



HK Stock Code: 1000

2022

ANNUAL

REPORT

Beijing Media Corporation Limited

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

Company Profile	2
Company Information	3
Chairman’s Statement	5
Management Discussion and Analysis	6
Directors, Supervisors and Senior Management	19
Report of the Board of Directors	25
Corporate Governance Report	41
Report of the Supervisory Committee	60
Environmental, Social and Governance Report	62
Definitions	74
Report of the Auditor	76
Consolidated Balance Sheet	79
Consolidated Income Statement	81
Consolidated Cash Flow Statement	83
Consolidated Statement of Changes in Shareholders’ Equity	85
Notes to the Financial Statements	86

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 2022)



Notes:

- On 28 October 2022, the Company successfully acquired 5.291% equity interest of Beijing Community Media Technology (Beijing) Co., Ltd. held by Shanghai Xingjing Investment Centre (Limited Partnership)* (上海星京投資管理中心(有限合伙)) (“Shanghai Xingjing”) at a consideration of RMB1,520.75 thousand, being the starting price. Upon the completion of the acquisition, the shareholding proportion the Company held in Beijing Community Media increased from 52.661% to 57.952%. Such change has been registered with the industrial and commerce authority on 7 February 2023. Please refer to the announcement dated 28 October 2022 of the Company for details.
- Upon approval by the Board of the Company, on 19 April 2022, the Company injected capital contribution of RMB15,000 thousand for the establishment of Beijing Beijing Innovation Cultural Industry Development Co., Ltd. (北京北青創新文化產業發展有限公司) and such change has been registered with the industrial and commerce authority on 27 April 2022.

COMPANY WEBSITE

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2022): 197,310,000 shares
- Market Capitalisation (as at 31 December 2022): HK\$90.76 million
- Financial Year End: 31 December
- Bloomberg’s Stock Machine Search Code: 1000HKEquity
- Reuters Stock Machine Search Code: 1000.HK

AS AT THE DATE OF THIS REPORT**EXECUTIVE DIRECTORS**Jing Enji (*President*) ^{Note 1}Wu Min (*Vice President*) ^{Note 2}**NON-EXECUTIVE DIRECTORS**Sun Baojie (*Chairman*) ^{Note 3}

Cui Ping

Xu Jian ^{Note 1}Zhang Lei ^{Note 2}

Wang Zechen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Shi Hongying

Chan Yee Ping, Michael

Du Guoqing

Kong Weiping ^{Note 2}**JOINT COMPANY SECRETARIES**

Yu Leung Fai

Liu Jia ^{Note 4}**AUDIT COMMITTEE** ^{Note 5}Chan Yee Ping, Michael (*Chairman*)

Cui Ping

Kong Weiping

REMUNERATION COMMITTEE ^{Note 6}Shi Hongying (*Chairman*)Xu Jian ^{Note 1}

Du Guoqing

NOMINATION COMMITTEE ^{Note 7}Sun Baojie (*Chairman*) ^{Note 3}

Shi Hongying

Du Guoqing

AUTHORIZED REPRESENTATIVESSun Baojie ^{Note 3}Jing Enji ^{Note 1}**ALTERNATIVE AUTHORIZED REPRESENTATIVES**

Yu Leung Fai

REGISTERED OFFICEBuilding A, No. 23 Baijiazhuang Dongli,
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AUDITOR

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Institute International Building,

No. 1 Zhichun Road,

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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 fourth meeting of the eighth session of the board ("Board") of directors ("Directors") of the Company convened on 29 September 2022, Mr. Jing Enji was appointed as the president and authorized representative of the Company and re-designated as an executive director of the eighth session of the Board. Mr. Xu Jian has resigned as the president and authorized representative of the Company on 29 September 2022 and re-designated as a non-executive director. Please refer to the announcement of the Company dated 29 September 2022 for details.
2. Upon the approval at the annual general meeting ("AGM") of the Company convened on 17 June 2022, Ms. Wu Min was appointed as an executive director of the eighth session of the Board, Mr. Zhang Lei was appointed as a non-executive director of the eighth session of the Board, and Mr. Kong Weiping was appointed as an independent non-executive director of the eighth session of the Board. Please refer to the announcements of the Company dated 19 April 2022 and 17 June 2022 for details.
3. Upon the approval at the 2023 First Extraordinary General Meeting of the Company convened on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive director of the eighth session of the Board of the Company. At the ninth meeting of the eighth session of the Board of the Company convened on the same day, Ms. Sun Baojie was appointed as the chairman of the eighth session of the Board of the Company, the chairman of the nomination committee of the Board and an authorized representative. On the same day, Mr. Su Zhaohui resigned as the president, non-executive director, chairman of the nomination committee of the Board and authorized representative of the Company. Please refer to the announcement of the Company dated 24 February 2023 for details.
4. Upon the approval at the seventh meeting of the eighth session of the Board of the Company convened on 28 December 2022, Ms. Liu Jia was appointed as the joint company secretary of the Company. Please refer to the announcement of the Company dated 28 December 2022.
5. Upon the approval at the first meeting of the eighth session of the Board of the Company convened on 17 June 2022, the audit committee of the eighth session of the Board comprises Mr. Chan Yee Ping, Michael, Ms. Cui Ping and Mr. Kong Weiping, and is chaired by Mr. Chan Yee Ping, Michael. Please refer to the announcement of the Company dated 17 June 2022.
6. Upon the approval at the fourth meeting of the eighth session of the Board of the Company convened on 29 September 2022, Mr. Jing Enji ceased to be a member of the Remuneration Committee of the Board, and Mr. Xu Jian was appointed as a member of the Remuneration Committee of the Board. The Remuneration Committee of the eighth session of the Board comprises Ms. Shi Hongying, Mr. Xu Jian and Ms. Du Guoqing, and is chaired by Ms. Shi Hongying. Please refer to the announcement of the Company dated 29 September 2022.
7. Upon the approval at the ninth meeting of the eighth session of the Board of the Company convened on 24 February 2023, Ms. Sun Baojie was appointed as the chairman of the eighth session of the Board, the chairman of the Nomination Committee of the Board and an authorized representative of the Company. The Nomination Committee of the eighth session of the Board comprises Ms. Sun Baojie, Ms. Shi Hongying and Ms. Du Guoqing and is chaired by Ms. Sun Baojie. Please refer to the announcement of the Company dated 24 February 2023 for further details.

DEAR SHAREHOLDERS,

On behalf of the Group, I hereby present the report on the results of the Group for the year of 2022. 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.

In 2022, affected by the resurgence of COVID-19 pandemic and the strengthening of regular control in China, the Group arranged its employees to work from home from time to time in response to the spread of the pandemic until the full release of such control. Coupled with the long-term impact resulting from the change of the public's reading habit on traditional media, as well as the adverse impact of the international political environment, the Group's operation was particularly difficult throughout the year. Despite the multiple pressures brought about by the severe economic situation and fierce market competition, under the leadership of the Board and management, the Group's employees at all level worked together to overcome difficulties, and achieved significant reduction in losses once again, improved by 24.97% as compared with that of 2021, through continuous efforts to control cost and expand new income sources, as well as to improve quality and efficiency, which steadily improved the Group's operating situation.

In 2022, adhering to the strategy of "focusing on stability and innovating while maintaining stability (以穩為主、穩中有試)", the Group actively explored new business models and pursued business transformation, successfully completing its operational layout with the new establishment of camping education business. Striving to nurture new profit growth areas, it also obtained the event authorization and held the "Diamond Cup" Junior Tennis Challenger in Chongqing.

In 2022, the Group continued to optimize its top-level design, improve its corporate governance structure and integrate the business and functional departments to build a modern state-owned enterprise system with industry characteristics. It also promoted informatization construction and strengthened refined management and business synergy, to consolidate its operating foundation by multiple measures.

In 2022, the Group deeply cultivated its management by addition: increasing investment income by enhancing the utilization of idle funds; and subtraction: assessing and handling potential risks, strengthening the recovery of accounts receivables, accelerating the liquidation and withdrawal of inferior enterprises, as well as the settlement of proceedings, to eliminate systematic hazards to ensure ongoing operation.

The above optimization initiatives adopted by the Group will have a significant and profound impact on the long-term stable and healthy development of the Group in the future. The Group's business in 2022 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 staff. 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 staff in each of our business units.

Sun Baojie
Chairman

24 March 2023
Beijing, the PRC

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.

Due to the ongoing impact of COVID-19 pandemic and the escalation of global geopolitical conflicts, energy crisis, and persistently high inflation, the economy recovery has slowed down with a turbulent global economy, while China's economy was also affected and faced unprecedented challenges in 2022.

The Group's total operating income for 2022 was RMB158,397 thousand (2021: RMB187,552 thousand), representing a decrease of 15.55% as compared with the corresponding period in 2021. Due to the impact of COVID-19 pandemic, the competition from new media and changes in policy, the operating revenue of the various business sectors of the Group declined to varying degrees. In particular, Beijing Community Media, a subsidiary of the Company whose operating revenue decreased by RMB17,279 thousand in 2022 due to the decline in offline business and the impact of changes in the management policy of the industry, mainly affected the operating revenue of the Group.

Operating costs of the Group for 2022 were RMB150,916 thousand (2021: RMB169,492 thousand), representing a decrease of 10.96% as compared with those for the corresponding period of 2021. Net loss attributable to shareholders of the Company for 2022 was RMB23,500 thousand (2021: net loss attributable to shareholders of the Company of RMB64,159 thousand), representing a decrease of 63.37% as compared with those for the corresponding period of 2021.

The Group recorded a significant decrease of loss, thanks to (1) bad debts accrued over years and the provision for asset impairment significantly decreased by RMB37,264 thousand in 2022; (2) proactively taking measures of reducing costs and enhancing efficiency, including optimizing human resources allocation, strictly controlling costs and reducing business expenses. The administrative expenses were therefore significantly decreased by RMB6,891 thousand, representing a decrease of 18.64% as compared with those for the corresponding period of 2021; (3) turnaround from loss to profit of BYD Logistics, a subsidiary of the Company, whose net profit in 2022 was RMB850 thousand, achieving not only operating profits but also financial profit after provision.

Looking back on the arduous challenges and changes in 2022, the Group has always adhered to building a solid foundation, pursuing development and taking various measures despite the diverse pressures:

I. Improving corporate governance and consolidating a development foundation

The Company completed the re-election and appointment of directors and supervisors for the new session of the Board and the Supervisory Committee, such that the Board composition was more professional and diverse; expanded the management team and adjusted the division of senior management personnel to enhance capacity development; adjusted organizational structure, established the video department, set new Enterprise Management Department and formed the general business division of the advertising center to optimize performance assessment and enhance quality and efficiency; introduce professional talents, optimize the personnel structure, and improve the matching degree of personnel and positions, of which the proportion of employees under the age of 30 in the total staff increased to 14.7% from 9% in the corresponding period of last year; launched CRM system construction and applied OA office system to subsidiaries to enhance refined management and business synergies; and revised the Company's procedures to optimize state-owned assets management system. Such initiatives have optimized the Group's management efficiency and improved its operational quality.



GROUP BUSINESS REVIEW (Continued)

II. Achieving industry synergy with consolidated resources and improving operation ecology

Firstly, the Group consolidated the existing businesses and innovated IP operation and maintenance and activity planning. The Group obtained the event authorization from China Open Promotion Co., Ltd.* (中國網球公開賽有限公司), cooperated with its subsidiary Chongqing Media to introduce China Open Tennis Tournaments IP into Chongqing, and jointly hold the “Diamond Cup” Junior Tennis Challenger of the China Tennis Open Tournament (Chongqing Station) with Chongqing municipal League and Chongqing Municipal Sports Bureau for the next step to achieve a win-win situation of economic and social benefits.

Secondly, the Group was entrusted to manage Beijing Youth Journal Agency and Beijing Beiqing Education and Media Co., Ltd., and actively integrated the high-quality resources of Capital Group entrustment enterprises and cooperated with the Company’s new business cultivation to achieve industrial synergy growth on the basis of obtaining a hosting fee of RMB1,200 thousand per year.

Thirdly, the Group gave full play to its creative advantages, deeply exploring the resources of Capital Group, and forming complementary advantages in venue space, brand activity planning, content operation and maintenance and achieving win-win cooperation, which including establishing strategic cooperation with Beijing Agriculture Guaranty Co., Ltd.* (北京市農業融資擔保有限公司) to carry out business promotion and explore services for market of suburban county; cooperating activities with Capital Langyuan (首創朗園) and other offline activities; developing virtual online press conference and promotional video products, successfully planning and producing the online press conference for the 25th anniversary of the establishment of Capital Financing Guarantee Co., Ltd., and undertaking the shooting business of Capital Securities Co., Ltd., Capital Financing Guarantee Co., Ltd. and Capital Group 2022 Skills Competition of promotional video shooting business, as well as corporate promotional products design business.

III. Progressing in new area of camping education for business transformation

Capitalizing on its own resources advantage, the Company contributed to set up Beijing Beiqing Innovation Cultural Industry Development Co., Ltd. (北京北青創新文化產業發展有限公司), a wholly-owned subsidiary focusing on light-asset operation model, for the purpose of developing a leading camping education operation service provider and youth culture content service provider in the PRC. As of the end of 2022, the two principal businesses of Beiqing Innovation Cultural (北青創新文化), camp education and youth study activities, had completed their initial deployment and achieved operating revenue of RMB3,850 thousand.



GROUP BUSINESS REVIEW (Continued)

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

The Company entered into the asset management contract for single asset management plan with Capital Securities Co., Ltd. in June 2022, which was entrusted to operate cash management business for the Company, and take effective use of idle funds, realizing profit on the changes in fair value of RMB2,663 thousand; leased the Company's idle office buildings to Beijing Agricultural Investment Co., Ltd. and Beijing Rural Area Equity Exchange Co., Ltd. to obtain rental income of RMB1,783 thousand; and sold and disposed of commodities for replacement of advertising to relieve inventory management pressure.

V. Focusing on principal businesses to rule out systemic risk

In 2022, the Group endeavored to solve previous issues. Bad debts accrued and provision for assets impairment provided were significantly reduced, which effectively reduced systematic risks. Certain inferior companies are undergoing liquidation and three of them have been liquidated so far. Additionally, the Group has been actively recovering historical debts, won cases involving RMB5,900 thousand and received accounts receivable amounting to RMB2,690 thousand in 2022.

Advertising Business

In 2022, the market development of advertising industry in the PRC was slowed down overall by the continued impact of the recurring and regular control of COVID-19 pandemic, as well as the impact brought by development of online video, short-form video and mobile internet. The traditional advertising market, represented by print media, television and radio media, continued to be compressed, especially as the market size and market share of print media advertising continued to decrease, while internet advertising rose rapidly and showed a trend of increasing market share year by year. The delivery demand for advertising from various enterprises no longer remains in the traditional advertising delivery mode, but rather seeks out psychological demands of users to create a personalized advertising delivery effect.

Revenue from advertising business of the Group for 2022 was RMB58,116 thousand (RMB82,855 thousand for the corresponding period in 2021), representing a decrease of 29.86% as compared with that for the corresponding period in 2021. Due to the repeated COVID-19 pandemic, offline business of the Company's advertising center segments and advertising sectors of subsidiaries were stagnant, resulting in decrease in placements of customers in performance, consumption, tourism and other industries and a decrease in revenue from advertising business.

GROUP BUSINESS REVIEW *(Continued)***Advertising Business** *(Continued)*

In light of severe market situation, relied on the resource advantages of Capital Group and BYDA, the Company took use of its advantage in resources, based on the direction of integrated media development, strengthened content construction, accelerated digital transformation, and put in place the following measures in advertising operation:

1. Optimizing organizational structure and improve the closed-loop management mechanism of “target, task, assessment and incentive”

Firstly, the Group combined and formed the general business division, thus the advertising center formed a parallel business model of 5 business divisions including finance, real estate, automobile, education and general business, to integrate cross-industry resources and seek for new source of growth on condition of consolidating advantageous business. In particular, the automobile business division and the real estate business division adjusted the division head and formed new management team to explore new customer resources and improve the management efficiency in all aspects. The general business division has implemented a client filing system and achieved full planning through industry integration.

Secondly, the Group optimized performance assessment in line with the structure adjustment, adopted “profit-based” incentive measure to fully mobilize the enthusiasm of the team and scale down the expenditure of the advertising business. Meanwhile, the Group launched CRM system construction to improve lean management of the advertising business.

2. Creating a content platform and building core competitiveness with brand event planning

The Group penetrated deeply to customers’ upgrading need for advertising products, starting from content planning, adhering to content originality, driving operation with special content issues, continuously improving customer satisfaction and consolidating brand influence.

Finance is a key advertising segment of the Company. In 2022, the finance business division integrated the upstream and downstream vertical industry chains, planning thematic special issues and creating fast, stable, precise and accurate content products focusing on key areas such as banking, insurance and IPO, and enhanced its influence with originality, which not only made its unique among Beijing metropolitan medias, but also obtaining orders from financial institutions outside of Beijing. At the same time, the Group expanded its distribution channel and built a series of distribution platforms including Bai Jia (百家號), Flush (同花順), Xueqiu (雪球), Today Headlines (今日頭條) and Tencent News (騰訊新聞), operating the “Beiqing Youcai” (北青有財) video account to establish a financial industry community, enabling user interaction and diversified content distribution, further expanding the influence of the Group in the financial industry and effectively driving customer delivery.

The real estate business division re-published Guangsha Times (廣廈時代), created special reports and put more efforts in video planning, and focused on building original content production model with Guangsha Times (廣廈時代) newspaper and “Qing Real Estate” (青地產) public account as the main axis; simultaneously, the real estate business division actively integrated resources, created exclusive brand activities through cross-border content and activity resources, and planned and completed a total of 8 activities for Jinmao (金茂), Poly (保利), Urban Construction (城建), BBMG (金隅), HOPSON (合生), Longfor (龍湖), Greentown (綠城) and Country Garden (碧桂園), which has been recognized by customers.

GROUP BUSINESS REVIEW (Continued)**Advertising Business** (Continued)**2. Creating a content platform and building core competitiveness with brand event planning** (Continued)

The automobile business division resumed the regular publication for Auto Time magazine, enhanced content originality, planned three types of products, being “community activities, new media videos, and Beijing International Auto Show interviews”, and successfully held Happy Valley Auto Carnival (歡樂谷汽車嘉年華) to increase the revenue from advertising. Under the pressure of “Double Reduction”, the education business division pursued innovations and changes and cooperated with more than 60 public schools, which accumulated resources for famous teachers’ classrooms and principal’s round table activity.

3. Accelerating videolization search and establishing multimedia product system

In the development direction of integrated media, and on condition of obtaining the right to act as the exclusive agency for finance, real estate and automobile sectors at Beijing Youth Daily Mobile Client and YNET, the Group further enriched the integrated media platform taking use of WeChat public account, Weibo and other new media resources by way of incorporating short videos and live broadcasts to attract targeted customer.

Each business divisions combined video production with innovative planning mode and created personalized service plans for customers: the education business division starts the contribution of the new media matrix of the advertising center, centering on the popular hotspot “new consumption”, through the media combination of Xiaohongshu (小紅書) and WeChat public account “Beijing Life Times (北京生活時代)”, supplemented by video account (視頻號) and Tik Tok account, and combined with online publication plus offline activities to enrich the types of advertising products and accelerate commercial monetization. The real estate business division is actively planning a series of new video themes, such as “Exploring the new home of an internet celebrity with millions of fans”, and promoting video marketing activities of several special plans. The home building materials industry of the general business division cooperated with the video department and the media department to launch the Tik Tok account “Dongboge (咚波哥)”. Based on customer needs, the Group planned a variety of publicity programs for Xicheng District Beijing Commercial Committee and the National Centre for the Performing Arts at the same time.

Additionally, the Company also actively planned to create a richer product portfolio focusing on advertising mediums such as metro, outdoor and broadcasting, and satisfied the in-depth customer needs through precise placement positioning, thereby driving improvement in advertising performance.

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.

GROUP BUSINESS REVIEW (Continued)**Results of major subsidiaries of the Group**

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 2022, BYD Logistics implemented various measures in light of the adverse impact of the international political environment and the rebound of domestic COVID-19 pandemic, consolidated management while strictly controlling business risks and maintaining stability of its business, reduced cost and improved efficiency and achieved a turnaround from loss to profit. In 2022, the net profit of BYD Logistics was RMB850 thousand. In terms of printing business, BYD Logistics maintained stable operation, and successfully accomplished the printing and publication of “Beijing Youth Daily” during major reporting periods such as the Beijing 2022 Winter Paralympics, the Beijing Two Sessions, the National Two Sessions, and the 13th Beijing Party Congress; contributed to the education cause of Beijing for years by undertaking the publication of Beijing Examination News (《北京考試報》) and was highly recognized by customers, demonstrating corporate social responsibility. In terms of trading of printing-related materials business, under the adverse situation of shrinking domestic demand for papers, rising prices of raw material and freight logistics stagnated by months of traffic restrictions, BYD Logistics actively responded to such situation by focusing on developing customers for book and textbook papers, seeking for high-quality alternative products for customers from the source of supply and reducing cost fluctuations and avoiding foreign exchange risks by adjusting business settlement means, ultimately achieving centralized arrival and sales based on demand and ensuring a stable operating revenue during the year.

