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BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock Code: 1000)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

FINANCIAL HIGHLIGHTS:

1. Total operating revenue decreased by 30.69% to RMB112,729 thousand (corresponding period of 2018: RMB162,637 thousand).
2. Net loss attributable to shareholders of the Company was RMB88,453 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2018: RMB224,806 thousand).
3. Loss per share was RMB0.44 (corresponding period of 2018: RMB1.14).

The board (the “Board”) of directors (“Directors”) of Beijing Media Corporation Limited (the “Company” or “Beijing Media”, and together with its subsidiaries, the “Group”) hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2019 (the “First Half of 2019”) and the comparative results of the Group for the corresponding period of 2018.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

Unit: RMB'000

Item	Notes	For the six months ended 30 June	
		2019	2018
Total operating revenue	<i>1</i>	112,729	162,637
Total operating costs		122,577	185,498
Operating costs	<i>1</i>	95,074	150,622
Tax and surcharges		2,832	2,981
Selling expenses		10,080	11,410
Administrative expenses		14,537	21,279
Financial expenses	<i>2</i>	54	(794)
Including: Interest expenses		681	446
Interest income		658	1,328
Add: Other income		236	108
Investment income	<i>3</i>	(3,259)	(7,410)
Including: Gain from investments in associates		(5,163)	(7,774)
Gain on the changes in fair value		18	125
Impairment loss of credit	<i>4</i>	(71,417)	(167,388)
Impairment loss of assets	<i>5</i>	(11,070)	(30,430)
Gain on disposal of asset		54	41
Operating profit		(95,286)	(227,815)
Add: Non-operating income		672	30
Less: Non-operating expenses		14	821
Total profit		(94,628)	(228,606)
Less: Income tax expenses	<i>6</i>	(247)	1,172
Net profit		(94,381)	(229,778)
Net profit attributable to:			
Net profit from continuing operations		(94,381)	(229,778)
Net profit from discontinued operations		—	—
Shareholders of the Company		(88,453)	(224,806)
Non-controlling shareholders		(5,928)	(4,972)

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	Notes	For the six months ended 30 June	
		2019	2018
Other net comprehensive income after tax		2,070	40
Other net comprehensive income after tax attributable to owners of the Company		1,922	36
Including: Other comprehensive income unqualified for subsequent reclassification into profit or loss		1,921	—
Including: Change in fair value of other equity instruments investments		1,921	—
Including: Other comprehensive income subsequently reclassified into profit or loss		1	36
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss		—	31
Exchange differences from retranslation of financial statements		1	5
Other net comprehensive income after tax attributable to non-controlling shareholders		148	4
Total comprehensive income		(92,311)	(229,738)
Total comprehensive income attributable to shareholders of the Company		(86,531)	(224,770)
Total comprehensive income attributable to non- controlling shareholders		(5,780)	(4,968)
Earnings per share:			
Basic earnings per share (RMB)	7	(0.44)	(1.14)
Diluted earnings per share (RMB)	7	(0.44)	(1.14)
Dividends	8	—	—

CONSOLIDATED BALANCE SHEET (UNAUDITED)

Unit: RMB'000

Item	Notes	As at 30 June 2019	As at 31 December 2018
Current assets:			
Bank balances and cash		265,928	199,925
Notes receivable		210	7,908
Accounts receivable	9	198,055	254,059
Prepayments		14,397	18,528
Other receivables	10	8,384	99,649
Inventories		21,055	21,087
Other current assets		35,098	32,322
Total current assets		543,127	633,478
Non-current assets:			
Long-term equity investment	11	16,977	22,140
Investment in other equity instruments		218,427	218,427
Other non-current financial assets		52,028	52,028
Investment properties		150,179	150,161
Fixed assets		2,904	3,828
Construction in progress		—	1,953
Intangible assets		21,481	30,807
Goodwill	12	—	—
Right-of-use assets		5,660	—
Long-term prepaid expenses		2,521	685
Deferred income tax assets		17,358	16,789
Other non-current assets		24,000	28,990
Total non-current assets		511,535	525,808
Total assets		1,054,662	1,159,286

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

Unit: RMB'000

Item	<i>Note</i>	As at 30 June 2019	As at 31 December 2018
Current liabilities:			
Notes payable		4,935	9,581
Accounts payable	13	26,807	14,309
Contractual liabilities		30,381	47,617
Employee benefit payables		6,696	7,726
Tax payables		3,043	2,233
Other payables		48,455	51,065
Non-current liabilities due within one year		3,000	—
Total current liabilities		123,317	132,531
Non-current liabilities:			
Long-term loans		—	6,927
Leased liabilities		5,357	—
Deferred income tax liabilities		9,236	9,236
Total non-current liabilities		14,593	16,163
Total liabilities		137,910	148,694
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		934,421	934,421
Other comprehensive income		107,356	105,434
Surplus reserves		130,931	130,931
Undistributed profits		(491,622)	(401,551)
Total equity attributable to shareholders of the Company		878,396	966,545
Non-controlling interest		38,356	44,047
Total shareholders' equity		916,752	1,010,592
Total liabilities and shareholders' equity		1,054,662	1,159,286
Net current assets		419,810	500,947
Total assets less current liabilities		931,345	1,026,755

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements for the six months ended 30 June 2019 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with requirement such as Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards (“PRC Accounting Standard”) issued by the Ministry of Finance of the People's Republic of China (the “Ministry of Finance”), as well as applicable disclosure requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the Hong Kong Companies Ordinance; and the accounting policies and estimates as stated in Note V “Significant accounting policies and accounting estimates and basis of preparation of consolidated financial statements” in the interim report of the Group.

