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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 2020

FINANCIAL HIGHLIGHTS:

1. Total operating revenue decreased by 34.11% to RMB74,279 thousand (corresponding period of 2019: RMB112,729 thousand).
2. Net loss attributable to shareholders of the Company was RMB37,121 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2019: RMB88,453 thousand).
3. Loss per share was RMB0.19 (corresponding period of 2019: RMB0.44).

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 2020 (the “First Half of 2020”) and the comparative results of the Group for the corresponding period of 2019.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Unit: RMB'000

Item	Notes	For the six months ended 30 June	
		2020	2019
Total operating income	<i>1</i>	74,279	112,729
Total operating costs		86,135	122,577
Operating costs	<i>1</i>	63,889	95,074
Tax and surcharges		945	2,832
Selling expenses		7,268	10,080
Administrative expenses		15,183	14,537
Financial expenses	<i>2</i>	(1,150)	54
Including: Interest expenses		77	681
Interest income		1,276	658
Add: Other income		205	236
Investment income	<i>3</i>	(223)	(3,259)
Including: Gain from investments in associates		(6,263)	(5,163)
Gain on the changes in fair value		(10,186)	18
Impairment loss of credit	<i>4</i>	(16,204)	(71,417)
Impairment loss of assets	<i>5</i>	—	(11,070)
Gain on disposal of asset		56	54
Operating profit		(38,208)	(95,286)
Add: Non-operating income		188	672
Less: Non-operating expenses		88	14
Total profit		(38,108)	(94,628)
Less: Income tax expenses	<i>6</i>	1,229	(247)
Net profit		(39,337)	(94,381)
Net profit attributable to:			
Net profit from continuing operations		(39,337)	(94,381)
Net profit from discontinued operations		—	—
Shareholders of the Company		(37,121)	(88,453)
Non-controlling shareholders		(2,216)	(5,928)

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	Notes	For the six months ended 30 June	
		2020	2019
Other net comprehensive income after tax		43	2,070
Other net comprehensive income after tax attributable to owners of the Company		26	1,922
Including: Other comprehensive income unqualified for subsequent reclassification into profit or loss		—	1,921
Including: Change in fair value of other equity instruments investments		—	1,921
Including: Other comprehensive income subsequently reclassified into profit or loss		26	1
Including: Exchange differences from retranslation of financial statements		26	1
Other net comprehensive income after tax attributable to non-controlling shareholders		17	148
Total comprehensive income		(39,294)	(92,311)
Total comprehensive income attributable to shareholders of the Company		(37,095)	(86,531)
Total comprehensive income attributable to non- controlling shareholders		(2,199)	(5,780)
Earnings per share:			
Basic earnings per share (RMB)	7	(0.19)	(0.44)
Diluted earnings per share (RMB)	7	(0.19)	(0.44)
Dividends	8	—	—

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Unit: RMB'000

Item	Notes	As at 30 June 2020	As at 31 December 2019
Current assets:			
Bank balances and cash		227,905	217,264
Notes receivable		46	—
Accounts receivable	9	159,032	172,598
Prepayments		5,206	9,375
Other receivables	10	4,075	6,086
Inventories		12,863	12,181
Other current assets		32,761	35,212
Total current assets		441,888	452,716
Non-current assets:			
Long-term equity investment	11	3,475	9,738
Investment in other equity instruments	12/16	215,923	215,923
Other non-current financial assets	13/16	48,774	54,356
Investment properties		121,646	131,832
Fixed assets		1,296	2,078
Right-of-use assets		2,936	4,166
Intangible assets		20,505	20,981
Goodwill	14	—	—
Long-term prepaid expenses		2,722	3,655
Other non-current assets		—	—
Total non-current assets		417,277	442,729
Total assets		859,165	895,445

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	<i>Note</i>	As at 30 June 2020	As at 31 December 2019
Current liabilities:			
Notes payable		8,209	5,669
Accounts payable	15	15,905	10,306
Contractual liabilities		23,640	27,405
Employee benefit payables		6,358	7,689
Tax payables		2,099	382
Other payables		39,777	40,445
Non-current liabilities due within one year		206	239
Total current liabilities		96,194	92,135
Non-current liabilities:			
Leased liabilities		206	322
Deferred income tax liabilities		7,062	7,991
Total non-current liabilities		7,268	8,313
Total liabilities		103,462	100,448
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		934,421	934,421
Other comprehensive income		105,935	105,909
Surplus reserves		130,931	130,931
Undistributed profits		(636,932)	(599,811)
Total equity attributable to shareholders of the Company		731,665	768,760
Non-controlling interest		24,038	26,237
Total shareholders' equity		755,703	794,997
Total liabilities and shareholders' equity		859,165	895,445
Net current assets		345,694	360,581
Total assets less current liabilities		762,971	803,310

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements for the six months ended 30 June 2020 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with requirement such as Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards (“PRC Accounting Standard”) issued by the Ministry of Finance of the People's Republic of China (the “Ministry of Finance”), as well as applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance; and the accounting policies and estimates as stated in Note V “Significant accounting policies and accounting estimates and basis of preparation of consolidated financial statements” in the interim report of the Group.

