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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 2016

FINANCIAL HIGHLIGHTS:

1. Total operating revenue decreased by 24.92% to RMB208,262 thousand (corresponding period of 2015: RMB277,387 thousand).
2. Loss attributable to shareholders of the Company was RMB16,162 thousand (net profit attributable to shareholders of the Company in the corresponding period of 2015: RMB6,462 thousand).
3. Earnings per share was RMB-0.08 (corresponding period of 2015: RMB0.03).

The board of directors (the “**Board**”) 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 2016 (the “**First Half of 2016**”) and the comparative results of the Group for the corresponding period in 2015.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

RMB'000

Item	Notes	For the six months ended 30 June	
		2016	2015
Total operating revenue	<i>1</i>	208,262	277,387
Total operating costs		262,964	280,750
Operating costs	<i>1</i>	190,525	209,351
Sales tax and surcharges		4,309	4,249
Selling expenses		34,971	34,354
Administrative expenses		32,120	29,491
Financial expenses	<i>2</i>	(2,101)	(1,938)
Impairment loss of assets		3,140	5,243
Gain on the changes in fair value		197	8,258
Share of loss of associates	<i>3</i>	(24,178)	(3,534)
Other investment gains	<i>3</i>	48,237	1,229
Operating profit		(30,446)	2,590
Add: non-operating income		194	19
Less: non-operating expenses		31	69
Total profit		(30,283)	2,540
Less: Income tax expenses	<i>4</i>	(2,589)	2,341

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

RMB'000

Item	Notes	For the six months ended 30 June	
		2016	2015
Net profit		(27,694)	199
Net profit attributable to:			
Shareholders of the Company		(16,162)	6,462
Non-controlling shareholders		(11,532)	(6,263)
Other net comprehensive income after tax		22	—
Other net comprehensive income after tax			
attributable to Shareholders of the Company		13	—
Including: other comprehensive income subsequently reclassified into profit or loss		13	—
Including: exchange differences from retranslation of financial statements		13	—
Other net comprehensive income after tax		9	—
Total comprehensive income		(27,672)	199
Total comprehensive income attributable to:			
Shareholders of the Company		(16,149)	6,462
Non-controlling shareholders		(11,523)	(6,263)
Earnings per share			
Basic earnings per share (RMB per share)	5	(0.08)	0.03
Diluted earnings per share (RMB per share)	5	(0.08)	0.03
Dividends	6	—	19,731

CONSOLIDATED BALANCE SHEET (UNAUDITED)

RMB'000

Item	<i>Notes</i>	As at 30 June 2016	As at 31 December 2015
Current assets:			
Bank balances and cash		249,716	349,953
Notes receivable		60	—
Accounts receivable	7	406,031	409,792
Prepayments		81,205	59,869
Interest receivable		762	1,212
Other receivables	8	307,969	134,274
Inventories		33,177	35,963
Non-current assets due within one year		4,408	1,760
Other current assets		23,231	23,040
Total current assets		1,106,559	1,015,863
Non-current assets:			
Financial assets available-for-sale		165,746	165,746
Long-term equity investment	9	4,986	145,953
Investment properties		56,664	56,466
Fixed assets		9,971	10,473
Intangible assets		35,795	36,320
Goodwill		47,377	47,377
Long-term prepaid expenses		936	1,446
Deferred income tax assets		16,217	15,687
Other non-current assets		26,090	59,090
Total non-current assets		363,782	538,558
Total assets		1,470,341	1,554,421

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

RMB'000

Item	Notes	As at 30 June 2016	As at 31 December 2015
Current liabilities:			
Notes payable		29,303	35,114
Accounts payable	10	50,551	75,333
Receipts in advance		38,699	37,524
Employee benefit payables		7,993	6,776
Tax payables		(20,284)	(9,019)
Interest payables		13	25
Dividend payable		—	—
Other payables		55,647	67,077
Non-current liabilities due within one year		6,500	6,500
Other current liabilities		2,432	2,432
Total current liabilities		170,854	221,762
Non-current liabilities:			
Long-term loans		—	5,500
Deferred income tax liabilities		4,514	4,514
Total non-current liabilities		4,514	10,014
Total liabilities		175,368	231,776
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		914,781	936,475
Other comprehensive income		44	31
Surplus reserves		130,931	130,931
Undistributed profits		6,130	598
Total equity attributable to shareholders of the Company		1,249,196	1,265,345
Non-controlling interests		45,777	57,300
Total shareholders' equity		1,294,973	1,322,645
Total liabilities and shareholders' equity		1,470,341	1,554,421
Net current assets		935,705	794,101
Total assets less current liabilities		1,299,487	1,332,659

BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements for the six months ended 30 June 2016 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the People's Republic of China ("MOF"), including adoption of nine revised and new basic and specific standards issued by MOF ("New PRC Accounting Standards") and other relevant regulations issued by MOF ("PRC Accounting Standards") in 2014 financial year and disclosed in accordance with 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 "Significant accounting policies and accounting estimates and basis of preparation of consolidated financial statements".

CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECT

There were no changes in accounting policies during the period.

STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the PRC Accounting Standards, and present truly and completely the consolidated financial position as at 30 June 2016 and their consolidated operating results, consolidated cash flows and other relevant information for the six months then ended 30 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING REVENUE AND OPERATING COSTS

Item	For the six months ended 30 June	
	2016	2015
Principal operating revenue	166,455	269,949
Other operating revenue	41,807	7,438
Total operating revenue	208,262	277,387
Principal operating costs	153,989	206,346
Other operating costs	36,536	3,005
Total operating costs	190,525	209,351
Gross profit	17,737	68,036

Total operating revenue, 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 external customers, less trade discounts during the current period.

(1) Principal operations – by business segment

Item	For the six months ended 30 June			
	2016		2015	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Advertising	91,436	77,496	143,093	85,008
Printing	5,215	6,950	7,858	8,690
Trading of print-related materials	61,846	56,987	114,446	108,262
Distribution	1,049	1,712	2,204	2,618
Technical services	6,909	10,844	–	605
Consultation services	–	–	2,348	1,163
Total	166,455	153,989	269,949	206,346

- (2) The sum of operating revenue from the top five customers is RMB31,452 thousand representing 15.10% of principal operating revenue for the six months ended 30 June 2016.
- (3) Other operating revenue mainly includes revenue from film investment project of RMB32,784 thousand, property rental income of RMB4,949 thousand and venue rental income of RMB2,892 thousand.

2. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2016	2015
Interest expenses – on bank loans wholly repayable within 5 years	743	1,179
Less: Interest income	2,909	3,729
Add: Exchange loss (gains)	(35)	–
Add: Other expenses	100	612
	<hr/>	<hr/>
Total	(2,101)	(1,938)
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3. INVESTMENT INCOME

Item	For the six months ended 30 June	
	2016	2015
Share of loss of associates	(24,178)	(3,534)
Other investment income:		
Gain on disposal of interests in an associate (<i>Note</i>)	48,237	–
Other investment income	–	1,229
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Sub-total of other investment income	48,237	1,229
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Total	24,059	(2,305)
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Note: On 11 April 2016, the Company entered into an equity transfer agreement with Beijing Trans-media Co., Ltd. (“Trans-media”) that the Company has agreed to sell and Trans-media has agreed to purchase the Company’s 36.12% equity interest in Beijing Transmedia Co., Ltd. (“BQTM”) for cash consideration of RMB168,000 thousand. The aforesaid agreement was approved on the annual general meeting of the Company held on 30 June 2016. Upon the completion of the aforesaid equity transfer, the Company will cease to hold any equity interest in BQTM. Consequently, the Company has made a gain on disposal of interest in an associate for RMB48,237 thousand arising from the aforesaid equity transfer.

4. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2016	2015
Current income tax expenses	(2,059)	281
Deferred income tax expenses	(530)	2,060
	<hr/>	<hr/>
Total	(2,589)	2,341
	<hr/> <hr/>	<hr/> <hr/>

(2) Current income tax expenses

Item	For the six months ended 30 June	
	2016	2015
Current income tax – PRC	3	–
Under-provision in prior years – PRC	(2,062)	281
Total	(2,059)	281

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

5. EARNINGS PER SHARE

Item	For the six months ended 30 June	
	2016	2015
Net profit for the half-year attributable to the shareholders of the Company	(16,162)	6,462
Weighted average number of ordinary shares in issue ('000 shares)	197,310	197,310
Earnings per share (RMB)	(0.08)	0.03

The basic earnings and diluted earnings per share for the six months ended 30 June 2015 and 2016 are the same as there was no dilution incurred during the periods.

6. DIVIDENDS

- (1) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).
- (2) For the period, the Company recognized the profits distributed as dividends as follows:

Item	For the six months ended 30 June	
	2016	2015
Final dividend for the financial year ended 31 December 2015 (2015: 2014 final dividend of RMB0.10 per share) (Note)	–	19,731
Total	–	19,731

Note: H share individual shareholders on the register of shareholders of the Company on 29 June 2015 have been withheld 10% individual income tax according to the requirements of the State Taxation Administration upon receiving their final dividends.

7. ACCOUNTS RECEIVABLE

Item	As at 30 June 2016	As at 31 December 2015
Accounts receivable	451,341	452,642
Less: Provision for bad debts	45,310	42,850
Net accounts receivable	406,031	409,792

- (1) 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 2016	As at 31 December 2015
0-90 days	59,353	112,802
91-180 days	22,613	36,193
181-365 days	93,458	53,962
1-2 years	129,083	93,260
Over 2 years	101,524	113,575
Total	406,031	409,792

The Group normally granted credit period of 1 week to 3 months from the date of invoice to its customers (including related parties but excluding certain advertising agents of classified advertisements).

The top five accounts receivable as at 30 June 2016 represented 44.03% of the total accounts receivable.

