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BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock Code: 1000)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS:

1. Total operating revenue increased by 11.71% to RMB80,666 thousand (total operating revenue for the corresponding period of 2022: RMB72,207 thousand).
2. Net loss attributable to shareholders of the Company was RMB4,155 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2022: RMB11,896 thousand).
3. Loss per share was RMB0.02 (loss per share for the corresponding period of 2022: RMB0.06).

The board (the “Board”) of directors (“Directors”) of Beijing Media Corporation Limited (the “Company” or “Beijing Media”, and together with its subsidiaries, the “Group”) hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2023 (the “First Half of 2023”) and the comparative results of the Group for the corresponding period of 2022.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Unit: RMB'000

Item	Notes	For the six months ended	
		30 June	2022
Total operating revenue	1	80,666	72,207
Total operating costs		92,703	85,458
Less: Operating costs	1	68,649	66,763
Tax and surcharges	2	1,117	1,038
Selling expenses		7,320	7,659
Administrative expenses		15,845	12,339
Financial expenses	3	(228)	(2,341)
Including: Interest expenses		—	5
Interest income		268	2,422
Add: Other income		47	44
Investment income	4	8,057	95
Including: Gain from investments in associates		—	(249)
Gain on the changes in fair value	5	3,764	(1,595)
Impairment loss of credit	6	(3,922)	(1,095)
Impairment loss of assets		(194)	—
Gain on disposal of asset		3	—
Operating profit		(4,282)	(15,802)
Add: Non-operating income	7	4	60
Less: Non-operating expenses	8	93	24
Total profit		(4,371)	(15,766)
Less: Income tax expenses	9	(31)	(1,786)
Net profit		(4,340)	(13,980)
Net profit attributable to:			
Net profit from continuing operations		(4,340)	(13,980)
Net profit from discontinued operations		—	—
Shareholders of the Company		(4,155)	(11,896)
Non-controlling shareholders		(185)	(2,084)

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	<i>Notes</i>	For the six months ended	
		2023	2022
		30 June	
Other net comprehensive income after tax		206	93
Other net comprehensive income after tax			
attributable to owners of the parent company	<i>10</i>	124	56
Including: Other comprehensive income that will be			
subsequently reclassified into profit or			
loss		124	56
Including: Exchange differences from			
retranslation of financial			
statements		124	56
		<hr/>	<hr/>
Other net comprehensive income after tax		82	37
attributable to non-controlling shareholders		<hr/>	<hr/>
Total comprehensive income		(4,134)	(13,887)
		<hr/>	<hr/>
Total comprehensive income attributable to			
shareholders of the parent company		(4,031)	(11,840)
Total comprehensive income attributable to non-			
controlling shareholders		(103)	(2,047)
		<hr/>	<hr/>
Earnings per share:			
Basic earnings per share (<i>RMB</i>)	<i>11</i>	(0.02)	(0.06)
Diluted earnings per share (<i>RMB</i>)	<i>11</i>	(0.02)	(0.06)
		<hr/> <hr/>	<hr/> <hr/>
Dividends	<i>12</i>	—	—
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Unit: RMB'000

Item	<i>Notes</i>	As at 30 June 2023	As at 31 December 2022
Current assets:			
Bank balances and cash		74,542	82,948
Trading financial assets	<i>13/28</i>	162,243	162,663
Notes receivable		—	382
Accounts receivable	<i>14</i>	22,741	17,900
Prepayments	<i>15</i>	3,494	2,496
Other receivables	<i>16</i>	4,933	11,800
Inventories		10,224	4,853
Other current assets	<i>17</i>	26,813	27,351
Total current assets		304,990	310,393
Non-current assets:			
Long-term equity investment	<i>18</i>	3,271	3,271
Investment in other equity instruments	<i>19/28</i>	282,017	282,017
Other non-current financial assets	<i>20/28</i>	250	250
Investment properties	<i>21</i>	82,247	89,697
Fixed assets	<i>22</i>	760	568
Construction in progress		—	—
Intangible assets	<i>23</i>	17,695	18,147
Goodwill	<i>24</i>	—	—
Right-of-use assets		—	—
Long-term deferred expenses		1,803	766
Other non-current assets	<i>25</i>	—	—
Total non-current assets		388,043	394,716
Total assets		693,033	705,109

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	<i>Notes</i>	As at 30 June 2023	As at 31 December 2022
Current liabilities:			
Notes payable		—	6,086
Accounts payable	26	16,715	11,666
Contract liabilities		26,553	20,912
Employee benefit payables		4,387	8,425
Tax payables		233	277
Other payables	27	16,420	25,061
Non-current liabilities due within one year		—	—
Other current liabilities		1,297	1,120
Total current liabilities		65,605	73,547
Non-current liabilities:			
Deferred income tax liabilities		3,901	3,901
Total non-current liabilities		3,901	3,901
Total liabilities		69,506	77,448
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		934,606	934,606
Other comprehensive income	10	171,970	171,846
Surplus reserves		130,931	130,931
Undistributed profits		(821,801)	(817,646)
Total equity attributable to shareholders of the Company		613,016	617,047
Non-controlling interest		10,511	10,614
Total shareholders' equity		623,527	627,661
Total liabilities and shareholders' equity		693,033	705,109
Net current assets		239,385	236,846
Total assets less current liabilities		627,428	631,562

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements for the six months ended 30 June 2023 have been prepared on a going-concern basis and based on the actual transactions and matters incurred, in accordance with requirements such as Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards (“PRC Accounting Standard”) issued by the Ministry of Finance of the People's Republic of China (the “Ministry of Finance”), as well as applicable disclosure requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Hong Kong Companies Ordinance; and the accounting policies and estimates as stated in Note V “Significant accounting policies and accounting estimates” of the “Notes to the Financial Statements” of the Group's interim report.

