



HK Stock Code: 1000

2023

ANNUAL

REPORT

Beijing Media Corporation Limited

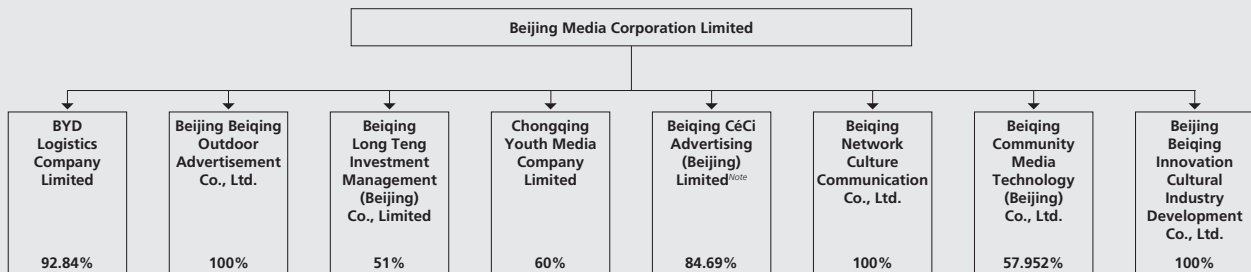
A joint stock company incorporated
in the People's Republic of China with limited liability

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COMPANY PROFILE

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

COMPANY STRUCTURE (AS AT 31 DECEMBER 2023)



Note: On 30 November 2023, the Company received a ruling from the First Intermediate People’s Court of Beijing confirming the formal acceptance of Beiqing CéCi’s application for bankruptcy and liquidation. The First Intermediate People’s Court of Beijing issued an announcement on 6 December 2023, appointing BEIJING JinTai Law Firm as the Administrator. On 21 December 2023, the handover between Beiqing CéCi and the Administrator was completed.

COMPANY WEBSITE

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2023): 197,310,000 shares
- Market Capitalisation (as at 31 December 2023): HK\$88.79 million
- Financial Year End: 31 December
- Bloomberg’s Stock Machine Search Code: 1000HKEquity
- Reuters Stock Machine Search Code: 1000.HK

AS AT 31 DECEMBER 2023**EXECUTIVE DIRECTORS**

Jing Enji (*President*)
Wu Min (*Vice President*)

NON-EXECUTIVE DIRECTORS

Sun Baojie (*Chairman*) ^{Note 1}
Cui Ping
Wang Hao ^{Note 2}
Zhang Lei
Wang Zechen

INDEPENDENT NON-EXECUTIVE DIRECTORS

Shi Hongying
Chan Yee Ping, Michael
Du Guoqing
Kong Weiping

JOINT COMPANY SECRETARIES

Yu Leung Fai
Liu Jia

AUDIT COMMITTEE

Chan Yee Ping, Michael (*Chairman*)
Cui Ping
Kong Weiping

REMUNERATION COMMITTEE

Shi Hongying (*Chairman*)
Wang Hao ^{Note 2}
Du Guoqing

NOMINATION COMMITTEE

Sun Baojie (*Chairman*)
Shi Hongying
Du Guoqing

AUTHORISED REPRESENTATIVES

Sun Baojie
Jing Enji

ALTERNATIVE AUTHORISED REPRESENTATIVE

Yu Leung Fai

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

10/F, Guangdong Investment Tower,
148 Connaught Road Central, Hong Kong

LEGAL ADVISER

as for Hong Kong Law
DLA Piper Hong Kong
25/F, Three Exchange Square,
8 Connaught Place, Central,
Hong Kong

AUDITOR

WUYIGE Certified Public Accountants LLP
Room 2206,
Institute International Building,
No. 1 Zhichun Road, Haidian District,
Beijing, the PRC

HONG KONG SHARE REGISTRAR

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

Notes:

1. Upon the approval at the 2023 first extraordinary general meeting of the Company convened on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive Director of the eighth session of the board (the "Board") of directors (the "Directors") of the Company. At the ninth meeting of the eighth session of the Board convened on the same day, Ms. Sun Baojie was appointed as the chairman of the eighth session of the Board of the Company, the chairman of the Nomination Committee of the Board and an authorised representative of the Company. On the same day, Mr. Su Zhaohui resigned as the chairman of the Board of the Company, a non-executive Director, the chairman of the Nomination Committee of the Board and an authorised representative of the Company. Please refer to the announcement of the Company dated 24 February 2023 for details.
2. Upon the approval at the 2023 second extraordinary general meeting of the Company convened on 29 December 2023, Mr. Wang Hao was appointed as a non-executive Director of the eighth session of the Board of the Company. At the sixteenth meeting of the eighth session of the Board convened on the same day, Mr. Wang Hao was appointed as a member of the Remuneration Committee of the eighth session of the Board of the Company. Mr. Xu Jian resigned as a non-executive Director and a member of the Remuneration Committee of the Board of the Company, which became effective on the same day. Please refer to the announcement of the Company dated 29 December 2023 for details.

On behalf of the Group, I hereby present the report on the results of the Group for the year of 2023. The Group is principally engaged in sales of advertising space, printing and production of newspaper, and trading of print-related materials. The Group's principal advertising medium is Beijing Youth Daily.

In 2023, the macro-economic operation was in the post-pandemic recovery period, showing a steady rising trend. Taking the opportunities from the market recovery, the Group innovated its business model, and deepened its internal reform. Under the leadership of the Board and the management, all staff of the Group pursue strategy of quality, innovation and excellence, which promoted steady improvement of the Group's operation, and the Group achieved an annual gross operating revenue of RMB200,784 thousand, representing an increase of 26.76% as compared with the corresponding period of 2022 and another significant loss reduction.

In 2023, adhering to the strategy of "maintaining stability, trying amid stability and retreating with stability", and focusing on its core business, the Group further optimized its revenue structure, improved its corporate governance and built up a solid foundation for its development.

In 2023, the Group built a solid foundation and gained momentum, made progress while maintaining stability and actively sought for new business models for market share in outdoor advertising. It attained the exclusive concession rights to use and operate major advertising resources on Beijing Metro Line 4 and Daxing Line, the northern section of Beijing Metro Line 17, as well as the exclusive concession rights to certain outdoor resources in GuoMao Metro Exit C, marking substantial strides in advertising business transformation.

In 2023, focusing on management improvement, the Group, on one hand, optimized its system as a modern state-owned enterprise, promoted the information construction and strengthened internal control and comprehensive risk management to facilitate business synergy, on another, it consolidated the organisational structure and improved quality and efficiency through tapping into the potential internally and bringing in from outside, making up for shortfall and optimising the allocation of human resources.

In 2023, the Group concentrated on resolving historical issues and accelerating the disposal of inefficient assets, so as to lay a solid foundation for its high-quality and sustainable development.

As the saying goes, "The successful time will come as you go on doing what you like". The above optimization initiatives of the Group will have a significant and profound impact on its long-term stable and sound development in future. The Group's performance in 2023 was heavily dependent on the concerted efforts of the management and staff of each business unit. Their acute insights to market opportunities and excellent quality are the key to our success. On behalf of the Shareholders of the Company and other members of the Board, I would like to take this opportunity to express my heartfelt and sincere gratitude to the management and staff of all business units.

Sun Baojie
Chairman

22 March 2024
Beijing, the PRC

GROUP BUSINESS REVIEW

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 turnover includes revenue from printing publications arranged by BYD Logistics; and (3) trading of print-related materials, which involves the supply and trading of, among others, newsprint, ink, lubricants, films, presensitised plate and rubber sheet to customers including commercial printers.

The year 2023 marks a post-pandemic recovery period for Chinese economy, where long-term fundamentals were stable and picking up, and the pulling effect of domestic demand continued to strengthen. From the market perspective, the consumption demand for advertising was also gradually released, and the advertising industry was recovering with both opportunities and challenges along with new changes in the industry due to the development of science and technology.

In the face of market changes and challenges, the Group, upholding the strategic positioning of “stabilising growth, adjusting structure, reversing losses and improving quality”, actively promoted business transformation and improved its operating ecosystem through resource integration and industrial synergy and other initiatives:

I. Strengthening and reinforcing the foundations for a solid management base

The Company improved the state-owned assets management system, strengthened internal control and risk management, and revised 27 procedures throughout the year. Besides, the Company has conducted the reform on the remuneration system, improved the performance appraisal, and continued to optimise talent structure to improve quality and efficiency; built the Company’s CRM customer management system to realise the lean management of advertising business processes; and enhance business synergy and consolidate its operational foundation.

II. Enhancing capacity to build a diversified industrial development pattern

Firstly, the Company completed the outdoor advertising layout. In December 2023, the Company entered into the “Exclusive Concession Rights Agreement for Advertising Publication of Major Advertising Resources of Beijing Metro Line 4 and Daxing Line” (《北京地鐵四號線、大興線主要廣告資源廣告發佈獨家代理經營協議》) and the “Exclusive Concession Rights Agreement for Advertising Publication of Major Advertising Resources of the Northern Section of Beijing Metro Line 17” (《北京地鐵十七號線北段主要廣告資源廣告發佈獨家代理經營協議》) with Beijing MTR and Beijing MTR17 (a wholly-owned subsidiary of Beijing MTR) respectively, whereby the Company was granted an exclusive right to use and operate major advertising resources of Beijing Metro Line 4 and Daxing Line, and the northern section of Beijing Metro Line 17, respectively. At the same time, the Company attained the exclusive concession rights to certain outdoor resources in Guomao Metro Exit C, making initial results in business transformation.

Secondly, through its subsidiary, Beiqing Community Media, the Company focused on business of new media operation and maintenance to provide comprehensive services to government and corporate clients. Rooted in the community, the Company has given full play to the advantages of grassroots media, constructed a media communication matrix of “one newspaper, multiple channels and all platforms (一報多端全平台)”, and created the parallel brands of “Beiqing Community Newspaper (北青社區報)” and “Beiqing Community HUI (北青社區HUI)”, customised personalised marketing activities and actively explored community cultural space operation.



GROUP BUSINESS REVIEW (Continued)

II. Enhancing capacity to build a diversified industrial development pattern (Continued)

Thirdly, through its subsidiary, Beiqing Innovation Cultural, the Company focused on youth quality education, provided diversified science popularization study, camp education practice and other characteristic services for teenagers. The Company currently owns many outdoor camps resources in Huairou district, Shunyi district and Miyun district, etc. and researched and developed a total of 110 customised products in 9 categories, including ToC, ToB, resources of scientific research institutes, public welfare, international and camps, etc., and has created four study brands, namely, "Qingxing (青行)", "Qingxue (青學)", "Qingshi (青識)", and "Qingying (青營)", to explore the core competitiveness through test camp business management and camp education course content output.

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 deeply explored the IP potential of the "Ride on the Earth" brand and successfully organised the "2nd Beijing Ride for the Youth of Taiwanese Compatriots in Beijing (第二屆在京台胞青年騎樂北京)" public welfare cycling series, planned the "2024 Beijing-Zhang Jiakou All-Season Sports and Tourism Carnival (2024京張全季體育旅遊嘉年華)", and actively promoted the landing of existing IPs and the incubation of new cycling brand IPs through activity planning, so as to promote commercial realisation.

III. Revitalizing the assets to continuously increase investment income

In 2023, Capital Securities Co., Ltd. was entrusted to manage idle funds for the Company through the Single Asset Management Scheme Contract, achieving a gain on the changes in fair value of RMB8,895 thousand with an annualised return rate of 5.36% (with deduction of performance fee), so as to continuously and effectively utilize idle funds under controllable risks. The Company also obtained rental income of RMB6,747 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. Eliminating hazards to concentrate on addressing the previous issues

We adopted targeted policies and actively promoted the disposal of inferior enterprises, achieving the liquidation and withdrawal of 3 enterprises for the whole year; we sorted out and accelerated the progress of recovery of historical accounts receivables of the Company, and actively pushed forward the enforcement of the successful cases; we strengthened the rule of law, gradually cleaned up the existing legal backlogs, and perfected the management system of legal affairs.



GROUP BUSINESS REVIEW (Continued)

The Group's total operating income for 2023 was RMB200,784 thousand (2022: RMB158,397 thousand), representing an increase of 26.76% as compared with the corresponding period in 2022. The increase in total operating income was mainly attributable to (1) the fact that Beiqing Community Media, a subsidiary of the Company, achieved an operating income of RMB55,441 thousand (2022: RMB28,782 thousand) in 2023, representing an increase of 92.62% as compared with the corresponding period in 2022 through the expansion of its convergence media publicity and comprehensive services business; (2) Beiqing Innovation Cultural, a subsidiary of the Company, taking the opportunity from market recovery after the COVID-19 pandemic, steadily promoted the youth study business, and recorded an operating income of RMB20,826 thousand (2022: RMB3,850 thousand), representing an increase of 440.94% as compared with the corresponding period in 2022.



Operating costs of the Group for 2023 were RMB171,661 thousand (2022: RMB150,916 thousand), representing an increase of 13.75% as compared with those for the corresponding period of 2022. Net loss attributable to shareholders of the Company for 2023 was RMB15,320 thousand (2022: net loss attributable to shareholders of the Company of RMB23,500 thousand), representing a decrease of 34.81% in loss as compared with those for the corresponding period of 2022. The Group continued to achieve loss reduction thanks to: (1) an increase in total operating income of RMB42,387 thousand; (2) the effective utilisation of idle funds by the Company, which achieved a gain on the changes in fair value of RMB8,895 thousand through the asset management business of the single asset management scheme; (3) turnaround from loss to profit of Beiqing Community Media, a subsidiary of the Company, whose net profit in 2023 was RMB4,060 thousand.



Advertising Business

In 2023, the recovery of the advertising market fell short of expectations, and traditional media continued to be impacted by new media. Despite the severe situation, the Company, based on the development direction of convergence media, gave full play to the advantages of media content production, tapped into the personalised needs of customers, accelerated the upgrading of its advertising products and capabilities, and increased its revenue. Revenue from advertising business of the Group for 2023 was RMB87,188 thousand (RMB58,116 thousand for the corresponding period in 2022), representing an increase of 50.02% as compared with that for the corresponding period in 2022. Revenue from the automobile, real estate and education sectors of the Company's advertising center increased, while revenue from advertising business of the Company's subsidiary, Beiqing Community Media, increased by RMB26,658 thousand as compared with that for the corresponding period in 2022.

In 2023, the Company accelerated the digital transformation of the media and the upgrading of resources, focused on the multi-dimensional construction of management, services, products and channels, and put in place the following four measures in advertising operation with its own resource endowment:

GROUP BUSINESS REVIEW (Continued)**Advertising Business (Continued)****1. Empowering management to promote the transformation of advertising business**

Firstly, based on the needs for business development, the Group optimised the organizational structure of the advertising center by abolishing the education business division and the general business division, and establishing the business development division, the outdoor sales division and the outdoor operation division; adjusting the business management team, introducing market-oriented talents, matching with the performance incentives, focusing on the key industries and fields, and actively expanding the advertising channels. Secondly, the Group launched CRM system to standardize the processes of business modules such as customer management, sales management and product management to effectively enhance internal control and management efficiency. Thirdly, the Group carried out the monitoring of advertising publication on multimedia platforms to provide data analysis and information support, and strengthened technological innovation to explore new business growth points.

2. Developing a full-project agency marketing model to enhance service effectiveness

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. The real estate business division created 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), providing full-process services for media releases, video shooting, and event planning and execution. The finance business division has deeply dug into the customer needs of Beijing Branch of Postal Savings Bank of China, made use of the community's advantageous resources, and through a convergence media matrix publicity, tailored a series of full-project planning scheme for the customer's "Qingxiaoyou (青小郵)" community volunteer service team to achieve in-depth cooperation.

3. Focusing on digital transformation to accelerate the development of we-media product

In response to the market trend of increasing demand for digital media advertisements, we focused on content planning, enhanced our short video production capabilities, accelerated the construction of self-operated new media products, and created short-video we-media accounts of "青Auto Talk (青車談)", "青TIME" etc. series on new media platforms such as WeChat, TikTok (抖音) and Little Red Book (小紅書), to enhance the stickiness of existing clients and realize monetization. Among them, we customized the "New Beijing Peninsula Tide Life Festival (新北京半島潮燃生活節)" TikTok (抖音) Challenge for our clients, which lasted for 20 days, with a topic broadcast volume of 1.57 billion, 175,000 likes and over 6,000 comments.

4. Upgrading resources by expanding outdoor advertising channels

Based on the research and judgment of the advertising market, we have precisely developed outdoor advertising resources, and successfully obtained the exclusive concession rights to publish advertising resources on Beijing Metro Line 4 and Daxing Line, the northern section of Beijing Metro Line 17, as well as the exclusive agency rights to outdoor resources of Guomao Metro Exit C, so as to build up a richer product matrix, effectively broaden the types of customers, and cultivate a new growth point of revenues.

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

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

BYD Logistics is a 92.84%-owned subsidiary of the Company and is principally engaged in the businesses of printing and trading of printing-related materials. In 2023, in terms of the printing business, BYD Logistics maintained stable operations, and ensured 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, National Two Sessions and Hangzhou Asian Games, 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, demonstrating its social responsibility. In terms of printing-related materials trading business, BYD Logistics strives to reduce cost and improve efficiency, takes a deep dive into the demands of existing high-quality customers on the basis of strict control of operational risks, continuously explores the cultural paper market, with a focus on expanding the trading business of books and textbook papers, and has become the paper supplier of two central-level publishers. In 2023, the net profit of BYD Logistics was RMB1,024 thousand, representing an increase of 20.58% as compared with that for the corresponding period of 2022.

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 business 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, etc. 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 nearly 50 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 2023, Beiqing Community Media actively optimised its business structure, continued to improve its management and explored new business operation modes. First, it integrated the media publicity matrix of “one newspaper, multiple channels and all platforms” to create the dual brands of “Beijing Community Daily (北青社區報)” and “Beiqing Community HUI (北青社區HUI)”, built video columns such as “Xiaoqing New Discoveries (小青新發現)” and “Travelling to Beijing (周遊北京)”, and planned for a series of thematic videos on community elderly care, cycling during holidays, new national tide products and consumption season of state-owned enterprises, so as to drive the traffic with high-quality content and effectively enhance the media’s publicity and service capacity. Second, focusing on government services, cooperation of social organization procurement, and corporate and product publicity needs, the Company undertook comprehensive services such as publicity, promotion, operation, development and maintenance, and increased revenue by expanding business channels, developing new customers, and strengthening resource integration and business synergies. The Company provided WeChat official account operation, video shooting, publicity and offline activity planning services for Beijing Agriculture Guaranty Co., Ltd., and new media account operation services for Outlets CO fashion brand for Beijing Capital Grand Limited. Third, the Company actively created activity IPs, expanded the demand for activity services from government agencies and social groups, and effectively increased the contracted amount. The Company also established the “Beiqing Community Newspaper Volunteer Team”, developed more than 100 registered volunteers, and carried out more than 20 volunteer activities throughout the year to practice public welfare and establish a good corporate image; at the same time, it promoted marketing through customised volunteer service activities, and established the “Qingxiaoyou (青小郵)” community reporter volunteer group for Beijing branch of Postal Savings Bank of China, to facilitate finance services in communities through a series of campaigns. Fourthly, we tapped to the operation of community cultural spaces, and actively developed projects for the renovation and operation of public spaces in residential communities adopting the mature model of the community space operation of “Guoxue Shuxiang Station (國學書香驛站)” in Shunyi District of Beijing, piloting operation of commercial customer spaces. In 2023, the operating revenue of Beiqing Community Media was RMB55,441 thousand, representing an increase of 91.49% compared with that for the same period in 2022, and it achieved a turnaround from loss to profit with a net profit of RMB4,060 thousand.

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

Beiqing Innovation Cultural, a wholly-owned subsidiary of the Company, was established in April 2022, and principally engages in youth cultural activities and camping education. In 2023, Beiqing Innovation Cultural steadily promoted the youth study activities and camp business taking the opportunity from market recovery after the COVID-19 pandemic, and achieved operating revenue of RMB20,826 thousand, representing an increase of 440.97% as compared to the corresponding period in 2022. In the youth study business, Beiqing Innovation Cultural focused on customer channel building and core product development to actively build its core competitiveness. First, it actively expanded multi-channel resources of major customers such as the Beijing Normal University Education Group and the China Youth Development Foundation, and received a total of nearly 8,000 persons in study group camps throughout the year. Second, it based on the needs of customers across the country, researched and developed a total of 110 customised products in 9 major categories, including ToC, ToB, resources of scientific research institutes, public welfare, international, and camps, focusing on the majority of the popular destinations in the country as well as some of the international itineraries, with the study routes covering more than 10 cities, including Beijing, Xi'an, Qingdao, Luoyang, Dunhuang, Wenchang, etc., and the contents of the courses cover a wide range of topics such as history and culture, patriotism, science and technology, and so on. In addition, according to the type of products, the Company has designed and created four study tours, namely "Qingxing (青行)", "Qingxue (青學)", "Qingshi (青識)", and "Qingying (青營)", to actively enhance the influence of its brand. In the camp business, we continued to explore replicable projects, promoted camp business management and camp education course content output, and completed the curriculum development of environmentally friendly themed products to effectively improve the quality of service and customer acquisition capacity.

Prospects and Future Plans

In 2024, macro-economic policies are expected to be loose while maintaining stable, driving gradual recovery of consumption, and the market environment underpinning the Group's businesses is expected to continue to improve. The Group will, anchoring on the strategy of "Advance, Retreat, Conserve and Trial" and focusing on business transformation, enhance resource integration and allocation, comprehensively optimise the revenue structure and cultivate new momentum for corporate growth.

In 2024, the Group will actively promote the layout of outdoor advertising, build a diversified matrix of advertising products, explore to integrate technology and business innovation, and enhance its own capabilities in order to meet the diversified needs of its customers and to gain more market share while consolidating its strengths in traditional advertising business.

In 2024, the Group will continue to play the functions of the market-oriented expansion platform for the cultural and sports industry of the Capital Group and the integration and cultivation platform for the high-quality business of Beiqing Newspaper, and build a composite industrial chain through resource synergy and hosting integration by leveraging on the platform advantages of a listed company. This includes innovating its own cycling IP operation and maintenance and activity planning to empower its brands; exploring new modes of operation of community cultural spaces by leveraging the content advantages of community media; striking roots into the youth study channels, strengthening product research and development, and building a special study brand of a state-owned enterprise; and expanding the resources in the fields of cultural innovation as well as science and technology, seeking opportunities for industrial cooperation, and carrying out capital operation in due course.

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

In 2024, the Group will comprehensively strengthen corporate governance, focus on the construction of the three major systems of policy, organisation and talent, improve internal control and risk management system, accelerate the clearance of inefficient assets, and construct new potential energy for corporate development by enhancing quality and efficiency.

In 2024, the Group will, based on consolidating existing businesses, grasp the opportunities arising from industry reform and the revival of social economy to create new opportunities in crisis and open a new chapter in a changing situation by trying valiantly and exploring actively, and determine to become a leading media conglomerate with cross-media market expansion capabilities in China.

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

Total operating income of the Group for 2023 was RMB200,784 thousand (2022: RMB158,397 thousand), representing an increase of 26.76% as compared to that in 2022, of which, revenue from advertising was RMB87,188 thousand (2022: RMB58,116 thousand), representing an increase of 50.02% as compared to that in 2022; revenue from printing was RMB1,009 thousand (2022: RMB2,802 thousand), representing a decrease of 63.99% as compared to that in 2022; and revenue from trading of print-related materials was RMB77,659 thousand (2022: RMB88,983 thousand), representing a decrease of 12.73% as compared to that in 2022.

2. Operating Cost and Sales Tax and Surcharges

Operating cost of the Group for 2023 was RMB171,661 thousand (2022: RMB150,916 thousand), representing an increase of 13.75% as compared to that in 2022, of which, advertising cost was RMB72,070 thousand (2022: RMB59,026 thousand), representing an increase of 22.10% as compared to that in 2022; printing cost was RMB881 thousand (2022: RMB2,574 thousand), representing a decrease of 65.77% as compared to that in 2022; and cost of trading in print-related materials was RMB75,386 thousand (2022: RMB86,121 thousand), representing a decrease of 12.47% as compared to that in 2022. Tax and surcharges were RMB2,169 thousand (2022: RMB2,322 thousand), representing a decrease of 6.59% as compared to that in 2022.

3. Gross Profit

Gross profit of the Group for 2023 was RMB29,123 thousand (2022: RMB7,481 thousand), representing an increase of 289.29% as compared to that in 2022; gross profit margin of the Group for 2023 was 14.5% (2022: 4.72%).

4. Selling Expenses

Selling expenses of the Group for 2023 was RMB16,980 thousand (2022: RMB19,391 thousand), representing a decrease of 12.43% as compared to that in 2022.

5. Administrative Expenses

Administrative expenses of the Group for 2023 was RMB39,676 thousand (2022: RMB30,085 thousand), representing an increase of 31.88% as compared to that in 2022.

FINANCIAL POSITION AND OPERATIONAL RESULTS (Continued)**6. Financial Expenses**

Financial expenses of the Group for 2023 was RMB-161 thousand (2022: RMB-2,865 thousand), representing a decrease of 94.38% in absolute value as compared to that in 2022. In particular, interest income was RMB432 thousand (2022: RMB2,965 thousand), representing a decrease of 85.43% as compared to that in 2022; and foreign exchange loss was RMB19 thousand (2022: RMB15 thousand), representing an increase of 26.67% as compared to that in 2022.

7. Share of Gains of Associates

Share of gains of associates of the Group for 2023 was RMB-230 thousand (2022: gain of RMB-256 thousand), representing a decrease of RMB26 thousand in loss as compared to that in 2022.

8. Operating Profit

Operating profit of the Group for 2023 was RMB-15,211 thousand (2022: RMB-27,644 thousand), representing a decrease of 44.98% in loss as compared to that in 2022.

9. Income Tax Expenses

Income tax expenses of the Group for 2023 was RMB-795 thousand (2022: RMB595 thousand), representing a decrease of RMB1,390 thousand or 233.61% as compared to that in 2022. Pursuant to the "Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Cultural Public Institutions into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department" (Cai Shui [2019] No. 16), the enterprises that have completed the structure reform before 31 December 2018 can continue to enjoy the five-year Enterprise Income Tax (EIT) exemption starting from 1 January 2019.

10. Net Profit/Loss and Net Profit/Loss Attributable to Shareholders of the Company

Net loss of the Group for 2023 was RMB14,230 thousand (2022: net loss of RMB28,174 thousand), of which, net loss attributable to Shareholders of the Company was RMB15,320 thousand (2022: net loss attributable to Shareholders of the Company of RMB23,500 thousand).