8. OTHER RECEIVABLES

Item	As at 30 June 2016	As at 31 December 2015
Other receivables	311,494	137,565
Less: Provision for bad debts	3,525	3,291
Net other receivables	307,969	134,274

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

Item	As at 30 June 2016	As at 31 December 2015
Within 1 year	231,298	91,267
1-2 years	39,639	17,885
2-3 years	14,929	23,993
Over 3 years	22,103	1,129
Total	307,969	134,274

9. LONG-TERM EQUITY INVESTMENTS

(1) *Types for long-term equity investments*

Type	As at 30 June 2016	As at 31 December 2015
Investments in associates		
– under equity method	5,432	171,574
Less: provision for impairment for investments in associates	446	25,621
Total	4,986	145,953

(2) Investments in associates

Item	As at 30 June 2016	As at 31 December 2015
Unlisted investments, at cost	47,487	192,532
Share of post-acquisition profit	(42,055)	(21,283)
Share of capital reserves of associates	—	325
Total	5,432	171,574

Note: On 11 April 2016, the Company entered into an equity transfer agreement with Trans-media that the Company has agreed to sell and Trans-media has agreed to purchase the Company's 36.12% equity interest in BQTM for cash consideration of RMB168,000 thousand. The aforesaid agreement was approved on the annual general meeting of the Company held on 30 June 2016. Upon the completion of the aforesaid equity transfer, the Company will cease to hold any equity interest in BQTM.

10. ACCOUNTS PAYABLE

The following is an aging analysis of accounts payable as at 30 June 2016 presented based on the invoice date:

Item	As at 30 June 2016	As at 31 December 2015
0-90 days	27,587	11,849
91-180 days	6,258	17,212
181-365 days	8,658	4,061
Over one year	8,048	42,211
Total	50,551	75,333

The average credit period for purchases of goods is from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

11. SUPPLEMENTARY INFORMATION

Items	For the six months ended 30 June 2016	2015
Net gain on disposal of fixed assets (loss)	106	(62)
Depreciation of fixed assets	1,831	1,719
Amortization of intangible assets	766	736

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, this part of business contributed the largest portion of the turnover of the Group; (2) printing, the turnover of business of this part was mainly generated from the revenue of the printing of publications arranged by BYD Logistics Company Limited (“**BYD Logistics**”); and (3) trading of print-related materials, the business of this part involves the supply and trading of, among other things, newsprint, ink, lubricants, films, PS boards and rubber sheets to customers including commercial printers.

Total operating revenue of the Group for the First Half of 2016 was RMB208,262 thousand (corresponding period of 2015: RMB277,387 thousand), representing a decrease of 24.92% as compared with that for the corresponding period of 2015. Loss attributable to shareholders of the Company was RMB16,162 thousand (net profit attributable to shareholders of the Company in the corresponding period of 2015: RMB6,462 thousand).

In the First Half of 2016, the general macro-economic conditions experienced a continuous downturn and the activeness of real economy activity was low, resulting in a decrease in the placement of print media advertisement in Beijing. According to the market monitoring data provided by third parties, the total advertising placement volume in the market of print media of Beijing metropolitan newspapers decreased by 22.12% as compared with the same period of last year. In addition, as the new business is unable to offset the impacts brought by the existing business during the conversion process between the Company’s new and existing business, the operating income of the Company decreased in the First Half of 2016.

The macro-economic conditions began to improve steadily under a steady and moderately relax policy environment. The Company hopes to accelerate the conversion process between its new and existing business under steadily improved macro-economic conditions in order to minimize the conversion time. The Company mainly adopted the following three strategies:

- Acquire high quality assets and business via capital operations including but not limited to merger and acquisition in order to optimize the operating structure of the Company, improve the results of the Company and accelerate the conversion between the existing and new business;
- Continuously improve a diversified operation system combining online and offline business;
- Continuously promote the development of film investment business.

Advertisement Business

In the First Half of 2016, revenue from advertising business of the Group was RMB91,436 thousand (corresponding period of 2015: RMB143,093 thousand), representing a decrease of 36.10% as compared with that of last year.

The advertising business in real estate industry was still the leading advertising business of the Company, while the advertising placement volume in automobile industry also accounted for a considerable proportion in the total advertising placement volume of the Company. In the First Half of 2016, according to the market monitoring data provided by third parties, the Company's advertising placement volume in real estate industry and automobile industry kept in the leading position compared with other print media of Beijing metropolitan newspapers. Meanwhile, the Company's advertising placement volume in other industries including recruitment and finance and insurance also kept in the leading position compared with other print media of Beijing metropolitan newspapers.

According to the market monitoring data provided by third parties, in the First Half of 2016, the total advertising placement volume of real estate industry and automobile industry in the print media of Beijing metropolitan newspapers decreased as compared with the same period of last year. The Company's income generating from advertising business in real estate industry also decreased, while the Company's income from advertising business in automobile industry increased as compared with the same period of last year.