2. Going concern

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

CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECT

The Group has no changes in accounting policies during the period.

STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the relevant information in the consolidated financial position as at 30 June 2023 and the consolidated operating results, consolidated cash flows for the six months ended 30 June 2023.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING INCOME AND OPERATING COSTS

Item	For the six months ended 30 June	
	2023	2022
Principal operating income	70,680	69,686
Other operating income	9,986	2,521
Total operating income	80,666	72,207
Principal operating costs	64,360	66,109
Other operating costs	4,289	654
Total operating costs	68,649	66,763
Gross Profit	12,017	5,444

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

(1) Principal operations — by business segment

Item	For the six months ended 30 June			
	2023		2022	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	37,091	32,679	25,451	23,548
Printing	613	545	2,186	2,063
Trading of printing-related materials	30,564	28,882	41,888	40,234
Distribution	32	75	27	81
Service	2,221	2,020	—	—
Others	159	159	134	183
Total	70,680	64,360	69,686	66,109

(2) The sum of operating income from the top five customers is RMB26,392 thousand representing 32.72% of operating income for the six months ended 30 June 2023.

(3) Other operating income includes revenue from property rental income of RMB3,269 thousand.

2. TAX AND SURCHARGES

Item	For the six months ended 30 June	
	2023	2022
Urban maintenance and construction tax	84	55
Education surcharge	36	24
Local education surcharge	24	16
Property tax	664	505
Expenses for cultural undertakings development	227	370
Others	82	68
Total	1,117	1,038

3. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2023	2022
Interest expenses	—	5
Less: Interest income	268	2,422
Exchange gain and loss	10	38
Add: Commissions and other expenses	30	38
Total	(228)	(2,341)

4. GAIN ON INVESTMENT

Item	For the six months ended 30 June	
	2023	2022
Share of profit of associates	—	(249)
Investment income received from the disposal of financial assets at fair value through profit or loss	(14)	85
Investment income received from holding investments in other equity instruments	7,545	—
Other investment income	526	259
Total	8,057	95

5. GAIN/(LOSS) ON THE CHANGES IN FAIR VALUE

Item	For the six months ended 30 June	
	2023	2022
Changes in fair value of transactional financial assets	4,594	46
Changes in fair value of investment properties	(830)	(1,641)
Total	<u>3,764</u>	<u>(1,595)</u>

6. CREDIT IMPAIRMENT LOSSES

Item	For the six months ended 30 June	
	2023	2022
Loss from bad debts	(3,922)	(1,095)
Total	<u>(3,922)</u>	<u>(1,095)</u>

7. NON-OPERATING INCOME

Item	For the six months ended 30 June	
	2023	2022
Others	4	60
Total	<u>4</u>	<u>60</u>

8. NON-OPERATING EXPENSES

Item	For the six months ended 30 June	
	2023	2022
Compensation and late payment fines	—	24
Losses on abandonment of non-current assets	3	—
Others	90	—
Total	93	24

9. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2023	2022
Current income tax expenses	(31)	(1,786)
Deferred income tax expenses	—	—
Total	(31)	(1,786)

(2) Current income tax expenses

Item	For the six months ended 30 June	
	2023	2022
Current income tax — PRC	21	25
Under-provision in prior years — PRC	(52)	(1,811)
Total	(31)	(1,786)

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

10. OTHER COMPREHENSIVE INCOME

Item	As at 1 January 2023	Amount before income tax for the year	Less: other comprehensive income subsequently reclassified into profit or loss in current period	Less: income tax expenses	Amount after tax attributable to the parent company	Amount after tax attributable to non- controlling shareholders	As at 30 June 2023
1. Other comprehensive income subsequently unable to be reclassified into profit or loss	171,261	—	—	—	—	—	171,261
Including: Change in fair value of other investments of equity instruments	171,261	—	—	—	—	—	171,261
2. Other comprehensive income subsequently able to be reclassified into profit or loss	585	206	—	—	124	82	709
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss	550	—	—	—	—	—	550
Including: Exchange differences from retranslation of financial statement	35	206	—	—	124	82	159
Total other comprehensive income	171,846	206	—	—	124	82	171,970

11. EARNINGS PER SHARE

Item	For the six months ended 30 June	
	2023	2022
Net profit for the half-year attributable to shareholders of the Company	(4,155)	(11,896)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Basic earnings per share (RMB)	(0.02)	(0.06)

The basic earnings and diluted earnings per share for the six months ended 30 June 2022 and 2023 are the same as there was no dilution incurred during the periods.

12. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022 : Nil).

13. FINANCIAL ASSETS HELD FOR TRADING

Item	Investment cost	As at 30 June 2023	As at 31 December 2022
Wealth management product	<u>155,200</u>	<u>162,243</u>	<u>162,663</u>
Total	<u>155,200</u>	<u>162,243</u>	<u>162,663</u>

14. ACCOUNTS RECEIVABLE

Item	As at 30 June 2023	As at 31 December 2022
Accounts receivable	431,878	423,247
Less: Provision for bad debts	<u>409,137</u>	<u>405,347</u>
Net accounts receivable	<u>22,741</u>	<u>17,900</u>

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

Item	As at 30 June 2023	As at 31 December 2022
0–90 days	13,158	7,055
91–180 days	1,489	1,672
181–365 days	3,119	2,014
1–2 years	2,153	2,539
Over 2 years	<u>2,822</u>	<u>4,620</u>
Total	<u>22,741</u>	<u>17,900</u>

The top five accounts receivable as at 30 June 2023 represented 44.11% of the total accounts receivable.