11. Final Dividend

The Board did not recommend the distribution of the final dividend for the year 2023 (2022: Nil).

12. Net Current Assets

As at 31 December 2023, net current assets of the Group was RMB233,237 thousand (31 December 2022: RMB236,846 thousand). Current assets mainly comprised bank balances and cash of RMB76,285 thousand (31 December 2022: RMB82,948 thousand), financial assets available for sale of RMB156,523 thousand (31 December 2022: RMB162,663 thousand), notes receivable of RMB151 thousand (31 December 2022: RMB382 thousand), accounts receivable of RMB21,379 thousand (31 December 2022: RMB17,900 thousand), prepayments of RMB3,854 thousand (31 December 2022: RMB2,496 thousand), other receivables of RMB15,871 thousand (31 December 2022: RMB11,800 thousand), inventories of RMB4,002 thousand (31 December 2022: RMB4,853 thousand), and other current assets of RMB27,179 thousand (31 December 2022: RMB27,351 thousand). Current liabilities mainly comprised notes payable of RMB15,593 thousand (31 December 2022: RMB6,086 thousand), accounts payable of RMB17,661 thousand (31 December 2022: RMB11,666 thousand), contractual liabilities of RMB13,673 thousand (31 December 2022: RMB20,912 thousand), employee benefit payables of RMB7,118 thousand (31 December 2022: RMB8,425 thousand), tax payables of RMB453 thousand (31 December 2022: RMB277 thousand), other payables of RMB15,765 thousand (31 December 2022: RMB25,061 thousand), non-current liabilities due within one year of RMB1,004 thousand (31 December 2022: Nil), and other current liabilities of RMB740 thousand (31 December 2022: RMB1,120 thousand).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2023, current assets of the Group was RMB305,244 thousand (31 December 2022: RMB310,393 thousand), including bank balances and cash of RMB76,285 thousand (31 December 2022: RMB82,948 thousand) and non-current assets of the Group was RMB406,367 thousand (31 December 2022: RMB394,716 thousand).

As at 31 December 2023, current liabilities of the Group was RMB72,007 thousand (31 December 2022: RMB73,547 thousand); and non-current liabilities was RMB4,630 thousand (31 December 2022: RMB3,901 thousand).

As at 31 December 2023, Shareholders' equity of the Group was RMB634,974 thousand (31 December 2022: RMB627,661 thousand).

GEARING RATIO

As at 31 December 2023, gearing ratio of the Group was 12.07% (31 December 2022: 12.34%) (which is calculated by dividing the Group's total liabilities by its total equity).

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

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

FINANCING COST

Financing cost of the Group for 2023 was RMB170 thousand (2022: RMB5 thousand).

FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Total operating income	200,784	158,397	187,552	217,291	219,927
Net profit	(14,230)	(28,174)	(67,192)	(136,356)	(214,511)
Net profit attributable to Shareholders of the Company	(15,320)	(23,500)	(64,159)	(130,176)	(196,538)
Earnings per share — basic and diluted (RMB)	(0.08)	(0.12)	(0.33)	(0.66)	(0.99)

	As at 31 December				
	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000	2019 RMB'000
Total assets	711,611	705,109	727,560	745,447	895,445
Total liabilities	76,637	77,448	82,002	96,951	100,448
Total equity attributable to Shareholders of the Company	623,207	617,047	628,627	628,509	768,760
Shareholders' equity per share as at the end of the year (RMB)	3.16	3.13	3.19	3.19	3.90

SHARE STRUCTURE (AS AT 31 DECEMBER 2023)

	Number of shares	Proportion to total share capital (%)
Holders of Domestic Shares		
— BYDA	124,839,974	63.27
— Beijing Chengshang Cultural Communication Co., Ltd.	7,367,000	3.73
— China Telecommunication Broadcast Satellite Co., Ltd.	4,263,117	2.16
— Beijing Development Area Ltd.	2,986,109	1.52
— Sino Television Co., Ltd.	2,952,800	1.50
Domestic Shares (<i>subtotal</i>)	142,409,000	72.18
H Shares ^{Note}	54,901,000	27.82
Total share capital	197,310,000	100.00

Note:

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

CAPITAL EXPENDITURE

Capital expenditure of the Group for 2023 was RMB1,962 thousand (2022: RMB930 thousand). Capital expenditure of the Group for 2023 mainly comprises the expenditures consistent with business strategies including expenditures on office equipment and intangible assets.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2023, the Group did not have any contingent liabilities or any pledge of assets.

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 the date of approval by the independent shareholders at the AGM (i.e. 17 June 2022). 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 31 December 2023, the Company's investments in the above asset management accounted for more than 5% of the Group's total assets. Please refer to Note VIII.2. headed "Financial assets held for trading" and X.5. headed "Equity in financial assets held for trading" to the financial statements of this report 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 31 December 2023, the Company's investments in Beiyang Publishing & Media Co., Ltd. and Beijing Keyin Media Culture Co., Ltd. account for over 5% of the Group's total assets. For details of such significant investments, please refer to Note VIII.10. headed "Investment in other equity instruments" and Note X.3. headed "Equity in investment in other equity instruments" to the financial statements of this report.

MATERIAL INVESTMENTS *(Continued)*

Save as disclosed in this report, as of 31 December 2023, the Group had no material investments or any plan related to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

On 11 December 2023, the Company entered into the exclusive concession rights agreements with Beijing MTR and its wholly owned subsidiary, Beijing MTR17, pursuant to which the Company was granted the exclusive rights to use and operate the major advertising resources in Beijing Metro Line 4 and Daxing Line and the northern section of Beijing Metro Line 17, for a period of two years commencing from 1 January 2024 and ending on 31 December 2025. In terms of the above arrangements, the Company shall pay concession fees to Beijing MTR and Beijing MTR17 on the basis of “guarantee fees + extra revenue commission fees”; among which, for the guarantee fees, the guaranteed fees for the first operating year of exclusive concession for the Beijing Metro Line 4, Daxing Line and the northern section of Beijing Metro Line 17 are RMB18.63 million, RMB4.70 million and RMB3.67 million, respectively, with an annual increment of 2%; and extra revenue commission fees will be calculated based on the actual advertising revenue and on a stepwise basis according to the relevant formula. The above transaction enables the Group to enrich its outdoor advertising business, take advantage of its main business of convergence media advertising sales and the major advertising resources of the relevant metro lines, so as to increase its operating income and generate better returns to Shareholders. For details of the above transaction, please refer to the announcement dated 11 December 2023 and circular dated 14 December 2023 of the Company.

Save as disclosed in this report, during the Reporting Period, the Group had no material acquisition or disposal of subsidiaries, joint ventures, associates, etc.

FOREIGN EXCHANGE RISKS

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always upheld the philosophy of placing equal emphasis on development and environmental protection. During its day-to-day operation, the Group reasonably utilises resources in strict compliance with the relevant laws, regulations, standards and other local rules. It has formulated and implemented the relevant internal rules and strives to minimise its impacts on the ecological environment from production and operation in terms of resource utilization and other aspects. During the Reporting Period, the Group organised several public benefit events relating to protection of natural environment. In the meantime, the Group is committed to maintaining and consolidating a healthy operation environment so that it can realise steady and orderly growth. The Group also tries its best to improve the working environment for its employees, advocates a philosophy of green office and green production and strives to create a safe, healthy, ideal and protected working environment for all employees. During the Reporting Period, the Group placed advertisements in the theme of public welfare over long period of time so as to promote the concept of environmental protection.

COMPLIANCE WITH LAWS, REGULATIONS AND CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has been in compliance with the laws and regulations which would have a material impact on the Group and the code provisions set out in the Corporate Governance Code under Appendix C1 to the Listing Rules.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavours to maintain sustainable development in the long term, continuously creates value for its employees and customers, and fosters good relationships with its suppliers. The Group believes that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. During the Reporting Period, the Group held staff training, and organised various arts performances and sporting events for the staff. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group attaches great importance to supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. The Group abides by the principles of honesty and trustworthiness and commits itself to consistently providing quality services to its customers. During the Reporting Period, there was no significant and material dispute between the Group and its suppliers and/or customers.

AS AT 31 DECEMBER 2023

EXECUTIVE DIRECTORS

Mr. Jing Enji, born in January 1973, is the secretary of the general branch of the Party Committee, executive Director and president of the Company. He is qualified as a lawyer in the PRC and a Level II legal advisor for state-owned enterprises. Mr. Jing joined Beijing Municipal Economic Development and Investment Co., Ltd. (formerly known as Beijing Municipal Economic Development and Investment Company) in July 1996, successively serving as the deputy manager of the asset management department, the deputy manager of the operation management department, the manager of the operation management department, the manager of the real estate development department, assistant to the general manager, the deputy general manager, the executive deputy general manager, a director, the general manager and the deputy secretary of the Party Committee. Mr. Jing has served as an executive Director and the president of the Company since September 2022. Mr. Jing has held a concurrent post as the chairman of Beiqing Community Media Technology (Beijing) Co., Ltd. since November 2022, the chairman of Beijing Youth Camp Education Technology Co., Ltd. since February 2023 and as the chairman of Beijing Beiqing Innovation Cultural Industry Development Co., Ltd. since March 2023. Mr. Jing was appointed as a Director of the Company on 25 November 2021.

Ms. Wu Min, born in August 1976, is the executive Director, vice president and director of advertising business division of the Company. Ms. Wu graduated from Shijiazhuang Army Command Institute (石家莊陸軍指揮學院) with a bachelor's degree in film and television editing and directing. Ms. Wu successively served as a technician on probation, assistant engineer in Troop 61377 from July 1996 to September 2004, worked in the Office Publicity and Planning Department of BYDA from September 2004 to April 2008, has successively served as the assistant of executive vice president, the assistant of president, vice president and director of advertising business division since she joined the Company in April 2008. Ms. Wu served as the director of Beijing Beiqing Outdoor Advertisement Co., Ltd. from May 2017 to April 2023 concurrently, and has served as the director of Beiqing Community Media Technology (Beijing) Co., Ltd. since November 2022 concurrently, and the executive director and general manager of Beijing Beiqing Outdoor Advertisement Co., Ltd. since April 2023. Ms. Wu was appointed as a Director of the Company on 17 June 2022.

NON-EXECUTIVE DIRECTORS

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

Ms. Cui Ping, born in December 1974, is a non-executive Director of the Company. Ms. Cui is the general manager (the director) of the Strategic Management Department (Scientific and Technological Innovation Promotion Office) in Beijing Capital Group Co., Ltd. She is a senior statistician and a senior economist. Ms. Cui successively obtained a bachelor's degree in economics management of agriculture and husbandry from Beijing University of Agriculture, a master's degree in professional economics in finance (including taxation) major from Renmin University of China and a master's degree in consultation management and reform management from Conservatoire National des Arts et Métiers. Ms. Cui worked at the Beijing Municipal Bureau of Statistics from August 1997 to September 2015, successively serving as a staff member of the Population and Employment Department, deputy principal staff member, principal staff member and principal staff member and deputy director of the Monitoring and Assessment Department. Ms. Cui was the deputy general manager of the Strategic Management Department of Beijing Capital Group Co., Ltd. from September 2015 to January 2018, and she has been the director of Cultural and Creative Industries Office of Beijing Capital Group Co., Ltd. from January 2018 to December 2022, and she has been the general manager (the director) of the Strategic Management Department (Scientific and Technological Innovation Promotion Office) in Beijing Capital Group Co., Ltd. since January 2023, and the director of Beijing Tennis Competition Marketing Co., Ltd.* (北京中國網球公開賽體育推廣有限公司) since January 2021. Ms. Cui served as the secretary of Party Branch and the chairman of Beijing Capital Venture Investment Co., Ltd. from August 2019 to March 2022. Ms. Cui was appointed as a Director of the Company on 25 November 2021.

NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Wang Hao, born in March 1983, is a non-executive Director of the Company. He is the deputy general manager of the Industrial Development Department of Beijing Capital Group Co., Ltd. Mr. Wang obtained a bachelor's degree in electrical engineering from the University of Bristol in the United Kingdom, and a master's degree in Business Administration jointly offered by Tsinghua University and the Chinese University of Hong Kong. Mr. Wang worked at CITIC Securities Co., Ltd. (Stock Code: 06030.HK, 600030.SH) from June 2007 to August 2010. Mr. Wang worked at Beijing Capital Land Ltd. (now Beijing Capital Land Co., Ltd.) from August 2010 to October 2015, and successively served as the assistant to the chairman of the Capital Management Center and the assistant to the chairman. Mr. Wang has worked at Beijing Capital Group Co., Ltd. since October 2015, and successively served as the deputy general manager of the Synergy Development Department, the deputy general manager of the Real Estate Department and the deputy general manager of the Industrial Development department. Mr. Wang has concurrently served as a non-executive director and a member of the Strategic Investment Committee of Beijing Capital Grand Limited (Stock Code: 01329.HK) since May 2018. Mr. Wang was appointed as a Director of the Company on 29 December 2023.

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

Mr. Wang Zechen (formerly known as Wang Huiyong), born in March 1974, is a non-executive Director of the Company. He is currently the vice president of Beijing Chengshang Cultural Communication Co., Ltd. Mr. Wang graduated from Beijing Jiaotong University in human resources management. Mr. Wang worked in the Audiovisual News Center of the Beijing Branch of Xinhua News Agency from February 2000 to December 2001 and held the positions of photographer and editor; Mr. Wang worked in Beijing Television Financial and Economic Channel from December 2001 to October 2006 and held the positions of photographer and film producer; and Mr. Wang has been serving as the vice president of Beijing Chengshang Cultural Communication Co., Ltd. since October 2006. Mr. Wang was appointed as a Director of the Company on 25 November 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Shi Hongying, born in April 1972, is an independent non-executive Director of the Company. Ms. Shi obtained a bachelor's degree majoring in law and a master's degree majoring in law education from the Capital Normal University in July 1995 and July 2004 respectively and obtained the National Lawyer Qualification Certificate in 1998. Since July 1995, Ms. Shi has successively served in the Communist Youth League Committee, the Office of the Communist Party Committee and the Publicity Department of the Communist Party Committee of the Capital Normal University. She was transferred to the teaching position from January 2007 and now serves as an associate professor of the Capital Normal University. Ms. Shi served as a people's juror in the People's Court of Haidian District, a part-time lawyer at Beijing Zhenghai Law Firm (北京市正海律師事務所) and Yingdao Law Firm (英島律師事務所) and currently works as a part-time lawyer at Beijing Yinghong Law Firm (北京英弘律師事務所). Ms. Shi also currently works as the director of the Professional Committee for Prevention and Defense of Work-Related Crime and the deputy director of the Rights and Interest Safeguarding Committee to Beijing Lawyers Association, a member of the Criminal Matters Committee and Right Protection Center to All China Lawyers Association, a managing director of the Legal Literature Research Institution, a special-term researcher of the Law Studies Research Institution to China Law Society, an expert of Civil Administrative Prosecution Expert Consultation Network of the Supreme People's Procuratorate and a member of the Experts Group of Litigation Service Center of the Supreme People's Court of PRC, a people supervisor (人民監督員) of Beijing People's Procuratorate (北京市人民檢察院) and other social positions. Ms. Shi was appointed as a Director of the Company on 21 June 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Chan Yee Ping, Michael, born in April 1977, is an independent non-executive Director of the Company. He is a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan graduated from The Hong Kong Polytechnic University with an honour bachelor's degree in accountancy, and has more than twenty years of experience in the areas of audit, financial management, corporate secretarial management and corporate governance. He is a director of MCI CPA Limited, a certified public accountant firm in Hong Kong. He is currently serving as an independent non-executive director for two companies whose shares are listed on the Stock Exchange, namely China Sandi Holdings Limited (Stock Code: 910) and StarGlory Holdings Company Limited (formerly named as New Wisdom Holding Company Limited) (Stock Code: 8213). Mr. Chan has been serving as the company secretary of China Sunshine Paper Holdings Company Limited (Stock Code: 2002) since 2013. Since 2012, he also has been serving as a company secretary of another company whose shares are listed on the Main Board of the Stock Exchange, namely Northeast Electric Development Company Limited (Stock Code: 0042). From September 2017 to December 2018, Mr. Chan served as an independent non-executive director of Prosper One International Holdings Company Limited (Stock Code: 1470) (Mr. Chan was publicly criticised by the Listing Committee of the Stock Exchange due to his breach of his obligation under the director's undertaking to the Stock Exchange during his tenure as a director of Prosper One International Holdings Company Limited and failure to demonstrate appropriate performance of duties as a member of the audit committee under the board of directors of Prosper One International Holdings Company Limited. Details of the bulletin of criticism are set out in the regulatory announcement issued by the Stock Exchange on 18 May 2022); from November 2018 to February 2021, he also served as an independent non-executive director of Champion Alliance International Holdings Limited (Stock Code: 1629); and from July 2014 to May 2022, he served as an independent non-executive director of SoftMedx Healthcare Limited (formerly named as China Wah Yan Healthcare Limited) (Stock Code: 648), shares of these companies are listed on the Main Board of the Stock Exchange. Mr. Chan was appointed as a Director of the Company on 19 June 2020.

Ms. Du Guoqing, born in October 1971, is an independent non-executive Director of the Company. She is currently a professor, a tutor of postgraduate and doctoral students as well as the director of Institute of Advertiser under the Advertising School of Communication University of China. Ms. Du successively obtained a bachelor's degree of education in Chinese Linguistics and Literature from Hebei Normal University (formerly known as Hebei Normal College), a master's degree in journalism and a doctoral degree of advertising from Communication University of China (formerly known as Beijing Broadcasting Institute). Ms. Du worked in Hebei Normal College from 1998 to 2003 and has been working in Communication University of China since 2003. During the period, Ms. Du has served as the director of Institute of Advertiser of Communication University of China since 2002, and served as the editor-in-chief of MARKET OBSERVER — Advertiser (《市場觀察—廣告主》) by China Enterprise Confederation from 2002 to 2007, a researcher of the headquarter of Dentsu Group (4324.TYO) in Tokyo, Japan from January 2010 to March 2010, the deputy director and director of the Public Relation Department under Communication University of China from 2010 to 2018. Ms. Du is currently the editor-in-chief of New Trend (《新趨勢》), an executive member of Advertising Artistic Committee of China TV Artists Association, a member of Law and Ethics Committee of China Advertising Association, a member of Academic Committee of China International Public Relations Association, an expert judge of Dentsu • China Advertising Talent Training Fund project, and a distinguished expert of the Asia Media Research Centre of Communication University of China and of the National Image Research Center of Tsinghua University. Ms. Du was appointed as a Director of the Company on 25 November 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

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

SUPERVISORS

Mr. Liu Huibin, born in March 1975, holds of master's degree and is the chairman of the Supervisory Committee of the Company. He is currently the General Counsel, Chief Compliance Officer, and the general manager of the Legal Compliance Department in Beijing Capital Group Co., Ltd., and a supervisor of Beijing Capital Eco-Environment Protection Group Co., Ltd. (600008.SH). Mr. Liu holds the qualifications of lawyer of the People's Republic of China and enterprise legal adviser. Mr. Liu successively served as an assistant to the judge of court and a partner lawyer of a law firm. Mr. Liu joined Beijing Capital Group Co., Ltd. since August 2013, successively serving as the deputy general manager, general manager of the Law Department, general manager of the Legal Compliance Department, general counsel of the Law Department, and Chief Compliance Officer, the chairman of the Supervisory Committee in Beijing Capital Financial Asset Trading and Information Services Company Limited from November 2015 to July 2022, the chairman of the Supervisory Committee in Beijing Capital Co., Ltd. from February 2020 to May 2021, a supervisor of Beijing Capital Eco-Environment Protection Group Co., Ltd. (600008.SH) since June 2021 and a director of Capital Securities Co., Ltd. (601136.SH) since September 2023. Mr. Liu was appointed as a Supervisor and the chairman of the Supervisory Committee of the Company on 25 November 2021.

Ms. Li Xiaomei, born in November 1973, is a Supervisor of the Company, and is currently an assistant to general manager and a manager of the enterprise development department of China Satellite Communications Co., Ltd., and is a researcher. Ms. Li obtained a master's degree in management science and engineering from the Graduate School of Xi'an University of Technology. From May 1999 to February 2008, Ms. Li worked for China Academy of Space Technology and served successively as an engineer, the deputy director and other positions. From February 2008 to July 2021, Ms. Li worked for China Spacesat Co., Ltd. and served successively as the deputy general manager and the general manager of the development planning department, the general manager of the investment management department and the president assistant. Since July 2021, Ms. Li has joined China Satellite Communications Co., Ltd. Ms. Li was appointed as a Supervisor of the Company on 25 November 2021.

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

SENIOR MANAGEMENT

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

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

Ms. Hou Hui, born in December 1985, is the deputy chief accountant and head of finance of the Company. Ms. Hou graduated from Beijing Information Science and Technology University, majoring in technology economics and management with a master's degree in management and is a senior accountant and a chartered financial analyst. From September 2011 to December 2013, Ms. Hou served as a pre-sales consultant for the Industry Department Four of the Beijing branch of Yonyou Network Technology Co., Ltd. (formerly known as Yonyou Software Co., Ltd.) (Stock Code: 600588.SH); from December 2013 to December 2021, Ms. Hou successively served as staff, assistant to general manager and deputy general manager of the finance and accounting department of Capital Environmental Holdings Limited (Stock Code: 03989.HK), during which time Ms. Hou also served as chief financial officer and director of several subsidiary project companies concurrently. She has also served as an executive director and the general manager of Beiqing Network Culture Communication Co., Ltd. since April 2023. Ms. Hou was appointed as the deputy chief accountant, head of finance of the Company on 16 December 2021.

COMPANY SECRETARY

Ms. Liu Jia, born in March 1983, is the secretary to the Board, a joint company secretary, the director of the office of the Board and the manager of the administrative department of the Company. Ms. Liu obtained a bachelor's degree in management with a major in information management and information system from Central University of Finance and Economics in 2005. Ms. Liu joined BYDA in July 2005 and served for integrated management, remuneration management, training supervision and performance management of the human resources department of BYDA. Ms. Liu joined the Company in July 2013 and has served as the assistant to secretary to the Board, the deputy director and director of the Board office. Ms. Liu has also served as the secretary to the Board of the Company since August 2022 and the joint company secretary of the Company since December 2022. Ms. Liu, by virtue of her relevant experiences, has been confirmed capable of discharging the functions of company secretary by the Hong Kong Stock Exchange in November 2022 pursuant to the Note 2 to Rule 3.28 of the Listing Rules and qualified for the position of company secretary of the Company under the Listing Rules. Ms. Liu served as an executive Director of the Company from June 2019 to November 2021, a director of Beijing International Advertising & Communication Group Co., Ltd. from December 2016 to August 2021, and a director of Beijing Community Media Technology (Beijing) Co., Ltd since November 2022.

Mr. Yu Leung Fai, born in March 1977, is the joint company secretary of the Company. He is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia, the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Trustee Association, and has extensive experience in the corporate services field. Mr. Yu obtained a bachelor's degree in commerce from University of Toronto, Canada in June 2000 and a bachelor's degree in law from University of London, the United Kingdom in August 2005. He first started his career as an auditor of Deloitte Touche Tohmatsu LLC (formerly named as Deloitte Touche Tohmatsu). Mr. Yu is currently the managing partner of Fung, Yu & Co. CPA Limited (formerly named as Fung, Yu & Co. CPA), which he joined in 2001. Mr. Yu has been the company secretary of Yuanda China Holdings Limited (遠大中國控股有限公司) (stock code: 2789) since June 2012; the company secretary of Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司) (stock code: 631) since February 2017. Mr. Yu serves as the independent non-executive director of Realord Group Holdings Limited (偉祿集團控股有限公司) (stock code: 1196) since June 2014; an independent non-executive director of The Sincere Company, Limited (stock code: 244) since June 2021; an independent non-executive director of CSMall Group Limited (stock code: 1815) since November 2021, an independent non-executive director of Timeless Software Limited (stock code: 8028) since March 2023 and the company secretary of Century Ginwa Retail Holdings Limited (stock code: 0162) from September 2023 to January 2024, all of which are listed companies in Hong Kong. Mr. Yu was appointed as a joint company secretary of the Company in March 2010.

REPORT OF THE BOARD OF DIRECTORS

The Board is pleased to present the annual report and the audited consolidated financial statements for the year ended 31 December 2023.

ISSUE AND LISTING OF SHARES

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

The highest and lowest trading prices of the Company's H Shares per share were HKD0.64 and HKD0.32 respectively for the year ended 31 December 2023. On 29 December 2023 (the last trading day in 2023), the trading volume was 26,000 shares and the closing price was HKD0.45 per share.

ACCOUNTS

Financial position of the Group as at 31 December 2023 is set out in the Consolidated Balance Sheet on pages 80 to 81.

Results of the Group for the year ended 31 December 2023 are set out in the Consolidated Income Statement on pages 82 to 83.

Cash flows of the Group for the year ended 31 December 2023 are set out in the Consolidated Cash Flow Statement on pages 84 to 85.

Changes in equity of the Group for the year ended 31 December 2023 are set out in the Consolidated Statement of Changes in Shareholders' Equity on page 86.

PRINCIPAL BUSINESS

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

DIVIDEND

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

- a. the Company's actual financial performance and expected financial performance;
- b. the Group's debt-to-equity ratio, return on share capital and financial contractual commitments;
- c. undistributed profits and distributable reserves of the Company and each member of the Group;
- d. the Group's demand for expected working capital and its future strategic plans;
- e. tax considerations;
- f. possible impact on the Company's reputation;
- g. legal and regulatory restrictions; and
- h. any other factors that the Board may consider relevant.

The Board did not propose the payment of a final dividend for the year ended 31 December 2023.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2023, the total purchase by the Group from its five largest suppliers was RMB66,990 thousand (2022: RMB81,470 thousand), accounting for 39.02% of its total purchase for the year of 2023 (2022: 53.98%); and the purchase from the largest supplier was RMB23,961 thousand (2022: RMB22,370 thousand), accounting for 13.96% of its total purchase for the year of 2023 (2022: 14.82%). One of the five largest suppliers is a related party of the Company; the cooperation term ranges from one year to twenty years, and the credit term for purchase of products generally ranges from 30 days to 90 days.

During the Reporting Period, the total sales by the Group to its five largest customers was RMB58,307 thousand (2022: RMB62,913 thousand), accounting for 29.04% of its total sales for the year of 2023 (2022: 39.72%); and the amount of sales to the largest customer was RMB23,902 thousand (2022: RMB30,257 thousand), accounting for 11.90% of its total sales for the year of 2023 (2022: 19.10%). None of the five largest customers is related parties of the Company; the cooperation term ranges from one year to twenty years, and the credit term agreed in contract generally does not exceed 30 days.