2. Going concern

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

CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECT

The Ministry of Finance promulgated the revised Accounting Standards for Business Enterprises No. 21 — Leases on 7 December 2018, which took effect on 1 January 2019. For leases before 1 January 2019, no retrospective adjustments are required. The impact of the Company's adoption of the new lease standards on the items of the consolidated balance sheet as at 1 January 2019 is summarized as follows:

Items under the Balance Sheet of the Group	Balance as at 31 December 2018 prior to the changes in accounting policies	Impact of new lease standards	Balance as at 1 January 2019 after the changes in accounting policies
Assets:			
Right-of-use asset	—	1,093	1,093
Liabilities:			
Lease liabilities	—	603	603
Shareholders' equity:			
Undistributed profits	(401,551)	257	(401,294)
Non-controlling interest	<u>44,047</u>	<u>233</u>	<u>44,280</u>

STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the consolidated financial position as at 30 June 2019 and its consolidated operating results, consolidated cash flows and other relevant information for the six months ended 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING REVENUE AND OPERATING COSTS

Item	For the six months ended 30 June	
	2019	2018
Principal operating income	101,478	143,597
Other operating income	11,251	19,040
Total operating income	112,729	162,637
Principal operating costs	93,563	144,920
Other operating costs	1,511	5,702
Total operating costs	95,074	150,622
Gross Profit	17,655	12,015

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

(1) Principal operations — by business segment

Item	For the six months ended 30 June			
	2019		2018	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Advertising	44,434	40,343	40,362	43,602
Printing	2,438	2,028	4,102	3,452
Trading of print-related materials	52,974	50,116	88,739	81,363
Distribution	268	542	429	1,350
Others	1,364	534	9,965	15,153
Total	101,478	93,563	143,597	144,920

(2) The sum of operating revenue from the top five customers is RMB36,301 thousand representing 35.77% of principal operating revenue for the six months ended 30 June 2019.

(3) Other operating revenue includes revenue from property rental income of RMB5,083 thousand.

2. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2019	2018
Interest expenses — on bank loans fully repayable within 5 years	681	446
Less: Interest income	658	1,328
Add: Exchange loss (gain)	—	1
Add: Other expenses	31	87
	<u>54</u>	<u>(794)</u>
Total	54	(794)

3. INVESTMENT INCOME

Item	For the six months ended 30 June	
	2019	2018
Share of profit of associates	(5,163)	(7,774)
Other investment income:		
Other investment income	1,904	364
Sub-total of other investment income	1,904	364
	<u>(3,259)</u>	<u>(7,410)</u>
Total	(3,259)	(7,410)

4. IMPAIRMENT LOSS OF CREDIT

Item	For the six months ended 30 June	
	2019	2018
Loss from bad debts	(71,417)	(167,388)
	<u>(71,417)</u>	<u>(167,388)</u>
Total	(71,417)	(167,388)

5. IMPAIRMENT LOSS OF ASSETS

Item	For the six months ended 30 June	
	2019	2018
Provision for impairment of inventories	(2,430)	—
Provision for impairment of goodwill	—	(30,430)
Provision for impairment of intangible assets	(8,640)	—
	<u>(11,070)</u>	<u>(30,430)</u>
Total	(11,070)	(30,430)

6. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2019	2018
Current income tax expenses	322	1,297
Deferred income tax expenses	(569)	(125)
Total	(247)	1,172

(2) Current tax expenses

Item	For the six months ended 30 June	
	2019	2018
Current income tax — PRC	253	765
Under-provision in prior years — PRC	69	532
Total	322	1,297

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

7. EARNINGS PER SHARE

Item	For the six months ended 30 June	
	2019	2018
Comprehensive income for the half-year attributable to shareholders of the Company	(86,531)	(224,770)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Earnings per share (RMB)	(0.44)	(1.14)

The basic earnings and diluted earnings per share for the six months ended 30 June 2018 and 2019 are the same as there was no dilution incurred during the periods.

8. DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: nil).

9. ACCOUNTS RECEIVABLE

Item	As at 30 June 2019	As at 31 December 2018
Accounts receivable	424,596	416,072
Less: Provision for bad debts	<u>226,541</u>	<u>162,013</u>
Net accounts receivable	<u>198,055</u>	<u>254,059</u>

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

Item	As at 30 June 2019	As at 31 December 2018
0–90 days	22,143	28,833
91–180 days	10,091	21,537
181–365 days	27,391	14,287
1–2 years	41,578	47,392
Over 2 years	<u>96,852</u>	<u>142,010</u>
Total	<u>198,055</u>	<u>254,059</u>

The top five accounts receivable as at 30 June 2019 represented 43.92% of the total accounts receivable.