15. PREPAYMENTS

Item	As at 30 June 2023	As at 31 December 2022
Prepayments	3,494	2,496
Less: Provision for bad debts	—	—
Net prepayments	<u>3,494</u>	<u>2,496</u>

The following is an aging analysis of prepayments:

Item	As at 30 June 2023	As at 31 December 2022
Within 1 year	3,472	2,474
Over 1 year	<u>22</u>	<u>22</u>
Total	<u>3,494</u>	<u>2,496</u>

The top five prepayments as at 30 June 2023 represented 71.47% of the total prepayments.

16. OTHER RECEIVABLES

Item	As at 30 June 2023	As at 31 December 2022
Dividends receivable	1,878	11,104
Other receivables	206,435	203,481
Less: Provision for bad debts	<u>203,380</u>	<u>202,785</u>
Net other receivables	<u>4,933</u>	<u>11,800</u>

16. OTHER RECEIVABLES (CONTINUED)

(1) Dividends receivables

Dividends receivables by nature

Item	As at 30 June 2023	As at 31 December 2022
Investment dividend	1,878	11,104
Less: Provision for bad debts	—	1,511
Total	1,878	9,593

(2) Other receivables

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

Item	As at 30 June 2023	As at 31 December 2022
Within 1 year	1,096	2,104
1–2 years	1,925	45
2–3 years	34	35
3–4 years	—	18
Over 4 years	—	5
Total	3,055	2,207

2) Other receivables classified by nature

Nature	As at 30 June 2023	As at 31 December 2022
Related party current account	5,945	6,742
External unit current	198,736	194,776
Deposit and margin	319	426
Reserve funds	1,353	1,534
Others	82	3
Total	206,435	203,481

17. OTHER CURRENT ASSETS

Item	As at 30 June 2023	As at 31 December 2022
VAT to be deducted	26,601	27,232
Prepaid income tax	212	118
Prepaid cultural business tax	—	1
Total	26,813	27,351

18. LONG-TERM EQUITY INVESTMENTS

(1) Types of long-term equity investments

Type	As at 30 June 2023	As at 31 December 2022
Investments in associates — under equity method	4,219	4,219
Less: Provision for impairment for investments in associates	948	948
Total	3,271	3,271

Investee	Balance as at 1 January 2023	Additional investment	Decrease in investment	Changes in the period						Others	Balance as at 30 June 2023	Balance of impairment provision as at 30 June 2023
				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				
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—	—	
Beijing Shengyi Automobile Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	
Beijing Beisheng United Insurance Agency Co., Ltd.	1,993	—	—	—	—	—	—	—	—	1,993	—	
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	
Beijing Beijing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—	—	
Chongqing Soyang Internet Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	948	
Beijing Shangyou Network Technology Co., Ltd.	1,278	—	—	—	—	—	—	—	—	1,278	—	
Total	3,271	—	—	—	—	—	—	—	—	3,271	948	

18. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Investments in associates

Item	As at 30 June 2023	As at 31 December 2022
Unlisted investments, at cost	41,026	41,026
Share of post-acquisition profit	(36,807)	(36,807)
Provision for impairment	948	948
Total	3,271	3,271

19. INVESTMENT IN OTHER EQUITY INSTRUMENTS

(1) Investment in other equity instruments

Item	Investment cost	As at 30 June 2023	As at 31 December 2022	Dividend income recognized for the period
Beijing Keyin Media Culture Co., Ltd.	6,560	35,874	35,874	729
Beiyang Publishing & Media Co., Ltd.	103,000	222,256	222,256	6,816
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	3,284	3,284	—
Beijing International Advertising & Communication Group Co., Ltd.	33,119	20,603	20,603	—
Total	143,179	282,017	282,017	7,545

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

Type	As at 30 June 2023	As at 31 December 2022
Unlisted equity investments, PRC	282,017	282,017
Total	282,017	282,017

20. OTHER NON-CURRENT FINANCIAL ASSETS

(1) Investment in other non-current financial assets

Item	Investment cost	As at 30 June 2023	As at 31 December 2022	Dividend income recognized for the period
Suzhou Huaying Culture Industry Investment Enterprise (Limited Partnership)	<u>1,818</u>	<u>250</u>	<u>250</u>	<u>—</u>
Total	<u>1,818</u>	<u>250</u>	<u>250</u>	<u>—</u>

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

Type	As at 30 June 2023	As at 31 December 2022
Unlisted equity investments, PRC	<u>250</u>	<u>250</u>
Total	<u>250</u>	<u>250</u>

21. INVESTMENT PROPERTIES

Investment properties measured at fair value

Type	As at 30 June 2023	As at 31 December 2022
Buildings	<u>82,247</u>	<u>89,697</u>
Total	<u>82,247</u>	<u>89,697</u>

The fair value of the Group's investment properties as at 30 June 2023 have been arrived at by reference to recent market prices for similar properties in the same locations and conditions.

As at 30 June 2023, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB3,418 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.

As at 30 June 2023, the title of the Group's two properties located outside of China has been changed.

22. FIXED ASSETS

For the six months ended 30 June 2023, the fixed assets of the Group increased by RMB479 thousand (corresponding period of 2022: the fixed assets increased by RMB95 thousand).

For the six months ended 30 June 2023, the Group disposed of fixed assets with original carrying amount of RMB399 thousand (corresponding period of 2022: RMB163 thousand).

For the six months ended 30 June 2023, the depreciation of fixed assets recognised in the income statement is RMB285 thousand (corresponding period of 2022: RMB229 thousand).