Among the above, the amount of purchase by the Group from BYDA, the controlling Shareholder, and its subsidiaries during the Reporting Period was RMB9,825 thousand. Besides, as far as the Directors are aware, none of the Directors, their close associates nor Shareholders holding more than 5% of the Company's issued shares has any interest in the Group's five largest suppliers or customers.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2023, the subsidiaries of the Company included BYD Logistics, Beiqing Long Teng, Beiqing CéCi, Beiqing Network Culture, Beiqing Community Media, Beiqing Outdoor, Chongqing Media, Beiqing Innovative Cultural and CHONGQING YOUTH (AMERICA) LLC.

As at 31 December 2023, the associates of the Company included Beiqing Top, Beijing Leisure Trend Advertising Company Limited, Beijing Shengyi Automobile Technology Service Co., Ltd. (formerly known as Beijing Beiqing Shengda Automobile Service Company Limited), Beijing Beisheng United Insurance Agency Co., Ltd., BY Time Consulting Co., Ltd., Chongqing Soyang Internet Technology Co., Ltd. and Beijing Shangyou Network Technology Co., Ltd.

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

RESERVES

The change in reserves during the Reporting Period is set out in the Consolidated Statement of Changes in Shareholders' Equity on page 86 of this annual report. According to the Company Law and the Articles of Association, reserves consist of capital reserves, surplus reserves and undistributed profits.

FIXED ASSETS

The changes in investment properties and fixed assets during the Reporting Period are set out in Note VIII.12 "Investment properties" and VIII.13 "Fixed assets" to the financial statements in this annual report, respectively.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBER OF SHAREHOLDERS

As at 31 December 2023, the total number of shares issued by the Company was 197,310,000 shares. The Shareholders of the Company include BYDA, Beijing Chengshang Cultural Communication Co., Ltd., China Telecommunication Broadcast Satellite Co., Ltd., Beijing Development Area Ltd., Sino Television Co., Ltd. and public Shareholders of H Shares, holding 124,839,974 Domestic Shares, 7,367,000 Domestic Shares, 4,263,117 Domestic Shares, 2,986,109 Domestic Shares, 2,952,800 Domestic Shares and 54,901,000 H Shares respectively, representing 63.27%, 3.73%, 2.16%, 1.52%, 1.50% and 27.82% of the Company's total share capital, respectively.

Class of Shares	Number of issued shares	Percentage	Number of Shareholders*
Domestic Shares	142,409,000	72.18%	5
H Shares	54,901,000	27.82%	281
Total	197,310,000	100%	286

* The above-mentioned percentage figures are based on the records in the Company's register of members as at 31 December 2023.

PUBLIC FLOAT

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, so far as the Directors, Supervisors and chief executives of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the SFO, the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

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

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

Notes:

1. Entrusted by the China Communist Youth League Beijing Committee, Capital Group has taken over the subsidiaries of BYDA (excluding the Company) since 18 June 2020 with a term of five years. The Company has been included in such entrustment scope since 20 May 2021, pursuant to which, Capital Group will exercise the powers of investors/Shareholders stipulated in the Company's Articles of Association during the term of the entrustment, including but not limited to obtaining the Company's control, voting, operating and profit rights. Therefore, Capital Group has an interest in the 124,839,974 Domestic Shares held by BYDA.
2. Beijing Chengshang Cultural Communication Co., Ltd. owns 7,367,000 Domestic Shares of the Company, approximately amounting to 3.73% of the total issued share capital (5.17% of the total issued Domestic Shares) of the Company. Guofu Shangtong Information and Technology Development Co., Ltd. directly owns 42.86% of Beijing Chengshang Cultural Communication Co., Ltd. and is therefore deemed to have an interest in the 7,367,000 Domestic Shares registered in the name of Beijing Chengshang Cultural Communication Co., Ltd. under the SFO. On 22 March 2021, the interests of such shares were provided to persons other than qualified lenders as guarantees, which led to the change in the nature of the equity interests held by Beijing Chengshang Cultural Communication Co., Ltd. and Guofu Shangtong Information and Technology Development Co., Ltd. in such shares.
3. Leshi Internet Information & Technology Corp., Beijing owns 19,533,000 H Shares of the Company, representing approximately 9.9% of the total issued share capital (35.58% of the total issued H Shares) of the Company.
4. Founder Investment (HK) Ltd. owns 4,939,000 H Shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H Shares) of the Company. Beijing University directly owns 100% equity interest in Beijing University New Technology Corporation, which directly owns 80% equity interest in Beijing Beida Founder Group, which in turn owns 51% equity interest in Founder Investment (HK) Ltd. Therefore, Beijing University, Beijing University New Technology Corporation, Beijing Beida Founder Group and Beijing University Founder Investment Co., Ltd. are deemed under the SFO to have an interest in the 4,939,000 H Shares registered in the name of Founder Investment (HK) Ltd.
5. Founder Investment (HK) Ltd. owns 4,939,000 H Shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H Shares) of the Company. Xia Jie indirectly owns 49% equity interest in Founder Investment (HK) Ltd. through CITI CITI Ltd., which is directly 100% owned by Xia Jie. Therefore, Xia Jie is deemed under the SFO to have an interest in the 4,939,000 H Shares registered in the name of Founder Investment (HK) Ltd.
6. Yue Shan International Limited, as a trust beneficiary, owns 4,939,000 H Shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H Shares) of the Company. Cao Yawen directly owns 100% equity interest in Yue Shan International Limited and is therefore deemed under the SFO to have an interest in the 4,939,000 H Shares registered in the name of Founder Investment (HK) Ltd.

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

Save as disclosed above, to the knowledge of the Directors, Supervisors and chief executives of the Company, as at 31 December 2023, there was no other person (other than Directors, Supervisors or chief executives of the Company) with interests or short positions in shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

Ms. Sun Baojie, Ms. Cui Ping and Mr. Wang Hao, the Directors, and Mr. Liu Huibin, the Supervisor, also work for Capital Group; Mr. Wang Zechen, the Director, also works for Beijing Chengshang Cultural Communication Co., Ltd.; Mr. Zhang Lei, the Director, also works for Leshi Internet Information & Technology Corp., Beijing (樂視網信息技術(北京)股份有限公司). Save as disclosed above, as at 31 December 2023, none of the other Directors or Supervisors works in another company which held an interest or short position in the shares or underlying shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

ULTIMATE CONTROLLING SHAREHOLDER

BYDA is the ultimate controlling Shareholder of the Company. As at 31 December 2023, BYDA owned 63.27% equity interest in the Company. Capital Group has obtained the voting rights attached to such shares held by BYDA in accordance with the entrust management arrangement dated 20 May 2021 with BYDA and its beneficial owner.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

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

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

PERMITTED INDEMNITY PROVISION

The Company maintained directors liability insurance for Directors to protect them from all costs, charges, losses, expenses and liabilities incurred in the execution and discharge of their duties or related thereto pursuant to the applicable laws and within the scope of directors liability insurance. Such provisions were in force during the year ended 31 December 2023 and remain in force as of the date of this report.

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

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

MANAGEMENT CONTRACT

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

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

During the Reporting Period, no agreement or arrangement was entered into by the Company, the Company's controlling company, subsidiaries or fellow subsidiaries of the Company to enable the Directors and Supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any related corporation of the Company.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the emoluments of Directors, Supervisors and senior management are set out in Note VIII.48. "Remuneration of Directors, Supervisors and Employees" to the financial statements. The Directors and Supervisors of the Company who serve in Capital Group and its subsidiaries do not receive remuneration from the Company.

Ms. Li Xiaomei, a Supervisor of the Company who serves in China Telecommunication Broadcast Satellite Co., Ltd., does not receive remuneration from the Company. Save as disclosed above, during the Reporting Period, there was no arrangement whereby any other Director or Supervisor of the Company waived to receive remuneration from the Company.

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

As at 31 December 2023, none of Directors, Supervisors or chief executives of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Hong Kong Stock Exchange.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company.

CHANGES IN DIRECTORS AND SUPERVISORS

Upon the approval at the 2023 first extraordinary general meeting of the Company convened on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive Director of the eighth session of the Board of the Company. At the ninth meeting of the eighth session of the Board convened on the same day, Ms. Sun Baojie was appointed as the chairman of the eighth session of the Board, the chairman of the Nomination Committee of the Board, and an authorised representative of the Company. On the same day, due to work changes, Mr. Su Zhaohui resigned as the chairman of the Board, non-executive Director, chairman of the Nomination Committee of the Board, and an authorised representative of the Company. Please refer to the announcement dated 24 February 2023 of the Company for details.

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

As approved at the second extraordinary general meeting of 2023 of the Company held on 29 December 2023, Mr. Wang Hao was appointed as a non-executive director of the eighth session of the Board of the Company. With the approval of the sixteenth meeting of the eighth session of the Board of the Company held on the same day, Mr. Wang Hao was appointed as a member of the Remuneration Committee of the eighth session of the Board of the Company. Due to work arrangement, Mr. Xu Jian resigned as a non-executive director and a member of the Remuneration Committee of the Board of the Company with effect from the same date. Please refer to the announcement of the Company dated 29 December 2023 for details.

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

AUDIT COMMITTEE

The Company has set up an Audit Committee in accordance with the requirements of the Listing Rules to review, supervise and adjust the financial reporting process and internal control of the Group. The Audit Committee comprises two independent non-executive Directors and one non-executive Director.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group with the management of the Company. In addition, the Audit Committee has discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including reviewing the audited consolidated financial statements of the Group for the year of 2023 without dissenting opinions.

PRE-EMPTIVE RIGHTS

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

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2023, the bank loans of the Group were Nil.

CONNECTED TRANSACTIONS

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

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

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

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

2. Property Tenancy Agreements

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

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

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

During the Reporting Period, the housing rental that the Company actually received from Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司) and Beijing Rural Area Equity Exchange Co., Ltd. (北京農村產權交易所有限公司) were RMB1,316,617.41 and RMB1,603,826.34, respectively.

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

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

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

During the Reporting Period, the annual cap of advertising fee payable by the Group to BYDA Group was RMB16,000,000 and the actual amount paid was RMB1,201,382.27.

4. Advertising Business Agreement

The Company and BYDA entered into the Advertising Business Agreement and the supplemental agreement of Advertising Business Agreement on 7 December 2004 and 9 April 2010, respectively. Pursuant to such agreements, BYDA agreed to grant exclusive rights to the Company to operate the advertising business in respect of the Beijing Youth Daily for a duration of 30 years from 1 October 2004 to 30 September 2033, which will automatically be renewed upon expiry, subject to compliance with the requirements of the Listing Rules. The rights granted include the right to sell all of the advertising space in Beijing Youth Daily, and the Company is entitled to all revenue from such sales. As consideration, the Company will: (a) be responsible for the printing, including printing costs and the choice of newsprint of Beijing Youth Daily; (b) pay BYDA a fee representing 16.5% of the total advertising revenue generated from Beijing Youth Daily or such figure or formula as agreed by parties in the future; and (c) allocate to BYDA up to 360 pages per year of advertising space in Beijing Youth Daily for publicity announcements and notices (provided that the advertising space allocated will not exceed 9% of the total advertising space of the paper in each issuance), for which no fee will be paid by BYDA. The consideration under the Advertising Business Agreement is payable by cash on a monthly basis according to the Advertising Business Agreement and funded by the Company's internal resources. The Company determined on 12 November 2021 that the annual caps for the three years ending 31 December 2024 would be RMB8,000,000, RMB8,000,000 and RMB8,000,000, respectively. For details, please refer to the announcement of the Company dated 12 November 2021.

CONNECTED TRANSACTIONS (Continued)**Transactions — Non-exempt Connected Transactions** (Continued)**4. Advertising Business Agreement** (Continued)

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

During the Reporting Period, the annual cap for fees payable by the Company to BYDA was RMB8,000,000, and the actual fees paid were RMB1,357,673.21.

5. 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract

On 12 May 2023, the Company entered into the 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract with BYDA for a term commencing from 12 May 2023 and expiring on 31 December 2023. Pursuant to the 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract, during the validity period of such agreement, BYDA agreed to authorise the Company to act as (1) the exclusive agent for advertising in real estate, automobile and finance sectors at YNET.COM and a non-exclusive advertising agency for sectors other than the above three sectors at YNET.COM which BYDA has been legally and validly authorized by Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.; and (2) the exclusive advertising agent for real estate, automobile and finance sectors at “Beijing Youth Daily” Mobile Client (formerly known as Beijing Headlines APP) legally owned by BYDA.

As agreed in such agreement, the advertising agency fee (namely the advertising space cost) payable by the Company to BYDA under the 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract should be fair and reasonable, on the normal commercial terms and shall not be higher than the price paid by the independent third party to BYDA in respect of the advertising agency of the advertising space provided by BYDA. The Company shall pay BYDA 70% of the advertising income generated from BYD Exclusive Advertising Agency and YNET Exclusive Advertising Agency under 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract calculated based on the public price and base selling price determined by parties. If the advertising agency fee of the Company with BYDA reached a guaranteed price of RMB8 million (including taxation), in respect of BYD Exclusive Advertising Agency and YNET Exclusive Advertising Agency under the 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract, the Company shall pay relevant advertising agency fee other than the Base Price to BYDA at 60% of the advertising income calculated based on the public price and base selling price as agreed by both parties. If the actual annual advertising agency fee in total paid by the Company to BYDA is lower than RMB8 million (including tax), the Company shall pay the shortfall to BYDA. The Company would be deemed to have actually paid in full the Base Price for the advertising agency fee of RMB8 million if any one or more of the aggregate amount of the following reaches RMB8 million: (i) The actual annual advertising agency fee paid by the Company to BYDA in respect of BYD Exclusive Advertising Agency and YNET Exclusive Advertising Agency under 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract; (ii) The advertising agency fee paid by the Company to BYDA Group in respect of exclusive advertising agency of same scope as BYD Exclusive Advertising Agency and YNET Exclusive Advertising Agency under the Advertising Agency Framework Agreement entered into between the Company and BYDA on 12 November 2021 from 1 January 2023 to the effective date of the 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract (being 12 May 2023). The related transaction cap of the advertising agency fees payable by the Company to BYDA under the 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract for the year ended 31 December 2023 was RMB8,500,000. For details, please refer to the announcement of the Company dated 12 May 2023.

CONNECTED TRANSACTIONS (Continued)**Transactions — Non-exempt Connected Transactions** (Continued)**5. 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract** (Continued)

As the 2023 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract expired on 31 December 2023, the Company entered into the 2024 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract with BYDA on 6 February 2024 for a term commencing from 6 February 2024 and expiring on 31 December 2024. The related transaction cap of the advertising agency fees payable by the Company to BYDA under the 2024 “Beijing Youth Daily” Mobile Client and YNET Advertising Agency Contract for the year ended 31 December 2024 was RMB8,500,000. For details, please refer to the announcement of the Company dated 6 February 2024.

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

During the Reporting Period, the annual cap for fees payable by the Company to BYDA was RMB8,500,000, and the actual fees paid (net of tax) were RMB7,845,279.51.

6. Personnel Service Agreement

On 28 December 2022, the Company and BYDA entered into the Personnel Service Agreement for a term commencing from 1 January 2023 and ending on 31 December 2023. Pursuant to the Personnel Service Agreement, BYDA will assign employees to the Company to provide services to the Company. The service fees paid by the Company to BYDA Group under the Personnel Service Agreement are determined based on the salary (or remuneration) of the assigned employee during the period of providing services to the Company and other taxes and fees. The relevant arrangements for service fees are fair and reasonable, and as far as the Company is concerned, shall be on terms that are no less favorable to the Company than those available to or from independent third party under the same conditions. The total service fees paid by the Company to BYDA Group during the validity period of the agreement shall include the post salary and performance salary of the assigned employee, wherein the post salary is fixed and accounts for 40% of the total salary (or remuneration), including basic salary, qualification salary, five social insurances and housing provident fund and welfare subsidies; and performance salary is a floating salary which accounts for 60% of the total salary (or remuneration), and is implemented in accordance with the performance appraisal system of each department of the Company.

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

During the Reporting Period, the annual cap for service fees payable by the Company to BYDA Group was RMB1,800,000, and the actual fees paid were RMB1,518,894.78.

On 29 December 2023, the Company renewed the Personnel Service Agreement with BYDA for a period of one year commencing on 1 January 2024 and ending on 31 December 2024. The service fees payable by the Company to BYDA Group during the validity period of the agreement shall not exceed RMB1,400,000. For details, please refer to the announcement of the Company dated 29 December 2023.

CONNECTED TRANSACTIONS (Continued)**Transactions — Non-exempt Connected Transactions** (Continued)**7. Comprehensive Service Agreement**

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

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

During the Reporting Period, the annual cap for comprehensive service fees charged by the Company to BYDA Group was RMB50,000,000, and the actual fees paid were RMB22,857,397.66.

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

On 19 April 2022, the Company entered into the Single Asset Management Contract with Capital Securities and the Custodian Bank for a term from 17 June 2022 to 16 June 2023. Pursuant to the Single Asset Management Contract, Capital Securities shall provide the Company with asset management and investment services in respect of the Entrusted Assets in accordance with the investment scope and investment ratio set out below: the Scheme aims to primarily invest in debt investment products such as fixed-income products (including cash) and can participate in bond repurchase business. In particular, the credit rating of fixed-income products such as corporate bonds, enterprise bonds, mid-term bills and other credit debts to be invested in should be corporate rating (without considering China Bond rating) or bond rating with at least one rating is AA or above; the credit rating of short-term financing bond and ultra-short-term financing bond shall be A-1 or above (in case of no bond rating, the corporate rating shall be AA or above), and the issuers of all such bonds shall be state-owned holding enterprises. The Scheme shall not invest in asset management products other than public securities investment funds, or directly invest in credit assets of commercial banks or finance local government and its delegates in violation of regulations. The Company shall pay to Capital Securities (1) the management fee, at 0.2% per annum based on the net asset value of the Entrusted Assets on the previous calendar day, to be accrued on a daily basis and paid on a quarterly basis; and (2) the performance fee, calculated based on the realised gains on investments (i.e. various types of gains obtained from the investment operation of Entrusted Assets, including but not limited to investment bonus, dividends, bond interest, the price difference between buying and selling securities, bank deposit interest and other income) of the Scheme during the performance fee accrual period (i.e. from the commencement of the Scheme to the first performance fee accrual date or the period from each performance fee accrual date to the next performance fee accrual date): if the actual annualised return rate exceeds 3.8% which is the benchmark annualised return rate, then 30% of the excess portion shall be payable by the Company to Capital Securities as performance fee for such performance fee accrual period; if the annualised return rate is lower than or equal to 3.8%, no performance fee for such performance fee accrual period is required to be paid by the Company. In addition, the Company shall pay to the Custodian Bank the custodial fee at 0.05% per annum based on the net asset value of the Entrusted Assets on the previous calendar day. The maximum daily balance of Entrusted Assets managed by Capital Securities for the year ended 16 June 2023 under the Single Asset Management Contract was RMB200,000,000. For details, please refer to the announcement dated 19 April 2022 and the circular dated 26 May 2022 of the Company.

Since the Single Asset Management Contract has expired on 16 June 2023, the Company entered into the supplemental agreement to the Single Asset Management Contract with Capital Securities and the Custodian Bank on 25 April 2023, pursuant to which the Company, Capital Securities and the Custodian Bank agreed to make certain optimization adjustments to the single asset management scheme and extend its term for another three years to 16 June 2026. The Board recommended that, within the extended period of the Single Asset Management Contract, the maximum daily balance of the Entrusted Assets managed by Capital Securities shall not exceed RMB200,000,000.

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

During the Reporting Period, the actual maximum daily balance of Entrusted Assets entrusted by the Company to Capital Securities was RMB167,152,103.13.

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

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the year ended 31 December 2023 has followed the pricing principles of such continuing connected transactions.

The Directors (including the independent non-executive Directors) have confirmed to the Board that, after reviewing the above continuing connected transactions in item 2 to item 8, that these transactions were: (A) entered into during the usual and ordinary course of business of the Group (except for the transaction in item 8); (B) based on normal commercial terms or better terms; and (C) based on agreements regulating relevant transactions, on fair and reasonable terms, in the interests of the Company and the Shareholders as a whole and have not exceeded any cap for the aforesaid transactions.

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

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

MATERIAL LITIGATION

To the knowledge of the Directors, as at 31 December 2023, the Company was not involved in any material litigation, arbitration or claim and there was no material legal action or claim that is outstanding or may arise or occur, which may pose material threat to the business and financial condition of the Group.

RETIREMENT SCHEME

All the full-time employees of the Group are covered by a government-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirement. The PRC government is responsible for payment of the pension. The Group was required to make defined contributions to the pension scheme at the rate of 16% of the employees' basic salaries for the year ended 31 December 2023 (2022: 16%), which is subject to certain caps as required by the relevant local government. The Group did not have any forfeited contributions (by the Group on behalf of employees who leave the scheme prior to vesting fully in such contributions) for the year ended 31 December 2023 in respect of the Group's defined contribution schemes to be used by the Group to reduce the existing level of contributions. Under this scheme, the Group has no obligation for other retirement benefit besides the annual contributions.

STAFF

The Group is committed to building and cultivating a diversified and high-quality talent team, maintains a working environment for diversified development, strictly forbids discrimination in gender, region, religion and nationality, etc., and treats different types of employees equally. As at 31 December 2023, the Group had a total of 346 staff members (31 December 2022: 329) including 224 female staff members and 122 male staff members, accounting for 64.7% and 35.3% of the total staff members, respectively. The increase in the number of the staff as compared with 2022 was mainly due to the reasonable increase of the normal business needs of certain subsidiaries of the Company. Differences in background of the staff members and job demand and other matters are the main factors affecting the gender diversity of staff members. During the Reporting Period, the Group's employee remuneration amounted to approximately RMB67,396 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the employees, and carried out abundant staff training activities. In 2023, the Group carried out staff training in respect of management capacity of middle-level cadre, listing compliance, new media business, video shooting technology and new employee induction, etc., to enhance the overall quality of staff from management, business and compliance perspectives.

REMUNERATION POLICY

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

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

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

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

AUDITOR

It was approved at the annual general meeting of the Company held on 17 June 2023 that WUYIGE Certified Public Accountants LLP was re-appointed as the auditor of the Company for the year 2023, which shall audit the financial statements of the Company in accordance with the China Auditing Standards and take on the duties of international auditor under the Listing Rules. The Audit Committee was authorised to determine auditor's remuneration.

The consolidated financial statements of the Company for the year of 2023 prepared in accordance with the China Accounting Standards were audited by WUYIGE Certified Public Accountants LLP, which has been serving as the auditor of the Company since 2017, and remained the Company's auditor for the past three years.

TAXATION

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

By order of the Board

Sun Baojie

Chairman of the Board

22 March 2024

Beijing, the PRC

1. OVERVIEW OF CORPORATE GOVERNANCE

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

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

The Board has reviewed the corporate governance documents adopted by the Company and believed that such documents are in compliance with all the requirements of code provisions set out in the Corporate Governance Code under Appendix C1 to the Listing Rules.

2. CORPORATE GOVERNANCE CODE

During the Reporting Period, the Company has been in compliance with the code provisions set out in the Corporate Governance Code under Appendix C1 to the Listing Rules.

3. COMPLIANCE WITH THE MODEL CODE

In respect of securities transactions of Directors and Supervisors, the Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by its Directors and Supervisors. Having made sufficient enquiries to Directors and Supervisors, all Directors and Supervisors confirmed that they have complied with the Model Code during the Reporting Period.

4. THE BOARD

The list below shows the composition of the Board and relevant information as at 31 December 2023:

Name	Gender	Age	Other positions in the Company	Term of directorship	Whether to receive remuneration from the Company
Executive Directors					
Jing Enji	M	51	President	From 17 June 2022 to the 2024 annual general meeting of the Company	No
Wu Min	F	47	Vice president	From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Non-executive Directors					
Sun Baojie ^{Note 1}	F	53	Chairman	From 24 February 2023 to the 2024 annual general meeting	No
Cui Ping	F	49		From 17 June 2022 to the 2024 annual general meeting of the Company	No
Wang Hao ^{Note 2}	M	41		From 19 December 2023 to the 2024 annual general meeting of the Company	No
Zhang Lei	M	39		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Wang Zechen	M	50		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Independent Non-executive Directors					
Shi Hongying	F	52		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Chan Yee Ping, Michael	M	47		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Du Guoqing	F	52		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes
Kong Weiping	M	54		From 17 June 2022 to the 2024 annual general meeting of the Company	Yes

4. THE BOARD *(Continued)*

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

Notes:

- (1) Upon the approval at the 2023 first extraordinary general meeting of the Company convened on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive Director of the eighth session of the Board of the Company. At the ninth meeting of the eighth session of the Board of the Company convened on the same day, Ms. Sun Baojie was appointed as the chairman of the eighth session of the Board, the chairman of the Nomination Committee of the Board and an authorised representative of the Company. On the same day, Mr. Su Zhaohui resigned as the chairman of the Board, a non-executive Director, the chairman of the Nomination Committee of the Board and an authorised representative of the Company. Please refer to the announcement of the Company dated 24 February 2023 for details.
- (2) Upon the approval at the 2023 second extraordinary general meeting of the Company convened on 29 December 2023, Mr. Wang Hao was appointed as a non-executive Director of the eighth session of the Board of the Company. At the sixteenth meeting of the eighth session of the Board of the Company convened on the same day, Mr. Wang Hao was appointed as a member of the Remuneration Committee of the eighth session of the Board of the Company. Please refer to the announcement of the Company dated 29 December 2023 for details.

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

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

4. THE BOARD *(Continued)*

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

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

During the Reporting Period, the composition of the Board has at all time been in compliance with Rule 3.10(1) of the Listing Rules which requires a minimum of three independent non-executive directors on board, with Rule 3.10A of the Listing Rules which requires independent non-executive directors to represent at least one-third of the board, and with Rule 3.10(2) of the Listing Rules which requires that at least one of the independent non-executive directors must possess appropriate professional qualification, or accounting or relevant financial management expertise. All Directors have diversified education and culture background and occupation experience, and possess extensive professional knowledge and management experience in fields such as advertising and media industry, corporate governance, accounting and financial management. The achieved diversity in the Board composition shall be helpful to inject different views and facilitate the performance of the Board.

