by the Group includes the required construction expenses incurred to bring the assets to the condition of intended use.

Investment properties of the Group are subsequently measured using fair value model. Gain or loss on changes in fair value of investment properties is recognized directly in profit or loss for the current period.

The fair value of the investment properties of the Group are determined by the management of the Group on an open market basis by reference to properties of the same location and similar usage.

Where an investment property is changed for owner-occupied purpose, it is transferred to a fixed asset or intangible asset at the date of the change. Where the owner-occupied property is changed for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to an investment property at the date of the change. On conversion, the carrying amount immediate before conversion is taken as the cost of the asset.

An investment property is derecognized on disposal or retirement when it is expected that there shall be no economic benefit through disposal. Where the investment properties are sold, transferred, retired or damaged, the proceeds from disposal after deducting the carrying amount and related taxes are recognized in profit or loss for the current period.

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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

15. Fixed assets

(1) Recognition criteria of the fixed assets

Fixed assets are tangible assets that are held for the purpose of producing goods, providing labor services, leasing or operation and management. The useful lives of fixed assets are more than one accounting year. It is recognized when the following conditions are met: it is probable that the economic benefits associated with the fixed asset will flow to the enterprise; and the cost of the fixed asset can be measured reliably.

(2) Classification and depreciation methods of fixed assets

The Group's fixed assets are mainly classified as buildings, plant and machinery, electronic equipment, motor vehicles and others. Fixed assets are depreciated using the average life method. The Group determines the estimated useful life and estimated net residual value of a fixed asset based on the nature and utilization of fixed assets. The Group re-assesses the estimated useful life and estimated net residual value of a fixed asset and the depreciation method at the end of each financial year. Any changes on original estimates will be adjusted. Depreciation is provided for all fixed assets, except for the assets that are fully depreciated and remain in use and the land that is accounted for separately.

The useful lives, estimated residual value rate and depreciation rate of each type of the fixed asset of the Group are as follows:

Category	Useful Life (years)	Estimated residual value rate (%)	Annual depreciation (%)
Buildings	20	0.00	5.00
Plant and Machinery	10	0.00	10.00
Motor vehicles	5	0.00	20.00
Office furniture	5	0.00	20.00
Electronic equipment	3	0.00	33.33

16. Construction in progress

The Group's construction in progress is classified into two types: self-operated construction and contracted construction. Construction in progress is carried forward to fixed assets when the construction work is completed and reaches its intended useable condition. The criteria for determining the intended useable status shall be one of the following: the physical construction (including installation) of the fixed assets has been completed or substantially completed; production or trial run has been conducted and the results indicate that the assets are capable of normal operation or stable production of qualified products, or the trial run results indicate that they are capable of normal operation or business; the amount of expenditure on the fixed assets constructed is minimal or almost non-recurring; the fixed assets acquired have met the design or contractual requirements, or are basically in conformity with the design or contractual requirements.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***17. Borrowing costs****(1) Recognition of capitalizing borrowing costs**

The Group's borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Qualifying assets that meet conditions for capitalization are fixed assets, investment property, inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale.

(2) Calculation of capitalization cost

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its termination. The period during which capitalization is suspended is excluded. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months.

For designated borrowings, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of designated borrowings. Capitalization rate is determined by calculating weighted average interest rate of general borrowings. If there is any discount or premium of the borrowings, the interest cost shall be adjusted in every accounting period by the amortized amount of premium or discount calculating by effective interest method.

Effective interest method is the method to calculate the amortization amount of discount or premium or interest expenses by the effective interest rate of the borrowings. The effective interest rate is the interest rate to discount the future cash flow of the borrowing during its expected duration to the present carrying amount of the borrowing.

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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Intangible assets

(1) Calculation of intangible assets

The Group's intangible assets are initially calculated at cost. The actual cost of the purchased intangible assets is measured at the actual payment and other related expenses. The actual cost of intangible assets acquired by an investor is measured at the agreed considerations as specified in the investment contracts or agreements. In the case where the agreed consideration of the contracts or agreements is not justified, the assets are measured at fair value. The cost of a self-developed intangible asset is the total amount of expenditures incurred before reaching its intended use.

The Group's subsequent measurement methods for intangible assets are as follows: intangible assets with finite useful lives are amortized using the straight-line method, and at the end of each financial year, the useful lives and amortization methods of intangible assets are re-assessed and will be adjusted accordingly if they differ from the original estimates; intangible assets with indefinite useful lives are not amortized, but at the end of each financial year, the useful lives are re-assessed and when there is conclusive evidence that the useful lives are finite, the useful lives are estimated and amortized using the straight-line method.

(2) Judgment basis for uncertainty of useful life

The Group identifies an intangible asset with an indefinite useful life if an asset cannot be foreseen to provide economic benefits to the Company or has an indefinite useful life. The uncertain useful life is determined based on the following criteria: the intangible asset is derived from contractual rights or other legal rights, but the contractual or legal provisions do not specify the useful life; the intangible asset cannot be judged to bring economic benefits to the Company after taking into account industry conditions or relevant experts' opinions.

At the end of each financial year, the estimated useful lives of Intangible assets with uncertainty useful lives are reassessed mainly through the bottom-up method by the department concerned with the use of intangible assets, to evaluate whether there are changes in the basis of indefinite useful life judgment, etc.

19. Impairment of long-term assets

At each balance sheet date, if there are impairment indications for the long-term assets including long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, intangible assets, etc., the Group shall perform an impairment test. If the outcome of impairment test indicates the recoverable amount of the asset is lower than its carrying amount, the Group shall recognize the provision for impairment based on the amount of the shortfall.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The provision for impairment of an asset is estimated and recognized on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the minimum portfolio of assets that could generate cash inflow independently.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***19. Impairment of long-term assets** *(Continued)*

Impairment tests are conducted for goodwill presented in the financial statements separately at least at the end of every accounting year regardless of whether there are impairment indications or not. The carrying amount of goodwill arising from business combinations is allocated to relevant asset groups or asset group portfolio. The related impairment loss shall be recognized if the impairment test indicates the recoverable amount of the asset groups or asset group portfolio embodied the goodwill is lower than their carrying amounts. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolio, and then be deducted from the carrying amounts of other assets' based on the proportions of their carrying amounts in the asset group or asset groups portfolio.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

20. Long-term deferred expenses

Long-term deferred expenses of the Group are expenditures which have incurred but shall be undertaken in more than 1 year of benefit period (not including 1 year). The long-term deferred expenses are amortized over the benefit period of the expense item. If long-term deferred expense is not able to benefit the Group in the subsequent periods, the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

21. Employee benefits

Employee benefits are all forms of rewards or compensation provided by the Group in exchange for services rendered by employees or for the termination of employment. Employee benefits mainly include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-time employee benefits

In the accounting period in which employees have rendered services, the Group recognizes the employee benefits as liability, and charges to profit or loss for the current period, or includes in the cost of relevant assets in accordance with accounting standards for business enterprises. Welfare benefit are charged to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value. In the accounting period in which employees have rendered services, the Group recognizes the social security contributions as liability according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds, and charges to profit or loss for the current period or includes in the cost of relevant assets.

(2) Post-employment benefits

During the accounting period in which employees provide the service, the Group calculates the defined contribution plans payable according to the basis and percentage required by local government, recognized as the liability and charges to profit and loss for current period or includes in the cost of related assets. The Group attributes the obligation incurred by defined benefits plans using the projected accumulated benefit unit credit method to periods in which the employees rendered services and charges the obligation to profit and loss for the current period or includes in the cost of related assets.

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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Employee benefits *(Continued)*

(3) Termination benefits

Termination benefits provided by the Group to employees are recognized as an employee benefit liability and charged to profit or loss for the current period at the earlier of the following dates: the Group cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; when the Group recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

(4) Other long-term employee benefits

If other long-term employee benefits provided by the Group to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to the defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognized and measured in accordance with the above requirements relating to the defined benefits plan.

22. Revenue

The Group has fulfilled its performance obligations of the contract that the revenue is recognised based on the transaction price of such performance obligation when the customers take control of the relevant goods or services. Obtaining the right to control the relevant goods means that it is able to dominate the use of the goods and derive almost all economic benefits therefrom. The performance obligations of the contract refer to the undertaking in the contract that the Group can clearly distinguish between the goods transferred by the Group to the customer. Transaction price means the consideration that the Group is expected to receive a consideration due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

Whether performance obligations satisfied over time or at a point in time is based on the terms of contracts and related laws and regulations. If the performance obligations satisfied over time, the Group will recognise revenue via contract performance schedule, otherwise the Group will recognise revenue at a point in time when the relevant asset control rights are obtained by customers.

The business revenues of the Group are mainly generated from sale of advertising spaces and incomes from printing, trading of print-related materials and distribution of newspapers and magazines and rental income. The principles of revenue recognition are as follows:

(1) Revenue from sale of advertising spaces

Revenue from advertising spaces is generally recognized pro rata over the period in which the advertisement is published (net of VAT). Sales of advertising spaces, with award credits generating from customers, are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the advertising spaces sold and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value, which is the fair value of the award credits exchangeable of advertising space. Such consideration is not recognized as revenue at the time of the commencement of the sale transaction, but is deferred and recognized as revenue when such award credits are redeemed and the Group's obligations have been fulfilled.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***22. Revenue** *(Continued)***(2) Revenue from printing**

Revenue from printing, net of VAT, is recognized when the service is provided.

(3) Revenue from trading of print-related materials and distribution of newspapers and magazines

Revenue from trading of print-related materials and distribution of newspapers and magazines, net of VAT, is recognized upon the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(4) Revenue from rental income

Rental income is recognized in accordance with the Group's accounting policy for lease (see Note V.26).

23. Contract cost

The Group's contract cost includes the incremental cost happened for obtaining the contract and the contract performance cost. The incremental cost happened for obtaining the contract (the "contract obtaining cost") refers to the cost which will not occur if the contract is not obtained. Where the cost is expected to be recovered, the Group considers it as the contract obtaining cost and recognises it as an asset.

Where the cost happened for performing the contract does not fall into the scope of inventories and other accounting standards for business enterprises and meets the following conditions at the same time, the Group considers it as the contract performance cost and recognises it as an asset:

- (1) The cost is directly related to a current contract or a contract expected to be obtained, including direct labor, direct materials, manufacturing fees (or similar fees), the cost set to be assumed by users and other costs arising merely from the contract;
- (2) The cost increased the resources of the Group to be used for performing the performance obligations in the future;
- (3) The cost is expected to be recovered.

The Group records the contract performance costs recognized as assets, which are amortized over a period of less than one year or one normal operating cycle on initial recognition, in the "Inventory" in the balance sheet; which are amortized over a period of one year or one normal operating cycle on initial recognition, in the balance sheet "Non-current assets" in the balance sheet.

The Group amortizes the assets with the contract obtaining cost recognised and the assets with the contract performance cost recognised (hereafter referred to as the "contract cost-related assets") on the same basis as the recognition of revenue on commodities related to the asset and are included in the current profit or loss. The amortization period for the assets from the incremental cost on obtaining the contract shall be no more than one year and shall be included in the current profit or loss after happened.

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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

23. Contract cost *(Continued)*

When the carrying value of the contract cost-related assets is higher than the difference between the following two items, the Group shall make the impairment provisions for the excess and recognise it as losses on asset impairment:

1. The remaining consideration expected to be obtained from transfer of commodities related to the asset;
2. The cost estimated to be happened for the transfer of such commodities.

If there is a subsequent change in the previous period's impairment factors such that the difference between the above two items is higher than the carrying amount of the asset, the provision for impairment should be reversed and included in profit or loss for the current period, provided that the reversed carrying amount of the asset does not exceed the carrying amount of the asset at the date of reversal assuming no provision for impairment was made.

24. Government grants

(1) *Category and accounting treatment of government grants*

Government grants are the monetary assets and non-monetary assets received from the government without consideration (excluding the capital invested by the government as the owner). As monetary assets, government grants are measured based on the actual received or receivable amounts. As non-monetary assets, government grants are measured based on their fair value; if the fair value cannot be estimated reliably, it will be measured based on nominal amount.