23. INTANGIBLE ASSETS

For the six months ended 30 June 2023, the intangible assets of the Group increased by RMB0 thousand (corresponding period of 2022: increased by RMB0 thousand).

For the six months ended 30 June 2023, the amortization of intangible assets recognised in the income statement is RMB452 thousand (corresponding period of 2022: RMB476 thousand).

24. GOODWILL

Item	As at 30 June 2023	As at 31 December 2022
Goodwill arising from the acquisition of Beiqing CéCi	47,377	47,377
Less: Provision for impairment	<u>47,377</u>	<u>47,377</u>
Total	<u>—</u>	<u>—</u>

25. OTHER NON-CURRENT ASSETS

Item	As at 30 June 2023	As at 31 December 2022
Film project prepaid expenses (<i>Note</i>)	24,000	24,000
Less: Provision for impairment	<u>24,000</u>	<u>24,000</u>
Total	<u>—</u>	<u>—</u>

Note: Prepayments for film project are relevant to the Company's participation in film and television production of "Oriental King of Soccer" (《東方球王》). The project settlement period exceeds one year. The Company entered into agreements with Qianmen (Beijing) Media Co. Ltd., pursuant to which the Company participated in the production of TV series "Oriental King of Soccer". As at 30 June 2023, the balance of prepayments related to the television project "Oriental King of Soccer" was RMB24,000 thousand. "Oriental King of Soccer" has not been released.

26. ACCOUNTS PAYABLE

Item	As at 30 June 2023	As at 31 December 2022
Accounts payable	<u>16,715</u>	<u>11,666</u>
Total	<u>16,715</u>	<u>11,666</u>

The following is an aging analysis of accounts payable as at 30 June 2023 presented based on the invoice date:

Item	As at 30 June 2023	As at 31 December 2022
0–90 days	12,520	7,891
91–180 days	977	47
181–365 days	138	322
Over one year	<u>3,080</u>	<u>3,406</u>
Total	<u>16,715</u>	<u>11,666</u>

27. OTHER PAYABLES

Nature	As at 30 June 2023	As at 31 December 2022
Current account	9,121	17,160
Deposit and margin	5,820	5,981
Collection and payment for other persons	282	851
Others	<u>1,197</u>	<u>1,069</u>
Total	<u>16,420</u>	<u>25,061</u>

28. EQUITY IN OTHER ENTITIES

A. Equity in investment in other equity instruments

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

Company name	Place of registration	Principal place of business	Business nature	Shareholding Percentage (%)	Fair value as	Proportion of total assets (%)
					at 30 June 2023	
Beiyang Publishing & Media Co., Ltd.	Shijiazhuang	Shijiazhuang	Production, printing, publishing and distribution of books, newspapers and magazines	2.43	222,256	32.07
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	5.18
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	2.97

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

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

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

28. EQUITY IN OTHER ENTITIES (CONTINUED)

B. Equity in other non-current financial assets

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

Company name	Place of registration	Principal place of business	Business nature	Shareholding percentage (%)	Fair value as at 30 June 2023	Proportion of total assets (%)
Suzhou Huaying Culture Industry Investment Enterprise (Limited Partnership)	Suzhou	Suzhou	Investment management	2.61	250	0.04

C. Equity in financial assets held for trading

(1) *Basic information of financial assets held for trading*

Name of counterparty	Types of products	Investment cost as at 30 June 2023	Unrealised gains and losses for the six months ended 30 June 2023	Changes in fair value for the six months ended 30 June 2023	Fair value as at 30 June 2023	Proportion to total assets (%)
Capital Securities	Fixed-income wealth management products	155,200	7,043	7,043	162,243	23.41

(2) *Investment strategies for financial assets held for trading*

The Company has achieved good returns through a single asset management contract, and the Company has established a good cooperative relationship with Capital Securities in this process, and the Company will continue to entrust Capital Securities to manage the Company's idle funds for the Company without affecting the daily operating liquidity and being authorized by the shareholders' meeting.

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising business, which comprises the sales of convergence media advertising, event planning, and provision of comprehensive services; (2) printing, whose revenue is generated from printing publications undertaken by BYD Logistics Company Limited (“BYD Logistics”); and (3) trading of printing-related materials, which involves the supply and trading of, among other things, newsprint, ink, lubricants, films, presensitized plate and rubber sheets to customers including commercial printers.

In the First Half of 2023, the total operating revenue of the Group was RMB80,666 thousand, representing an increase of 11.71% as compared with that for the corresponding period of 2022 (first half of 2022: RMB72,207 thousand). Such increase was mainly due to the fact that Beiqing Community Media Technology (Beijing) Co., Ltd. (“Beiqing Community Media”), a subsidiary of the Company, achieved growth in operating revenue through expanding convergence media publicity and comprehensive services businesses. In the First Half of 2023, the operating revenue of Beiqing Community Media was RMB26,758 thousand, representing an increase of 100.57% as compared with that for the corresponding period of 2022, and accounting for 33.17% of the Group’s total operating revenue.

The Group’s operating cost was RMB68,649 thousand, representing an increase of 2.82% as compared with that for the corresponding period of 2022 (first half of 2022: RMB66,763 thousand). In the First Half of 2023, net loss attributable to shareholders of the Company was RMB4,155 thousand, representing a decrease of 65.07% as compared with that for the corresponding period of 2022 (net loss attributable to shareholders of the Company for the first half of 2022: RMB11,896 thousand).