2. Going concern

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

CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECT

There were no changes in accounting policies during the period.

STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the consolidated financial position as at 30 June 2020 and its consolidated operating results, consolidated cash flows and other relevant information for the six months ended 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING INCOME AND OPERATING COSTS

Item	For the six months ended 30 June	
	2020	2019
Principal operating income	69,748	101,478
Other operating income	4,531	11,251
Total operating income	74,279	112,729
Principal operating costs	62,933	93,563
Other operating costs	956	1,511
Total operating costs	63,889	95,074
Gross Profit	10,390	17,655

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			
	2020		2019	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	39,517	33,549	44,434	40,343
Printing	1,434	1,252	2,438	2,028
Trading of print-related materials	28,735	28,064	52,974	50,116
Distribution	62	68	268	542
Others	—	—	1,364	534
Total	69,748	62,933	101,478	93,563

(2) The sum of operating revenue from the top five customers is RMB23,756 thousand representing 34.06% of principal operating revenue for the six months ended 30 June 2020.

(3) Other operating revenue includes revenue from property rental income of RMB4,255 thousand.

2. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2020	2019
Interest expenses	77	681
Less: Interest income	1,276	658
Add: Other expenses	49	31
	<u> </u>	<u> </u>
Total	(1,150)	54
	<u> </u>	<u> </u>

3. INVESTMENT INCOME

Item	For the six months ended 30 June	
	2020	2019
Share of profit of associates	(6,263)	(5,163)
Investment income received from the disposal of financial assets at fair value through profit or loss	7,009	—
Other investment income	(969)	1,904
	<u> </u>	<u> </u>
Total	(223)	(3,259)
	<u> </u>	<u> </u>

4. IMPAIRMENT LOSS OF CREDIT

Item	For the six months ended 30 June	
	2020	2019
Loss from bad debts	(16,204)	(71,417)
	<u> </u>	<u> </u>
Total	(16,204)	(71,417)
	<u> </u>	<u> </u>

5. IMPAIRMENT LOSS OF ASSETS

Item	For the six months ended 30 June	
	2020	2019
Provision for impairment of inventories	—	(2,430)
Provision for impairment of intangible assets	—	(8,640)
	<u> </u>	<u> </u>
Total	—	(11,070)
	<u> </u>	<u> </u>

6. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2020	2019
Current income tax expenses	2,158	322
Deferred income tax expenses	(929)	(569)
Total	1,229	(247)

(2) Income tax expenses

Item	For the six months ended 30 June	
	2020	2019
Current income tax — PRC	1,963	253
Under-provision in prior years — PRC	195	69
Total	2,158	322

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

7. EARNINGS PER SHARE

Item	For the six months ended 30 June	
	2020	2019
Comprehensive income for the half-year attributable to shareholders of the Company	(37,095)	(86,531)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Earnings per share (RMB)	(0.19)	(0.44)

The basic earnings and diluted earnings per share for the six months ended 30 June 2019 and 2020 are the same as there was no dilution incurred during the periods.

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

9. ACCOUNTS RECEIVABLE

Item	As at 30 June 2020	As at 31 December 2019
Accounts receivable	425,989	425,129
Less: Provision for bad debts	<u>266,957</u>	<u>252,531</u>
Net accounts receivable	<u>159,032</u>	<u>172,598</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 2020	As at 31 December 2019
0–90 days	17,200	18,529
91–180 days	4,966	7,558
181–365 days	10,391	6,682
1–2 years	15,879	23,576
Over 2 years	<u>110,596</u>	<u>116,253</u>
Total	<u>159,032</u>	<u>172,598</u>

The top five accounts receivable as at 30 June 2020 represented 43.71% of the total accounts receivable.

10. OTHER RECEIVABLES

Item	As at 30 June 2020	As at 31 December 2019
Interest receivable	—	—
Dividends receivable	—	—
Other receivables	202,809	203,042
Less: Provision for bad debts	<u>198,734</u>	<u>196,956</u>
Net other receivables	<u>4,075</u>	<u>6,086</u>

10. OTHER RECEIVABLES (CONTINUED)

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

Item	As at 30 June 2020	As at 31 December 2019
Within 1 year	1,014	1,608
1–2 years	956	764
2–3 years	1,995	2,075
3–4 years	11	1,503
Over 4 years	99	136
Total	4,075	6,086

(2) Other receivables classified by nature

Nature	As at 30 June 2020	As at 31 December 2019
Related party current account	5,213	5,217
External unit current (Note 1)	122,500	123,996
Consideration of equity transfer (Note 2)	72,320	72,320
Deposit and margin	380	406
Reserve funds	2,390	1,103
Others	6	—
Total	202,809	203,042

Note 1: The above external unit current includes RMB107,391 thousand receivable from Beiqing Transmedia Co., Ltd. As at 30 June 2020, the provision of impairment was made in full.

