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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 2017**

#### **FINANCIAL HIGHLIGHTS:**

1. Total operating revenue of the Group for the year of 2017 was RMB426,708 thousand, representing a decrease of RMB56,598 thousand or 11.71% as compared with 2016.
2. Net loss of the Group attributable to the shareholders of the Company for the year of 2017 was RMB85,251 thousand, net loss of the Group attributable to the shareholders of the Company for the year of 2016 was RMB58,838 thousand.
3. Earnings per share was RMB-0.43 in 2017, earnings per share was RMB-0.30 in 2016.
4. As of 31 December 2017, the equity of the Group attributable to the shareholders of the Company was RMB1,140,864 thousand, the gearing ratio of the Group was 16.23%.
5. The Board did not propose to declare a final dividend for the year 2017.

The Board announces the consolidated results of the Group for the year ended 31 December 2017 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 2017

Item	Notes	RMB'000	
		For the year ended 31 December 2017	For the year ended 31 December 2016
<b>Total operating revenue</b>	<i>1</i>	<b>426,708</b>	483,306
<b>Total operating costs</b>		<b>548,529</b>	601,399
Operating cost	<i>1</i>	<b>378,758</b>	409,320
Sales tax and surcharges		<b>6,685</b>	8,155
Selling expenses		<b>49,209</b>	64,592
Administrative expenses		<b>45,299</b>	62,165
Financial expenses	<i>3</i>	<b>(244)</b>	(3,443)
Impairment loss of assets		<b>68,822</b>	60,610
Add: Profit/(loss) on the changes in fair value		<b>46,291</b>	21,121
Investment income	<i>4</i>	<b>(20,648)</b>	23,608
Including: Gain from investments in associates	<i>4</i>	<b>(2,181)</b>	(17,017)
Gain on disposal of asset		<b>245</b>	136
Other income		<b>195</b>	—
<b>Operating profit</b>		<b>(95,738)</b>	(73,228)
Add: non-operating income	<i>5</i>	<b>96</b>	3,347
Less: non-operating expenses	<i>6</i>	<b>725</b>	43
<b>Total profit</b>		<b>(96,367)</b>	(69,924)
Less: Income tax expenses	<i>7</i>	<b>3,210</b>	950
<b>Net profit</b>		<b>(99,577)</b>	(70,874)
Net profit attributable to shareholders of the Company		<b>(85,251)</b>	(58,838)
Non-controlling shareholders		<b>(14,326)</b>	(12,036)
Net profit from continuing operations		<b>(99,577)</b>	(70,874)

# CONSOLIDATED INCOME STATEMENT (CONTINUED)

For the year ended 31 December 2017

Item	Notes	RMB'000	
		For the year ended 31 December 2017	For the year ended 31 December 2016
<b>Other net comprehensive income after tax</b>		<b>(98)</b>	66
Other net comprehensive income after tax			
attributable to shareholders of the Company		<b>(72)</b>	40
Including: Other comprehensive income			
subsequently reclassified into profit or loss		<b>(72)</b>	40
Including: Items attributable to investees under equity			
method subsequently reclassified to profit or loss		<b>(31)</b>	—
Exchange differences from retranslation			
of financial statements		<b>(41)</b>	40
Other net comprehensive income after tax attributable			
to non-controlling shareholders		<b>(26)</b>	26
<b>Total comprehensive income</b>		<b>(99,675)</b>	(70,808)
Total comprehensive income attributable			
to shareholders to the Company		<b>(85,323)</b>	(58,798)
Total comprehensive income attributable			
to non-controlling shareholders		<b>(14,352)</b>	(12,010)
<b>Earnings per share</b>			
Basic earnings per share (RMB)	8	<b>(0.43)</b>	(0.30)
Diluted earnings per share (RMB)	8	<b>(0.43)</b>	(0.30)
<b>Dividends</b>	9	—	—

# CONSOLIDATED BALANCE SHEET

As at 31 December 2017

		RMB'000	
Item	Notes	As at 31 December 2017	As at 31 December 2016
<b>Current assets:</b>			
Bank balances and cash		363,820	214,527
Notes receivable		1,666	—
Accounts receivable	10	301,232	422,045
Prepayments		8,886	54,446
Interest receivable		421	182
Other receivables	11	172,947	311,297
Inventories		36,288	28,117
Non-current assets due within one year		—	1,060
Other current assets		42,296	39,783
<b>Total current assets</b>		<b>927,556</b>	<b>1,071,457</b>
<b>Non-current assets:</b>			
Financial assets available-for-sale	12	160,896	165,746
Long-term equity investment		34,596	37,756
Investment properties		156,909	104,656
Fixed assets		5,859	8,499
Intangible assets		32,280	35,099
Goodwill		30,430	35,377
Long-term prepaid expenses		141	494
Deferred income tax assets		17,727	15,161
Other non-current assets		28,990	26,590
<b>Total non-current assets</b>		<b>467,828</b>	<b>429,378</b>
<b>Total assets</b>		<b>1,395,384</b>	<b>1,500,835</b>