The Group continued to record a significant decrease in loss, thanks to (1) total operating revenue increased by RMB8,459 thousand as compared with that for the corresponding period of 2022; (2) the investment income of RMB8,057 thousand for the First Half of 2023, representing an increase of RMB7,962 thousand as compared with that for the corresponding period of 2022, which mainly included dividend incomes of RMB6,816 thousand and RMB729 thousand from the Company’s investment in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd., respectively, as well as the consideration of RMB526 thousand from the withdrawal of Shanghai Beiqing Printing Machinery Limited by BYD Logistics, a subsidiary of the Company, through target capital reduction; and (3) the Company effectively used its idle funds, and realised a gain of RMB4,594 thousand on the changes in fair value through the assets management business of the single asset management scheme.

In the First Half of 2023, adhering to the strategy of “maintaining stability and trying amid stability”, the Group focused on its principal businesses and implemented various measures, with an emphasis on the operation transformation and upgrading and the enhancement of its core capability:

I. Improving quality and efficiency to continuously promote management

The Company conducted the reform on the remuneration system, improved performance appraisal and optimised personnel structure to improve quality and efficiency. Also, the Company customised and developed its CRM customer management system and started to operate to realise the lean management of advertising business processes; enhanced the state-owned assets management system, and strengthened internal control and risk management, so as to consolidate its operational foundation.

II. Enhancing capacity development to facilitate the exploration of business transformation

Firstly, the Company enriched the types of advertising products, actively developed outdoor advertising resources, carried out full-project agency for advertising business and planned special brand activities, and explored closed-loop solutions for marketing services.

Secondly, through its subsidiary, Beiqing Community Media, the Company focused on comprehensive services of new media operation and maintenance, and actively expanded corporate customer resources on the basis of consolidating its existing quality customers. It also created channel brands such as “Beiqing Community HUI (北青社區HUI)” and set foot in community cultural space operation.

Thirdly, through its subsidiary, Beijing Beiqing Innovative Cultural Industry Development Co., Ltd., the Company focused on youth quality education, provided diversified science popularization study, camp education practice and other characteristic services for teenagers. The Company has developed 75 study products this year, and currently owns many outdoor camps resources in Huairou district, Shunyi district and Miyun district, Beijing. By actively integrating internal and external high-quality resources, the Company collaborates on the cultivation of new businesses.

Fourthly, the Company has created IPs for cultural and sports activities, and successfully organized the “2023 FILA KIDS Diamond Cup Junior Tennis Challenger (Chongqing)”, forming a replicable tournament model. It explored the potential of the “Ride on the Earth” brand to create the cycling-based integrated media platform, and implemented a number of cycling projects.

III. Revitalizing the idle assets to continuously increase investment income

In the First Half of 2023, Capital Securities Co., Ltd. was entrusted to manage cash for the Company, achieving a gain on the changes in fair value of RMB4,594 thousand with an annualised return rate of 4.64% (without deduction for performance fee). Meanwhile, the Company entered into the supplemental agreement to the asset management agreement for single asset management plan with Capital Securities Co., Ltd. to extend the term of the contract for three years and upgrade the credit rating of the investment portfolio, in order to continuously and effectively utilize idle funds under controllable risks. The Company also obtained rental income of RMB3,269 thousand by leasing out the Company's idle office buildings and barter properties, and recorded a sales revenue of RMB128 thousand by accelerating the sales and disposal of commodities for replacement of advertising to relieve inventory management pressure.

IV. Tracing the source and resolving systemic risks

In the First Half of 2023, the Group continued to resolve previous issues and eliminated systemic hidden dangers: actively promote the liquidation of inferior companies by implementing policies varied from different enterprises and taking the leadership. By classifying and focusing on the collection of the Company's historical accounts receivable, a total amount of RMB204 thousand in arrears was recovered during the First Half of 2023.

Advertising Business

In the First Half of 2023, amid the fluctuation in the macroeconomic recovery, the advertising market recovered less than expected. In the First Half of 2023, revenue from advertising business of the Group was RMB37,091 thousand (the first half of 2022: RMB25,451 thousand), representing an increase of 45.73% as compared with that for the corresponding period of 2022, of which, the revenue from advertising business of Beijing Community Media, a subsidiary of the Company, increased by RMB13,336 thousand as compared with that for the corresponding period of 2022.

In terms of business model, aiming at developing integrated media, the Company continued to improve content construction, stabilize its teams and businesses, and accelerate the upgrade of advertising products and capabilities. The Company continued to promote business transformation through empowering management by taking actions from three strategies as follows:

1. Focusing on products to construct multi-media product matrix

Firstly, on the basis of integrating traditional media and new media resources such as client terminal, websites, Weibo and WeChat, we further enriched our advertising product library, actively explored outdoor advertising resources by seeking subway advertising and outdoor large-screen advertising projects, enhanced the stickiness of existing customers and broadened income sources.

Secondly, in response to the market trend of growing demand for video marketing, we have made efforts to develop short-video we-media accounts by creating short-video accounts of “青TIME” series on new media platforms such as WeChat, TikTok (抖音), Little Red Book (小紅書), and actively built self-run media positions to expand our video marketing business through multiple channels.

2. Focusing on services to consolidate the ability of advertising full-project agency

The Group conducted full-project agency business to enhance the marketing services and project execution capabilities of its advertising center team, and gradually weakened the business’s in-depth reliance on media resources. Firstly, by coordinating the resources of Capital Group and leveraging the advantages of media content production, the Group provided online plus offline integrated full-project communication planning for the “Heyuan Starry (和園繁星)” Project of Beijing Capital City Development Group Co., Ltd. (首創城發集團). Secondly, the Group broke the original customer cooperation model and explored industry resources through brand activity planning to develop core competitiveness. In particular, the real estate business division of the advertising center planned and executed project offline forums and video viewing activities for customers. The automobile business division cooperated in resources with Beijing Traffic Radio to plan offline marketing and promotion for customers. The education business division successfully hosted the “Youth Education Ceremony (青教育盛典)” for the year of 2023, and invited a total of 160 well-known primary and middle schools and 985 colleges and universities in Beijing to participate in the ceremony, which demonstrated the brand’s influence and credibility, and gained the affirmation of its customers.