In the First Half of 2016, the Company strongly cultivated new operation models:

1. Adopted a diversified and multi-level marketing strategy

Firstly, planning and holding of large-scale brand-promoting activities. With extensive experience in holding large-scale activities, the Company integrated the media resources of the Group to actively explore diversified operation and strengthen the exploration of business channel. For instance, the Company and Bird's Nest Business Management Co., Ltd. (鳥巢商業管理有限公司) jointly organized a large-scale comprehensive carnival, namely the "2016 Bird's Nest International Fashion Season" (「2016鳥巢國際風尚季」), which was opened in June 2016 with over 10 thousand visitors and good earnings. "The Wonderful Extraordinary Excellence--Beijing Olympic Review and Outlook and the Launching Ceremony for the Serial Activities of Sports Stars in China", a launching ceremony held jointly with the Bird's Nest Culture Center (鳥巢文化中心) during the period, drew the attention of the mainstream media and effectively enhanced the influence of the Company's brand.

Secondly, provision of customized services. For instance, the Company relied on the platform of Public Welfare Organizing Committee of Chinese Enterprises (中國企業公益事業組織委員會) to provide customized consulting services in relation to public welfare projects to enterprises with the theme of environment, poverty alleviation, children care and care for the disabled, in order to establish the Company's brand of public welfare. As at the First Half of 2016, the Company has directly cooperated with more than 30 world-renowned enterprises on public welfare projects, and established public welfare alliances including the "Green Public Welfare Alliance" (「綠色公益聯盟」) and the "Enterprise Alliance for Protection of the Great Wall" (「長城保護企業聯盟」), which were supported by the relevant government departments. The above-mentioned measures are expected to lead to increases in the Company's advertisement income to a certain extent.

2. *Explored overall advertising service with online and offline combination*

"OK Home" APP is a mobile software for community living service developed by Beiqing Community Media Technology (Beijing) Co., Ltd. ("**Beiqing Community Media**") based on the mobile phone terminal and connected to physical stores. Connecting with 29 community papers across the districts in Beijing and 120 community relay stations which covers 60 living circles in Beijing and serves 5 million residents, "OK Home" APP has become a mobile-end O2O community living information and services platform. The Company integrated the spaces of Beijing Youth Daily with the community resources of "OK Home" APP to provide an all-round advertising solution to our customers by establishing a precise promotion and advertising platform, which has received positive feedback from the market and created satisfactory economic benefits. The number of registered users of the platform has exceeded 1 million, covering over 3,800 mainstream high-and-middle-end communities. In the First Half of 2016, "OK Home" APP platform upgraded its function and interface, adding two pages of "Family life" and "Auto life" which provide more types of services namely car rental service, second-hand car and housekeeping services. Since 2016, "OK Home" APP platform cooperated with the advertising companies for the online and offline promotion, forming an exclusive community exploration method with an overall plan encompassing print media, community activity, "OK Home" online activity and promotion, "OK Home" physical stores and sharing of articles through WeChat public account.

WeChat Matrix Platform (北青微信矩陣) is a comprehensive promotion platform comprising more than 20 official WeChat public accounts of Beijing Youth Daily Agency ("**BYDA**") and its subsidiaries (collectively, "**BYDA Group**"), topics of which include current affairs and politics, education, finance, sports and culture. WeChat Matrix Platform is popular by virtue of its superb brand recognition and fans retention. To satisfy customers' demand for advertising, the Company cooperated with WeChat Matrix Platform. With the strong influence and creditability of the public accounts of BYDA Group, the Company designs all-round marketing solutions for the customers and explores marketing channels via emerging media. Currently, the business volume of such cooperation of the Company with emerging media, though not huge, developed rapidly in the First Half of 2016 and recorded an increase of approximately 20% as compared with last year.