Government grants related to daily activities are included in other income according to the substance of the economic activities. Government grants unrelated to daily activities are included in non-operating income.

The government grants which are clearly defined in the government documents to be used for acquisition, construction or other projects that form a long-term asset are recognized as asset-related government grants. Regarding the government grant that is not clearly defined in the government documents and can form long-term assets, the part of government grant which can be referred to the value of the assets is classified as government grant related to assets and the remaining part is government grant related to income. For the government grant that is difficult to distinguish, the entire government grant is classified as government grant related to income. Any government grants related to assets are recognized as deferred income, the amount of which shall be recorded in the current profit or loss in installments with a reasonable and systematic method over the useful lives of relevant assets.

The government grants other than those related to assets are recognized as government grants related to income. The income-related government grants used to compensate relevant expenses or losses to be incurred by the enterprise in subsequent periods are recognized as deferred income and recorded in profit and loss for the current period when such expenses are recognized while those used to compensate relevant expenses or losses that have been incurred by the enterprise are recorded directly in profit or loss for the current period.

Where the Group obtains an interest subsidy for policy-related preferential loans, the government either appropriates an interest subsidy to the lending bank, allowing the latter to provide loans at a preferential interest rate to the Group that shall recognize the loan amount received as the book-entry value of such loans, and calculate the relevant loan expenses according to the loan principal and the preferential interest rate.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***24. Government grants** *(Continued)***(2) The recognition time point for government grants**

The governmental grants would be recognized upon satisfaction of the conditions attached and such amount of grants is sure to be received. Specifically, the governmental grants measured at the amount receivable will be recognized when there is unambiguous evidence suggesting the conformance to related conditions as provided in financial support policies and financial support fund is expected to be received at the end of financial year. Other government grants other than those measured at the amount receivable will be recognized at the actual time of receiving such grants.

25. Deferred income tax assets and deferred income tax liabilities

Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognized in the balance sheet but the tax base is ascertained by the current tax laws and regulations, the tax base is the temporary difference) and its tax base are recognized as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and should be recognized for deductible loss or tax reduction that could be carried forward in subsequent periods to the extent that it is probable that taxable income will be available against which deductible loss or tax reduction can be utilized. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

The taxable temporary differences associated with investments in subsidiaries and associates shall be recognized deferred tax liability; except the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries, associates, the corresponding deferred tax asset is recognized when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

26. Lease**(1) The accounting treatment for lessee**

At the beginning of the lease term, the Group recognizes the right-of-use assets and lease liabilities for leases other than short-term leases and leases of low-value assets, and depreciation and interest expenses are recognised during the lease term.

The Group uses the straight-line method in each period of the lease term to include lease payments for short-term leases and leases of low-value assets into current expenses.

1) Right-of-use assets

The right-of-use assets refer to the right of the lessee to use the leased asset during the lease term. On the commencement date of the lease term, right-of-use assets are initially measured at cost. The cost includes: ① the amount of the initial measurement of the lease liability; ② the lease payment made on or before the commencement date of the lease term, less any lease incentive received if any; ③ the initial direct costs incurred by the lessee; ④ an estimate of costs to be incurred by the lessee in dismantling and removing the leased assets, restoring the site on which it is located or restoring the leased asset to the condition required by the terms and conditions of the lease.

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For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

26. Lease *(Continued)*

(1) *The accounting treatment for lessee (Continued)*

1) Right-of-use assets *(Continued)*

The depreciation for right-of-use assets of the Group is categorized and provided using the average life method. For those leased assets which can be reasonably determined that their ownership will be acquired at the expiration of the lease term, depreciation will be provided within the estimated remaining useful life of the leased assets; for those which cannot be reasonably determined that their ownership will be acquired at the expiration of the lease term, depreciation will be provided within the shorter of the lease term and the remaining useful life of the leased assets.

The Group determines whether the right-of-use assets have been impaired and are accounted for in accordance with the relevant provisions under the Accounting Standards for Business Enterprises No. 8 — Asset Impairment.

2) Leased liabilities

Lease liabilities are initially measured based on the present value of outstanding lease payment on the commencement date of the lease term. Lease payment include: ① fixed payments (including in-substance fixed payments), less any relevant lease incentives if any; ② variable lease payments subject to an index or a rate; ③ estimated payables based on the residual value of the guarantee provided by the lessee; ④ the exercise price under the purchase option if the lessee is reasonably certain to exercise; ⑤ payments for exercising the option of termination of a lease if the lease term reflects the lessee exercising the option to terminate.

The Group uses the inherent interest rate of the lease as the discount rate; if the inherent interest rate of the lease cannot be determined, the incremental borrowing interest rate of the Group should be used as the discount rate. The Group calculates the interest expenses of lease liabilities for each period over the lease term based on the fixed periodic rate and recognises them in financial expenses. Such periodic rate is the discount rate or revised discount rate adopted by the Group.

The variable lease payments not included in the measurement of lease liabilities are recognized in the current profit and loss when they actually occur.

If there are any changes in the Group's evaluation of the lease renewal option, the lease termination option or the purchase option, the lease liabilities shall be remeasured at the present value calculated based on the changed lease payments and the revised discount rate, and the book value of the right-of-use assets shall be adjusted accordingly. If there are any changes in actual lease payments, the estimated payables of guaranteed residual value or the variable lease payments subject to an index or a rate, the lease liabilities are remeasured at the changed lease payments and the present value calculated at the original discount rate, and the book value of the right-of-use assets shall be adjusted accordingly.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**26. Lease** (Continued)**(2) Accounting treatment of leased assets**

1) Accounting treatment of operating leases

During each period of the lease term, the Group uses the straight-line method to recognize the lease payments from operating leases as rental income. The initial direct costs incurred by the Group in relation to the operating leases are capitalised, and are accounted for in current income based on the same recognition basis as the rental income during the lease term.

2) Accounting treatment of finance leases

At the commencement date of lease term, the Group recognizes the difference between the sum of finance lease receivables and the unguaranteed residual value, and the present value thereof as unrealized finance income, and recognizes the same as rental income over the periods when rent is received in the future. The Group's initial direct costs associated with rental transactions shall be included in the initial measurement of the finance lease receivables.

27. Held-for-sale and discontinued operations

Non-current assets or disposal groups are classified as held-for-sale assets when all the following conditions are met: a) the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); b) the sale must be highly probable, i.e. an enterprise has signed an irrevocable transfer agreement with the transferee and the transfer is expected to be completed within one year. If related regulations require pre-approval for the sale, the sale transaction has been approved.

When a non-current asset (or disposal group) classified as held for sale is initially measured or re-measured at each balance sheet date, if the book value of the non-current asset (or disposal group) is higher than its fair value, the difference will be deducted from the book value and recognized as impairment provision of held for sale in the profit and loss for current period.

Non-current asset (or disposal group) classified as held-for-sale asset will be presented as held-for-sale assets and the liabilities in the disposal group will be presented as held-for-sale liabilities in the balance sheet.

A discontinued operation is a distinguished component of an entity, that either has been disposed of, or is classified as held for sale, and meets any of the following criteria:

- 1) represents a separate major line of business or geographical area of operations;
- 2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- 3) is a subsidiary acquired exclusively with a view to resale.

28. Accounting for income tax

Income tax is accounted for using liability method. Income tax expenses represent the sum of current tax and deferred tax. Current tax and deferred tax relating to the transactions and matters that are directly recorded in shareholders' equity are dealt with in shareholders' equity. Deferred tax arising from a business combination is adjusted to the carrying value of goodwill. Expenses or income of all other current tax and deferred tax are recognized in the profit or loss for the period.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

28. Accounting for income tax *(Continued)*

The current income tax payable is the amount of tax payable to the taxation authority by the enterprises in respect of the transactions and matters of the current period calculated according to the taxation regulations. The deferred income tax is the difference between the balances of the deferred income tax assets and deferred income tax liabilities that should be recognized using the balance sheet liabilities approach at the end of the period and their balances originally recognized.

29. Segment information

Operating segments of the Group are identified on the basis of internal organization structure, management requirements and internal reporting policies. The reporting segments are determined on the basis of operating segments. An operating segment represents a component of the Group that satisfied the following criteria simultaneously: (1) the component engages in business activities from which it may earn revenues and incur expenses; and (2) whose operating results are regularly reviewed by the Company's management to make decisions on resources to be allocated to the segments and assess its performance; (3) financial information of the segments such as financial position, operating results and cash flow is available to the Company.

The price of intra-segment transactions is determined by market rates. Expenses, other than those which are unable to allocate reasonably, are allocated between segments in proportion with their revenue.

30. Key accounting estimates and judgments

In the application of the Group's accounting policies, the Directors of the Company are required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized for the period in which the estimate is revised if the revision affects only that period or for the current and future periods if the revision affects both periods.

The followings are the key assumptions on the future and other key sources of estimation uncertainty at the end of the reporting period, that are probable to cause a material adjustment to the carrying amounts of assets and liabilities of the next financial year.

(1) Building ownership

Certain buildings of the Group have not been granted with Building Ownership Certificates by relevant government authorities. In the opinion of the Directors of the Company, the absence of Building Ownership Certificates of these buildings will not impair the value of the buildings and investment properties of the Group.

(2) Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated useful lives and estimated residual values. The determination of the useful lives and residual values involve the estimates of the management. The Group assesses annually the residual value and useful life of the fixed asset and if the expectation differs from the original estimate, such a difference may affect the depreciation charge in the interim of the year and in the future period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***30. Key accounting estimates and judgments** *(Continued)***(3) Fair value of investment properties**

Investment properties are measured at fair value estimated by the management. The management will determine the fair value on an open market basis by reference to properties of the same location and condition. Should there are any changes in assumptions due to the change in market condition, the fair value of the investment properties will be adjusted accordingly.

(4) Expected credit loss of accounts receivable

The Group calculates expected credit loss of accounts receivable by assessing the default risk exposure of accounts receivable and expected credit loss rate, which is determined based on probability of default and default loss rate. When determining the expected credit loss rate, the Group refers to the experience of historical credit loss, and makes adjustments considering the current situation and forward-looking information, which is measured with indicators including the risk of economic downturn, external market environment, industrial risks and customers.

(5) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(6) Impairment of interests in jointly controlled entities and associates

The Group tests annually whether the interests in jointly controlled entities and associates have suffered any impairment in accordance with the Group's accounting policy. The entire carrying amount of the investment (including goodwill) is tested as a single asset by comparing the difference of its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. The values in use calculation requires the use of estimates and judgments including estimation of the future cash flows, determination of applicable discount rate, estimation of exchange rate and future industry trends and market condition and makes other assumptions. Changes in these estimates and assumptions could affect the determination of recoverable amounts.

(7) Impairment loss for inventories

The management of the Group reviews the aging of the inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use or saleable in the market. The management estimates the net realizable value for such items based primarily on the latest invoice prices and current market condition. The Group carries out an inventory review on a product basis at the end of each reporting period and makes allowance for obsolete items. Where the actual future cash flows are less than expected, a material impairment loss may arise.

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VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Changes in accounting policies and their effect

There are no changes in the Group's accounting policies for current period.

2. Changes in accounting estimates and their effect

There are no changes in the Group's accounting estimates for current period.

VII. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value added tax	The VAT payable shall be the balance of the output tax for the period after deducting the input tax for the period, and output VAT is calculated based on 13%, 9%, 6%	13%, 9%, 6%
Cultural construction fee	Taxable revenue from advertising	3%
Urban maintenance and construction tax	Turnover tax payable	7%
Education Surcharge	Turnover tax payable	3%
Local Education Surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	25%

2. Significant tax incentives and approval documents

According to the requirements of the "the Central Publicity Department and forwarded by the Ministry of Finance, the State Administration of Taxation and the Publicity Department of the Communist Party of China" (Cai Shui [2019] No. 16) (《財政部稅務總局中央宣傳部關於繼續實施文化體制改革中經營性文化事業單位轉制為企業若干稅收政策的通知》(財稅[2019]16號)), enterprises which completed the transformation prior to 31 December 2018 may continue to be exempted from a five-year enterprise income tax since 1 January 2019.