**CONSOLIDATED BALANCE SHEET (CONTINUED)***As at 31 December 2017*

<b>Item</b>	<i>RMB'000</i>	
	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
<b>Current liabilities:</b>		
Notes payable	31,970	51,188
Account payable	30,109	78,916
Receipts advance	30,067	39,031
Employee benefit payables	8,060	8,882
Tax payables	5,049	5,730
Interest payables	—	25
Other payables	50,129	45,191
Non-current liabilities due within one year	—	5,500
Other current liabilities	1,076	1,609
<b>Total current liabilities</b>	<b>156,460</b>	<b>236,072</b>
<b>Non-current liabilities:</b>		
Long-term loan	30,000	—
Deferred income tax liabilities	8,350	4,514
<b>Total non-current liabilities</b>	<b>38,350</b>	<b>4,514</b>
<b>Total liabilities</b>	<b>194,810</b>	<b>240,586</b>
<b>Shareholders' equity:</b>		
Share capital	197,310	197,310
Capital reserves	934,421	923,193
Other comprehensive income	(1)	71
Surplus reserves	130,931	130,931
Undistributed profits	(121,797)	(36,546)
<b>Total equity attributable to shareholders of the Company</b>	<b>1,140,864</b>	<b>1,214,959</b>
Non-controlling interest	59,710	45,290
<b>Total shareholders' equity</b>	<b>1,200,574</b>	<b>1,260,249</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,395,384</b>	<b>1,500,835</b>
<b>Net current assets</b>	<b>771,096</b>	<b>835,385</b>
<b>Total assets less current liabilities</b>	<b>1,238,924</b>	<b>1,264,763</b>

## **BASIS OF PREPARATION**

The Group's financial statements for the year ended 31 December 2017 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 "Principal accounting policies and accounting estimates" in the annual report of the Group for the year of 2017.

## **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 2017 and their consolidated operating results, consolidated cash flows and other relevant information for the year then ended.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Total operating revenue, operating costs

#### (1) Principal operations – by business

Item	For the year ended 31 December 2017		For the year ended 31 December 2016	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Advertising	173,263	150,027	211,053	161,814
Printing	8,934	7,431	11,368	12,719
Trading of print-related materials	189,991	177,287	172,707	162,626
Distribution	1,989	2,731	2,145	3,281
Technical service	37,630	36,165	25,231	22,982
<b>Total</b>	<b>411,807</b>	<b>373,641</b>	<b>422,504</b>	<b>363,422</b>

(2) For the year ended 31 December 2017, the sum of operating revenue from the top five customers is RMB105,654 thousand representing 24.76% of total operating revenue.

### 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.
Technical services:	Provision of network technical support and maintenance service for online gaming.

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

**1. For the year ended 31 December 2017**

Item	Advertising	Printing	Trading of print-related material	Distribution	Technical services	Unallocated amount	Elimination	Total
Total operating revenue	187,037	24,822	215,718	1,989	37,630	16,531	(57,019)	426,708
Including: Revenue from external transactions	173,263	8,934	189,991	1,989	37,630	14,901	–	426,708
Revenue 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	37,072	19,147	(52,072)	548,529
Impact due to changes in fair value	–	–	–	–	–	46,291	–	46,291
Investment income	–	–	–	–	–	(20,648)	–	(20,648)
Gain on disposal of asset	–	–	–	–	–	245	–	245
Other income	–	–	–	–	–	195	–	195
Operating profit (loss)	(115,400)	989	1,776	(2,181)	558	23,467	(4,947)	(95,738)
Net non-operating income and expenses	(483)	(15)	(135)	–	4	–	–	(629)
Total profit	(115,883)	974	1,641	(2,181)	562	23,467	(4,947)	(96,367)
Income tax expenses	(1,776)	80	697	–	155	4,054	–	3,210
Net profit	(114,107)	894	944	(2,181)	407	19,413	(4,947)	(99,577)
Total assets	886,922	15,261	132,626	3,956	32,399	644,500	(320,280)	1,395,384
Total liabilities	153,613	7,539	65,519	1,546	428	21,502	(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	–	–	–	–	–	–	–	–