10. OTHER RECEIVABLES

Item	As at 30 June 2019	As at 31 December 2018
Interest receivable	—	39
Other receivables	206,862	291,199
Less: Provision for bad debts	<u>198,478</u>	<u>191,589</u>
Net other receivables	<u>8,384</u>	<u>99,649</u>

10. OTHER RECEIVABLES (CONTINUED)

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

Item	As at 30 June 2019	As at 31 December 2018
Within 1 year	2,604	83,920
1–2 years	395	8,078
2–3 years	3,920	6,402
Over 3 years	1,465	1,210
Total	8,384	99,610

(2) Other receivables classified by nature

Nature	As at 30 June 2019	As at 31 December 2018
Related party current account	6,833	77,304
External unit current	122,209	131,880
Consideration of equity transfer	72,320	76,152
Deposit and margin	2,986	3,202
Reserve funds	2,512	2,660
Others	2	1
Total	206,862	291,199

(3) The top five other receivables as at 30 June 2019 represented 95.14% of the total other receivables.

11. LONG-TERM EQUITY INVESTMENTS

(1) Types for long-term equity investments

Type	As at 30 June 2019	As at 31 December 2018
Investments in associates — under equity method	17,925	23,088
Less: provision for impairment for investments in associates	948	948
Total	16,977	22,140

11. LONG-TERM EQUITY INVESTMENTS (CONTINUED)

(2) Investments in associates

Investee	Changes in this period									Balance of impairment	
	Balance as at 1 January 2019	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	Balance as at 30 June 2019	provision as at 30 June 2019
Beijing Leisure Trend Advertising Company Limited ("Leisure Trend")	—	—	—	—	—	—	—	—	—	—	—
Beijing Beijing Shengda Automobile Service Company Limited ("Beijing Shengda")	—	—	—	—	—	—	—	—	—	—	—
Beijing Beisheng United Insurance Agency Co. Limited ("Beisheng United")	1,587	—	—	104	—	—	—	—	—	1,691	—
BY Times Consulting Co., Ltd. ("BY Times")	—	—	—	—	—	—	—	—	—	—	—
Beijing Beijing Top Advertising Limited ("Beijing Top")	—	—	—	—	—	—	—	—	—	—	—
Hebei Jujingcai E-commerce Company Limited ("Hebei Jujingcai")	—	—	—	—	—	—	—	—	—	—	—
Beijing International Advertising Media Group Co., Limited ("International Advertising")	17,634	—	—	(5,185)	—	—	—	—	—	12,449	—
Chongqing Soyang Internet Technology Co., Ltd. ("Chongqing Soyang")	948	—	—	—	—	—	—	—	—	948	948
Beijing Shangyou Network Technology Co., Ltd. ("Shangyou Network")	2,919	—	—	(82)	—	—	—	—	—	2,837	—
Total	23,088	—	—	(5,163)	—	—	—	—	—	17,925	948

Item	As at 30 June 2019	As at 31 December 2018
Unlisted investments, at cost	74,144	74,144
Share of post-acquisition profit	(56,147)	(50,984)
Share of other comprehensive income of associates	(72)	(72)
Provision for impairment	(948)	(948)
Total	16,977	22,140

12. GOODWILL

Item	As at 30 June 2019	As at 31 December 2018
Goodwill arising from the acquisition of Beijing CéCi Advertising (Beijing) Limited	47,377	47,377
Less: provision for impairment	47,377	47,377
Total	—	—

13. ACCOUNTS PAYABLE

Item	As at 30 June 2019	As at 31 December 2018
Accounts payable	<u>26,807</u>	<u>14,309</u>
Total	<u>26,807</u>	<u>14,309</u>

The following is an aging analysis of accounts payable as at 30 June 2019 presented based on the invoice date:

Item	As at 30 June 2019	As at 31 December 2018
0–90 days	7,783	7,263
91–180 days	14,214	1,452
181–365 days	820	2,297
Over one year	<u>3,990</u>	<u>3,297</u>
Total	<u>26,807</u>	<u>14,309</u>

BUSINESS REVIEW OF THE GROUP

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

In the First Half of 2019, the total operating revenue of the Group was RMB112,729 thousand (corresponding period of 2018: RMB162,637 thousand), representing a decrease of 30.69% as compared with that for the corresponding period of 2018. Net loss attributable to shareholders of the Company was RMB88,453 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2018: RMB224,806 thousand), representing a period-on-period decrease of approximately 60.65%.

In the First Half of 2019, judging on the macro business environment, the Group introduced new measures as follows:

1. Revenue growth: Regarding the advertising operation, a business division system model was adopted, under which, four business divisions, namely finance, automobile, real estate and Internet, have been established to improve the business ecology, and at the same time, integration of multimedia resources was implemented to enhance the advertising revenue from key industries. In the First Half of 2019, revenue from advertising business increased by 10.09% as compared with the same period in 2018.
2. Cost reduction
 - Actively stocking up the paper in face of floating prices in the paper market to ensure the stability of the printing paper prices of the Group and reduce printing costs.
 - Streamlining and optimizing the quantity of employees, improving allocation of office resources and human resource, and reducing administrative costs.