Note 2: The above consideration of equity transfer represents RMB72,320 thousand receivable from Beijing Trans-media Co., Ltd. As at 30 June 2020, the provision of impairment was made in full.

(3) The top five other receivables as at 30 June 2020 represented 95.86% of the total other receivables.

11. LONG-TERM EQUITY INVESTMENTS

(1) Types for long-term equity investments

Type	As at 30 June 2020	As at 31 December 2019
Investments in associates — under equity method	15,092	21,355
Less: provision for impairment for investments in associates	11,617	11,617
Total	3,475	9,738

Investee	Changes in the period									Balance of impairment provision	
	Balance as at			Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment	Others	Balance as at	Balance as at
	1 January 2020	Additional investment	Decrease in investment							30 June 2020	30 June 2020
Beijing Leisure Trend Advertising Company Limited (“Leisure Trend”)	—	—	—	—	—	—	—	—	—	—	—
Beijing Beijing Shengda Automobile Service Company Limited (“Beiqing Shengda”)	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency Co., Ltd. (“Beisheng United”)	1,842	—	—	224	—	—	—	—	—	2,066	—
BY Times Consulting Co., Ltd. (“BY Times”)	—	—	—	—	—	—	—	—	—	—	—
Beijing Beijing Top Advertising Limited (“Beiqing Top”)	—	—	—	—	—	—	—	—	—	—	—
Hebei Jujingcai E-commerce Company Limited (“Hebei Jujingcai”)	—	—	—	—	—	—	—	—	—	—	—
Beijing International Advertising Media Group Co., Limited (“International Advertising”)	6,480	—	—	(6,480)	—	—	—	—	—	—	10,669
Chongqing Soyang Internet Technology Co., Ltd. (“Chongqing Soyang”)	—	—	—	—	—	—	—	—	—	—	948
Beijing Shangyou Network Technology Co., Ltd. (“Shangyou Network”)	1,416	—	—	(7)	—	—	—	—	—	1,409	—
Total	9,738	—	—	(6,263)	—	—	—	—	—	3,475	11,617

(2) Investments in associates

Item	As at 30 June 2020	As at 31 December 2019
Unlisted investments, at cost	74,144	74,144
Share of post-acquisition profit	(59,602)	(53,339)
Share of other comprehensive income of associates	550	550
Provision for impairment	11,617	11,617
Total	3,475	9,738

12. INVESTMENT IN OTHER EQUITY INSTRUMENTS

(1) Investment in other equity instruments

Item	Investment cost	As at 30 June 2020	As at 31 December 2019	Dividend income recognized in the period
Beijing Keyin Media Culture Co., Ltd.	6,560	45,061	45,061	—
Beiyang Publishing & Media AG	103,000	168,017	168,017	—
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	2,845	2,845	—
Total	110,060	215,923	215,923	—

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

Type	As at 30 June 2020	As at 31 December 2019
Unlisted equity investments, China	215,923	215,923
Total	215,923	215,923

13. INVESTMENT IN OTHER NON-CURRENT FINANCIAL ASSETS

Investment in other non-current financial assets

Item	Investment cost	As at 30 June 2020	As at 31 December 2019	Investment income recognized for the period
Beijing Runxin Dingtai Investment Center (limited partnership)	38,209	46,057	51,639	7,009
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	2,797	2,717	2,717	—
Total	41,006	48,774	54,356	7,009

14. GOODWILL

Item	As at 30 June 2020	As at 31 December 2019
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>	<u><u>—</u></u>

15. ACCOUNTS PAYABLE

Item	As at 30 June 2020	As at 31 December 2019
Accounts payable	<u>15,905</u>	<u>10,306</u>
Total	<u><u>15,905</u></u>	<u><u>10,306</u></u>

The following is an aging analysis of accounts payable as at 30 June 2020 presented based on the invoice date:

Item	As at 30 June 2020	As at 31 December 2019
0–90 days	10,490	5,310
91–180 days	559	731
181–365 days	934	277
Over one year	<u>3,922</u>	<u>3,988</u>
Total	<u><u>15,905</u></u>	<u><u>10,306</u></u>

16. EQUITY IN INVESTMENT IN OTHER EQUITY INSTRUMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS

A. Equity in investment in other equity instruments

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

Company name	Place of registration	Primary operation place	Business nature	Shareholding (%)	Fair value as at 30 June 2020	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	168,017	19.56
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	45,061	5.24
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Beijing	Beijing	Internet Information Service	5.00	2,845	0.33

