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BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock Code: 1000)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

FINANCIAL HIGHLIGHTS:

1. Total operating income of the Group for the year of 2018 was RMB344,625 thousand, representing a decrease of RMB82,083 thousand or 19.24% as compared with 2017.
2. Net loss of the Group attributable to the shareholders of the Company for the year of 2018 was RMB277,310 thousand, net loss of the Group attributable to the shareholders of the Company for the year of 2017 was RMB85,251 thousand.
3. Earnings per share was RMB-1.39 in 2018, earnings per share was RMB-0.43 in 2017.
4. As of 31 December 2018, the equity of the Group attributable to the shareholders of the Company was RMB966,545 thousand, the gearing ratio of the Group was 14.71%.
5. The Board did not propose to declare a final dividend for the year 2018.

The Board announces the consolidated results of the Group for the year ended 31 December 2018 which have been prepared in accordance with the PRC Accounting Standards and the disclosure requirements of the Listing Rules and the Hong Kong Companies Ordinance.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

		RMB'000	
Item	Notes	For the year ended 31 December 2018	For the year ended 31 December 2017
Total operating income	1	344,625	426,708
Total operating costs		621,318	548,529
Operating cost	1	325,681	378,758
Tax and surcharges		6,125	6,685
Selling expenses		22,325	49,209
Administrative expenses		46,145	45,299
Financial expenses	3	(1,308)	(244)
Including: Interest expenses		706	1,073
Interest income		2,093	2,613
Impairment loss of assets		32,117	68,822
Credit impairment losses		190,233	—
Add: Other income		1,590	195
Investment income	4	(10,224)	(20,648)
Including: Gain from investments in associates	4	(12,415)	(2,181)
Profit/(loss) on the changes in fair value		(3,282)	46,291
Gain on disposal of asset		47	245
Operating profit		(288,562)	(95,738)
Add: non-operating income	5	43	96
Less: non-operating expenses	6	2,119	725
Total profit		(290,638)	(96,367)
Less: Income tax expenses	7	1,575	3,210
Net profit		(292,213)	(99,577)
Net profit attributable to:			
Net profit from continuing operations		(292,213)	(99,577)
Net profit from discontinued operations		—	—
Shareholders of the Company		(277,310)	(85,251)
Non-controlling shareholders		(14,903)	(14,326)

CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2018

RMB'000

Item	Notes	For the year ended 31 December 2018	For the year ended 31 December 2017
Other net comprehensive income after tax		3,620	(98)
Other net comprehensive income after tax			
attributable to shareholders of the Company		3,607	(72)
Including: Other comprehensive income unqualified			
for subsequent reclassification into			
profit or loss		3,628	—
Including: Change in fair value of other			
equity instruments			
investments		3,628	—
Including: Other comprehensive income			
subsequently reclassified into			
profit or loss		(21)	(72)
Including: Items attributable to investees			
under equity method			
subsequently reclassified			
to profit or loss		(41)	(31)
Exchange differences from			
retranslation of financial			
statements		20	(41)
Other net comprehensive income after tax attributable			
to non-controlling shareholders		13	(26)
Total comprehensive income		(288,593)	(99,675)
Total comprehensive income attributable			
to shareholders to the Company		(273,703)	(85,323)
Total comprehensive income attributable			
to non-controlling shareholders		(14,890)	(14,352)
Earnings per share:			
Basic earnings per share (RMB)	8	(1.39)	(0.43)
Diluted earnings per share (RMB)	8	(1.39)	(0.43)
Dividends	9	—	—

CONSOLIDATED BALANCE SHEET

As at 31 December 2018

		RMB'000		
Item	Notes	As at 31 December 2018	As at 1 January 2018	As at 31 December 2017
Current assets:				
Bank balances and cash		199,925	363,820	363,820
Notes receivable and accounts receivable	10	261,967	292,345	302,898
Prepayments		18,528	8,886	8,886
Other receivables	11	99,649	172,560	173,368
Inventories		21,087	36,288	36,288
Other current assets		32,322	42,296	42,296
Total current assets		633,478	916,195	927,556
Non-current assets:				
Financial assets available- for-sale		—	—	160,896
Long-term equity investment		22,140	34,596	34,596
Other equity instruments investment	12	218,427	218,475	—
Other non-current financial assets	13	52,028	53,746	—
Investment properties		150,161	156,909	156,909
Fixed assets		3,828	5,859	5,859
Construction in progress		1,953	—	—
Intangible assets		30,807	32,280	32,280
Goodwill		—	30,430	30,430
Long-term prepaid expenses		685	141	141
Deferred income tax assets		16,789	18,197	17,727
Other non-current assets		28,990	28,990	28,990
Total non-current assets		525,808	579,623	467,828
Total assets		1,159,286	1,495,818	1,395,384

CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 31 December 2018

RMB'000

Item	As at 31 December 2018	As at 1 January 2018	As at 31 December 2017
Current liabilities:			
Notes payable and account payable	23,890	62,079	62,079
Receipts advance	—	—	30,067
Contractual liabilities	47,617	31,143	—
Employee benefit payables	7,726	8,060	8,060
Tax payables	2,233	5,049	5,049
Other payables	51,065	50,129	50,129
Other current liabilities	—	—	1,076
Total current liabilities	132,531	156,460	156,460
Non-current liabilities:			
Long-term loan	6,927	30,000	30,000
Deferred income tax liabilities	9,236	11,006	8,350
Total non-current liabilities	16,163	41,006	38,350
Total liabilities	148,694	197,466	194,810
Shareholders' equity:			
Share capital	197,310	197,310	197,310
Capital reserves	934,421	934,421	934,421
Other comprehensive income	105,434	101,827	(1)
Surplus reserves	130,931	130,931	130,931
Undistributed profits	(401,551)	(125,074)	(121,797)
Total equity attributable to shareholders of the Company	966,545	1,239,415	1,140,864
Non-controlling interest	44,047	58,937	59,710
Total shareholders' equity	1,010,592	1,298,352	1,200,574
Total liabilities and shareholders' equity	1,159,286	1,495,818	1,395,384
Net current assets	500,947	759,735	771,096
Total assets less current liabilities	1,026,755	1,339,358	1,238,924

BASIS OF PREPARATION

The Group's financial statements for the year ended 31 December 2018 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with specific accounting standards under the Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the People's Republic of China ("MOF"), the disclosure requirements under The Rules Governing the Listing of Securities on Hong Kong Stock Exchange and Hong Kong Companies Ordinance, and the accounting policies and estimates as stated in Note V "Significant accounting policies and accounting estimates and preparation of consolidated financial statements" in the annual report of the Group for the year of 2018.

ON A GOING CONCERN BASIS

The directors have made an assessment and concluded that the Group is able to continue as a going concern for at least the next 12 months, and there is no existence of a material uncertainty on the ability of on-going operation.

STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's consolidated financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the consolidated financial position as at 31 December 2018 and their consolidated operating results, consolidated cash flows and other relevant information for the year then ended.

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

NOTES TO THE FINANCIAL STATEMENTS

1. Total operating income, operating costs

(1) Principal operations – by business

Item	For the year ended 31 December 2018		For the year ended 31 December 2017	
	Operating income	Operating costs	Operating income	Operating costs
Advertising	125,782	123,457	173,263	150,027
Printing	6,832	5,509	8,934	7,431
Trading of print-related materials	188,434	177,394	189,991	177,287
Distribution	859	1,171	1,989	2,731
Other revenue	8,949	12,158	37,630	36,165
Total	330,856	319,689	411,807	373,641

(2) For the year ended 31 December 2018, the sum of operating income from the top five customers is RMB108,912 thousand, representing 31.60% of total operating income.

2. SEGMENT INFORMATION

The price of intra-segment transactions is determined with reference to market rates. The segments are:

Business segments	Principal activities
Advertising:	Sales of advertising spaces and outdoor advertising of the media or activities operated by BYDA, Chongqing Youth Daily, Beiqing Community Newspaper and CéCi magazine.
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.
Distribution:	Distribution of newspaper that are mainly published by Chongqing Youth Daily.

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

(1) For the year ended 31 December 2018

Item	Advertising	Printing	Trading of print-related material	Distribution	Unallocated amount	Elimination	Total
Operating income	129,065	19,475	212,459	859	24,974	(42,207)	344,625
Including: Income from external transactions	125,782	6,832	188,434	859	22,718	–	344,625
Income from intra-segment transactions	3,283	12,643	24,025	–	2,256	(42,207)	–
Total operating costs	285,549	19,164	212,453	1,483	114,446	(11,777)	621,318
Gains on changes in fair value	–	–	–	–	(3,282)	–	(3,282)
Investment income	–	–	–	–	(10,224)	–	(10,224)
Gain on disposal of assets	–	–	–	–	47	–	47
Other income	–	–	–	–	1,590	–	1,590
Operating profit (loss)	(156,484)	311	6	(624)	(101,341)	(30,430)	(288,562)
Non-operating income and expenses	(919)	(78)	(852)	2	(229)	–	(2,076)
Total profit	(157,403)	233	(846)	(622)	(101,570)	(30,430)	(290,638)
Income tax expenses	309	20	220	–	1,026	–	1,575
Net profit	(157,712)	213	(1,066)	(622)	(102,596)	(30,430)	(292,213)
Total assets	664,898	17,898	195,251	1,388	772,418	(492,567)	1,159,286
Total liabilities	168,107	12,189	132,976	730	31,884	(197,192)	148,694
Supplementary information							
Depreciation and amortization expenses	2,814	38	418	21	435	–	3,726
Capital expenditure	2,156	1	14	2	245	–	2,418
Impairment of assets	102,208	301	3,281	4	86,126	30,430	222,350
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

(2) For the year ended 31 December 2017

Item	Advertising	Printing	Trading of print-related material	Distribution	Unallocated amount	Elimination	Total
Operating income	187,037	24,822	215,718	1,989	54,161	(57,019)	426,708
Including: Income from external transactions	173,263	8,934	189,991	1,989	52,531	–	426,708
Income from intra-segment transactions	13,774	15,888	25,727	–	1,630	(57,019)	–
Total operating costs	302,437	23,833	213,942	4,170	56,219	(52,072)	548,529
Gains on changes in fair value	–	–	–	–	46,291	–	46,291
Investment income	–	–	–	–	(20,648)	–	(20,648)
Gain on disposal of assets	–	–	–	–	245	–	245
Other income	–	–	–	–	195	–	195
Operating profit (loss)	(115,400)	989	1,776	(2,181)	24,025	(4,947)	(95,738)
Non-operating income and expenses	(483)	(15)	(135)	–	4	–	(629)
Total profit	(115,883)	974	1,641	(2,181)	24,029	(4,947)	(96,367)
Income tax expenses	(1,776)	80	697	–	4,209	–	3,210
Net profit	(114,107)	894	944	(2,181)	19,820	(4,947)	(99,577)
Total assets	886,922	15,261	132,626	3,956	676,899	(320,280)	1,395,384
Total liabilities	153,613	7,539	65,519	1,546	21,930	(55,337)	194,810
Supplementary information							
Depreciation and amortization expenses	4,409	56	485	82	834	–	5,866
Capital expenditure	1,382	34	293	32	5,978	–	7,719
Impairment of assets	58,051	468	4,068	318	970	4,947	68,822
Non-cash expenses excluding depreciation and impairment of assets	–	–	–	–	–	–	–