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

**2. For the year ended 31 December 2016**

Item	Advertising	Printing	Trading of print-related material	Distribution	Technical services	Unallocated amount	Elimination	Total
Total operating revenue	244,610	30,886	197,815	2,145	25,231	62,240	(79,621)	483,306
Including: Revenue from external transactions	211,053	11,368	172,707	2,145	25,231	60,802	–	483,306
Revenue from intra-segment transactions	33,557	19,518	25,108	–	–	1,438	(79,621)	–
Total operating costs	360,108	34,084	199,119	4,414	24,759	46,536	(67,621)	601,399
Impact due to changes in fair value	–	–	–	–	–	21,121	–	21,121
Investment income	–	–	–	–	–	23,608	–	23,608
Gain on disposal of assets	–	–	–	–	–	136	–	136
Operating profit (loss)	(115,498)	(3,198)	(1,304)	(2,269)	472	60,569	(12,000)	(73,228)
Net non-operating income and expenses	3,287	21	131	6	4	(145)	–	3,304
Total profit	(112,211)	(3,177)	(1,173)	(2,263)	476	60,424	(12,000)	(69,924)
Income tax expenses	3,262	(359)	(2,208)	–	131	124	–	950
Net profit	(115,473)	(2,818)	1,035	(2,263)	345	60,300	(12,000)	(70,874)
Total assets	980,865	26,208	160,995	1,514	13,872	633,046	(315,665)	1,500,835
Total liabilities	161,765	18,115	111,301	1,817	3,072	20,185	(75,669)	240,586
Supplementary information								
Depreciation and amortization expenses	5,661	109	670	99	528	97	–	7,164
Capital expenditure	2,022	9	55	12	259	–	–	2,357
Impairment of assets	44,231	559	3,435	5	–	380	12,000	60,610
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 2017	For the year ended 31 December 2016
Interest expenses – on bank loans fully repayable within 5 years	1,073	1,278
Less: Interest income	2,613	4,874
Add: Exchange loss	–	3
Less: Exchange gain	13	–
Add: Other expenses	1,309	150
<b>Total</b>	<b>(244)</b>	<b>(3,443)</b>

### 4. Gain on investment

Item	For the year ended 31 December 2017	For the year ended 31 December 2016
Share of profit of associates	(2,181)	(17,017)
Gain on disposal of interests in an associate	2,100	40,281
Other investment income:		
Other investment income ( <i>Note</i> )	(20,567)	344
Sub-total of other investment income	(20,567)	344
<b>Total</b>	<b>(20,648)</b>	<b>23,608</b>

*Note:* Other investment income mainly include investment gains and performance compensation resulted from Heqing Media's failing to meet the business commitment.

### 5. Non-operating income

Item	For the year ended 31 December 2017	For the year ended 31 December 2016
Government grants	–	3,139
Compensation benefit	3	158
Others	93	50
<b>Total</b>	<b>96</b>	<b>3,347</b>

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 2017	For the year ended 31 December 2016
Loss on disposal of fixed assets	184	15
Public donations expenses	500	—
Compensation and late payment charges	40	8
Others	1	20
<b>Total</b>	<b>725</b>	<b>43</b>

## 7. Income tax expenses

### (1) Income tax expenses

Item	For the year ended 31 December 2017	For the year ended 31 December 2016
Current income tax expenses	1,940	424
Deferred income tax expenses	1,270	526
<b>Total</b>	<b>3,210</b>	<b>950</b>

### (2) Current tax expenses

Item	For the year ended 31 December 2017	For the year ended 31 December 2016
Current income tax – PRC	2,226	1,673
Under-provision in prior years – PRC	(286)	(1,249)
<b>Total</b>	<b>1,940</b>	<b>424</b>

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 2017	For the year ended 31 December 2016
Total profit	(96,367)	(69,924)
Income tax calculated at the applicable tax rate of 25%	(24,092)	(17,481)
Tax effect of non-taxable income	(7,746)	–
Tax effect of non-deductible expenses	2,447	3,701
Tax effect of losses in current year	30,970	16,049
Utilisation of previously unrecognized tax losses	1,917	(70)
Underprovision in prior years	(286)	(1,249)
<b>Total</b>	<b>3,210</b>	<b>950</b>

*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 CaiShui[2014] No.2907), the Company is exempted from EIT from 1 January 2014 to 31 December 2018.

8. Earnings per share

Item	For the year ended 31 December 2017	For the year ended 31 December 2016
Net profit attributable to shareholders of the Company	(85,251)	(58,838)
Weighted average number of issued ordinary shares ( <i>thousand shares</i> )	197,310	197,310
<b>Earnings per share (RMB)</b>	<b>(0.43)</b>	<b>(0.30)</b>

Diluted earnings per share and basic earnings per share for the two years ended 31 December 2016 and 31 December 2017 were the same, as no diluting events existed for both years.