Advertisement Business

In the First Half of 2019, revenue from advertising business of the Group was RMB44,434 thousand (corresponding period of 2018: RMB40,362 thousand), representing an increase of 10.09% as compared with the same period of last year.

In the First Half of 2019, the Company experienced an increase in its revenue from advertising business. Amid the effects of policy and market competition, the Company further enhanced the integration of superior resources based on the transformation of the multimedia. Furthermore, on the basis of advancing the direct-to-customer marketing, the Company adopted the innovative management model of business division system, i.e. division system, to cater for different customers and market demands of sub-sectors. Therefore, an integrated multimedia marketing platform consisting of newspaper, website, APP, WeChat, Weibo, etc. has been built up. The main measures are taken as follows:

- Establishing four business divisions including finance, automobile, real estate, and Internet, and re-electing the persons in charge who are entitled to choose the staff of the divisions respectively.
- Determining the operating indicators of four business divisions and implementing strict appraisal.
- Further developing a reward and punishment mechanism targeted at the operating indicators of the four business divisions.

In the First Half of 2019, our advertising business operation focused on key industries and introduced measures in personnel, accountability, appraisal, rewards and punishments, with a view to making breakthroughs in primary aspects to boost the whole segment: We planned and launched themed coverages with high popularity, like the “Fight in Youth” of the May 4 Youth Day jointly with financial institutions, the “July 8 Insurance Day” jointly with the Beijing Insurance Association, and the “Report on the Achievements of the Financial Industry in the 70th Anniversary of the National Day” which drove our marketing performance.

Film and Television Business

In the First Half of 2019, the Company fully optimized its copyright resources and focused on the development of quality film and television projects, thus achieving satisfactory social and economic benefits. In particular, the TV series “Setting Sail” (《启航》) presented by the Company as the lead-presenter with the theme of urban reform and development was aired at the evening prime time through CCTV-1, Heilongjiang Satellite TV and Anhui Satellite TV in January, March and July 2019 respectively. The TV series was highly ranked in terms of viewership and was widely received. Meanwhile, as approved by the President’s Office, the Company transferred the copyright of the TV series “The Story of Zheng Yang Gate” (《正陽門下》) to Daqianmen (Beijing) Media Co., Ltd. at the consideration of RMB2 million in January 2019. The Company will continue to give full play to its advantages in content, focus on the early planning and development of projects, and further enrich the branded content for the media culture of Beijing Media.

RESULTS OF MAJOR SUBSIDIARIES OF THE GROUP

Beijing Beijing Outdoor Advertisement Co., Ltd. (“Beiqing Outdoor”) is a wholly-owned subsidiary of the Company which principally engages in the operation of urban outdoor single column billboards. In the First Half of 2019, in face of the shrinking traditional advertising business and the expiration of the operation rights of previously operated single column billboards, Beiqing Outdoor continued to establish a good agency relationship with the cooperating parties, with an aim to increase source of revenue without increasing costs, and to seek new business opportunities.

Beiqing Community Media Technology (Beijing) Co., Ltd. (“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 integrated communication means of print media + government procurement services + online and offline mobile platform. With nearly six years of endeavor, it established an innovative communication and service platform with the model of “newspapers of Beiqing Community Daily + Community Media WeChat Matrix + government services”.

Beiqing Community Media has established a multi-integrated sustainable business model based on the several major business segments, namely Beiqing Community Daily, WeChat Matrix, government procurement services, and community activities. Up to now, Beiqing Community Media has a total of 10 newspapers of Beiqing Community Daily across the whole urban area of Beijing, including CBD, Shunyi, and Beijing Administrative Sub-centers, reaching nearly three million readers, thus effectively promoting daily management of community residents through relevant reports. At the same time, the branches and marketing departments of Beiqing Community Media operated a total of 32 certified WeChat public accounts, and assisted relevant government authorities in operating 29 public accounts. It operated a total of 61 public accounts, and currently, the number of WeChat public accounts fans reaches nearly 1.03 million, with the monthly views reaching nearly 70,000.

In the First Half of 2019, Beiqing Community Media continued to promote cooperation in government service procurement, and provided the government with a variety of offline activities and media publicity services, while helping build information communication platforms and service platforms for governmental services, based on its experience accumulated over the years in operation in the community as well as ten millions of subscribers in the WeChat public accounts, headlines accounts, and self-operated media accounts of major portal news APPs. In particular, Beiqing Community Media undertook the cooperation with the government departments and social organizations to publish newspapers, establishing a total of 5 magazines, including “Shichahai Culture Monthly” (《什刹海文化月刊》), “《Beixinqiao News》” (《北新橋建聞》), “Social Security Magazine”(《社保雜誌》), “Doudian Community News”(《竇店社區報》) and “Ju Kuan” (《聚寬》). In addition, it was commissioned to organize various

government and social organization events, including “FAW Toyota Community Campaign” (一汽豐田社區行), “Beijing Record Challenging Competition” (北京記錄挑戰賽), “Jimei Environmental Protection Charity Walking” (集美環保公益行), “Shared Study Marathon” (共享書房馬拉松), “Community Home Expo” (社區家博會). It also continued to cooperate with the Chaoyang District Government, and was commissioned for the development of the official news APP project of Chaoyang District. Meanwhile, based on the operating experience of existing government service projects, it continued to expand related businesses. For example, on the basis of the public opinion service project with Chaoyang District Government, it established public opinion studio through collaboration with the Network Information Office of CPC Beijing Xicheng District Committee to provide comprehensive services such as monitoring of public opinion.