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

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

3. Financial expenses

Item	For the year ended 31 December 2018	For the year ended 31 December 2017
Interest expenses – on bank loans fully repayable within 5 years	706	1,073
Less: Interest income	2,093	2,613
Add: Exchange loss	1	–
Less: Exchange gain	–	13
Add: Other expenses	78	1,309
Total	(1,308)	(244)

4. Gain on investment

Item	For the year ended 31 December 2018	For the year ended 31 December 2017
Share of profit of associates	(12,415)	(2,181)
Gain on disposal of interests in an associate	–	2,100
Investment income received from the disposal of financial assets at fair value through profit or loss	1,509	–
Investment income received from holding investments of other equity instruments	2,848	–
Other investment income:		
Other investment income	(2,166)	(20,567)
Sub-total of other investment income	(2,166)	(20,567)
Total	(10,224)	(20,648)

5. Non-operating income

Item	For the year ended 31 December 2018	For the year ended 31 December 2017
Compensation benefit	25	3
Others	18	93
Total	43	96

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

6. Non-operating expenses

Item	For the year ended 31 December 2018	For the year ended 31 December 2017
Loss on disposal of non-current assets	2	184
Loss from debt restructuring	934	—
Public donations expenses	—	500
Compensation and late payment charges	1,041	40
Others	142	1
Total	2,119	725

7. Income tax expenses

(1) Income tax expenses

Item	For the year ended 31 December 2018	For the year ended 31 December 2017
Current income tax expenses	1,261	1,940
Deferred income tax expenses	314	1,270
Total	1,575	3,210

(2) Current tax expenses

Item	For the year ended 31 December 2018	For the year ended 31 December 2017
Current income tax – PRC	730	2,226
Under-provision in prior years – PRC	531	(286)
Total	1,261	1,940

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

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

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

Item	For the year ended 31 December 2018	For the year ended 31 December 2017
Total profit	(290,638)	(96,367)
Income tax calculated at the applicable tax rate of 25%	(72,660)	(24,092)
Tax effect of non-taxable income	2,930	(7,746)
Tax effect of non-deductible expenses	8,494	2,447
Tax effect of the Company's losses in current year	58,360	30,970
Utilisation of previously unrecognized tax losses	3,920	1,917
Underprovision in prior years	531	(286)
Total	1,575	3,210

Note: The Company is an enterprise mainly engaged in providing newspaper advertising services in PRC. In accordance with the Beijing Municipal Finance Bureau, Beijing Municipal State Administration of Taxation, the Beijing Local Taxation Bureau, Beijing Municipal Committee of the Chinese Communist Party Propaganda Department forwarded Ministry of Finance, State Administration of Taxation, the Central Propaganda Department on the continued implementation of the cultural system in managing cultural institutions transformed into enterprises several tax policy notice (Jing Cai Shui [2014] No.2907), the Company is exempted from EIT from 1 January 2014 to 31 December 2018.

Pursuant to the "Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department" (Cai Shui [2019] No.16), the enterprises that have completed the transformation before 31 December 2018 can continue to enjoy the five-year EIT exemption starting from 1 January 2019.

8. Earnings per share

Item	As at 31 December 2018	As at 31 December 2017
Comprehensive income attributable to shareholders of the Company for the year	(273,703)	(85,323)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Earnings per share (RMB)	(1.39)	(0.43)

Diluted earnings per share and basic earnings per share for the two years ended 31 December 2017 and 31 December 2018 were the same, as no diluting events existed for both years.

9. Dividends

- (1) The directors did not propose any final dividends for 2018 and it is subject to shareholders' approval in the forthcoming general meeting.
- (2) For the period, the Company did not recognize any profits as dividends to be distributed.

10. Notes receivable and account receivable

Item	As at 31 December 2018	As at 31 December 2017
Notes receivable	7,908	1,666
Accounts receivable	416,072	415,870
Less: Provision for bad debts	162,013	114,638
Total	261,967	302,898

Accounts receivable

Item	As at 31 December 2018	As at 31 December 2017
Accounts receivable	416,072	415,870
Less: Provision for bad debts	162,013	114,638
Net accounts receivable	254,059	301,232
For reporting purpose, analysis as:		
Non-current assets – long-term receivables		
Current assets – accounts receivable	254,059	301,232
Total	254,059	301,232

11. Other receivables

Item	As at 31 December 2018	As at 31 December 2017
Interest receivable	39	421
Dividends receivable	–	–
Other receivables	291,199	210,448
Less: Provision for bad debts	191,589	37,501
Net other receivables	99,649	173,368

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

12. Investment in other equity instruments

(1) Investment in other equity instruments

Item	Investment cost	As at 1 January 2018	As at 31 December 2018	Dividend income resignised for the period
Beijing Keyin Media and Culture Co., Ltd.	6,560	57,875	46,110	2,848
Beiyang Publishing & Media AG	103,000	153,434	167,856	—
Beijing Gehua Sunshine Advertising Company	3,000	—	—	—
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	7,166	4,461	—
Flint Ink (Beijing) Co., Ltd.	2,069	—	—	—
Total	115,129	218,475	218,427	2,848