Film and Television Business

In the First Half of 2016, the Company continued to explore diversified investment in films and television and tried to participate in online video projects, a hot growing point of film and television industry with relatively small investment. On 11 May 2016, the president office of the Company approved the investment in online dramas, namely “Creation of Online Stars” (《網紅製造》) and “Genie from Chang’an” (《妖出長安》), and an online movie, namely “Blue-White CP” (《藍白CP》), in order to explore the non-traditional film and television market. In May 2016, “The 38th Parallel” (《三八線》), the first TV series in the PRC based on the background of Korean civil war, which was invested by the Company, started its initial broadcasts on television channels including BTV. Authoritative media including People’s Daily and Xinhua News Agency as well as major websites published detailed reports of the TV series, which ranked third in terms of ratings during the prime time in evening session in China, and ranked second in the online voting of “The Most Popular TV Series”. “Coming out” (《出山》), a film invested by the Company, is expected to be released in the second half of 2016. Currently, the film and television projects invested by the Company, the accounts of which have been settled, have generated profits to different extents.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Beiqing CéCi Advertising (Beijing) Limited (“**Beiqing CéCi**”) is a 84.69%-owned subsidiary of the Company. Beiqing CéCi focused on the agency of advertising business in CéCi (《茜茜姐妹 CéCi》) magazine, a premium women’s magazine for fashion mavens distributed across major cities of the PRC including Hong Kong. CéCi magazine is the first Korean-style trendy magazine introduced into the PRC. Its vivid manner of writing and easy-going style give the best annotation to the oriental trendy life of Chinese professional women with its advocacy of a modern culture combining innovation and pragmatism in Asia. Through over 8 years’ marketing and operation, CéCi has become a popular magazine among urban white-collars with a sound track record in sales since its launching. Meanwhile, through a series of public welfare activities, Beiqing CéCi has established a healthy and progressive public image of CéCi magazine among the Chinese new generation of youth and effectively enhanced the brand influence of the Company. In 2016, Beiqing CéCi has proactively developed the service model of online media (website, Weibo and WeChat). The number of its subscribers has effectively increased through website and WeChat subscription, and its advertising placement volume was increased owing to its continuous efforts in new marketing initiatives. In March 2016, Beiqing CéCi exclusively invited Jessica, a Korean star, to travel from Seoul, Korea to Paris to attend the 2016F/W Fashion Week. Jessica also acted as a cover girl for the April Issue of Beiqing CéCi. The activity was live-broadcasted through our official WeChat account and Weibo account, which motivated the fans’ enthusiastic responses. In May 2016, Beiqing CéCi organized “CéCi — Release Yourself, Girls!” (“茜茜姐妹 CéCi — 綻放吧姐妹!”), a grand ceremony of makeup and beauty contest widely promoted via Weibo and WeChat with numerous shares and reports. In the second half of 2016, Beiqing CéCi will strive to offer three-dimensional service model combining online media (Weibo, WeChat public account) and offline marketing activities and develop new resources for business, so as to cope with the market competition and effectively increase its revenue.

Beijing Beijing Outdoor Advertisement Co., Ltd. (“**Beiqing Outdoor**”) is a wholly-owned subsidiary of the Company which principally engages in operation of urban outdoor single column billboards. In the First Half of 2016, Beiqing Outdoor participated in the government bidding and won the bid for a three-year operating right of two single column billboards located at Lincuiqiao of North 5th Ring Road and Laiguangying Overpass at the interchange between Beijing-Chengde Expressway and North 5th Ring Road in Beijing, respectively. At present, Beiqing Outdoor operates a total of 18 single column billboards in advantageous locations in sections such as West 4th Ring Road, East 5th Ring Road, West 5th Ring Road in Beijing, Jingmi Road, Beijing-Kaifeng Expressway and Beijing-Harbin Expressway etc. The Company and Beiqing Outdoor kept a leading position in the industry in terms of the number of single column billboards under their preservation in the bidding market of Beijing urban area.

Beiqing Community Media is a 54.37%-owned subsidiary of the Company. Beiqing Community Media is dedicated to developing the largest comprehensive community service platform integrating online and offline resources in the PRC. At present, Beiqing Community Media has 29 community papers of Beiqing Community Daily, 30 WeChat public accounts, an “OK Home” APP and 120 community relay stations. “OK Home” APP, a handheld terminal created by Beiqing Community Media, is the only integrated O2O community service platform in Beijing comprising functions of news report, community service and brand interaction. At present, the number of registered users of the platform has exceeded 1 million, covering over 3,800 mainstream high-and-middle-end communities.

In the First Half of 2016, Beiqing Community Media continued to develop a community O2O business model with “one platform + multiple vertical pillars”, focused on the development of nine vertical pillar industry businesses, namely automobile, real estate, household life, finance, tourism, health, government, sports and entertainment, and provided overall marketing solution including advertisement and community activities for the industries and communities in order to achieve more profit through diversified industry integration. With the development of Beiqing Community Daily, the continuous accumulation of resources both online and offline and sound capital operation, Beiqing Community Media is likely to obtain a large market share in the classified channel of print media. Beiqing Community Media completed its joint-stock reform on 9 March 2016 and was renamed as “Beiqing Community Media Technology (Beijing) Co., Ltd. (北青社區傳媒科技(北京)股份有限公司)”. At present, Beiqing Community Media is actively preparing for further capital operation.

Legal Evening Post Media Company Limited (“**LEP Media**”) is a wholly-owned subsidiary of the Company. In 2013, LEP Media, as a limited partner, established Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the “**Fund**”). Beijing Tianshenhudong Technology Co., Ltd. (北京天神互動科技有限公司), being the target enterprise of the first online game project invested by the Fund, completed backdoor listing in the year of 2015. As at the First Half of 2016, the investment in the first online game project has been fully returned with sound profits. Besides, the Fund is actively promoting the recovery of its investment in the remaining investment projects by ways of listing, backdoor listing, National Equities Exchange and Quotations or acquisition by listed companies etc., and higher investment return is expected to be realised.