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

## 9. Dividends

- (1) The directors did not propose any final dividends for 2017.
- (2) For the period, the Company did not recognize any profits as dividends to be distributed.

## 10. Accounts receivable

<b>Item</b>	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
Accounts receivable	415,870	508,760
Less: Provision for bad debts	<u>114,638</u>	<u>86,715</u>
Net accounts receivable	<u><b>301,232</b></u>	<u><b>422,045</b></u>
For reporting purpose, analysis as:		
Non-current assets – long-term receivables	–	–
Current assets – accounts receivable	<u>301,232</u>	<u>422,045</u>
<b>Total</b>	<u><b>301,232</b></u>	<u><b>422,045</b></u>

## 11. Other receivables

<b>Item</b>	<b>As at 31 December 2017</b>	<b>As at 31 December 2016</b>
Other receivables	210,448	314,032
Less: Provision for bad debts	<u>37,501</u>	<u>2,735</u>
Net other receivables	<u><b>172,947</b></u>	<u><b>311,297</b></u>

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

## 12. Financial assets available-for-sale

### (1) Details of financial assets available-for-sale

Item	As at 31 December 2017			As at 31 December 2016		
	Carrying amount	Provision for impairment	Carrying value	Carrying amount	Provision for impairment	Carrying value
Available-for-sale equity instrument	165,965	5,069	160,896	170,815	5,069	165,746
Measured at cost	165,965	5,069	160,896	170,815	5,069	165,746
<b>Total</b>	<b>165,965</b>	<b>5,069</b>	<b>160,896</b>	<b>170,815</b>	<b>5,069</b>	<b>165,746</b>

### (2) Financial assets available-for-sale are analyzed as follows:

Type	As at 31 December 2017	As at 31 December 2016
Unlisted equity investments, China	165,965	170,815
Provision for impairment of unlisted equity investments	5,069	5,069
<b>Total</b>	<b>160,896</b>	<b>165,746</b>

The unlisted equity investment and equity investment fund held by the Group have no quoted price in active market and their fair value can not be reliably measured, therefore, they were only measured at cost.

## **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 revenue for 2017 was RMB426,708 thousand, representing a 11.71% decrease compared with 2016 (2016: RMB483,306 thousand). Net loss attributable to shareholders of the Company for 2017 was RMB85,251 thousand (2016: RMB58,838 thousand).

In 2017, a new round of real estate regulation and pollution governance and emissions reduction policies strengthened control over the real estate and automotive industries, and development of print media was impacted by the rapid development of the internet economy, which affected the Group's results. To cope with the market situation, the Group took the following steps under its top-layer design plan:

#### ***I. Implementing top-layer design and optimizing industrial structure***

Following its top-layer arrangement plan, the Group streamlined its eight subsidiaries and associates and optimized the industrial structure:

1. On 14 March 2017, the Group disposed of 20% equity interests in Beijing Lingshi Technology Co. Ltd. at a premium through public bidding process at total consideration of RMB 2,100 thousand, upon completion of which the Company ceased to hold any shares thereof.
2. After negotiation, the investors have made clear intention to acquire all the equity interests in five subsidiaries and associates of the Group. The disposals will be completed gradually pending the related regulatory procedure and internal approval process.
3. Meanwhile the Company has reached preliminary agreement with shareholders of two non-core business associates of the Group on the liquidation matters.

#### ***II. Strengthening the Group's management team and improving its operations and management***

Since 2017, the Group has been planning to enhance competitiveness by strengthening its management team through improving professional and management skills. Upon the approval at the 15th meeting of the 6th session of the Board on 17 January 2018, Mr Li Xiaobing was appointed as president of the Company.

### ***III. Developing new media products and further improving the integration of new media with traditional media***

In 2017, the Group developed and launched “Beijing Headline” and “Chongqing Headline” apps and established a new media platform integrating these apps with the WeChat Matrix Platform, which advanced resource sharing, inter-connection and formed a joint force between new and traditional media.

#### **Advertising Business**

During 2017, revenue from the Group’s advertising business was RMB173,263 thousand (RMB211,053 thousand for the corresponding period in 2016), representing a year-on-year decrease of 17.91%.