In the First Half of 2019, Beiqing Community Media recorded a turnaround to profit.

Beiqing Network Culture Communication Co., Ltd. (“Beiqing Network Culture”) is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, formed Beijing Runxin Dingtai Investment Centre (limited partnership) (the “Fund”) in 2013. At present, the fund has invested in a total of 21 projects and has already exited from 3 projects. 4 projects have been listed or acquired by listed companies, and the exit with high return from the remaining investment projects is expected to be realized via listing, mergers and acquisitions and restructuring, and backdoor listing. The fund was originally scheduled to expire on 25 November 2019. As a number of invested companies have filed or are preparing to file for IPO during the year, for the purpose of safeguarding the interests of investors and maximizing the exit benefits of the projects, the fund will extend the exit to 25 November 2021.

Chongqing Youth Media Company Limited (“Chongqing Media”) is a 60%-owned subsidiary of the Company. In the First Half of 2019, Chongqing Media focused on brand building and further expanded its media influence. In particular, Chongqing Media offered topic-specific coverage on high-end and significant competitions and events, such as the national “Two Sessions”, the Chongqing “Two Sessions”, the 2019 SCO leaders meeting, the second West China International Fair for Investment and Trade, “the Belt and Road” International Skills Competition, “the Belt and Road” Sea and Land Linkage Forum, etc. More than 300 articles were published on the platform, with a total viewership of more than 5 million. The total views for the multi-matrix and multi-accounts of Chongqing Media, such as Today Headlines Account (今日頭條號), the Qi'E Account (企鵝號) and the Qutoutiao Account (趣頭條號) has reached more than 100 million in half year. In addition, Chongqing Media successfully obtained the license for Internet news information service, which provided a strong guarantee for the influence of its new media platform. As a next step, Chongqing Media will focus on the exploration of applications for news in the 5G field.

BYD Logistics Company Limited (“BYD Logistics”) is a 92.84%-owned subsidiary of the Company and is principally engaged in printing and trading business of printing-related materials. In the First Half of 2019, BYD Logistics’s revenue from sales of paper was affected by the shrinking printing market, the decline in paper market demand and the expected fall in paper price. It is estimated that the current paper price is close to the bottom level, and the market demand is expected to improve in the second half of 2019. BYD Logistics is actively stocking up in order to increase revenue after the stabilization of market price of paper.

PROSPECTS AND FUTURE PLANS

In the second half of 2019, the Group will further improve its internal control, and improve the institutional construction system and management regulations starting from the system construction.

In the second half of 2019, the Group will fully accumulate and improve its experience and apply such experience to other industries on the basis of the four business divisions to strengthen performance appraisal.

In the second half of 2019, the Group will conduct capital operations where appropriate.

In the second half of 2019, with the existing businesses remains 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 Beijing Youth Daily Agency (“BYDA”) to promote the development of the Group’s business, and stand out among peers as a leading media group with cross-media platforms in the PRC.

The Group’s structural optimization initiatives mentioned above will have significant and profound impact on the Group’s long-term, stable and positive development in the future. The Group’s business in the First Half of 2019 was based on the concerted efforts of the entire management teams and staff in each of our business units. The Group’s key success factors were the keen insight to market opportunities and the excellent quality of our management teams and staff. On behalf of the shareholders of the Company and other members of the Board, I would like to express my heartfelt and sincere gratitude to the entire management teams and staff in each of our business units.

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2019, total operating revenue of the Group was RMB112,729 thousand (corresponding period of 2018: RMB162,637 thousand), representing a decrease of 30.69% as compared with that for the corresponding period of 2018. Of which, revenue from advertising sales increased by RMB4,072 thousand, representing an increase of 10.09% as compared with that for the corresponding period of 2018; revenue from printing decreased by RMB1,664 thousand, representing a decrease of 40.57% as compared with that for the corresponding period of 2018; and revenue from the trading of print-related materials decreased by RMB35,765 thousand, representing a decrease of 40.30% as compared with that for the corresponding period of 2018.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2019, operating costs of the Group were RMB95,074 thousand (corresponding period of 2018: RMB150,622 thousand), representing a decrease of 36.88% as compared with that for the corresponding period of 2018. Of which, costs of advertising sales decreased by RMB3,259 thousand, representing a decrease of 7.47% as compared with that for the corresponding period of 2018; costs of printing decreased by RMB1,424 thousand, representing a decrease of 41.25% as compared with that for the corresponding period of 2018; and costs of the trading of print-related materials decreased by RMB31,247 thousand, representing a decrease of 38.40% as compared with that for the corresponding period of 2018. Tax and surcharges were RMB2,832 thousand (corresponding period of 2018: RMB2,981 thousand), representing a decrease of 5.00% as compared with that for the corresponding period of 2018.