3. Focusing on management to promote operation by upgrading information technology

The Group launched CRM system to standardize the processes of business such as customer management, sales management, product management and to effectively enhance internal control and management efficiency. It carried out the monitoring of advertising publication on multimedia platforms to provide data analysis and information support, and adjust in a prompt manner according to the needs of various industries in the advertising center. In addition, the Group optimized performance assessment in line with structural adjustment to fully mobilize the enthusiasm of the team.

Results of Major Subsidiaries of the Group

BYD Logistics is a 92.84%-owned subsidiary of the Company and is principally engaged in the businesses of printing and trading of printing-related materials. In the First Half of 2023, the net profit of BYD Logistics was RMB599 thousand, representing an increase of 46.12% as compared with that for the corresponding period of 2022. In terms of the printing business, BYD Logistics maintained stable operations, and successfully completed the printing of special issue of Beijing Examination News (《北京考試報》) for the middle school entrance examination and college entrance examination on the basis of ensuring the supply of self-used paper for “Beijing Youth Daily” as well as the printing and publishing during major reporting periods such as the Spring Festival and National Two Sessions, demonstrating its social responsibility. In terms of printing-related materials trading business in light of the less-than-expected recovery of paper demand and the unfavorable situation of market downturn, BYD Logistics continued to consolidate its advantageous business, deeply explore the cultural paper market, and actively explore the transformation of its products. On the one hand, it deeply explored the demands of existing high-quality customers, while expanding new customers through the upgrading exclusive agency of its advantageous products, achieving sales in other cities; on the other hand, it focused on the business of book paper in the publishing industry, and currently, BYD Logistics has become the paper supplier of two central-level publishing units and obtained the agent right of imported high-end writing paper in April 2023, which have realized the sales of corresponding paper.

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 convergence media service business model, digging deeper into the needs of government and enterprises customers and improving its activity planning and organising 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, government agencies at all levels and cooperative businesses, which has greatly increased its influence. Up to now, Beiqing Community Media has 11 branches, including Shunyi, Sub-city Centre, Chaoyang, Daxing, Changping, Dongcheng and Xicheng, Fangshan, Miyun, Haidian, Shijingshan, and Sanjianfang, and has published newspapers of "Beijing Community Daily" across the whole urban area of Beijing. In addition to newspapers, the branches and the operating departments of Beiqing Community Media operate a total of more than 70 new media accounts on various media platforms such as WeChat, TikTok (抖音), Kuaishou (快手) and Today Headlines (今日頭條), and distributed news products on these new media platforms, forming a strong publicity matrix, and presenting good performance in the coverage and spread of convergence media publicity.

In the First Half of 2023, the operating revenue of Beiqing Community Media was RMB26,758 thousand, representing an increase of 100.57% as compared with that for the corresponding period of 2022, achieving a turnaround from loss to profit, with a net profit of RMB1,687 thousand. Beiqing Community Media actively optimised its business structure, continued to improve its management and implemented cost reduction and efficiency enhancement. First, focusing on government services, cooperation of social organization procurement, and corporate and product publicity needs, Beiqing Community Media undertook comprehensive services of publicity, promotion, operation, development and maintenance and developed new customers by expanding its business channels and types to increase its operating revenue. Meanwhile, it also strengthened resource integration and business synergies, providing services of WeChat service account operation, video shooting, publicity and offline activity planning for Beijing Agriculture Guaranty Co., Ltd.* (北京市農業融資擔保有限公司), while actively exploring the cooperation of new media account operation with Beijing Capital Eco-Environment Protection Group Co., Ltd.* (北京首創生態環保集團股份有限公司) and Beijing Capital Grand Limited. Second, it actively created activity IPs, building the channel brand of "Beiqing Community HUI (北青社區HUI)" on multimedia platforms such as TikTok (抖音) and Kuaishou (快手) and carrying out the pilot of community cultural space operation business through branding. Beiqing Community Media also cooperated with the Beijing Municipal Bureau of Culture and Tourism, Beijing Municipal Bureau of Sports, Beijing Football Association, Beijing Society for the Protection of Small Animals (北京市小動物保護協會) as well as other government institutions and social organizations to build the annual activity IPs, including the football in communities activity (足球進社區活動) and proper dog-raising activity (文明養犬活動). In addition, Beiqing Community Media practiced public welfare, organizing a public welfare bazaar for proper pet raising and establishing the volunteer teams of Beiqing Community Media to carry out volunteer activities, to build a sound corporate image.

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 camping education operation service provider across the nation. In the First Half of 2023, Beiqing Innovation Cultural steadily promoted the youth study and camping business. First, seizing the opportunity of the post-pandemic recovery of study market, it focused on the development of special study course products and expanded multi-channel customer resources, as well as customised a full set of study activities according to the customer's needs, actively building its core competitiveness. In this year, Beiqing Innovation Cultural has developed 75 study products in total, with the study routes covering more than 10 popular cities, including Beijing, Xi'an, Qingdao, Luoyang, Dunhuang and Wenchang, the course content of which covers a series of topics, such as history and culture, patriotism education and technology. Second, it upgraded the Stream Camp (雲夢星空營地), building a new media promotion matrix of the camp, and improving the service quality and customer acquisition ability. Meanwhile, Beiqing Innovation Cultural actively expanded excellent camping resources and explored replicable projects.