Beiqing Community Media is a 57.952%-owned subsidiary of the Company. Beiqing Community Media has transformed from original traditional media newspaper business model to a government-affiliated integrated media service business model, digging deeper into the needs of government and enterprise customers and improving its activity planning and organizing capabilities to build information dissemination platform and service platform for customers through the organic combination of online operation and maintenance with offline activities. Beiqing Community Media’s intensive cultivation of community media has been highly recognized by community residents, governments at all levels and cooperative businesses, which has greatly increased its influence. Up to now, Beiqing Community Media has 13 branches across the whole urban area of Beijing, including Shunyi, Sub-city Centre, Daxing, Chaoyang, Dongcheng, Xicheng, Haidian, Shijingshan, Fangshan, Changping, Sanjianfang, Miyun, and Fengtai, and has published newspapers of “Beiqing Community Daily”. In addition to newspapers, the branches and the marketing departments of Beiqing Community Media operate a total of more than 78 self-owned and joint WeChat public accounts. At the same time, the branches also distributed news products on various new media platforms such as TikTok (抖音號), Kuaishou (快手號), Today Headlines Account (今日頭條號) and Sina Weibo (新浪微博), forming a strong publicity matrix, and presenting good performance in the coverage and spread of integrated media publicity.

In 2022, offline community event of Beiqing Community Media reduced significantly due to the rebounded COVID-19 pandemic; coupled with the impact of change in the management policy of the industry on its business, the operating revenue of Beiqing Community Media declined. Faced with the multiple challenges, Beiqing Community Media insisted on stabilizing business, teams and development, actively optimised its business structure, continued to improve its management, and implemented cost reduction as well as efficiency improvement. Firstly, it strived to promote government service and social organizations procurement, which started from the key business, focused on the development of government and market services business, including undertaking comprehensive services such as publicity, promotion, operation, development and maintenance of government and social organizations, so as to increase the number of its customers and its revenue; secondly, through resource integration and business synergy, it actively developed corporate media services, including undertaking corporate media operation and maintenance projects, formulating special plans for corporate integrated media publicity and promotion, as well as planning and carrying out offline activities through public fitness activities, community lectures and live broadcast activities during the window periods of the pandemic to achieve corporate marketing in communities. In addition, leveraging on its extensive experience in integrated new media services and mature professional technical teams, Beiqing Community Media entered into Comprehensive Service Agreement with BYDA and Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd., pursuant to which it provided comprehensive services including technical and design services to BYDA and Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. for their new media businesses, while increased its revenue through integrating the resources of BYDA Group’s new media business. Pursuant to the agreement and the RMB50 million transaction cap approved by the general meeting of the Company, it is expected that these transactions will result in a significant growth in operating income in 2023.

GROUP BUSINESS REVIEW *(Continued)***Results of major subsidiaries of the Group** *(Continued)*

In 2023, Beiqing Community Media will continue to develop community channels and make progress while maintaining stability by leveraging the advantages of community media contents. Through resource integration, it will also actively explore the demand for government and corporate publicity services, and develop new models of community cultural space operation.

Beiqing Innovation Cultural, a wholly-owned subsidiary of the Company, was established in April 2022, and principally engages in camping education and youth cultural activities, which aims to develop into a leading operator and services provider of camping education across the nation. At the end of 2022, the initial layout of Beiqing Innovation Cultural's two business segments had been completed, and a total operating revenue of RMB3,850 thousand was recorded. In terms of camping education business, the Stream located in Baihe Bay (雲夢星空 • Stream), the first youth camp, has been put into operation at the end of August 2022. Although the operating period was significantly shortened due to the resurgence of COVID-19 pandemic, the camp received a total of over 1,300 visitors through its precise planning for the holidays of Mid-Autumn Festival and National Day, of which the accumulative maximum number of visitors received exceeded 300 in a single day. In terms of youth cultural activities business, it cooperated with a number of primary and secondary schools in Beijing to expand customer channels, actively developed study routes across the nation, as well as supporting curriculums; it carried out various projects including science study camps, literature activities for readers, and Hengshui Lake study and practice activities, receiving a total of 5,000 people, among which Hengshui Lake study and practice activities project was recognized by the Hengshui Education Bureau in Hebei Province as a key study course to promote the building of Hengshui Lake 5A Scenic Area. In 2023, Beiqing Innovation Cultural will actively identify excellent camping resources, and develop differentiated operation and content system to build the core competitiveness of Beiqing's camping brand.

Beiqing Network Culture is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, participated in the capital contribution for establishing 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 a two-year liquidation period. In 2022, the Fund has completely withdrawn from the previous investments in Jushri Technologies, Inc. and Beijing TINAVI Medical Technology Co., Ltd. by way of capital reduction at the secondary market, and the return on divestment has been distributed in July 2022.

Chongqing Media is a 60%-owned subsidiary of the Company. The current business operations of Chongqing Media are advertising and newspaper distribution. The advertising is mainly on online platforms, supplemented by newspaper promotion. In 2022, Chongqing Media reached cooperation with Chongqing Municipal Committee of the Communist Youth League of China ("Chongqing municipal League"), so as to complete newspaper revision pilot on one hand, consolidate new media platforms such as Chongqing Youth New Media Center, form an integrated media communication portfolio covering newspapers, periodicals, internet, WeChat and Weibo by aggregating content and pipelines, while setting up a series of topics and columns related to the 20th National Congress of the Chinese Communist Party and others, and planned a series of topics and original articles for youth throughout the year, all of which achieved sound social response; on the other hand, to enhance resource interaction and business synergy between Beijing and Chongqing, and Chongqing Media actively prepared the "Diamond Cup" Junior Tennis Challenger of the China Tennis Open Tournament (Chongqing Station). The event is jointly sponsored by Chongqing municipal League and Chongqing Municipal Sports Bureau and has received title sponsorship, which is postponed due to the impact of COVID-19 pandemic. In 2023, Chongqing Media will accelerate resource integration, continue to develop government service projects, and actively explore business transformation.

GROUP BUSINESS REVIEW *(Continued)***Prospects and Future Plans**

In 2023, the Group believes that under the leadership of the government, the impact of the pandemic on social economy will be gradually reduced, the normal macro economic operation can be expected to resume and the market is expected to recover gradually.

In the 2023, the Group will adhere to the operation and development strategy of “maintaining stability and trying amid stability” and accelerate the exploration of business transformation. Through strengthening product building, the Group will create self-media matrix, establish multimedia product system and strive to explore sustainable business model by expanding camping education and other asset-light operating business.

In 2023, the Group will play the role of a market-oriented expansion platform for the cultural and sports industry of the Capital Group, actively synergize and integrate resources, innovate IP operation and maintenance and activity planning, leverage the advantages of the listed company platform to build a comprehensive and multi-level industrial chain, construct a new industrial development pattern, respond to industry risks through a diversified revenue model and cultivate new growth momentum.

In 2023, the Group will deepen the expansion of cultural, creative and technological resources, seek opportunities for industrial cooperation through industry research and field research, and carry out capital operations when appropriate.

In 2023, the Group will continuously improve management, comprehensively strengthen the system and information construction, improve the risk control system and make efforts to address the previous issues.

In 2023, the Group will implement a reform of the remuneration system that prioritizes efficiency and gives consideration to fairness, strengthen performance assessment and talent cultivation, and establish an effective incentive mechanism, to realize the talent to strengthen the enterprise and stimulate the endogenous power of the Company's development.

In 2023, the Group will, based on the strengthening of the existing businesses, grasp the opportunities arising from industry reform and the revival of social economy 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 market expansion capabilities in China.

FINANCIAL POSITION AND OPERATIONAL RESULTS**1. Total Operating Income**

Total operating income of the Group for 2022 was RMB158,397 thousand (2021: RMB187,552 thousand), representing a decrease of 15.55% as compared to that in 2021, of which, revenue from advertising was RMB58,116 thousand (2021: RMB82,855 thousand), representing a decrease of 29.86% as compared to that in 2021; revenue from printing was RMB2,802 thousand (2021: RMB2,921 thousand), representing a decrease of 4.07% as compared to that in 2021; and revenue from trading of print-related materials was RMB88,983 thousand (2021: RMB96,486 thousand), representing a decrease of 7.78% as compared to that in 2021.

FINANCIAL POSITION AND OPERATIONAL RESULTS (Continued)**2. Operating Cost and Sales Tax and Surcharges**

Operating cost of the Group for 2022 was RMB150,916 thousand (2021: RMB169,492 thousand), representing a decrease of 10.96% as compared to that in 2021, of which, advertising cost was RMB59,026 thousand (2021: RMB72,599 thousand), representing a decrease of 18.70% as compared to that in 2021; printing cost was RMB2,574 thousand (2021: RMB2,710 thousand), representing a decrease of 5.02% as compared to that in 2021; and cost of trading in print-related materials was RMB86,121 thousand (2021: RMB92,590 thousand), representing a decrease of 6.99% as compared to that in 2021. Tax and surcharges were RMB2,322 thousand (2021: RMB1,699 thousand), representing an increase of 36.67% as compared to that in 2021.

3. Gross Profit

Gross profit of the Group for 2022 was RMB7,481 thousand (2021: RMB18,060 thousand), representing a decrease of 58.58% as compared to that in 2021; gross profit margin of the Group for 2022 was 4.72% (2021: 9.63%).

4. Selling Expenses

Selling expenses of the Group for 2022 was RMB19,391 thousand (2021: RMB15,556 thousand), representing an increase of 24.65% as compared to that in 2021.

5. Administrative Expenses

Administrative expenses of the Group for 2022 was RMB30,085 thousand (2021: RMB36,976 thousand), representing a decrease of 18.64% as compared to that in 2021.

6. Financial Expenses

Financial expenses of the Group for 2022 was RMB-2,865 thousand (2021: RMB-2,750 thousand), representing an increase of 4.18% in absolute value as compared to that in 2021, in particular, interest income was RMB2,965 thousand (2021: RMB2,672 thousand), representing an increase of 10.97% as compared to that in 2021; and foreign exchange loss was RMB15 thousand (2021: RMB-161 thousand), representing an increase of 109.32% as compared to that in 2021.

7. Share of Gains of Associates

Share of gains of associates of the Group for 2022 was RMB-256 thousand (2021: gain of RMB30 thousand), representing a decrease of RMB286 thousand as compared to that in 2021.

8. Operating Profit

Operating profit of the Group for 2022 was RMB-27,644 thousand (2021: RMB-62,111 thousand), representing a decrease of 55.49% in loss as compared to that in 2021.

9. Income Tax Expenses

Income tax expenses of the Group for 2022 was RMB595 thousand (2021: RMB4,694 thousand), representing a decrease of 87.32% or RMB4,099 thousand as compared to that in 2021. 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.

FINANCIAL POSITION AND OPERATIONAL RESULTS (Continued)**10. Net Profit/Loss and Net Profit/Loss Attributable to Shareholders of the Company**

Net loss of the Group for 2022 was RMB28,174 thousand (2021: net loss of RMB67,192 thousand), of which, net loss attributable to shareholders of the Company was RMB23,500 thousand (2021: net loss attributable to shareholders of the Company of RMB64,159 thousand).

11. Final Dividend

The Board did not recommend the distribution of the final dividend for the year 2022 (2021: Nil).

12. Net Current Assets

As at 31 December 2022, net current assets of the Group was RMB236,846 thousand (31 December 2021: RMB257,564 thousand). Current assets mainly comprised bank balances and cash of RMB82,948 thousand (31 December 2021: RMB264,322 thousand), financial assets available for sale of RMB162,663 thousand (31 December 2021: Nil), notes receivable of RMB382 thousand (31 December 2021: RMB2,498 thousand), accounts receivable of RMB17,900 thousand (31 December 2021: RMB25,792 thousand), prepayments of RMB2,496 thousand (31 December 2021: RMB522 thousand), other receivables of RMB11,800 thousand (31 December 2021: RMB848 thousand), inventories of RMB4,853 thousand (31 December 2021: RMB11,942 thousand), and other current assets of RMB27,351 thousand (31 December 2021: RMB29,117 thousand). Current liabilities mainly comprised notes payable of RMB6,086 thousand (31 December 2021: RMB3,239 thousand), accounts payable of RMB11,666 thousand (31 December 2021: RMB14,748 thousand), contractual liabilities of RMB20,912 thousand (31 December 2021: RMB21,499 thousand), employee benefit payables of RMB8,425 thousand (31 December 2021: RMB6,847 thousand), tax payables of RMB277 thousand (31 December 2021: RMB6,085 thousand), other payables of RMB25,061 thousand (31 December 2021: RMB23,604 thousand), non-current liabilities due within one year of Nil (31 December 2021: RMB61 thousand), and other current liabilities of RMB1,120 thousand (31 December 2021: RMB1,394 thousand).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2022, current assets of the Group was RMB310,393 thousand (31 December 2021: RMB335,041 thousand), including bank balances and cash of RMB82,948 thousand (31 December 2021: RMB264,322 thousand) and non-current assets of the Group was RMB394,716 thousand (31 December 2021: RMB392,519 thousand).

As at 31 December 2022, current liabilities of the Group was RMB73,547 thousand (31 December 2021: RMB77,477 thousand); and non-current liabilities was RMB3,901 thousand (31 December 2021: RMB4,525 thousand).

As at 31 December 2022, shareholders' equity of the Group was RMB627,661 thousand (31 December 2021: RMB645,558 thousand).

GEARING RATIO

As at 31 December 2022, gearing ratio of the Group was 12.34% (31 December 2021: 12.70%) (which is calculated by dividing the Group's total liabilities by its total equity).

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2022, bank loans, overdrafts and other borrowings of the Group was Nil (31 December 2021: Nil). Most of the cash and cash equivalent held by the Group was denominated in Renminbi.

FINANCING COST

Financing cost of the Group for 2022 was RMB5 thousand (2021: RMB18 thousand).

FIVE-YEAR RESULTS HIGHLIGHTS

	2022 RMB'000	For the year ended 31 December			
		2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total operating income	158,397	187,552	217,291	219,927	344,625
Net profit	(28,174)	(67,192)	(136,356)	(214,511)	(292,213)
Net profit attributable to shareholders of the Company	(23,500)	(64,159)	(130,176)	(196,538)	(277,310)
Earnings per share — basic and diluted (RMB)	(0.12)	(0.33)	(0.66)	(0.99)	(1.39)

	2022 RMB'000	As at 31 December			
		2021 RMB'000	2020 RMB'000	2019 RMB'000	2018 RMB'000
Total assets	705,109	727,560	745,447	895,445	1,159,286
Total liabilities	77,448	82,002	96,951	100,448	148,694
Total equity attributable to shareholders of the Company	617,047	628,627	628,509	768,760	966,545
Shareholders' equity per share as at the end of the year (RMB)	3.13	3.19	3.19	3.90	4.90

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 2022)

	Number of shares	Proportion to total share capital (%)
 Holders of Domestic Shares 		
— BYDA	124,839,974	63.27
— Beijing Chengshang Cultural Communication Co., Ltd.	7,367,000	3.73
— China Telecommunication Broadcast Satellite Co., Ltd.	4,263,117	2.16
— Beijing Development Area Ltd.	2,986,109	1.52
— Sino Television Co., Ltd.	2,952,800	1.50
Domestic Shares (<i>subtotal</i>)	142,409,000	72.18
H Shares ^{Note}	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 Corp., Beijing.

CAPITAL EXPENDITURE

Capital expenditure of the Group for 2022 was RMB930 thousand (2021: RMB719 thousand). Capital expenditure of the Group for 2022 mainly comprises the expenditures consistent with business strategies including expenditures on office equipment and intangible assets.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2022, the Group did not have any contingent liabilities or any pledge of assets.

MATERIAL INVESTMENTS

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

As at 31 December 2022, the Company's investments in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd. account for over 5% of the Group's total assets. 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 this report.

Save as disclosed in this report, as of 31 December 2022, 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 in the PRC are mainly settled in Renminbi. However, certain payables are settled in foreign currency (mainly USD and 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 believes 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 training, and organised various arts performances and sporting events for the staff. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group attaches great importance to 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 THE DATE OF THIS REPORT**EXECUTIVE DIRECTORS**

Mr. Jing Enji, born in January 1973, is the secretary of the general branch of the Party Committee, executive Director and president of the Company. He is qualified as a lawyer in the PRC and a Level II legal advisor for state-owned enterprises. 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 department, assistant to the general manager, the deputy general manager, the executive deputy general manager, a director, the general manager and the deputy secretary of the Party Committee. Mr. Jing has served as an executive Director and the president of the Company since September 2022. Mr. Jing holds a concurrent post as the chairman of Beijing Youth Travel Service Co., Ltd. from November 2021 to February 2023, and as the chairman of Beijing Beiqing Education and Media Co., Ltd. from January 2022. Mr. Jing holds a concurrent post as the chairman of Beiqing Community Media since November 2022, and as the chairman of Beijing Beiqing Innovative Cultural Industry Development Co., Ltd. since March 2023. Mr. Jing was appointed as a Director of the Company on 25 November 2021.

Ms. Wu Min, born in August 1976, is the executive Director, vice president and director of advertising business division of the Company. Ms. Wu graduated from Shijiazhuang Army Command Institute (石家莊陸軍指揮學院) with a bachelor's degree in film and television editing and directing. Ms. Wu successively served as a technician on probation, assistant engineer in Troop 61377 from July 1996 to September 2004, worked in the Office Publicity and Planning Department of BYDA from September 2004 to April 2008, has successively served as the assistant of executive vice president, the assistant of president, vice president and director of advertising business division since she joined the Company in April 2008. Ms. Wu has served as the director of Beiqing Outdoor since May 2017 concurrently, and has served as the director of Beiqing Community Media since November 2022 concurrently. Ms. Wu was appointed as a Director of the Company on 17 June 2022.

NON-EXECUTIVE DIRECTORS

Ms. Sun Baojie, born in October 1970, is the chairman and non-executive director of the Company. Ms. Sun is the deputy general manager of Beijing Capital Group Co., Ltd., the chairman of Capital Jingzhong (Tianjin) Investment Co., Ltd., the chairman of Beijing Jingzhong Industry Development Company Limited* (北京市經中實業開發有限責任公司), the chairman of Beijing Tennis Competition Marketing Co., Ltd.* (北京中國網球公開賽體育推廣有限公司), and the chairman of Eurocity Holding SAS. Ms. Sun successively graduated from the Central Institute of Finance and Banking (now Central University of Finance and Economics) with a bachelor degree of economics in Investment Economics Management and obtained a Master's Degree of Business Administration from the International MBA Program jointly organized by the Peking University and Fordham University in the United States. Ms. Sun worked at Beijing Capital Land Ltd. (now Beijing Capital Land Co., Ltd.) from January 2006 to October 2013 and successively served as the vice president and executive vice president. From October to December 2013, she was the general manager of Beijing Capital Construction Co., Ltd. From December 2013 to August 2016, Ms. Sun served as director, general manager and the secretary of Party Branch of Beijing Capital Investment and Development Co., Ltd. From August to October 2016, Ms. Sun served as a director of Capital Jingzhong (Tianjin) Investment Co., Ltd. and a director of Beijing Jingzhong Industry Development General Company (now Beijing Jingzhong Industry Development Company Limited* (北京市經中實業開發有限責任公司)). From May to October 2016, she was also a non-executive director of Beijing Capital Land Ltd. (now Beijing Capital Land Co., Ltd.). Ms. Sun has served as the deputy general manager of Beijing Capital Group Co., Ltd. since October 2016. Ms. Sun was also the chairman of Capital Jingzhong (Tianjin) Investment Co., Ltd. since August 2017, the chairman of Beijing Jingzhong Industry Development Company Limited* (北京市經中實業開發有限責任公司) since December 2017, the chairman of Eurocity Holding SAS since July 2019, a director of Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司) and a director of Beijing Capital Land Co., Ltd. since October 2021, and the chairman of Beijing Tennis Competition Marketing Co., Ltd.* (北京中國網球公開賽體育推廣有限公司) since January 2023. Ms. Sun was appointed as a Director and chairman of the Company on 24 February 2023.