3. Selling Expenses

For the six months ended 30 June 2019, selling expenses of the Group were RMB10,080 thousand (corresponding period of 2018: RMB11,410 thousand), representing a decrease of 11.66% as compared with that for the corresponding period of 2018.

4. Administrative Expenses

For the six months ended 30 June 2019, administrative expenses of the Group were RMB14,537 thousand (corresponding period of 2018: RMB21,279 thousand), representing a decrease of 31.68% as compared with that for the corresponding period of 2018.

5. Financial Expenses

For the six months ended 30 June 2019, financial expenses of the Group were RMB54 thousand (corresponding period of 2018: RMB-794 thousand), representing a decrease of 106.80% as compared with the net value for the corresponding period of 2018. Of which, interest income was RMB658 thousand (corresponding period of 2018: RMB1,328 thousand), representing a decrease of 50.45% as compared with that for the corresponding period of 2018; and foreign exchange gain was RMB0 thousand (corresponding period of 2018: foreign exchange loss of RMB1 thousand).

6. Share of Loss of Associates

For the six months ended 30 June 2019, share of the loss of associates of the Group was RMB5,163 thousand (corresponding period of 2018: RMB7,774 thousand), representing a decrease of 33.59% as compared with that for the corresponding period of 2018.

7. Operating Profit

For the six months ended 30 June 2019, operating profit of the Group was RMB-95,286 thousand (corresponding period of 2018: RMB-227,815 thousand), representing an increase of 58.17% as compared with that for the corresponding period of 2018.

8. Income Tax Expenses

For the six months ended 30 June 2019, income tax expenses of the Group for the current period were RMB-247 thousand (corresponding period of 2018: RMB1,172 thousand), representing a decrease of 121.08% as compared with that for the corresponding period of 2018.

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

For the six months ended 30 June 2019, net loss attributable to shareholders of the Company was RMB88,453 thousand (corresponding period of 2018: net loss of RMB224,806 thousand), representing a decrease of 60.65% as compared with that for the corresponding period of 2018.

10. Financial Resources and Liquidity

For the six months ended 30 June 2019, the Group's funds are mainly derived from the cash generated from operating business and deposits balance. The Group's funds are mainly used as the working capital and general recurrent expenses of the Group.

10. Financial Resources and Liquidity (Continued)

As at 30 June 2019, current assets of the Group were RMB543,127 thousand (31 December 2018: RMB633,478 thousand), including bank balances and cash of RMB265,928 thousand (31 December 2018: RMB199,925 thousand). Non-current assets of the Group were RMB511,535 thousand (31 December 2018: RMB525,808 thousand).

As at 30 June 2019, current liabilities of the Group were RMB123,317 thousand (31 December 2018: RMB132,531 thousand) and non-current liabilities were RMB14,593 thousand (31 December 2018: RMB16,163 thousand).

As at 30 June 2019, shareholders' equity of the Group was RMB916,752 thousand (31 December 2018: RMB1,010,592 thousand).

11. Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2019, the bank borrowings of the Group were RMB3,000 thousand (31 December 2018: RMB6,927 thousand). The currency unit of cash and cash equivalent held by the Group were all denominated in Renminbi. During the reporting period, the Group has repaid borrowings due on time as agreed, and there was no overdue payment and default.

12. Gearing Ratio

As at 30 June 2019, gearing ratio of the Group was 15.04% (31 December 2018: 14.71%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

SHARE STRUCTURE (AS AT 30 JUNE 2019)

	Number of Shares	% of Total Share Capital (%)
Holder of domestic shares		
— Beijing Youth Daily Agency	124,839,974	63.27
— Beijing Chengshang Cultural Communication Co., Ltd.	7,367,000	3.73
— China Telecommunication Broadcast Satellite Co. Ltd.	4,263,117	2.16
— Beijing Development Area Ltd.	2,986,109	1.52
— Sino Television Co., Ltd.	2,952,800	1.50
Domestic shares (sub-total)	142,409,000	72.18
H shares <i>Note 1</i>	54,901,000	27.82
Total share capital	197,310,000	100

Note:

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2019, so far as the Directors, supervisors (“Supervisors”) and chief executive of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the SFO, the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

Name	Capacity	Class of Shares	Nature of Interest	Number of Shares Held	% of Class Share Capital (%)	% of Total Share Capital (%)
Beijing Youth Daily Agency	Beneficial owner	Domestic	N/A	124,839,974	87.66	63.27
Beijing Chengshang Cultural Communication Co., Ltd. <i>Note 1</i>	Beneficial owner	Domestic	N/A	7,367,000	5.17	3.73
Leshi Internet Information & Technology Corp., Beijing <i>Note 2</i>	Beneficial owner	H	Long	19,533,000	35.58	9.90
Founder Investment (HK) Ltd. <i>Note 3</i>	Trustee (other than bare trustee)	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd. <i>Note 3</i>	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Beijing Beida Founder Group Corporation <i>Note 3</i>	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation <i>Note 3</i>	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Beijing University <i>Note 3</i>	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd. <i>Note 3</i>	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Xia Jie <i>Note 3</i>	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited <i>Note 3</i>	Beneficiary of a trust (other than discretionary interests)	H	Long	4,939,000	8.99	2.50
Cao Yawen <i>Note 3</i>	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50