According to the requirements under the "Announcement of the Ministry of Finance and the State Administration of Taxation on Continuation the Implementation of Certain Preferential Tax and Fee Policies in Response to the Epidemic" (Announcement of the Ministry of Finance and the State Administration of Taxation [2021] No. 7) (《財政部稅務總局關於延續實施應對疫情部分稅費優惠政策的公告》(財政部稅務總局公告2021年第7號)), the cultural construction fee will be exempted to 31 December 2021.

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(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Monetary fund

Item	As at 31 December 2021	As at 31 December 2020
Bank balances and cash	261,083	195,660
Restricted bank deposits	3,239	44,561
Total	264,322	240,221

Note: The Group's restricted bank deposits balances at the end of the period represent marginal deposit for bank acceptance notes and carry market interest rates of 0.3% to 1.3% (2020: 0.30% to 1.1%) per annum.

The Group's bank balances are deposited at banks in the PRC and carry interest at market interest rates of 0.3% to 1.9% (2020: 0.3% to 1.95%) per annum.

2. Notes receivable

Item	As at 31 December 2021	As at 31 December 2020
Bank acceptance notes	2,339	100
Commercial acceptance notes	463	—
Less: Provision for bad debts	304	—
Total	2,498	100

3. Accounts receivable

Item	As at 31 December 2021	As at 31 December 2020
Accounts receivable	428,387	428,836
Less: Provision for bad debts	402,595	362,074
Net accounts receivable	25,792	66,762
For reporting purpose, analysis as:		
Non-current assets — long-term receivables	—	—
Current assets — accounts receivable	25,792	66,762
Total	25,792	66,762

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For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

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

Item	As at 31 December 2021	As at 31 December 2020
0-90 days	7,856	13,573
91-180 days	3,150	5,587
181-365 days	3,384	8,732
1-2 years	3,919	10,154
Over 2 years	7,483	28,716
Total	25,792	66,762

- (2) Analysis of accounts receivable by categories:

Item	As at 31 December 2021				As at 31 December 2020			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable with bad debt provision made on individual basis	221,180	51.63	221,180	100.00	39,533	9.22	39,533	100.00
Accounts receivable with bad debt provision made on group basis:	207,207	48.37	181,415	87.55	389,303	90.78	322,541	82.85
Aging group	182,567	42.62	163,873	89.76	211,946	49.43	170,484	80.44
Related party group	24,640	5.75	17,542	71.19	177,357	41.35	152,057	85.73
Total	428,387	100.00	402,595		428,836	100.00	362,074	

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

- (2) Analysis of accounts receivable by categories: (Continued)

Account receivables with bad debt provision by aging group are as follows:

Item	As at 31 December 2021			As at 31 December 2020		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	13,719	14.54	1,995	23,610	16.02	3,782
1-2 years	1,823	57.10	1,041	6,278	45.70	2,869
2-3 years	3,676	78.59	2,889	12,641	63.59	8,038
3-4 years	11,736	86.43	10,144	38,705	77.04	29,818
Over 4 years	151,613	97.49	147,804	130,712	96.38	125,977
Total	182,567		163,873	211,946		170,484

- (3) The balance of top five accounts receivable as at 31 December 2021 was RMB191 million, representing 44.64% of the total accounts receivable, and the balance of bad debt provision was RMB181 million.
- (4) As at 31 December 2021, there were no accounts receivable that were past due but not impaired.

4. Prepayments

Item	As at 31 December 2021	As at 31 December 2020
Prepayments	522	1,171
Less: Provision for bad debts	—	—
Net prepayments	522	1,171

- (1) Prepayments by aging

Aging	As at 31 December 2021	As at 31 December 2020
Within 1 year	500	849
1-2 years	—	300
2-3 years	—	—
Over 3 years	22	22
Total	522	1,171

- (2) The top five prepayments as at 31 December 2021 represented 97.02% of the total prepayments.

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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables

Item	As at 31 December 2021	As at 31 December 2020
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	201,981	203,598
Less: Provision for bad debts	201,133	200,131
Net other receivables	848	3,467

(1) Other receivables

1) Other receivables by nature

Nature	As at 31 December 2021	As at 31 December 2020
Related party current account and borrowings	5,540	5,195
External unit current	194,772	194,919
Deposit and margin	571	500
Reserve funds	1,095	2,980
Others	3	4
Total	201,981	203,598

2) Other receivables analysis by aging

Aging	As at 31 December 2021		As at 31 December 2020	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	831	0.41	2,023	0.99
1–2 years	242	0.12	1,189	0.58
2–3 years	625	0.31	6,414	3.15
3–4 years	6,391	3.16	10,022	4.92
Over 4 years	193,892	96.00	183,950	90.36
Total	201,981	100.00	203,598	100.00

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Other receivables (Continued)

(1) Other receivables (Continued)

3) Provision for bad debts

Provision for bad debts	First stage Expected credit losses for the next 12 months	Second stage Expected credit losses for the entire duration (no credit impairment has been occurred)	Third stage Expected credit losses for the entire duration (credit impairment has been occurred)	Total
Balance at 1 January 2021	7,330	—	192,801	200,131
Balance at 1 January 2021 in current period after reassessment	7,330	—	192,801	200,131
Provision for this period	562	—	440	1,002
Closing balance	7,892	—	193,241	201,133

- 4) The balance of top five other receivables as at 31 December 2021 was RMB194 million, representing 96.23% of the total other receivables, and the balance of bad debt provision was RMB194 million.

6. Inventories

(1) Classification of inventories

Item	As at 31 December 2021			As at 31 December 2020		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Goods in stock	17,380	5,438	11,942	19,419	5,959	13,460
Total	17,380	5,438	11,942	19,419	5,959	13,460

As at 31 December 2021, there are goods in stock sold in prior years which had been written down to net realizable value (2020: existed).

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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. Inventories (Continued)

(2) Changes in provision for inventory impairment, contract performance costs

Category of inventories	Balance as at 1 January 2021	Provision amount during the year	Amount decreased during the year		Balance as at 31 December 2021
			Reversal	Transfer	
Goods in stock	5,959	332	—	853	5,438
Total	5,959	332	—	853	5,438

7. Other current assets

Item	As at 31 December 2021	As at 31 December 2020
Investment of film projects	—	1,990
VAT to be deducted	27,608	29,336
Prepaid income tax	1,509	390
Total	29,117	31,716

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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8. Long-term equity investment

(1) Types for long-term equity investment

Type	As at 31 December 2021	As at 31 December 2020
Investments in associates — under equity method	4,475	15,114
Less: provision for impairment for investments in associates	948	11,617
Total	3,527	3,497

(2) Investments in associates

Investee	Changes in the current year										Balance as at 31 December 2021	Balance of impairment provision as at 31 December 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	Balance as at 31 December 2021		
1. Associates												
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—	—	—
Beijing Shengyi Automobile Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency	2,111	—	—	25	—	—	—	—	—	2,136	—	—
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
Beiqing Transmedia Co., Ltd. (Beiqing Transmedia)	—	—	—	—	—	—	—	—	—	—	—	—
Beijing Beiqing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—	—	—
Hebei Jujingcai E-commerce Company Limited	—	—	—	—	—	—	—	—	—	—	—	—
Beijing Lingshi Technology Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
Beijing International Advertising & Communication Group Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
Chongqing Soyang Internet Technology	—	—	—	—	—	—	—	—	—	—	—	948
Beijing Shangyou Network Technology	1,386	—	—	5	—	—	—	—	—	1,391	—	—
Total	3,497	—	—	30	—	—	—	—	—	3,527	—	948

Investments in associates including Beijing Leisure Trend Advertising Company Limited, Beijing Shengyi Automobile Technology Co., Ltd., BY Times Consulting Co., Ltd., Beijing Beiqing Top Advertising Limited, Hebei Jujingcai E-commerce Company Limited, Chongqing Soyang Internet Technology have been written down to nil under the equity method.

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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Investment in other equity instruments

(1) Investment in other equity instruments

Item	Investment cost	As at 31 December 2021	As at 31 December 2020
Beijing Keyin Media and Culture Co., Ltd.	6,560	46,665	46,524
Beiyang Publishing & Media Co., Ltd.	103,000	194,901	156,657
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	3,472	2,746
Beijing International Advertising & Communication Group Co., Ltd.	33,119	25,383	—
Total	143,179	270,421	205,927

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

Type	As at 31 December 2021	As at 31 December 2020
Unlisted equity investments, China	270,421	205,927
Total	270,421	205,927

10. Other non-current financial assets

(1) Other non-current financial assets

Item	As at 31 December 2021	As at 31 December 2020
Beijing Runxin Dingtai Investment Center (limited partnership)	—	40,332
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	1,946	2,685
Total	1,946	43,017

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**10. Other non-current financial assets** (Continued)**(2) Other non-current financial assets are analyzed as follows:**

Type	As at 31 December 2021	As at 31 December 2020
Unlisted equity investments, China	1,946	43,017
Total	1,946	43,017

11. Investment properties**(1) Investment properties measured at fair value**

Item	Buildings	total
1. As at 1 January 2021	110,971	110,971
2. Changes during the year	(14,786)	(14,786)
Add: Changes in fair value	(14,786)	(14,786)
3. As at 31 December 2021	96,185	96,185

The fair value of the Group's investment properties as at 31 December 2021 have been arrived at by reference to recent market prices for similar properties in the same locations and conditions.

As at 31 December 2021, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB4,207 thousand (2020: RMB6,611 thousand). In the opinion of the Directors of the Company, the absence of formal title to these properties does not impair the value of the relevant properties to the Group. The Directors of the Company also believe that formal title to these properties will be granted to the Group in due course.

During the year, the rental income generated from investment properties is RMB573 thousand (2020: RMB2,020 thousand).

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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Investment properties (Continued)

(2) Investment properties are analyzed by the place where they locates and years of period as follows:

Item	Fair value as at 31 December 2021	Fair value as at 31 December 2020
Located inside of the PRC		
Medium term (10–70 years)	89,354	103,913
Located outside of the PRC		
Long term (over 70 years)	6,831	7,058
Total	96,185	110,971

(3) Investment properties are detailed as follows:

No.	Address	Usage
1	502-D-0201, Yuelianghe Chengbaogongyu, Xinhudajie, Tongzhou District, Beijing	Residential
2	502-C-0601, Yuelianghe Chengbaogongyu, Xinhudajie, Tongzhou District, Beijing	Residential
3	502-C-0301, Yuelianghe Chengbaogongyu, Xinhudajie, Tongzhou District, Beijing	Residential
4	No.9, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Office, Yaojiayuanxikou, Chaoyang District, Beijing	Office
5	No.3, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Office, Yaojiayuanxikou, Chaoyang District, Beijing	Office
6	No.12, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Office, Yaojiayuanxikou, Chaoyang District, Beijing	Office
7	C1501, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
8	C1502, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
9	C1503, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
10	C1505, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
11	C1506, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
12	201 No.1 Zhuoda Scotland City84.Jinhai Road, Nanhaixinqu, Weihai	Residential
13	301 No.1 Zhuoda Scotland City84.Jinhai Road, Nanhaixinqu, Weihai	Residential
14	402 No.1 Zhuoda Scotland City84.Jinhai Road, Nanhaixinqu, Weihai	Residential
15	501 No.1 Zhuoda Scotland City84.Jinhai Road, Nanhaixinqu, Weihai	Residential
16	103 No.2 Zhuoda Scotland City84.Jinhai Road, Nanhaixinqu, Weihai	Residential
17	14612 Nevada CTF ontana,CA 92336 USA	Residential

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Investment properties (Continued)

(3) Investment properties are detailed as follows:

No.	Address	Usage
18	ChampionsGate 50, Block H162, ChampionsGate FL 33896 USA	Residential
19	79-2403 Evergrande Splendor, Wuqing, Tianjin	Residential
20	79-2503 Evergrande Splendor, Wuqing, Tianjin	Residential
21	79-2703 Evergrande Splendor, Wuqing, Tianjin	Residential
22	79-2803 Evergrande Splendor, Wuqing, Tianjin	Residential
23	79-2903 Evergrande Splendor, Wuqing, Tianjin	Residential
24	79-3003 Evergrande Splendor, Wuqing, Tianjin	Residential
25	26-4-801 Evergrande Splendor, Wuqing, Tianjin	Residential
26	26-4-901 Evergrande Splendor, Wuqing, Tianjin	Residential
27	26-4-1001 Evergrande Splendor, Wuqing, Tianjin	Residential
28	26-4-1004 Evergrande Splendor, Wuqing, Tianjin	Residential
29	26-4-1204 Evergrande Splendor, Wuqing, Tianjin	Residential
30	26-4-1604 Evergrande Splendor, Wuqing, Tianjin	Residential
31	26-4-1701 Evergrande Splendor, Wuqing, Tianjin	Residential
32	26-4-2001 Evergrande Splendor, Wuqing, Tianjin	Residential
33	26-4-2201 Evergrande Splendor, Wuqing, Tianjin	Residential
34	26-4-2601 Evergrande Splendor, Wuqing, Tianjin	Residential
35	26-4-1201 Evergrande Splendor, Wuqing, Tianjin	Residential
36	26-4-1801 Evergrande Splendor, Wuqing, Tianjin	Residential
37	Room 2302, Block D, Jinwanwei, Boao, Hainan	Residential
38	Flat 3903, Block 1, ShanhaiTongwan	Residential
39	Flat 126, No.1, Block 2, ShanhaiTongwan	Residential
40	Flat 603, No.1, Block 17, ShanhaiTongwan	Residential
41	Flat 3723, Block 26, ShanhaiTongwan	Residential
42	Flat M10, Block 26, ShanhaiTongwan	Residential
43	Flat 3909, Block 22, ShanhaiTongwan	Residential
44	Flat 3805, Block 22, ShanhaiTongwan	Residential
45	Qingdao Xihu Huafu 16-1-105	Residential
46	Guanlan Hu Saish Apartment 9-05-212	Residential
47	Guanlan Hu Saish Apartment 9-05-215	Residential
48	Guanlan Hu Saish Apartment 9-05-219	Residential
49	Daihehai Park 35-3-1502 + Lower apartment 35-2-3	Residential

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12. Fixed assets

Category	As at 31 December 2021	As at 31 December 2020
Fixed assets	467	776
Less: provision of impairment	—	—
Total	467	776

(1) Breakdown of fixed assets

Item	Buildings	Plant and machinery	Motor vehicles	Office equipment	Electronic equipment	Total
i. Cost						
1. As at 1 January 2021	15,775	3,671	2,476	672	7,951	30,545
2. Amount increased during the year	—	—	—	24	232	256
(1) Purchase	—	—	—	24	232	256
3. Amount decreased during the year	—	—	—	3	316	319
(1) Disposal or scrapping	—	—	—	3	316	319
4. As at 31 December 2021	15,775	3,671	2,476	693	7,867	30,482
ii. Accumulated depreciation						
1. As at 1 January 2021	15,518	3,663	2,398	667	7,523	29,769
2. Amount increased during the year	257	7	58	6	234	562
(1) Provision	257	7	58	6	234	562
3. Amount decreased during the year	—	—	—	3	313	316
(1) Disposal or scrapping	—	—	—	3	313	316
4. As at 31 December 2021	15,775	3,670	2,456	670	7,444	30,015
iii. Provision for impairment						
1. As at 1 January 2021	—	—	—	—	—	—
2. Amount increased during the year	—	—	—	—	—	—
3. Amount decreased during the year	—	—	—	—	—	—
4. As at 31 December 2021	—	—	—	—	—	—
iv. Carrying amount						
1. As at 31 December 2021	—	1	20	23	423	467
2. As at 1 January 2021	257	8	78	5	428	776

For the year ended 31 December 2021, the depreciation of fixed assets recognized in the consolidated income statement amounted to RMB562 thousand (2020: RMB1,569 thousand).

For the year ended 31 December 2021, the net profit on disposal of fixed assets recognized in the consolidated income statement amounted to RMB11 thousand (2020: net profit of RMB50 thousand).

For the year ended 31 December 2021, the rental income generated from fixed assets recognized in the consolidated income statement amounted to RMB3,681 thousand (2020: RMB6,250 thousand).

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**12. Fixed assets** (Continued)

(2) *Net value of buildings are analyzed by the place where they locates and years of period as follow:*

Item	As at 31 December 2021	As at 31 December 2020
Located inside of PRC		
Medium term (10–50 years)	—	257
Total	—	257

(3) Fixed assets through operating lease

As at 31 December 2021, a fixed asset with carrying amount of RMB0 thousand (cost of RMB15,775 thousand) was leased out through operating lease (2020: carrying amount of RMB257 thousand, cost of RMB15,775 thousand).

13. Right-of-use assets**(1) Breakdown of right-of-use assets**

Item	Buildings	Total
i. Cost		
1. As at 1 January 2021	7,930	7,930
2. Amount increased during the year		
3. Amount decreased during the year	7,260	7,260
(1) Lease expiry	7,260	7,260
4. As at 31 December 2021	670	670
ii. Accumulated depreciation		
1. As at 1 January 2021	5,948	5,948
2. Amount increased during the year	1,908	1,908
(1) Provision	1,908	1,908
3. Amount decreased during the year	7,260	7,260
(1) Lease expiry	7,260	7,260
4. As at 31 December 2021	596	596
iii. Provision for impairment		
1. As at 1 January 2021	—	—
2. Amount increased during the year	—	—
3. Amount decreased during the year	—	—
4. As at 31 December 2021	—	—
iv. Carrying amount		
1. As at 31 December 2021	74	74
2. As at 1 January 2021	1,982	1,982

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13. Right-of-use assets (Continued)

(1) Breakdown of right-of-use assets (Continued)

During the year ended 31 December 2021, the right-of-use assets recognised in the consolidated income statement amounted to RMB1,908 thousand.

(2) The analysis of the net value of buildings in the right-of-use assets by region is as follows:

Item	As at 31 December 2021	As at 31 December 2020
Within China	74	1,982
Total	74	1,982

14. Intangible assets

(1) Breakdown of intangible assets

Item	Land use rights	Software	Operation rights	Total
i. Cost				
1. As at 1 January 2021	40,226	2,030	10,800	53,056
2. Amount increase during the year	—	—	—	—
3. Amount decrease during the year	—	—	—	—
4. As at 31 December 2021	40,226	2,030	10,800	53,056
ii. Accumulated amortization				
1. As at 1 January 2021	20,316	1,911	2,340	24,567
2. Amount increased during the year	888	64	—	952
(1) Provision	888	64	—	952
3. Amount decreased during the year	—	—	—	—
4. As at 31 December 2021	21,204	1,975	2,340	25,519
iii. Provision for impairment				
1. As at 1 January 2021	—	—	8,460	8,460
2. Amount increased during the year	—	—	—	—
3. Amount decreased during the year	—	—	—	—
4. As at 31 December 2021	—	—	8,460	8,460
iv. Carrying amount				
1. As at 31 December 2021	19,022	55	—	19,077
2. As at 1 January 2021	19,910	119	—	20,029

For the year ended 31 December 2021, the amortization of intangible assets recognized in the consolidated income statement for the year was RMB952 thousand (2020: RMB952 thousand).

(2) The land use rights of the Group are located in the PRC under medium lease (less than 50 years but not less than 10 years).

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(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Goodwill

Item	As at 31 December 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	—	—

16. Long-term deferred expenses

Category	As at 1 January 2021	Increase during the year	Amortization during the year	As at 31 December 2021
Renovation costs	1,699	435	1,666	468
Broad Group parking fee	90	—	17	73
Broad Group property fee	562	—	281	281
Total	2,351	435	1,964	822

17. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax liabilities not written off

Item	As at 31 December 2021		As at 31 December 2020	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Change in fair value of other equity instruments investment included into other comprehensive income	2,972	743	2,246	561
Change in fair value of other non-current financial assets	—	—	7,431	1,859
Change in fair value of investment properties	15,129	3,782	17,158	4,289
Total	18,101	4,525	26,835	6,709

- (2) As at 31 December 2021, the Group has unused tax losses of RMB171,504 thousand (2020: RMB178,804 thousand) available for offset against future taxable profits. No deferred income tax assets have been recognized for these tax losses due to the uncertainty of future taxable profits streams. These tax losses will be expired at various dates up to 2026.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18. Other non-current assets

Item	As at 31 December 2021	As at 31 December 2020
Film project prepaid expenses	24,000	24,000
Less: provision for impairment	24,000	24,000
Total	—	—

Note: Film project prepaid expenses related to the Company's participation in film and television production of "Oriental King of Soccer" (《東方球王》). The project settlement period exceeds one year. The Company entered into agreements with Daqianmen (Beijing) Media Co. Ltd., pursuant to which the Company participated in the production of TV series "Oriental King of Soccer". As at 31 December 2021, the balances of prepaid expenses related to the remaining television projects "Oriental King of Soccer" were RMB24,000 thousand. "Oriental King of Soccer" has not been released.

19. Breakdown of provision for asset impairment

Item	As at 1 January 2021	Increase during the year		Decrease during the year		As at 31 December 2021
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	562,205	41,827	—	—	—	604,032
Provision for inventory impairment	5,959	332	—	—	853	5,438
Provision for impairment of investments in associates	11,617	—	—	—	10,669	948
Provision for impairment of intangible assets	8,460	—	—	—	—	8,460
Provision for impairment of goodwill	47,377	—	—	—	—	47,377
Provision for impairment of other non-current assets	24,000	—	—	—	—	24,000
Total	659,618	42,159	—	—	11,522	690,255

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20. Notes payable

Item	As at 31 December 2021	As at 31 December 2020
Bank acceptance notes	3,239	10,807
Total	3,239	10,807

Note: As at 31 December 2021, the above notes payable were aged within 6 months.

21. Accounts payable

The following is an aging analysis of accounts payable presented based on the invoice date:

Item	As at 31 December 2021	As at 31 December 2020
0-90 days	11,378	10,876
91-180 days	243	100
181-365 days	647	60
Over one year	2,480	2,299
Total	14,748	13,335

22. Contract liabilities

Item	As at 31 December 2021	As at 31 December 2020
Contract advance	21,499	23,560
Total	21,499	23,560

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22. Contract liabilities (Continued)

(1) Contract advance by nature:

Item	As at 31 December 2021	As at 31 December 2020
Advertising amount	20,017	21,111
Trading of printing materials	1,482	2,229
Others	—	220
Total	21,499	23,560

23. Employee benefit payables

(1) Classification for employee benefit payables

Item	As at 1 January 2021	Increase during the year	Decrease during the year	As at 31 December 2021
Short-term remuneration	5,887	46,990	46,410	6,467
Post-employment benefit — defined contribution plan	—	5,233	4,853	380
Termination benefits	—	432	432	—
Total	5,887	52,655	51,695	6,847

(2) Short-term remuneration

Item	As at 1 January 2021	Increase during the year	Decrease during the year	As at 31 December 2021
Salaries, bonuses, allowances and subsidies	1,302	38,566	37,470	2,398
Staff benefits	6	1,011	1,012	5
Social insurance	251	3,271	3,288	234
Including: Medical insurance	240	3,072	3,086	226
Labour injury insurance	—	97	89	8
Maternity insurance	11	102	113	—
Housing fund	1	3,614	3,614	1
Union fund and staff education fund	4,327	528	1,026	3,829
Total	5,887	46,990	46,410	6,467

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Employee benefit payables (Continued)

(3) Defined contribution plan

Item	As at 1 January 2021	Increase during the year	Decrease during the year	As at 31 December 2021
Basic pension insurance	—	5,046	4,678	368
Unemployment insurance	—	187	175	12
Total	—	5,233	4,853	380

The Group participated in the social insurance plans set up by the government according to the regulations. According to the plan, the Group makes deposits into the plans according to the regulations. Other than the deposits mentioned above, the Group does not need to make any further payments. The corresponding expenses shall be charged to the profit or loss in the period or cost of related assets as and when incurred.