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

Type	As at 31 December 2018	As at 1 January 2018
Unlisted equity investments, China	218,427	218,475
Total	218,427	218,475

13. Other non-current financial assets

Item	As at 31 December 2018	As at 1 January 2018
Beijing Runxin Dingtai Investment Center (limited partnership)	49,666	46,718
Suzhou Huaying Culture Industry Investment Enterprise	2,362	2,028
Beijing 3D Investment Fund Management Ltd.	—	5,000
Total	52,028	53,746

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP BUSINESS REVIEW

The Group is principally engaged in three core business: (1) advertising sales, which contributes to part of the Group's turnover; (2) printing, whose turnover mainly generated from revenue from printing publications arranged by BYD Logistics; and (3) trading of print-related materials, which involves the supply and trading of newsprint, ink, lubricants, films, PS boards and rubber sheets to customers including commercial printers, among other things.

The Group's total operating income for 2018 was RMB344,625 thousand, representing a 19.24% decrease compared with 2017 (2017: RMB426,708 thousand). Net loss attributable to shareholders of the Company for 2018 was RMB277,310 thousand (2017: RMB85,251 thousand).

In 2018, the Company had made full provision for the other receivables of Beiqing Transmedia Co., Ltd. ("Beiqing Transmedia") and Beijing Trans-media Co., Ltd. ("Trans-media") and the goodwill of Beiqing CéCi Advertising (Beijing) Limited ("Beiqing CéCi"), with the total amount of the provision of RMB175,465 thousand. For details, please refer to the announcement of the Company dated 3 August 2018. Excluding the impact of the above provision, net loss attributable to shareholders of the Company for 2018 was RMB101,845 thousand, representing an increase of 19.46% as compared with last year.

The decline in financial results for this year are mainly due to the following reasons:

1. The influence of the overall macro economic condition and marco economic policy.
2. The influence of the swift development in new media.
3. The further decline in the Company's core operating income.

In 2019, the Group will take advantage of integrated media to explore new horizons.

In 2019, the Group will further enhance its management and form effective incentive mechanism.

In 2019, it is expected that a moderate macroeconomic policy will be forecasted, and the real estate environment of Beijing, which is the source of revenue of the Group's advertising business, will be improved. Up to now, the introduction of reducing interest rate and tax measures for purchasing real estates in Beijing will stimulate the sales growth, and more favourable factors are expected to be seen later. The Company will push forward and capture more market shares on the basis of improving its incentive mechanism.

Advertising Business

During 2018, revenue from the Group's advertising business was RMB125,782 thousand (RMB173,263 thousand for the corresponding period in 2017), representing a year-on-year decrease of 27.40%.

In 2018, affected by the policies, the real estate sales in Beijing remained weak, resulting in the decrease of revenue from advertising business of the Group as compared with last year. The Company strived for transformation, and enhanced its management, adjusted product mix, industrial structure and teams for its internal operation, while focusing on direct sales system and establishing direct sales channels to develop new media marketing strategy for its external business.

In 2018, the Company further promoted the transformation of integrated media and adopted the following measures in respect of advertising business:

1. Comprehensively implementing a direct sales system and combining special issues with activities

As the implementation of a direct sales system in the real estate industry in 2017 achieved preliminary results, in 2018, the Company comprehensively implemented the direct sales system and established direct sales channels. By making use of the advantages in key industries including real estate, finance and automobile and introducing a tailor-made model for event promotion and theme planning, the Company increased efforts on attracting investment and achieved integrated online and offline marketing, thus effectively attracting advertising placement.

The Company's teams of key industries including finance, real estate and automobile launched theme planning and special issues on schedule and on a monthly basis, so as to attract placement from advertising customers. The finance team launched nine editions of special issues with a total of 27 customers placing their advertisements. The Company's finance team organized the "Financial Stars" award ceremony on a regular basis, and the automobile team organized the "Election of Preferred Vehicles by Tens of Thousands of Young People In Beijing" (萬名京城青年票選青年首選車), while the integrated life team organized the "List of Good Reputation" (美譽榜) award ceremony, all of which were significantly enhanced the brand influence of Beijing Media.

2. Optimizing the sales team and actively adapting to marketing diversification of new media

In 2018, to cope with the changes in new media marketing, the Company newly recruited promoters and optimized technique staff for new media as well as strengthened trainings of new media marketing with an aim to build a professional new media marketing team to ensure the continuous upgrade of new media products. It also enhanced performance assessment and implemented an assessment and management system with people-oriented and stricter standards for selecting the superior and eliminating the inferior which effectively stimulated team spirit.

Film and Television Business

In 2018, the Company continued to focus on quality films and television and gained good social benefits. It moderately participated in online films and television to adapt to the diversification of broadcasting platforms for films and television. “38th Parallel” (《三八線》) (the first TV series presented by the Company as the lead-presenter based on the background of Korean civil war) was awarded the Excellent TV Series Award for Major Revolutionary Historical Themes (重大革命歷史題材優秀電視劇獎) at the 31st China TV Drama “Flying Apsaras Awards” (飛天獎). “Grain Field” (《天下糧田》) (the costume drama series involved the investment by the Company) was awarded the Outstanding TV Series Award at the 29th China TV Golden Eagle Awards (中國電視金鷹獎). The online drama of Cover the Sky (《素手遮天》), which the Company co-produced had been exclusively broadcast on Tencent Video on 2 July 2018 during the summer holiday. At the same time, the Company fully utilizing its advantages in content planning and actively participated in the preliminary planning and development of films and television. Setting Sail (《啟航》) (the TV series involved the planning of the Company) has been selected as one of “Key Projects of Beijing 2017 Cultural Boutique Program”, and its production is completed and ready for release. The Company will keep its focus on key projects in the film and television market and further enrich the branded content for the media culture of Beijing Media.