Beiqing Network Culture Communication Co., Ltd. ("Beiqing Network Culture") is a wholly-owned subsidiary of the Company. Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the "Fund"), in which Beiqing Network Culture invested in as a limited partner in 2013, has been in the process of liquidation by the agreement, and the withdrawal of projects was implemented mainly by mergers and acquisitions and restructuring, legal proceedings and share transfers.

Chongqing Media is a 60%-owned subsidiary of the Company. Its current business are advertising and newspaper distribution. The advertising is mainly on online platforms, supplemented by newspaper promotion. In the First Half of 2023, Chongqing Media completed the upgrading and revision of its newspapers, planned a series of special topics and original articles and established youth branded columns leveraging on its convergence media publicity matrix of newspapers, magazines, internet and WeChat to boost its advertising operations. Meanwhile, Chongqing Media explored the integration of its advantageous resources and actively developed e-commerce, government-affiliated new media service as well as the youth study business to increase its revenues. In addition, Chongqing Media successfully held the "2023 FILA KIDS Diamond Cup Junior Tennis Challenger (Chongqing)" in June 2023, and actively created a replicable event model through resource interaction and business synergy between Beijing and Chongqing.

PROSPECTS AND FUTURE PLANS

In the second half of 2023, the Group will endeavour to play the role of “Capital Group’s market-oriented business exploration platform for the cultural and sports industry”, to strengthen product and capacity construction. Based on its own resource endowment, we will explore new growth drivers through internal and external business synergies in a way that builds the core competitiveness of the Company.

In the second half of 2023, the Group will actively explore business transformation with a focus on comprehensive services of new media operation and maintenance and community cultural space operation, innovate IP operation and maintenance and brand activity planning, build the full industry chain of youth study, and expand asset-light operation models such as camping education, so as to form benign industrial linkages to respond to industry risks through diversified revenue models.

In the second half of 2023, the Group will continue to deepen its management to strengthen talent development and performance assessment, improve internal risk control, accelerate resolving previous issues, as well as consolidate its operation foundation by improving quality and efficiency.

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2023, total operating revenue of the Group was RMB80,666 thousand (corresponding period of 2022: RMB72,207 thousand), representing an increase of 11.71% as compared with that for the corresponding period of 2022, of which, revenue from advertising was RMB37,091 thousand (corresponding period of 2022: RMB25,451 thousand), representing an increase of RMB11,640 thousand or 45.73% as compared with that for the corresponding period of 2022; revenue from printing was RMB613 thousand (corresponding period of 2022: RMB2,186 thousand), representing a decrease of RMB1,573 thousand or 71.96% as compared with that for the corresponding period of 2022; and revenue from the trading of printing-related materials was RMB30,564 thousand (corresponding period of 2022: RMB41,888 thousand), representing a decrease of RMB11,324 thousand or 27.03% as compared with that for the corresponding period of 2022.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2023, operating costs of the Group were RMB68,649 thousand (corresponding period of 2022: RMB66,763 thousand), representing an increase of 2.82% as compared with those for the corresponding period of 2022, of which, costs of advertising were RMB32,679 thousand (corresponding period of 2022: RMB23,548 thousand), representing an increase of RMB9,131 thousand or 38.78% compared with those for the corresponding period of 2022; costs of printing were RMB545 thousand (corresponding period of 2022: RMB2,063 thousand), representing a decrease of RMB1,518 thousand or 73.58% as compared with those for the corresponding period of 2022; costs of the trading of printing-related materials were RMB28,882 thousand (corresponding period of 2022: RMB40,234 thousand), representing a decrease of RMB11,352 thousand or 28.21% as compared with those for the corresponding period of 2022. Tax and surcharges were RMB1,117 thousand (corresponding period of 2022: RMB1,038 thousand), representing an increase of 7.61% as compared with those for the corresponding period of 2022.

3. Selling Expenses

For the six months ended 30 June 2023, selling expenses of the Group were RMB7,320 thousand (corresponding period of 2022: RMB7,659 thousand), representing a decrease of 4.43% as compared with those for the corresponding period of 2022.

4. Administrative Expenses

For the six months ended 30 June 2023, administrative expenses of the Group were RMB15,845 thousand (corresponding period of 2022: RMB12,339 thousand), representing an increase of 28.41% as compared with those for the corresponding period of 2022.

5. Financial Expenses

For the six months ended 30 June 2023, financial expenses of the Group were RMB-228 thousand (corresponding period of 2022: RMB-2,341 thousand), representing a decrease of 90.26% in absolute value as compared with those for the corresponding period of 2022, of which, interest income was RMB268 thousand (corresponding period of 2022: RMB2,422 thousand), representing a decrease of 88.93% as compared with that for the corresponding period of 2022.

6. Share of Loss of Associates

For the six months ended 30 June 2023, share of loss of associates of the Group was RMB0 thousand (corresponding period of 2022: RMB249 thousand), representing a decrease in loss of 100.00% as compared with that for the corresponding period of 2022.

7. Operating Profit

For the six months ended 30 June 2023, operating profit of the Group was RMB-4,282 thousand (corresponding period of 2022: RMB-15,802 thousand), representing a decrease in loss of 72.9% as compared with that for the corresponding period of 2022.

8. Income Tax Expenses

For the six months ended 30 June 2023, income tax expenses of the Group for the current period were RMB-31 thousand (corresponding period of 2022: RMB-1,786 thousand), representing an increase of 98.26% as compared with those for the corresponding period of 2022.

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

For the six months ended 30 June 2023, net loss attributable to shareholders of the Company was RMB4,155 thousand (corresponding period of 2022: net loss of RMB11,896 thousand), representing a decrease in net loss of 65.07% as compared with that for the corresponding period of 2022.