24. Tax payables

Item	As at 31 December 2021	As at 31 December 2020
Corporate income tax	5,951	4,304
Individual income tax	124	127
Urban maintenance and construction tax	6	12
Education surcharge	2	5
Local education surcharge	2	4
Total	6,085	4,452

25. Other payables

(1) Classification of other payables

Item	As at 31 December 2021	As at 31 December 2020
Other payables	23,604	30,344
Total	23,604	30,344

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25. Other payables (Continued)

(2) Other payables by nature

Item	As at 31 December 2021	As at 31 December 2020
Current account	16,636	22,812
Margin and deposit	5,553	5,614
Collection and payment for other persons	258	258
Others	1,157	1,660
Total	23,604	30,344

26. Non-current liabilities due within one year

Item	As at 31 December 2021	As at 31 December 2020
Lease liabilities due within one year	61	218
Total	61	218

27. Other current liabilities

Item	As at 31 December 2021	As at 31 December 2020
Output VAT to be transferred	1,394	1,556
Total	1,394	1,556

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

28. Lease liabilities

Item	As at 31 December 2021	As at 31 December 2020
Lease payments	61	324
Less: unrecognized finance costs	—	23
Less: lease liabilities due within one year	61	218
Total	—	83

29. Share capital

Item	As at 31 December 2021	As at 31 December 2020
Ordinary shares of RMB1.00 each Registered, issued and fully paid:		
— Domestic shares	142,409	142,409
— H shares	54,901	54,901
Total	197,310	197,310

30. Capital reserves

Item	As at 1 January 2021	Increase during the year	Decrease during the year	As at 31 December 2021
Share capital premiums	934,421	—	—	934,421
Total	934,421	—	—	934,421

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31. Other comprehensive income

Item	Amount for the year				Amount after tax attributable to non-controlling shareholders		As at 31 December 2021
	As at 1 January 2021	Amount before income tax for the year	Less: retained earnings in current period subsequently reclassified into other comprehensive income at the beginning of the period	Less: income tax expenses	Amount after tax attributable to shareholders of BYDA	Amount after tax attributable to non-controlling shareholders	
1. Other comprehensive income subsequently unable to be reclassified into profit or loss	95,306	64,494	—	182	64,312	—	159,618
Including: Changes in fair value of other investments of equity instruments	95,306	64,494	—	182	64,312	—	159,618
2. Other comprehensive income subsequently able to be reclassified into profit or loss	528	(58)	—	—	(35)	(23)	493
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss	550	—	—	—	—	—	550
Including: Exchange differences from retranslation of financial statements	(22)	(58)	—	—	(35)	(23)	(57)
Total other comprehensive income	95,834	64,436	—	182	64,277	(23)	160,111

32. Surplus reserves

Item	As at 1 January 2021	Increase during the year	Decrease during the year	As at 31 December 2021
Statutory surplus reserves	130,931	—	—	130,931
Total	130,931	—	—	130,931

In accordance with the People's Republic of China ("PRC") regulations and the Articles of Association of the Company, the respective subsidiaries of the Group are required to transfer 10% of the profit after tax, determined in accordance with the PRC Accounting Standards, every year to statutory surplus reserves until the balance reaches 50% of the registered share capital. Such reserves can be used to offset any losses to be incurred and to increase share capital. Except for the reduction of losses, any other usage should not result in the balance falling below 25% of the registered share capital.

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33. Undistributed profits

Item	For the year ended 31 December 2021	
	Amount	Withdrawal or allocation proportion (%)
Balance as at 31 December 2020	(729,987)	—
Add: adjusted amount of undistributed profits at the beginning of the year	—	—
Balance as at 1 January 2021	(729,987)	—
Add: net profit attributable to shareholders of BYDA for the current year	(64,159)	—
disposal of the investment in other equity instruments	—	—
Less: withdrawal of statutory surplus reserves	—	10
withdrawal of discretionary surplus reserves	—	—
withdrawal of general risk reserves	—	—
ordinary share dividends payable	—	—
capitalized ordinary share dividends	—	—
other retained earnings items from direct adjustment	—	—
Balance as at 31 December 2021	(794,146)	—

As at 31 December 2021, the Group's undistributed profits attributable to BYDA included a surplus reserve of RMB0 thousand (2020: RMB1,738 thousand) from the subsidiaries of the Company.

34. Non-controlling interest

Non-controlling interest attributable to minority shareholders of each subsidiary are as follows:

Name of subsidiary	Proportion of non-controlling interest (%)	As at 31 December 2021	As at 31 December 2020
BYD Logistics Company Limited	7.16	(1,019)	(299)
Beijing CéCi Advertising (Beijing) Limited	15.31	(1,011)	(257)
Beijing Long Teng Investment Management (Beijing) Co., Limited	19.16	820	829
Chongqing Youth Media Company Limited	40.00	(1,103)	(331)
Beijing Community Media Technology (Beijing) Co., Ltd.	47.34	19,244	20,045
Total		16,931	19,987

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For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Total operating income, operating costs

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Principal operating income	182,352	208,255
Other operating income	5,200	9,036
Total operating income	187,552	217,291
Principal operating costs	168,046	191,295
Other operating costs	1,446	1,152
Total operating costs	169,492	192,447
Gross Profit	18,060	24,844

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

(1) Principal operations — by business

Item	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	82,855	72,599	89,973	75,077
Printing	2,921	2,710	2,824	2,884
Trading of print-related materials	96,486	92,590	115,256	113,220
Publication	61	147	127	114
Other revenue	29	—	75	—
Total	182,352	168,046	208,255	191,295

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35. Total operating income, operating costs (Continued)

(2) Operating income- by timing of recognition

Timing of revenue recognition	Advertising	Printing	Trading of print-related materials	Publication	Other revenue	Other operating income
Recognized at a point in time	82,855	2,921	96,486	61	29	1,000
Total	82,855	2,921	96,486	61	29	1,000

- (3) For the year ended 31 December 2021, the sum of operating income from the top five customers is RMB62,144 thousand, representing 33.13% of total operating income.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36. Tax and surcharges

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Urban maintenance and construction tax	200	183
Education surcharge	86	78
Local education surcharge	57	52
Stamp duty	68	81
Property tax	1,264	1,540
Urban land utilization tax	15	14
Vehicle and vessel tax	5	5
Others	4	11
Total	1,699	1,964

37. Financial expenses

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Interest expenses	18	138
Less: interest income	2,672	2,219
Less: exchange gain	161	138
Add: commissions and other expenses	65	75
Total	(2,750)	(2,144)

38. Other income

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Government grants from routine activities	189	420
Total	189	420

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(Amounts expressed in thousands of RMB unless otherwise stated
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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

39. Gain on investment

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Share of profit of associates	30	(6,241)
Investment income received from the disposal of financial assets at fair value through profit or loss	20,195	22,944
Investment income received from holding investments of other equity instruments	7,671	9,615
Others	321	(981)
Total	28,217	25,337

40. Profit or loss on the changes in fair value

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Changes in fair value of other non-current financial assets	(162)	565
Gain on changes in fair value of investment properties	(14,786)	(20,882)
Total	(14,948)	(20,317)

41. Credit impairment losses

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Provision for bad debts	(41,827)	(112,718)
Total	(41,827)	(112,718)

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

42. Impairment loss of assets

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Provision for inventory impairment	(332)	(1,936)
Total	(332)	(1,936)

43. Gain on disposal of assets

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Disposal of fixed assets	11	50
Total	11	50

44. Non-operating income

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Transfer-in without any payment	—	92
Rental refund deposit income	240	—
Others	51	9
Total	291	101

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

45. Non-operating expenses

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Losses on damage or abandonment of non-current assets	3	—
Inventory scrap loss	375	—
Compensation and late payment charges	291	80
Others	9	57
Total	678	137

46. Income tax expenses

(1) Income tax expenses

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Current income tax expenses	7,059	6,036
Deferred income tax expenses	(2,365)	(1,258)
Total	4,694	4,778

(2) Current income tax expenses

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Current income tax — PRC	6,827	6,207
Under-provision in prior years — PRC	232	(171)
Total	7,059	6,036

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

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

46. Income tax expenses (Continued)

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

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Total profit	(62,498)	(131,578)
Income tax calculated at the applicable tax rate of 25%	(15,624)	(32,894)
Tax effect of non-taxable income	(1,925)	—
Tax effect of non-deductible expenses	591	311
Tax effect of the Company's losses in current year	22,485	38,555
Tax losses previously unrecognized utilized	(1,065)	(1,023)
Under-provision in prior years	232	(171)
Total	4,694	4,778

Note: Pursuant to the "Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Cultural Public Institutions 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.

47. Auditors' remuneration

The auditors' remuneration for the year was RMB1,200 thousand (2020: RMB1,200 thousand).

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Remuneration of Directors, Supervisors and Employees

(1) Remuneration of Directors and Supervisors

- 1) The amount paid or payable as remuneration to the 24 (2020: 20) directors and supervisors are as follows:

For the year ended 31 December 2021:

Name	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefit scheme	Total
Directors					
Su Zhaohui	—	—	—	—	—
Xu Jian	—	—	—	—	—
Ji Chuanpai	—	—	—	—	—
Wu Bin	—	—	—	—	—
Shang Da	—	388	80	53	521
Liu Jia	—	181	41	28	250
Sun Fang	—	—	—	—	—
Cui Ping	—	—	—	—	—
Jing Enji	—	—	—	—	—
Yang Qing	60	—	—	—	60
Wang Zechen	5	—	—	—	5
Chan Yee Ping, Michael	100	—	—	—	100
Cui Enqing	100	—	—	—	100
Chen Ji	92	—	—	—	92
Wu Changqi	92	—	—	—	92
Shi Hongying	100	—	—	—	100
Du Guoqing	8	—	—	—	8
Subtotal	557	569	121	81	1,328
Supervisors					
Liu Huibin	—	—	—	—	—
Zhang Zhibing	—	—	—	—	—
Zhang Chuanshui	18	—	—	—	18
Zhao Meng	—	—	—	—	—
Li Xiaomei	—	—	—	—	—
Wang Sisi	—	148	34	22	204
Xiao Guohui	—	134	31	20	185
Subtotal	18	282	65	42	407
Total	575	851	186	123	1,735

Notes:

- (i) Other benefits including medical insurance, unemployment insurance and housing fund.
- (ii) During the year, no remuneration has been paid by the Group to the Directors and Supervisors as an inducement to join or upon joining the Group, compensation for loss of office or performance-based bonus.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

48. Remuneration of Directors, Supervisors and Employees (Continued)

(1) Remuneration of Directors and Supervisors (Continued)

- 1) The amount paid or payable as remuneration to the 24 (2020: 20) directors and supervisors are as follows: (Continued)

For the year ended 31 December 2020:

Name	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefit scheme	Total
Directors					
Ji Chuanpai	—	—	—	—	—
Wu Bin	—	—	—	—	—
Shang Da	—	381	73	4	458
Liu Jia	—	192	39	2	233
Zang Furong	—	—	—	—	—
Sun Fang	60	—	—	—	60
Yang Qing	60	—	—	—	60
Wu Tak Lung	33	—	—	—	33
Chan Yee Ping, Michael	50	—	—	—	50
Cui Enqing	100	—	—	—	100
Chen Ji	100	—	—	—	100
Wu Changqi	100	—	—	—	100
Shi Hongying	100	—	—	—	100
Subtotal	603	573	112	6	1,294
Supervisors					
Zhang Zhibing	—	—	—	—	—
Zhang Chuanshui	20	—	—	—	20
Zhao Meng	—	—	—	—	—
Yan Mengmeng	23	—	—	—	23
Zhang Bo	—	—	—	—	—
Wang Sisi	—	141	28	1	170
Xiao Guohui	—	138	32	2	172
Subtotal	43	279	60	3	385
Total	646	852	172	9	1,679

Notes:

- (i) Other benefits including medical insurance, unemployment insurance and housing fund.
- (ii) During the year, no remuneration has been paid by the Group to the Directors and Supervisors as an inducement to join or upon joining the Group, compensation for loss of office or performance-based bonus.