NON-EXECUTIVE DIRECTORS *(Continued)*

Ms. Cui Ping, born in December 1974, is a non-executive Director of the Company. Ms. Cui is the general manager (the director) of the Strategic Management Department (Scientific and Technological Innovation Promotion 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 management of agriculture and husbandry from Beijing University of Agriculture, a master's degree in professional economics in finance (including taxation) major from Renmin University of China and a master's degree in consultation management and reform management from Conservatoire National des Arts et Métiers. 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 Venture Investment Co., Ltd. from September 2015 to January 2018, and she has been the director of Cultural and Creative Industries Office from January 2018 to December 2022, and she has been the general manager (the director) of the Strategic Management Department (Scientific and Technological Innovation Promotion Office) in Beijing Capital Group Co., Ltd. since January 2023. Ms. Cui served as 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. Xu Jian, born in August 1982, is a non-executive Director of the Company. He has currently served as the deputy general manager of Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司), the deputy general manager of Beijing Capital Land Ltd., the executive director and chief executive officer of Beijing Capital Grand Limited. 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, as the executive Director and president of the Company from August 2021 to September 2022, and he has served as non-executive Director of the Company since September 2022. Mr. Xu has served as the deputy general manager of Beijing Capital City Development Group Co., Ltd.* (北京首創城市發展集團有限公司), and as the deputy general manager of Beijing Capital Land Co., Ltd. since September 2022, the executive director and chief executive officer of Beijing Capital Grand Limited since October 2022. 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) from November 2021 to February 2023 and as a director of Beijing Economic Development Investment Co., Ltd., from March 2022 to December 2022. Mr. Xu was appointed as a Director of the Company on 25 November 2021.

Mr. Zhang Lei, born in September 1984, is a non-executive director of the Company. He is securities affairs representative of Leshi Internet Information and Technology (Beijing) Limited. Mr. Zhang graduated from Tianjin University of Finance and Economics (天津財經大學) with a master's degree in business administration in September 2014. Holding the certificate of secretary to the board of directors of Shenzhen Stock Exchange, Mr. Zhang served as an investment manager of Tianjin Branch of Southwest Securities Co., Ltd. (西南證券股份有限公司天津分公司) from February 2013 to November 2016; a general manager assistant of Sanying Precision Instruments Co., Ltd. (天津三英精密儀器股份有限公司) from November 2016 to November 2018; and a securities affairs representative of Leshi Internet Information & Technology Corp., Beijing (樂視網信息技術(北京)股份有限公司) since July 2019. Mr. Zhang was appointed as a Director of the Company on 17 June 2022.

NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Wang Zechen (formerly known as Wang Huiyong), born in March 1974, 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

Ms. Shi Hongying, born in April 1972, is an independent non-executive director of the Company. Ms. Shi 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 Yingdao Law Firm (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, a people supervisor (人民監督員) of Beijing People's Procuratorate (北京市人民檢察院) and other social positions. Ms. Shi was appointed as a Director of the Company on 21 June 2019.

Mr. Chan Yee Ping, Michael, born in April 1977, is an independent non-executive Director of the Company. 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. Mr. Chan graduated from The Hong Kong Polytechnic University with an honour bachelor's degree in accountancy, and has more than twenty years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. 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 two companies whose shares are listed on the Stock Exchange, namely China Sandi Holdings Limited (Stock Code: 910) 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 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); from November 2018 to February 2021, he also served as an independent non-executive director of Champion Alliance International Holdings Limited (Stock Code: 1629); and from July 2014 to May 2022, he served as an independent non-executive director of China Wah Yan Healthcare Limited (formerly named as China Renji Medical Group Limited) (Stock Code: 648), shares of these companies are listed on the Main Board of the Stock Exchange. Mr. Chan was appointed as a Director of the Company on 19 June 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Ms. Du Guoqing, born in October 1971, is an independent non-executive Director of the Company. She is currently a professor, 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.

Mr. Kong Weiping, born in May 1969, is an independent non-executive Director of the Company. He is the partner of DeHeng Law Offices. Mr. Kong graduated from the Department of Education of Beijing Normal University (北京師範大學) with a master's degree in education management in July 1996. Mr. Kong served as an independent director of Zhongjin Gold Corporation Limited (stock code: 600489.SH) from May 2008 to May 2014; an independent director of SDIC Zhonglu Fruit Juice Co., Ltd. (國投中魯果汁股份有限公司) (stock code: 600962. SH) from April 2013 to April 2019; an independent director of Sinomine Resource Group Co., Ltd. (中礦資源集團股份有限公司) (stock code: 002738. SZ) from April 2014 to May 2020; an external director of BBMG Assets Management Co., Ltd. from August 2015 to November 2018; an independent director of Zotye Automobile Co., Ltd. (眾泰汽車股份有限公司) (stock code: 000980. SZ) from July 2017 to February 2022. Mr. Kong has served as an external director of Beijing North Star Company Limited (北京北辰實業集團有限責任公司) since December 2018; an external director of Beijing Tianqiao Zenith Investment Group Co., Ltd. (北京天橋盛世投資集團有限責任公司) since January 2020; an external director of Beijing Huafang Investment Company Limited (北京華方投資有限公司) since April 2020; an independent non-executive director of Beijing Capital Jiaye Property Services Co., Limited (stock code: 2210.HK) since October 2021; and an external supervisor of Beijing Tong Ren Tang Company Limited (北京同仁堂股份有限公司) (stock code: 600085.SH) since June 2021. Mr. Kong was appointed as a Director of the Company on 17 June 2022.

SUPERVISORS

Mr. Liu Huibin, born in March 1975, holds a master's degree and is the chairman of the supervisory committee of the Company. He is currently the General Counsel, Chief Compliance Officer, and the general manager of the Legal Compliance Department in Beijing Capital Group Co., Ltd., and a supervisor of Beijing Capital Eco-Environment Protection Group Co., Ltd. (600008.SH). Mr. Liu holds the qualifications of lawyer 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. since August 2013, successively serving as the deputy general manager, general manager of the Law Department, general manager of the Legal Compliance Department, general counsel of the Law Department, and Chief Compliance Officer, 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, born in November 1973, is a Supervisor of the Company, and is currently a manager 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, the deputy director and other positions. 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. Ms. Li was appointed as a Supervisor of the Company on 25 November 2021.

Ms. Lu Shasha, born in April 1985, is a supervisor of and currently the deputy manager of the legal and audit department of the Company. Ms. Lu graduated from the Law School of Jiangxi University of Finance and Economics with a master's degree in law, and obtained the Legal Professional Qualification Certificate in 2014. Ms. Lu served as a professional lawyer of Beijing Dentons Law Office (Xining)* (北京大成(西寧)律師事務所) from August 2014 to June 2020, a professional lawyer of Shanghai City Development Law Firm (上海市建緯律師事務所) from August to November 2020, and a professional lawyer of Shanghai City Development (Xining) Law Firm (上海市建緯(西寧)律師事務所) from December 2020 to July 2021, and she joined the Company in November 2021 as the deputy manager of the legal and audit department. Ms. Lu served as a supervisor of Beijing Beiqing Innovative Cultural Industry Development Co., Ltd. from June 2022, and a supervisor of Beijing Keyin Media Culture Co., Ltd. from February 2023. Ms. Lu was appointed as a supervisor of the Company on 15 March 2023.

SENIOR MANAGEMENT

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

Ms. Wu Min is the vice president of the Company. For details of the biographical information of Ms. Wu, please refer to the profile of executive Director above.

Ms. Hou Hui, born in December 1985, 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.

COMPANY SECRETARY

Ms. Liu Jia, born in March 1983, is the secretary to the Board, a joint company secretary, the director of the office of the Board and the manager of the administrative department of the Company. Ms. Liu obtained a bachelor's degree in management with a major in information management and information system from Central University of Finance and Economics in 2005. Ms. Liu joined BYDA in July 2005 and served for integrated management, remuneration management, training supervision and performance management of the human resources department of BYDA. Ms. Liu joined the Company in July 2013 and has served as the assistant to secretary to the Board, the deputy director and director of the Board office and the manager of administrative department. Ms. Liu has also served as the secretary to the board of the Company since August 2022 and the joint company secretary of the Company since December 2022. Ms. Liu, by virtue of her relevant experiences, has been confirmed capable of discharging the functions of company secretary by the Hong Kong Stock Exchange in November 2022 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. Ms. Liu served as an executive Director of the Company from June 2019 to November 2021, a director of Beijing International Advertising & Communication Group Co., Ltd. from December 2016 to August 2021, and a director of Beijing Community Media Technology (Beijing) Co., Ltd since November 2022.

Mr. Yu Leung Fai, born in March 1977, is the joint company secretary of the Company. He is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia, the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Trustee Association, and has extensive experience in the corporate services field. Mr. Yu obtained a bachelor's degree in commerce from University of Toronto, Canada in June 2000 and a bachelor's degree in law from University of London, the United Kingdom in August 2005. He first started his career as an auditor of Deloitte Touche Tohmatsu LLC (formerly named as Deloitte Touche Tohmatsu). Mr. Yu is currently the managing partner of Fung, Yu & Co. CPA Limited (formerly named as Fung, Yu & Co. CPA), which he joined in 2001. Mr. Yu has been the company secretary of Yuanda China Holdings Limited (遠大中國控股有限公司) (stock code: 2789) since June 2012; the company secretary of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司) (stock code: 631) since February 2017. Mr. Yu serves as the independent non-executive director of Realord Group Holdings Limited (偉祿集團控股有限公司) (stock code: 1196) since June 2014; an independent non-executive director of Dowway Holdings Limited (stock code: 8403) since October 2019; an independent non-executive director of The Sincere Company, Limited (stock code: 244) since June 2021 and an independent non-executive director of CSMall Group Limited (stock code: 1815) since November 2021, all of which are listed companies in Hong Kong. Mr. Yu was appointed as the joint company secretary of the Company in March 2010.

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 2022.

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 HKD0.87 and HKD0.45 respectively for the year ended 31 December 2022. On 31 December 2022 (the last trading day in 2022), the trading volume was 0 share and the closing price was HKD0.46 per share.

ACCOUNTS

Financial position of the Group as at 31 December 2022 is set out on pages 79 to 80 of the consolidated balance sheet.

Results of the Group for the year ended 31 December 2022 are set out on pages 81 to 82 of the consolidated income statement.

Cash flows of the Group for the year ended 31 December 2022 are set out on pages 83 to 84 of consolidated cash flow statement.

Changes in equity of the Group for the year ended 31 December 2022 are set out on page 85 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;
- e. Tax considerations;
- f. Possible impact on the Company's reputation;

DIVIDEND *(Continued)*

- 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 2022.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2022, the total purchase by the Group from its five largest suppliers was RMB81,470 thousand (2021: RMB84,339 thousand), accounting for 53.98% of its total purchase for the year of 2022 (2021: 49.76%); and the purchase from the largest supplier was RMB22,370 thousand (2021: RMB24,280 thousand), accounting for 14.82% of its total purchase for the year of 2022 (2021: 14.33%). 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 RMB62,913 thousand (2021: RMB62,144 thousand), accounting for 39.72% of its total sales for the year of 2022 (2021: 33.13%); and the amount of sales to the largest customer was RMB30,257 thousand (2021: RMB28,623 thousand), accounting for 19.10% of its total sales for the year of 2022 (2021: 15.26%). 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 RMB10,148 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 2022, the subsidiaries of the Company included BYD Logistics, Beiqing Long Teng, Beiqing CéCi, Beiqing Network Culture, Beiqing Community Media, Beiqing Outdoor, Chongqing Media, Beiqing Innovative Cultural and CHONGQING YOUTH (AMERICA) LLC.

As at 31 December 2022, 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., Chongqing Soyang Internet Technology Co., Ltd. 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 reserves during the Reporting Period is set out in the consolidated statement of changes in Shareholders' equity on page 85 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 2022, 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%	287
Total	197,310,000	100%	292

* The above-mentioned percentage figures are based on the records in the Company's register of members as at 31 December 2022.

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 2022, so far as the Directors, Supervisors and chief executives of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the 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	Percentage in
					total issued shares of the same class (%)	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 BYDA (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 BYDA.
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 2022, 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.

Ms. Sun Baojie, Mr. Su Zhaohui (as at 31 December 2022 as a director of the Company) 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.; Mr. Zhang Lei, a Director, also works for Leshi Internet Information and Technology Corp., Beijing (樂視網信息技術(北京)股份有限公司). Save as disclosed above, as at 31 December 2022, 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 2022, 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 2022 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 company, 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 controlling company, subsidiaries or fellow subsidiaries 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 of the Company who serve in Capital Group and its subsidiaries do not receive remuneration from the Company.

Ms. Li Xiaomei, a supervisor of the Company who serves in China Telecommunication Broadcast Satellite Co., Ltd., does not receive remuneration from the Company.

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 2022, 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 17 June 2022, as the term of office of the seventh session of the Board of the Company expired, Mr. Shang Da, Ms. Yang Qing and Mr. Cui Enqing retired from their positions as Directors. Upon the approval at the annual general meeting convened at the same day, Ms. Wu Min was appointed as an executive director of the eighth session of the Board, Mr. Zhang Lei was appointed as a non-executive director of the eighth session of the Board and Mr. Kong Weiping was appointed as an independent non-executive director of the eighth session of the Board. For details, please refer to the announcement dated 19 April 2022, the circular dated 26 May 2022 and the announcement dated 17 June 2022 of the Company.

Mr. Shang Da has resigned from the positions of the secretary to the Board, a joint company secretary and the alternative authorized representative of the Company on 19 August 2022, as he has attained the statutory retirement age. For details, please refer to the announcement dated 19 August 2022 of the Company.

On 29 September 2022, upon the approval at the fourth meeting of the eighth session of the Board, Mr. Jing Enji was appointed as the president and authorized representative of the Company, was redesignated from a non-executive director to an executive director of the Company, and ceased to act as a member of the remuneration committee of the Board. Due to work changes, Mr. Xu Jian has resigned as the president and an authorized representative of the Company on the same date and upon the approval at the same Board meeting, was redesignated as a non-executive director of the Company and was appointed as a member of the remuneration committee of the Board of the Company. Please refer to the announcement of the Company dated 29 September 2022 for details.

Upon the approval at the 2023 First Extraordinary General Meeting of the Company held on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive director of the eighth session of the Board of the Company. Upon the approval at the ninth meeting of the eighth session of the Board of the Company held on the same date, Ms. Sun Baojie was appointed as the chairman of the eighth session of the Board, the chairman of the nomination committee and an authorized representative of the Company. On the same date, Mr. Su Zhaohui has resigned as the chairman, a non-executive Director, the chairman of the nomination committee of the Board and an authorized representative of the Company. Please refer to the announcement of the Company dated 24 February 2023 for details.

Due to work changes, Ms. Wang Sisi, the employee representative supervisor of the seventh session of the supervisory committee of the Company, has resigned as the employee representative supervisor. On 15 March 2023, Ms. Lu Shasha was elected as employee representative supervisor of the eighth session of the Supervisory Committee at the employee representative meeting. Please refer to the announcement of the Company dated 15 March 2023.

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 2022 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 2022, the bank loans 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. Property Tenancy Agreement

On 31 March 2022, the Company entered into a property tenancy agreement with each of Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司) and Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司), both for a lease term commencing from 1 April 2022 and until 31 March 2025. Pursuant to the property tenancy agreement, each of Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司) and Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司) agreed to lease the 19th floor and the 23rd floor of BYDA Building, with a gross floor area of 829.53 square meters and 680.98 square meters, respectively.

Pursuant to the property tenancy agreement, Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司) and Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司) shall pay housing rent of RMB5.2214/day/sq.m., which will be increased at an annual growth rate of 2% from the second year, and the Company will charge the property management fee of RMB0.7786/day/sq.m. on their behalf. The rent-free period commences from 1 April 2022 to 30 June 2022. During the rent-free period, the Company shall not charge the lessees any housing rent or other fees except for the property management fee and the water and electricity fares caused by lessees' decoration. Therefore, the total rental (property management fee inclusive) payable by Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司) and Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司) to the Company should be RMB1,167,780.32 and RMB1,422,521.68 for 2022, RMB1,517,295.62 and RMB1,848,280.77 for 2023 and RMB1,543,767.02 and RMB1,880,526.68 for 2024. Please refer to the announcement dated 31 March 2022 of the Company for details.

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

Under the Listing Rules, Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司) and Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司) are subsidiaries of Capital Group, the actual controller of the Company, and are connected persons of the Company.

During the Reporting Period, the housing rental the Company actually charged to Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司) and Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司) were RMB803,518.56 and RMB978,799.32, respectively.

3. Advertising Agency Framework Agreement

The Company and BYDA entered into the advertising agency framework agreement on 12 November 2021 for a term of three years with effect from 1 January 2022 to 31 December 2024. The annual caps of the advertising fee payable by the Group to BYDA Group under the advertising agency framework agreement for the three years ending 31 December 2024 are RMB16,000,000, RMB16,000,000 and RMB16,000,000. Upon expiry, the advertising agency framework agreement will be renewed for three years under relevant provision of the Listing Rules and agreement of relevant parties. Pursuant to the advertising agency framework agreement, BYDA authorizes the Group to act as an advertising agent of BYDA Group to sell advertising space in other publications or media (except Beijing Youth Daily) owned or represented by BYDA Group and its new media resources and provide relevant services. Pursuant to the advertising agency framework agreement, prices will be determined based on the contract price as agreed by the Company and BYDA: (1) For exclusive agency, the Group will pay BYDA Group the advertising space cost based on 70% of the advertising revenue from the sale of the advertising space; (2) for non-exclusive agency, the price given by BYDA Group to the Group shall be no less favorable than those available to independent third parties under the same conditions. The Group will pay the advertising space cost to BYDA Group based on certain discount of the unit price listed in the standard advertising price list of the relevant advertising space of BYDA Group (the discount is generally about 20% to 70% and is determined based on the nature of each industry, market conditions, space location, publication time, etc.), actual placement quantity, size and other factors upon arm's length negotiations with BYDA Group. 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 announcement of dated 12 November 2021 and the circular dated 15 December 2021 of the Company.

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 the Group to BYDA Group was RMB16,000,000 and the actual amount paid was RMB1,015,754.73.

CONNECTED TRANSACTIONS (Continued)**Transactions — Non-exempt Connected Transactions** (Continued)**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. The Company determined on 12 November 2021 that the annual caps for the three years ending 31 December 2024 would be RMB8,000,000, RMB8,000,000 and RMB8,000,000. For details, please refer to the announcement of the Company dated 12 November 2021.

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 RMB8,000,000, and the actual fees paid were RMB1,387,724.83.

5. YNET Advertising Agency Agreement and BYD Client Advertising Exclusive Agency Agreement

On 23 February 2022, the Company entered into the YNET Advertising Agency Agreement and the BYD Client Advertising Exclusive Agency Agreement with Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA, respectively for a term commencing from 23 February 2022 and expiring on 31 December 2022. Pursuant to the YNET Advertising Agency Agreement and the BYD Client Advertising Exclusive Agency Agreement, during the validity period of such agreements, Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. agreed to authorize the Company to act as the exclusive agent for advertising in real estate, automobile and finance sectors at YNET.COM and a non-exclusive advertising agency for sectors other than the above three sectors at YNET.COM; and BYDA authorized the Company to act as the exclusive advertising agent for real estate, automobile and finance sectors at "Beijing Youth Daily" Mobile Client (formerly known as Beijing Headlines APP).

CONNECTED TRANSACTIONS (Continued)**Transactions — Non-exempt Connected Transactions** (Continued)**5. YNET Advertising Agency Agreement and BYD Client Advertising Exclusive Agency Agreement** (Continued)

As agreed in such agreements, the advertising agency fee (namely the advertising space cost) payable by the Company to Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA under the YNET Advertising Agency Agreement and the BYD Client Advertising Exclusive Agency Agreement should be fair and reasonable, on the normal commercial terms and shall not be higher than the price paid by the independent third party to Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA in respect of the advertising agency of the advertising space provided by Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA. If the advertising agency fee of the Company with Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA reached a guaranteed price of RMB8 million (including taxation), in respect of the YNET Exclusive Advertising Agency under the YNET Advertising Agency Agreement and the transactions under the BYD Client Advertising Exclusive Agency Agreement, the Company shall pay relevant advertising agency fee other than the base price to Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA at 60% of the advertising income calculated based on the public price published by Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA and base selling price as agreed by both parties. If the actual annual advertising agency fee of the Company with Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA is lower than RMB8 million (including taxation), the Company shall pay the shortfall to BYDA. The related transaction cap of the aggregate advertising agency fees payable by the Company to BYDA and Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. for the YNET Exclusive Advertising Agency under the YNET Advertising Agency Agreement and the transactions under the BYD Client Advertising Exclusive Agency Agreement for the year ended 31 December 2022 was RMB12,000,000. For details, please refer to the announcement dated 23 February 2022 and the circular dated 31 March 2022 of the Company.

BYDA is the controlling shareholder of the Company. Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. is a subsidiary of BYDA, the controlling shareholder of the Company. BYDA and Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. are therefore connected persons of the Company under the Listing Rules.

During the Reporting Period, the annual cap for fees payable by the Company to Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd. and BYDA was RMB12,000,000, and the actual fees paid net of tax were RMB7,744,054.47.

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.

CONNECTED TRANSACTIONS (Continued)**Transactions — Non-exempt Connected Transactions** (Continued)**6. Personnel Service Agreement** (Continued)

BYDA is the controlling shareholder of the Company, and therefore connected persons of the Company under the Listing Rules.