Beijing Qingyou Information Technology Co., Ltd. (“**Qingyou Information**”) is a wholly-owned subsidiary of the Company. In order to explore emerging media business, the Company fully invested RMB30,000 thousand in the operation of “Qingyou Online”, a website game platform. In the First Half of 2016, the number of registered users of the platform reached around 3.5 million and the number of web games distributed on the platform increased to 50, among which an exclusive web game has recorded more than 0.25 million registered users accumulatively. Meanwhile, Qingyou Information strives for developing distribution business of mobile-end games and has introduced a mobile-end game as its exclusive agency, which is undergoing internal testing stage. Qingyou Information also set up a H5 game page based on WeChat platform, preparing for the introduction of various mobile-end games operated jointly. It is anticipated that such series of games will be distributed online in the second half of 2016. In addition, Qingyou Information actively developed mobile internet advertising business. At present, the average daily download volume of the mobile-end games has reached around 0.3 million.

Beiqing Long Teng Investment Management (Beijing) Co., Limited (“**Beiqing Long Teng**”) is a 51%-owned subsidiary of the Company. In the First Half of 2016, Beiqing Long Teng actively diversified its business, and focused on the investment and financing business for film and TV series, health and pension projects and cultural Internet industry. Beiqing Long Teng, which is under the fostering period, is strengthening its foundation and expanding its business in order to make profits as soon as possible.

Chongqing Youth Media Company Limited (“**Chongqing Media**”) is a 60%-owned subsidiary of the Company. In the First Half of 2016, the official WeChat public account of Chongqing Youth Daily ranked among top 500 of new media in the PRC, with its various indicators ranking in the first place in Chongqing region persistently. Based on media integration and the success in preliminary transformation in 2015, Chongqing Media further constructed a new media structure in 2016 by consolidating its operation of original WeChat public account and optimizing the traffic of Chongqing Net (重青網), and actively explored the approaches for transformation into new media platforms such as social-networking media and live-broadcast website. Chongqing Media is currently striving to reduce the rearing period in order to make profits 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. Under the circumstances of overall market downturn in printing industry, BYD Logistics proactively diversified its business in the First Half of 2016, attempting to seize market opportunities to realize its transformation.

PROSPECTS AND FUTURE PLANS

In the second half of 2016, the Company will actively promote the operation of Beiqing Community Daily and “OK Home” APP, an integrated O2O community service platform, and facilitate new expansion of its business scope through capital operation. Currently, Beiqing Community Media is actively preparing for further capital operation expected to be carried out in the second half of the year and at the beginning of 2017.

In the second half of 2016, the Company will strive to explore in emerging media business. Relying on the media advantages and influence of the Group, Qingyou Information will proactively expand the distribution business of mobile-end games and further develop mobile Internet advertising projects while operating “Qingyou Online”, a web game platform with 3.5 million registered users, so as to create new profit growing points by taking advantage of the satisfactory prospect of growth of such business.

In the second half of 2016, the Company will continue to mainly rely on Beiqing Outdoor to accelerate the development of outdoor advertisement business. The Company and Beiqing Outdoor will continue to participate in public tenders hosted by the government to further increase the number of single column billboards under their operation and further enhance their market share.

In the second half of 2016, the Company will continue to invest in film and television business. In July 2016, “The 38th Parallel” (《三八線》), being the first TV series in the PRC based on the background of Korean civil war invested by the Company, received positive feedback from the National Publicity Department and State Administration of Press, Publication, Radio, Film and Television of the PRC after its premiere on numerous television channels. The CCTV channels commenced showing such TV series since 11 August 2016.

In the second half of 2016, the Company will further explore the capital operation and strive for optimizing the operation structure of the Company and boosting its results by means of, among others, merger and acquisition.

In the second half of 2016, with the existing businesses remaining at the core, the Group will actively expand new businesses, cultivate new profit growth drivers, persistently consolidate and leverage on its relationship with BYDA, in order to promote the development of the business of the Group and stand out from its peers as a leading cross-media group in the PRC.

The Group’s performance is heavily dependent on the concerted efforts of our management and staff in each business unit. The acute insight of the management regarding market opportunities and the excellent quality of the staff are the keys to our success.

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2016, total operating revenue of the Group was RMB208,262 thousand (corresponding period of 2015: RMB277,387 thousand), representing a decrease of 24.92% as compared with that for the corresponding period of 2015. Of which, revenue from advertising sales decreased by RMB51,657 thousand, representing a decrease of 36.10% as compared with that for the corresponding period of 2015; revenue from printing decreased by RMB2,643 thousand, representing a decrease of 33.63% as compared with that for the corresponding period of 2015; and revenue from the trading of print-related materials decreased by RMB52,600 thousand, representing a decrease of 45.96% as compared with that for the corresponding period of 2015.