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**48. Remuneration of Directors, Supervisors and Employees** (Continued)**(2) Five highest paid individuals**

During the year, of the five individuals with the highest remuneration in the Group, two (2020: one) were directors. The remuneration of the remaining three individuals (2020: four) was as follows:

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Basic salaries and allowance	606	671
Performance-based salaries	1,071	1,387
Employer's contributions to retirement benefit scheme	156	47
Total	1,833	2,105

The remunerations of the above-mentioned highest paid individuals fall within the following band:

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
HKD0-HKD1,000,000 (equivalent to RMB817,600)	2	3
HKD1,000,001-HKD1,500,000 (equivalent to RMB817,600-RMB1,226,400)	1	1
Total	3	4

During the year, no remunerations have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

(3) Remunerations of Senior Management

The remunerations of Senior Management fall within the following band:

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
HKD0-HKD500,000 (equivalent to RMB408,800)	—	—
HKD500,001-HKD1,000,000 (equivalent to RMB408,800 to RMB817,600)	1	1
Total	1	1

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For the year ended 31 December 2021

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

49. Retirement benefit scheme — defined contribution plans

All the full time employees of the Group are covered by a state-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. The PRC government is responsible for the pension liability to these retired employees. The Group was required to make defined contributions to the pension scheme at the rate of 16% for the year ended 31 December 2021 (2020: 16%) of the employees' basic salaries, which is subject to certain cap as stipulated by relevant local authority. Contributions to this retirement scheme are charged to the income statement as and when incurred. Under this scheme, the Group has no obligation for post-retirement benefit beyond the annual contributions.

The Group has not forfeited any retirement benefit scheme contributions (i.e., contributions which are processed by the employer on behalf of the employee after the employee has withdrawn from the scheme before the relevant contributions become his/her own). At 31 December 2021, there are no forfeited contributions under the Group's retirement benefit plans which can be used to deduct contributions payable for future years.

As at 31 December 2021, contributions from retirement benefit scheme recognized in income statement was RMB5,046 thousand (2020: RMB722 thousand).

50. Dividends

- (1) The Board did not propose payment of final dividend for 2021.
- (2) No profit distribution or dividend was confirmed during the period.

51. Distributable reserve

As at 31 December 2021, the Company's undistributed profits available for distribution to shareholders were RMB-649,968 thousand (undistributed profits as at 31 December 2020: RMB-608,798 thousand).

52. Other comprehensive income

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Other comprehensive income not to be reclassified to profit or loss:		
Changes in fair value of other equity instruments investments	64,312	(9,971)
Other comprehensive income to be reclassified to profit or loss:		
Exchange differences from retranslation of financial statement	(35)	(104)
Total	64,277	(10,075)

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in the notes to the financial statements)

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

53. Reconciliation of net profit to cash flows from operating activities

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Net profit	(67,192)	(136,356)
Add: Impairment loss of credit	41,827	112,718
Impairment loss of assets	332	1,936
Fixed assets depreciation	562	1,569
Amortization of intangible assets	952	952
Amortization of long-term deferred expenses	1,964	1,866
Depreciation of right-of-use assets	1,908	2,184
(Loss)/gain on disposal of fixed assets, intangible assets and other long-term assets	(11)	(50)
Loss on scrapping of fixed assets	3	—
Loss/(gain) on the changes in fair value	14,948	20,317
Financial expenses	18	138
Loss/(gain) on investment	(28,217)	(25,337)
Decrease/(increase) in deferred income tax assets	—	—
Increase/(decrease) in deferred income tax liabilities	(2,184)	(1,257)
Decrease/(increase) of inventories	1,186	(3,215)
Decrease/(increase) in operating accounts receivable	49,246	(10,905)
Increase/(decrease) in operating accounts payable	(12,732)	6,520
Net cash flow from operating activities	2,610	(28,920)

54. Changes in cash and cash equivalents

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Bank balances and cash at the end of year	261,083	195,660
Less: Bank balances and cash at beginning of year	195,660	187,707
Cash equivalents at the end of year	—	—
Less: cash equivalents at beginning of year	—	—
Net increase in cash and cash equivalents	65,423	7,953

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

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VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

55. Cash and cash equivalents

Item	As at 31 December 2021	As at 31 December 2020
Bank balances and cash	264,322	240,221
Less: Restricted bank deposits	3,239	44,561
	261,083	195,660
Representing:		
Cash in hand	1	9
Deposits held at call with banks	261,082	195,651
Other currencies held at call with banks	—	—
Balance of cash and cash equivalents at the end of the period	261,083	195,660

IX. CHANGES IN CONSOLIDATED SCOPE

There are no changes in consolidated scope arising from business combination for the period.

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X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES**1. Interests in subsidiaries****(1) Constitutions for the Group**

Name of subsidiary	Type of enterprise	Primary operation place	Registered place	Business nature	Registered capital	Shareholding percentage (%)		Acquisition methods
						direct	indirect	
BYD Logistics Company Limited	Limited liability company	Beijing, PRC	Beijing, PRC	Logistics and warehousing	30,000	92.84	—	Establishment
Beiqing C&Ci Advertising (Beijing) Limited	Limited liability company	Beijing, PRC	Beijing, PRC	Advertising Services	80,000	84.69	—	Business Combination involving entities not under common control
Beiqing Beiqing Outdoor Advertisement Co., Ltd.	Limited liability company	Beijing, PRC	Beijing, PRC	Advertising Services	10,000	100.00	—	Business Combination involving entities under common control
Beiqing Network Culture Communication Co., Ltd.	Limited liability company	Beijing, PRC	Beijing, PRC	Advertising Services	15,000	100.00	—	Establishment
Beiqing Long Teng Investment Management (Beijing) Co., Limited	Limited liability company	Beijing, PRC	Beijing, PRC	Investment management	50,000	80.84	—	Establishment
Chongqing Youth Media Company Limited	Limited liability company	Chongqing, PRC	Chongqing, PRC	Newspaper distribution, advertising services	30,000	60.00	—	Establishment
Beiqing Community Media Technology (Beijing) Co., Ltd.	Joint stock limited company	Beijing, PRC	Beijing, PRC	Advertising Services	30,025	52.66	—	Establishment
CHONG QING YOUNTH (AMERICA) LLC	—	California, United States	California, United States	Travel and rental	8,800	—	60.00	Establishment

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X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(2) Significant not wholly owned subsidiaries

Name of subsidiary	Percentage of minority interest (%)	Profit or loss for the year attributable to minority interest	Dividends declared to the minority interest for the year	Balance of minority interest as at 31 December 2021
BYD Logistics Company Limited	7.16	(720)	—	(1,019)
Beiqing Community Media Technology (Beijing) Co., Ltd.	47.34	(801)	—	19,244

(3) Major financial information for significant not wholly-owned subsidiaries

Name of subsidiary	As at 31 December 2021						As at 31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
BYD Logistics Company Limited	36,056	36	36,092	50,334	—	50,334	56,082	27	56,109	60,284	—	60,284
Beiqing Community Media Technology (Beijing) Co., Ltd.	50,245	1,391	51,636	10,985	—	10,985	59,375	1,392	60,767	18,423	—	18,423

Name of subsidiary	For the year ended 31 December 2021				For the year ended 31 December 2020			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
BYD Logistics Company Limited	110,108	(10,068)	(10,068)	3,303	129,455	(56,345)	(56,345)	2,478
Beiqing Community Media Technology (Beijing) Co., Ltd.	46,061	(1,693)	(1,693)	26,784	45,541	1,509	1,509	(5,480)

None of the subsidiaries had issued any debt securities at the end of the reporting period.

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X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)**2. Interests in associates****(1) Associates**

Name of associates	Registered place	Primary operation place	Business nature	Shareholding (%)		Voting percentage (%)	Business structure
				Direct	Indirect		
Beijing Leisure Trend Advertising Company Limited	Beijing	Beijing	Design, production, agency advertising	49.04	—	49.04	Limited liability company
Beijing Shengyi Automobile Technology Co., Ltd.	Beijing	Beijing	Car decoration services, market research, marketing planning	20.00	—	20.00	Limited liability company
Beijing Beisheng United Insurance Agency Co., Limited	Beijing	Beijing	Car insurance agency services	20.00	—	20.00	Limited liability company
BY Times Consulting Co., Ltd.	Beijing	Beijing	Economic information consulting, organizing cultural activities	30.00	—	30.00	Limited liability company
Beijing Beiqing Top Advertising Limited	Beijing	Beijing	Design, production, agency advertising	41.60	—	41.60	Limited liability company
Hebei Jujingcai E-commerce Company Limited	Shijiazhuang	Shijiazhuang	Primary agricultural products and other goods sale	44.50	—	44.50	Limited liability company
Chongqing Soyang Internet Technology Co., Ltd	Chongqing	Chongqing	Network E-Commerce	—	35.00	35.00	Limited liability company
Beijing Shangyou Network Technology Co., Ltd	Beijing	Beijing	Network E-Commerce	—	30.00	30.00	Limited liability company

Note: The Company's shareholding in Beijing International Advertising & Communication Group Co., Ltd. was 14.99% at the beginning of the year and decreased to 11.44% during the year. The Company ceased to appoint a director to participate in the decision-making of the production and operation of such company and had no significant influence over such company. For details, please refer to "X.3 Equity in investment in other equity instruments".

The accounting method for the investment in associates adopted by the Group is equity method.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

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X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES *(Continued)*

2. Interests in associates *(Continued)*

(2) Major financial information for associates

Item	As at 31 December 2021/For the year ended 31 December 2021	As at 31 December 2020/For the year ended 31 December 2020
Associates:		
Total book value in investment	3,527	3,497
Agregated amounts per shareholding percentage for the followings:		
— net profit	30	(6,241)
— other comprehensive income	—	—
— total comprehensive income	30	(6,241)

(3) Excess losses from associates

Name of associates	Accumulated unrecognized losses in the previous years on 31 December 2020	Unrecognized loss for the year (or net profits shared in the year)	Accumulated unrecognized losses in the previous years on 31 December 2021
Beijing Leisure Trend Advertising Company Limited	(5,777)	(211)	(5,988)
Beijing Shengyi Automobile Technology Co., Ltd.	(1,199)	(126)	(1,325)
Beijing Beiqing Top Advertising Limited	(12,619)	—	(12,619)
Hebei Jujingcai E-commerce Company Limited	(877)	—	(877)
BY Times Consulting Co., Ltd.	(123)	(29)	(152)

Note: As of the date of this report, Beijing Beiqing Top Advertising Limited has not yet provided its 2021 financial statements.

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X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)**3. 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	Primary operation place	Business nature	Shareholding (%)	Fair value as at 31 December 2021	Proportion of total assets (%)
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang	Shijiazhuang	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	194,901	26.79
Beijing Keyin Media and Culture Co., Ltd.	Beijing	Beijing	Organizing exchange activities on culture and art, and design, production and provision of agency service of advertisements	16.00	46,665	6.41
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Beijing	Beijing	Internet Information Service	5.00	3,472	0.48
Beijing International Advertising & Communication Group Co., Ltd.	Beijing	Beijing	Design, production and provision of agency service of advertisements	11.44	25,383	3.49

(2) Major financial information of significant investees among other equity instruments investment:

Company name	Net profit attributable to owners of the Company for the year ended 31 December 2021 (RMB thousand)	Accumulated undistributed profits as at 31 December 2021 (RMB thousand)	Dividend received for the year ended 31 December 2021 (RMB thousand)
Beiyang Publishing & Media Co., Ltd.	—	—	7,671
Beijing Keyin Media and Culture Co., Ltd.	3,469	231,195	—

Note: As of the date of this report, Beiyang Publishing & Media Co., Ltd. has not yet released its 2021 financial report.