During the Reporting Period, the annual cap for service fees payable by the Company to BYDA was RMB2,300,000, and the actual fees paid were RMB1,564,185.04.

On 28 December 2022, the Company renewed the Personnel Service Agreement with BYDA for a period of one year commencing on 1 January 2023 and ending on 31 December 2023. The total remuneration payable by the Company to BYDA and/or its subsidiaries during the validity period of the agreement shall not exceed RMB1,800,000. For details, please refer to the announcement dated 28 December 2022 of the Company.

7. Comprehensive Service Agreement

On 28 December 2022, the Company entered into the Comprehensive Service Agreement with BYDA for a term from 1 January 2023 to 17 June 2025. Pursuant to the Comprehensive Service Agreement, the Group will provide ancillary services and technical support (“Comprehensive Services”) for the new media business of BYDA Group, including: (i) IT technical services, that is, the Group will provide IT software technology development and maintenance services for the new media business to BYDA Group, including but not limited to applets production, H5 development and the development and production of third-party plugins of each new media business; (ii) design services, that is, the Group provides design schemes and beautification suggestions on the framework, typesetting, art work, function list and other aspects of new media business according to the requirements of BYDA Group; (iii) copywriting planning service, that is, according to the requirements of BYDA Group, the Group provides programme planning, manuscript writing and manuscript editing services for new media business, as well as copywriting and content writing services for related cultural and creative products, etc.; and (iv) other related services, that is, supporting services or derivative services related to the above services. Pursuant to the agreement, the service fee paid by the BYDA Group to the Group shall not be less than the service fee charged for the same or similar services provided by the Group to any third party under the same condition in accordance with the fair market principle. The service fee under the Comprehensive Service Agreement shall be settled by specific new media business, i.e. as the Group provides Comprehensive Services to the BYDA Group for each new media business, a corresponding fee should be charged by taking into account factors such as the price of the work unit as well as the time incurred and labour cost (including qualification, level and salary level, etc.) required by such comprehensive service for the new media business. The standard of service fee charged under the Comprehensive Service Agreement should comply with fair market practices and shall not be lower than the prices charged by similar comparable companies in the market under the same conditions: (1) the pricing range for IT service is RMB150/person/hour to RMB300/person/hour; (2) the pricing range for design service is RMB100/person/hour to RMB260/person/hour; (3) the pricing range for copywrite planning service is RMB100/person/hour to RMB260/person/hour; (4) other relevant service prices are decided in accordance with the pricing principle of relevant market or industry. The caps for transactions under the Comprehensive Service Agreement for the two years ending 31 December 2024 and the period ending 17 June 2025 will be RMB50,000,000, RMB50,000,000 and RMB25,000,000. For details, please refer to the announcement dated 28 December 2022 and the circular dated 8 February 2023 of the Company.

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

CONNECTED TRANSACTIONS (Continued)**Transactions — Non-exempt Connected Transactions** (Continued)**8. Single Assets Management Contract**

On 19 April 2022, the Company entered into the Single Asset Management Contract with Capital Securities and the Custodian Bank for a term from 17 June 2022 to 16 June 2023. Pursuant to the Single Asset Management Contract, Capital Securities shall provide the Company with asset management and investment services in respect of the Entrusted Assets in accordance with the investment scope and investment ratio set out below: the Scheme aims to primarily invest in debt investment products such as fixed-income products (including cash) and can participate in bond repurchase business. In particular, the credit rating of fixed-income products such as corporate bonds, enterprise bonds, mid-term bills and other credit debts to be invested in should be corporate rating (without considering China Bond rating) or bond rating with at least one rating is AA or above; the credit rating of short-term financing bond and ultra-short-term financing bond shall be A-1 or above (in case of no bond rating, the corporate rating shall be AA or above), and the issuers of all such bonds shall be state-owned holding enterprises. The Scheme shall not invest in asset management products other than public securities investment funds, or directly invest in credit assets of commercial banks or finance local government and its delegates in violation of regulations. The Company shall pay to Capital Securities (i) the management fee at 0.2% per annum based on the net asset value of the Entrusted Assets on the previous calendar day, to be accrued on a daily basis and paid on a quarterly basis; and (ii) the performance fee calculated based on the realised gains on investments (i.e. various types of gains obtained from the investment operation of Entrusted Assets, including but not limited to investment bonus, dividends, bond interest, the price difference between buying and selling securities, bank deposit interest and other income) of the Scheme during the performance fee accrual period (i.e. from the commencement of the Scheme to the first performance fee accrual date or the period from each performance fee accrual date to the next performance fee accrual date): if the actual annualised return rate (note) exceeds 3.8% which is the benchmark annualised return rate, then 30% of the excess portion shall be payable by the Company to Capital Securities as performance fee for such performance fee accrual period; if the annualised return rate is lower than or equal to 3.8%, no performance fee for such performance fee accrual period is required to be paid by the Company. In addition, the Company shall pay to the Custodian Bank the custodial fee at 0.05% per annum based on the net asset value of the Entrusted Assets on the previous calendar day. The maximum daily balance of entrusted assets managed by Capital Securities for the year ended 16 June 2023 under the Single Asset Management Contract is RMB200 million. Please refer to the announcement dated 19 April 2022 and the circular dated 26 May 2022 of the Company.

Under the Listing Rules, Capital Securities is a subsidiary of Capital Group, the actual controller of the Company, and is a connected person of the Company.

During the Reporting Period, the actual maximum daily balance of entrusted assets entrusted by the Company to Capital Securities is RMB162,663,157.65.

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 2022 has 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 8 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.

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

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 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.

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 the 2019 and 2020 annual reports 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 19 former Directors and Supervisors, and directions to the relevant directors to complete 24 hours of training on regulatory and legal topics including Listing Rule compliance. For details, please refer to the announcement dated 8 March 2022 of the Company.

MATERIAL LITIGATION

To the knowledge of the Directors, as at 31 December 2022, 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 2022 (2021: 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

The Group is committed to building and cultivating a diversified and high-quality talent team, maintains a working environment for diversified development, strictly forbids discrimination in gender, region, religion and nationality, etc., and treats different types of employees equally. As at 31 December 2022, the Group had a total of 329 staff members (31 December 2021: 289) including 219 female staff members and 110 male staff members, accounting for 66.57% and 33.43% of the total staff members, respectively. The increase in the number of the staff as compared with 2021 was mainly due to the reasonable increase of the normal business needs of new subsidiaries and certain subsidiaries of the Company. Differences in background of the staff members and job demand and other matters are the main factors affecting the gender diversity of staff members. During the Reporting Period, the Group's employee remuneration amounted to approximately RMB51,846 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 2022, the Group carried out staff training in respect of employee induction and management capacity of middle-level cadre, 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.

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 17 June 2022 that WUYIGE Certified Public Accountants LLP was re-appointed as the auditor of the Company for the year 2022, 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 2022 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, and remained the Company's auditor for the three years ended 31 December 2022.

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

Sun Baojie

Chairman of the Board

24 March 2023

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 are 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 are 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 are 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 2022:

Name	Gender	Age	Other positions in the Company	Term of directorship	Whether to receive remuneration from the Company
Executive Directors					
Jing Enji ^{Note 1}	M	50	President	From 17 June 2022 to the 2024 annual general meeting of the Company	No
Wu Min ^{Note 2}	F	46	Vice president	From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Non-executive Directors					
Su Zhaohui ^{Note 3}	M	53	Chairman	From 17 June 2022 to 24 February 2023	No
Cui Ping	F	48		From 17 June 2022 to the 2024 annual general meeting of the Company	No
Xu Jian ^{Note 1}	M	40		From 17 June 2022 to the 2024 annual general meeting of the Company	No
Zhang Lei ^{Note 2}	M	38		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Wang Zechen	M	49		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Independent Non-executive Directors					
Shi Hongying	F	50		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Chan Yee Ping, Michael	M	45		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Du Guoqing	F	51		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Kong Weiping ^{Note 2}	M	53		From 17 June 2022 to the 2024 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 the fourth meeting of the eighth session of the Board of the Company held on 29 September 2022, Mr. Jing Enji was appointed as the president and the authorized representative of the Company, was re-designated from a non-executive director of the Company to an executive director of the Company; Mr. Xu Jian was re-designated from the executive director of the Company to the non-executive director of the Company. Please refer to the announcement of the Company dated 29 September 2022 for details.
- (2) At the annual general meeting of the Company convened on 17 June 2022, Ms. Wu Min was appointed as the executive director of the eighth session of the Board; Mr. Zhang Lei was appointed as a non-executive director of the eighth session of the Board; Mr. Kong Weiping was appointed as an independent non-executive director of the eighth session of the Board. Please refer to the announcements of the Company dated 19 April 2022 and 17 June 2022 for details.
- (3) Upon the approval of the Company's first extraordinary general meeting of 2023 held on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive director of the eighth session of the Board of the Company. Upon the approval of the ninth meeting of the eighth session of the Board of the Company held on the same day, Ms. Sun Baojie was appointed as the chairman of the eighth session of the Board, the chairman of the nomination committee of the Board and the authorized representative of the Company. On the same day, Mr. Su Zhaohui resigned as the chairman, a non-executive director, the chairman of the Nomination Committee and the authorized representative of the Board. Please refer to the announcement of the Company dated 24 February 2023 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.

4. THE BOARD *(Continued)*

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;
- 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. All Directors have diversified education and culture background and occupation experience, and possess extensive professional knowledge and management experience in fields such as advertising and media industry, corporate governance, accounting and financial management. The achieved diversity in the Board composition shall be helpful to inject different views and facilitate the performance of the Board.

The Company has established a number of mechanisms to ensure that the Board has access to independent views and opinions to promote the steady development of the Company. The relevant mechanisms are set out in the Rules of Procedure of the Board and the Articles of Association of the Company and will be reviewed by the Board from time to time to ensure their reasonableness and effectiveness.

With respect to the structure, size and composition of the Board, the Company stipulates the minimum proportion and number of independent non-executive directors of the Board to ensure a balanced composition of the Company's executive directors, non-executive directors and independent non-executive directors so that the Board maintains a strong independent element. The Company will inspect the independence, professional qualifications, past experience and experience of independent non-executive directors to ensure that independent non-executive directors have sufficient talent, vision and opportunity to provide influential independent opinions, so as to ensure that the Board has a multi-perspective direction of thought in decision-making.

The Company has also established a guarantee mechanism for Directors to perform their duties to create good conditions for the Board to obtain independent views and opinions. Notice of Board meeting and meeting documents shall be delivered to all Directors and supervisors in advance to allow time for Directors to understand the content of the meeting and form independent views. Where appropriate, the secretary to the Board should seek independent professional advice for Directors on their needs in performing their responsibilities in the Company, providing an effective channel for diversified views. For independent non-executive directors, the relevant rules also include the right of information of independent non-executive directors and the Company's inability to remove independent non-executive directors without cause.

4. THE BOARD (Continued)

Besides, independent non-executive directors also play a crucial role in matters reviewed or approved by the Board. If a substantial shareholder or a Director has a material conflict of interest in a matter to be considered by the Board, a Board meeting shall be held for the related matter as required by the Company, and an independent non-executive director who has no material interest in such matter is required to attend the Board meeting in order to enable real-time exchange of views between the independent non-executive director and other Directors. If the transaction is a major connected transaction, it needs to be approved by independent non-executive directors before it can be submitted to the Board for discussion to safeguard the interests of the Company as a whole. Independent non-executive directors are also entitled to express independent opinions to the Board on a number of matters, including the appointment and removal of directors, the appointment and removal of senior management, remuneration of the Company, etc.

The Board considers the implementation of the above mechanisms to be effective. The balanced structure of the Board, the efficient and transparent performance of Directors' deliberations, the protection of remuneration and appointment of non-executive directors, combined with the conflict management mechanism of transactions, can ensure that the Board can obtain independent views and opinions.

A total of thirteen 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		
Jing Enji	13/13	—
Wu Min <i>Note 1</i>	7/7	—
Shang Da <i>Note 2</i>	5/6	1/6
Non-executive Directors		
Su Zhaohui	13/13	—
Cui Ping	13/13	—
Xu Jian	13/13	—
Zhang Lei <i>Note 3</i>	7/7	—
Wang Zechen	13/13	—
Yang Qing <i>Note 4</i>	4/6	2/6
Independent non-executive Directors		
Shi Hongying	13/13	—
Chan Yee Ping, Michael	13/13	—
Du Guoqing	13/13	—
Kong Weiping <i>Note 5</i>	6/7	1/7
Cui Enqing <i>Note 6</i>	5/6	1/6

4. THE BOARD *(Continued)**Notes:*

1. Upon the approval at the annual general meeting of the Company convened on 17 June 2022, Ms. Wu Min was appointed as an executive director of the eighth session of the Board of the Company. During the Reporting Period, Ms. Wu Min has attended seven Board meetings of the Company convened during her tenure of service.
2. Due to the expiration of the term of service of the seventh session of the Board of the Company on the date of the 2021 annual general meeting of the Company convened on 17 June 2022, Mr. Shang Da, the executive director of the seventh session of the Board of the Company retired upon the expiration of his tenure of service. During the Reporting Period, Mr. Shang Da has attended six Board meetings of the Company convened during his tenure of service.
3. Upon the approval at the annual general meeting of the Company convened on 17 June 2022, Mr. Zhang Lei was appointed as a non-executive director of the eighth session of the Board of the Company. During the Reporting Period, Mr. Zhang Lei has attended seven Board meetings of the Company convened during his tenure of service.
4. Due to the expiration of the term of service of the seventh session of the Board of the Company on the date of the 2021 annual general meeting of the Company convened on 17 June 2022, Ms. Yang Qing, the executive director of the seventh session of the Board of the Company, retired upon the expiration of her tenure of service. During the Reporting Period, Ms. Yang Qing has attended six Board meetings of the Company convened during her tenure of service.
5. Upon the approval at the annual general meeting of the Company convened on 17 June 2022, Mr. Kong Weiping was appointed as an independent non-executive director of the eighth session of the Board of the Company. During the Reporting Period, Mr. Kong Weiping has attended seven Board meetings of the Company convened during his tenure of service.
6. Due to the expiration of the term of service of the seventh session of the Board of the Company on the date of the 2021 annual general meeting of the Company convened on 17 June 2022, Mr. Cui Enqing, the independent non-executive director of the seventh session of the Board of the Company, retired upon the expiration of his tenure of service. During the Reporting Period, Mr. Cui Enqing has attended six Board meetings of the Company convened during his tenure of service.

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 Jing Enji, Wu Min, Su Zhaohui, Cui Ping, Xu Jian, Zhang Lei, Wang Zechen, Shi Hongying, Chan Yee Ping, Michael, Du Guoqing, Kong Weiping, Shang Da, Yang Qing, Cui Enqing) 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 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.

4. THE BOARD (Continued)

The Company convened two 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		
Jing Enji	2/2	—
Wu Min <i>Note 1</i>	—	—
Shang Da <i>Note 2</i>	2/2	—
Non-executive Directors		
Su Zhaohui	2/2	—
Cui Ping	2/2	—
Xu Jian	2/2	—
Zhang Lei <i>Note 3</i>	—	—
Wang Zechen	2/2	—
Yang Qing <i>Note 4</i>	2/2	—
Independent non-executive Directors		
Shi Hongying	2/2	—
Chan Yee Ping, Michael	2/2	—
Du Guoqing	2/2	—
Kong Weiping <i>Note 5</i>	—	—
Cui Enqing <i>Note 6</i>	2/2	—

Notes:

1. Upon the approval at the annual general meeting of the Company convened on 17 June 2022, Ms. Wu Min was appointed as the executive director of the eighth session of the Board of the Company, and the Company did not convene a general meeting of the Company during her tenure of service during the Reporting Period.
2. Due to the expiration of the term of service of the seventh session of the Board of the Company on the date of the 2021 annual general meeting of the Company convened on 17 June 2022, Mr. Shang Da, a Director of the seventh session of the Board, retired from his position on the date of the 2021 annual general meeting of the Company. Mr. Shang Da attended two general meetings convened by the Company during his tenure of service during the Reporting Period.
3. Upon the approval at the annual general meeting of the Company convened on 17 June 2022, Mr. Zhang Lei was appointed as a non-executive director of the eighth session of the Board of the Company. No general meeting was convened by the Company during his tenure of service during the Reporting Period.
4. As the term of office of the seventh session of the Board of the Company expired on the date of the 2021 annual general meeting of the Company convened on 17 June 2022. Ms. Yang Qing, a Director for the seventh session of the Board, retired from her position on the date of the 2021 annual general meeting of the Company. She has attended two general meetings of the Company convened during her tenure of service during the Reporting Period.
5. As approved by the annual general meeting of the Company convened on 17 June 2022, Mr. Kong Weiping was appointed as an independent non-executive director of the eighth session of the Board. No general meeting was convened by the Company during his tenure of service during the Reporting Period.
6. As the term of office of the seventh session of the Board of the Company expired on the date of the 2021 annual general meeting of the Company convened on 17 June 2022. Mr. Cui Enqing, a Director for the seventh session of the Board, retired from his position on the date of the 2021 annual general meeting of the Company. He has attended two general meetings of the Company convened during his 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 2022, Mr. Su Zhaohui and Mr. Jing Enji 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 Ms. Shi Hongying with Mr. Xu Jian 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.49. "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)

Four 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>
Shi Hongying ^{Note 1}	2/2	—
Xu Jian ^{Note 2}	0/0	—
Du Guoqing ^{Note 1}	4/4	—
Jing Enji ^{Note 1}	4/4	—
Cui Enqing ^{Note 3}	2/2	—

Notes:

- As approved by the first meeting of the eighth session of the Board of the Company held on 17 June 2022, the remuneration committee of the eighth session of the Board of the Company consists of Ms. Shi Hongying, Mr. Jing Enji and Ms. Du Guoqing, and the chairman is Ms. Shi Hongying. For details, please refer to the Company's announcement dated 17 June 2022.
- On 29 September 2022, Mr. Xu Jian was appointed as a member of the Remuneration Committee, and Mr. Jing Enji ceased to be the member of the Remuneration Committee. For details, please refer to the Company's announcement dated 29 September 2022.
- On 17 June 2022, Mr. Cui Enqing ceased to be the chairman of the Remuneration Committee. For details, please refer to the Company's announcement dated 26 May 2022.

The Remuneration Committee held a meeting on 25 January 2022, 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 13 May 2022, at which it considered and approved the resolution on determining the annual salary of Ms. Wu Min acting as the vice president.

The Remuneration Committee held a meeting on 17 June 2022, at which it considered and approved the resolution on the remuneration arrangement of Ms. Wu Min acting as an executive director, and the resolution on determining the annual service remuneration of non-executive directors and independent non-executive directors of the eighth session of the Board.

The Remuneration Committee held a meeting on 19 August 2022, at which it considered and approved the resolution on determining the annual salary of Ms. Liu Jia acting as the secretary to the Board.

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 Ms. Sun Baojie, 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:

- (a) 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;
- (b) to identify individuals suitably qualified to become Directors, select and nominate candidates of Directors or make recommendations to the Board in this regard;
- (c) to assess the independence of independent non-executive directors; and
- (d) 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.

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 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>
Su Zhaohui ^{Note 1}	5/5	—
Shi Hongying ^{Note 1}	5/5	—
Du Guoqing ^{Note 1}	5/5	—

Note:

1. Upon the approval at the first meeting of the eighth session of the Board of the Company held on 17 June 2022, the nomination committee of the eighth 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 17 June 2022.

The nomination committee of the Board of the Company held a meeting on 18 April 2022, at which it considered and approved the resolution on the nomination of the candidates of directors of the eighth session of the Board of the Company.

The nomination committee of the Board of the Company held a meeting on 11 May 2022, at which it considered and approved the resolution on the nomination of Ms. Wu Min as the candidate of vice president of the Company.

8. NOMINATION COMMITTEE *(Continued)*

The nomination committee of the Board of the Company held a meeting on 19 August 2022, at which it considered and approved the resolution on the nomination of Ms. Liu Jia as the candidate of the secretary to the Board of the Company.

The nomination committee of the Board of the Company held a meeting on 28 September 2022, at which it considered and approved the resolutions on the nomination of Mr. Jing Enji as the candidate of the president of the Company, to propose the re-designation of Mr. Jing Enji as an executive director of the eighth session of the Board of the Company and to propose the re-designation of Mr. Xu Jian as a non-executive director of the eighth session of the Board of the Company.

The nomination committee of the Board of the Company held a meeting on 28 December 2022, at which it considered and approved the resolution on the nomination of Ms. Liu Jia as the candidate of the joint company secretary of the Company.