Results of major subsidiaries in the Group

Beiqing CéCi is a 84.69%-owned subsidiary of the Company. Beiqing CéCi focuses on the agency of advertising business in CéCi (《茜茜姐妹CéCi》) magazine, a premium women’s magazine for fashion mavens. The operating license of Beijing CéCi expired on 30 April 2018. Currently, as the negotiation on the extension of cooperation with the cooperating partner, Jcontentree Corp. has not reached unanimous consensus, Beiqing CéCi cannot extend its business license, and the business is temporarily at a stagnation stage at present.

Beiqing Community Media is a 52.661%-owned subsidiary of the Company. Relying on its brand advantages and marketing methods, Beiqing Community Media uses mobile internet technology to integrate online and offline resources of the community, and pursues the Beiqing’s strategy of “going down to grassroots” through the multi-channel joint communication means of paper media + ground service + mobile platform. With nearly 5 years of endeavor, it established an innovative communication and service platform with the model of “19 newspapers of Beiqing Community Daily + Community Station + Community Media WeChat Matrix”.

Beiqing Community Media built a three-in-one business model based on the three business segments of Beiqing Community Daily, Community Station and WeChat Matrix to get access to the last 100 meters of the community to achieve seamless connections with residents through different online and offline media. Up to now, Beiqing Community Media has a total of 19 newspapers of Beiqing Community Daily across the whole urban area of Beijing, including CBD, Shunyi, Tongzhou, Daxing and Fangshan, and operated a total of 32 certified WeChat public accounts for different living areas of Beijing together with the cooperation with Beijing government departments to operate over 50 public accounts. The total

number of followers of WeChat accounts had exceeded 700,000. In 2018, Beiqing Community Media actively promoted the operation of a series of new media including WeChat public accounts, mobile APP and headlines accounts, and seized the opportunity of developing the unification of integrated media by Beijing. It also undertook dozens of new media projects for enterprises, streets and the government and cooperated with the Chaoyang District Government to develop and operate the official news APP “Beijing Chaoyang” (「北京朝陽」) of the Chaoyang District.

In 2018, based on the continuous expansion of traditional source of revenue including on-site events and advertising placement for customers from automobile and real estate industries, Beiqing Community Media also targeted to government projects which became an important source of operating income. Beiqing Community Media successively built close cooperative relation with various municipal departments, including Beijing Municipality Committee of the Chinese Communist Youth League, Beijing Municipal Bureau of Sport, Capital Civic Enhancement Committee Office, Beijing Municipal Commission of Tourism Development and Beijing Cultural and Creative Industry Promotion Center, and committees, offices and bureaus of various districts and counties as well as offices at village, town and community level, and gradually became an important partner in securing government projects.

In addition, Beiqing Community Media continued to develop a series of self-owned brand products which were different to those developed by other competitors. Among which, Beiqing OK Annual Ticket Project (北青OK家年票項目) adopted new operation model and gained excellent sales results, thus effectively enhancing its brand influence. Beiqing Community Media also cooperated with sub-district offices to build the “Station for National Studies” (國學書香驛站), which attracted residents to participate in various activities by creating an environment for community culture, reading and public use. It also gained the capital support by the government and drew the attention of investors.

In 2018, Beiqing Community Media’s net loss decreased as compared with the same period last year.

Beiqing Network Culture is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, participated in investing and establishing Beijing Runxin Dingtai Investment Centre (limited partnership) (the “Fund”) in 2013. Currently, the Fund also actively promoted the remaining investment projects to realize exits via listing, shell activity, NEEQ or merger and acquisition by listed companies etc. Among the companies invested by the Fund, following the backdoor listing of Beijing Tianshenhudong Technology Co., Ltd in 2015 and collection of return of RMB33,490 thousand for such project, two companies which applied for listing and submitted relevant materials to CSRC in 2018 were listed successfully. In particular, Nanjing Well Pharmaceutical Co., Ltd. (stock code: 603351) was listed on the main board of Shanghai Stock Exchange on 30 January 2019, and Jushri Technologies, Inc (stock code: 300762) was listed on ChiNext of Shenzhen Stock Exchange on 14 March 2019.

Chongqing Media is a 60%-owned subsidiary of the Company. In 2018, Chongqing Media extensively promoted the transformation of new media, with the WeChat public account of Chongqing Youth Daily being included in Top 40 accounts for the “List of Top 100 WeChat Accounts for Newspapers” (報紙微信百強榜名單) of People’s Daily Online. Today Headlines (今日頭條) of Chongqing Youth Daily won the 23rd place in the national media list and the first place in Chongqing. Chongqing Media produced new media works of “Chongqing Youth Daily’s Invitation and Visit to Intelligent Expo” (重慶青年報邀你一起暢遊智博會) and “20th Anniversary of Direct Jurisdiction” (直轄20周年), which won the Excellence Award of the First Chongqing New Media Work Competition (重慶新媒體作品大賽). In addition, Chongqing Headlines (重慶頭條) APP was updated to version 2.1.2, which featured improved functions and effectively enhanced user experience. In 2018, Chongqing Media achieved a loss reduction.