Advertising in the real estate sector was still the leading advertising business of the Company, with advertising placement by the automotive industry also accounting for a considerable proportion of the total advertising placement volume. According to third party market monitoring data, in 2017 the Company’s advertising placement volume in the real estate industries maintained its leading position among other major Beijing metropolitan newspapers. The Company’s advertising placement volume in other industries such as finance and insurance, cosmetics and hygiene and media publication also remained in a similar leading position.

According third party market monitoring data, the total advertising placement volume in the real estate and automotive industries in printed Beijing metropolitan newspapers in 2017 represented a year-on-year decrease. As a result, the Company’s advertising revenue from the real estate and automotive industries recorded a decrease in 2017. Advertising revenue from other industries also decreased to various extents. However, advertising revenue from home appliances, finance and insurance and food and beverage continued to increase.

In 2017, the Group took the following operational measures:

- I. New product development. In June 2017, the Group launched an app called “Beijing Headline”. As of 31 December 2017, the total number of downloads of the app was 1,300,000, with a maximum 60,000 daily active users, making “Beijing Headline” a comparatively influential new media. In March 2017 another app called “Chongqing Headline” was launched. By leveraging the two apps, the Group was able to tailor new digital marketing models for its traditional customers. At the same time, according to data analysis and by relying on the Group’s marketing, integrating and planning capability, the business platforms of traditional and new media will be opened to expand new customer resources.



- II. Direct sales system. Affected by policies, in the past the Group had implemented an “agent system” for its advertisement business, entrusting agent companies to undertake advertising. In recent years, and especially in 2017, the Group has comprehensively implemented a direct sales system entailing direct communication with advertising clients. In 2017, a range of marketing and promotional activities were held under the direct sales system. For example, the Company cooperated with factories in northern China of BYD Company Limited to organize “Jingchenghuanlesong” online/offline activities, and provided comprehensive online/offline solutions for the second-hand car market in Huaxiang. The implementation of direct sales aims to cut down intermediate links and reduce costs.
- III. Gathering professional talents. The Group set up real estate and automotive workshops to conduct professional marketing with professional teams.

In 2017, the Company adhered to the principle of quality content and continued to explore diversified investment in films and television. The Company intensively developed film and television projects carrying forward value to society, such as the historical drama Grain Field Under the Sun (《天下糧田》), which was broadcast by CCTV1 during prime time at the end of 2017, which achieved a satisfactory audience share and received good feedback. The Company also participated in the fast-growing medium of online film and television in cooperation with mainstream online platforms. In May 2017, the Company president’s office approved investment in Cover the Sky (《素手遮天》), an online drama which is currently in post-production and scheduled to be shown on Tencent Video in the first half of 2018. Interests of scripting of film and television another project being made with Group participation is the television program Setting Sail (《啟航》) (originally Heart of Ice (《破冰》)). Currently at the scripting stage, the program will reflect conditions of today’s urban industrial upgrading.

### **Results of major subsidiaries in the Group**

Beiqing CéCi is a 84.69%-owned subsidiary of the Company. In 2017, it focused on the advertising business agency in CéCi (《茜茜姐妹CéCi》), a premium women’s fashion magazine distributed across over 40 major cities in China including Hong Kong. Through over nine years of marketing, CéCi has been a favorite of urban white-collar women, with a solid sales record since its launch. In 2017, Beiqing CéCi effectively promoted its brand image and corporate influence through popular stars and fashion trends; planned innovative special reports and offline activities to obtain more advertising placement volume; proactively developed the service model of online media (website, Weibo and WeChat), and the number of its subscribers has effectively increased through website and WeChat subscription.

Beiqing Community Media is a 52.661%-owned subsidiary of the Company. In 2017, Beiqing Community Media was dedicated to creating the largest community service platform in China integrating online and offline services. At present it owns a number of Beiqing Community Daily (《北青社區報》) and 32 WeChat public accounts, one “OK Home” app, and several community relay stations. By building a three-in-one business model, it realizes direct contact with residents online and offline. The 32 WeChat public accounts, operated as an auxiliary channel for the “OK Home” app, promote related information and activities. With over 700 thousand of official WeChat fans currently, the WeChat accounts have effectively increased the advertising placement. Additionally, while operating its own WeChat platform, Beiqing Community Media also assisted government departments in operating 18 WeChat public accounts and app projects, cooperated with governmental departments and communities to publish 20 newspapers or periodicals, undertook a number of government and community cooperation activities. By these means, it received a greater volume of social feedback and thus effectively expanded influence of corporate brands by government resources. Furthermore, in 2017, Beiqing Community Media launched a full set of marketing solutions on “advertising+ online promotion + offline activities + product distribution” to create key innovative projects relating to real estate, stadium operation, travel cooperation, OK Home annual tickets and online mall to gradually realize corporatization at the organization and management level, adopting market-oriented approach in business operations and professional approach in project execution.