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

Beiyang Publishing & Media Co., Ltd. (the “Beiyang Media”) is mainly engaged in the production, printing, publishing and distribution of books, newspapers and magazines. It is the main platform for Hebei Publishing & Media Group Co., Ltd. to perform transformation into a corporate and capitalized operations. Currently, the Company holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. The Company has made investments in Beiyang Media mainly based on the following consideration to obtain better investment returns: 1) the robust operating conditions of Beiyang Media; 2) its capital operation plans including the reform of shareholding system and listing. Subsequent to our investment, the Company sees the robust operating conditions of Beiyang Media in recent years and the assets and revenues increase steadily. The Company is optimistic about the future operation of Beiyang Media and intends to hold the shares for a long term.

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

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

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

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

Company name	Place of registration	Primary operation place	Business nature	Shareholding (%)	Fair value as at 30 June 2020	Proportion of total assets (%)
Beijing Runxin Dingtai Investment Center (limited partnership)	Beijing	Beijing	Investment management	11.62	46,057	5.36
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	Suzhou, Jiangsu	Suzhou, Jiangsu	Investment management	2.61	2,717	0.32

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

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

In recent years, the Fund has also been actively facilitating various investment projects to realize exits via listing, merger and acquisition and restructuring, repurchase and transfer in NEEQ market, etc. A number of projects have realized exit after listing or partial exit and delivered satisfactory yield. As of 30 June 2020, the Company has received accumulated investment income of RMB38,583 thousand.

The Company is optimistic about the future operation and income of the Fund, and expects to achieve better investment returns upon our exit from the Fund at maturity.

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core business: (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 newsprint, ink, lubricants, films, PS boards and rubber sheets to customers including commercial printers, among other things.

In the First Half of 2020, the total operating revenue of the Group was RMB74,279 thousand (corresponding period of 2019: RMB112,729 thousand), representing a decrease of 34.11% as compared with that for the corresponding period of 2019. Net loss attributable to shareholders of the Company was RMB37,121 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2019: RMB88,453 thousand), representing a year-on-year decrease of approximately 58.03%.

In the First Half of 2020, due to the impact of the COVID-19 epidemic and market policies, the macroeconomic growth slowed down, the advertising market of print media continued to be sluggish, and the Group's operating income has also declined.

In light of a severe operating situation, the Group enhanced its comprehensive competitiveness from various aspects for growth and stability:

1. Aiming at developing convergence media and strengthening the use of new media platforms: the Group integrated superior advertising resources including newspapers, WeChat, Weibo, Beijing Headlines and YNET.com and endeavored to drive marketing performance through planning;
2. Making breakthroughs in key industries to boost the whole segments: based on the four key business divisions of finance, automobile, real estate and the Internet in advertising industry, the Group established the education division of advertising industry to further improve the business ecology and stabilize the market share;
3. Focusing on optimizing and adjusting the business segment, the Group cleaned up loss-making companies, and actively recovered the receivables of advertising business.

Advertisement Business

In the First Half of 2020, revenue from advertising business of the Group was RMB39,517 thousand (corresponding period of 2019: RMB44,434 thousand), representing a decrease of 11.07% as compared with the corresponding period of last year.

In the First Half of 2020, advertising income was affected as the marketing activities significantly reduced from February to May 2020 resulting from the COVID-19 epidemic; coupled with the continuous impact of new media, advertising in the traditional print media market was still showing a downward trend.

From a structural perspective, the Company has actively integrated advantageous resources and built a convergence media platform to develop a variety of new media advertising forms for customers, such as Weibo, WeChat, APP and website, based on traditional print media advertising. However, as the proportion of new media advertising revenue in overall advertising revenue of the Company is still small, the increase in new media advertising revenue is not enough to make up for the decline in traditional print media advertising revenue, and the overall advertising revenue of the Company still has declined. This also shows that there is still room for optimization of the advertising revenue structure of the Company. In the next step, the Company will continue to adjust the advertising business structure, expand the new media advertising market, and strive to increase revenue.

From an industrial perspective, the Company's advertising operations continued to focus on key industries, so as to stabilize the original business market share while expanding advantageous businesses. The Company's overall advertising revenue declined, but advertising revenue in many of divisions has shown an upward trend. For example, the Company's advertising revenue from the automobile division increased by 82.21% as compared with the corresponding period of last year; advertising revenue from divisions such as the Internet+, enrollment and recruitment, food and beverage, pension, government (announcements) which are closely related to people's daily consumption all increased as compared with the corresponding period of last year. However, advertising revenue from divisions such as tourism, performances, sports, film and television and real estate which are severely affected by the epidemic declined as compared with the corresponding period last year.