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X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES *(Continued)*

3. Equity in investment in other equity instruments *(Continued)*

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

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

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

4. Equity 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	Primary operation place	Business nature	Shareholding (%)	Fair value	Proportion of total assets (%)
					as at 31 December 2021	
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	Suzhou	Suzhou	Investment management	2.61	1,946	0.28

XI. DISCLOSURE OF FAIR VALUES**1. Value of assets and liabilities measured at fair value at the end of the year and fair value measure level**

Item	Fair value as at 31 December 2021			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
1. Fair value measurement on recurred basis				
(I) Other non-current financial assets	—	—	1,946	1,946
1. Financial assets designated at fair value through profit or loss	—	—	1,946	1,946
(II) Investment in other equity instruments	—	—	270,421	270,421
(III) Investment properties	—	96,185	—	96,185
1. Leased building	—	96,185	—	96,185
Total assets at fair value on recurred basis	—	96,185	272,367	368,552

- (1) The fair value of the Group's other non-current financial assets as at 31 December 2021 is determined with reference to the valuation of net assets of investees;
- (2) The fair value of the Group's investment in other equity instruments as at 31 December 2021 is determined based on income method or asset-based method or arrived with reference to the appraisal conducted based on net asset of the investee;
- (3) The fair value of the Group's investment properties as at 31 December 2021 is determined based on the recent market value of properties located at the same place with similar condition.

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Relationships of related parties

Related parties that had transactions with the Group during this period are as follows:

Relationship	Name of related party
Parent company	BYDA
Ultimate controlling company	Beijing Capital Group Company Limited
Subsidiary of BYDA	Beijing International Investment Consultancy (Beijing) Co., Limited
Subsidiary of BYDA	Beijing M-Media (Beijing) Culture Media Co., Ltd.
Subsidiary of BYDA	Beijing Youth Journal Agency
Subsidiary of BYDA	Legal Evening Agency
Subsidiary of BYDA	Beijing Science and Technology News Agency
Subsidiary of BYDA	Beijing Education Media Co., Limited
Subsidiary of BYDA	Beijing Film & Television (Beijing) Co., Ltd.
Subsidiary of BYDA	Beijing Beijing Culture and Arts Company
Subsidiary of BYDA	Beijing China Open Promotion Co., Ltd.
Subsidiary of BYDA	Beijing Youth Daily Network Communication Technology Co., Ltd.
Subsidiary of BYDA	Beijing Evening Education Consultancy Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing East Ring Xinrong Investment Management Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Chuangyue Xinke Real Estate Co., Ltd.
Associate of the Company	Beijing Beijing Top Advertising Limited
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Beijing Beisheng United Insurance Agency Co., Limited
Associate of the Company	Beijing Shengyi Automobile Technology Co., Ltd.
Associate of the Company	Hebei Jujingcai E-commerce Company Limited
Associate of the Company	BY Time Consulting Co., Ltd.
Associate of the Company	Chongqing Soyang Internet Technology Co., Ltd.
Associate of the Company	Beijing Shangyou Network Technology Co., Ltd.
Associate of the Company	Beijing Shangyou International Travel Agency Limited
Other related parties	Shanghai China Business News Company Limited (Note 1)
Other related parties	Chongqing Youth Industrial Co., Ltd. (Note 2)
Other related parties	Chongqing Youth Daily
Other related parties	Korea Central M&B Publishing Group
Key Management Personnel of the Company	Directors, supervisors and senior management personnel including Su Zhaohui

Note 1: Shanghai China Business News Company Limited is an associate of BYDA.

Note 2: Chongqing Youth Industrial Co., Ltd. is one of the shareholders of Chongqing Media.

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XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**2. Parent company and ultimate controlling company****(1) The Company's parent company**

Name	Type of enterprise	Registration place	Business nature	Legal representative	Unified social credit code
BYDA	State-owned enterprise	Beijing, the PRC	Media and publishing	Tian Kewu	91110105MA008QJ53Y

Parent company's registered capital and its changes:

Name	As at 1 January 2021	Increase in this period	Decrease in this period	As at 31 December 2021
BYDA	22,439	—	—	22,439

Shares or equity held by parent company and its changes:

Name	Shareholding amount		Shareholding percentage (%)	
	As at 31 December 2021	As at 1 January 2021	As at 31 December 2021	As at 1 January 2021
BYDA	124,840	124,840	63.27	63.27

(2) The Company's ultimate controlling company

Name	Type of enterprise	Registration place	Business nature	Legal representative	Unified social credit code
Beijing Capital Group Company Limited	State-owned enterprise	Beijing, the PRC	Business services	He Jiangchuan	91110000101138949N

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Related party transactions

(1) Purchase of goods/receipt of services

Related parties	Pricing principle for related transactions	For the year ended 31 December 2021	For the year ended 31 December 2020
BYDA (Note)	Contracted price	9,586	14,484
Subsidiaries of BYDA	Contracted price	4,153	3,441
Other related parties	Contracted price	—	97
Total		13,739	18,022

Note: Pursuant to the advertising space operating rights and options subscription agreement entered into between the Company and BYDA on 7 December 2004, the Company agreed to pay 16.5% of the advertising revenue to BYDA for the period from 1 October 2004 to 30 September 2033.

(2) Sale of goods/rendering services

Related parties	Pricing principle for related transactions	For the year ended 31 December 2021	For the year ended 31 December 2020
BYDA	Contracted price	472	18
Subsidiaries of BYDA	Contracted price	773	771
Subsidiary of Beijing Capital Group Company Limited	Contracted price	245	—
Total		1,490	789

(3) Leasing (The Group as lessor)

Name of lessee	Nature of assets leased	Basis for rental income	Rental income recognized for this year
BYDA	Building	Contracted price	3,681

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)***3. Related party transactions** *(Continued)***(4) Leasing** *(The Group as lessee)*

Name of lessor	Nature of assets leased	Basis for rental fees	Rental expenses recognized for this year
BYDA Beijing East Ring Xinrong Investment Management Co., Ltd.	Building	Contracted price	1,685
	Building	Contracted price	496

(5) Remuneration for key management personnel

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Remuneration for key management personnel	2,311	2,138

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(6) Financial guarantee from related parties

Nil.

(7) Continuing related party transactions

Save as the connected transactions and continuing connected transactions disclosed in the chairman's statement of the 2021 annual report of the Company, there is no related party transaction or continuing related party transaction included in this note that constitutes a disclosable connected transaction or continuing connected transaction under the Listing Rules. The Company has complied with the Chapter 14A of the Listing Rules in respect of the disclosure of its connected transactions and continuing connected transactions.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Related party transactions (Continued)

(7) Continuing related party transactions (Continued)

For the year ended 31 December 2021, the following continuing related party transactions of the Company constitute continuing connected transactions under the Chapter 14A of the Listing Rules.

Name of transaction	Name of connected person	For the year ended 31 December 2021			
		Date of announcement	Nature of transaction	Maximum Annual Cap	Amount for the year
Mutual Property Tenancy Agreement	BYDA	2018-11-12	Rental income	6,812	3,681
			Rental expense	6,000	1,685
Advertising Business Agreement	BYDA	2018-11-12	Payment of exclusive advertising right	13,500	2,931
Printing Framework Agreement	BYDA & Subsidiaries	2018-11-12	Income from printing services and printing materials	13,000	773

Name of transaction	Name of connected person	For the year ended 31 December 2021			
		Date of announcement	Nature of transaction	Maximum Annual Cap	Amount for the year
Delivery Service Framework Agreement	BYDA & Subsidiaries	2018-11-12	Direct mail advertisements and its wraparound advertisements Advertising delivery expense	3,000	—
Advertising Agency Framework Agreement	BYDA & Subsidiaries	2018-11-12	Advertising placement income	5,000	472
		2019-2-27	Advertising placement expense	16,000	9,586

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS** (Continued)**4. Current accounts balances with related parties****(1) Accounts receivable due from related parties**

Related parties	As at 31 December 2021		As at 31 December 2020	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
BYDA	15,812	8,597	12,969	—
Associates of the Company	47,883	47,846	47,883	47,623
Subsidiaries of BYDA	117,360	117,301	116,499	104,429
Subsidiaries of Beijing Capital Group Company Limited	260	36	—	—
Other related parties	6	6	6	5
Total	181,321	173,786	177,357	152,057

(2) Other receivables due from related parties

Related parties	As at 31 December 2021		As at 31 December 2020	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
Associates of the Company	39	39	39	39
Subsidiaries of BYDA	5,156	5,156	5,156	3,896
Subsidiaries of Beijing Capital Group Company Limited	343	48	—	—
Other related parties	2	—	—	—
Total	5,540	5,243	5,195	3,935

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Current accounts balances with related parties (Continued)

(3) Accounts payable due to related parties

	As at 31 December 2021	As at 31 December 2020
Related parties		
BYDA	969	1,762
Subsidiaries of BYDA	984	639
Subsidiaries of Beijing Capital Group Company Limited	541	—
Other related parties	616	616
Total	3,110	3,017

(4) Other payables due to related parties

	As at 31 December 2021	As at 31 December 2020
Related parties		
BYDA	1,676	860
Subsidiaries of BYDA	150	150
Associates of the Company	100	100
Other related parties	—	25
Total	1,926	1,135

(5) Prepayment due to related parties

	As at 31 December 2021	As at 31 December 2020
Related parties		
BYDA	308	113
Total	308	113

XIII. COMMITMENTS AND CONTINGENCIES

1. In addition to the commitments disclosed in the other notes to the financial statements, the Group has the following commitments:

(1) The Group as lessee

As at 31 December 2021, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 31 December 2021	As at 31 December 2020
Within one year	1,817	706
1-2 years	—	95
Total	1,817	801

(2) The Group as Lessor

As at 31 December 2021, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 31 December 2021	As at 31 December 2020
Within one year	1,784	7,327
1-2 years	2,294	217
2-3 years	2,152	220
After 3 years	5,233	55
Total	11,463	7,819

2. Contingencies**(1) Pending Litigation**

In 2020, Beijing Beiqing Top Advertising Limited sued BYDA and the Company due to liability dispute for harming its interest. The case is currently under trail.

- (2) The Group has no other material contingencies to be disclosed except the above up to 31 December 2021.

XIV. POST BALANCE SHEET EVENTS

The Group has no other major post-balance sheet events that need to be disclosed as of the date of this report.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XV. SEGMENT INFORMATION

The price of intra-segment transactions is determined with reference to market price and classified as follows:

Business segments	Principal activities
Advertising:	Sales of advertising spaces and outdoor advertising of the media or activities operated by BYDA, Chongqing Youth Daily, Beiqing Community Newspaper.
Printing:	Provision of printing services.
Trading of print-related materials:	Sales of paper, ink, lubricant, film, presensitized plate and rubber sheet 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 2021

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount	Elimination	Total
Operating income	83,133	7,430	102,121	61	6,173	(11,366)	187,552
Including: Income from external transactions	82,855	2,921	96,486	61	5,229	—	187,552
Income from intra-segment transactions	278	4,509	5,635	—	944	(11,366)	—
Total operating costs	116,761	6,836	102,678	327	6,238	(11,867)	220,973
Provision for impairment	29,197	669	9,191	(1)	8,292	(5,189)	42,159
Gains on changes in fair value	—	—	—	—	(14,948)	—	(14,948)
Investment income	—	—	—	—	54,217	(26,000)	28,217
Gain on disposal of asset	—	—	—	—	11	—	11
Other income	—	—	—	—	189	—	189
Operating profit (loss)	(62,825)	(75)	(9,748)	(265)	31,112	(20,310)	(62,111)
Non-operating income and expenses, net	(486)	3	40	—	56	—	(387)
Total profit	(63,311)	(72)	(9,708)	(265)	31,168	(20,310)	(62,498)
Income tax expenses	—	25	340	—	4,329	—	4,694
Net profit	(63,311)	(97)	(10,048)	(265)	26,839	(20,310)	(67,192)
Total assets	296,924	2,436	33,473	78	623,895	(229,246)	727,560
Total liabilities	58,529	3,397	46,683	296	33,659	(60,562)	82,002
Supplementary information							
Depreciation and amortization expenses	3,394	1	15	6	507	(501)	3,422
Capital expenditure	634	—	—	—	85	—	719
Impairment of assets	29,197	669	9,191	(1)	8,292	(5,189)	42,159
Non-cash expenses excluding depreciation and impairment of assets	—	—	—	—	—	—	—

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

XV. SEGMENT INFORMATION (Continued)**2. 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, net	(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	—	—	—	—	—	—	—

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

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XVI. OTHER SIGNIFICANT EVENTS

1. Leasing

(1) Assets leased out under operating leases

Categories of assets leased out under operating leases	As at 31 December 2021	As at 31 December 2020
Investment properties and fixed assets	96,185	111,228
Total	96,185	111,228

XVII. SUPPLEMENTARY INFORMATION

1. Earnings per share

Item	For the year ended 31 December 2021	For the year ended 31 December 2020
Net profit attributable to shareholders of the Company for the year	(64,159)	(130,176)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Basic earnings per share (RMB)	(0.33)	(0.66)

Basic earnings per share and diluted earnings per share during the years ended 31 December 2020 and 2021 were the same, as no diluting events existed for both years.