With the development of Beiqing Community Daily, the continuous accumulation of online and offline resources, and sound capital operation, Beiqing Community Media is gradually developing the classified channel of plain media. On 24 August 2017, the Company and Chongqing Huilin Equity Fund (Limited Partnership) made capital injection in Beiqing Community Media by cash in the amounts of RMB20 million and RMB40 million respectively. Upon this increase of capital, the Company’s shareholding in Beiqing Community Media decreased from 54.37% to 52.661%. In addition, in 2017, Beiqing Community Media established a wholly-owned tourism subsidiary, Beiqing Community Travel (Beijing) Co., Ltd. focusing on tourism business and a wholly-owned trade subsidiary, Beijing Beiqing Community Trade Co., Ltd. (北京北青社區商貿有限公司) focusing on trade business to further expand their respective community business.

Chongqing Media is a 60%-owned subsidiary of the Company. In 2017, it continued to promote the transformation of its media. It successfully built a business structure comprising all forms of media which include newspaper, website, WeChat, Weibo, APP etc., with focus on the development of “Chongqing Headlines” (重慶頭條) App, to further promote transformation. It achieved a comprehensive upgrade of its business through promotion of online and offline activities and the integrated marketing of combinations of products. Chongqing Media is striving to realize a profit as soon as possible.

BYD Logistics is a 92.84%-owned subsidiary of the Company, principally engaged in printing and trading business of printing-related materials. In 2017, operating revenue was RMB240,625 thousand, representing an increase of 5.17% compared with the same period of last year. Profits were RMB2,226 thousand, representing an increase of 87.60% compared with the same period of last year. In 2017, as revenue from the printing business decreased due to a continued decline in the industry market, BYD Logistics grasped the consequent opportunities such as a supply shortage in the paper market. Prior to the surge in paper price, it increased its paper inventory via numerous channels and purchased a large quantity of imported paper priced much lower than the domestic level. This not only ensured a stable cost for its own printing paper, but also effectively increased sales in the printing materials trading business. In 2017, operating revenue of BYD Logistics from related materials trading business of printing materials was RMB189,991 thousand, representing a 10.01% increase compared with the same period of 2016.

### **Prospects and future plans**

In 2018, the Group will continue to improve cost control measures;

In 2018, the Group will continue to optimize its industrial and product structure, and make rational use of resources to increase efficiency.

In 2018, the Group will continue to strengthen its operations and management, improve its operational quality, and enhance its competitiveness;

In 2018, with the existing businesses remaining at the core, the Group will actively expand into new businesses, cultivate new profit growth drivers, and persistently consolidate and leverage on its relationship with 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.

## **FINANCIAL POSITION AND OPERATIONAL RESULTS**

### **1. Total Operating Revenue**

Total operating revenue of the Group for 2017 was RMB426,708 thousand (2016: RMB483,306 thousand), representing a decrease of 11.71% as compared with 2016. Of which, revenue from advertising sales was RMB173,263 thousand (2016: RMB211,053 thousand), representing a decrease of 17.91% as compared with 2016; revenue from printing was RMB8,934 thousand (2016: RMB11,368 thousand), representing a decrease of 21.41% as compared with 2016; and revenue from trading of print-related materials was RMB189,991 thousand (2016: RMB172,707 thousand), representing an increase of 10.01% as compared with 2016.

## **2. Operating Cost and Sales Tax and Surcharges**

Operating cost of the Group for 2017 was RMB378,758 thousand (2016: RMB409,320 thousand), representing a decrease of 7.47% as compared with 2016. Of which, cost of advertising sales was RMB150,027 thousand (2016: RMB161,814 thousand), representing a decrease of 7.28% as compared with 2016; cost of printing was RMB7,431 thousand (2016: RMB12,719 thousand), representing a decrease of 41.58% as compared with 2016; and cost of trading of print-related materials was RMB177,287 thousand (2016: RMB162,626 thousand), representing an increase of 9.02% as compared with 2016. Tax and surcharges were RMB6,685 thousand (2016: RMB8,155 thousand), representing a decrease of 18.03% as compared with 2016.

## **3. Gross Profit**

Gross profit of the Group for 2017 was RMB47,950 thousand (2016: RMB73,986 thousand), representing a decrease of 35.19% as compared with 2016; gross profit margin of the Group for 2017 was 11.24% (2016: 15.31%).

## **4. Selling Expenses**

Selling Expenses of the Group for 2017 was RMB49,209 thousand (2016: RMB64,592 thousand), representing a decrease of 23.82% as compared with 2016.