2. Operating Costs and Sales Tax and Surcharges

For the six months ended 30 June 2016, operating costs of the Group were RMB190,525 thousand (corresponding period of 2015: RMB209,351 thousand), representing a decrease of 8.99% as compared with that for the corresponding period of 2015. Of which, costs of advertising sales decreased by RMB7,512 thousand, representing a decrease of 8.84% as compared with that for the corresponding period of 2015; costs of printing decreased by RMB1,740 thousand, representing a decrease of 20.02% as compared with that for the corresponding period of 2015; and costs of the trading of print-related materials decreased by RMB51,275 thousand, representing a decrease of 47.36% as compared with that for the corresponding period of 2015. Sales tax and surcharges was RMB4,309 thousand (corresponding period of 2015: RMB4,249 thousand), representing an increase of 1.41% as compared with that for the corresponding period of 2015.

3. Selling Expenses

For the six months ended 30 June 2016, selling expenses of the Group were RMB34,971 thousand (corresponding period of 2015: RMB34,354 thousand), representing an increase of 1.80% as compared with that for the corresponding period of 2015.

4. Administrative Expenses

For the six months ended 30 June 2016, administrative expenses of the Group were RMB32,120 thousand (corresponding period of 2015: RMB29,491 thousand), representing an increase of 8.91% as compared with that for the corresponding period of 2015.

5. Financial Expenses

For the six months ended 30 June 2016, financial expenses of the Group were RMB-2,101 thousand (corresponding period of 2015: RMB-1,938 thousand), representing an decrease of 8.41% as compared with the net value for the corresponding period of 2015. Of which, interest income was RMB2,909 thousand (corresponding period of 2015: RMB3,729 thousand), representing a decrease of 21.99% as compared with that for the corresponding period of 2015.

6. Share of Profit of Associates

For the six months ended 30 June 2016, share of the profit of associates of the Group was RMB-24,178 thousand (corresponding period of 2015: RMB-3,534 thousand), representing a decrease of 584.15% as compared with the absolute value for the corresponding period of 2015.

7. Operating Profit and Profit Margin

For the six months ended 30 June 2016, operating profit of the Group was RMB-30,446 thousand (corresponding period of 2015: RMB2,590 thousand), representing a decrease of 1,275.52% as compared with that for the corresponding period of 2015; profit margin was -14.62% (corresponding period of 2015: 0.93%).

8. Income Tax Expenses

For the six months ended 30 June 2016, income tax expenses of the Group were RMB-2,589 thousand (corresponding period of 2015: RMB2,341 thousand), representing a decrease of 210.59% as compared with that for the corresponding period of 2015. The income tax expenses of the Group mainly represent the income tax charged on the Company in 2016.

9. Net Profit Attributable to Shareholders of the Company

For the six months ended 30 June 2016, net profit attributable to shareholders of the Company was RMB-16,162 thousand (corresponding period of 2015: RMB6,462 thousand), representing a decrease of 350.11% as compared with that for the corresponding period of 2015.

10. Financial Resources and Liquidity

As at 30 June 2016, current assets of the Group were RMB1,106,559 thousand (31 December 2015: RMB1,015,863 thousand), including bank balances and cash of RMB249,716 thousand (31 December 2015: RMB349,953 thousand). Non-current assets of the Group were RMB363,782 thousand (31 December 2015: RMB538,558 thousand).

As at 30 June 2016, current liabilities of the Group were RMB170,854 thousand (31 December 2015: RMB221,762 thousand) and non-current liabilities were RMB4,514 thousand (31 December 2015: RMB10,014 thousand).

As at 30 June 2016, shareholders' equity of the Group was RMB1,294,973 thousand (31 December 2015: RMB1,322,645 thousand).

As at 30 June 2016, the bank borrowings of the Group were RMB6,500 thousand (31 December 2015: RMB12,000 thousand).

As at 30 June 2016, the borrowings and bank balances and cash were mainly denominated in Renminbi.

11. Gearing Ratio

As at 30 June 2016, gearing ratio of the Group was 13.54% (31 December 2015: 17.52%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

USE OF PROCEEDS FROM LISTING

The Company raised a net proceed of HK\$889.086 million in total from the global offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the prospectus and as modified in the relevant announcements of the Company and the actual use of proceeds as at 30 June 2016:

Proposed use of proceeds	Amounts proposed <i>HK\$</i>	Amounts used <i>HK\$</i>
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 23.59 million	Approximately 23.59 million
Investing in and acquisition of other media business (including but not limited to traditional media and emerging media businesses) and related businesses (including but not limited to the additional investment in the existing businesses of the Group)	Approximately 545.4960 million	Approximately 545.4960 million
General working capital of the Group	Approximately 320 million	Approximately 320 million

All of the proceeds were used up as at 30 June 2016.

In order to capture more business opportunities arising from emerging media businesses and other related media business, the Company believes that it will seek for varies of financing approaches to support the development of its business as per business needs under mature conditions in the future.