BYD Logistics is a 92.84%-owned subsidiary of the Company, principally engaged in printing and trading business of printing-related materials. In 2018, affected by the environmental policies, the price kept increasing as a result of the shortage of raw materials for paper, while the demand of print market reduced to a relatively significant extent as a result of the market environment. BYD Logistics actively stock up and expanded new sales mix of paper based on ensuring the stable cost of the Group’s self-use printing paper.

Beiqing Outdoor is a wholly-owned subsidiary of the Company which principally engages in the operation of urban outdoor single column billboards. In 2018, the Group actively expanded the management team of Beiqing Outdoor and continued to operate a total of four single column billboards which it had acquired their concession rights in prime locations such as West 5th Ring Road in Beijing and Jingcheng Expressway. In the light of severe market conditions, through its efforts, it had entered into short-term and transpositional advertising cooperation with its customers, and at the same time established sound agency relationships with its business partners, with an aim to increase source of revenue without increasing costs.

Prospects and future plans

In 2019, the Group will continue to adopt cost control measures in all dimensions;

In 2019, the Group will continue to optimize its industrial and product structure, and integrate resources to increase efficiency;

In 2019, the Group will continue to strengthen its operations and management, improve its operational quality, and enhance its competitiveness;

In 2019, with the existing businesses remaining as the core, the Group will actively expand into new businesses, cultivate new profit growth point, and persistently consolidate and leverage on the relationship with BYDA to promote the development of the Group’s business, enhance its brand influence and stand out among peers as a leading media group with cross-media platforms in the PRC.

FINANCIAL POSITION AND OPERATIONAL RESULTS

1. *Total Operating Income*

Total operating income of the Group for 2018 was RMB344,625 thousand (2017: RMB426,708 thousand), representing a decrease of 19.24% as compared with 2017, of which, revenue from advertising sales was RMB125,782 thousand (2017: RMB173,263 thousand), representing a decrease of 27.40% as compared with 2017; revenue from printing was RMB6,832 thousand (2017: RMB8,934 thousand), representing a decrease of 23.53% as compared with 2017; and revenue from trading of print-related materials was RMB188,434 thousand (2017: RMB189,991 thousand), representing a decrease of 0.82% as compared with 2017.

2. *Operating Cost and Sales Tax and Surcharges*

Operating cost of the Group for 2018 was RMB325,681 thousand (2017: RMB378,758 thousand), representing a decrease of 14.01% as compared with 2017, of which, cost of advertising sales was RMB123,457 thousand (2017: RMB150,027 thousand), representing a decrease of 17.71% as compared with 2017; cost of printing was RMB5,509 thousand (2017: RMB7,431 thousand), representing a decrease of 25.86% as compared with 2017; and cost of trading of print-related materials was RMB177,394 thousand (2017: RMB177,287 thousand), representing an increase of 0.06% as compared with 2017. Tax and surcharges were RMB6,125 thousand (2017: RMB6,685 thousand), representing a decrease of 8.38% as compared with 2017.

3. *Gross Profit*

Gross profit of the Group for 2018 was RMB18,944 thousand (2017: RMB47,950 thousand), representing a decrease of 60.49% as compared with 2017; gross profit margin of the Group for 2018 was 5.50% (2017: 11.24%).

4. *Selling Expenses*

Selling expenses of the Group for 2018 was RMB22,325 thousand (2017: RMB49,209 thousand), representing a decrease of 54.63% as compared with 2017.

5. *Administrative Expenses*

Administrative expenses of the Group for 2018 was RMB46,145 thousand (2017: RMB45,299 thousand), representing an increase of 1.87% as compared with 2017.

6. *Financial Expenses*

Financial expenses of the Group for 2018 was RMB-1,308 thousand (2017: RMB-244 thousand), representing an increase of 436.07% in absolute value as compared with 2017, of which, interest income was RMB2,093 thousand (2017: RMB2,613 thousand), representing a decrease of 19.90% as compared with 2017; and foreign exchange loss was RMB1 thousand (foreign exchange gain for 2017: RMB13 thousand).

7. *Share of Loss of Associates*

Share of loss of associates of the Group for 2018 was RMB12,415 thousand (2017: loss of RMB2,181 thousand), representing an increase of loss of 469.23% as compared with 2017.

8. *Operating Profit*

Operating profit of the Group for 2018 was RMB-288,562 thousand (2017: RMB-95,738 thousand), representing an increase of loss of 201.4% as compared with 2017.

9. *Income Tax Expenses*

Income tax expenses of the Group for 2018 was RMB1,575 thousand (2017: RMB3,210 thousand), representing a decrease of RMB1,635 thousand or 50.93% in absolute value as compared with 2017. According to the “Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department and forwarded by Beijing Municipal Finance Bureau, Beijing State Administration of Taxation, Beijing Local Taxation Bureau and the Publicity Department of the Beijing Committee of the Communist Party of China” (Jing Cai Shui [2014] No. 2907), the Company will continue to enjoy preferential enterprise income tax exemption during the period from 1 January 2014 to 31 December 2018.

Pursuant to the “Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department” (Cai Shui [2019] No.16), the enterprises that have completed the transformation before 31 December 2018 can continue to enjoy the five-year EIT exemption starting from 1 January 2019.