## **5. Administrative Expenses**

Administrative expenses of the Group for 2017 was RMB45,299 thousand (2016: RMB62,165 thousand), representing a decrease of 27.13% as compared with 2016.

## **6. Financial Expenses**

Financial expenses of the Group for 2017 was RMB-244 thousand (2016: RMB-3,443 thousand), representing a decrease of 92.91% in absolute value as compared with 2016. Of which, interest income was RMB2,613 thousand (2016: RMB4,874 thousand), representing a decrease of 46.39% as compared with 2016; and foreign exchange gain was RMB13 thousand (foreign exchange loss for 2016: RMB3 thousand).

## **7. Share of Loss of Associates**

Share of loss of associates of the Group for 2017 was RMB2,181 thousand (2016: RMB17,017 thousand), representing a decrease of 87.18% as compared with 2016.

## **8. Operating Profit**

Operating profit of the Group for 2017 was RMB-95,738 thousand (2016: RMB-73,228 thousand), representing a decrease of 30.74% as compared with 2016.

## **9. Income Tax Expenses**

Income tax expenses of the Group for 2017 was RMB3,210 thousand (2016: RMB950 thousand), representing an increase of 237.89% in absolute value as compared with 2016. 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) (《北京市財政局、北京市國家稅務局、北京市地方稅務局、中國共產黨北京市委員會宣傳部轉發財政部、國家稅務總局、中宣部關於繼續實施文化體制改革中經營性文化事業單位轉制為企業若干稅收政策的通知》(京財稅[2014]2907號)), the Company will continue to enjoy preferential enterprise income tax exemption during the period from 1 January 2014 to 31 December 2018.

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

Net loss of the Group for 2017 was RMB99,577 thousand (2016: net loss of RMB70,874 thousand). Of which, net loss attributable to shareholders of the Company was RMB85,251 thousand (2016: net loss attributable to shareholders of the Company RMB58,838 thousand).

## **11. Final Dividend**

The Board did not propose a final dividend for the year 2017 (2016: Nil).

## **12. Net Current Assets**

As at 31 December 2017, net current assets of the Group was RMB771,096 thousand (31 December 2016: RMB835,385 thousand). Current assets mainly comprised bank balances and cash of RMB363,820 thousand (31 December 2016: RMB214,527 thousand), accounts receivable of RMB301,232 thousand (31 December 2016: RMB422,045 thousand), prepayments of RMB8,886 thousand (31 December 2016: RMB54,446 thousand), interest receivable of RMB421 thousand (31 December 2016: RMB182 thousand), other receivables of RMB172,947 thousand (31 December 2016: RMB311,297thousand), inventories of RMB36,288 thousand (31 December 2016: RMB28,117 thousand), non-current assets due within one year was Nil (31 December 2016: RMB1,060 thousand), and other current assets was RMB42,296 thousand (31 December 2016: RMB39,783 thousand). Current liabilities mainly comprised notes payable of RMB31,970 thousand (31 December 2016: RMB51,188 thousand), accounts payable of RMB30,109 thousand (31 December 2016: RMB78,916 thousand), receipts in advance of RMB30,067 thousand (31 December 2016: RMB39,031 thousand), employee benefit payables of RMB8,060 thousand (31 December 2016: RMB8,882 thousand), interest payables was Nil (31 December 2016: RMB25 thousand), tax payables of RMB5,049 thousand (31 December 2016: RMB5,730 thousand), other payables of RMB50,129 thousand (31 December 2016: RMB45,191 thousand), non-current liabilities due within one year was Nil (31 December 2016: RMB5,500 thousand), and other current liabilities of RMB1,076 thousand (31 December 2016: RMB1,609 thousand).

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

## FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2017, current assets of the Group was RMB927,556 thousand (31 December 2016: RMB1,071,457 thousand), including bank balances and cash of RMB363,820 thousand (31 December 2016: RMB214,527 thousand) and non-current assets was RMB467,828 thousand (31 December 2016: RMB429,378 thousand).

As at 31 December 2017, current liabilities of the Group was RMB156,460 thousand (31 December 2016: RMB236,072 thousand) and non-current liabilities was RMB38,350 thousand (31 December 2016: RMB4,514 thousand).

As at 31 December 2017, shareholders' equity of the Group was RMB1,200,574 thousand (31 December 2016: RMB1,260,249 thousand).

## GEARING RATIO

As at 31 December 2017, gearing ratio of the Group was 16.23% (31 December 2016: 19.09%) (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 2017, bank loans of the Group was RMB30,000 thousand (31 December 2016: RMB5,500 thousand). The currency unit of cash and cash equivalent held by the Group was Renminbi.