In the First Half of 2020, while consolidating the original advantageous industry advertising, the Company focused on the use of convergence media marketing platforms, enhanced the integration of superior resources and formulated a distribution plan that matches the clients' industries. The following measures are mainly adopted:

1. Pushing forward advertising distribution starting with planning

The finance business division of the advertising industry launched a series of planning in themed advertising based on market conditions, such as "the finance industry is in action against the epidemic" and "the finance industry helps resume work and production", to actively provide customers with publicity ideas and promote advertising bidding and the actual distribution of orders signed by customers, and achieved sales promotion with content and stabilized market share.

2. Exploring opportunities in key industries, improving business ecology

The Company established the advertising industry education department, combined with the original advantageous educational resources, and extended the experience of the previous four key industry departments to the education industry, striving to integrate and explore industry opportunities and increase advertising revenue.

3. Enhancing performance appraisal management and implementing effective incentives

The Company implemented performance appraisal and reward-punishment-parallel mechanism, and engaged professional consultants to review and promote the reform of the operating personnel remuneration performance system.

Film and Television Business

In the First Half of 2020, the TV series “Setting Sail” (《启航》) presented by the Company as the lead-presenter in the theme of urban reform and development achieved satisfactory social and economic benefits, and won the highest award in the literature and art circles of Beijing — the 9th Beijing Literature and Art Award. Due to the impact of the COVID-19 epidemic, the film and television industry was significantly affected. The Company’s film and television business was also affected and significantly reduced in the First Half of 2020.

Results of Major Subsidiaries of the Group

Beijing Beiying Outdoor Advertisement Co., Ltd. (“Beiying Outdoor”) is a wholly-owned subsidiary of the Company which principally engages in the operation of urban outdoor single column billboards. Affected by the COVID-19 epidemic, traditional advertising business remained severe, and due to the expiration of the operation rights of previously operated single column billboards, Beiying Outdoor’s business significantly reduced in the First Half of 2020.

Beijing Community Media Technology (Beijing) Co., Ltd. (Beiying Community Media) is a 52.661%-owned subsidiary of the Company. Relying on its media brand advantages and marketing methods, Beiying Community Media uses mobile internet technology to integrate online and offline resources of the community, and pursues the Beiying’s strategy of “going down to grassroots” through the multi-channel joint communication means of paper media + government services + community activities. With nearly 7 years of endeavor, it established a multi-integrated sustainable business model based on the three major business segments, namely Beiying Community Daily, government services and community activities, and transformed from the original traditional media to a government-affiliated convergence media service business model. Up to now, Beiying Community Media has a total of 7 newspapers of Beiying Community Daily across the whole urban area of Beijing, including Chaoyang, Wangjing, Shunyi, Changping, Daxing and Beijing Administrative Sub-centers, reaching nearly more than one million readers.

At the same time, the branches and marketing department of Beiqing Community Media operated a total of 82 new media accounts on WeChat, Weibo, headlines accounts, Douyin, etc.

In the First Half of 2020, based on the operation of existing government service project, Beiqing Community Media continued to extend government service and social group procurement cooperation, and undertook new media operation projects. In particular, Beiqing Community Media undertook the cooperation with the government departments and social organizations to publish newspapers, establishing a total of 3 magazines, including “Shichahai Culture Monthly” (《什刹海文化月刊》), “《Beixinqiao Scenery》” (《北新橋風采》) and “News” (《建聞》). It also continued to cooperate with the Chaoyang District Government of Beijing, and operated Chaoyang APP projects for Chaoyang District Convergence Media Center, and provided public opinion service of Chaoyang District Government. It provided comprehensive services such as monitoring of public opinion in the public opinion studio for the Network Information Office of CPC Beijing Xicheng District Committee. It also provided short video shooting services for Xicheng District Convergence Media Center; and launched new media publicity and promotion services for Management Committee of Beijing Chaoyang National Cultural Industry Innovation Experimental Zone.

Affected by the COVID-19 epidemic, Beiqing Community Media’s offline activities significantly reduced in the First Half of 2020. In the second half of 2020, Beiqing Community Media will strive for steady progress, and expand more cooperation projects while promoting government services to seek new profit growth points.

Beiqing Network Culture Communication Co., Ltd. (“Beiqing Network Culture”) is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, formed Beijing Runxin Dingtai Investment Centre (limited partnership) (the “Fund”) in 2013. The Fund also actively promoted various investment projects to realize exits via listing, mergers and acquisitions and restructuring, repurchase and NEEQ market transfer, etc. In particular, Well Pharmaceutical, Jushri Technologies and Bright Laser which the Fund invested and which were listed last year have begun to reduce shareholdings and exit, and Beijing TINAVI Medical Technology Co., Ltd. the Fund invested was officially listed on the Science and Technology Innovation Board on 7 July 2020.