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

4. THE BOARD *(Continued)*

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

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

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

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

4. THE BOARD (Continued)

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

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Executive Directors		
Jing Enji	9/9	—
Wu Min	9/9	—
Non-executive Directors		
Su Zhaohui <i>Note 1</i>	1/1	—
Sun Baojie <i>Note 2</i>	4/8	4/8
Cui Ping	7/9	2/9
Xu Jian <i>Note 3</i>	5/8	3/8
Wang Hao <i>Note 4</i>	1/1	—
Zhang Lei	6/9	3/9
Wang Zechen	8/9	1/9
Independent non-executive Directors		
Shi Hongying	9/9	—
Chan Yee Ping, Michael	8/9	1/9
Du Guoqing	8/9	1/9
Kong Weiping	9/9	—

Notes:

1. Due to job rearrangement, Mr. Su Zhaohui has resigned as the chairman of the Board, a non-executive Director, the chairman of the Nomination Committee of the Board and an authorised representative of the Company on 24 February 2023. During the Reporting Period, Mr. Su Zhaohui has attended one Board meeting of the Company convened during his tenure of service.
2. Upon the approval at the 2023 first extraordinary general meeting of the Company convened on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive Director of the eighth session of the Board of the Company. During the Reporting Period, Ms. Sun Baojie has attended eight Board meetings of the Company convened during her tenure of service.
3. Due to work arrangement, Mr. Xu Jian has resigned as a non-executive Director and a member of the Remuneration Committee of the Board of the Company on 29 December 2023. During the Reporting Period, Mr. Xu Jian has attended eight Board meetings of the Company convened during his tenure of service.
4. Upon the approval at the 2023 second extraordinary general meeting of the Company convened on 29 December 2023, Mr. Wang Hao was appointed as a non-executive Director of the eighth session of the Board of the Company. During the Reporting Period, Mr. Wang Hao has attended one Board meeting of the Company convened during his tenure of service.

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

4. THE BOARD *(Continued)*

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

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

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

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
<i>Executive Directors</i>		
Jing Enji	3/3	—
Wu Min	3/3	—
<i>Non-executive Directors</i>		
Su Zhaohui ^{Note 1}	1/1	—
Sun Baojie ^{Note 2}	1/2	1/2
Cui Ping	2/3	—
Xu Jian ^{Note 3}	2/3	—
Wang Hao ^{Note 4}	—	—
Zhang Lei	3/3	—
Wang Zechen	3/3	—
<i>Independent non-executive Directors</i>		
Shi Hongying	3/3	—
Chan Yee Ping, Michael	3/3	—
Du Guoqing	3/3	—
Kong Weiping	3/3	—

4. THE BOARD (Continued)

Notes :

1. Due to job rearrangement, Mr. Su Zhaohui resigned as the chairman of the Board, a non-executive Director, the chairman of the Nomination Committee of the Board and an authorised representative of the Company on 24 February 2023. He has attended one general meeting of the Company convened during his tenure of service during the Reporting Period.
2. Upon the approval at the 2023 first extraordinary general meeting of the Company convened on 24 February 2023, Ms. Sun Baojie was appointed as a non-executive Director of the eighth session of the Board of the Company. She has attended two general meetings of the Company convened during her tenure of service during the Reporting Period.
3. Due to work arrangement, Mr. Xu Jian resigned as a non-executive Director and a member of the Remuneration Committee of the Board of the Company on 29 December 2023. He has attended two general meetings of the Company convened during his tenure of service during the Reporting Period.
4. Upon the approval at the 2023 second extraordinary general meeting of the Company convened on 29 December 2023, Mr. Wang Hao was appointed as a non-executive Director of the eighth session of the Board of the Company. No general meeting was convened by the Company during his tenure of service during the Reporting Period.

5. CHAIRMAN AND PRESIDENT

During the Reporting Period, the roles of chairman and president of the Company were performed by different individuals. As at 31 December 2023, Ms. Sun Baojie and Mr. Jing Enji took the positions of chairman and president of the Company respectively.

The two posts of the chairman and president are separate and distinct. The chairman does not assume the post of president of the Company simultaneously. Distinct written terms of reference have been adopted for these two posts. The chairman shall be responsible for overseeing the operation of the Board, while the president shall oversee the business operations of the Company. Please refer to the roles of the chairman and president set out in Article 102 and Article 114 of the Articles of Association of the Company for details.

6. NON-EXECUTIVE DIRECTORS

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

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

7. REMUNERATION COMMITTEE

The Remuneration Committee currently comprises two independent non-executive Directors and one non-executive Director. The Remuneration Committee is chaired by Ms. Shi Hongying with Mr. Wang Hao and Ms. Du Guoqing as members.

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

7. REMUNERATION COMMITTEE *(Continued)*

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

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

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

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Shi Hongying	1/1	—
Xu Jian ^{Note}	1/1	—
Du Guoqing	1/1	—
Wang Hao ^{Note}	0/0	—

Note:

On 29 December 2023, Mr. Wang Hao was appointed as a member of the Remuneration Committee, and Mr. Xu Jian ceased to be a member of the Remuneration Committee. For details, please refer to the Company's announcement dated 29 December 2023.

The Remuneration Committee held a meeting on 27 February 2023, at which it considered and approved the resolution on annual bonus for executive Directors and senior management of the Company.

8. NOMINATION COMMITTEE

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

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

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

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

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

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Su Zhaohui ^{Note}	1/1	—
Sun Baojie ^{Note}	1/1	—
Shi Hongying	2/2	—
Du Guoqing	2/2	—

Note:

On 24 February 2023, Ms. Sun Baojie was appointed as the chairman of the Nomination Committee, and Mr. Su Zhaohui ceased to be the chairman of the Remuneration Committee. For details, please refer to the Company's announcement dated 24 February 2023.

8. NOMINATION COMMITTEE *(Continued)*

The Nomination Committee of the Board of the Company held two meetings on 18 January 2023 and 11 December 2023, at which it considered and approved the resolution on the nomination of the candidates of Directors of the eighth session of the Board of the Company.

9. AUDIT COMMITTEE

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

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

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

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

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

9. AUDIT COMMITTEE (Continued)

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

	Attendance in person <i>(attendance rate)</i>	Attendance by proxy <i>(attendance rate)</i>
Chan Yee Ping, Michael	2/2	—
Cui Ping	2/2	—
Kong WeiPing	2/2	—

The Audit Committee of the Board of the Company held a meeting on 24 March 2023, at which it considered and passed the results of the Group for the year of 2022; reviewed and evaluated the risk management and internal control systems as well as the effectiveness of the internal audit function of the Group for the year ended 31 December 2022; and considered and approved the resolution to pay audit fees for the year 2022 to WUYIGE Certified Public Accountants LLP and the resolution in relation to the reappointment of WUYIGE Certified Public Accountants LLP as the auditor for Beijing Media for the year 2023.

The Audit Committee of the Board of the Company held a meeting on 25 August 2023, at which it considered and approved the results of the Group for the first half of 2023 and the interim report of the Group for the first half of 2023 and reviewed and evaluated the risk management and internal control systems as well as the effectiveness of the internal audit function of the Group for the six months ended 30 June 2023.

The Company has been in full compliance with the requirements of Rule 3.21 of the Listing Rules throughout the period from its listing on the Hong Kong Stock Exchange to 31 December 2023.

The Board is responsible for overseeing the preparation of financial statements for each financial period, so that the financial statements give a true and fair view of the operating position, results and cash flow of the Company during the period. When preparing the financial statements for the year ended 31 December 2023, the Board (1) selected and consistently applied appropriate accounting policies; (2) approved the adoption of all standards in line with the China Accounting Standards; and (3) made appropriate judgments and assessments in a prudent manner and adopted a going concern basis for the preparation of financial statements. For the statement of reporting responsibility issued by WUYIGE Certified Public Accountants LLP, the auditor of the Company, please refer to the Report of the Auditor set out in this annual report.

10. REMUNERATION OF THE AUDITOR

The Company re-appointed WUYIGE Certified Public Accountants LLP as the auditor for the year 2023. As at 31 December 2023, annual fees for the audit services provided by WUYIGE Certified Public Accountants LLP to the Company amounted to RMB990 thousand. The fees for providing special audit services to the Group amounted to RMB125 thousand, and fees for providing non-audit services to the Group amounted to RMB90 thousand. WUYIGE Certified Public Accountants LLP has been providing audit service to the Company since 2017.

11. COMPANY SECRETARIES

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

12. RIGHTS OF SHAREHOLDER

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

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

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

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

13. INVESTOR RELATIONS

(1) Material amendments to the Articles of Association

As approved at the 2023 second extraordinary general meeting of the Company convened on 29 December 2023, the Company has made certain amendments to the Articles of Association. Major amendments include the changes of names of the Company's promoters, adjustment of business scope of the Company, the composition of the Board and the Supervisory Committee and the convening of the regular Board meetings, and the incorporation of Party building work into the Articles of Association. For details, please refer to the announcement dated 11 December 2023 and the circular dated 14 December 2023 of the Company.

(2) General meetings

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

The first extraordinary general meeting of 2023 was held at 2:30 p.m. on 24 February 2023 at Conference Room 704, 7th Floor, Beijing Youth Daily Building, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC, where resolutions in relation to the relevant caps for the two years ending 31 December 2024 and the period from 1 January 2025 to 17 June 2025 for the transactions under the Comprehensive Service Agreement dated 28 December 2022 and entered into between the Company and Beijing Youth Daily Agency, and the appointment of Ms. Sun Baojie as a non-executive Director of the Company were considered and approved. Please refer to the announcement of the Company dated 24 February 2023 for details.

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

The 2022 annual general meeting was held at 2:00 p.m. on 16 June 2023 at Conference Room 704, 7th Floor, Beijing Youth Daily Building, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC, where resolutions in relation to the report of the Board of Directors for the year ended 31 December 2022, the report of the Supervisory Committee for the year ended 31 December 2022, the audited financial statements of the Company for the year ended 31 December 2022, the reappointment of WUYIGE Certified Public Accountants LLP as the Company's auditor for the year 2023, the annual financial budgets of the Company for the year 2023 and the Supplemental Agreement to the Asset Management Contract for the Capital Securities — Beijing Media Single Asset Scheme dated 25 April 2023 and entered into between the Company, Capital Securities Co., Ltd. and Beijing Branch of Bank of Communications Co., Ltd., and the proposed annual cap of the transactions contemplated thereunder within the extended period of the Single asset Management Contract were considered and approved. Please refer to the announcement of the Company dated 16 June 2023 for details.

The second extraordinary general meeting of 2023 was held at 2:00 p.m. on 29 December 2023 at Conference Room 704, 7th Floor, Beijing Youth Daily Building, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC, where resolutions in relation to the amendments to the Articles of Association of the Company, the appointment of Mr. Wang Hao as a non-executive Director of the eighth session of the Board of Directors of the Company, the exclusive concession rights agreement of Beijing Metro Line 4 and Daxing Line and the exclusive concession rights agreement of Beijing Metro Line 17 dated 11 December 2023 and entered into between the Company and Beijing MTR and Beijing MTR17, respectively, the amendments to the Rules of Procedures of the Board of the Company, and the amendments to the Rules of Procedure of the Supervisory Committee of the Company were considered and approved. Please refer to the announcement of the Company dated 29 December 2023 for details.

(3) Important matters for Shareholders for the financial year of 2023

The 2023 annual general meeting of the Company will be held at 2:00 p.m. on 14 June 2024 at Conference Room 704, 7th Floor, Beijing Youth Daily Agency Building, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC.

(4) Market value of public float

The highest and lowest trading prices of the Company's H Shares during 2023 were HKD0.64 and HKD0.32 per share respectively. On 29 December 2023 (the last trading day in 2023), the transaction volume was 26,000 shares and the closing price was HKD0.45 per share.

14. RISK MANAGEMENT AND INTERNAL CONTROL

- Risk management and internal control systems

The Company has set up the risk management and internal control systems according to the requirements of the Corporate Governance Code in Appendix C1 to the Listing Rules. The internal structure was comparatively scientific and the design of risk management and internal control systems was proper. The Company has set up relatively scientific decision-making mechanism, implementation mechanism and supervision mechanism. The Company has continued to make efforts to strengthen and improve its risk management and internal control systems as well as enhance the control procedures, so as to improve operating efficiencies and reduce operating risks. The Board is responsible for the risk management and internal control systems and shall maintain the reliability and effectiveness thereof in order to protect the interests of the Shareholders and the assets of the Company. The risk management and internal control systems aim at managing rather than eliminating the risk of failure to meet the business goals, and they can only make a reasonable rather than absolute assurance against material misstatements or losses.

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

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

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

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

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

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

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

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

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

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

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

The capital risk and competition strategy risks were the major risks for 2023. Regarding the capital risk, the trend of the industry in 2023 adversely affected the print media. Companies had to adjust and optimise structures as well as explore new business domains. The capital pressure under this situation on business model driven by capital is apparent. As for the competition strategy risk, the traditional print media has been affected, the competition in the market of the new business domains was intense with little development potential, and the Company has been faced with huge pressure. In 2023, based on the actual situations of all aspects, the Company has formulated practical proposals to carry out effective management of risks in different ways. For example, the Group actively integrates online and offline resources, accelerates the advancement of optimised industrial and product integration, explores new areas, strengthens the association of integrated media and expands its customer base, while continuing to strengthen operation management, closely follow up and strengthen the supervision of customers' credit risks to reduce their risks, and improve service quality to strive for more market share and enhance the Group's competitiveness.

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

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

- Review of the effectiveness of risk management and internal control

The Group has set up the internal audit function through which the Board regularly carries out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. For the year ended 31 December 2023, the Board has made two reviews on the effectiveness of the risk management and internal control systems of the Group through the Audit Committee, and the review period covers the year ended 31 December 2022 and the six months ended 30 June 2023, respectively. In March 2024, the Board also made a review on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2023 through the Audit Committee. The scope of the above reviews includes all material control, including financial, operational and compliance control. In addition, the Board has reviewed the statement made by the management on the effectiveness of risk management and internal control.

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

- Review of the effectiveness of risk management and internal control *(Continued)*

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

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

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

15. CORPORATE GOVERNANCE

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

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

During the Reporting Period, the Board reviewed and supervised from time to time the implementation of a series of corporate governance policies, including the Articles of Association of Beijing Media Corporation Limited, Rules of Procedures for the Board, Rules of Procedures for the Audit Committee, Rules of Procedures for the Remuneration Committee, Rules of Procedures for the Nomination Committee and the board diversity policy of the Company; reviewed and actively organised training and continuing professional development for Directors and senior management; reviewed and monitored whether there was any violation of laws and regulatory requirements by the Company; and approved the Corporate Governance Report of the Company for the year 2023, and approved the disclosure on the website of the Hong Kong Stock Exchange and the Company's website of the same.

16. SHAREHOLDERS' COMMUNICATION POLICY (SUMMARY)

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

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

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

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

17. BOARD DIVERSITY POLICY

The Board adopted the following board diversity policies:

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

Measurable objectives and progress towards the objectives: when determining the composition of the Board, the Company will consider board diversity on a range of perspectives, including but not limited to gender, age, cultural and educational background, expertise and experience, skills, knowledge and term of service, based on the specific needs in talents at different stages of the Company's business development and strategic planning, considering the advantage of the candidates and contribution the candidates will bring to the Board, and will formulate measurable targets for realising diversity of the members of the Board combined with the latest requirements of Listing Rules on the composition of the Board, including, among other things, the appointment of at least one female Director and progressive increase in the proportion of female directors by taking the opportunity to identify and promote suitable successors for Directors, and at least three independent non-executive Directors (including that at least one independent non-executive Director shall possess appropriate accounting or relevant financial management expertise). The composition of the Board (including gender, age and term of service) shall be disclosed annually in the Corporate Governance Report. During the Reporting Period and up to the date of this report, the Board of the Company maintained more than one female Director and more than three independent non-executive Directors.

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

18. CORPORATE CULTURE

Corporate Mission

We innovate and lead, empower brands, capitalize on the value of convergence media, and shape the media ecosystem of the future.

Corporate Vision

We insist on a policy-oriented and customer-centered corporate vision, always keep in mind the mission of a state-owned enterprise, practice the responsibility of a state-owned enterprise, and strive to become a media group with cross-media market expansion capabilities and leading peers.

In 2023, the Group continued to strengthen and promote corporate culture through various initiatives to ensure that corporate mission and vision can permeate all business fields. Relying on the standardized and mature modern corporate governance system, comprehensive risk prevention and control and effective internal supervision mechanism, the Group has continuously deepened and practiced corporate culture through daily operation, human resources strategy, staff training and close cooperation with business partners to promote the high-quality development of the enterprise, with a view to creating sustainable growth in value for shareholders. The progress and achievements are set out in the "Chairman's Statement", "Group Business Review" and "Environmental, Social and Governance Report" of this report.

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

1. CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE IN 2023

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

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

2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2023

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

(1) Financial Position of the Company

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

(2) Operation of the Company

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

(3) Directors and Management of the Company

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

2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2023 *(Continued)*

(4) Transactions of Merger & Acquisition or Disposal of Assets by the Group

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

(5) Fairness of (Continuing) Connected Transactions

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

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

Beijing Media Corporation Limited

Supervisory Committee

22 March 2024

1. ABOUT THE REPORT

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

The Board presents the Group's Environmental, Social and Governance (ESG) report in accordance with the ESG Reporting Guide issued by the Hong Kong Stock Exchange, as set out in Appendix C2 of the Listing Rules. The Group proactively undertakes corporate social responsibility, contributes to meeting the environmental, social and governance requirements and challenges faced by society, and has implemented a number of significant initiatives related to environmental protection, employment and labor practices, operating practices and community investment.

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

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

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

1. ABOUT THE REPORT *(Continued)*

Reporting Reference and Scope

This report has been prepared in accordance with Appendix C2 “Environmental, Social and Governance Reporting Guide” to the Listing Rules. The scope of this report covers the relevant situation of the Company and its subsidiaries during the period from 1 January 2023 to 31 December 2023. There were no changes to the statistical methods or key performance indicators used in this report from the 2022 Environmental, Social and Governance Report contained in the Company’s 2022 Annual Report.

Stakeholder Engagement

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

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

Stakeholders and engagement methods

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

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

2. ENVIRONMENTAL PROTECTION

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

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

2.1 Response to Climate Change

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

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

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

2.2 Emission Management

The emission of greenhouse gases and wasted gases of the Group is mainly attributable to the use of vehicles for business and travelling purposes during the operating periods. The Group tries to reduce the use of vehicles by telephone and mail instead of in-person meetings, and arranges regular inspections and maintenance for vehicles to ensure their components, including engines and tires, are working properly, so as to improve the efficiency of gasoline consumption and ultimately reduce the emission of greenhouse gases and waste gases. The Group has upgraded two new energy vehicles during the Reporting Period in order to reduce the use of conventional fuel vehicles, thereby reducing carbon emissions. The use of new energy vehicles will help improve air quality, reduce environment pollution and promote green travel for the Company.

The Group has always attached great importance to waste management and has implemented green office practice. We use electronic transmission for our daily office documents, promote double-sided photocopying of paper for printing requisite documents, and encourage recycling of paper to reduce the unnecessary use of resources and associated waste generation. We conduct telephone conferences whenever it is possible to reduce waste emissions from physical meetings and long-distance journeys using transportation. The Group follows “Regulations of Beijing Municipality on Domestic Waste Management” and promotes the concept of waste sorting by installing waste sorting and recycling facilities in office area. The Group regularly invites specialised recycling service providers to collect and recycle various used products. The Group has replaced the desktop computers with 27 laptops during the Reporting Period. By doing so, the Company is not only able to reduce electricity consumption, but also can provide greater flexibility and convenience to its employees, thereby improving work efficiency.

2. ENVIRONMENTAL PROTECTION (Continued)

2.2 Emission Management (Continued)

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

	2023	2022	Changes
The emission of greenhouse gases:			
Direct emission of greenhouse gases (Scope 1) (ton)	12.33	12.82	-4%
Indirect emission of greenhouse gases (Scope 2) (ton)	0.33	0.08	313%
The emission density of greenhouse gases (ton per capita)	0.04	0.04	—
Total emission of greenhouse gases per floor area (KG per square meter)	2.54	2.59	-2%
Hazardous waste (ton)	14.46	3.31	337%
Hazardous waste per capita (KG per capita)	41.79	9.51	339%
Non-hazardous waste (ton)	1.38	1.32	5%
Non-hazardous waste per capita (KG per capita)	4.00	4.00	—

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

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

Notes:

1. Hazardous waste produced by the Group's office buildings mainly includes waste toner cartridges and waste ink cartridges from printing equipment. Waste toner cartridges and waste ink cartridges are centrally managed and disposed of. Such data covers all office buildings of the Group in the Mainland of China.
2. Non-hazardous waste produced by the Group's office buildings mainly includes domestic waste and non-hazardous office waste. As domestic waste is disposed of by the property management companies and kitchen waste recyclers and cannot be measured separately. Office waste is collected and recycled by professional waste collectors. Therefore, the domestic waste and office waste generated from office buildings were estimated. These statistics cover all the office buildings of the Group.
3. The number of people used in the calculation of emission density, resource density and domestic waste estimation is the annual average number of people working in office buildings.

2. ENVIRONMENTAL PROTECTION (Continued)

2.3 Use and Management of Resources

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

As a result of the aforesaid measures, during the Reporting Period, the Group has continued to maintain relatively low levels of energy, water and paper consumption, and the utilisation of resources of the Group is as follows:

	2023	2022	Changes
Energy consumption			
Consumption volume of gasoline (Liter)	5,637.61	6,488.43	-13%
Consumption density of gasoline (Liter per capita)	16.29	19.72	-17%
Consumption volume of electricity (kWh)	528,122.24	120,509	338%
Consumption density of electricity (kWh per capita)	1,526.36	366.29	317%
Total energy consumption per floor area (kWh per square meter)	106.11	24.21	338%
Water consumption			
Total water consumption (ton)	2,681.15	1138	136%
Consumption density of water (ton per capita)	7.75	3.46	124%
Paper consumption			
Total paper consumption (KG)	9.09	9.36	-3%
Consumption density of paper (KG per capita)	0.026	0.028	-7%

Notes:

1. Data on packaging does not apply to the Group.

The Company did not have any issue in sourcing water that is fit for the purpose. Although the core business of the Group has remote impact on the environment and natural resources, as a good company, the Group promises to endeavor to minimise the negative environmental impact of our business operations and our investment in order to achieve sustainable development.

3. STAFF MANAGEMENT

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

3.1 Employment and Labour Standards

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

As of 31 December 2023, the number of staff of the Group is set out below:

Classification	2023	2022	Changes
Total number of staff	346	329	5%
Delineation by gender:			
Female	224	219	2%
Male	122	110	11%
Delineation by age group:			
Under the age of 30	116	107	8%
The age of 30 to 50	210	204	3%
Over the age of 50	20	18	11%
Delineation by employment types:			
Ordinary staff	304	286	6%
Middle management	28	27	4%
Senior management	14	16	-13%
Delineation by area:			
Beijing	333	304	10%
Chongqing	13	25	-48%

3. STAFF MANAGEMENT *(Continued)*

3.1 Employment and Labour Standards *(Continued)*

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

3.2 Health and Safety of Employees

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

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

3.3 Vocational Development for Employees

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

The Group actively encouraged the self-development of the employees, and carried out abundant staff training activities. In 2023, the Group conducted various training programs on management skills of middle-level cadres, connected transactions and listing compliance, new media business, creative industries, video shooting technology, metro advertising sales system and new employee orientation to enhance the overall quality of employees at the management and business levels respectively. At the same time, Beijing Community Media, a subsidiary of the Group, launched the "Sailing Program" (揚帆計劃) Talent Building Reserve Specialized Training in 2023, and set up a diversified and multi-level course system and promotion mechanism to provide employees with clear guidance and help for their career advancement and achieve effective incentives.

3. STAFF MANAGEMENT *(Continued)*

3.3 Vocational Development for Employees *(Continued)*

During the Reporting Period in 2023, participations in trainings of the employees of the Group are set out below:

	Number of employees participating in trainings	Number of employees	Proportion of trained employees
Delineation by employment types:			
Ordinary staff	615	301	204%
Middle management	71	29	245%
Senior management	10	16	63%
			Average training hours of each employee (hour per capita)
Delineation by gender:			
Female employee			8.67
Male employee			10.03
Delineation by employment types:			
Ordinary staff			9.8
Middle management			2.94
Senior management			19.20

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

4. SUPPLY CHAIN MANAGEMENT

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

As of 31 December 2023, the number of suppliers of the Group is set out below:

	Number of suppliers
Delineation by area:	
Beijing	279
Hebei	14
Guangdong	5
Shanghai	4
Tianjin	3
Zhejiang	3
Shandong	2
Shaanxi	2
Hubei	1
Hunan	1
Chongqing	1
Xiamen	1
Japan	2
Europe	1

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

5. PRODUCT RESPONSIBILITY MANAGEMENT

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

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

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

6. PROTECTION OF INTELLECTUAL PROPERTY AND CONSUMER'S PRIVACY

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

Meanwhile, the Group will process all information provided by customers, employees and business partners in accordance with the "Civil Code of the People's Republic of China" and relevant laws and regulations to ensure that such data is properly protected.

7. ANTI-CORRUPTION MANAGEMENT

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

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

During the Reporting Period, the Group has complied with the relevant anti-corruption and anti-money laundering laws and regulations and there have been no concluded corruption proceedings against the Group or its employees (2022: Nil).

8. COMMUNITY INVESTMENT

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

- In 2023, Beijing Community Media launched a series of publicity and education activities for retirees' social management in Beijing, and held four consecutive "Jingyi Painting the Hometown and the Most Beautiful Cultivator" rural revitalization series activities in Pinggu Science and Technology Academy, so as to let senior citizens experience the charm of rural revitalization in the popularization of science, learn about the e-commerce model of delivering Pinggu peaches to thousands of households, and feel the advanced agricultural technology for the revitalization of rural industries in Pinggu.
- Beijing Municipal Human Resources and Social Security Bureau, in conjunction with Beijing Community Media jointly organized a series of activities to summarize and report on the publicity and education for retirees' social management in 2023. The rich cultural and sports forms demonstrated the spirit of the new era in which more than 2.4 million social management retirees in Beijing will not fade after retirement and make contributions. Going deep into enterprises, organizations and villages to console and serve social retirees can help promote the high-quality development of social management services in the capital.