## FINANCING COST

Financing cost of the Group for 2017 was RMB1,073 thousand (2016: RMB1,278 thousand).

## FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2017	2016	2015	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total operating revenue	<b>426,708</b>	483,306	509,257	680,769	667,428
Net profit	<b>(99,577)</b>	(70,874)	(54,478)	4,896	17,273
Net profit attributable to shareholders of the Company	<b>(85,251)</b>	(58,838)	(45,372)	10,506	20,377
Earnings per share					
– basic and diluted ( <i>RMB</i> )	<b><u>(0.43)</u></b>	<b><u>(0.30)</u></b>	<b><u>(0.23)</u></b>	<b><u>0.05</u></b>	<b><u>0.10</u></b>



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

	As at 31 December				
	2017	2016	2015	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	1,395,384	1,500,835	1,554,421	1,595,590	1,612,519
Total liabilities	194,810	240,586	231,776	284,622	279,005
Total equity attributable to shareholders of the Company	1,140,864	1,214,959	1,265,345	1,281,732	1,302,238
Shareholders' equity per share as at the end of the year (RMB)	<u>5.78</u>	<u>6.16</u>	<u>6.41</u>	<u>6.50</u>	<u>6.60</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 2017)

	Number of shares	% of total share capital (%)
<b>Holders of domestic shares</b>		
– BYDA	124,839,974	63.27
– Beijing Zhijin Science and Technology Investment Co., Ltd.	7,367,000	3.73
– China Telecommunication Broadcast Satellite Co., Ltd.	4,263,117	2.16
– Beijing Development Area Ltd.	2,986,109	1.52
– Sino Television Co., Ltd	2,952,800	1.50
Domestic Shares (subtotal)	142,409,000	72.18
H Shares (Note)	54,901,000	27.82
<b>Total share capital</b>	<u>197,310,000</u>	<u>100</u>

Note: Including 19,533,000 outstanding H Shares held by Mr. Jia Yueting through 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 2017 was RMB7,719 thousand (2016: RMB2,357 thousand). Capital expenditures of the Group for 2017 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 2017, 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**

On 24 August 2017, the Company and Chongqing Huilin entered into Capital Increase Agreement with Beiqing Community Media, pursuant to which, the Company agreed to inject RMB20 million in cash and Chongqing Huilin agreed to inject RMB40 million in cash to Beiqing Community Media. Upon completion of the Capital Increase, the Company's equity interest in Beiqing Community Media diluted from 54.37% to 52.661%. The proceeds funded from the Capital Increase is proposed to be mainly utilized by Beiqing Community Media to deeply explore and develop the types of community life related products and services so as to achieve horizontal cross regional business expansion. Please refer to the announcement of the Company dated 24 August 2017 for details.

Save as disclosed above, the Group had no other 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 2017, 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 2017, 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 2017, 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 2017, 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. During the year 2017, 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 2017 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 2017.

### **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 2017.

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

During the year ended 31 December 2017, 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 2017.

### **CLOSURE OF REGISTER OF MEMBERS**

The Company intends to hold the 2017 annual general meeting of the Company (“AGM”) at the 2104 meeting room of Beijing Youth Daily Agency Building at 2:30 p.m. on Thursday, 28 June 2018. The register of members of the Company will be closed from Tuesday, 29 May 2018 to Thursday, 28 June 2018 (both days inclusive). In order to qualify to attend the AGM and to vote at the meeting, all instruments of transfer of the holders of H Shares must be lodged at the H Share registrar of the Company at Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 28 May 2018. Shareholders whose names appear on the register of members of the Company on Tuesday, 29 May 2018 shall be entitled to attend the AGM.

## **PUBLICATION OF THE RESULT ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement will be published on the Company's website ([www.bjmedia.com.cn](http://www.bjmedia.com.cn)) and the website of Hong Kong Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)). The 2017 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**  
**Zhang Yanping**  
*Chairman*

Beijing, the PRC, 29 March 2018

*As at the date of this announcement, the Board comprises: the executive Directors, Zhang Yanping, Yang wenjian, Peng Liang and Shang Da; the non-executive Directors, Zang Furong, Wu Bin, Xu Xun and Liu Hong; 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 Huilin”	Chongqing Huilin Equity Fund (Limited Partnership) (重慶慧林股權投資基金合夥企業（有限合夥）), a limited partnership enterprise incorporated under the laws of the PRC
“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 2017
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	The shareholder(s) of the Company
“Supervisor(s)”	The supervisor(s) of the Company