Chongqing Youth Media Company Limited (“Chongqing Youth Media”) is a 60%-owned subsidiary of the Company. In the First Half of 2020, while the operations were affected by the COVID-19 epidemic and the original “Chongqing Youth Daily” new media platform was suspended, Chongqing Youth Media continued to strengthen the Company’s new media platform by actively developing the new media accounts. Among them, the new account of Douyin and Kuaishou was opened, more than 1,000 works were published, and the cumulative number of readers exceeded 50 million; more than 2,000 Weibo posts were published through the registered Weibo account, accumulating nearly 100,000 fans in a short period of time, with great interactions among fans.

BYD Logistics Company Limited (“BYD Logistics”) is a 92.84%-owned subsidiary of the Company and is principally engaged in printing and trading business of printing-related materials. In the First Half of 2020, affected by the COVID-19 epidemic, the purchase demand most of material trading customers of BYD Logistics has dropped sharply, and sales revenue has fallen. It is expected that after the epidemic eases in the second half of 2020, there will be a certain degree of growth in the market. BYD Logistics will pay close attention to the market condition and strive to make a breakthrough in the second half of the year.

PROSPECTS AND FUTURE PLANS

In the second half of 2020, the Group will further strengthen the use of convergence media marketing platforms, integrate advantageous resources, improve the business division system in advertising industry, and strengthen performance appraisal.

In the second half of 2020, the Group will continue to advance cost control measures in all dimensions and optimize business segments and industrial layout.

In the second half of 2020, the Group will conduct capital operations when appropriate.

In the second half of 2020, with the existing businesses still as the core, the Group will actively expand into new businesses, cultivate new profit growth point, and persistently consolidate and leverage the relationship with Beijing Youth Daily Agency (“BYDA”) to promote the development of the Group’s business, and strive to serve as a leading media group in the industry with cross-media platforms in the PRC.

The Group’s structural optimization initiatives mentioned above will have significant and profound impact on the Group’s long-term, stable and positive development in the future. The Group’s business in the First Half of 2020 was based on the concerted efforts of the entire management teams and staff in each of our business segments. The Group’s success were due to key factors as a keen insight to market opportunities and the excellent quality of our management teams and staff. On behalf of the shareholders of the Company 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 segments.

FINANCIAL REVIEW

1. Total Operating Income

For the six months ended 30 June 2020, total operating revenue of the Group was RMB74,279 thousand (corresponding period of 2019: RMB112,729 thousand), representing a decrease of 34.11% as compared with that for the corresponding period of 2019. Herein, revenue from advertising sales decreased by RMB4,917 thousand, representing a decrease of 11.07% as compared with that for the corresponding period of 2019; revenue from printing decreased by RMB1,004 thousand, representing a decrease of 41.18% as compared with that for the corresponding period of 2019; and revenue from the trading of print-related materials decreased by RMB24,239 thousand, representing a decrease of 45.76% as compared with that for the corresponding period of 2019.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2020, operating costs of the Group were RMB63,889 thousand (corresponding period of 2019: RMB95,074 thousand), representing a decrease of 32.80% as compared with that for the corresponding period of 2019. Herein, costs of advertising sales decreased by RMB6,794 thousand, representing a decrease of 16.84% as compared with that for the corresponding period of 2019; costs of printing decreased by RMB776 thousand, representing a decrease of 38.26% as compared with that for the corresponding period of 2019; costs of the trading of print-related materials decreased by RMB22,052 thousand, representing a decrease of 44% as compared with that for the corresponding period of 2019; tax and surcharges were RMB945 thousand (corresponding period of 2019: RMB2,832 thousand), representing a decrease of 66.63% as compared with that for the corresponding period of 2019.

3. Selling Expenses

For the six months ended 30 June 2020, selling expenses of the Group were RMB7,268 thousand (corresponding period of 2019: RMB10,080 thousand), representing a decrease of 27.9% as compared with that for the corresponding period of 2019.

4. Administrative Expenses

For the six months ended 30 June 2020, administrative expenses of the Group were RMB15,183 thousand (corresponding period of 2019: RMB14,537 thousand), representing an increase of 4.44% as compared with that for the corresponding period of 2019.

5. Financial Expenses

For the six months ended 30 June 2020, financial expenses of the Group were RMB-1,150 thousand (corresponding period of 2019: RMB54 thousand), representing a decrease of 2,229.63% as compared with the net value for the corresponding period of 2019. Herein, interest income was RMB1,276 thousand (corresponding period of 2019: RMB658 thousand), representing an increase of 93.92% as compared with that for the corresponding period of 2019.

6. Share of Loss of Associates

For the six months ended 30 June 2020, share of loss of associates of the Group was RMB6,263 thousand (corresponding period of 2019: RMB5,163 thousand), representing an increase of loss of 21.31% as compared with that for the corresponding period of 2019.