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. Kong Weiping 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 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	—
Cui Ping ^{Note 1}	2/2	—
Kong WeiPing ^{Note 1}	1/1	—
Cui Enqing ^{Note 2}	1/1	—

Notes:

1. Upon the approval at the first meeting of the eighth session of the Board of the Company held on 17 June 2022, the audit committee of the eighth session of the Board of the Company consists of Mr. Chan Yee Ping, Michael, Ms. Cui Ping and Mr. Kong Weiping, and is chaired by Mr. Chan Yee Ping, Michael. For details, please refer to the Company's announcement dated 17 June 2022.
2. On 17 June 2022, Mr. Cui Enqing ceased to be a member of the Audit Committee. For details, please refer to the circular dated 26 May 2022 and the announcement dated 17 June 2022 of the Company.

The audit committee of the Board of the Company held a meeting on 24 March 2022, at which it considered and passed the results of the Group for the year of 2021; 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 2021; and considered and approved the resolution to pay audit fees for the year 2021 (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 2022.

The audit committee of the Board of the Company held a meeting on 24 August 2022, at which it considered and approved the results of the Group for the first half of 2022 and the interim report of the Group for the first half of 2022 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 2022.

The Company has been in full compliance with the requirements of Rule 3.21 of the Listing Rules throughout the period from its listing on the Hong Kong Stock Exchange to 31 December 2022.

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 2022, 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 the 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 2022. As at 31 December 2022, annual fees for the audit services provided by WUYIGE Certified Public Accountants LLP to the Company amounted to RMB1,100 thousand. The fees for providing special audit services and non-audit services to the Group amounted to RMB50 thousand. WUYIGE Certified Public Accountants LLP has been providing audit service to the Company since 2017.

11. COMPANY SECRETARIES

Both of Ms. Liu Jia 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

There was no material amendment to the Articles of Association during the Reporting Period.

(2) General meetings

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

The first extraordinary general meeting of 2022 was held at 2:00 p.m. on 22 April 2022 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 on the advertising agency agreement dated 23 February 2022 entered into between the Company and Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd., the "Beijing Youth Daily" Mobile Client advertising exclusive agency agreement dated 23 February 2022 and entered into between the Company and BYDA, and the relevant caps for the period ending 31 December 2022 for the transactions contemplated thereunder. Please refer to the announcement of the Company dated 22 April 2022 for details.

The 2021 annual general meeting was held at 2:00 p.m. on 17 June 2022 at Conference Room 704, 7th Floor, Beijing Youth Daily 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 2021, the report of the Supervisory Committee for the year ended 31 December 2021, the audited financial statements of the Company for the year ended 31 December 2021, the reappointment of WUYIGE Certified Public Accountants LLP as the Company's auditor for the year 2022, the re-election and appointment of the Directors of the eighth session of the Board, the appointment of the Supervisors of the eighth session of the Supervisory Committee, and the asset management contract for the single asset management plan of Capital Securities - Beijing Media dated 19 April 2022 and entered into between the Company, Capital Securities Co., Ltd. and Beijing Branch of Bank of Communications Co., Ltd., and the relevant annual cap for the validity period for the single asset management contract for transactions contemplated thereunder were considered and approved. Please refer to the announcement of the Company dated 17 June 2022 for details.

13. INVESTOR RELATIONS *(Continued)***(3) Important matters for Shareholders for the financial year of 2022**

The 2022 annual general meeting of the Company will be held at 2:00 p.m. on 16 June 2023 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 2022 were HKD0.87 and HKD0.45 per share respectively. On 30 December 2022 (the last trading day in 2022), the transaction volume was 0 share and the closing price was HKD0.46 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.

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

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

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.

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 reports the implementation and improvement measures of internal control to the Board, the Audit Committee and the administrative management of the Company.

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 2022. Regarding the capital risk, the trend of the industry in 2022 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 2022, 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 2022, 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 2021 and the six months ended 30 June 2022, respectively. In March 2023, 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 2022 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.

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

- Review of the effectiveness of 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 related to the Company's accounting, internal audit, the financial reporting function, and environmental, social and governance performance and reporting, and the training received and budget of the staff 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;
- 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 effectiveness 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; and approved the Corporate Governance Report of the Company for the year 2022, and approved the disclosure on the website of the Hong Kong Stock Exchange and the Company's website of the same.

16. SHAREHOLDERS' COMMUNICATION POLICY (SUMMARY)

During the Reporting Period, the Company has reviewed and monitored the shareholders' communication policy to ensure its effectiveness.

The Company has implemented the following policies to provide shareholders, potential investors, etc. with channels for effective communication and expression of their views:

- shareholders have the right to attend or appoint their proxies to attend and vote at general meetings;
- shareholders have the right to supervise and manage the business operations of the Company and to make suggestions or raise questions;
- the Company has established the corporate website for posting information such as the Company's profile and contact information, and regularly publishes announced information and documents to facilitate shareholders and stakeholders to be informed of the latest information of the Company.

The Company has reviewed the implementation of the above shareholder communication policy during the Reporting Period and considers the policy and its implementation to be effective.

17. 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, based on the specific needs in talents at different stages of the Company's business development and strategic planning, considering the advantage of the candidates and contribution the candidates will bring to the Board, and will formulate measurable targets for realising diversity of the members of the Board combined with the latest requirements of Listing Rules on the composition of the Board, including, among other things, the appointment of at least one female Director and at least three independent non-executive Directors (including that at least one independent non-executive Director shall possess appropriate accounting or relevant financial management expertise). 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 2022

Due to work changes, Ms. Wang Sisi, the employee representative supervisor of the seventh session of the supervisory committee of the Company, has resigned as the employee representative supervisor. On 15 March 2023, Ms. Lu Shasha was elected as employee representative supervisor of the eighth session of the Supervisory Committee at the employee representative meeting. Please refer to the announcement of the Company dated 15 March 2023.

Save as disclosed above, there were no other changes in the members of the Supervisory Committee during the Reporting Period and up to the date of this report.

2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2022

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.

(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.

2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2022 *(Continued)*

(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

24 March 2023

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 strategic growth, 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 Hong Kong Listing Rules. The scope of this report covers the relevant situation of the Company and its subsidiaries during the period from 1 January 2022 to 31 December 2022. There were no changes to the statistical methods or key performance indicators used in this report from the 2021 Environmental, Social and Governance Report contained in the Company’s 2021 Annual Report.

Stakeholder Engagement

The 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. As the Stock Exchange emphasises, stakeholder engagement is the method by which materiality is assessed. 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 implemented and reviewed our ESG Strategy in five aspects as described below.

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 better improve the substantive analysis. At the same time, the Group will enhance the implementation and commission of 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, such as heavy wind and fire, and through implementation of the relevant protective measures to minimize the risks.

The Group focuses on reducing emissions during 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.

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 waste emissions from physical meetings and 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:

	2022	2021	Changes
The emission of greenhouse gases:			
Direct emission of greenhouse gases (Scope 1) (ton)	12.82	12.59	2%
Indirect emission of greenhouse gases (Scope 2) (ton)	0.08	0.28	-71%
The emission density of greenhouse gases (ton per capita)	0.04	0.04	—
Total emission of greenhouse gases per floor area (KG per square meter)	2.59	2.58	—
Hazardous waste (ton)	3.31	4.71	-34%
Hazardous waste per capita (KG per capita)	9.51	16.13	-41%
Non-hazardous waste (ton)	1.32	1.17	12%
Non-hazardous waste per capita (KG per capita)	4.00	3.97	1%

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 cover 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 decrease in 2022 compared to 2021 is due to the adoption of flexible office work in the first half of 2022 due to COVID-19 epidemic, which resulted in a reduction in the arrival rate.

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:

	2022	2021	Changes
Energy consumption			
Consumption volume of gasoline (Liter)	6,488.43	5,754.41	12.76%
Consumption density of gasoline (Liter per capita)	19.72	19.71	0.06%
Consumption volume of electricity (kWh)	120,509	442,613.00	-72.77%
Consumption density of electricity (kWh per capita)	366.29	1,515.8	-75.84%
Total energy consumption per floor area (kWh per square meter)	24.21	88.93	-71.78%
Water consumption			
Total water consumption (ton)	1,138	3,908.5	-70.88%
Consumption density of water (ton per capita)	3.46	13.39	-74.17%
Paper consumption			
Total paper consumption (KG)	9.36	8.10	15.56%
Consumption density of paper (KG per capita)	0.028	0.03	-5%

Notes:

1. The decrease in data in 2022 is due to the outbreak of COVID-19 epidemic in 2022 and the Company's implementation of flexible work and home office systems in 2022, therefore, the data for the two years are not directly comparable.
2. Data on packaging does not apply to the Group.

The Company did not have any issue in sourcing water that is fit for the purpose. 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 2022, the number of staff of the Group is set out below:

Classification	2022	2021	Changes
Total number of staff	329	292	13%
Delineation by gender:			
female	219	174	26%
male	110	118	-7%
Delineation by age group:			
under the age of 30	107	104	3%
the age of 30 to 50	204	179	14%
over the age of 50	18	9	100%
Delineation by employment types:			
ordinary staff	286	240	19%
middle management	27	40	-33%
senior management	16	12	33%
Delineation by area:			
Beijing	304	280	9%
Other regions	25	12	108%

3. STAFF MANAGEMENT *(Continued)*

3.1 Employment and Labour Standards *(Continued)*

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, region, religion 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 and we have been committed to offering employees competitive remuneration in the industry. At the same time, 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.

3.2 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. STAFF MANAGEMENT *(Continued)*

3.3 Vocational Development for Employees

The Group attaches great importance to the personal development of employees by motivating the employees to participate in trainings 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	173	286	60.48%
middle management	19	27	70.37%
senior management	8	16	-50%
			Average training hours of each employee (hour per capita)
Delineation by gender:			
female employee			7.50
male employee			7.45
Delineation by employment types:			
ordinary staff			5.00
middle management			15.92
senior management			30.78

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 organized 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 laws 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, and the technical capability of the suppliers, 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. Suppliers are the Group’s joint development partners. 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 2022, the number of suppliers of the Group is set out below:

	Number of suppliers
Delineation by area:	
Beijing	287
Tianjin	5
Guangdong	5
Shandong	2
Shanghai	5
Zhejiang	2
Hebei	13
Hunan	1
Japan	3
Europe	1

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 advertiser requiring to publish an advertisement 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 follows the applicable laws governing health and safety standards, advertising and labeling. We uphold the principles of truth, objectiveness and fairness, reject 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.

The Group attaches great importance to customers' privacy management in strict compliance with the "Law of the PRC on Guarding State Secrets" and other applicable laws and regulations in the PRC. In order to ensure that the information and privacy of clients are adequately safeguarded, formulates the requirements of the information confidentiality management regulations and the file confidentiality system, and relevant responsible persons shall strictly keep confidentiality of all the confidential materials and information, and shall not expand the scope of insiders without authorisation. Meanwhile, they shall do proper work in keeping the confidential materials and information, and shall not allow confidential materials and information to be leaked out due to poor management. Without authorisation, they shall not duplicate, copy, make copies by writing of confidential documents and data.

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.

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 Hong Kong’s relevant anti-corruption and anti-money laundering laws and regulations, including Prevention of Bribery Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance. We have also formulated the Anti-fraud System 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 action or even dismissal. 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 (2021: 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:

- In January 2022, the Group participated in the Chong Qing Provincial Committee Office’s “Winter Sunshine Warms You and Me” New Year’s Care Campaign and granted New Year’s wishes to 50 left-behind children in rural areas at the Shangan Township School in Pengshui Miao and Tujia Autonomous County, Chongqing City, sending them sports shoes, storybooks, toys, cotton clothes and other items.



- In 2022, the Beijing Social Sports Management Center, together with BYDA and Beijing Community Media, organized the “Beijing Record” national fitness challenge. The event went to schools, enterprises, cultural and creative parks and other locations, to make it closer to the masses, in-depth grassroots, extensive participation in the national fitness brand activities, so that the “national fitness” really came to everyone.

8. COMMUNITY INVESTMENT *(Continued)*

- Together with the Social Education Center of Shunyi District, combining Party-building, cultural education and other functions, Beiqing Community Media built the three “Station for National Studies” in Shunyi to carry out “Great Education” public welfare projects for the community. Since the opening of the stations, each station has guaranteed more than 3 activities conducted 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, reaching out to more than 38 Shunyi communities, benefiting more than tens of thousands children and parents in total.
- Beiqing Community Media, in cooperation with the technology of the Shunyi District Science Association, has agreed to carry out a series of “Science Community” activities, reaching out to 19 towns and 4 communities in Shunyi District, holding activities such as science lectures, science books and other forms of children’s activities, and benefiting a total of 1,440 children and parents.
- Together with Warm Home in Jinzhan Township, Beiqing Community Media launched the activity of “Bing Dwen Dwen Watching Olympic Winter Games” with original works of derivative paper painting and the online theme activity of “Discover China from the story behind the opening of the Olympic Winter Games”. These activities enriched the cultural life of people with disabilities while spreading the Olympic spirit.
- Beiqing Community Media, in conjunction with caring enterprises, launched the “Make a concerted effort to overcome the difficulties together” activity, and purchased local vegetables stranded in the Shunyi District and sent them to various epidemic-proof communities for free. The campaign was to help vegetable farmers to solve the marketing problem and to send warmth to the anti-epidemic workers.
- Beiqing Community Media, in conjunction with the Jinzhan Township Federation of Women, carried out the “Popularize Women’s Rights Protection” lecture on the Civil Code, giving lectures on common legal issues and case analysis of Marriage and Family Section of the Civil Code for the grassroots women’s union officers and women, guiding women to enhance their awareness of respecting, learning, abiding by and using the law, and practically bringing the law and services to women.
- Beiqing Community Media, together with the Xiaoguan Street Disabled Persons’ Federation, launched a variety of “cloud” service model to meet the diverse and multi-layered service needs of people with disabilities to prevent the epidemic at home during the epidemic. The service includes the distribution of health kits for the disabled groups in the area, and the launch of online publicity on epidemic prevention and safety.
- In 2022, the printing business represented by BYD Logistics continued to maintain a stable status. It successfully accomplished the printing and publication of “Beijing Youth Daily” during major reporting periods such as the Beijing 2022 Winter Paralympics, the Beijing Two Sessions, the National Two Sessions, the 13th Beijing Party Congress, the 20th National Congress of the Communist Party of China, and people’s condolences for the passing of comrade Jiang Zemin. At the same time, the revenue of Beijing Examination News (《北京考試報》) increased compared with the same period of last year. In addition, the client has positively affirmed the high sense of political responsibility and mission, the strict and pragmatic work style and the contribution to the education of Beijing since BYD Logistics has been printing Beijing Examination News for 15 years, which has shown the corporate social responsibility of BYD Logistics.

“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 Innovation Cultural”	Beiqing Innovation Cultural Industry Development 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
“Capital Securities”	Capital Securities Co., Ltd. (首創證券股份有限公司)
“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
“Custodian Bank”	Beijing Branch of Bank of Communications Co., Ltd.
“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

“Entrusted Assets”	the entrusted assets managed by the Capital Securities for the Company under the Scheme pursuant to the Single Asset Management Contract
“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 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the open-end, fixed-income single asset management scheme provided by Capital Securities to the Company under the Single Asset Management Contract
“SFO”	Securities and Futures Ordinance, Chapter 571 of Hong Kong Laws
“Shanghai Beiqing”	Shanghai Beiqing Printing Machinery Limited (上海北青印刷器材有限公司), a limited liability company established in the PRC
“Shanghai Shenglian”	Shanghai Shenglian Printing Machinery Limited (上海盛聯印刷器材有限公司), a limited liability company established in the PRC
“Shareholder(s)”	The shareholder(s) of the Company
“Supervisor(s)”	The supervisor(s) of the Company
“Supervisory Committee”	The supervisory committee of the Company



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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 the Parent’s balance sheets as at 31 December 2022, the consolidated and the Parent’s statements of income, the consolidated and the Parent’s statements of cash flows and the consolidated and the Parent’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 the Parent’s financial position of the Company as at 31 December 2022, and of its consolidated and the Parent’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. 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.36. 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 2022 was RMB158,397 thousand, representing a decrease of 15.55% as compared with 2021. 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 audit procedures we performed to measure revenue recognition, mainly include:

- (1) Evaluating and testing the effectiveness of the design and operation of the internal control related to the recognition of revenue of the Company;

- (2) Sampling 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) Selecting 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 recognised 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 recognised during the proper accounting period;
- (5) Implementing 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 2022 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

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

For the year ended 31 December 2022

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

24 March 2023

For the year ended 31 December 2022

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

Item	Notes	RMB'000	
		As at 31 December 2022	As at 31 December 2021
Current assets:			
Bank balances and cash	VIII.1	82,948	264,322
Financial assets held for trading	VIII.2	162,663	—
Notes receivable	VIII.3	382	2,498
Accounts receivable	VIII.4	17,900	25,792
Prepayments	VIII.5	2,496	522
Other receivables	VIII.6	11,800	848
Inventories	VIII.7	4,853	11,942
Other current assets	VIII.8	27,351	29,117
Total current assets		310,393	335,041
Non-current assets:			
Long-term equity investment	VIII.9	3,271	3,527
Investment in other equity instruments	VIII.10	282,017	270,421
Other non-current financial assets	VIII.11	250	1,946
Investment properties	VIII.12	89,697	96,185
Fixed assets	VIII.13	568	467
Right-of-use assets	VIII.14	—	74
Intangible assets	VIII.15	18,147	19,077
Goodwill	VIII.16	—	—
Long-term deferred expenses	VIII.17	766	822
Deferred income tax assets	VIII.18	—	—
Other non-current assets	VIII.19	—	—
Total non-current assets		394,716	392,519
Total assets		705,109	727,560

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

For the year ended 31 December 2022

Item	Notes	RMB'000	
		As at 31 December 2022	As at 31 December 2021
Current liabilities:			
Notes payable	VIII.21	6,086	3,239
Accounts payable	VIII.22	11,666	14,748
Contract liabilities	VIII.23	20,912	21,499
Employee benefits payable	VIII.24	8,425	6,847
Taxes payable	VIII.25	277	6,085
Other payables	VIII.26	25,061	23,604
Non-current liabilities due within one year	VIII.27	—	61
Other current liabilities	VIII.28	1,120	1,394
Total current liabilities		73,547	77,477
Non-current liabilities:			
Leased liabilities	VIII.29	—	—
Deferred income tax liabilities	VIII.18	3,901	4,525
Total non-current liabilities		3,901	4,525
Total liabilities		77,448	82,002
Shareholders' equity:			
Share capital	VIII.30	197,310	197,310
Capital reserves	VIII.31	934,606	934,421
Other comprehensive income	VIII.32	171,846	160,111
Surplus reserves	VIII.33	130,931	130,931
Undistributed profits	VIII.34	(817,646)	(794,146)
Total equity attributable to shareholders of the Company		617,047	628,627
Non-controlling interest	VIII.35	10,614	16,931
Total shareholders' equity		627,661	645,558
Total liabilities and shareholders' equity		705,109	727,560
Net current assets		236,846	257,564
Total assets less current liabilities		631,562	650,083

For the year ended 31 December 2022

(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 2022	For the year ended 31 December 2021
Total operating income	VIII.36	158,397	187,552
Total operating costs		199,849	220,973
Operating costs	VIII.36	150,916	169,492
Tax and surcharges	VIII.37	2,322	1,699
Selling expenses		19,391	15,556
Administrative expenses		30,085	36,976
Financial expenses	VIII.38	(2,865)	(2,750)
Including: Interest expenses		5	18
Interest income		2,965	2,672
Add: Other income	VIII.39	154	189
Investment income (Loss represented in "-")	VIII.40	23,581	28,217
Including: Gain from investments in associates		(256)	30
Profit on the changes in fair value (Loss represented in "-")	VIII.41	(5,140)	(14,948)
Credit impairment losses (Loss represented in "-")	VIII.42	(4,563)	(41,827)
Impairment loss of assets (Loss represented in "-")	VIII.43	(228)	(332)
Gain on disposal of assets (Loss represented in "-")	VIII.44	4	11
Operating profit		(27,644)	(62,111)
Add: non-operating income	VIII.45	123	291
Less: non-operating expenses	VIII.46	58	678
Total profit		(27,579)	(62,498)
Less: Income tax expenses	VIII.47	595	4,694
Net profit		(28,174)	(67,192)
Net profit attributable to:			
Net profit from continuing operations		(28,174)	(67,192)
Net profit from discontinued operations		—	—
Shareholders of the Company		(23,500)	(64,159)
Non-controlling shareholders		(4,674)	(3,033)

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

For the year ended 31 December 2022

Item	Notes	RMB'000	
		For the year ended 31 December 2022	For the year ended 31 December 2021
Other net comprehensive income after tax	VIII.53	11,797	64,254
Other net comprehensive income after tax attributable to the shareholders of the Company		11,735	64,277
Including: Other comprehensive income unqualified for subsequent reclassification into profit or loss		11,643	64,312
Including: Change in fair value of investment in other equity instruments		11,643	64,312
Including: Other comprehensive income subsequently reclassified into profit or loss	VIII.53	92	(35)
Including: Exchange differences from retranslation of financial statement		92	(35)
Other net comprehensive income after tax attributable to non-controlling shareholders		62	(23)
Total comprehensive income		(16,377)	(2,938)
Total comprehensive income attributable to shareholders of the Company		(11,765)	118
Total comprehensive income attributable to non-controlling shareholders		(4,612)	(3,056)
Earnings per share:			
Basic earnings per share (RMB)	XVII.1	(0.12)	(0.33)
Diluted earnings per share (RMB)	XVII.1	(0.12)	(0.33)
Dividends	VIII.51	—	—