2. Financial Instruments and risk management

Classification of financial instruments

Item	As at 31 December 2021	As at 31 December 2020
Financial assets		
Financial assets at fair value through profit or loss	1,946	43,017
Financial assets at fair value through other comprehensive income	270,421	205,927
Financial assets, at amortised cost	322,577	342,266
Financial liabilities, at amortised cost	54,584	65,125

XVII. SUPPLEMENTARY INFORMATION *(Continued)***2. Financial Instruments and risk management** *(Continued)***Classification of financial instruments** *(Continued)*

Major financial instruments of the Group include bank balances and cash, financial assets available for sale, notes receivable, accounts receivable, other receivables, other current assets, notes payable, accounts payable, employee benefit payables, tax payables, other payables, non-current liabilities due within one year and long-term borrowings and lease liabilities, etc. Details of the financial instruments are disclosed in their respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(1) Objective and policies of risk management

The Group engages in risk management with the aim of achieving an appropriate balance between risks and returns, where the negative effects of risks against the operating results of the Group are minimised, in order to maximise the benefits of shareholders and other stakeholders. Based on such objective in risk management, the underlying strategy of risk management of the Group is to ascertain and analyse all types of risks exposures of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus confining risk exposures within a prescribed scope.

1) Currency risk

The Group's functional currency is RMB in which most of the transactions are denominated. However, certain other receivables and other payables of the Group are denominated in foreign currencies.

2) Interest rate risk

The Group is exposed to fair value interest rate risk through bank fixed deposits and bank loans (see Notes VIII.1 for details respectively). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank balances (see Note VIII.1 for details) due to the fluctuation of the prevailing market interest rate. The management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of base rate published by the People's Bank of China arising from the Group's RMB bank balances.

Sensitivity analysis:

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the year. For variable-rate bank balances, the analysis is prepared assuming the financial assets outstanding at the end of the year were unsettled for the whole year and the stipulated change that took place at the beginning of the financial year was held constant throughout the financial year. A 25 base point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Financial Instruments and risk management *(Continued)*

Classification of financial instruments (Continued)

(1) Objective and policies of risk management *(Continued)*

2) Interest rate risk *(Continued)*

Sensitivity analysis *(Continued)*

If interest rates had been 25 base points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would increase/decrease by RMB571 thousand. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

In management's opinion, the sensitivity analysis is not necessarily of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

3) Credit risk

As at 31 December 2021, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each year to ensure that adequate provision for impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on current assets is limited because the majority of the counter parties are banks with high credit ratings assigned by international credit-rating agencies.

The Group is subject to concentration risk on geographical location as it operates in the PRC market only. However, The Group has no significant concentration of credit risk as the Group's credit exposure spreads over a wide range of different counter parties and customers.

4) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at end of the reporting period.

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

XVII. SUPPLEMENTARY INFORMATION (Continued)**2. Financial Instruments and risk management** (Continued)**Classification of financial instruments** (Continued)

(1) Objective and policies of risk management (Continued)

4) Liquidity risk (Continued)

Liquidity table

Item	Less than 1 year		1-5 years		Total undiscounted cash flow		Carrying amount	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	Notes payable	3,239	10,807	—	—	3,239	10,807	3,239
Accounts payable	14,748	13,335	—	—	14,748	13,335	14,748	13,335
Other payables	23,604	30,344	—	—	23,604	30,344	23,604	30,344
Non-current liabilities due								
within one year	61	218	—	—	65	237	61	218
Leased liabilities	—	—	—	83	—	87	—	83

5) Fair value

The fair values of financial assets and liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- The fair value of financial guarantee contracts is determined by professional appraiser using default valuation model where the values of the liabilities associated with the guarantees are estimated based upon an analysis of the guaranteed companies' ability to repay their debts and the potential financial loss for the guarantors, assuming future defaults happen in different time periods.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximate their fair values.

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XVII. SUPPLEMENTARY INFORMATION (Continued)

3. Balance sheet of the Company

Item	Notes	As at 31 December 2021	As at 31 December 2020
Current assets:			
Bank balances and cash		159,777	119,005
Accounts receivable	XVIII.1	31,421	63,352
Prepayments		36,094	37,323
Other receivables		2,209	2,190
Inventories		1,089	1,439
Other current assets		26,058	28,981
Total current assets		256,648	252,290
Non-current assets :			
Long-term equity investment	XVIII.2	175,440	211,415
Other equity instruments investment		266,949	203,181
Other non-current financial assets		1,946	2,685
Investment properties		61,282	73,812
Fixed assets		962	1,706
Construction in progress		—	—
Right-of-use assets		—	1,685
Intangible assets		19,067	20,015
Long-term deferred expenses		468	1,699
Other non-current assets		—	—
Total non-current assets		526,114	516,198
Total assets		782,762	768,488

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**XVII. SUPPLEMENTARY INFORMATION** (Continued)**3. Balance sheet of the Company** (Continued)

Item	As at 31 December 2021	As at 31 December 2020
Current liabilities:		
Accounts payable	984	4,203
Contract liability	15,064	13,917
Employee benefit payables	4,524	3,331
Tax payables	91	97
Other payables	20,533	28,038
Other current liabilities	903	835
Total current liabilities	42,099	50,421
Total liabilities	42,099	50,421
Shareholders' equity:		
Share capital	197,310	197,310
Capital reserves	904,453	904,453
Other comprehensive income	157,937	94,171
Surplus reserves	130,931	130,931
Undistributed profits	(649,968)	(608,798)
Total shareholders' equity	740,663	718,067
Total liabilities and shareholders' equity	782,762	768,488

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XVII. SUPPLEMENTARY INFORMATION (Continued)

4. Statement of changes in shareholders' equity of the Company

Item	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
As at 1 January 2020	197,310	904,453	104,068	130,931	(469,672)	867,090
Net profit	—	—	—	—	(139,126)	(139,126)
Other comprehensive income	—	—	(9,897)	—	—	(9,897)
Sub-total of the changes during the year	—	—	(9,897)	—	(139,126)	(149,023)
As at 31 December 2020	197,310	904,453	94,171	130,931	(608,798)	718,067
Change in accounting policies	—	—	—	—	—	—
As at 1 January 2021	197,310	904,453	94,171	130,931	(608,798)	718,067
Net profit	—	—	—	—	(41,170)	(41,170)
Other comprehensive income	—	—	63,766	—	—	63,766
Sub-total of the changes during the year	—	—	63,766	—	(41,170)	22,596
As at 31 December 2021	197,310	904,453	157,937	130,931	(649,968)	740,663

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY

1. Accounts receivable of the Company

Item	As at 31 December 2021	As at 31 December 2020
Accounts receivable	278,465	283,894
Less: Provision for bad debts	247,044	220,542
Net accounts receivable	31,421	63,352
For reporting purpose, analysis as:		
Non-current assets — long-term receivables	—	—
Current assets — accounts receivable	31,421	63,352
Total	31,421	63,352

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)**1. Accounts receivable of the Company (Continued)**

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

Item	As at 31 December 2021	As at 31 December 2020
0-90 days	4,713	7,046
91-180 days	2,550	4,513
181-365 days	2,903	6,423
1-2 years	4,524	10,936
Over 2 years	16,731	34,434
Total	31,421	63,352

The Company normally granted credit period of 1 week to 3 months from the date of invoice to its customers (including related parties but except for certain advertising agents of classified advertisements).

- (2) Analysis of account receivable by categories:

Item	As at 31 December 2021				As at 31 December 2020			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Percentage		Percentage		Percentage		Percentage	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Accounts receivable with bad debt provision made on individual basis	110,109	39.54	110,109	100.00	5,031	1.77	5,031	100.00
Accounts receivable with bad debt provision made on group basis:	168,356	60.46	136,935	81.34	278,863	98.23	215,511	77.28
Aging group	133,326	47.88	121,113	90.84	154,272	54.34	129,715	84.08
Related party group	35,030	12.58	15,822	45.17	124,591	43.89	85,796	68.86
Total	278,465	100.00	247,044		283,894	100.00	220,542	

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)

1. Accounts receivable of the Company (Continued)

(2) Analysis of account receivable by categories: (Continued)

1) Accounts receivable with bad debt provision by aging method are as follows:

Item	As at 31 December 2021			As at 31 December 2020		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	8,754	14.55	1,274	11,577	16.02	1,855
1-2 years	1,023	57.10	584	5,227	45.69	2,388
2-3 years	3,297	78.59	2,591	3,188	63.59	2,027
3-4 years	2,651	86.43	2,291	32,390	77.04	24,953
Over 4 years	117,601	97.26	114,373	101,890	96.67	98,492
Total	133,326	—	121,113	154,272	—	129,715

(3) The balance of top five accounts receivable as at 31 December 2021 was RMB128 million, representing 45.84% of the total accounts receivable. The balance of bad debt provision was RMB119 billion.

(4) The Company had no accounts receivable that were overdue but not impaired as at 31 December 2021.

2. Long-term equity investment of the Company

(1) Classification of long-term equity investments

Item	As at 31 December 2021			As at 31 December 2020		
	Balance of carrying amount	Impairment provision	Carrying value	Balance of carrying amount	Impairment provision	Carrying value
Investments in subsidiaries	228,304	55,000	173,304	264,304	55,000	209,304
Investments in associates	2,136	—	2,136	12,780	10,669	2,111
Total	230,440	55,000	175,440	277,084	65,669	211,415

For the year ended 31 December 2021

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)

2. Long-term equity investment of the Company (Continued)

(2) Investments in subsidiaries

Investee	Balance on	Increase in this year	Decrease in this year	Balance on	Provision for impairment in this year	Balance of impairment provision on
	1 January 2021			31 December 2021		31 December 2021
BYD Logistics Company Limited	44,814	—	—	44,814	—	—
Beiqing CèCi Advertising (Beijing) Limited	55,000	—	—	55,000	—	55,000
Beijing Beiqing Outdoor Advertisement Co., Ltd.	39,390	—	—	39,390	—	—
Beiqing Network Culture Communication Co., Ltd.	51,000	—	36,000	15,000	—	—
Beiqing Long Teng Investment Management (Beijing) Co., Limited	21,100	—	—	21,100	—	—
Chongqing Youth Media Company Limited	18,000	—	—	18,000	—	—
Beijing Community Media Technology (Beijing) Co., Ltd.	35,000	—	—	35,000	—	—
Total	264,304	—	36,000	228,304	—	55,000

(Amounts expressed in thousands of RMB unless otherwise stated in the notes to the financial statements)

For the year ended 31 December 2021

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)

2. Long-term equity investment of the Company (Continued)

(3) Investments in associates

Investee	Balance on		Changes in the current year							Balance of	
	1 January	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	31 December 2021	provision on 31 December 2021
Associates											
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—	—
Beijing Shengyi Automobile Technology	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency Co. Limited	2,111	—	—	25	—	—	—	—	—	2,136	—
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing International Advertising & Communication Group Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing Beiqing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—	—
Hebei Jujingcai E-commerce Company Limited	—	—	—	—	—	—	—	—	—	—	—
Total	2,111	—	—	25	—	—	—	—	—	2,136	—

XIX. APPROVAL OF FINANCIAL REPORT

This financial report was approved by the Board of the Company on 25 March 2022.

Beijing Media Corporation Limited

25 March 2022