SHARE STRUCTURE (AS AT 30 JUNE 2016)

	Number of Shares	% of Total Share Capital (%)
Holder of domestic shares		
– Beijing Youth Daily Agency	124,839,974	63.27
– Beijing Zhijin Science and Technology Investment Co., Ltd	7,367,000	3.73
– China Telecommunication Broadcast Satellite Corp.	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 (<i>Note</i>)	54,901,000	27.82
Total share capital	197,310,000	100

Note: Including 19,533,000 outstanding H shares held by Leshi Internet Information & Technology Corp., Beijing and its ultimate beneficial owner, namely Mr. Jia Yueting, representing 9.90% of the total share capital of the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, so far as the directors of the Company (the “**Directors**”), the supervisors of the Company (the “**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 Securities and Futures Ordinance (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	Class of Shares	Nature of Interest	Number of Shares Held	% of Class Share Capital (%)	% of Total Share Capital (%)
Beijing Youth Daily Agency	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Co., Ltd.	Domestic	N/A	7,367,000	5.17	3.73
Jia Yueting	H	Long	19,533,000	35.58	9.90
Leshi Internet Information & Technology Corp., Beijing	H	Long	19,533,000	35.58	9.90
Beijing Beida Founder Group Corporation	H	Long	4,939,000	8.99	2.50
Beijing University	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long	4,939,000	8.99	2.50
Xia Jie	H	Long	4,939,000	8.99	2.50
Cao Yawen	H	Long	4,939,000	8.99	2.50

*Information disclosed above is based on the data published on the website of The Stock Exchange of Hong Kong Limited (“**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 2016, 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 Section 336 of Part XV of the SFO.

CAPITAL EXPENDITURES

Capital expenditures (mainly including expenditures on office equipment) of the Group for the First Half of 2016 was RMB3,553 thousand (corresponding period of 2015: RMB3,930 thousand). The Group expects that capital expenditures for the second half of 2016 will mainly comprise expenditures in consistent with business strategies of the Group.

CONTINGENT LIABILITIES

For the six months ended 30 June 2016, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

PLEDGE OF ASSETS

On 26 June 2014, Beiqing Outdoor, a subsidiary of the Company, entered into a loan agreement with the Beijing Dongdan Sub-Branch of Bank of Communications, pursuant to which Beijing Dongdan Sub-Branch of Bank of Communications agreed to provide the loan of RMB19,500 thousand to Beiqing Outdoor for the payment of utilization of advertising facilities for a term not more than 36 months (from 26 June 2014 to 23 June 2017). Beiqing Outdoor shall pay the interest based on an interest rate equivalent to the 3-year-term benchmark interest rate with a premium of 20% and pledge the investment properties held by Beiqing Outdoor as the security.

Save as disclosed above, the Group had no other arrangements regarding pledge of assets during the six months ended 30 June 2016.

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 material exchange rate fluctuations.

EMPLOYEES

As at 30 June 2016, the Group had a total of 633 employees (as at 30 June 2015: 647 employees), and the decrease in the number of employees as compared with the same period of last year was mainly due to the normal business needs of the Company. During the six months ended 30 June 2016, the total employees remuneration paid by the Group was approximately RMB47,724 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 2016, the Group conducted various staff trainings in respect of sales and marketing, financial system and administrative management system etc..

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

As at 30 June 2016, 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 2016, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

For the six months ended 30 June 2016, the Group had no material investment, nor any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

On 11 April 2016, the Company and Beijing Trans-media Co., Ltd (“**Trans-media**”) entered into an equity transfer agreement, pursuant to which the Company has agreed to sell and Trans-media has agreed to purchase the Company’s 36.12% equity interest in Beijing Transmedia Co., Ltd. (“**BQTM**”) for cash consideration of RMB168,000 thousand. The above-mentioned equity transfer agreement was approved on the annual general meeting of the Company held on 30 June 2016. Upon completion of the above-mentioned transfer of equity interests, BQTM will cease to be an associate company of the Company and the Company will cease to hold any equity interest in BQTM. For details, please refer to the announcements dated 11 April 2016, 30 June 2016 and the circular dated 13 May 2016 of the Company.

Save as disclosed above, for the six months ended on 30 June 2016, the Group did not have other material acquisitions or disposals of assets.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2016, the Company was not involved in any material litigation or arbitration and there was no legal action or claim pending or threatened to be made against the Company.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2015

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

For the six months ended 30 June 2016, 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 for the six months ended 30 June 2016.

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 two independent non-executive Directors and one non-executive Director.

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 financial statements of the Group for the First Half of 2016 with no dissenting opinions.

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 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.

DISTRIBUTABLE RESERVE

As at 30 June 2016, the Company's undistributed profits amounted to RMB-27,162 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 cover its losses after being approved at the general meeting of the Company.

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2016.

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 2016 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
Zhang Yanping
Chairman

Beijing, the PRC, 31 August 2016

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo, He Xiaona, Peng Liang, Duan Gang and Shang Da, the non-executive directors of the Company, Li Xiaobing, Wang Lin, Xu Xun and Liu Hong, and the independent non-executive directors of the Company, Wu Tak Lung, Cui Enqing, Chen Ji, Wu Changqi and Chow Bing Chuen.

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