8. COMMUNITY INVESTMENT *(Continued)*

- Beiqing Community Media organized a number of “Respecting Teachers and Education, and being Grateful!” reading activities of picture books at the “Beiqing Guoxue Shuxiang” Station to send greetings to teachers for the holiday season, thereby promoting the tradition of respecting teachers and stimulating children’s interest in reading. This activity gives full play to the resource integration advantage of Beiqing Community Media as a comprehensive community service platform, and implanted the concept of corporate social responsibility of “Deep Cultivating and Serving the Community” into the streets. Since its inception, the station has carried out more than 3,800 personal activities such as painting and reading, tea art, Chinese painting and Chinese studies, and carried out more than 1,200 party building activities such as live party classes, book brush painting and reading sessions.
- In 2023, Beiqing Community Media set up the “Beiqing Community Newspaper Volunteer Service Team”, developed more than 100 registered volunteers, and launched more than 20 volunteer service activities throughout the year to practice public welfare and build up a good corporate image. At the same time, Beijing Media, together with Postal Savings Bank of China (Beijing Branch) and Beiqing Community Media, held a series of theme activities for “Qingxiaoyou (青小郵)” community journalists group to provide young people with volunteer service opportunities and dedicate their care to the elderly and disadvantaged groups in the surrounding communities.
- In 2023, the Company held the second “Ride for Beijing” public welfare cycling activity for Taiwanese youths in Beijing, with a total of eight cycling activities completed, attracting more than 240 participants. This activity promotes a healthy, environmentally friendly and green lifestyle, enhances cross-strait cultural exchanges, promotes Chinese culture, and consolidates the cultural foundation for the peaceful development of cross-strait relations.

“Articles of Association”	The articles of association of the Company as amended from time to time
“Audit Committee”	The audit committee under the Board
“Beiqing CéCi”	Beiqing CéCi Advertising (Beijing) Limited, a subsidiary of the Company
“Beiqing Community Media”	Beiqing Community Media Technology (Beijing) Co., Ltd., a subsidiary of the Company
“Beiqing Innovation Cultural”	Beiqing Innovation Cultural Industry Development Co., Ltd., a subsidiary of the Company
“Beiqing Long Teng”	Beiqing Long Teng Investment Management (Beijing) Co., Limited, a subsidiary of the Company
“Beiqing Network Culture”	Beiqing Network Culture Communication Co., Ltd., a subsidiary of the Company
“Beiqing Outdoor”	Beijing Beiqing Outdoor Advertisement Co., Ltd., a subsidiary of the Company
“Beiqing Top”	Beijing Beiqing Top Advertising Limited, an associate of the Company
“Beijing MTR”	Beijing MTR Corporation Limited (北京京港地鐵有限公司), an associate of Capital Group under the Listing Rules
“Beijing MTR17”	Beijing Jingtang Line 17 Metro Co., Ltd. (北京京港十七號線地鐵有限公司), a wholly-owned subsidiary of Beijing MTR and an associate of Capital Group under the Listing Rules
“Board”	The board of directors of the Company
“BYD Logistics”	BYD Logistics Company Limited, a subsidiary of the Company
“Capital Group”	Beijing Capital Group Company Limited
“Capital Securities”	Capital Securities Co., Ltd. (首創證券股份有限公司)
“China Accounting Standards”	The Accounting Standards for Business Enterprises in the PRC
“Chongqing Media”	Chongqing Youth Media Company Limited, a subsidiary of the Company
“Company”, “we”, “us” or “Beijing Media”	Beijing Media Corporation Limited, a joint stock limited company incorporated under the laws of the PRC and whose H Shares are listed and traded on the Hong Kong Stock Exchange
“Company Law”	The Company Law of the PRC
“Custodian Bank”	Beijing Branch of Bank of Communications Co., Ltd.
“Director(s)”	The director(s) of the Company
“Domestic Share(s)”	The ordinary share(s) of RMB1.00 per share in the share capital of the Company

“Entrusted Assets”	the entrusted assets managed by the Capital Securities for the Company under the Scheme pursuant to the Single Asset Management Contract
“Group”	The Company and its subsidiaries
“H Share(s)”	The foreign share(s) listed overseas of RMB1.00 per share in the ordinary share capital of the Company
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Main Board”	The main board of the Hong Kong Stock Exchange
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Listing Rules
“Nomination Committee”	The nomination committee under the Board
“Parent” or “BYDA”	Beijing Youth Daily Agency, the controlling shareholder of the Company
“Parent Group” or “BYDA Group”	Beijing Youth Daily Agency and its subsidiaries (excluding the Group)
“PRC” or “China”	The People’s Republic of China, for the purpose of this report, excluding Hong Kong, Macau Special Administration Region and Taiwan
“Remuneration Committee”	The remuneration committee under the Board
“Reporting Period”	The year ended 31 December 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	the open-end, fixed-income single asset management scheme provided by Capital Securities to the Company under the Single Asset Management Contract
“SFO”	Securities and Futures Ordinance, Chapter 571 of Hong Kong Laws
“Shareholder(s)”	The shareholder(s) of the Company
“Supervisor(s)”	The supervisor(s) of the Company
“Supervisory Committee”	The supervisory committee of the Company

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

For the year ended 31 December 2023



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To all shareholders of Beijing Media Corporation Limited:

I. OPINION

We have audited the financial statements of Beijing Media Corporation Limited (hereafter referred to as “the Company”), which comprise the consolidated and the Parent’s balance sheets as at 31 December 2023, the consolidated and the Parent’s statements of income, the consolidated and the Parent’s statements of cash flows and the consolidated and the Parent’s statements of changes in equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the consolidated and the Parent’s financial position of the Company as at 31 December 2023, and of its consolidated and the Parent’s financial performance and cash flows for the year then ended in all material aspects in accordance with Accounting Standards for Business Enterprises.

II. BASIS FOR OPINION

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

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

III. KEY AUDIT MATTERS

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

A. Revenue recognition

1. The Matter

For policies and disclosures of the Company on revenue recognition and classification, please refer to “V.22. Revenue” and “VIII.36. Total operating income, operating costs” in the notes. The Company is principally engaged in sales of advertising, printing and print-related materials. The Company’s operating income for year 2023 was RMB200,784 thousand, representing an increase of 26.76% as compared with year 2022. Operating income is a key performance indicator of the Company, and there is an inherent risk that the management manipulates the timing of revenue recognition to achieve specific goals or expectations. Therefore, we identified the recognition of revenue as a key audit matter.

2. Audit response

The audit procedures we performed to measure revenue recognition, mainly include:

- (1) Evaluating and testing the effectiveness of the design and operation of the internal control related to the recognition of revenue of the Company;
- (2) Sampling the sales contracts, identifying the contract terms and conditions that related to the transfer of control and evaluating whether the Company's method and timing for revenue recognition is compliant with the requirements of Accounting Standards for Business Enterprises;
- (3) Selecting samples for current year's revenue-generating transactions by sampling, checking the Company's revenue-related sales contracts, sales invoices, dispatch list, placing order, advertising spaces, customer receipts and other documents, and evaluating whether the revenue recognition accord with the Company's accounting policies for revenue recognition;
- (4) For the revenue recognised by the Company before and after the balance sheet date, selecting samples and checking the related sales contracts, sales invoices, dispatch list, placing order, advertising spaces, customer receipts and other documents, in order to evaluate whether the revenue was recognised during the proper accounting period;

IV. OTHER INFORMATION

The management of the Company (hereafter referred to as "the management") are responsible for the other information. The other information comprises all of the information included in the 2023 annual report other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WUYIGE CERTIFIED PUBLIC ACCOUNTANTS LLP.

Certified Public Accountant of China:
(Project partner)

Certified Public Accountant of China:

China. Beijing

22 March 2024

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

For the year ended 31 December 2023

Items	Notes	RMB'000	
		As at 31 December 2023	As at 31 December 2022
Current assets:			
Bank balances and cash	VIII.1	76,285	82,948
Financial assets held for trading	VIII.2	156,523	162,663
Notes receivable	VIII.3	151	382
Accounts receivable	VIII.4	21,379	17,900
Prepayments	VIII.5	3,854	2,496
Other receivables	VIII.6	15,871	11,800
Inventories	VIII.7	4,002	4,853
Other current assets	VIII.8	27,179	27,351
Total current assets		305,244	310,393
Non-current assets:			
Long-term equity investment	VIII.9	3,041	3,271
Investment in other equity instruments	VIII.10	303,414	282,017
Other non-current financial assets	VIII.11	253	250
Investment properties	VIII.12	77,602	89,697
Fixed assets	VIII.13	699	568
Right-of-use assets	VIII.14	2,748	—
Intangible assets	VIII.15	17,248	18,147
Goodwill	VIII.16	—	—
Long-term deferred expenses	VIII.17	1,362	766
Deferred income tax assets	VIII.18	—	—
Other non-current assets	VIII.19	—	—
Total non-current assets		406,367	394,716
Total assets		711,611	705,109

For the year ended 31 December 2023

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

Items	Notes	RMB'000	
		As at 31 December 2023	As at 31 December 2022
Current liabilities:			
Notes payable	VIII.21	15,593	6,086
Accounts payable	VIII.22	17,661	11,666
Contract liabilities	VIII.23	13,673	20,912
Employee benefits payable	VIII.24	7,118	8,425
Taxes payable	VIII.25	453	277
Other payables	VIII.26	15,765	25,061
Non-current liabilities due within one year	VIII.27	1,004	—
Other current liabilities	VIII.28	740	1,120
Total current liabilities		72,007	73,547
Non-current liabilities:			
Leased liabilities	VIII.29	1,467	—
Deferred income tax liabilities	VIII.18	3,163	3,901
Total non-current liabilities		4,630	3,901
Total liabilities		76,637	77,448
Shareholders' equity:			
Share capital	VIII.30	197,310	197,310
Capital reserves	VIII.31	934,606	934,606
Other comprehensive income	VIII.32	193,326	171,846
Surplus reserves	VIII.33	130,931	130,931
Undistributed profits	VIII.34	(832,966)	(817,646)
Total equity attributable to shareholders of the Company		623,207	617,047
Non-controlling interest		11,767	10,614
Total shareholders' equity		634,974	627,661
Total liabilities and shareholders' equity		711,611	705,109
Net current assets		233,237	236,846
Total assets less current liabilities		639,604	631,562

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

For the year ended 31 December 2023

Items	Notes	RMB'000	
		For the year ended 31 December 2023	For the year ended 31 December 2022
Total operating income	VIII.35	200,784	158,397
Total operating costs		230,325	199,849
Operating costs	VIII.35	171,661	150,916
Taxes and surcharges	VIII.36	2,169	2,322
Selling expenses		16,980	19,391
Administrative expenses		39,676	30,085
Financial expenses	VIII.37	(161)	(2,865)
Including: Interest expenses		170	5
Interest income		432	2,965
Add: Other income	VIII.38	68	154
Investment income (Loss represented in "-")	VIII.39	17,584	23,581
Including: Gain from investments in associates		(230)	(256)
Gain on the changes in fair value (Loss represented in "-")	VIII.40	4,132	(5,140)
Credit impairment losses (Loss represented in "-")	VIII.41	(7,042)	(4,563)
Impairment loss of assets (Loss represented in "-")	VIII.42	(416)	(228)
Gain on disposal of assets (Loss represented in "-")	VIII.43	4	4
Operating profit		(15,211)	(27,644)
Add: non-operating income	VIII.44	294	123
Less: non-operating expenses	VIII.45	108	58
Total profit		(15,025)	(27,579)
Less: Income tax expenses	VIII.46	(795)	595
Net profit		(14,230)	(28,174)
Net profit attributable to:			
Net profit from continuing operations		(14,230)	(28,174)
Net profit from discontinued operations		—	—
Shareholders of the Company		(15,320)	(23,500)
Non-controlling shareholders		1,090	(4,674)

For the year ended 31 December 2023

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

Items	Notes	RMB'000	
		For the year ended 31 December 2023	For the year ended 31 December 2022
Other net comprehensive income after tax	<i>VIII.52</i>	21,543	11,797
Other net comprehensive income after tax attributable to the Shareholders of the Company		21,480	11,735
Including: Other comprehensive income unqualified for subsequent reclassification into profit or loss		21,387	11,643
Including: Change in fair value of investment in other equity instruments		21,387	11,643
Including: Other comprehensive income subsequently reclassified into profit or loss	<i>VIII.52</i>	93	92
Including: Exchange differences from retranslation of financial statements		93	92
Other net comprehensive income after tax attributable to non-controlling shareholders		63	62
Total comprehensive income		7,313	(16,377)
Total comprehensive income attributable to shareholders of the Company		6,160	(11,765)
Total comprehensive income attributable to non-controlling shareholders		1,153	(4,612)
Earnings per share:			
Basic earnings per share (RMB)	<i>XVII.1</i>	(0.08)	(0.12)
Diluted earnings per share (RMB)	<i>XVII.1</i>	(0.08)	(0.12)
Dividends	<i>VIII.50</i>	—	—

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

For the year ended 31 December 2023

Items	Notes	RMB'000	
		For the year ended 31 December 2023	For the year ended 31 December 2022
1. Cash flows from operating activities:			
Cash received from the sale of goods and provision of services		193,065	162,799
Tax refund received		169	1,819
Other cash receipt related to operating activities		12,393	8,683
Subtotal of cash inflows from operating activities		205,627	173,301
Cash paid for goods purchased and services received		139,621	132,675
Cash paid to and on behalf of employees		67,396	51,846
Payments of taxes and surcharges		5,661	11,587
Other cash payments relating to operating activities		31,137	15,032
Subtotal of cash outflows from operating activities		243,815	211,140
Net cash flow from operating activities	VIII.53	(38,188)	(37,839)
2. Cash flows from investment activities:			
Cash received from sales of investments		14,188	211
Cash received from returns on investments		13,206	12,735
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		4	4
Net cash received from disposal of subsidiaries and other business units		—	—
Other cash receipt relating to investing activities		—	—
Subtotal of cash inflows from investing activities		27,398	12,950
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,962	930
Cash paid for investment		—	160,000
Other cash payments relating to investing activities		20	—
Subtotal of cash outflows from investing activities		1,982	160,930
Net cash flow from investing activities		25,416	(147,980)

For the year ended 31 December 2023

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

Items	Notes	RMB'000	
		For the year ended 31 December 2023	For the year ended 31 December 2022
3. Cash flows from financial activities:			
Cash received from investors		—	—
Including: cash investments from non-controlling shareholders of subsidiaries		—	—
Cash received from borrowings obtained		—	—
Other cash receipts relating to financing activities		—	—
Subtotal of cash inflows from financial activities		—	—
Cash payments for borrowings repayment		—	—
Cash payments for distribution of dividends or profits or interest expenses		—	—
Including: dividends or profits paid to non-controlling shareholders of subsidiaries		—	—
Other cash payments relating to financing activities		1,821	1,521
Subtotal of cash outflows from financial activities		1,821	1,521
Net cash flows from financial activities		(1,821)	(1,521)
4. Effect of exchange rate changes on cash and cash equivalents		70	134
5. Net increase in cash and cash equivalents	VIII.54	(14,523)	(187,206)
Add: opening balance of cash and cash equivalents		73,877	261,083
6. Closing balance of cash and cash equivalents	VIII.55	59,354	73,877

Consolidated Statement of Changes in Shareholders' Equity

2023

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

For the year ended 31 December 2023

BEIJING MEDIA CORPORATION LIMITED

RMB'000

Item	For the year ended 31 December 2023								
	Attributable to shareholders of the Parent						Non-controlling interest	Total owners' equity	
	Share capital	Capital reserve	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal			
Balance as at 31 December 2022	197,310	934,606	171,846	130,931	(817,646)	617,047	10,614	627,661	
Effect of change in accounting policies	—	—	—	—	—	—	—	—	
Balance as at 1 January 2023	197,310	934,606	171,846	130,931	(817,646)	617,047	10,614	627,661	
Net profit	—	—	—	—	(15,320)	(15,320)	1,090	(14,230)	
Other comprehensive income	—	—	21,480	—	—	21,480	63	21,543	
Retained earnings carried forward from other comprehensive income	—	—	—	—	—	—	—	—	
Others	—	—	—	—	—	—	—	—	
Subtotal of the changes during the year	—	—	21,480	—	(15,320)	6,160	1,153	7,313	
Balance as at 31 December 2023	197,310	934,606	193,326	130,931	(832,966)	623,207	11,767	634,974	
	For the year ended 31 December 2022								
	Attributable to shareholders of the Parent								
Items	Share capital	Capital reserve	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal	Non-controlling interest	Total owners' equity	
Balance as at 31 December 2021	197,310	934,421	160,111	130,931	(794,146)	628,627	16,931	645,558	
Effect of change in accounting policies	—	—	—	—	—	—	—	—	
Balance as at 1 January 2022	197,310	934,421	160,111	130,931	(794,146)	628,627	16,931	645,558	
Net profit	—	—	—	—	(23,500)	(23,500)	(4,674)	(28,174)	
Other comprehensive income	—	—	11,735	—	—	11,735	62	11,797	
Retained earnings carried forward from other comprehensive income	—	—	—	—	—	—	—	—	
Others	—	185	—	—	—	185	(1,705)	(1,520)	
Subtotal of the changes during the year	—	185	11,735	—	(23,500)	(11,580)	(6,317)	(17,897)	
Balance as at 31 December 2022	197,310	934,606	171,846	130,931	(817,646)	617,047	10,614	627,661	

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

I. GENERAL INFORMATION

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

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

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

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

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

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries which are included in the scope of consolidated financial statements for the year ended 31 December 2023 of the Group are as follows:

Name of units	Shareholding (%)	
	Direct	Indirect
Beijing Beiqing Outdoor Advertisement Co., Ltd. (Beiqing Outdoor)	100	—
Beiqing Network Culture Communication Co., Ltd. (Beiqing Network)	100	—
BYD Logistics Company Limited (BYD Logistics)	92.84	—
Beiqing Long Teng Investment Management (Beiqing) Co., Limited (Beiqing Long Teng)	80.84	—
Beiqing Community Media Technology (Beiqing) Co., Ltd. (Beiqing Community Media)	57.95	—
Beijing Beiqing Innovative Cultural Industry Development Co., Ltd. (Beiqing Innovative Cultural)	100	—
Chongqing Youth Media Company Limited (Chongqing Media)	60	—
CHONG QING YOUTH (AMERICA) LLC (Chong Qing America)	—	60

Note: Beijing CéCi Advertising (Beijing) Limited (hereinafter referred to as “Beiqing CéCi”), a subsidiary of the Group, filed for bankruptcy and liquidation in November 2023. The First Intermediate People’s Court of Beijing issued an announcement in December 2023, appointing BEIJING JinTai Law Firm (hereinafter referred to as “Administrator”) as the Administrator. In late December 2023, the handover between Beiqing CéCi and the Administrator was completed, and the Group lost control over Beiqing CéCi, which will no longer be included in the scope of the consolidation financial statements of the Group.

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

For the year ended 31 December 2023

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements for the year ended 31 December 2023 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the People's Republic of China, including adoption of nine revised and new basic and specific standards issued by MOF ("New PRC Accounting Standards") and other relevant regulations issued by MOF ("PRC Accounting Standards") in 2014; applicable disclosure requirements of the Rules Governing the Listing of Securities on 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".

2. On a going concern basis

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 material event that will affect its ability of on-going operation.

IV. 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 31 December 2023 and their consolidated operating results, consolidated cash flows and other relevant information for the year then ended.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Accounting Period

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

2. Reporting currency

The reporting currency of the Group is RMB.

The financial statements of the Group are expressed in RMB.

3. Basis of preparation and principle of measurement

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

4. Methodology for determining materiality criteria and basis for selection

(1) Significance of financial statement items

The Company determines the materiality of financial statement items based on the principle of whether it affects the financial statement users in making economic decisions, and considers both nature and amount. The significance of financial statement items in terms of amount is based on the proportion of the relevant items to total assets, total liabilities, total owners' equity, operating revenues and net profit; the significance of financial statement items in terms of nature is based on factors that have a significant impact on financial position and operating results, such as whether they are part of daily operating activities, whether they lead to changes in profit or loss, and whether they affect regulatory indicators.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**4. Methodology for determining materiality criteria and basis for selection** (Continued)**(2) Significance of line items in the notes to the financial statements**

The Company determines the materiality of line items in the notes to the financial statement items on the basis of the materiality of the financial statement items, determined as a percentage of the specific item, or a combination of amounts, taking into account the nature of the specific item. Certain items that are not material to the financial statements may be material to the notes and still require separate disclosure in the notes. The materiality criteria related to the notes to the financial statement items are:

Item	Materiality criteria
Significant individually bad debt provisioned receivables	15% or more of the amount of the corresponding receivable, and the amount exceeds RMB10 million, or the provision for bad debts in the current period affects the change of profit and loss
Recovery or reversal of bad debt provision for significant receivables	Affecting the reversal of bad debt provision of more than 10% of the current bad debt provision reversal and amounting to more than RMB5 million, or affecting the change in profit or loss for the period
Significant receivable write-offs	More than 10% of the corresponding receivable and the amount is more than RMB1 million
Significant changes in the carrying value of receipts in advance and contract assets	Change of more than 30%
Significant accounts payable and other payables aged over 1 year	More than 10% of the balance of accounts payable or other accounts payable in excess of RMB1 million
Subsidiaries with significant minority interests	Minority shareholders hold more than 5% of the equity, and the total assets, net assets, operating revenues and net profits account for more than 10% of the corresponding items in the consolidated statements of income.
Significant joint ventures or associates	Carrying value of 10% or more of long-term equity investments or investment income (loss in absolute amount) derived from joint ventures or associates of 10% or more of net profits in the consolidated financial statements
Significant asset swaps and asset transfers and sales	Total assets, net assets, operating revenues, and net profits account for more than 10% of the corresponding items in the consolidated financial statements, and the absolute amount exceeds RMB10 million (the absolute amount of net profits exceeds RMB1 million)
Significant contingencies	Amounts in excess of RMB10 million and 10% or more of the absolute value of net assets in the consolidated financial statements

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

For the year ended 31 December 2023

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

5. Business Combination

(1) *Business combination involving entities under common control*

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

(2) *Business combination involving entities not under common control*

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

6. Preparation of consolidated financial statement

(1) *Criteria for judging control*

The scope of consolidation of the consolidated financial statements is determined on the basis of control. An investee is recognized as being controlled if the following three elements are present: power over the investee, a variable return as a result of participating in the relevant activities of the investee, and the ability to use the power over the investee to affect the amount of the return.

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

If the subsidiaries adopt different accounting policies or accounting period from those of the Group, the Group shall make necessary adjustments to the subsidiaries' financial statements according to its accounting policies or accounting period in preparing the consolidated financial statements.

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

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***6. Preparation of consolidated financial statement** *(Continued)***(4) The accounting treatment for obtaining subsidiaries through a business combination**

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

(5) Accounting treatment for disposal of subsidiaries

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

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

7. Joint arrangement classification and accounting treatments of joint operations**(1) The classification of joint arrangement**

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

(2) The accounting treatment of joint operations

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

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

For the year ended 31 December 2023

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

7. Joint arrangement classification and accounting treatments of joint operations *(Continued)*

(2) *The accounting treatment of joint operations (Continued)*

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

(3) *The accounting treatment of joint ventures*

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

8. Recognition standard for cash and cash equivalents

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

9. Foreign Currency Transaction and Translation of Foreign Currency Financial Statements

(1) *Foreign currency translation*

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

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

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**10. Financial instruments****(1) Classification and reclassification of financial instruments**

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

1) Financial assets

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

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

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

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

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

2) Financial liabilities

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

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

For the year ended 31 December 2023

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

10. Financial instruments *(Continued)*

(2) Measurement of financial instruments

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

1) Financial Assets

- ① Financial assets at amortised cost. After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets at amortised cost that are not parts of any hedging relationships are included in profit or loss in the period which they incurred when derecognised, reclassified, amortised or recognised the impairment under the effective interest method.
- ② Financial assets at fair value through profit or loss. After initial recognition, gain or loss (including interest and dividend income) arisen from subsequent measurement of the financial assets (excluding the financial assets that are parts of the hedging relationships) at fair value is included in profit and loss in the period which they incurred.
- ③ Debt instruments investment at fair value through other comprehensive income. After initial recognition, such financial assets are subsequently measured at fair value. Interest, impairment loss or gain and exchange gain and loss calculated using the effective interest method is included in profit or loss in the period which they incurred, and other gains or losses are recognised in other comprehensive income. When derecognised, the accumulated gains or losses previously recognised in other comprehensive income are transferred out from other comprehensive income and included in profit or loss in the period which they incurred.
- ④ Investment in non-trading equity instruments designated at fair value through other comprehensive income. After initial recognition, such financial assets are subsequently measured at fair value. Except that dividend income received (excluding the parts recovered as investment costs) is included in profit or loss, other relevant gains or losses are included in other comprehensive income, and would not be transferred to profit or loss in the period.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**10. Financial instruments** (Continued)**(2) Measurement of financial instruments** (Continued)

2) Financial Liabilities

① Financial liabilities at fair value through profit or loss

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

② Financial liabilities at amortised cost. After initial recognition, such financial liabilities are measured at amortised cost by using the effective interest method.

(3) Recognition method of financial instruments' fair value

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

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

1) Financial assets

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

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

For the year ended 31 December 2023

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

10. Financial instruments *(Continued)*

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

1) Financial assets *(Continued)*

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

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

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

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

2) Financial liabilities

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

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***11. Determination and accounting treatment methods of expected credit loss****1. Scope of expected credit loss**

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

2. Determination method for expected credit loss

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

A simplification approach to expected credit loss, where the loss allowance is always measured at an amount equivalent to the expected credit loss in the lifetime.

3. Accounting treatment for expected credit losses

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**11. Determination and accounting treatment methods of expected credit loss** (Continued)**4. Method of measuring loss allowance for accounts receivable and rental receivable**

- ① Accounts receivable that does not contain significant financing elements. For accounts receivable that do not contain significant financing elements arising from the transactions regulated under the Accounting Standards for Business Enterprises No. 14 — Revenue, the Company adopts a simplification approach which always measures the provision for loss based on the expected credit loss in the lifetime.

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

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

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

- ② Accounts receivable and rental receivable containing significant financing elements

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

5. Method of measuring loss allowance for other financial assets

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

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

Other receivables group 1:	Aging group
Other receivables group 2:	Related party payments

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***12. Inventories**

Inventories mainly include goods in stock.