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

Net loss of the Group for 2018 was RMB292,213 thousand (2017: net loss of RMB99,577 thousand), of which, net loss attributable to shareholders of the Company was RMB277,310 thousand (2017: net loss attributable to shareholders of the Company RMB85,251 thousand).

11. Final Dividend

The Board did not propose a final dividend for the year 2018 (2017: Nil).

12. Net Current Assets

As at 31 December 2018, net current assets of the Group was RMB500,947 thousand (31 December 2017: RMB771,096 thousand). Current assets mainly comprised bank balances and cash of RMB199,925 thousand (31 December 2017: RMB363,820 thousand), notes receivable and accounts receivable of RMB261,967 thousand (31 December 2017: RMB302,898 thousand), prepayments of RMB18,528 thousand (31 December 2017: RMB8,886 thousand), other receivables of RMB99,649 thousand (31 December 2017: RMB173,368 thousand), inventories of RMB21,087 thousand (31 December 2017: RMB36,288 thousand), non-current assets due within one year was Nil (31 December 2017: Nil), and other current assets was RMB32,322 thousand (31 December 2017: RMB42,296 thousand). Current liabilities mainly comprised notes payable and accounts payable of RMB23,890 thousand (31 December 2017: RMB62,079 thousand), receipts in advance of RMB0 thousand (31 December 2017: RMB30,067 thousand), contractual liabilities of RMB47,617 thousand (31 December 2017: Nil), employee benefit payables of RMB7,726 thousand (31 December 2017: RMB8,060 thousand), interest payable was Nil (31 December 2017: Nil), tax payables of RMB2,233 thousand (31 December 2017: RMB5,049 thousand), other payables of RMB51,065 thousand (31 December 2017: RMB50,129 thousand), non-current liabilities due within one year was Nil (31 December 2017: Nil), and other current liabilities was Nil (31 December 2017: RMB1,076 thousand).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2018, current assets of the Group was RMB633,478 thousand (31 December 2017: RMB927,556 thousand), including bank balances and cash of RMB199,925 thousand (31 December 2017: RMB363,820 thousand) and non-current assets was RMB525,808 thousand (31 December 2017: RMB467,828 thousand).

As at 31 December 2018, current liabilities of the Group was RMB132,531 thousand (31 December 2017: RMB156,460 thousand) and non-current liabilities was RMB16,163 thousand (31 December 2017: RMB38,350 thousand).

As at 31 December 2018, shareholders' equity of the Group was RMB1,010,592 thousand (31 December 2017: RMB1,200,574 thousand).

GEARING RATIO

As at 31 December 2018, gearing ratio of the Group was 14.71% (31 December 2017: 16.23%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2018, bank loans of the Group was RMB6,927 thousand (31 December 2017: RMB30,000 thousand). The currency unit of cash and cash equivalent held by the Group was Renminbi.

FINANCING COST

Financing cost of the Group for 2018 was RMB706 thousand (2017: RMB1,073 thousand).

FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2018	2017	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total operating income	344,625	426,708	483,306	509,257	680,769
Net profit	(292,213)	(99,577)	(70,874)	(54,478)	4,896
Net profit attributable to shareholders of the Company	(277,310)	(85,251)	(58,838)	(45,372)	10,506
Earnings per share – basic and diluted (<i>RMB</i>)	<u>(1.39)</u>	<u>(0.43)</u>	<u>(0.30)</u>	<u>(0.23)</u>	<u>0.05</u>

	As at 31 December				
	2018	2017	2016	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	1,159,286	1,395,384	1,500,835	1,554,421	1,595,590
Total liabilities	148,694	194,810	240,586	231,776	284,622
Total equity attributable to shareholders of the Company	966,545	1,140,864	1,214,959	1,265,345	1,281,732
Shareholders' equity per share as at the end of the year (<i>RMB</i>)	<u>4.90</u>	<u>5.78</u>	<u>6.16</u>	<u>6.41</u>	<u>6.50</u>

USE OF PROCEEDS FROM THE LISTING

The Company raised a total net proceeds of HKD889,086 thousand from the initial global offering in 2004, all of which have been used up.

In order to capture more business opportunities arising from emerging media businesses and other media-related businesses, the Company believes that it will seek for various financing arrangements to support business development when its business requires and condition is mature in the future.

SHARE STRUCTURE (AS AT 31 DECEMBER 2018)

	Number of shares	% of total share capital (%)
Holders of domestic shares		
– BYDA	124,839,974	63.27
– Beijing Chengshang Cultural Communication Co., Ltd. <i>Note 1</i>	7,367,000	3.73
– China Telecommunication Broadcast Satellite Co., Ltd.	4,263,117	2.16
– Beijing Development Area Ltd.	2,986,109	1.52
– Sino Television Co., Ltd	2,952,800	1.50
Domestic Shares (<i>subtotal</i>)	142,409,000	72.18
H Shares <i>Note 2</i>	54,901,000	27.82
Total share capital	197,310,000	100.00

Notes:

1. Beijing Zhijin Science and Technology Investment Co., Ltd., a domestic shareholder of the Company, entered into an equity transfer agreement with Beijing Chengshang Cultural Communication Co., Ltd. (“Chengshang Cultural”) on 15 May 2018 to transfer the entire domestic shares (a total of 7,367,000 shares) of the Company to Chengshang Cultural, and completed the equity transfer registration on 28 May 2018.
2. Including 19,533,000 outstanding H Shares held by Le Shi Internet Information & Technology (Beijing) Limited which represents 9.90% of the total share capital of the Company.