7. Operating Profit

For the six months ended 30 June 2020, operating profit of the Group was RMB-38,208 thousand (corresponding period of 2019: RMB-95,286 thousand), representing a decrease of loss of 59.90% as compared with that for the corresponding period of 2019.

8. Income Tax Expenses

For the six months ended 30 June 2020, income tax expenses of the Group for the current period were RMB1,229 thousand (corresponding period of 2019: RMB-247 thousand), representing an increase of 597.57% as compared with that for the corresponding period of 2019.

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

For the six months ended 30 June 2020, net loss attributable to shareholders of the Company was RMB37,121 thousand (corresponding period of 2019: net loss of RMB88,453 thousand), representing a decrease of net loss of 58.03% as compared with that for the corresponding period of 2019.

10. Financial Resources and Liquidity

For the six months ended 30 June 2020, the Group's funds are mainly derived from the cash 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.

10. Financial Resources and Liquidity *(Continued)*

As at 30 June 2020, current assets of the Group were RMB441,888 thousand (31 December 2019: RMB452,716 thousand), including bank balances and cash of RMB227,905 thousand (31 December 2019: RMB217,264 thousand). Non-current assets of the Group were RMB417,277 thousand (31 December 2019: RMB442,729 thousand).

As at 30 June 2020, current liabilities of the Group were RMB96,194 thousand (31 December 2019: RMB92,135 thousand) and non-current liabilities were RMB7,268 thousand (31 December 2019: RMB8,313 thousand).

As at 30 June 2020, shareholders' equity of the Group was RMB755,703 thousand (31 December 2019: RMB794,997 thousand).

11. Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2020, the bank borrowings of the Group were Nil (31 December 2019: Nil). The currency unit of cash and cash equivalent held by the Group was Renminbi.

12. Gearing Ratio

As at 30 June 2020, gearing ratio of the Group was 13.69% (31 December 2019: 12.64%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

SHARE STRUCTURE (AS AT 30 JUNE 2020)

	Number of Shares	Proportion to total share capital (%)
Holder of domestic shares		
— Beijing Youth Daily Agency	124,839,974	63.27
— Beijing Chengshang Cultural Communication Co., Ltd.	7,367,000	3.73
— China Telecommunication Broadcast Satellite Co., Ltd.	4,263,117	2.16
— Beijing Development Area Ltd.	2,986,109	1.52
— Sino Television Co., Ltd.	2,952,800	1.50
Domestic shares (subtotal)	142,409,000	72.18
H shares ^{Note}	54,901,000	27.82
Total share capital	<u>197,310,000</u>	<u>100</u>

Note:

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2020, 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 SFO, the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

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

Notes:

1. 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. Beijing Chengshang Cultural Communication Co., Ltd. is 100% directly owned by Beijing Shouhua Asset Management Co., Ltd., which is 50% directly owned by Beijing Bailixing Investment Consulting Co., Ltd. and Puxu (Beijing) Investment Co., Ltd. respectively, among which Puxu (Beijing) Investment Co., Ltd. is 50% directly owned by Sun Shengxian and Sun Yuexian respectively, and Beijing Bailixing Investment Consulting Co., Ltd. is 50% directly owned by Quzhou Hairuiteng Information Consulting Co., Ltd. and Quzhou Zhuoqun Innovation and Cultural Co., Ltd. respectively, among which, Quzhou Hairuiteng Information Consulting Co., Ltd. is 50% directly owned by He Kangmin and Zhang Yang respectively, and Quzhou Zhuoqun Innovation and Cultural Co., Ltd. is 50% directly owned by Zhang Yang and Zhang Yiping respectively. Therefore, Zhang Yang, Zhang Yiping, He Kangmin, Quzhou Hairuiteng Information Consulting Co., Ltd., Quzhou Zhuoqun Innovation and Cultural Co., Ltd., Sun Shengxian, Sun Yuexian, Beijing Bailixing Investment Consulting Co., Ltd. and Puxu (Beijing) Investment Co., Ltd. are deemed under the SFO to have an interest in the 7,367,000 domestic shares registered in the name of Beijing Chengshang Cultural Communication Co., Ltd.
2. 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.
3. 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.
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. 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.
5. Yue Shan International Limited, as a trust beneficiary, owns 4,939,000 H shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Cao Yawen directly owns 100% equity interest in Yue Shan International Limited and is therefore deemed under the SFO to have an interest in the 4,939,000 H shares registered in the name of Founder Investment (HK) Ltd.

Information disclosed above is based on the data published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 30 June 2020, 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 expenditures, including expenditures on transportation and electronic equipment, of the Group for the First Half of 2020 was RMB82 thousand (corresponding period of 2019: RMB52 thousand). The Group expects that its capital expenditures for the second half of 2020 will be mainly comprised of the expenditures consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 30 June 2020, the Company did not have any other contingent liabilities or any pledge of assets.