For the year ended 31 December 2022

(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 2022	For the year ended 31 December 2021
1. Cash flows from operating activities:			
Cash received from the sale of goods and provision of services		162,799	200,878
Tax refund received		1,819	1,456
Other cash receipt related to operating activities		8,683	38,080
Subtotal of cash inflows from operating activities		173,301	240,414
Cash paid for goods purchased and services received		132,675	153,769
Cash paid to and on behalf of employees		51,846	51,695
Payments of taxes and surcharges		11,587	11,166
Other cash payments relating to operating activities		15,032	21,174
Subtotal of cash outflows from operating activities		211,140	237,804
Net cash flow from operating activities	VIII.54	(37,839)	2,610
2. Cash flows from investment activities:			
Cash received from sales of investments		211	40,908
Cash received from returns on investments		12,735	20,528
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4	12
Other cash receipt relating to investing activities		—	1,990
Subtotal of cash inflows from investing activities		12,950	63,438
Cash paid to acquire fixed assets, intangible assets and other long- term assets		930	719
Cash paid for investment		160,000	—
Subtotal of cash outflows from investing activities		160,930	719
Net cash flow from investing activities		(147,980)	62,719

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

For the year ended 31 December 2022

Item	Notes	<i>RMB'000</i>	
		For the year ended 31 December 2022	For the year ended 31 December 2021
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		—	—
Subtotal 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		1,521	—
Subtotal of cash outflows from financial activities		1,521	—
Net cash flows from financial activities		(1,521)	—
4. Effect of exchange rate changes on cash and cash equivalents		134	94
5. Net increase in cash and cash equivalents	<i>VIII.55</i>	(187,206)	65,423
Add: opening balance of cash and cash equivalents		261,083	195,660
6. Closing balance of cash and cash equivalents	<i>VIII.56</i>	73,877	261,083

For the year ended 31 December 2022

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

RMB'000

Item	For the year ended 31 December 2022							
	Attributable to shareholders of the Parent						Non-controlling interest	Total owners' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal		
Balance as at 31 December 2021	197,310	934,421	160,111	130,931	(794,146)	628,627	16,931	645,558
Change in accounting policies	—	—	—	—	—	—	—	—
Balance as at 1 January 2022	197,310	934,421	160,111	130,931	(794,146)	628,627	16,931	645,558
Net profit	—	—	—	—	(23,500)	(23,500)	(4,674)	(28,174)
Other comprehensive income	—	—	11,735	—	—	11,735	62	11,797
Retained earnings carried forward from other comprehensive income	—	—	—	—	—	—	—	—
Others	—	185	—	—	—	185	(1,705)	(1,520)
Subtotal of the changes during the year	—	185	11,735	—	(23,500)	(11,580)	(6,317)	(17,897)
Balance as at 31 December 2022	197,310	934,606	171,846	130,931	(817,646)	617,047	10,614	627,661
	For the year ended 31 December 2021							
	Attributable to shareholders of the Parent						Non-controlling interest	Total owners' equity
Item	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal		
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	—	—	—	—	—	—	—	—
Subtotal 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

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.

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

For the year ended 31 December 2022

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 2022 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)	57.95	—
Beijing Beiqing Innovative Cultural Industry Development Co., Ltd. (Beiqing Innovative Cultural)	100.00	—
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 2022 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 and preparation of consolidated financial statements”.

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 material event that will affect its 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 2022 and their consolidated operating results, consolidated cash flows and 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 recognise 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 recognise 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.

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

For the year ended 31 December 2022

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 parent and the subsidiaries, after elimination of the transactions incurred among the parent and the subsidiaries. The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the parent held by one subsidiary shall be treated as the group 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.

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, recognises 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 recognised 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 recognised 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 recognised 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 recognise 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.

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 recognise 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 recognised 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 recognised 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.

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

For the year ended 31 December 2022

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.

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 derecognised (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.

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

For the year ended 31 December 2022

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.

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, contract assets and rental receivable**

1) Accounts receivable and contract assets without 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.

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, contract assets 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 allowance for other financial assets

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 considers the following factors for ECL measurement when assessing whether the credit risk on financial instruments has significantly increased or not:

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

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

For the year ended 31 December 2022

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

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

(4) Accounting treatment for 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.

12. Contract assets and contract liabilities

(1) Contract 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 contract assets shall refer to the expected credit loss of financial instruments. For contract assets that do not contain significant financing components, the Group adopts a simplified method to measure provision for loss. For contract assets that contain significant financing components, the Group uses general methods to measure provision for loss.

If there is an impairment loss on contract 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) Contract liabilities

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

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

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

(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.

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

For the year ended 31 December 2022

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

14. Investment properties (Continued)

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

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 recognised 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 reassesses 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	5
Plant and Machinery	10	0	10
Motor vehicles	5	0	20
Office furniture	5	0	20
Electronic equipment	3	0	33.33

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

17. Borrowing costs**(1) Recognition of capitalising borrowing costs**

The Group's borrowing costs are capitalised 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 recognised 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 capitalisation cost

Capitalisation 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 capitalised 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 capitalised 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. Capitalisation 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 amortised 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.

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

For the year ended 31 December 2022

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 amortised 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 amortised, 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 amortised 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 recognise 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 recognised 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 recognised 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 recognised.

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 amortised 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 recognised 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 recognises 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 recognises 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, recognised 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***21. Employee benefits** *(Continued)***(3) Termination benefits**

Termination benefits provided by the Group to employees are recognised 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 recognises 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 recognised 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 recognised 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 recognised as revenue at the time of the commencement of the sale transaction, but is deferred and recognised 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 recognised 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 recognised 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) Rental income

Rental income is recognised 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 recognised as assets, which are amortised 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 amortised 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.

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

For the year ended 31 December 2022

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 recognised 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 recognised 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 recognised 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 recognised as deferred income and recorded in profit and loss for the current period when such expenses are recognised 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 recognise 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 recognised 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 utilised and should be recognised 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 utilised. 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 utilised, the carrying amount of the deferred tax asset is reduced.

The taxable temporary differences associated with investments in subsidiaries and associates shall be recognised 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 recognised 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 utilised.

26. Lease**(1) The accounting treatment for leased assets**

At the beginning of the lease term, the Group recognises 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.

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

For the year ended 31 December 2022

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

26. Lease *(Continued)*

(1) *The accounting treatment for leased assets (Continued)*

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

The depreciation for right-of-use assets of the Group is categorised 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 recognised 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 recognise 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 recognises the difference between the sum of finance lease receivables and the unguaranteed residual value, and the present value thereof as unrealised finance income, and recognises 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 recognised 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.

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

For the year ended 31 December 2022

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

28. Accounting treatment of 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 recognised in the profit or loss for the period.

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 recognised using the balance sheet liabilities approach at the end of the period and their balances originally recognised.

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 recognised 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**30. Key accounting estimates and judgments** (Continued)**(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.

(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) Bad debt provision for accounts receivable and other receivables

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.

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

For the year ended 31 December 2022

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

Taxes	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 Notice of the State Administration of Taxation on Issues Concerning the Implementation of Preferential Income Tax Policies to Support the Development of Small and Low-Profit Enterprises and Individual Business (SAT Notice 2021 No. 8) (《國家稅務總局關於落實支持小型微利企業和個體工商戶發展所得稅優惠政策有關事項的公告》(國家稅務總局公告2021年第8號)), for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 12.5% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement of MOF and SAT [2022] No. 13) (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)), for the part of small and low-profit enterprises whose annual taxable income exceeds RMB1 million but does not exceeds RMB3 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%.

According to the Announcement of the Ministry of Finance and the State Administration Taxation of the General Administration of Taxation on the Clarification of VAT Exemption Policy for Small-scale VAT Taxpayers (SAT Notice 2021 No. 11) (《財務部稅務總局關於明確增值稅小規模納稅人免徵增值稅政策的公告》(財務部稅務總局公告2021年第11號)), from 1 April 2021 to 31 December 2022, small-scale VAT taxpayers with monthly sales of up to RMB150,000 (inclusive) shall be exempted from VAT.

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

1. Monetary fund

Item	As at 31 December 2022	As at 31 December 2021
Bank balances and cash	73,877	261,083
Restricted bank deposits	9,071	3,239
Total	82,948	264,322

Note: The balances of the Group's restricted bank deposits at the end of the period represent marginal deposit for bank acceptance notes and carry market interest rates of 0.25% to 1.3% (2021: 0.3% to 1.3%) per annum.

The Group's bank balances are deposited at banks in the PRC and carry interest at market interest rates ranging from 0.25% to 1.9% (2021: 0.3% to 1.9%) per annum.

2. Financial assets held for trading

Item	Investment cost	As at 31 December 2022	As at 31 December 2021
Wealth management products	160,000	162,663	—
Total	160,000	162,663	—

3. Notes receivable

Item	As at 31 December 2022	As at 31 December 2021
Bank acceptance notes	382	2,339
Commercial acceptance notes	463	463
Less: Provision for bad debts	463	304
Total	382	2,498

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

For the year ended 31 December 2022

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

4. Accounts receivable

Item	As at 31 December 2022	As at 31 December 2021
Accounts receivable	423,247	428,387
Less: Provision for bad debts	405,347	402,595
Net accounts receivable	17,900	25,792
For reporting purpose, analysis as:		
Non-current assets — long-term receivables	—	—
Current assets — accounts receivable	17,900	25,792
Total	17,900	25,792

- (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 2022	As at 31 December 2021
0–90 days	7,055	7,856
91–180 days	1,672	3,150
181–365 days	2,014	3,384
1–2 years	2,539	3,919
Over 2 years	4,620	7,483
Total	17,900	25,792

For the year ended 31 December 2022

(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)

4. Accounts receivable (Continued)

(2) Analysis of accounts receivable by categories:

Item	As at 31 December 2022				As at 31 December 2021			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage for provision (%)	Amount	Percentage (%)	Amount	Percentage for provision (%)
Accounts receivable with bad debt provision made on individual basis	220,291	52.05	220,291	100.00	221,180	51.63	221,180	100.00
Accounts receivable with bad debt provision made on group basis:								
Aging group	179,285	47.95	185,056	91.18	207,207	48.37	181,415	87.55
Related party group	23,671	5.59	19,659	83.05	24,640	5.75	17,542	71.19
Total	423,247	100.00	405,347		428,387	100.00	402,595	

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

Item	As at 31 December 2022			As at 31 December 2021		
	Amount	Percentage of provision (%)	Bad debt provision	Amount	Percentage of provision (%)	Bad debt provision
Within 1 year	12,310	13.60	1,674	13,719	14.54	1,995
1-2 years	3,095	54.80	1,696	1,823	57.10	1,041
2-3 years	1,019	73.50	749	3,676	78.59	2,889
3-4 years	1,904	84.72	1,613	11,736	86.43	10,144
Over 4 years	160,957	99.20	159,665	151,613	97.49	147,804
Total	179,285		165,397	182,567		163,873

(3) The top five accounts receivable as at 31 December 2022 accounted for 44.95% of the total accounts receivable.

(4) As at 31 December 2022, there were no accounts receivable that were past due but not impaired.

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

For the year ended 31 December 2022

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

5. Prepayments

Item	As at 31 December 2022	As at 31 December 2021
Prepayments	2,496	522
Less: Provision for bad debts	—	—
Net prepayments	2,496	522

The top five prepayments as at 31 December 2022 represented 78.59% of the total prepayments.

Aging	As at 31 December 2022	As at 31 December 2021
Within 1 year	2,474	500
Over 3 years	22	22
Total	2,496	522

6. Other receivables

Item	As at 31 December 2022	As at 31 December 2021
Interest receivable	—	—
Dividends receivable	11,104	—
Other receivables	203,481	201,981
Less: Provision for bad debts	202,785	201,133
Net other receivables	11,800	848

For the year ended 31 December 2022

(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)

6. Other receivables (Continued)

(1) Dividend receivables

- 1) Dividend receivables by nature

Item	Closing balance	Opening balance
Investment dividend	11,104	—
Less: Provision for bad debts	1,511	—
Total	9,593	—

(2) Other receivables

- 1) Other receivables by nature

Nature	As at 31 December 2022	As at 31 December 2021
Related-party current account	6,742	5,540
External unit current	194,776	194,772
Deposit and margin	426	571
Reserve funds	1,534	1,095
Other	3	3
Total	203,481	201,981

- 2) Aging analysis of other receivables

Aging	As at 31 December 2022		As at 31 December 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	2,435	1.20	831	0.41
1-2 years	100	0.05	242	0.12
2-3 years	131	0.06	625	0.31
3-4 years	625	0.31	6,391	3.16
Over 4 years	200,190	98.38	193,892	96.00
Total	203,481	100.00	201,981	100.00

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

For the year ended 31 December 2022

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

6. Other receivables (Continued)

(2) 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 2022	7,892	—	193,241	201,133
Balance at 1 January 2022 in current period after reassessment	7,892	—	193,241	201,133
Transfers from first stage to third stage	—	—	—	—
Provision for this period	142	—	—	142
Reversal for this period	—	—	1	1
Closing balance	8,034	—	193,240	201,274

- 4) The top five other receivables as at 31 December 2022 represented 97.36% of the total other receivables.

7. Inventories

(1) Classification of inventories

Item	As at 31 December 2022			As at 31 December 2021		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Goods in stock	9,794	4,941	4,853	17,380	5,438	11,942
Total	9,794	4,941	4,853	17,380	5,438	11,942

As at 31 December 2022, there are goods in stock sold in prior years which had been written down to net realizable value (2021: existed).

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

7. Inventories (Continued)

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

Category of inventories	Balance as at 1 January 2022	Provision amount during the year	Amount decreased during the year		Balance as at 31 December 2022
			Reversal	Transfer	
Goods in stock	5,438	228	—	725	4,941
Total	5,438	228	—	725	4,941

8. Other current assets

Item	As at 31 December 2022	As at 31 December 2021
VAT to be deducted	27,232	27,608
Prepaid income tax	118	1,509
Prepaid cultural business tax	1	—
Total	27,351	29,117

9. Long-term equity investment

(1) Types for long-term equity investment

Type	As at 31 December 2022	As at 31 December 2021
Investments in associates — under equity method	4,219	4,475
Less: provision for impairment for investments in associates	948	948
Total	3,271	3,527

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

For the year ended 31 December 2022

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

9. Long-term equity investment (Continued)

(2) Investments in associates

Investee	Balance as at 1 January 2022	Changes in the current year							Balance as at 31 December 2022	Balance of impairment provision as at 31 December 2022	
		Additional investment	Decrease in investment	Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment			Others
1. Associates											
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—	—
Beijing Shengyi Automobile Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency	2,136	—	—	(143)	—	—	—	—	—	1,993	—
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing Beiqing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—	—
Hebei Jujingcai E-commerce Company Limited	—	—	—	—	—	—	—	—	—	—	—
Chongqing Soyang Internet Technology	—	—	—	—	—	—	—	—	—	—	948
Beijing Shangyou Network Technology	1,391	—	—	(113)	—	—	—	—	—	1,278	—
Total	3,527	—	—	(256)	—	—	—	—	—	3,271	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. Among others, Hebei Jujingcai E-commerce Company Limited has been deregistered during the period.

10. Investment in other equity instruments

(1) Investment in other equity instruments

Item	Investment cost	As at 31 December 2022	As at 31 December 2021
Beijing Keyin Media and Culture Co., Ltd.	6,560	35,874	46,665
Beiyang Publishing & Media Co., Ltd.	103,000	222,256	194,901
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	3,284	3,472
Beijing International Advertising & Communication Group Co., Ltd.	33,119	20,603	25,383
Total		282,017	270,421

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

10. Investment in other equity instruments (Continued)

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

Type	As at 31 December 2022	As at 31 December 2021
Unlisted equity investments, China	282,017	270,421
Total	282,017	270,421

11. Other non-current financial assets

(1) Other non-current financial assets

Item	As at 31 December 2022	As at 31 December 2021
Suzhou Huaying Culture Industry Investment Enterprise	250	1,946
Total	250	1,946

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

Type	As at 31 December 2022	As at 31 December 2021
Unlisted equity investments, China	250	1,946
Total	250	1,946

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

For the year ended 31 December 2022

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

12. Investment properties

(1) Investment properties measured at fair value

Item	Buildings	Total
1. As at 1 January 2022	96,185	96,185
2. Changes during the year	(6,488)	(6,488)
Add: Changes in fair value	(6,488)	(6,488)
3. As at 31 December 2022	89,697	89,697

The fair value of the Group's investment properties as at 31 December 2022 have been arrived at by reference to recent market prices for similar properties in the same locations and conditions.

As at 31 December 2022, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB3,418 thousand (2021: RMB4,207 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 RMB1,662 thousand (2021: RMB573 thousand).

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

Item	Fair value as at 31 December 2022	Fair value as at 31 December 2021
Located inside of the PRC		
Medium term (10–70 years)	82,247	89,354
Located outside of the PRC		
Long term (over 70 years)	7,450	6,831
Total	89,697	96,185

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***12. Investment properties** *(Continued)***(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	Office
8	C1502, No.5 Huizhong Road, Chaoyang District, Beijing. Office	Office
9	C1503, No.5 Huizhong Road, Chaoyang District, Beijing. Office	Office
10	C1505, No.5 Huizhong Road, Chaoyang District, Beijing. Office	Office
11	C1506, No.5 Huizhong Road, Chaoyang District, Beijing. Office	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

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

For the year ended 31 December 2022

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

12. Investment properties (Continued)

(3) Investment properties are detailed as follows: (Continued)

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, ShanghaiTongwan	Residential
39	Flat 126, No.1, Block 2, ShanghaiTongwan	Residential
40	Flat 603, No.1, Block 17, ShanghaiTongwan	Residential
41	Flat 3723, Block 26, ShanghaiTongwan	Residential
42	Flat M10, Block 26, ShanghaiTongwan	Residential
43	Flat 3909, Block 22, ShanghaiTongwan	Residential
44	Flat 3805, Block 22, ShanghaiTongwan	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

For the year ended 31 December 2022

(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)

13. Fixed assets

Category	As at 31 December 2022	As at 31 December 2021
Fixed assets	568	467
Less: provision of impairment	—	—
Total	568	467

(1) Breakdown of fixed assets

Item	Buildings	Plant and machinery	Motor vehicles	Office equipment	Electronic equipment	Total
i. Cost						
1. As at 1 January 2022	15,775	3,671	2,476	693	7,867	30,482
2. Amount increased during the year	—	—	—	—	390	390
(1) Purchase	—	—	—	—	390	390
3. Amount decreased during the year	—	—	—	25	808	833
(1) Disposal or scrapping	—	—	—	25	808	833
4. As at 31 December 2022	15,775	3,671	2,476	668	7,449	30,039
ii. Accumulated depreciation						
1. As at 1 January 2022	15,775	3,670	2,456	670	7,444	30,015
2. Amount increased during the year	—	1	20	8	260	289
(1) Provision	—	1	20	8	260	289
3. Amount decreased during the year	—	—	—	25	808	833
(1) Disposal or scrapping	—	—	—	25	808	833
4. As at 31 December 2022	15,775	3,671	2,476	653	6,896	29,471
iii. Provision for impairment						
1. As at 1 January 2022	—	—	—	—	—	—
2. Amount increased during the year	—	—	—	—	—	—
3. Amount decreased during the year	—	—	—	—	—	—
4. As at 31 December 2022	—	—	—	—	—	—
iv. Carrying amount						
1. As at 31 December 2022	—	—	—	15	553	568
2. As at 1 January 2022	—	1	20	23	423	467

For the year ended 31 December 2022, the depreciation of fixed assets recognized in the consolidated income statement amounted to RMB289 thousand (2021: RMB562 thousand).

For the year ended 31 December 2022, the net profit on disposal of fixed assets recognized in the consolidated income statement amounted to RMB4 thousand (2021: net profit of RMB11 thousand).

For the year ended 31 December 2022, the rental income generated from fixed assets recognized in the consolidated income statement amounted to RMB4,704 thousand (2021: RMB3,681 thousand).

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

For the year ended 31 December 2022

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

13. 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 2022	As at 31 December 2021
Located inside of PRC	—	—
Medium term (10–50 years)	—	—
Total	—	—

(3) Fixed assets through operating lease

As at 31 December 2022, a fixed asset with carrying amount of RMB0 thousand (cost of RMB15,775 thousand) was leased out through operating lease (2021: carrying amount of RMB0 thousand, cost of RMB15,775 thousand).