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

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

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

13. Contract assets and contract liabilities**(1) Contract assets**

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

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

(2) Contract liabilities

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

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

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

For the year ended 31 December 2023

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

14. Long-term equity investment

(1) *Determination of initial investment cost*

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

(2) *Subsequent measurement and recognition of profit or loss*

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

(3) *Basis for recognition of joint control or significant influence over an investee*

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***15. Investment properties**

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

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

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

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

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

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

16. Fixed assets**(1) Recognition criteria of the fixed assets**

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

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

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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

16. Fixed assets (Continued)

(2) Classification and depreciation methods of fixed assets

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

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

Category	Useful Life (years)	Estimated residual value rate (%)	Annual depreciation (%)
Buildings	20	0	5
Plant and Machinery	10	0	10
Motor vehicles	5	0	20
Office furniture	5	0	20
Electronic equipment	3	0	33.33

17. Construction in progress

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***18. Borrowing costs****(1) Recognition of capitalising borrowing costs**

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

(2) Calculation of capitalisation cost

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

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

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

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

19. Intangible assets

(1) Calculation of intangible assets

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

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

(2) Judgment basis for uncertainty of useful life

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

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

20. Impairment of long-term assets

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

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***20. Impairment of long-term assets** *(Continued)*

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

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

21. Long-term deferred expenses

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

22. Employee benefits

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

(1) Short-term benefits

In the accounting period in which employees have rendered services, the Group recognises the short-term benefits actually incurred as a liability, and charges it to current profit or loss, except where the same is included in the cost of relevant assets as required or permitted by the Accounting Standards for Business Enterprises. Welfare benefit are charged to current profit or loss or included in the cost of relevant assets when incurred. Non-monetary welfare benefits are measured at fair value. Contribution to social security schemes including medical insurance, work injury insurance, and maternity insurance and housing provident fund for employees, as well as appropriation to trade union funds and employee education funds are calculated on required basis and at required percentage, recognized as relevant liability and charged to current profit or loss or included in the cost of relevant asset over the period when employees provide services.

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

For the year ended 31 December 2023

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

22. Employee benefits *(Continued)*

(2) Post-employment benefits

During the accounting period in which employees provide the service, the Group recognises a liability based on the amount payable under the defined contribution plan and records it in current profit or loss or in the cost of relevant asset. Benefit obligations arising under the defined benefit plan are attributed to the period over which employees provide services using the projected accumulated benefit unit credit method, and recorded in current profit or loss or in the cost of related asset.

(3) Termination benefits

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

(4) Other long-term employee benefits

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

23. Revenue

When the Group has implemented the performance obligation in the contract, namely, when the customer obtains the right to control relevant goods or services, revenues will be recognized as per transaction prices allocated to such performance obligation. Obtaining the right to control the relevant goods means that it is able to dominate the use of the goods and derive almost all economic benefits therefrom. Performance obligation represents the Group's commitment to transfer distinct goods to the customer in the contract. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods to a customer, excluding amounts collected on behalf of third parties and amounts expected to be refunded to a customer.

The satisfaction of performance obligation over time or at a point in time is determined by contractual terms or relevant law. For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. Otherwise, the Group recognises revenue at the point in time at which the customer obtains control of relevant assets.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***23. Revenue** *(Continued)*

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

(1) Revenue from sale of advertising spaces

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

(2) Revenue from printing

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

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

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

(4) Rental income

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

24. Contract cost

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***24. Contract cost** *(Continued)*

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

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

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

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfill a contract (the "contract cost-related assets") are amortised on the same basis as the revenue recognition of the goods related to the assets and are included in the current profit and loss. The Group includes the incremental costs of obtaining a contract in current profit or loss when incurred if the amortisation period of the asset formed by obtaining incremental cost of the contract is one year or less.

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

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

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***25. Government grants****(1) Category and accounting treatment of government grants**

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

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

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

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

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

(2) The recognition time point for government grants

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***26. Deferred income tax assets and deferred income tax liabilities****1. Recognition of deferred income tax**

Deferred income tax assets or deferred income tax liabilities are calculated and recognized based on the difference between the carrying amount and tax base of assets and liabilities (for items not recognized as assets and liabilities but with their tax base being able to be determined according to tax laws, tax base is recognized as the difference) and in accordance with the tax rate applicable to the period during which the assets are expected to be recovered or the liabilities are expected to be settled.

2. Measurement of deferred income tax

Deferred income tax assets are recognized to the extent of the amount of the taxable income, which it is most likely to obtain to deduct from the deductible temporary difference. At the balance sheet date, if there is any exact evidence that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized, the deferred tax assets unrecognized in prior accounting periods are recognized. The carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilized.

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

3. Basis for net offsetting of deferred income tax

Deferred income tax assets and deferred income tax liabilities are presented net of offset when the following conditions are met: the enterprise has the legal right to settle the current income tax assets and current income tax liabilities on a net basis; deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax administration department on the same taxable entity or different taxable entities, however, in the future period when each significant deferred income tax asset and deferred income tax liability are reversed, the taxable entities involved intend to settle the current income tax assets and current income tax liabilities on a net basis or acquire assets and settle debts simultaneously.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**27. Lease****(1) The accounting treatment for leased assets**

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

The Group includes lease payments for short-term leases and leases of low-value assets into current expenses on a straight-line basis in each period of the lease term.

1) Right-of-use assets

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

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

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

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

27. Lease *(Continued)*

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

2) Lease liabilities

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

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

The variable lease payments that are excluded in the measurement of lease liabilities are recognised in the current profit and loss when they actually occur.

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

(2) *Accounting treatment of leased assets*

1) Accounting treatment of operating leases

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

2) Accounting treatment of finance leases

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)**28. Held-for-sale and discontinued operations**

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

On initial measurement or remeasurement on the balance sheet date of a non-current asset or a disposal group held for sale, where the book value is higher than the fair value less cost of disposal, the book value is written down to the fair value less cost of disposal. The amount of write-down is recognised as an impairment loss of the asset and charged to profit and loss of the period. At the same time, provision is made for impairment of assets held for sale.

Non-current asset held for sale in balance sheet or asset within disposal group held for sale is presented as asset held for sale, and liabilities within disposal group held for sale are presented as liabilities held for sale.

Discontinued operation refers to a component that meet one of the following condition and can be distinguished separately and has been disposed of or classified by the Group as held for sale:

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

29. Accounting treatment of income tax

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

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

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

30. Segment information

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

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

31. Key accounting estimates and judgments

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

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

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

(1) Building ownership

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

(2) Depreciation of fixed assets

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***31. Key accounting estimates and judgments** *(Continued)***(3) Fair value of investment properties**

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

(4) Bad debt provision for accounts receivable and other receivables

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

(5) Impairment of goodwill

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

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

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

(7) Impairment loss for inventories

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

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VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Changes in accounting policies and their effect

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

2. Changes in accounting estimates and their effect

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

VII. TAXATION

1. Main types of taxes and corresponding tax rates

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

2. Significant tax incentives and official approvals

According to the requirements of the Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2019] No. 16) issued by the MoF, State Administration of Taxation and Publicity Department of the Communist Party of China (《財政部、國家稅務總局、中央宣傳部關於繼續實施文化體制改革中經營性文化事業單位轉制為企業若干稅收政策的通知》(財稅[2019]16號)), enterprises which completed the transformation prior to 31 December 2018 may continue to be exempted from a five-year enterprise income tax since 1 January 2019.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Business (Announcement of MOF and SAT [2023] No.6) (《財政部稅務總局關於小微企業和個體工商戶所得稅優惠政策的公告》(財政部稅務總局公告2023年第6號)), for the part of small and low-profit enterprises whose annual taxable income does not exceed RMB1 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The implementation period is from 1 January 2023 to 31 December 2024.

According to the Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing the Preferential Income Tax Policies for Small and Micro Enterprises (Announcement of MOF and SAT [2022] No. 13) (《財政部稅務總局關於進一步實施小微企業所得稅優惠政策的公告》(財政部稅務總局公告2022年第13號)), for the part of small and low-profit enterprises whose annual taxable income exceeds RMB1 million but does not exceed RMB3 million, 25% shall be included in the taxable income, and the enterprise income tax shall be paid at the tax rate of 20%. The implementation period is from 1 January 2023 to 31 December 2024.

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

1. Monetary fund

Items	As at 31 December 2023	As at 31 December 2022
Bank balances and cash	59,355	73,877
Restricted bank deposits	16,930	9,071
Total	76,285	82,948

Note: The balances of the Group's restricted bank deposits at the end of the period represent marginal deposit for bank acceptance notes and carry market interest rates of 0.05% to 1.85% (2022: 0.25% to 1.3%) per annum.

The Group's bank balances are deposited at banks in the PRC and carry interest at market interest rates ranging from 0.2% to 1.7% (2022: 0.25% to 1.9%) per annum.

2. Financial assets held for trading

Item	As at 31 December 2023	As at 31 December 2022
Financial assets classified as at fair value through profit or loss	156,523	162,663
Including: Securities companies' asset management products	156,523	162,663
Total	156,523	162,663

3. Notes receivable

Items	As at 31 December 2023	As at 31 December 2022
Bank acceptance notes	151	382
Commercial acceptance notes	—	463
Less: Provision for bad debts	—	463
Total	151	382

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

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

4. Accounts receivable

Items	As at 31 December 2023	As at 31 December 2022
Accounts receivable	397,729	423,247
Less: Provision for bad debts	376,350	405,347
Net accounts receivable	21,379	17,900
For reporting purpose, analysis as:		
Non-current assets — long-term receivables	—	—
Current assets — accounts receivable	21,379	17,900
Total	21,379	17,900

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

Items	As at 31 December 2023	As at 31 December 2022
0–90 days	11,722	7,055
91–180 days	3,108	1,672
181–365 days	2,277	2,014
1–2 years	1,378	2,539
Over 2 years	2,894	4,620
Total	21,379	17,900

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

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

4. Accounts receivable (Continued)

(2) Analysis of accounts receivable by categories:

Items	As at 31 December 2023				As at 31 December 2022			
	Book balance	Provision for bad debts		Percentage for provision	Book balance	Provision for bad debts		Percentage for provision
	Amount	Percentage (%)	Amount		Percentage (%)	Amount	Percentage (%)	
Accounts receivable with bad debt provision made on individual basis	225,433	56.68	225,433	100.00	220,291	52.05	220,291	100.00
Accounts receivable with bad debt provision made on group basis:								
Aging group	172,296	43.32	150,917	87.59	202,956	47.95	185,056	91.18
Related party group	148,606	37.36	129,886	87.40	179,285	42.36	165,397	92.25
	23,690	5.96	21,031	88.78	23,671	5.59	19,659	83.05
Total	397,729	100.00	376,350		423,247	100.00	405,347	

Account receivables with bad debt provision by aging group

Items	As at 31 December 2023			As at 31 December 2022		
	Amount	Percentage of provision (%)	Bad debt provision	Amount	Percentage of provision (%)	Bad debt provision
Within 1 year	18,730	12.16	2,278	12,310	13.60	1,674
1-2 years	3,011	54.23	1,633	3,095	54.80	1,696
2-3 years	2,361	73.40	1,733	1,019	73.43	749
Over 3 years	124,504	99.79	124,242	162,861	99.03	161,278
Total	148,606		129,886	179,285		165,397

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

4. Accounts receivable (Continued)

- (3) Provision for bad debts

Type	Opening balance	Movement during the period			Closing balance	
		Provision	Recovered or reversed	Written off		
Provision for bad debts	405,347	4,403	—	—	(33,400)	376,350
Total	405,347	4,403	—	—	(33,400)	376,350

Note: Other changes in the provision for bad debts of RMB-33,400 thousand represents the effect of the subsidiary, Beijing CéCi, no longer being included in the scope of the consolidated financial statements of income for the current period.

- (4) The top five accounts receivable as at 31 December 2023 accounted for 47.82% of the total accounts receivable.
- (5) As at 31 December 2023, there were no accounts receivable that were past due but not impaired.

5. Prepayments

Items	As at 31 December 2023	As at 31 December 2022
Prepayments	3,854	2,496
Less: Provision for bad debts	—	—
Net prepayments	3,854	2,496

The top five prepayments as at 31 December 2023 represented 78.30% of the total prepayments.

Aging	As at 31 December 2023	As at 31 December 2022
Within 1 year	3,806	2,474
1–2 years	26	—
Over 3 years	22	22
Total	3,854	2,496

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

6. Other receivables

Items	As at 31 December 2023	As at 31 December 2022
Dividends receivable	9,416	11,104
Other receivables	207,965	203,481
Less: Provision for bad debts	201,510	202,785
Net other receivables	15,871	11,800

(1) Dividends receivable

- 1) Dividends receivable by nature

Items	Closing balance	Opening balance
Investment bonus	9,416	11,104
Less: Provision for bad debts	1,145	1,511
Total	8,271	9,593

(2) Other receivables

- 1) Other receivables by nature

Nature	As at 31 December 2023	As at 31 December 2022
Related-party current account	2,117	6,742
External unit current	203,639	194,776
Deposit and margin	337	426
Reserve funds	1,867	1,534
Other	5	3
Total	207,965	203,481

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

6. Other receivables (Continued)

(2) Other receivables (Continued)

2) Aging analysis of other receivables

Aging	As at 31 December 2023		As at 31 December 2022	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	7,176	3.45	2,435	1.20
1-2 years	686	0.33	100	0.05
2-3 years	3,660	1.76	131	0.06
3-4 years	118	0.06	625	0.31
Over 4 years	196,325	94.40	200,190	98.38
Total	207,965	100.00	203,481	100.00

3) Provision for bad debts

Provision for bad debts	First stage Expected credit losses for the next 12 months	Second stage Expected credit losses for the entire duration (no credit impaired)	Third stage Expected credit losses for the entire duration (credit impaired)	Total
Balance at 1 January 2023	8,034	—	193,240	201,274
Balance at 1 January 2023 in current period after reassessment	8,034	—	193,240	201,274
Transfers from first stage to third stage	—	—	—	—
Provision for this period	3,460	—	8	3,468
Other changes	(4,377)	—	—	(4,377)
Closing balance	7,117	—	193,248	200,365

(3) The top five other receivables as at 31 December 2023 represented 93.36% of the total other receivables.

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

7. Inventories

(1) Classification of inventories

Item	As at 31 December 2023			As at 31 December 2022		
	Carrying amount	Provision for impairment	Book value	Carrying amount	Provision for impairment	Book value
Goods in stock	5,385	1,383	4,002	9,794	4,941	4,853
Total	5,385	1,383	4,002	9,794	4,941	4,853

As at 31 December 2023, there are goods in stock sold in prior years which had been written down to net realizable value (2022: existed).

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

Category of inventories	Balance as at 1 January 2023	Provision amount in current period	Amount decreased in current period		Balance as at 31 December 2023
			Transfer	Others	
Goods in stock	4,941	416	963	3,011	1,383
Total	4,941	416	963	3,011	1,383

8. Other current assets

Items	As at 31 December 2023	As at 31 December 2022
VAT to be deducted	27,144	27,232
Prepaid income tax	35	118
Prepaid cultural business tax	—	1
Total	27,179	27,351

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

9. Long-term equity investment

(1) Types for long-term equity investment

Type	As at 31 December 2023	As at 31 December 2022
Investments in associates — under equity method	3,989	4,219
Less: provision for impairment for investments in associates	948	948
Total	3,041	3,271

(2) Investments in associates

Investees	Balance as at 1 January 2023	Changes in the current year								Balance as at 31 December 2023	Balance of impairment provision as at 31 December 2023	
		Additional investment	Decrease in investment	Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment	Others			
1. Associates												
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—	—	—
Beijing Shengyi Automobile Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency	1,993	—	—	(230)	—	—	—	—	—	—	1,763	—
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—	—	—
Beijing Beiqing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—	—	—
Chongqing Soyang Internet Technology	—	—	—	—	—	—	—	—	—	—	—	948
Beijing Shangyou Network Technology	1,278	—	—	—	—	—	—	—	—	—	1,278	—
Total	3,271	—	—	(230)	—	—	—	—	—	—	3,041	948

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

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

10. Investment in other equity instruments

(1) Investment in other equity instruments

Items	Investment cost	As at 31 December 2023	As at 31 December 2022
Beijing Keyin Media and Culture Co., Ltd.	6,560	37,120	35,874
Beiyang Publishing & Media Co., Ltd.	103,000	242,369	222,256
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	3,323	3,284
Beijing International Advertising & Communication Group Co., Ltd.	33,119	20,602	20,603
Total		303,414	282,017

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

Type	As at 31 December 2023	As at 31 December 2022
Unlisted equity investments, China	303,414	282,017
Total	303,414	282,017

Note: The basis for recognizing the fair value of investments in other equity instruments is described in detail in "XI. Disclosure of fair values".

11. Other non-current financial assets

(1) Other non-current financial assets

Item	As at 31 December 2023	As at 31 December 2022
Suzhou Huaying Culture Industry Investment Enterprise (limited partnership)	253	250
Total	253	250

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

11. Other non-current financial assets (Continued)

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

Type	As at 31 December 2023	As at 31 December 2022
Unlisted equity investments, China	253	250
Total	253	250

Note: The basis for recognizing the fair value of other non-current financial assets is detailed in "XI. Disclosure of fair values".

12. Investment properties

(1) Investment properties measured at fair value

Items	Buildings	Total
1. As at 1 January 2023	89,697	89,697
2. Changes during the period		
Add: Changes in fair value	(5,598)	(5,598)
Less: Disposal	6,497	6,497
3. As at 31 December 2023	77,602	77,602

The fair value of the Group's investment properties as at 31 December 2023 have been arrived at by reference to recent market prices for similar properties in the same locations and conditions.

As at 31 December 2023, the carrying value of the investment properties for which the Group had not been granted formal title amounted to approximately RMB4,279 thousand (2022: 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.

During the year, the rental income generated from investment properties is RMB2,142 thousand (2022: RMB1,662 thousand).

As at 31 December 2023, the title of the Group's two properties located outside of China has been changed.

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

12. Investment properties (Continued)

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

Items	Fair value as at 31 December 2023	Fair value as at 31 December 2022
Located inside of the PRC		
Medium term (10–70 years)	77,602	82,247
Located outside of the PRC		
Long term (over 70 years)	—	7,450
Total	77,602	89,697

(3) Investment properties are detailed as follows:

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

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

12. Investment properties (Continued)

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

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

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

13. Fixed assets

Category	As at 31 December 2023	As at 31 December 2022
Fixed assets	699	568
Less: provision of impairment	—	—
Total	699	568

(1) Breakdown of fixed assets

Items	Buildings	Plant and machinery	Motor vehicles	Office equipment	Electronic equipment	Total
i. Cost						
1. As at 1 January 2023	15,775	3,671	2,476	668	7,449	30,039
2. Increase during the year	—	—	67	79	490	636
(1) Purchase	—	—	67	79	490	636
3. Decrease during the year	—	—	525	448	662	1,635
(1) Disposal or scrapping	—	—	525	448	662	1,635
4. As at 31 December 2023	15,775	3,671	2,018	299	7,277	29,040
ii. Accumulated depreciation						
1. As at 1 January 2023	15,775	3,671	2,476	653	6,896	29,471
2. Increase during the year	—	—	11	19	472	502
(1) Provision	—	—	11	19	472	502
3. Decrease during the year	—	—	525	448	659	1,632
(1) Disposal or scrapping	—	—	525	448	659	1,632
4. As at 31 December 2023	15,775	3,671	1,962	224	6,709	28,341
iii. Provision for impairment						
1. As at 1 January 2023	—	—	—	—	—	—
2. Increase during the year	—	—	—	—	—	—
3. Decrease during the year	—	—	—	—	—	—
4. As at 31 December 2023	—	—	—	—	—	—
iv. Carrying amount						
1. As at 31 December 2023	—	—	56	75	568	699
2. As at 1 January 2023	—	—	—	15	553	568

For the year ended 31 December 2023, the depreciation of fixed assets recognized in the consolidated income statement amounted to RMB502 thousand (2022: RMB289 thousand).

For the year ended 31 December 2023, the net gain on disposal of fixed assets recognized in the consolidated income statement amounted to RMB4 thousand (2022: net gain of RMB4 thousand).

For the year ended 31 December 2023, the rental income generated from fixed assets recognized in the consolidated income statement amounted to RMB4,659 thousand (2022: RMB4,704 thousand).

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

13. Fixed assets (Continued)

(2) Fixed assets leased-out through operating lease

As at 31 December 2023, a fixed asset with carrying amount of RMB0 thousand (cost of RMB8,093 thousand) was leased out through operating lease (2022: carrying amount of RMB0 thousand, cost of RMB15,775 thousand).

14. Right-of-use assets

(1) Breakdown of right-of-use assets

Items	Buildings	Total
i. Cost		
1. As at 1 January 2023	—	—
2. Increase during the year	4,122	4,122
(1) New leases	4,122	4,122
3. Amount decreased during the year	—	—
4. As at 31 December 2023	4,122	4,122
ii. Accumulated depreciation		
1. As at 1 January 2023	—	—
2. Increase during the year	1,374	1,374
(1) Provision	1,374	1,374
3. Decrease during the year	—	—
4. As at 31 December 2023	1,374	1,374
iii. Provision for impairment		
1. As at 1 January 2023	—	—
2. Increase during the year	—	—
3. Decrease during the year	—	—
4. As at 31 December 2023	—	—
iv. Carrying amount		
1. As at 31 December 2023	2,748	2,748
2. As at 1 January 2023	—	—

During the year ended 31 December 2023, the depreciation in right-of-use assets recognised in the consolidated income statement amounted to RMB1,374 thousand.

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

14. Right-of-use assets (Continued)

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

Item	As at 31 December 2023	As at 31 December 2022
Within China	2,748	—
Total	2,748	—

15. Intangible assets

(1) Breakdown of intangible assets

Items	Land use rights	Software	Operation rights	Total
i. Cost				
1. As at 1 January 2023	40,226	1,790	10,800	52,816
2. Increase during the year	—	—	—	—
3. Decrease during the year	—	—	—	—
4. As at 31 December 2023	40,226	1,790	10,800	52,816
ii. Accumulated amortization				
1. As at 1 January 2023	22,092	1,777	2,340	26,209
2. Increase during the year	888	11	—	899
(1) Provision	888	11	—	899
3. Decrease during the year	—	—	—	—
4. As at 31 December 2023	22,980	1,788	2,340	27,108
iii. Provision for impairment				
1. As at 1 January 2023	—	—	8,460	8,460
2. Increase during the year	—	—	—	—
3. Decrease during the year	—	—	—	—
4. As at 31 December 2023	—	—	8,460	8,460
iv. Carrying amount				
1. As at 31 December 2023	17,246	2	—	17,248
2. As at 1 January 2023	18,134	13	—	18,147

For the year ended 31 December 2023, the amortisation of intangible assets recognized in the consolidated income statement was RMB899 thousand (2022: RMB930 thousand).

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

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

16. Goodwill

Items	As at 31 December 2023	As at 31 December 2022
Goodwill arising from the acquisition of Beiqing CéCi	—	47,377
Less: Provision for impairment	—	47,377
Total	—	—

17. Long-term deferred expenses

Category	As at 1 January 2023	Increase during the year	Amortization during the year	As at 31 December 2023
Renovation costs	334	901	450	785
Broad Group parking fee	56	—	17	39
Broad Group property fee	—	561	280	281
Cloud Dreams Star Camp (雲夢星空營地)	376	22	141	257
Total	766	1,484	888	1,362

18. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets and liabilities not written off

Item	Closing balance		Opening balance	
	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences	Deferred income tax assets/ liabilities	Deductible/ taxable temporary differences
Deferred income tax assets:				
Lease liabilities	687	2,748		
Subtotal	687	2,748		
Deferred income tax liabilities:				
Changes in fair value of financial assets through other comprehensive income	706	2,823	696	2,784
Changes in fair value of investment properties	2,457	9,830	3,205	12,819
Right-of-use assets	687	2,748		
Subtotal	3,850	15,401	3,901	15,603

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)**18. Deferred income tax assets and deferred income tax liabilities (Continued)****(2) Deferred income tax assets and liabilities written off**

Item	Amounts of	Balance of	Amounts of	Balance of
	deferred tax assets and liabilities to be offset at 31 December 2023	deferred tax assets and liabilities written off at 31 December 2023	deferred tax assets and liabilities to be offset at 31 December 2022	deferred tax assets and liabilities written off at 31 December 2022
Deferred income tax assets	687	—	—	—
Deferred income tax liabilities	687	3,163	—	—

(3) As at 31 December 2023, the Group had unused tax losses of RMB155,442 thousand (2022: RMB166,737 thousand) available for offset against future taxable profits. No deferred income tax assets had been recognized for these tax losses due to the uncertainty of sufficient taxable profits streams. These tax losses will be expired at various dates up to 2028.

19. Other non-current assets

Items	As at	As at
	31 December 2023	31 December 2022
Prepayments for film project	24,000	24,000
Less: Provision for impairment	24,000	24,000
Total	—	—

Note: Prepayments for film project represent project prepayment for the film and television production of "Oriental King of Soccer" (《東方球王》) that the Company involved in. The project settlement period exceeds one year. The Company entered into agreements with Daqianmen (Beijing) Media Co. Ltd., pursuant to which the Company participated in the production of TV series "Oriental King of Soccer". As at 31 December 2023, the balances of prepaid expenses related to the remaining television project "Oriental King of Soccer" were RMB24,000 thousand. "Oriental King of Soccer" has not been released.

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

For the year ended 31 December 2023

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

20. Breakdown of provision for asset impairment

Items	As at 1 January 2023	Increase during the year		Decrease during the year		As at 31 December 2023
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	608,595	7,042	—	—	37,777	577,860
Provision for impairment of inventories	4,941	416	—	—	3,974	1,383
Provision for impairment of investments in associates	948	—	—	—	—	948
Provision for impairment of intangible assets	8,460	—	—	—	—	8,460
Provision for impairment of goodwill	47,377	—	—	—	47,377	—
Provision for impairment of other non-current assets	24,000	—	—	—	—	24,000
Total	694,321	7,458	—	—	89,128	612,651

21. Notes payable

Item	As at 31 December 2023	As at 31 December 2022
Bank acceptance notes	15,593	6,086
Total	15,593	6,086

Note: As at 31 December 2023, the above notes payable were aged within 6 months.