FOREIGN EXCHANGE RISKS

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain account payables are settled in foreign currency (mainly Hong Kong dollars). Therefore, the Company is exposed to the risk of fluctuations in foreign exchange rate to a certain extent. Operating cash flow or liquidity of the Group is not subject to any substantial effect from exchange rate fluctuations. The Company does not have any foreign currency hedging policy at present.

EMPLOYEES

As at 30 June 2020, the Group had a total of 308 employees (as at 30 June 2019: a total of 332 employees), and the decrease in the number of employees as compared with the corresponding period of last year was mainly due to the reasonable adjustment of the normal business needs of some subsidiaries of the Company. During the six months ended 30 June 2020, the total employees remuneration paid by the Group was approximately RMB23,355 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 2020, the Group carried out staff trainings in respect of connected transactions, legal affairs and compliance management, etc.

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

As at 30 June 2020, 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 2020, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

During the six months ended 30 June 2020, the Group made no material investment, or any plan relating to material investment or acquisition of assets.

As at 30 June 2020, the Company’s investments in Beiyang Publishing & Media Co., Ltd., Beijing Keyin Media Culture Co., Ltd. and Beijing Runxin Dingtai Investment Center (limited partnership) account for over 5% of the Group’s total assets in value. For details of such significant investments, please refer to note 12 headed “INVESTMENT IN OTHER EQUITY INSTRUMENTS”, note 13 headed “INVESTMENT IN OTHER NON-CURRENT FINANCIAL ASSETS” and note 16 headed “EQUITY IN INVESTMENT IN OTHER EQUITY INSTRUMENTS AND OTHER NON-CURRENT FINANCIAL ASSETS”.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the six months ended 30 June 2020, the Group did not have other material acquisitions or disposals of assets relating to its subsidiaries, associates or joint venture companies.

AMENDMENT TO ARTICLES OF ASSOCIATION

At the annual general meeting and the shareholders’ class meeting convened on 19 June 2020, the Company made certain amendments to the articles of association of the Company. For details, please refer to announcements of the Company dated 24 April 2020, 19 June 2020 and 21 June 2020.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2019

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

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

During the six months ended 30 June 2020, the Company had fully complied with all code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiries of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the standards under the Model Code during the six months ended 30 June 2020.

AUDIT COMMITTEE

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

During the reporting period, in response to the impact of COVID-19 epidemic on the Group’s operating results, the audit committee of the Board conducted discussion and review with management and the Group’s auditor with reference to relevant guidance issued by Hong Kong Financial Reporting Council. The audit committee of the Board considers, management has assessed the continuing operation of the Group based on appropriate assumptions, which concludes that the Group has sufficient cash and the COVID-19 epidemic has no substantial adverse impact on the Group’s continuing operation; management also monitors the impairment of non-financial assets such as intangible assets, property, equity of associates and right-of-use assets when necessary, to assess whether there is a need to perform impairment test. The auditor has confirmed the judgement of management in line with the Company’s business environment, operation position and risks; management recognizes revenue strictly complied with related

accounting standards, and ensures that the fair value of assets and liabilities are measured on the basis of market; the internal control of the Group is in place, to ensure the effective measurement and management of expected credit loss of receivables.

The audit committee and the management team of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the audit committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the unaudited financial statements of the Group for the First Half of 2020, and has no objection thereto.

CONNECTED TRANSACTIONS MANAGEMENT

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

INTERNAL CONTROL AND RISK MANAGEMENT

The Company engaged an internal control advisor to evaluate and make recommendations for improvement on the internal control level of the Company. The management of the Company acknowledged the internal control report issued by the internal control advisor and the internal control issues mentioned therein. The Company has or will take 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, and 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's legal counsel in Hong Kong has provided compliance training to the Directors, Supervisors and senior management of the Company. The training includes disclosure of connected transactions, notifiable transactions and inside information. The Company has successively provided training to relevant responsible persons of each department and at the subsidiary level;
4. The Company has sent compliance letters to the relevant personnel of the subsidiaries on a monthly basis;
5. The members of the board of directors, senior executives and connected shareholders of the subsidiaries of the Company shall submit connected transaction declarations and conflict of interest statement at least semi-annually to the board of directors 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 legal advice and other external expert advice on the transactions;
8. The Board and Management Team are responsible for implementing the relevant reward and punishment mechanism. The internal audit department and human resources department of the Company are responsible for implementing the compliance assessment and accountability mechanism of departments and subsidiaries.

DISTRIBUTABLE RESERVE

As at 30 June 2020, the Company's accumulated loss amounted to RMB502,613 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 2020.

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

The Company's interim report for the First Half of 2020 will be published on the Hong Kong Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.bjmedia.com.cn>).

By Order of the Board
Ji Chuanpai
Chairman

Beijing, the PRC, 28 August 2020

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

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