14. Right-of-use assets

(1) Breakdown of right-of-use assets

Item	Buildings	Total
i. Cost		
1. As at 1 January 2022	670	670
2. Amount increased during the year	—	—
3. Amount decreased during the year	670	670
(1) Lease expiry	670	670
4. As at 31 December 2022	—	—
ii. Accumulated depreciation		
1. As at 1 January 2022	596	596
2. Amount increased during the year	74	74
(1) Provision	74	74
3. Amount decreased during the year	670	670
(1) Lease expiry	670	670
4. As at 31 December 2022	—	—
iii. Provision for impairment		
1. As at 1 January 2022	—	—
2. Amount increased during the year	—	—
3. Amount decreased during the year	—	—
4. As at 31 December 2022	—	—
iv. Carrying amount		
1. As at 31 December 2022	—	—
2. As at 1 January 2022	74	74

During the year ended 31 December 2022, the right-of-use assets recognised in the consolidated income statement amounted to RMB74 thousand.

For the year ended 31 December 2022

(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)**14. Right-of-use assets (Continued)****(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 2022	As at 31 December 2021
Within China	—	74
Total	—	74

15. Intangible assets**(1) Breakdown of intangible assets**

Item	Land use rights	Software	Operation rights	Total
i. Cost				
1. As at 1 January 2022	40,226	2,030	10,800	53,056
2. Amount increase during the year	—	—	—	—
3. Amount decrease during the year	—	240	—	240
(1) Disposal or scrapping	—	240	—	240
4. As at 31 December 2022	40,226	1,790	10,800	52,816
ii. Accumulated amortization				
1. As at 1 January 2022	21,204	1,975	2,340	25,519
2. Amount increased during the year	888	42	—	930
(1) Provision	888	42	—	930
3. Amount decreased during the year	—	240	—	240
(1) Disposal or scrapping	—	240	—	240
4. As at 31 December 2022	22,092	1,777	2,340	26,209
iii. Provision for impairment				
1. As at 1 January 2022	—	—	8,460	8,460
2. Amount increased during the year	—	—	—	—
3. Amount decreased during the year	—	—	—	—
4. As at 31 December 2022	—	—	8,460	8,460
iv. Carrying amount				
1. As at 31 December 2022	18,134	13	—	18,147
2. As at 1 January 2022	19,022	55	—	19,077

For the year ended 31 December 2022, the amortization of intangible assets recognized in the consolidated income statement for the year was RMB930 thousand (2021: 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).

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

For the year ended 31 December 2022

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

16. Goodwill

Item	As at 31 December 2022	As at 31 December 2021
Goodwill arising from the acquisition of Beiqing CéCi	47,377	47,377
Less: provision for impairment	47,377	47,377
Total	—	—

17. Long-term deferred expenses

Category	As at 1 January 2022	Increase during the year	Amortization during the year	As at 31 December 2022
Renovation costs	468	117	251	334
Broad Group parking fee	73	—	17	56
Broad Group property fee	281	—	281	—
Cloud Dreams Star Camp (雲夢星空營地)	—	423	47	376
Total	822	540	596	766

18. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax liabilities not written off

Item	As at 31 December 2022		As at 31 December 2021	
	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	2,784	696	2,972	743
Change in fair value of investment properties	12,819	3,205	15,129	3,782
Total	15,603	3,901	18,101	4,525

- (2) As at 31 December 2022, the Group has unused tax losses of RMB166,737 thousand (2021: RMB179,174 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 2027.

For the year ended 31 December 2022

(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)

19. Other non-current assets

Item	As at 31 December 2022	As at 31 December 2021
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 2022, 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.

20. Breakdown of provision for asset impairment

Item	As at 1 January 2022	Increase during the year		Decrease during the year		As at 31 December 2022
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	604,032	4,564	—	1	—	608,595
Provision for inventory impairment	5,438	228	—	—	725	4,941
Provision for impairment of investments in associates	948	—	—	—	—	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	690,255	4,792	—	1	725	694,321

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

For the year ended 31 December 2022

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

21. Notes payable

Item	As at 31 December 2022	As at 31 December 2021
Bank acceptance notes	6,086	3,239
Total	6,086	3,239

Note: As at 31 December 2022, the above notes payable were aged within 6 months.

22. Accounts payable

As at 31 December 2022, the following is an aging analysis of accounts payable presented based on the invoice date:

Item	As at 31 December 2022	As at 31 December 2021
0-90 days	7,891	11,378
91-180 days	47	243
181-365 days	322	647
Over one year	3,406	2,480
Total	11,666	14,748

23. Contract liabilities

Item	As at 31 December 2022	As at 31 December 2021
Contract advance	20,912	21,499
Total	20,912	21,499

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

23. Contract liabilities (Continued)

(1) Contract advance by nature:

Item	As at 31 December 2022	As at 31 December 2021
Advertising amount	20,346	20,017
Trading of printing materials	425	1,482
Other prepayment	141	—
Total	20,912	21,499

24. Employee benefit payables

(1) Classification for employee benefit payables

Item	As at 1 January 2022	Increase during the year	Decrease during the year	As at 31 December 2022
Short-term remuneration	6,467	47,915	47,846	6,536
Post-employment benefit — defined contribution plan	380	5,493	3,984	1,889
Termination benefits	—	15	15	—
Total	6,847	53,423	51,845	8,425

(2) Short-term remuneration

Item	As at 1 January 2022	Increase during the year	Decrease during the year	As at 31 December 2022
Salaries, bonuses, allowances and subsidies	2,398	40,357	40,178	2,577
Staff benefits	5	217	218	4
Social insurance	234	3,334	3,310	258
Including: Medical insurance	226	3,204	3,209	221
Labour injury insurance	8	111	82	37
Maternity insurance	—	19	19	—
Housing fund	1	3,595	3,427	169
Union fund and staff education fund	3,829	412	713	3,528
Total	6,467	47,915	47,846	6,536

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

For the year ended 31 December 2022

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

24. Employee benefit payables (Continued)

(3) Defined contribution plan

Item	As at 1 January 2022	Increase during the year	Decrease during the year	As at 31 December 2022
Basic pension insurance	368	5,326	3,859	1,835
Unemployment insurance	12	167	125	54
Total	380	5,493	3,984	1,889

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.

25. Tax payables

Item	As at 31 December 2022	As at 31 December 2021
Value added tax	82	—
Corporate income tax	—	5,951
Individual income tax	109	124
Urban maintenance and construction tax	24	6
Education surcharge	10	2
Local education surcharge	7	2
Cultural construction fee	45	—
Total	277	6,085

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

26. Other payables

(1) Classification of other payables

Item	As at 31 December 2022	As at 31 December 2021
Other payables	25,061	23,604
Total	25,061	23,604

(2) Other payables by nature

Item	As at 31 December 2022	As at 31 December 2021
Current account	17,160	16,636
Margin and deposit	5,981	5,553
Collection and payment for other persons	851	258
Others	1,069	1,157
Total	25,061	23,604

27. Non-current liabilities within one year

Item	As at 31 December 2022	As at 31 December 2021
Lease liabilities due within one year	—	61
Total	—	61

28. Other current liabilities

Item	As at 31 December 2022	As at 31 December 2021
Output VAT to be transferred	1,120	1,394
Total	1,120	1,394

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

For the year ended 31 December 2022

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

29. Lease liabilities

Item	As at 31 December 2022	As at 31 December 2021
Lease payments	—	61
Less: unrecognized finance costs	—	—
Less: lease liabilities due within one year	—	61
Total	—	—

30. Share capital

Item	As at 31 December 2022	As at 31 December 2021
Ordinary shares of RMB1 each Registered, issued and fully paid:		
— Domestic shares	142,409	142,409
— H shares	54,901	54,901
Total	197,310	197,310

31. Capital reserves

Item	As at 1 January 2022	Increase during the year	Decrease during the year	As at 31 December 2022
Share capital premiums	934,421	—	—	934,421
Other capital reserve	—	185	—	185
Including: Changes of capital reserve arising from other businesses or affairs	—	185	—	185
Total	934,421	185	—	934,606

For the year ended 31 December 2022

(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)

32. Other comprehensive income

Item	As at 1 January 2022	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		As at 31 December 2022
					Amount after tax attributable to the Parent	Amount after tax attributable to non-controlling shareholders	
1. Other comprehensive income subsequently unable to be reclassified into profit or loss	159,618	11,596	—	(47)	11,643	—	171,261
Including: Changes in fair value of other investments of equity instruments	159,618	11,596	—	(47)	11,643	—	171,261
2. Other comprehensive income subsequently able to be reclassified into profit or loss	493	154	—	—	92	62	585
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss	550	—	—	—	—	—	550
Including: Exchange differences from retranslation of financial statements	(57)	154	—	—	92	62	35
Total other comprehensive income	160,111	11,750	—	(47)	11,735	62	171,846

33. Surplus reserves

Item	As at 1 January 2022	Increase during the year	Decrease during the year	As at 31 December 2022
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.

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

For the year ended 31 December 2022

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

34. Undistributed profits

Item	For the year ended 31 December 2022	
	Amount	Withdrawal or allocation proportion (%)
Balance as at 31 December 2021	(794,146)	—
Add: adjusted amount of undistributed profits at the beginning of the year	—	—
Balance as at 1 January 2022	(794,146)	—
Add: net profit attributable to shareholders of the Parent for the current year	(23,500)	—
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 2022	(817,646)	—

As at 31 December 2022, the Group's undistributed profits attributable to the Parent included a surplus reserve of RMB0 thousand (2021: RMB0 thousand) from the subsidiaries of the Company.

35. 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 2022	As at 31 December 2021
BYD Logistics Company Limited	7.16	(959)	(1,019)
Beiqing CéCi Advertising (Beijing) Limited	15.31	(1,142)	(1,011)
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16	810	820
Chongqing Youth Media Company Limited	40.00	(1,650)	(1,103)
Beiqing Community Media Technology (Beijing) Co., Ltd.	42.05	13,555	19,244
Total		10,614	16,931

For the year ended 31 December 2022

(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)

36. Total operating income, operating costs

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Principal operating income	150,364	182,352
Other operating income	8,033	5,200
Total operating income	158,397	187,552
Principal operating costs	147,862	168,046
Other operating costs	3,054	1,446
Total operating costs	150,916	169,492
Gross profit	7,481	18,060

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 2022		For the year ended 31 December 2021	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	58,116	59,026	82,855	72,599
Printing	2,802	2,574	2,921	2,710
Trading of print-related materials	88,983	86,121	96,486	92,590
Publication	52	141	61	147
Other revenue	411	—	29	—
Total	150,364	147,862	182,352	168,046

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

For the year ended 31 December 2022

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

36. 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	58,116	2,802	88,983	52	411	2,922
Total	58,116	2,802	88,983	52	411	2,922

(3) For the year ended 31 December 2022, the sum of operating income from the top five customers is RMB62,913 thousand, representing 39.72% of total operating income.

37. Tax and surcharges

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Cultural construction fee	777	—
Urban maintenance and construction tax	137	200
Education surcharge	59	86
Local education surcharge	39	57
Stamp duty	80	68
Property tax	1,205	1,264
Urban land utilization tax	15	15
Vehicle and vessel tax	5	5
Others	5	4
Total	2,322	1,699

For the year ended 31 December 2022

(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)

38. Financial expenses

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Interest expenses	5	18
Less: interest income	2,965	2,672
exchange loss	15	(161)
commissions and other expenses	80	65
Total	(2,865)	(2,750)

39. Other income

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Government grants from routine activities	154	189
Total	154	189

40. Gain on investment

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Share of profit of associates	(256)	30
Investment income received from the disposal of financial assets at fair value through profit or loss	12,406	20,195
Investment income received from holding investments of other equity instruments	11,160	7,671
Others	271	321
Total	23,581	28,217

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

For the year ended 31 December 2022

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

41. Profit or loss on the changes in fair value

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Financial assets at fair value through profit or loss	2,663	—
Changes in fair value of other non-current financial assets	(1,315)	(162)
Gain on changes in fair value of investment properties	(6,488)	(14,786)
Total	(5,140)	(14,948)

42. Credit impairment losses

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Provision for bad debts	(4,563)	(41,827)
Total	(4,563)	(41,827)

43. Impairment loss of assets

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Provision for inventory impairment	(228)	(332)
Total	(228)	(332)

For the year ended 31 December 2022

(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)

44. Gain on disposal of assets

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Disposal of fixed assets	4	11
Total	4	11

45. Non-operating income

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Rental refund deposit income	—	240
Others	123	51
Total	123	291

46. Non-operating expenses

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Losses on damage or abandonment of non-current assets	—	3
Inventory scrap	—	375
Compensation and late payment charges	52	291
Others	6	9
Total	58	678

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

For the year ended 31 December 2022

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

47. Income tax expenses

(1) Income tax expenses

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Current income tax expenses	1,173	7,059
Deferred income tax expenses	(578)	(2,365)
Total	595	4,694

(2) Current income tax expenses

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Current income tax — PRC	2,884	6,827
Under-provision in prior years — PRC	(1,711)	232
Total	1,173	7,059

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

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**47. Income tax expenses** (Continued)**(3) Reconciliation table of total profit to income tax expenses**

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Total profit	(27,579)	(62,498)
Income tax calculated at the applicable tax rate of 25%	(6,895)	(15,624)
Tax effect of non-taxable income	—	(1,925)
Tax effect of non-deductible expenses	72	591
Tax effect of the Company's losses in current year	9,249	22,485
Tax losses previously unrecognized utilized	(82)	(1,065)
Tax effect of tax relief	(38)	—
Under-provision in prior years	(1,711)	232
Total	595	4,694

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.

48. Auditors' remuneration

The auditors' remuneration for the year was RMB1,100 thousand (2021: RMB1,200 thousand).

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

For the year ended 31 December 2022

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

49. Remuneration of Directors, Supervisors and Employees

(1) Remuneration of Directors and Supervisors

- 1) The amount paid or payable as remuneration to the 17 (2021: 24) directors and supervisors are as follows:

For the year ended 31 December 2022:

Name	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefit scheme	Total
Directors					
Su Zhaohui	—	—	—	—	—
Jing Enji	—	—	—	—	—
Shang Da	—	269	54	37	360
Wu Min	—	312	59	39	410
Xu Jian	—	—	—	—	—
Yang Qing	30	—	—	—	30
Zhang Lei	30	—	—	—	30
Cui Ping	—	—	—	—	—
Wang Zechen	60	—	—	—	60
Chan Yee Ping, Michael	100	—	—	—	100
Cui Enqing	50	—	—	—	50
Shi Hongying	100	—	—	—	100
Du Guoqing	100	—	—	—	100
Kong Weiping	50	—	—	—	50
Subtotal	520	581	113	76	1,290
Supervisors					
Liu Huibin	—	—	—	—	—
Li Xiaomei	—	—	—	—	—
Wang Sisi	—	106	24	16	146
Subtotal	—	106	24	16	146
Total	520	687	137	92	1,436

Note:

- (i) Other benefits including medical insurance, unemployment insurance and housing fund.

For the year ended 31 December 2022

(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)****49. Remuneration of Directors, Supervisors and Employees (Continued)****(1) Remuneration of Directors and Supervisors (Continued)**

- 1) The amount paid or payable as remuneration to the 17 (2021: 24) directors and supervisors are as follows: (Continued)

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

Note:

- (i) Other benefits including medical insurance, unemployment insurance and housing fund.

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

For the year ended 31 December 2022

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

49. 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 (2021: two) were directors. The remuneration of the remaining three individuals (2021: three) was as follows:

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Basic salaries and allowance	702	606
Performance-based salaries	1,187	1,071
Employer's contributions to retirement benefit scheme	158	156
Total	2,047	1,833

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

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
HKD0–HKD1,000,000 (equivalent to RMB884,100)	2	2
HKD1,000,001–HKD1,500,000 (equivalent to RMB884,100–RMB1,326,150)	1	1
Total	3	3

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 2022	For the year ended 31 December 2021
HKD0–HKD500,000 (equivalent to RMB442,050)	1	—
HKD500,001—HKD1,000,000 (equivalent to RMB442,050 to RMB884,100)	—	1
Total	1	1

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**50. 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 2022 (2021: 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.

As at 31 December 2022, contributions from retirement benefit scheme recognized in income statement was RMB5,326 thousand (2021: RMB5,046 thousand).

51. Dividends

- (1) The Board did not propose payment of final dividend for 2022, subject to shareholders' approval at the shareholders' general meeting.
- (2) No profit distribution or dividend was confirmed during the period.

52. Distributable reserve

As at 31 December 2022, the Company's undistributed profits available for distribution to shareholders were RMB-657,948 thousand (undistributed profits as at 31 December 2021: RMB-649,968 thousand).

53. Other comprehensive income

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Other comprehensive income not to be reclassified to profit or loss:		
Changes in fair value of other equity instruments investments	11,643	64,312
Other comprehensive income to be reclassified to profit or loss:		
Exchange differences from retranslation of financial statement	92	(35)
Total	11,735	64,277

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

For the year ended 31 December 2022

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

54. Reconciliation of net profit to cash flows from operating activities

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Net profit	(28,174)	(67,192)
Add: Impairment loss of credit	4,563	41,827
Impairment loss of assets	228	332
Fixed assets depreciation	289	562
Amortization of intangible assets	930	952
Amortization of long-term deferred expenses	596	1,964
Depreciation of right-of-use assets	74	1,908
(Loss)/gain on disposal of fixed assets, intangible assets and other long-term assets	(4)	(11)
Loss on scrapping of fixed assets	—	3
Loss/(gain) on the changes in fair value	5,140	14,948
Financial expenses	19	18
Loss/(gain) on investment	(23,581)	(28,217)
Decrease/(increase) in deferred income tax assets	—	—
Increase/(decrease) in deferred income tax liabilities	(577)	(2,184)
Decrease/(increase) of inventories	6,860	1,186
Decrease/(increase) in operating accounts receivable	1,008	49,246
Increase/(decrease) in operating accounts payable	(5,210)	(12,732)
Net cash flow from operating activities	(37,839)	2,610

55. Changes in cash and cash equivalents

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Bank balances and cash at the end of year	73,877	261,083
Less: Bank balances and cash at beginning of year	261,083	195,660
Cash equivalents at the end of year	—	—
Less: cash equivalents at beginning of year	—	—
Net increase in cash and cash equivalents	(187,206)	65,423

For the year ended 31 December 2022

(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)***56. Cash and cash equivalents**

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Bank balances and cash	82,948	264,322
Less: Restricted bank deposits	9,071	3,239
	73,877	261,083
Representing:		
Cash in hand	2	1
Deposits held at call with banks	73,875	261,082
Other currencies held at call with banks	—	—
Balance of cash and cash equivalents at the end of the period	73,877	261,083

IX. CHANGES IN CONSOLIDATED SCOPE

There are no changes in consolidated scope arising from business combination 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 2022

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Constitutions for the Group

Name of subsidiary	Primary operation place	Registered place	Business nature	Registered capital	Shareholding percentage (%)		Acquisition methods
					Direct	Indirect	
BYD Logistics Company Limited	Beijing, PRC	Beijing, PRC	Logistics and warehousing	30,000	92.84	—	Establishment
Beiqing CèCì Advertising (Beijing) Limited	Beijing, PRC	Beijing, PRC	Advertising services	80,000	84.69	—	Business Combination involving entities not under common control
Beiqing Beiqing Outdoor Advertisement Co., Ltd.	Beijing, PRC	Beijing, PRC	Advertising services	10,000	100.00	—	Business Combination involving entities under common control
Beiqing Network Culture Communication Co., Ltd.	Beijing, PRC	Beijing, PRC	Advertising services	15,000	100.00	—	Establishment
Beiqing Long Teng Investment Management (Beijing) Co., Limited	Beijing, PRC	Beijing, PRC	Investment management	50,000	80.84	—	Establishment
Chongqing Youth Media Company Limited	Chongqing, PRC	Chongqing, PRC	Newspaper distribution, advertising services	30,000	60.00	—	Establishment
Beiqing Community Media Technology (Beijing) Co., Ltd. (Note 2)	Beijing, PRC	Beijing, PRC	Advertising services	30,025	57.95	—	Establishment
Beiqing Beiqing Innovative Cultural Industry Development Co., Ltd.	Beijing, PRC	Beijing, PRC	Education culture	15,000	100.00	—	Establishment
CHONG QING YOUTH (AMERICA) LLC	California, United States	California, United States	Travel and rental	8,800	—	60.00	Establishment

For the year ended 31 December 2022

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

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 2022
BYD Logistics Company Limited	7.16	60	—	(959)
Beiqing Community Media Technology (Beijing) Co., Ltd.	42.05	(3,984)	—	13,555

(3) Major financial information for significant not wholly-owned subsidiaries

Name of subsidiary	As at 31 December 2022						As at 31 December 2021					
	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	30,185	22	30,207	43,599	—	43,599	36,056	36	36,092	50,334	—	50,334
Beiqing Community Media Technology (Beijing) Co., Ltd.	44,037	1,374	45,411	13,175	—	13,175	50,245	1,391	51,636	10,985	—	10,985

Name of subsidiary	For the year ended 31 December 2022				For the year ended 31 December 2021			
	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	102,815	850	850	(6,807)	110,108	(10,068)	(10,068)	3,303
Beiqing Community Media Technology (Beijing) Co., Ltd.	28,782	(8,415)	(8,415)	(5,830)	46,061	(1,693)	(1,693)	26,784

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

For the year ended 31 December 2022

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
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

The accounting method for the investment in associates adopted by the Group is equity method.