10. Financial Resources and Liquidity

For the six months ended 30 June 2023, the Group's funds are mainly derived from the fund generated from operating business and deposits balance. The Group's funds are mainly used as the working capital and general recurrent expenses of the Group.

As at 30 June 2023, current assets of the Group were RMB304,990 thousand (31 December 2022: RMB310,393 thousand), including bank balances and cash of RMB74,542 thousand (31 December 2022: RMB82,948 thousand). Non-current assets of the Group were RMB388,043 thousand (31 December 2022: RMB394,716 thousand).

As at 30 June 2023, current liabilities of the Group were RMB65,605 thousand (31 December 2022: RMB73,547 thousand) and non-current liabilities were RMB3,901 thousand (31 December 2022: RMB3,901 thousand).

As at 30 June 2023, shareholders' equity of the Group was RMB623,527 thousand (31 December 2022: RMB627,661 thousand).

11. Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2023, the bank borrowings of the Group were Nil (31 December 2022: Nil). Most of cash and cash equivalent held by the Group was denominated in Renminbi.

12. Gearing Ratio

As at 30 June 2023, gearing ratio of the Group was 11.15% (31 December 2022: 12.34%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

SHARE STRUCTURE (AS AT 30 JUNE 2023)

	Number of Shares	Proportion to total share capital (%)
Holder of domestic shares		
— Beijing Youth Daily Agency (“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.	<u>2,952,800</u>	<u>1.50</u>
Domestic shares (subtotal)	142,409,000	72.18
H shares ^{Note}	<u>54,901,000</u>	<u>27.82</u>
Total share capital	<u><u>197,310,000</u></u>	<u><u>100</u></u>

Note:

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, so far as the Directors, supervisors (“Supervisors”) and chief executive of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the Securities and Futures Ordinance (“SFO”), the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

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

Notes:

1. Entrusted by the China Communist Youth League Beijing Committee, Capital Group has taken over the subsidiaries of 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.

Information disclosed above is based on the information published on the website of HKEXnews website (<http://www.hkexnews.hk>).

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executives of the Company, as at 30 June 2023, there was no other person with interests and/or short positions in shares or underlying shares of the Company which should be recorded under section 336 of the SFO.

CAPITAL EXPENDITURE

Capital expenditure, including purchase of electronic equipment, of the Group for the First Half of 2023 was RMB1,166 thousand (corresponding period of 2022: RMB95 thousand). The Group expects that its capital expenditure for the second half of 2023 will be mainly comprised of the expenditures consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2023, the Group did not have any contingent liabilities or any pledge of assets.

FOREIGN EXCHANGE RISKS

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

EMPLOYEES

As at 30 June 2023, the Group had a total of 329 employees (as at 30 June 2022: a total of 310 employees), and the increase in the number of employees as compared with the corresponding period of last year was mainly due to the reasonable increase of the normal business needs of some subsidiaries of the Company. During the six months ended 30 June 2023, the total employees' remuneration paid by the Group was approximately RMB34,770 thousand. The remuneration and benefits of the employees of the Group are determined in accordance with market rates, state policies and individual performance. The Group actively encouraged the self-development of the employees. In the First Half of 2023, the Group carried out staff training in respect of the responsibility of Directors, Supervisors and senior management, corporate governance, connected transactions and compliance management, legal practice, new media expertise, advertising business management, and new employee orientation, etc.

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

As at 30 June 2023, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Hong Kong Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

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, pursuant to which, the Company entrusted Capital Securities to provide asset management and investment services, with a term of one year from 17 June 2022, being the date of approval by the Independent Shareholders at the AGM. The above single asset management scheme has been approved by the shareholders of the Company to make certain optimization adjustments and extend the term for another three years to 16 June 2026. As at 30 June 2023, the Company’s investments in the above asset management accounted for more than 5% of the Group’s total assets. Please refer to 13. “Financial assets held for trading” and 28.C. “Equity in financial assets held for trading” to the “Notes to Financial Statements” of this announcement for details. For details of the above transaction, please refer to the announcements of the Company dated 19 April 2022 and 25 April 2023 and the circulars of the Company dated 26 May 2022 and 25 May 2023.

As at 30 June 2023, the Company’s investments in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd. accounted for over 5% of the Group’s total assets in value. For details of such significant investments, please refer to 19. “Investment in other equity instruments” and 28.A. “Equity in investment in other equity instruments” to the “Notes to Financial Statements” of this announcement.

Save as disclosed in this announcement, as of 30 June 2023, the Group had no material investment, or any plan related to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the six months ended 30 June 2023, the Group had no material acquisition or disposal of subsidiaries, joint ventures or associates.

CHANGES RELATED TO THE PERFORMANCE OF THE GROUP SINCE 31 DECEMBER 2022

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2023, the Company has fully complied with all code provisions set out in the Corporate Governance Code under Appendix 14 of the Listing Rules.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiries of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the standards under the Model Code during the six months ended 30 June 2023.

AUDIT COMMITTEE

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

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the Audit Committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the unaudited interim results of the Group for the six months ended 30 June 2023, and has no objection thereto.

DISTRIBUTABLE RESERVE

As at 30 June 2023, the Company's accumulated loss amounted to RMB659,875 thousand and the Company's surplus reserve amounted to RMB130,931 thousand.

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

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2023.

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

The Company's interim report for the six months ended 30 June 2023 will be published on the Hong Kong Stock Exchange's HKEXnews website (<http://www.hkexnews.hk>) and the Company's website (<http://www.bjmedia.com.cn>).

By Order of the Board
Sun Baojie
Chairman

Beijing, the PRC, 25 August 2023

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

This announcement is also published on the Company's website at www.bjmedia.com.cn.