CAPITAL EXPENDITURE

Capital expenditures, including expenditures on office equipment and intangible assets, of the Group for 2018 was RMB2,418 thousand (2017: RMB7,719 thousand). Capital expenditures of the Group for 2018 was mainly comprised of the expenditures consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

On 27 May 2017, Beiqing Outdoor, a subsidiary of the Company, has entered a loan agreement with Huaxia Bank, Beijing Shouti Sub-branch, pursuant to which Huaxia Bank, Beijing Shouti Sub-branch will provide RMB30,000 thousand to Beiqing Outdoor for payment of utilization fee of advertising facilities, and the loan is repayable within 36 months (from 27 May 2017 to 27 May 2020) with an interest rate of 20% on top of the People’s Bank of China 3-year benchmark rate and to be guaranteed by the Company.

Save as disclosed above, as at 31 December 2018, the Group did not have any contingent liabilities, nor any pledge of assets.

MATERIAL INVESTMENTS

During the Reporting Period, the Group had no material investments, nor any plan related to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

The Group had no material acquisition or disposal of assets during the Reporting Period.

FOREIGN EXCHANGE RISKS

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain account payables are settled in foreign currency (mainly HKD). Therefore, the Company is exposed to fluctuations in foreign exchange rate to 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 focusing on environment protection while developing. During its day-to-day operation, the Group reasonably utilized resources in strict compliance with the relevant laws, regulations, standards and other local rules. It has formulated and implemented the relevant internal rules and strives to minimize its impacts on the ecological environment in terms of resource utilization and other aspects. During the year ended 31 December 2018, the Group organised several public benefit events relating to protection of natural environment. In the meantime, the Group is committed to maintaining and consolidating a healthy operation environment so that it can realize steady and orderly growth. The Group also tries its best to improve the working environment for its employees, advocates a philosophy of green office and green production and strives to create a safe, healthy, ideal and protected working environment for all employees. During the year ended 31 December 2018, the Group placed advertisements in the theme of public welfare all year round so as to promote the concept of environmental protection.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, so far as the Directors were aware, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavours to maintain sustainable development in the long term, continuously creates value for its employees and customers, and fosters good relationships with its suppliers. The Group deeply understands that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For the year of 2018, the Group held staff trainings, and organised the staff to watch arts performance and sporting events for many times. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. The Group abides by the principles of honesty and trustworthiness and commits itself to consistently providing quality services to its customers. For the year of 2018, there was no significant and material dispute between the Group and its suppliers and/or customers.

AUDIT COMMITTEE

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

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the Audit Committee has discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including reviewing of the audited consolidated financial statements of the Group for the year of 2018 without dissenting opinions.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has been in full compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 to the Listing Rules for the year ended 31 December 2018.

COMPLIANCE WITH THE MODEL CODE

In respect of securities transactions of Directors and Supervisors, the Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by its Directors and Supervisors. Having made sufficient enquiries to Directors and Supervisors, all Directors and Supervisors confirmed they have complied with the required standards under the Model Code for the year ended 31 December 2018.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

FINAL DIVIDEND

The Board did not recommend the distribution of final dividend for the year ended 31 December 2018.

ANNUAL GENERAL MEETING

An announcement containing information in relation to the latest registration date and the period of closure of share register for attending the 2018 annual general meeting of the Company (expected to be held before 30 June 2019) will be published separately when the date of the 2018 annual general meeting of the Company is fixed.

PUBLICATION OF THE RESULT ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the Company's website (www.bjmedia.com.cn) and the website of Hong Kong Stock Exchange (www.hkex.com.hk). The 2018 annual report containing all the information required by the Listing Rules will be dispatched to the Shareholders and available on the aforesaid websites in due course.

By order of the Board
Beijing Media Corporation Limited
Ji Chuanpai
Chairman

Beijing, the PRC, 29 March 2019

As at the date of this announcement, the Board comprises: the executive Directors, Ji Chuanpai, Li Xiaobing, Yang Wenjian, Peng Liang and Shang Da; the non-executive Directors, Zang Furong, Wu Bin, Liu Hong and Sun Fang; and the independent non-executive Directors, Wu Tak Lung, Cui Enqing, Chen Ji, Wu Changqi and Chow Bing Chuen.

DEFINITIONS

“Audit Committee”	Audit Committee of the Board
“Beiqing CéCi”	Beiqing CéCi Advertising (Beijing) Limited, a subsidiary of the Company
“Beiqing Community Media”	Beiqing Community Media Technology (Beijing) Co., Ltd. (formerly known as Beiqing Community Cultural Media (Beijing) Company Limited), a subsidiary of the Company
“Beiqing Outdoor”	Beijing Beiqing Outdoor Advertisement Co., Ltd., a subsidiary of the Company
“Board”	The board of Directors
“BYD Logistics”	BYD Logistics Company Limited, a subsidiary of the Company
“Chongqing Media”	Chongqing Youth Media Company Limited, a subsidiary of the Company
“Company”	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
“Director(s)”	The director(s) of the Company
“Domestic Shares”	The ordinary shares of RMB1.00 per share in the capital of the Company
“Group”	The Company and its subsidiaries
“H Shares”	The foreign shares 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

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers
“Parent” or “BYDA”	Beijing Youth Daily Agency, the controlling shareholder of the Company
“PRC” or “China”	The People’s Republic of China, excluding Hong Kong, Macau Special Administration Region and Taiwan
“Reporting Period”	The year ended 31 December 2018
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	The shareholder(s) of the Company
“Supervisor(s)”	The supervisor(s) of the Company