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***22. Accounts payable**

As at 31 December 2023, the aging analysis of accounts payable based on the invoice date is as follows:

Items	As at 31 December 2023	As at 31 December 2022
0-90 days	16,285	7,891
91-180 days	70	47
181-365 days	58	322
Over one year	1,248	3,406
Total	17,661	11,666

23. Contract liabilities

Item	As at 31 December 2023	As at 31 December 2022
Contract receipts in advance	13,673	20,912
Total	13,673	20,912

(1) Contract receipts in advance by nature:

Items	As at 31 December 2023	As at 31 December 2022
Advertising amount	12,519	20,346
Trading amount of printing materials	244	425
Other receipts in advance	910	141
Total	13,673	20,912

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

For the year ended 31 December 2023

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

24. Employee benefit payables

(1) Classification for employee benefit payables

Items	As at 1 January 2023	Increase during the year	Decrease during the year	As at 31 December 2023
Short-term remuneration	6,536	56,301	57,254	5,583
Post-employment benefit — defined contribution plan	1,889	6,157	6,511	1,535
Termination benefits	—	3,631	3,631	—
Total	8,425	66,089	67,396	7,118

(2) Short-term remuneration

Items	As at 1 January 2023	Increase during the year	Decrease during the year	As at 31 December 2023
Salaries, bonuses, allowances and subsidies	2,577	46,823	47,941	1,459
Staff benefits	4	1,009	1,013	—
Social insurance	258	3,817	3,162	913
Including: Medical insurance	221	3,614	2,934	901
Work-related injury insurance	37	182	207	12
Maternity insurance	—	21	21	—
Housing provident fund	169	4,114	4,280	3
Trade union fund and staff education fund	3,528	538	858	3,208
Total	6,536	56,301	57,254	5,583

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

24. Employee benefit payables (Continued)

(3) Defined contribution plan

Items	As at 1 January 2023	Increase during the year	Decrease during the year	As at 31 December 2023
Basic pension insurance	1,835	6,021	6,384	1,472
Unemployment insurance	54	136	127	63
Total	1,889	6,157	6,511	1,535

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

25. Taxes payable

Items	As at 31 December 2023	As at 31 December 2022
Value added tax	178	82
Individual income tax	238	109
Urban maintenance and construction tax	9	24
Education surcharge	4	10
Local education surcharge	2	7
Cultural construction fee	22	45
Total	453	277

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

For the year ended 31 December 2023

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

26. Other payables

(1) Classification of other payables

Item	As at 31 December 2023	As at 31 December 2022
Other payables	15,765	25,061
Total	15,765	25,061

(2) Other payables by nature

Items	As at 31 December 2023	As at 31 December 2022
Current account	9,239	17,160
Margin and deposit	5,065	5,981
Collection and payment for other persons	980	851
Others	481	1,069
Total	15,765	25,061

27. Non-current liabilities within one year

Items	As at 31 December 2023	As at 31 December 2022
Lease liabilities due within one year	1,004	—
Total	1,004	—

For the year ended 31 December 2023

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

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

28. Other current liabilities

Items	As at 31 December 2023	As at 31 December 2022
Output VAT to be transferred	740	1,120
Total	740	1,120

29. Lease liabilities

Items	As at 31 December 2023	As at 31 December 2022
Lease payments	2,622	—
Less: Unrecognised finance costs	151	—
Less: Lease liabilities due within one year	1,004	—
Total	1,467	—

30. Share capital

Items	As at 31 December 2023	As at 31 December 2022
Ordinary shares of RMB1 each Registered, issued and fully paid:		
— Domestic shares	142,409	142,409
— H shares	54,901	54,901
Total	197,310	197,310

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

For the year ended 31 December 2023

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

31. Capital reserves

Items	As at 1 January 2023	Increase during the year	Decrease during the year	As at 31 December 2023
Share capital premiums	934,421	—	—	934,421
Other capital reserve	185	—	—	185
Including: Changes of capital reserve arising from other businesses or affairs	185	—	—	185
Total	934,606	—	—	934,606

32. Other comprehensive income

Items	Amount for the year							As at 31 December 2023
	As at 1 January 2023	Amount before income tax for the year	Less: Current retained earnings included in other comprehensive income in prior period	Less: Income tax expenses	Amount after tax attributable to the Parent	Amount after tax attributable to non-controlling shareholders		
1. Other comprehensive income subsequently unable to be reclassified into profit or loss	171,261	21,397	—	10	21,387	—	192,648	
Including: Changes in fair value of investments in other equity instruments	171,261	21,397	—	10	21,387	—	192,648	
2. Other comprehensive income will be subsequently reclassified into profit or loss	585	156	—	—	93	63	678	
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss	550	—	—	—	—	—	550	
Including: Exchange differences from translation of financial statements	35	156	—	—	93	63	128	
Total other comprehensive income	171,846	21,553	—	10	21,480	63	193,326	

For the year ended 31 December 2023

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

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

33. Surplus reserves

Item	As at 1 January 2023	Increase during the year	Decrease during the year	As at 31 December 2023
Statutory surplus reserves	130,931	—	—	130,931
Total	130,931	—	—	130,931

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

34. Undistributed profits

Items	For the year ended 31 December 2023	
	Amount	Withdrawal or allocation proportion (%)
Balance as at 31 December 2022	(817,646)	—
Add: Adjusted amount of undistributed profits at the beginning of the year	—	—
Balance as at 1 January 2023	(817,646)	—
Add: Net profit attributable to shareholders of the Parent for the current year	(15,320)	—
Disposal of the investment in other equity instruments	—	—
Less: Withdrawal of statutory surplus reserves	—	10
Withdrawal of discretionary surplus reserves	—	—
Withdrawal of general risk reserves	—	—
Ordinary share dividends payable	—	—
Capitalized ordinary share dividends	—	—
Other retained earnings items from direct adjustment	—	—
Balance as at 31 December 2023	(832,966)	—

As at 31 December 2023, the Group's undistributed profits attributable to the Parent included a surplus reserve of RMB0 thousand (2022: RMB0 thousand) from the subsidiaries of the Company.

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

For the year ended 31 December 2023

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

35. Total operating income, operating costs

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Principal operating income	187,172	150,364
Other operating income	13,612	8,033
Total operating income	200,784	158,397
Principal operating costs	167,502	147,862
Other operating costs	4,159	3,054
Total operating costs	171,661	150,916
Gross profit	29,123	7,481

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

(1) Principal operations — by business

Items	For the year ended 31 December 2023		For the year ended 31 December 2022	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	87,188	72,070	58,116	59,026
Printing	1,009	881	2,802	2,574
Trading of print-related materials	77,659	75,386	88,983	86,121
Other revenue	21,316	19,165	463	141
Total	187,172	167,502	150,364	147,862

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

35. Total operating income, operating costs (Continued)

(2) Operating income-by timing of recognition

Timing of revenue recognition	Advertising	Printing	Trading of print-related materials	Other revenue	Other business revenue
Recognised at a point in time	87,188	1,009	77,659	21,316	6,815
Total	87,188	1,009	77,659	21,316	6,815

(3) For the year ended 31 December 2023, the sum of operating income from the top five customers was RMB58,307 thousand, representing 29.04% of total operating income.

36. Taxes and surcharges

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Cultural construction fee	485	777
Urban maintenance and construction tax	151	137
Education surcharge	65	59
Local education surcharge	43	39
Stamp duty	78	80
Property duty	1,299	1,205
Land utilization tax	15	15
Vehicle and vessel tax	6	5
Others	27	5
Total	2,169	2,322

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

For the year ended 31 December 2023

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

37. Financial expenses

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Interest expenses	170	5
Less: Interest income	432	2,965
Exchange loss	19	15
Commissions and other expenses	82	80
Total	(161)	(2,865)

38. Other income

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Government grants from routine activities	68	154
Total	68	154

39. Gain on investment

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Share of profit of associates	(230)	(256)
Investment income received from the disposal of financial assets at fair value through profit or loss	(833)	12,406
Investment income received from holding investments in other equity instruments	15,081	11,160
Others	3,566	271
Total	17,584	23,581

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

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

40. Gain or loss on changes in fair value

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Financial assets at fair value through profit or loss	9,730	1,348
Gain on changes in fair value of investment properties	(5,598)	(6,488)
Total	4,132	(5,140)

41. Credit impairment losses

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Bad debts loss	(7,042)	(4,563)
Total	(7,042)	(4,563)

42. Asset impairment losses

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Provision for impairment of inventories	(416)	(228)
Total	(416)	(228)

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

For the year ended 31 December 2023

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

43. Gain on disposal of assets

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Disposal of fixed assets	4	4
Total	4	4

44. Non-operating income

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Others	294	123
Total	294	123

45. Non-operating expenses

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Losses on damage or abandonment of non-current assets	92	—
Compensation and late payment charges	16	52
Others	—	6
Total	108	58

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

46. Income tax expenses

(1) Income tax expenses

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Current income tax expenses	(48)	1,173
Deferred income tax expenses	(747)	(578)
Total	(795)	595

(2) Current income tax expenses

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Current income tax — PRC	3	2,884
Under-provision in prior years — PRC	(51)	(1,711)
Total	(48)	1,173

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

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

For the year ended 31 December 2023

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

46. Income tax expenses (Continued)

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

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Total profit	(15,025)	(27,579)
Income tax calculated at the applicable tax rate of 25%	(3,756)	(6,895)
Effect of non-taxable income	(3,770)	—
Tax effect of non-deductible expenses	34	72
Tax effect of the Company's losses in current year	8,509	9,249
Tax losses previously unrecognized utilized	(1,761)	(82)
Effect of tax relief	—	(38)
Under-provision in prior year	51	(1,711)
Total	(795)	595

Note: Pursuant to the Notice on Several Tax Policies for the Transformation of Operating Cultural Institutions into Enterprises for Continuous Implementation of Cultural System Reform (Cai Shui [2019] No. 16) issued by the MoF, State Administration of Taxation and Publicity Department of the Communist Party of China (《財政部稅務總局中央宣傳部關於繼續實施文化體制改革中經營性文化事業單位轉制為企業若干稅收政策的通知》(財稅[2019]16號)), enterprises which completed the transformation prior to 31 December 2018 may continue to be exempted from a five-year enterprise income tax since 1 January 2019.

47. Auditors' remuneration

The auditors' remuneration for the year was RMB990 thousand (2022: RMB1,100 thousand).

For the year ended 31 December 2023

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

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

48. Remuneration of Directors, Supervisors and Employees

(1) Remuneration of Directors and Supervisors

- 1) The amount paid or payable as remuneration to the 15 (2022: 17) directors and supervisors are as follows:

For the year ended 31 December 2023:

Names	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefit scheme	Total
Directors					
Sun Baojie	—	—	—	—	—
Jing Enji	—	—	—	—	—
Wu Min	—	338	65	45	448
Wang Hao	—	—	—	—	—
Xu Jian	—	—	—	—	—
Zhang Lei	60	—	—	—	60
Cui Ping	—	—	—	—	—
Wang Zechen	60	—	—	—	60
Chan Yee Ping, Michael	100	—	—	—	100
Shi Hongying	100	—	—	—	100
Du Guoqing	100	—	—	—	100
Kong Weiping	100	—	—	—	100
Subtotal	520	338	65	45	968
Supervisors					
Liu Huibin	—	—	—	—	—
Li Xiaomei	—	—	—	—	—
Lu Shasha	—	150	35	24	209
Subtotal	—	150	35	24	209
Total	520	488	100	69	1,177

Note:

- (i) Other benefits include medical insurance, unemployment insurance and housing fund.
- (ii) During the year, the Company did not pay any emoluments to the Directors and Supervisors as incentives to join and upon joining the Group, compensation for loss of office or performance-based bonuses.

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

For the year ended 31 December 2023

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

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

(1) Remuneration of Directors and Supervisors (Continued)

- 1) The amount paid or payable as remuneration to the 15 (2022: 17) directors and supervisors are as follows: (Continued)

For the year ended 31 December 2022:

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

Note:

- (i) Other benefits include medical insurance, unemployment insurance and housing fund.
- (ii) During the year, the Company did not pay any emoluments to the Directors and Supervisors as incentives to join and upon joining the Group, compensation for loss of office or performance-based bonuses.

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

During the year, of the five individuals with the highest remuneration in the Group, one (2022: two) was director. The remuneration of the remaining four individuals (2022: three) was as follows:

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Basic salaries and allowance	642	702
Performance-based salaries	1,093	1,187
Employer's contributions to retirement benefit scheme	521	158
Total	2,256	2,047

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

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
HKD0–HKD1,000,000 (equivalent to RMB909,350)	4	2
HKD1,000,001–HKD1,500,000 (equivalent to RMB909,350–RMB1,364,025)	—	1
Total	4	3

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

(3) Remunerations of Senior Management

The remunerations of senior management fall within the following band:

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
HKD0–HKD500,000 (equivalent to RMB454,675)	—	1
Total	—	1

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

For the year ended 31 December 2023

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

49. Retirement benefit scheme — defined contribution plans

All the full time employees of the Group are covered by a state-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. The PRC government is responsible for the pension liability to these retired employees. The Group was required to make defined contributions to the pension scheme at the rate of 16% for the year ended 31 December 2023 (2022: 16%) of the employees' basic salaries, which is subject to certain cap as stipulated by relevant local authority. Contributions to this retirement scheme are charged to the income statement as and when incurred. Under this scheme, the Group has no obligation for post-retirement benefit beyond the annual contributions.

As at 31 December 2023, contributions from retirement benefit scheme recognised in income statement was RMB6,021 thousand (2022: RMB5,326 thousand).

50. Dividends

(1) The Board did not propose payment of final dividend for 2023, subject to shareholders' approval at the forthcoming shareholders' general meeting.

(2) No profit distribution or dividend was confirmed during the period.

51. Distributable reserve

As at 31 December 2023, the Company's undistributed profits available for distribution to shareholders were RMB-669,574 thousand (undistributed profits as at 31 December 2022: RMB-657,948 thousand).

52. Other comprehensive income

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Other comprehensive income that can not be reclassified to profit or loss:		
Changes in fair value of investment in other equity instruments	21,387	11,643
Other comprehensive income that will be reclassified to profit or loss:		
Exchange differences from translation of financial statement	93	92
Total	21,480	11,735

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

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

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Net profit	(14,230)	(28,174)
Add: Impairment loss of credit	7,042	4,563
Impairment loss of assets	416	228
Fixed assets depreciation	502	289
Amortisation of intangible assets	899	930
Amortisation of long-term deferred expenses	888	596
Depreciation of right-of-use assets	1,374	74
(Loss)/gain on disposal of fixed assets, intangible assets and other long-term assets	(4)	(4)
Loss on scrapping of fixed assets	(92)	—
Loss/(gain) on the changes in fair value	(4,132)	5,140
Financial expenses	100	19
Loss/(gain) on investment	(17,584)	(23,581)
Decrease/(increase) in deferred income tax assets	—	—
Increase/(decrease) in deferred income tax liabilities	(738)	(577)
Decrease/(increase) of inventories	267	6,860
Decrease/(increase) in operating accounts receivable	(8,498)	1,008
Increase/(decrease) in operating accounts payable	(4,398)	(5,210)
Net cash flow from operating activities	(38,188)	(37,839)

54. Changes in cash and cash equivalents

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Bank balances and cash at the end of year	59,355	73,877
Less: Bank balances and cash at the beginning of year	73,877	261,083
Cash equivalents at the end of year	—	—
Less: Cash equivalents at the beginning of year	—	—
Net increase in cash and cash equivalents	(14,522)	(187,206)

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

For the year ended 31 December 2023

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

55. Cash and cash equivalents

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Bank deposits and cash	76,285	82,948
Less: Restricted bank deposits	16,930	9,071
	59,355	73,877
Representing:		
Cash in hand	—	2
Deposits held at call with banks	59,355	73,875
Other currencies held at call with banks	—	—
Balance of cash and cash equivalents at the end of the period	59,355	73,877

IX. CHANGES IN CONSOLIDATED SCOPE

Transactions or events involving loss of control of subsidiaries

Name of subsidiary	Time of loss of control	Disposal price at the time of loss of control	Percentage of disposal loss of control (%)	Disposal treatment at the time of loss of control	Basis of judgement at the time of loss of control	Difference between the disposal price and the share of net assets of the subsidiary at the level of the consolidated financial statements corresponding to the disposal of the investment	Percentage of equity interest remaining consolidated financial statements at the date of loss of control (%)	Carrying amount of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control	Fair value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control	Gains or losses arising from the remeasurement of the equity interest at the level of the consolidated financial statements at the date of loss of control	Method of determining and key assumptions of the fair value of the remaining equity interest at the level of the consolidated financial statements at the date of loss of control	Amount of other comprehensive income related to the equity investment in original subsidiary transferred to profit or loss or retained earnings
Beijing C&C Advertising (Beijing) Limited	2023-12-21	—	84.69	Bankruptcy and liquidation	The handover between Beijing C&C and the bankruptcy and liquidation administrator was completed	3,566	—	—	—	—	—	—

For the year ended 31 December 2023

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

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES**1. Interests in subsidiaries****(1) Constitutions for the Group**

Names of subsidiaries	Principal place of operation	Place of registration	Business nature	Registered capital	Shareholding percentage (%)		Acquisition methods
					Direct	Indirect	
BYD Logistics Company Limited	Beijing, PRC	Beijing, PRC	Logistics and warehousing	30,000	92.84	—	Establishment
Beijing Beiqing Outdoor Advertisement Co., Ltd.	Beijing, PRC	Beijing, PRC	Advertising services	10,000	100	—	Business combination involving entities under common control
Beiqing Network Culture Communication Co., Ltd.	Beijing, PRC	Beijing, PRC	Advertising services	15,000	100	—	Establishment
Beiqing Long Teng Investment Management (Beijing) Co., Limited	Beijing, PRC	Beijing, PRC	Investment management	50,000	80.84	—	Establishment
Chongqing Youth Media Company Limited	Chongqing, PRC	Chongqing, PRC	Newspaper distribution, advertising services	30,000	60	—	Establishment
Beiqing Community Media Technology (Beijing) Co., Ltd.	Beijing, PRC	Beijing, PRC	Advertising services	30,025	57.95	—	Establishment
Beijing Beiqing Innovation Cultural Industry Development Co., Ltd.	Beijing, PRC	Beijing, PRC	Education culture	15,000	100	—	Establishment
CHONG QING YOUTH (AMERICA) LLC	California, United States	California, United States	Travel and rental	8,800	—	60	Establishment

Note: During the Reporting Period, none of the above subsidiaries had issued any share capital and debt securities.

(2) Significant not wholly owned subsidiaries

Names of subsidiaries	Percentage of minority interest (%)	Profit or loss for the year attributable to non-controlling shareholders	Dividends distributed to non-controlling shareholders for the year	Balance of non-controlling shareholders' interest as at 31 December 2023
BYD Logistics Company Limited	7.16	73	—	(885)
Beiqing Community Media Technology (Beijing) Co., Ltd.	42.05	1,707	—	15,262

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

For the year ended 31 December 2023

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

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

Names of subsidiaries	As at 31 December 2023						As at 31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
BYD Logistics Company Limited	37,226	22	37,248	49,616	—	49,616	30,185	22	30,207	43,599	—	43,599
Beijing Community Media Technology (Beijing) Co., Ltd.	41,412	1,420	42,832	6,536	—	6,536	44,037	1,374	45,411	13,175	—	13,175

Names of subsidiaries	For the year ended 31 December 2023				For the year ended 31 December 2022			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
BYD Logistics Company Limited	88,209	1,024	1,024	1,563	102,815	850	850	(6,807)
Beijing Community Media Technology (Beijing) Co., Ltd.	55,441	4,060	4,060	(5,441)	28,782	(8,415)	(8,415)	(5,830)

2. Interests in associates

(1) Associates

Names of associates	Place of registration	Principal place of operation	Business nature	Shareholding (%)		Voting percentage (%)	Business structure
				Direct	Indirect		
Beijing Leisure Trend Advertising Company Limited	Beijing	Beijing	Design, production, agency advertising	49.04	—	49.04	Limited liability company
Beijing Shengyi Automobile Technology Co., Ltd.	Beijing	Beijing	Car decoration services, market research, marketing planning	20	—	20	Limited liability company
Beijing Beisheng United Insurance Agency Co., Limited	Beijing	Beijing	Provision of car insurance agency services	20	—	20	Limited liability company
BY Times Consulting Co., Ltd.	Beijing	Beijing	Economic information consulting, organizing cultural activities	30	—	30	Limited liability company
Beijing Beijing Top Advertising Limited	Beijing	Beijing	Design, production, and provision of agency service of advertisements	41.60	—	41.60	Limited liability company
Chongqing Soyang Internet Technology Co., Ltd.	Chongqing	Chongqing	Network E-Commerce	—	35	35	Limited liability company
Beijing Shangyou Network Technology Co., Ltd.	Beijing	Beijing	Network E-Commerce	—	30	30	Limited liability company

The Group's accounting treatment for investments in associates is equity method.

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

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

Items	As at 31 December 2023/For the year ended 31 December 2023	As at 31 December 2022/For the year ended 31 December 2022
Associates:		
Total book value in investment	3,041	3,271
Aggregated amounts per shareholding percentage for the followings:		
— Net profit	(230)	(256)
— Other comprehensive income	—	—
— Total comprehensive income	(230)	(256)

(3) Excess losses from associates

Names of associates	Accumulated unrecognised losses in previous years on 31 December 2022	Unrecognised loss for the year (or net profits shared in the year)	Accumulated unrecognised losses in previous years on 31 December 2023
Beijing Leisure Trend Advertising Company Limited	(5,988)	—	(5,988)
Beijing Shengyi Automobile Technology Co., Ltd.	(1,331)	(2)	(1,333)
Beijing Beiqing Top Advertising Limited	(12,619)	—	(12,619)
BY Times Consulting Co., Ltd.	(169)	(8)	(177)

Note: As of the date of this report, Beijing Beiqing Top Advertising Limited has not yet provided the Company with its 2023 financial statements.

In 2023, the Group filed a petition for bankruptcy and liquidation of Beijing Leisure Trend Advertising Company Limited ("Leisure Trend"), which was accepted by the court. In January 2024, Beijing City Zhong Zhou Law Firm* (北京市中洲律師事務所) was appointed as the administrator of Leisure Trend, and Leisure Trend entered into bankruptcy and liquidation proceedings.

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

For the year ended 31 December 2023

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

3. Equity in investment in other equity instruments

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

Company name	Place of registration	Principal place of operation	Business nature	Shareholding (%)	Fair value as at 31 December 2023	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	242,369	34.06
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	37,120	5.22
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Beijing	Beijing	Internet information service	5.00	3,323	0.47
Beijing International Advertising & Communication Group Co., Ltd.	Beijing	Beijing	Design, production and provision of agency service of advertisements	11.44	20,603	2.90

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

Company name	Net profit attributable to owners of the Parent for the year ended 31 December 2023 (RMB thousand)	Accumulated undistributed profits as at 31 December 2023 (RMB thousand)	Dividend received for the year ended 31 December 2023 (RMB thousand)
Beiyang Publishing & Media Co., Ltd.	—	—	—
Beijing Keyin Media and Culture Co., Ltd.	7,786	171,798	729

Note: As of the date of this report, Beiyang Publishing & Media Co., Ltd. has not yet released its 2023 financial report.

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)**3. Equity in investment in other equity instruments (Continued)****(3) The investment strategies of major investments in respect of investment in other equity instruments:**

Beiyang Publishing & Media Co., Ltd. (hereinafter referred to as "Beiyang Media") is mainly engaged in the production, printing, publishing and distribution of books, newspapers and magazines. It is the main platform for Hebei Publishing & Media Group Co., Ltd. to perform transformation into corporate and capitalized operations. Currently, the Company holds 43,706,423 shares of Beiyang Media, representing 2.43% of the aggregate share capital of Beiyang Media. The Company's investment in Beiyang Media is mainly based on: 1) Beiyang Media's good operating condition; and 2) its capital operation plan, such as its share reform and listing, in order to obtain a better investment return. Upon the Company's investment, Beiyang Media has been operating well in recent years and has been profitable, and has achieved steady growth in assets and revenue. The Group is optimistic about the future operation of Beiyang Media and is prepared to continue to hold it for a long term.

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

4. Equity in other non-current financial assets**(1) Basic information of relevant investees in relation to other non-current financial assets:**

Company name	Place of registration	Principal place of operation	Business nature	Shareholding (%)	Fair value as at 31 December 2023	Proportion of total assets (%)
Suzhou Huaying Culture Industry Investment Enterprise (Limited Partnership)	Suzhou, Jiangsu	Suzhou, Jiangsu	Investment management	2.61	253	0.04

5. 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 31 December 2023	Unrealised gains and losses for the year ended 31 December 2023	Changes in fair value for the year ended 31 December 2023	Fair value as at 31 December 2023	Proportion to total assets (%)
Capital Securities	Fixed-income wealth management products	145,812	10,711	10,711	156,523	22

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

For the year ended 31 December 2023

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

5. Equity in financial assets held for trading (Continued)

(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.

XI. DISCLOSURE OF FAIR VALUES

1. Value of assets and liabilities measured at fair value at the end of the year and fair value measure level

Items	Fair value as at 31 December 2023			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
1. Fair value measurement on recurred basis				
(I) Financial assets held for trading	—	156,523	—	156,523
(II) Other non-current financial assets	—	—	253	253
1. Financial assets designated at fair value through profit or loss	—	—	253	253
(III) Investment in other equity instruments	—	—	303,414	303,414
(IV) Investment properties	—	77,602	—	77,602
1. Leased buildings	—	77,602	—	77,602
Total assets at fair value on recurred basis	—	234,125	303,667	537,792

- (1) The fair value of the Group's other non-current financial assets as at 31 December 2023 was determined with reference to the valuation of net assets of investees;
- (2) The fair value of the Group's investment in other equity instruments as at 31 December 2023 was determined based on the appraisal performed by market approach;
- (3) The fair value of the Group's investment properties as at 31 December 2023 was determined based on the recent market value of properties located at the same place with similar condition.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**1. Relationships of related parties**

Related parties that had transactions with the Group during this period are as follows:

Relationship	Names of related parties
Subsidiary of BYDA	Beiqing International Investment Consultancy (Beijing) Co., Limited
Subsidiary of BYDA	Beiqing M-Media (Beijing) Culture Media Co., Ltd.
Subsidiary of BYDA	Beijing United Communication Media Technology (Beijing) Co., Ltd.
Subsidiary of BYDA	Beijing Youth Journal Agency
Subsidiary of BYDA	Legal Evening Agency
Subsidiary of BYDA	Beijing Science and Technology News Agency
Subsidiary of BYDA	Beijing Education Media Co., Limited
Subsidiary of BYDA	Beiqing Film & Television (Beijing) Co., Ltd.
Subsidiary of BYDA	Beijing Beiqing Culture and Arts Company
Subsidiary of BYDA	Beijing China Open Promotion Co., Ltd.
Subsidiary of BYDA	Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.
Subsidiary of BYDA	Jingjian (Beijing) Culture Media Co., Ltd.* (鏡鑑(北京)文化傳媒有限公司)
Subsidiary of BYDA	Beijing Youth Travel Service Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Capital Securities Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing East Ring Xinrong Investment Management Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Chuangyue Xinke Real Estate Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Agriculture Guaranty Co., Ltd.* (北京市農業融資擔保有限公司)
Subsidiary of Beijing Capital Group Company Limited	Beijing Kangyuan Real Estate Management Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Rural Area Equity Exchange Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Agricultural Investment Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Municipal Economic Development and Investment Co., Ltd.
Subsidiary of Beijing Capital Group Company Limited	Beijing Zhicheng Xinda Property Management Limited* (北京致誠鑫達物業管理有限公司)
Associate of the Company	Beijing Beiqing Top Advertising Limited
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Beijing Beisheng United Insurance Agency Co., Limited
Associate of the Company	Beijing Shengyi Automobile Technology Co., Ltd.
Associate of the Company	BY Time Consulting Co., Ltd.
Associate of the Company	Chongqing Soyang Internet Technology Co., Ltd.
Associate of the Company	Beijing Shangyou Network Technology Co., Ltd.
Other related parties	Chongqing Youth Industrial Co., Ltd. (Note 1)
Other related parties	Chongqing Youth Daily
Key Management Personnel of the Company	Directors, supervisors and senior management personnel including Sun Baojie

Note 1: Chongqing Youth Industrial Co., Ltd. is one of the shareholders of Chongqing Media.