Notes:

1. Beijing Chengshang Cultural Communication Co., Ltd. owns 7,367,000 domestic shares of the Company, approximately amounting to 3.73% of the total issued share capital (5.17% of the total issued domestic shares) of the Company. Beijing Chengshang Cultural Communication Co., Ltd. is 100% directly owned by Beijing Shouhua Asset Management Co., Ltd., which is 50% directly owned by Beijing Bailixing Investment Consulting Co., Ltd. and Puxu (Beijing) Investment Co., Ltd. respectively, among which Puxu (Beijing) Investment Co., Ltd. is 50% directly owned by Sun Shengxian and Sun Yuexian respectively, and Beijing Bailixing Investment Consulting Co., Ltd. is 50% directly owned by Quzhou Hairuiteng Information Consulting Co., Ltd. and Quzhou Zhuoqun Innovation and Cultural Co., Ltd. respectively, among which, Quzhou Hairuiteng Information Consulting Co., Ltd. is 50% directly owned by He Kangmin and Zhang Yang, and Quzhou Zhuoqun Innovation and Cultural Co., Ltd. is 50% directly owned by Zhang Yang and Zhang Yiping. Therefore Zhang Yang, Zhang Yiping, He Kangmin, Quzhou Hairuiteng Information Consulting Co., Ltd., Quzhou Zhuoqun Innovation and Cultural Co., Ltd., Sun Shengxian, Sun Yuexian, Beijing Bailixing Investment Consulting Co., Ltd. and Puxu (Beijing) Investment Co., Ltd. are deemed under the SFO to be interested in the 7,367,000 domestic shares registered in the name of Beijing Chengshang Cultural Communication Co., Ltd.
2. Leshi Internet Information & Technology Corp., Beijing owns 19,533,000 H shares of the Company, approximately amounting to 9.9% of the total issued share capital (35.58% of the total issued H shares) of the Company.
3. Founder Investment (HK) Ltd. as a trustee, and Yue Shan International Limited as a beneficiary of the trust, have interest in 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% shares of Beijing University New Technology Corporation, which in turn directly owns 100% shares of Beijing Beida Founder Group Corporation; Beijing Beida Founder Group Corporation directly owns 80% shares of Beijing University Founder Investment Co., Ltd., which in turn directly owns 51% shares of Founder Investment (HK) Ltd.. CITICITI Ltd. directly owns 49% shares of Founder Investment (HK) Ltd., and Xia Jie directly owns 100% shares of CITICITI Ltd.. Therefore, Beijing University, Beijing University New Technology Corporation, Beijing Beida Founder Group Corporation, Beijing University Founder Investment Co., Ltd., CITICITI Ltd. and Xia Jie were deemed under the SFO to be interested in the 4,939,000 H shares held in the name of Founder Investment (HK) Ltd.. At the same time, Cao Yawen directly owns 100% shares of Yue Shan International Limited, therefore Cao Yawen was deemed to be interested in the 4,939,000 H shares held in the name of Yue Shan International Limited.

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

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 30 June 2019, there was no other person with interests and/or short positions in shares or underlying shares of the Company which would fall to be recorded under requirements of Section 336 of Part XV of the SFO.

CAPITAL EXPENDITURES

Capital expenditures, including expenditures on office equipment and electronic equipment, of the Group for the First Half of 2019 were RMB52 thousand (corresponding period of 2018: RMB427 thousand). The Group expects that capital expenditures for the second half of 2019 will mainly comprise expenditures consistent with business strategies of the Group.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

Beiqing Outdoor, a subsidiary of the Company, has entered into a loan agreement with Huaxia Bank, Beijing Shouti Sub-branch on 27 May 2017, 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 of 30 June 2019, the Group did not have any other contingent liabilities, nor any pledge of assets.

FOREIGN EXCHANGE RISKS

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

EMPLOYEES

As at 30 June 2019, the Group had a total of 332 employees (as at 30 June 2018: a total of 365 employees), and the decrease in the number of employees as compared with the same period last year was mainly due to the reasonable adjustment of the normal business needs of some subsidiaries of the Company. During the six months ended 30 June 2019, the total employees remuneration paid by the Group was approximately RMB26,230 thousand. The remuneration and benefits of the employees of the Group are determined in accordance with market rates, state policies and individual performance. The Group actively encouraged self-development of the employees, and carried out extensive staff training activities. In the First Half of 2019, the Group conducted various staff trainings including but not limited to sales and marketing of staff, financial system and administrative management system.

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

As at 30 June 2019, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), to be notified to the Company and the Hong Kong Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2019, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

During the six months ended 30 June 2019, the Group had no material investment, or any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the six months ended on 30 June 2019, the Group did not have material acquisitions or disposals of assets relating to its subsidiaries, associates or joint venture companies.