For the year ended 31 December 2022

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

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)**2. Interests in associates** (Continued)**(2) Major financial information for associates**

Item	As at 31 December 2022/For the year ended 31 December 2022	As at 31 December 2021/For the year ended 31 December 2021
Associates:		
Total book value in investment	3,271	3,527
Aggregated amounts per shareholding percentage for the followings:		
— net profit	(256)	30
— other comprehensive income	—	—
— total comprehensive income	(256)	30

(3) Excess losses from associates

Name of associates	Accumulated unrecognized losses in the previous years on 31 December 2021	Unrecognized loss for the year (or net profits shared in the year)	Accumulated unrecognized losses in the previous years on 31 December 2022
Beijing Leisure Trend Advertising Company Limited	(5,988)	—	(5,988)
Beijing Shengyi Automobile Technology Co., Ltd.	(1,325)	(6)	(1,331)
Beijing Beiqing Top Advertising Limited	(12,619)	—	(12,619)
BY Times Consulting Co., Ltd.	(152)	(17)	(169)

Note: As of the date of this report, Beijing Beiqing Top Advertising Limited has not yet provided its 2022 financial statements.

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

For the year ended 31 December 2022

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 2022	Proportion of total assets (%)
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	222,256	31.52
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	35,874	5.09
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Beijing	Beijing	Internet information service	5.00	3,284	0.47
Beijing International Advertising & Communication Group Co., Ltd.	Beijing	Beijing	Design, production and provision of agency service of advertisements	11.44	20,603	2.92

(2) Major financial information of significant investees among other equity instruments investment:

Company name	Net profit attributable to owners of the parent company for the year ended 31 December 2022 (RMB thousand)	Accumulated undistributed profits as at 31 December 2022 (RMB thousand)	Dividend income confirmed for the year ended 31 December 2022 (RMB thousand)
Beiyang Publishing & Media Co., Ltd.	—	—	—
Beijing Keyin Media and Culture Co., Ltd.	2,458	164,014	11,160

Note: As of the date of this report, Beiyang Publishing & Media Co., Ltd. has not yet released its 2022 financial report.

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. The Company's investment in Beiyang Media is mainly based on: 1) Beiyang Media's good operating condition; and 2) its capital operation plan, such as its share reform and listing, in order to obtain a better investment return. Upon the Company's investment, Beiyang Media has been operating well in recent years 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.

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. The Company's investment in Keyin Media is mainly based on its good operating conditions and listing plans. Upon the Company's investment, Keyin Media has been operating well in recent years 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 as at 31 December 2022	Proportion of total assets (%)
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	Suzhou, Jiangsu	Suzhou, Jiangsu	Investment management	2.61	250	0.04

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

For the year ended 31 December 2022

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 2022			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
1. Fair value measurement on recurred basis				
(I) financial assets held for trading	—	—	162,663	162,663
(II) Other non-current financial assets	—	—	250	250
1. Financial assets designated at fair value through profit or loss	—	—	250	250
(III) Investment in other equity instruments	—	—	282,017	282,017
(IV) Investment properties	—	89,697	—	89,697
1. Leased building	—	89,697	—	89,697
Total assets at fair value on recurred basis	—	89,697	444,930	534,627

- (1) The fair value of the Group's other non-current financial assets as at 31 December 2022 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 2022 is determined based on the appraisal conducted by market method;
- (3) The fair value of the Group's investment properties as at 31 December 2022 is determined based on the recent market value of properties located at the same place with similar condition.

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	Beiqing M-Media (Beijing) Culture Media Co., Ltd.
Subsidiary of BYDA	Beijing United Communication Media Technology (Beijing) 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	Beiqing Film & Television (Beijing) Co., Ltd.
Subsidiary of BYDA	Beijing Beiqing 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 BYDA	Beijing Youth Travel Service Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Capital Securities 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.
Subsidiary of Beijing Capital Group Company Limited	Beijing Agriculture Guaranty Co., Ltd.* (北京市農業融資擔保有限公司)
Subsidiary of Beijing Capital Group Company Limited	Beijing Kangyuan Real Estate Management Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Rural Area Equity Exchange Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Agricultural Investment Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Municipal Economic Development and Investment Co., Ltd.
Associate of the Company	Beijing Beiqing 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	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.
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
Other related parties	Jcontentree corp
Other related parties	JTBC Plus M&B
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.

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

For the year ended 31 December 2022

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	Media and publishing	Tian Kewu	91110105MA008QJ53Y

Parent company's registered capital and its changes

Name	As at 1 January 2022	Increase in this period	Decrease in this period	As at 31 December 2022
BYDA	22,439	—	—	22,439

Shares or equity held by parent company and its changes

Name	Shareholding amount		Shareholding percentage (%)	
	As at 31 December 2022	As at 1 January 2022	As at 31 December 2022	As at 1 January 2022
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	Business services	He Jiangchuan	91110000101138949N

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 2022	For the year ended 31 December 2021
BYDA (Note)	Contracted price	11,233	9,586
Subsidiaries of BYDA	Contracted price	675	4,153
Subsidiary of Beijing Capital Group Co., Ltd.	Contracted price	1,002	—
Total		12,910	13,739

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 2022	For the year ended 31 December 2021
BYDA	Contracted price	98	472
Subsidiaries of BYDA	Contracted price	2,450	773
Subsidiary of Beijing Capital Group Company Limited	Contracted price	293	245
Total		2,841	1,490

(3) Asset Management

To increase the cash revenue of the Group, the Company entered into the single asset management contract with Capital Securities and the Beijing Branch of Bank of Communications Co., Ltd. on 19 April 2022 to effectively manage existing idle funds through conducting low-risk investment activities without affecting the ordinary operating liquidity of the Group. Pursuant to the single asset management contract, the Company will entrust Capital Securities to provide asset management and investment services for the entrusted assets, effective from the date of approval by the Independent Shareholders at the AGM for a period of one year, with an investment cost of RMB160,000 thousand and on 31 December 2022, the fair value of the asset management product was RMB162,663 thousand.

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

For the year ended 31 December 2022

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Related party transactions (Continued)

(4) Leasing (The Group as lessor)

Lessee	Type of assets leased	Date of commencement	Date of termination	Basis for rental income	Rental income recognized for this period
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Building	2022-1-1	2022-12-31	Contracted price	1,667
Beijing Rural Area Equity Exchange Co., Ltd.	Building	2022-4-1	2025-3-31	Contracted price	979
Beijing Agricultural Investment Co., Ltd.	Building	2022-4-1	2025-3-31	Contracted price	804

(5) Leasing (The Group as lessee)

Lessor	Type of assets leased	Date of commencement	Date of termination	Basis for rental fees	Rental expenses recognized for this period
BYDA	Building	2022-1-1	2022-12-31	Contracted price	1,667

(6) Remuneration for key management personnel

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Remuneration for key management personnel	1,667	2,311

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(7) Financial guarantee from related parties

Nil.

For the year ended 31 December 2022

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

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**3. Related party transactions** (Continued)**(8) Continuing related party transactions**

Save as the connected transactions and continuing connected transactions disclosed in the chairman's statement of the 2022 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.

For the year ended 31 December 2022, 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 2022		Maximum Annual Cap	Amount for the year
		Date of announcement	Nature of transaction		
Advertising Management Right Transfer Agreement	BYDA	2021/11/12	Advertising placement expense	8,000	1,388
Advertising Agency Framework Agreement	BYDA	2021/11/12	Advertising placement expense	16,000	1,016
Personnel Service Agreement	BYDA	2021/11/12	Personnel service expense	2,300	1,564
Mobile Client Advertising Agency Agreement	BYDA				7,069
Advertising Agency Agreement	Beijing Youth Daily Network Communication Technology Co., Ltd.	2022/02/23	Advertising placement expense	12,000	675
Asset Management Agreement	Capital Securities Co., Ltd.	2022/04/19	Entrusted wealth management	200,000	162,663
Premises Leasing Agreement	Beijing Rural Area Equity Exchange Co., Ltd.	2022/03/31	Rental income	1,423	979
Premises Leasing Agreement	Beijing Agricultural Investment Co., Ltd.	2022/03/31	Rental income	1,168	804

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

For the year ended 31 December 2022

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 2022		As at 31 December 2021	
	Balance of carrying amount	Provision for bad debts	Balance of carrying amount	Provision for bad debts
BYDA	14,912	11,071	15,812	8,597
Associates of the Company	47,883	47,883	47,883	47,846
Subsidiaries of BYDA	117,261	117,222	117,360	117,301
Subsidiaries of Beijing Capital Group Company Limited	181	49	260	36
Other related parties	6	6	6	6
Total	180,243	176,231	181,321	173,786

(2) Other receivables due from related parties

Related parties	As at 31 December 2022		As at 31 December 2021	
	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	5,156
Subsidiaries of Beijing Capital Group Company Limited	1,268	172	343	48
Other related parties	302	41	2	—
Total	6,765	5,408	5,540	5,243

For the year ended 31 December 2022

(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** (Continued)**(3) Accounts payable due to related parties**

	As at 31 December 2022	As at 31 December 2021
Related parties		
BYDA	4,226	969
Subsidiaries of BYDA	147	984
Subsidiaries of Beijing Capital Group Company Limited	541	541
Other related parties	616	616
Total	5,530	3,110

(4) Other payables due to related parties

	As at 31 December 2022	As at 31 December 2021
Related parties		
BYDA	2,577	1,676
Subsidiaries of BYDA	301	150
Associates of the Company	100	100
Subsidiaries of Beijing Capital Group Company Limited	276	—
Total	3,254	1,926

(5) Contractual liabilities due to related parties

	As at 31 December 2022	As at 31 December 2021
Related parties		
Subsidiaries of Beijing Capital Group Company Limited	111	—
Total	111	—

(6) Prepayment due to related parties

	As at 31 December 2022	As at 31 December 2021
Related parties		
BYDA	—	308
Total	—	308

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

For the year ended 31 December 2022

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 2022, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 31 December 2022	As at 31 December 2021
Within one year	1,581	1,817
1-2 years	1,617	—
2-3 years	1,645	—
Total	4,843	1,817

(2) *The Group as lessor*

As at 31 December 2022, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 31 December 2022	As at 31 December 2021
Within one year	7,555	1,784
1-2 years	4,753	2,294
2-3 years	2,272	2,152
After 3 years	2,973	5,233
Total	17,553	11,463

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 2022.

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.

For the year ended 31 December 2022

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

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 and events:	Sales of advertising spaces and outdoor advertising of the media or activities operated by BYDA, Chongqing Youth Daily, Beijing Community Newspaper, youth cultural activities and camp base education activities.
Printing:	Provision of printing services.
Trading of print-related materials:	Sales of paper, ink, lubricant, film, pre-coating photo sensitive liquid plate and rubber plate used for printing and other print-related materials.

1. For the year ended 31 December 2022

Item	Advertising and activity	Printing	Trading of print-related materials	Unallocated amount	Elimination	Total
Operating income	58,491	6,807	95,441	10,544	(12,886)	158,397
Including: Income from external transactions	58,116	2,802	88,983	8,496	—	158,397
Income from intra-segment transactions	375	4,005	6,458	2,048	(12,886)	—
Total operating costs	99,522	6,187	96,055	10,971	(12,886)	199,849
Provision for impairment	3,940	(47)	(659)	1,557	—	4,791
Gains on changes in fair value	—	—	—	(5,140)	—	(5,140)
Investment income	—	—	—	42,281	(18,700)	23,581
Gain on disposal of asset	—	—	—	4	—	4
Other income	—	—	—	154	—	154
Operating profit (loss)	(44,971)	667	45	35,315	(18,700)	(27,644)
Non-operating income and expenses, net	(38)	—	2	101	—	65
Total profit	(45,009)	667	47	35,416	(18,700)	(27,579)
Income tax expenses	—	—	4	591	—	595
Net profit	(45,009)	667	43	34,825	(18,700)	(28,174)
Total assets	274,108	2,000	28,040	656,980	(256,019)	705,109
Total liabilities	76,185	2,886	40,473	38,719	(80,815)	77,448
Supplementary information						
Depreciation and amortization expenses	967	1	13	312	—	1,293
Capital expenditure	860	—	—	70	—	930
Impairment of assets	3,940	(47)	(659)	1,557	—	4,791
Non-cash expenses excluding depreciation and impairment of assets	—	—	—	—	—	—

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

For the year ended 31 December 2022

XV. SEGMENT INFORMATION (Continued)

2. For the year ended 31 December 2021

Item	Advertising and activity	Printing	Trading of print-related materials	Unallocated amount	Elimination	Total
Operating income	83,133	7,430	102,121	6,234	(11,366)	187,552
Including: Income from external transactions	82,855	2,921	96,486	5,290	—	187,552
Income from intra-segment transactions	278	4,509	5,635	944	(11,366)	—
Total operating costs	116,761	6,836	102,678	6,565	(11,867)	220,973
Provision for impairment	29,197	669	9,191	8,291	(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)	30,847	(20,310)	(62,111)
Non-operating income and expenses, net	(486)	3	40	56	—	(387)
Total profit	(63,311)	(72)	(9,708)	30,903	(20,310)	(62,498)
Income tax expenses	—	25	340	4,329	—	4,694
Net profit	(63,311)	(97)	(10,048)	26,574	(20,310)	(67,192)
Total assets	296,924	2,436	33,473	623,972	(229,246)	727,560
Total liabilities	58,529	3,397	46,683	33,955	(60,562)	82,002
Supplementary information						
Depreciation and amortization expenses	3,394	1	15	513	(501)	3,422
Capital expenditure	634	—	—	85	—	719
Impairment of assets	29,197	669	9,191	8,291	(5,189)	42,159
Non-cash expenses excluding depreciation and impairment of assets	—	—	—	—	—	—

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

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 2022	As at 31 December 2021
Investment properties and fixed assets	89,697	96,185
Total	89,697	96,185

XVII. SUPPLEMENTARY INFORMATION**1. Earnings per share**

Item	For the year ended 31 December 2022	For the year ended 31 December 2021
Net profit attributable to shareholders of the Company for the year	(23,500)	(64,159)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Basic earnings per share (RMB)	(0.12)	(0.33)

Basic earnings per share and diluted earnings per share during the years ended 31 December 2021 and 2022 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 2022	As at 31 December 2021
Financial assets		
Investment at fair value through profit or loss, at fair value	162,913	1,946
Financial assets at fair value through other comprehensive income	282,017	270,421
Loan and receivables (including cash and cash equivalents)	140,381	322,577
Financial liabilities		
At amortised cost	51,515	54,584

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.

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 2022 would increase/decrease by RMB419 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 2022, 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.

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

For the year ended 31 December 2022

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	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	Notes payable	6,086	3,239	—	—	6,086	3,239	6,086
Accounts payable	11,666	14,748	—	—	11,666	14,748	11,666	14,748
Other payables	25,061	23,604	—	—	25,061	23,604	25,061	23,604
Non-current liabilities due within one year	—	61	—	—	—	65	—	61
Leased liabilities	—	—	—	—	—	—	—	—

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.

For the year ended 31 December 2022

(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**

Item	Notes	As at 31 December 2022	As at 31 December 2021
Current assets:			
Bank balances and cash		14,795	159,777
Financial assets held for trading		162,663	—
Accounts receivable	<i>XVIII.1</i>	21,645	31,421
Prepayments		34,654	36,094
Other receivables		12,592	2,209
Inventories		464	1,089
Other current assets		26,627	26,058
Total current assets		273,440	256,648
Non-current assets :			
Long-term equity investment	<i>XVIII.2</i>	181,818	175,440
Other equity instruments investment		278,733	266,949
Other non-current financial assets		250	1,946
Investment properties		56,485	61,282
Fixed assets		898	962
Construction in progress		—	—
Right-of-use assets		—	—
Intangible assets		18,141	19,067
Long-term deferred expenses		335	468
Other non-current assets		—	—
Total non-current assets		536,660	526,114
Total assets		810,100	782,762

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

For the year ended 31 December 2022

XVII. SUPPLEMENTARY INFORMATION (Continued)

3. Balance sheet of the Company (Continued)

Item	As at 31 December 2022	As at 31 December 2021
Current liabilities:		
Accounts payable	3,793	984
Contract liability	12,779	15,064
Employee benefit payables	6,005	4,524
Tax payables	64	91
Other payables	42,223	20,533
Other current liabilities	767	903
Total current liabilities	65,631	42,099
Total liabilities	65,631	42,099
Shareholders' equity:		
Share capital	197,310	197,310
Capital reserves	904,453	904,453
Other comprehensive income	169,723	157,937
Surplus reserves	130,931	130,931
Undistributed profits	(657,948)	(649,968)
Total shareholders' equity	744,469	740,663
Total liabilities and shareholders' equity	810,100	782,762

For the year ended 31 December 2022

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**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 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
Change in accounting policies	—	—	—	—	—	—
As at 1 January 2022	197,310	904,453	157,937	130,931	(649,968)	740,663
Net profit	—	—	—	—	(7,980)	(7,980)
Other comprehensive income	—	—	11,786	—	—	11,786
Sub-total of the changes during the year	—	—	11,786	—	(7,980)	3,806
As at 31 December 2022	197,310	904,453	169,723	130,931	(657,948)	744,469

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY**1. Accounts receivable of the Company**

Item	As at 31 December 2022	As at 31 December 2021
Accounts receivable	271,769	278,465
Less: Provision for bad debts	250,124	247,044
Net accounts receivable	21,645	31,421
For reporting purpose, analysis as:		
Non-current assets — long-term receivables	—	—
Current assets — accounts receivable	21,645	31,421
Total	21,645	31,421

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

For the year ended 31 December 2022

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 2022	As at 31 December 2021
0-90 days	1,523	4,713
91-180 days	980	2,550
181-365 days	789	2,903
1-2 years	2,718	4,524
Over 2 years	15,635	16,731
Total	21,645	31,421

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 2022				As at 31 December 2021			
	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	110,657	40.72	110,657	100.00	110,109	39.54	110,109	100.00
Accounts receivable with bad debt provision made on group basis:								
Aging group	126,414	46.52	121,576	96.17	133,326	47.88	121,113	90.84
Related party group	34,698	12.76	17,891	51.56	35,030	12.58	15,822	45.17
Total	271,769	100.00	250,124		278,465	100.00	247,044	

For the year ended 31 December 2022

(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)**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 2022			As at 31 December 2021		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	3,384	13.60	459	8,754	14.55	1,274
1-2 years	2,605	54.80	1,428	1,023	57.10	584
2-3 years	835	73.43	613	3,297	78.59	2,591
3-4 years	1,625	84.72	1,377	2,651	86.43	2,291
Over 4 years	117,965	99.77	117,699	117,601	97.26	114,373
Total	126,414	—	121,576	133,326	—	121,113

(3) The top five accounts receivable as at 31 December 2022 represented 46.78% of the total accounts receivable.

2. Long-term equity investment of the Company**(1) Classification of long-term equity investments**

Item	As at 31 December 2022			As at 31 December 2021		
	Balance of carrying amount	Impairment provision	Carrying value	Balance of carrying amount	Impairment provision	Carrying value
Investments in subsidiaries	234,825	55,000	179,825	228,304	55,000	173,304
Investments in associates	1,993	—	1,993	2,136	—	2,136
Total	236,818	55,000	181,818	230,440	55,000	175,440

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

For the year ended 31 December 2022

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 2022			31 December 2022		31 December 2022
BYD Logistics Company Limited	44,814	—	—	44,814	—	—
Beiqing CéCi 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.	15,000	—	—	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	1,521	—	36,521	—	—
Beijing Beiqing Innovative Cultural Industry Development Co., Ltd.	—	5,000	—	5,000	—	—
Total	228,304	6,521	—	234,825	—	55,000

(3) Investments in associates

Investee	Changes in the current year									Balance on 31 December 2022	Balance of impairment provision on 31 December 2022
	Balance on 1 January 2022	Additional investment	Decrease in investment	Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment	Others		
Associates											
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—	—
Beijing Shengyi Automobile Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency Co. Limited	2,136	—	—	(143)	—	—	—	—	—	1,993	—
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—
Beijing Beiqing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—	—
Total	2,136	—	—	(143)	—	—	—	—	—	1,993	—

XIX. APPROVAL OF FINANCIAL REPORT

This financial report was approved by the Board of the Company on 24 March 2023.

Beijing Media Corporation Limited

24 March 2023