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

For the year ended 31 December 2023

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

2. Parent company and ultimate controller

(1) *The Company's parent company*

Name	Type of enterprise	Place of registration	Business nature	Legal representative	Unified social credit code
BYDA	State-owned enterprise	Beijing	Media and publishing	Tian Kewu	91110105MA008QJ53Y

Parent company's registered capital and its changes

Name	As at 1 January 2023	Increase in this period	Decrease in this period	As at 31 December 2023
BYDA	22,439	—	—	22,439

Shares or equity held by parent company and its changes

Name	Shareholding amount		Shareholding percentage (%)	
	As at 31 December 2023	As at 1 January 2023	As at 31 December 2023	As at 1 January 2023
BYDA	124,840	124,840	63.27	63.27

(2) *The Company's ultimate controller*

Name	Type of enterprise	Place of registration	Business nature	Legal representative	Unified social credit code
Beijing Capital Group Company Limited	State-owned enterprise	Beijing	Business services	He Jiangchuan	91110000101138949N

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**3. Related party transactions****(1) Purchase of goods/receipt of services**

Related parties	Pricing principle for related transaction	For the year ended 31 December 2023	For the year ended 31 December 2022
BYDA (Note)	Contracted price	11,577	11,233
Subsidiaries of BYDA	Contracted price	2,704	675
Subsidiary of Beijing Capital Group Co., Ltd.	Contracted price	1,365	1,002
Others	Contracted price	255	—
Total		15,901	12,910

Note: Pursuant to the advertising space operating rights and options subscription agreement entered into between the Company and BYDA on 7 December 2004, the Company agreed to pay 16.5% of the advertising revenue to BYDA for the period from 1 October 2004 to 30 September 2033.

(2) Sale of goods/rendering services

Related parties	Pricing principle for related transactions	For the year ended 31 December 2023	For the year ended 31 December 2022
BYDA	Contracted price	5,491	98
Subsidiaries of BYDA	Contracted price	18,909	2,450
Subsidiary of Beijing Capital Group Co., Ltd.	Contracted price	2,379	293
Total		26,779	2,841

(3) Asset Management

To increase the cash revenue of the Group, the Company entered into the single asset management contract with Capital Securities and Bank of Communications Co., Ltd. Beijing Branch on 19 April 2022 to effectively manage existing idle funds through low-risk investment activities without affecting the ordinary operating liquidity of the Group. Pursuant to the single asset management contract, the Company will entrust Capital Securities to provide asset management and investment services for the entrusted assets, effective from the date of approval by the Independent Shareholders at the AGM with an original investment cost of RMB160,000 thousand and on 31 December 2023, the portion of the asset management product was 145,812 thousand with a fair value of RMB156,523 thousand.

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

For the year ended 31 December 2023

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

3. Related party transactions (Continued)

(4) Leasing (The Group as lessor)

Names of lessees	Type of assets leased	Date of commencement	Date of termination	Basis for rental income	Rental income recognised for this year
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	Building	2023-1-1	2023-12-31	Contracted price	1,494
Beijing Rural Area Equity Exchange Co., Ltd.	Building	2022-4-1	2025-3-31	Contracted price	1,604
Beijing Agricultural Investment Co., Ltd.	Building	2022-4-1	2025-3-31	Contracted price	1,317
Jingjian (Beijing) Culture Media Co., Ltd.* (鏡鑑(北京)文化傳媒有限公司)	Building	2023-1-1	2025-12-31	Contracted price	245

(5) Leasing (The Group as lessee)

Name of lessor	Type of assets leased	Date of commencement	Date of termination	Basis for rental fees	Rental expenses recognised for this year
Beijing Municipal Economic Development and Investment Co., Ltd.	Building	2023-1-1	2023-12-31	Contracted price	1,544

(6) Remuneration for key management personnel

Item	For the year ended 31 December 2023	For the year ended 31 December 2022
Remuneration for key management personnel	1,177	1,667

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

(7) Financial guarantee from related parties

Nil.

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

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

Save as the related party transactions and continuing related party transactions disclosed in the Report of the Board of Directors of the 2023 annual report of the Company, there is no related party transaction or continuing related party transaction included in this note that constitutes a disclosable related party transaction or continuing related party transaction under the Listing Rules. The Company has complied with the Chapter 14A of the Listing Rules in respect of the disclosure of its related party transactions and continuing related party transactions.

For the year ended 31 December 2023, the following continuing related party transactions of the Company constitute continuing related party transactions under the Chapter 14A of the Listing Rules.

Names of transactions	Names of transaction parties	For the year ended 31 December 2023			
		Date of announcement	Nature of transaction	Maximum annual cap	Amount for the year
Advertising Management Right Transfer Agreement	BYDA	2021/11/12	Advertising placement expense	8,000	1,358
Advertising Agency Framework Agreement	BYDA	2021/11/12	Advertising placement expense	16,000	1,201
Personnel Service Agreement	BYDA	2022/12/28	Personnel service expense	1,800	1,519
Integrated Service Agreement	BYDA	2022/12/28	Integrated service income	50,000	22,857
Mobile Client and YNET Advertising Agency Contract	BYDA	2023/05/12	Advertising placement expense	8,500	7,845
Asset Management Agreement	Capital Securities Co., Ltd.	2023/04/25	Entrusted wealth management	200,000	167,152
Premises Leasing Agreement	Beijing Rural Area Equity Exchange Co., Ltd.	2022/03/31	Rental income	1,848 ^{Note 1}	1,604
Premises Leasing Agreement	Beijing Agricultural Investment Co., Ltd.	2022/03/31	Rental income	1,517 ^{Note 2}	1,317

Note 1: The maximum 1 January to 31 March annual cap of rental income with Beijing Rural Area Equity Exchange Co., Ltd. is from 1 April 2023 to 31 March 2024. Among the amount for the year, the transaction amount from 1 January to 31 March was RMB411 thousand.

Note 2: The maximum annual cap of rental income with Beijing Agricultural Investment Co., Ltd. is from 1 April 2023 to 31 March 2024. Among the amount for the year, the transaction amount from 1 January to 31 March was RMB337 thousand.

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

For the year ended 31 December 2023

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

4. Current accounts balances with related parties

(1) Accounts receivable due from related parties

Related parties	As at 31 December 2023		As at 31 December 2022	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
BYDA	14,776	12,394	14,912	11,071
Associates of the Company	46,253	46,253	47,883	47,883
Subsidiaries of BYDA	118,891	118,878	117,261	117,222
Subsidiaries of Beijing Capital Group Company Limited	341	78	181	49
Other related parties	—	—	6	6
Total	180,261	177,603	180,243	176,231

(2) Other receivables due from related parties

Related parties	As at 31 December 2023		As at 31 December 2022	
	Book balance	Provision for bad debts	Book balance	Provision for bad debts
Associates of the Company	39	39	39	39
Subsidiaries of BYDA	765	531	5,156	5,156
Subsidiaries of Beijing Capital Group Company Limited	724	200	1,268	172
Other related parties	589	443	302	41
Total	2,117	1,213	6,765	5,408

(3) Accounts payable due to related parties

Related parties	As at 31 December 2023	As at 31 December 2022
BYDA	1,262	4,226
Subsidiaries of BYDA	516	147
Subsidiaries of Beijing Capital Group Company Limited	541	541
Other related parties	—	616
Total	2,319	5,530

For the year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS** (Continued)**4. Current accounts balances with related parties** (Continued)**(4) Other payables due to related parties**

	As at 31 December 2023	As at 31 December 2022
Related parties		
BYDA	64	2,577
Subsidiaries of BYDA	150	301
Associates of the Company	100	100
Subsidiaries of Beijing Capital Group Company Limited	276	276
Total	590	3,254

(5) Contract liabilities due to related parties

	As at 31 December 2023	As at 31 December 2022
Related parties		
Subsidiaries of Beijing Capital Group Company Limited	328	111
Subsidiaries of BYDA	460	—
Total	788	111

XIII. COMMITMENTS AND CONTINGENCIES**1. In addition to the commitments disclosed in the other notes to the financial statements, the Group has the following commitments:****(1) The Group as lessee**

As at 31 December 2023, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Periods	As at 31 December 2023	As at 31 December 2022
Within one year	1,717	1,581
1–2 years	1,234	1,617
2–3 years	—	1,645
Total	2,951	4,843

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

For the year ended 31 December 2023

XIII. COMMITMENTS AND CONTINGENCIES *(Continued)*

1. In addition to the commitments disclosed in the other notes to the financial statements, the Group has the following commitments: *(Continued)*

(2) The Group as lessor

As at 31 December 2023, the Group had contracted with tenants for the following future minimum lease payments:

Periods	As at 31 December 2023	As at 31 December 2022
Within one year	8,640	7,555
1–2 years	2,302	4,753
2–3 years	2,288	2,272
After 3 years	—	2,973
Total	13,230	17,553

2. **Contingencies**

(1) The Group has no material contingencies to be disclosed up to 31 December 2023.

XIV. POST BALANCE SHEET EVENTS

The Group has no other major post-balance sheet events that need to be disclosed as of the date of this report.

XV. SEGMENT INFORMATION

The price of intra-segment transactions is determined with reference to market price and classified as follows:

Business segments	Principal activities
Advertising:	Sales of convergence media advertising, event planning, and provision of comprehensive services.
Printing:	Provision of printing services.
Trading of print-related materials:	Sales of paper, ink, lubricant, film, pre-coating photo sensitive liquid plate and rubber plate used for printing and other print-related materials.

For the year ended 31 December 2023

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

XV. SEGMENT INFORMATION (Continued)**1. For the year ended 31 December 2023**

Items	Advertising	Printing	Trading of print-related materials	Unallocated amount	Elimination	Total
Operating income	87,500	4,411	83,799	38,154	(13,080)	200,784
Including: Income from external transactions	87,188	1,009	77,659	34,928	—	200,784
Income from intra-segment transactions	312	3,402	6,140	3,226	(13,080)	—
Total operating costs	115,657	3,879	84,828	39,041	(13,080)	230,325
Provision for impairment	4,158	(50)	(948)	4,585	(287)	7,458
Gains on changes in fair value	—	—	—	4,132	—	4,132
Investment income	—	—	—	14,544	3,040	17,584
Gain on disposal of assets	—	—	—	4	—	4
Other income	—	—	—	68	—	68
Operating profit (loss)	32,315	582	(81)	13,276	3,327	(15,211)
Non-operating income and expenses, net	68	—	—	254	—	186
Total profit	32,383	582	(81)	13,530	3,327	(15,025)
Income tax expenses	—	—	4	(799)	—	(795)
Net profit	32,383	582	(85)	14,329	3,327	(14,230)
Total assets	247,162	1,862	35,385	671,917	244,715	711,611
Total liabilities	52,117	2,481	47,135	36,226	(61,322)	76,637
Supplementary information						
Depreciation and amortisation expenses	2,010	1	12	752	—	2,775
Capital expenditure	223	1	13	1,725	—	1,962
Impairment of assets	4,158	(50)	(948)	4,585	(287)	7,458
Non-cash expenses excluding depreciation and impairment of assets	—	—	—	—	—	—

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

For the year ended 31 December 2023

XV. SEGMENT INFORMATION (Continued)

2. For the year ended 31 December 2022

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

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

For the year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**XVI. OTHER SIGNIFICANT EVENTS****1. Leasing****(1) Assets leased out under operating leases**

Categories of assets leased out under operating leases	As at 31 December 2023	As at 31 December 2022
Investment properties and fixed assets	77,602	89,697
Total	77,602	89,697

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

Items	For the year ended 31 December 2023	For the year ended 31 December 2022
Net profit attributable to shareholders of the Company for the year	(15,320)	(23,500)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Basic earnings per share (RMB)	(0.08)	(0.12)

Basic earnings per share and diluted earnings per share during the years ended 31 December 2022 and 2023 were the same, as no diluting events existed for both years.

2. Financial instruments and risk management**Classification of financial instruments**

Items	As at 31 December 2023	As at 31 December 2022
Financial assets		
Investment at fair value through profit or loss, at fair value	156,776	162,913
Financial assets at fair value through other comprehensive income	303,414	282,017
Loans and receivables (including cash and cash equivalents)	140,865	140,381
Financial liabilities		
At amortised cost	51,490	51,515

XVII. SUPPLEMENTARY INFORMATION *(Continued)***2. Financial instruments and risk management** *(Continued)***Classification of financial instruments** *(Continued)*

Major financial instruments of the Group include bank balances and cash, financial assets available for sale, notes receivable, accounts receivable, other receivables, other current assets, notes payable, accounts payable, employee benefits payable, taxes payable, other payables, non-current liabilities due within one year and long-term borrowings and lease liabilities, etc. Details of the financial instruments are disclosed in their respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

(1) Objective and policies of risk management

The Group engages in risk management with the aim of achieving an appropriate balance between risks and returns, where the negative effects of risks against the operating results of the Group are minimised, in order to maximise the benefits of shareholders and other stakeholders. Based on such objective in risk management, the underlying strategy of risk management of the Group is to ascertain and analyse all types of risks exposures of the Company, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus confining risk exposures within a prescribed scope.

1) Currency risk

The Group's functional currency is RMB in which most of the transactions are denominated. However, certain other receivables and other payables of the Group are denominated in foreign currencies.

2) Interest rate risk

The Group is exposed to fair value interest rate risk through bank fixed deposits and bank loans (see Notes VIII.1 for details respectively). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank balances (see Note VIII.1 for details) due to the fluctuation of the prevailing market interest rate. The management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of base rate published by the People's Bank of China arising from the Group's RMB bank balances.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the year. For variable-rate bank balances, the analysis is prepared assuming the financial assets outstanding at the end of the year were unsettled for the whole year and the stipulated change that took place at the beginning of the financial year was held constant throughout the financial year. A 25 base point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

XVII. SUPPLEMENTARY INFORMATION *(Continued)***2. Financial instruments and risk management** *(Continued)***Classification of financial instruments** *(Continued)*(1) Objective and policies of risk management *(Continued)*2) Interest rate risk *(Continued)*Sensitivity analysis *(Continued)*

If interest rates had been 25 base points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2023 would increase/decrease by RMB167 thousand. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

In the management's opinion, the sensitivity analysis is not necessarily of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

3) Credit risk

As at 31 December 2023, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

- The carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each year to ensure that adequate provision for impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on current assets is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group is subject to concentration risk on geographical location as it operates in the PRC market only. However, The Group has no significant concentration of credit risk as the Group's credit exposure spreads over a wide range of different counterparties and customers.

4) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at end of the year.

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

For the year ended 31 December 2023

XVII. SUPPLEMENTARY INFORMATION (Continued)

2. Financial instruments and risk management (Continued)

Classification of financial instruments (Continued)

(1) Objective and policies of risk management (Continued)

4) Liquidity risk (Continued)

Liquidity table

Items	Less than 1 year		1-5 years		Total undiscounted cash flow		Carrying amount	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	Notes payable	15,593	6,086	—	—	15,593	6,086	15,593
Accounts payable	17,661	11,666	—	—	17,661	11,666	17,661	11,666
Other payables	15,765	25,061	—	—	15,765	25,061	15,765	25,061
Non-current liabilities due within one year	1,004	—	—	—	1,112	—	1,004	—
Leased liabilities	—	—	1,467	—	1,509	—	1,467	—

5) Fair value

The fair values of financial assets and liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- The fair value of financial guarantee contracts is determined by professional appraiser using default valuation model where the values of the liabilities associated with the guarantees are estimated based upon an analysis of the guaranteed companies' ability to repay their debts and the potential financial loss for the guarantors, assuming future defaults happen in different time periods.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximate their fair values.

XVII. SUPPLEMENTARY INFORMATION (Continued)**3. Balance sheet of the Company**

Items	Notes	As at 31 December 2023	As at 31 December 2022
Current assets:			
Bank balances and cash		8,638	14,795
Financial assets held for trading		156,523	162,663
Accounts receivable	XVIII.1	19,967	21,645
Prepayments		25,194	34,654
Other receivables		10,473	12,592
Inventories		60	464
Other current assets		26,457	26,627
Total current assets		247,312	273,440
Non-current assets:			
Long-term equity investment	XVIII.3	184,588	181,818
Investment in other equity instruments		300,091	278,733
Other non-current financial assets		253	250
Investment properties		54,829	56,485
Fixed assets		753	898
Construction in progress		—	—
Right-of-use assets		2,748	—
Intangible assets		17,245	18,141
Long-term deferred expenses		145	335
Other non-current assets		—	—
Total non-current assets		560,652	536,660
Total assets		807,964	810,100

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

For the year ended 31 December 2023

XVII. SUPPLEMENTARY INFORMATION (Continued)

3. Balance sheet of the Company (Continued)

Items	As at 31 December 2023	As at 31 December 2022
Current liabilities:		
Accounts payable	2,030	3,793
Contract liabilities	8,048	12,779
Employee benefits payable	6,134	6,005
Taxes payable	63	64
Other payables	34,530	42,223
Non-current liabilities due within one year	1,004	—
Other current liabilities	487	767
Total current liabilities	52,296	65,631
Non-current liabilities:		
Leased liabilities	1,467	—
Total non-current liabilities	1,467	—
Total liabilities	53,763	65,631
Shareholders' equity:		
Share capital	197,310	197,310
Capital reserves	904,453	904,453
Other comprehensive income	191,081	169,723
Surplus reserves	130,931	130,931
Undistributed profits	(669,574)	(657,948)
Total shareholders' equity	754,201	744,469
Total liabilities and shareholders' equity	807,964	810,100

For the year ended 31 December 2023

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**XVII. SUPPLEMENTARY INFORMATION** (Continued)**4. Statement of changes in shareholders' equity of the Company**

Items	Share capital	Capital reserves	Other comprehensive income	Surplus reserves	Undistributed profits	Total shareholders' equity
As at 1 January 2022	197,310	904,453	157,937	130,931	(649,968)	740,663
Net profit	—	—	—	—	(7,980)	(7,980)
Other comprehensive income	—	—	11,786	—	—	11,786
Sub-total of the changes during the year	—	—	11,786	—	(7,980)	3,806
As at 31 December 2022	197,310	904,453	169,723	130,931	(657,948)	744,469
Change in accounting policies	—	—	—	—	—	—
As at 1 January 2023	197,310	904,453	169,723	130,931	(657,948)	744,469
Net profit	—	—	—	—	(11,626)	(11,626)
Other comprehensive income	—	—	21,358	—	—	21,358
Sub-total of the changes during the year	—	—	21,358	—	(11,626)	9,732
As at 31 December 2023	197,310	904,453	191,081	130,931	(669,574)	754,201

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

Items	As at 31 December 2023	As at 31 December 2022
Accounts receivable	272,286	271,769
Less: Provision for bad debts	252,319	250,124
Net accounts receivable	19,967	21,645
For reporting purpose, analysis as:		
Non-current assets — long-term receivables	—	—
Current assets — accounts receivable	19,967	21,645
Total	19,967	21,645

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

For the year ended 31 December 2023

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)

1. Accounts receivable of the Company (Continued)

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

Items	As at 31 December 2023	As at 31 December 2022
0-90 days	3,989	1,523
91-180 days	856	980
181-365 days	813	789
1-2 years	815	2,718
Over 2 years	13,494	15,635
Total	19,967	21,645

The Company normally granted credit period of 1 week to 3 months from the date of invoice to its customers (including related parties but except for certain advertising agents of classified advertisements).

(2) Analysis of accounts receivable by categories:

Items	As at 31 December 2023				As at 31 December 2022			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Accounts receivable with bad debt provision made on individual basis	110,904	40.73	110,904	100	110,657	40.72	110,657	100
Accounts receivable with bad debt provision made on group basis:	161,382	47.39	141,415	87.63	161,112	59.28	139,467	86.57
Aging group	128,720	47.27	122,136	94.89	126,414	46.52	121,576	96.17
Related party group	32,662	12	19,279	59.03	34,698	12.76	17,891	51.56
Total	272,286	100	252,319	92.67	271,769	100	250,124	

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)**1. Accounts receivable of the Company** (Continued)**(2) Analysis of accounts receivable by categories:** (Continued)

1) Accounts receivable with bad debt provision by aging method are as follows:

Items	Provision as at 31 December 2023			Provision as at 31 December 2022		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	6,160	12.16	749	3,384	13.59	460
1-2 years	977	54.25	530	2,605	54.82	1,428
2-3 years	1,910	73.40	1,402	835	73.41	613
Over 3 years	119,673	99.82	119,455	119,590	99.57	119,075
Total	128,720		122,136	126,414		121,576

(3) The top five accounts receivable as at 31 December 2023 represented 46.51% of the total accounts receivable.

2. Other receivables of the Company

categories	Closing balance	Opening balance
Dividends receivable	9,416	11,103
Other receivables	188,537	189,013
Less: Provision for bad debts	187,480	187,524
Total	10,473	12,592

1. Dividend receivables

Item	Closing balance	Opening balance
Investment dividend	9,416	11,103
Less: Provision for bad debts	1,145	1,510
Total	8,271	9,593

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

For the year ended 31 December 2023

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)

2. Other receivables of the Company (Continued)

2. Other receivables

(1) Other receivables by nature

Nature	Closing balance	Opening balance
External unit current account	185,161	185,161
Related-party current account	2,333	3,662
Deposit and margin	361	139
Reserve funds	682	51
Less: Provision for bad debts	186,335	186,014
Total	2,202	2,999

(2) Aging analysis of other receivables

Aging	Closing balance		Opening balance	
	Balance of carrying amount	Percentage (%)	Balance of carrying amount	Percentage (%)
Within 1 year	2,228	1.18	1,362	0.72
1-2 years	302	0.16	17	0.01
2-3 years	—	—	1,513	0.80
3-4 years	—	—	624	0.33
Over 4 years	186,007	98.66	185,497	98.14
Total	188,537	100.00	189,013	100.00

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)**2. Other receivables of the Company** (Continued)**2. Other receivables** (Continued)

(3) Provision for bad debts

Provision for bad debts	First stage Expected credit losses for the next 12 months	Second stage Expected credit losses for the entire duration (no credit impairment has been occurred)	Third stage Expected credit losses for the entire duration (credit impairment has been occurred)	Total
Opening balance	324	—	185,690	186,014
Provision for the period	34	—	287	321
Reversal of the current period	—	—	—	—
Write off for the period	—	—	—	—
Other changes	—	—	—	—
Closing balance	358	—	185,977	186,335

3. The top five other receivables as at 31 December 2023 represented 98.49% of the total other receivables.

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

Items	As at 31 December 2023			As at 31 December 2022		
	Book balance	Impairment provision	Carrying amount	Book balance	Impairment provision	Carrying amount
Investments in subsidiaries	182,825	—	182,825	234,825	55,000	179,825
Investments in associates	1,763	—	1,763	1,993	—	1,993
Total	184,588	—	184,588	236,818	55,000	181,818

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

For the year ended 31 December 2023

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)

3. Long-term equity investment of the Company (Continued)

(2) Investments in subsidiaries

Investees	Balance on 1 January 2023	Increase in this year	Decrease in this year	Balance on 31 December 2023	Provision for impairment in this year	Balance of impairment provision on 31 December 2023
BYD Logistics Company Limited	44,814	—	—	44,814	—	—
Beiqing CéCi Advertising (Beijing) Limited	55,000	—	55,000	—	—	—
Beiqing Beiqing Outdoor Advertisement Co., Ltd.	39,390	—	—	39,390	—	—
Beiqing Network Culture Communication Co., Ltd.	15,000	—	—	15,000	—	—
Beiqing Long Teng Investment Management (Beijing) Co., Limited	21,100	—	—	21,100	—	—
Chongqing Youth Media Company Limited	18,000	—	—	18,000	—	—
Beijing Community Media Technology (Beijing) Co., Ltd.	36,521	—	—	36,521	—	—
Beijing Beiqing Innovative Cultural Industry Development Co., Ltd.	5,000	3,000	—	8,000	—	—
Total	234,825	3,000	55,000	182,825	—	—

(3) Investments in associates

Investees	Balance on 1 January 2023	Changes in the current year							Balance on 31 December 2023	Balance of impairment provision on 31 December 2023
		Additional investment	Decrease in investment	Investment gain or loss recognised under equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment Others		
Associates										
Beijing Leisure Trend Advertising Company Limited	—	—	—	—	—	—	—	—	—	—
Beijing Shengyi Automobile Technology Co., Ltd.	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency Co. Limited	1,993	—	—	(230)	—	—	—	—	1,763	—
BY Times Consulting Co., Ltd.	—	—	—	—	—	—	—	—	—	—
Beijing Beiqing Top Advertising Limited	—	—	—	—	—	—	—	—	—	—
Total	1,993	—	—	(230)	—	—	—	—	1,763	—

For the year ended 31 December 2023

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

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY (Continued)

4. Operating revenues and operating costs

Projects	Amount for the period	Amount for previous period
Revenue from principal operating activities	29,808	24,083
Revenue from other operating activities	9,440	7,666
Total operating revenue	39,248	31,749
Principal operating costs	41,762	40,399
Other operating costs	36	1,434
Total operating costs	41,798	41,833
Gross profit	(2,550)	(10,084)

(1) Revenue from principal operating activities for the period by segment

Projects	Amount for the period		Amount for previous period	
	Revenue from principal operating activities	Principal operating costs	Revenue from principal operating activities	Principal operating costs
Advertising	29,808	41,762	24,083	40,399
Total	29,808	41,762	24,083	40,399

(2) Operating revenue for the current period by time of revenue recognition

Timing of revenue recognition	Advertising	Other operating revenue
Recognised at a point in time	29,808	3,000
Total	29,808	3,000

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

For the year ended 31 December 2023

XVIII. EXPLANATORY NOTES TO MAJOR ITEMS OF THE COMPANY *(Continued)*

5. Gain on investment

Projects	Amount for the period	Amount for previous period
Share of profit of subsidiaries	—	18,700
Share of profit of associates	(230)	(143)
Investment income received from the disposal of financial assets at fair value through profit or loss	(833)	84
Investment income received from holding investments in other equity instruments	15,082	11,160
Other gains on investment	—	271
Total	14,019	30,072

XIX. APPROVAL OF FINANCIAL REPORT

This financial report was approved by the Board of the Company on 22 March 2024.

Beijing Media Corporation Limited

22 March 2024