MATERIAL LEGAL MATTERS

In January 2019, the Company filed a lawsuit against Beijing Trans-media Co., Ltd. and Beijing Jihe Advertising Co., Ltd. at Beijing Dongcheng District People’s Court in relation to the outstanding consideration of the equity transfer. On 1 February 2019, Beijing Dongcheng District People’s Court accepted the lawsuit. On 4 June 2019, Beijing Dongcheng District People’s Court ruled that the case shall be transferred to Beijing Chaoyang District People’s Court. The case is currently pending. Please refer to the announcement of the Company dated 1 February 2019 for details.

In March 2019, the Company filed a lawsuit against Beijing Transmedia Co., Ltd., its chairman Yang Jie and Centrin Data Systems Ltd. at the No. 3 Intermediate People’s Court of Beijing Municipality in relation to the outstanding advertising operation right contracting fees, management fees and accrued interests. On 30 April 2019, No. 3

Intermediate People's Court of Beijing Municipality accepted the lawsuit. The Company subsequently filed a new lawsuit for the payment of liquidated damages. The case is currently pending. Please refer to the announcement of the Company dated 30 April 2019 for details.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2018

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

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

During the six months ended 30 June 2019, the Company had fully complied with all code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiries of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the standards under the Model Code during the six months ended 30 June 2019.

AUDIT COMMITTEE

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

The audit committee and the management team of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the audit committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the unaudited financial statements of the Group for the First Half of 2019.

CONNECTED TRANSACTIONS MANAGEMENT

In order to standardise and strengthen the Company's management of connected transactions, the Company has established the "Beijing Media Corporation Limited Connected Transactions Management System". The office of the Board of the Company is responsible for the management of connected transactions. In order to ensure that the Company's connected transactions are carried out in compliance with the relevant rules and systems, the Company has made sub-division as to the connected transaction caps that have already been disclosed, i.e. sub-dividing each connected transaction cap to each subsidiary, which is responsible for the control of its sub-divided caps of connected transactions. Pursuant to the requirements of the relevant system of the Company, the Company is required to comply with the reporting, announcements and independent shareholders' approval requirements (if applicable) under the Listing Rules before conducting any proposed connected transactions.

RATIFICATION OF PREVIOUS CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

On 22 April 2019, the Company signed borrowing ratification agreements with Beijing Youth Daily Agency (the "Parent") and Beijing Beiqing Top Advertising Limited ("Beiqing Top Advertising"), respectively, to ratify the thirteen borrowings previously provided by the Group to the Parent and its subsidiaries (excluding the Group) (the "Parent Group") and the seven borrowings previously provided by the Group to Beiqing Top Advertising, respectively, and reached repayment arrangements in connection with the relevant outstanding principal and interest. As at 24 June 2019, the Parent Group and Beiqing Top Advertising have repaid all principal and accrued interest, and the above-mentioned two borrowing ratification agreements have been fully performed. For relevant details, please refer to the announcements of the Company dated 22 April 2019 and 24 June 2019.

INTERNAL CONTROL AND RISK MANAGEMENT

During the reporting period, the Company identified certain internal control deficiencies in the process of ratifying the above-mentioned previous transactions. In light of it, the Company engaged an internal control advisor to evaluate and make recommendations for improvement on the internal control level of the Company. The management of the Company acknowledged the internal control report issued by the internal control advisor and the internal control issues mentioned therein. The Company has or will take the following internal control rectification measures:

1. The Company has established a connected transaction and notifiable transaction management team (the "Management Team") to monitor and implement the approval and disclosure procedures for transactions and matters as required by the Listing Rules;

2. The Company has appointed a designated person as contact of departments and subsidiaries to report the latest specific transactions and major financial expenses to the Management Team on a weekly basis for following-up by the Management Team in a timely manner. The major financial expenses are reviewed and approved by the management of the Company;
3. The Company's legal counsel in Hong Kong has provided compliance training to the Directors, Supervisors and senior management of the Company. The training includes disclosure of connected transactions, notifiable transactions and inside information. The Company has successively provided training to relevant responsible persons of each department and at the subsidiary level;
4. The Company has sent compliance letters to the relevant personnel of the subsidiaries on a monthly basis;
5. The Company will further strengthen and improve the written management system and make a clear division on the functions and powers of various departments in the transactions;
6. The Company will seek legal advice and other external expert advice on the transactions;
7. The Board and Management Team are responsible for implementing the relevant reward and punishment mechanism. The internal audit department and human resources department of the Company are responsible for implementing the compliance assessment and accountability mechanism of departments and subsidiaries.

DISTRIBUTABLE RESERVE

As at 30 June 2019, the Company's accumulated loss amounted to RMB385,972 thousand and the Company's surplus reserve amounted to RMB130,931 thousand.

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

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2019.

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

The Company's interim report for the First Half of 2019 will be published on the Hong Kong Stock Exchange's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.bjmedia.com.cn>).

By Order of the Board
Ji Chuanpai
Chairman

Beijing, the PRC, 30 August 2019

As at the date of this announcement, the Board comprises: the executive directors of the Company, Ji Chuanpai, Li Xiaobing, Yang Wenjian, Shang Da and Liu Jia; the non-executive directors of the Company, Peng Liang, Zang Furong, Wu Bin, Sun Fang and Yang Qing; and the independent non-executive directors of the Company, Wu Tak Lung, Cui Enqing, Chen Ji, Wu Changqi and Shi Hongying.

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