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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 2014

FINANCIAL HIGHLIGHTS:

1. Total operating revenue increased by 27.49% to RMB341,453 thousand (corresponding period of 2013: RMB267,830 thousand)
2. Total profit decreased by 22.41% to RMB11,020 thousand (corresponding period of 2013: RMB14,203 thousand)
3. Net profit attributable to shareholders of the Company decreased by 29.71% to RMB8,331 thousand (corresponding period of 2013: RMB11,852 thousand)
4. Earnings per share was RMB0.04 (corresponding period of 2013: RMB0.06)

The board of directors of Beijing Media Corporation Limited (the “Company” or “Beijing Media”, and together with its subsidiaries, the “Group”) hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2014 (the “First Half of 2014”) and the comparative results of the Group for the corresponding period in 2013.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

RMB'000

Item	Notes	For the six months ended 30 June	
		2014	2013
Total operating revenue	<i>1</i>	341,453	267,830
Total operating costs		316,123	242,005
Operating costs	<i>1</i>	268,232	216,184
Sales tax and surcharges		5,577	5,536
Selling expenses		12,211	7,453
Administrative expenses		30,760	23,907
Financial expenses	<i>2</i>	(6,061)	(12,631)
Impairment loss of assets		5,404	1,556
Loss on changes in fair value		(3)	(7)
Share of profit/(loss) of associates	<i>3</i>	(14,408)	2,843
Other investment gains/(loss)	<i>3</i>	1	(141)
Operating profit		10,920	28,520
Add: non-operating income		120	4,207
Less: non-operating expenses		20	18,524
Total profit		11,020	14,203
Less: Income tax expenses	<i>4</i>	4,207	1,945
Net profit		6,813	12,258
Other comprehensive income, net of tax			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences from retranslation of financial statements		27	—
Total comprehensive income		6,840	12,258

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

RMB'000

Item	<i>Notes</i>	For the six months ended 30 June	
		2014	2013
Net profit attributable to:			
Shareholders of the Company		8,331	11,852
Non-controlling shareholders		(1,518)	406
		<u>6,813</u>	<u>12,258</u>
Total comprehensive income attributable to:			
Shareholders of the Company		8,358	11,852
Non-controlling shareholders		(1,518)	406
		<u>6,840</u>	<u>12,258</u>
Earnings per share:			
Basic earnings per share (RMB per share)	5	0.04	0.06
Diluted earnings per share (RMB per share)	5	0.04	0.06
		<u>0.04</u>	<u>0.06</u>
Dividends	6	27,623	59,193
		<u>27,623</u>	<u>59,193</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED)

RMB'000

Item	Notes	As at 30 June 2014	As at 31 December 2013
Current assets:			
Bank balances and cash		534,671	562,219
Financial assets held for trading		7,012	15
Accounts receivable	7	395,766	338,400
Prepayments		38,931	48,653
Interest receivable		2,455	4,780
Other receivables		42,593	36,847
Inventories		47,277	56,045
Other current assets		10,000	—
Total current assets		1,078,705	1,046,959
Non-current assets:			
Financial assets available-for-sale		139,560	139,560
Long term equity investment		233,689	248,097
Investment properties		61,422	53,435
Fixed assets		12,564	12,592
Intangible assets		38,688	39,103
Goodwill		47,377	47,377
Long-term prepaid expenses		1,608	1,227
Deferred income tax assets		3,128	4,137
Other non-current assets		7,806	20,032
Total non-current assets		545,842	565,560
Total assets		1,624,547	1,612,519

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

RMB'000

Item	<i>Notes</i>	As at 30 June 2014	As at 31 December 2013
Current liabilities:			
Notes payable		57,291	95,980
Accounts payable	8	141,134	120,771
Receipts in advance		56,036	37,676
Employee benefit payables		5,285	7,645
Tax payables		(10,378)	(14,494)
Dividends payable		27,623	—
Other payables		20,176	21,478
Other current liabilities		7,366	7,366
Total current liabilities		304,533	276,422
Non-current liabilities:			
Deferred income tax liabilities		2,583	2,583
Total non-current liabilities		2,583	2,583
Total liabilities		307,116	279,005
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		892,307	891,179
Surplus reserves		130,931	130,931
Undistributed profits		63,526	82,818
Exchange differences from retranslation of statements		27	—
Total equity attributable to shareholders of the Company		1,284,101	1,302,238
Non-controlling interests		33,330	31,276
Total shareholders' equity		1,317,431	1,333,514
Total liabilities and shareholders' equity		1,624,547	1,612,519
Net current assets		774,172	770,537
Total assets less current liabilities		1,320,014	1,336,097

BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements for the six months ended 30 June 2014 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the People's Republic of China, including early adoption of nine revised and new basic and specific standards issued by MOF from January to July 2014 ("New PRC Accounting Standards") and other relevant regulations issued by MOF ("PRC Accounting Standards"), of which, ASBE No.2 – Long-term equity investment, ASBE No.9 – Employee benefits, ASBE No.30 – Presentation of financial statements, ASBE No.33 – Consolidated financial statements, ASBE No.39 – Fair value measurement and ASBE No.40 – Joint arrangements have been early adopted for the financial statements for the year ended 31 December 2013; and ASBE – Basic Standard, ASBE No.37 – Presentation of Financial Instruments and ASBE No.41 – Disclosure of Interests in Other Entities have been early adopted for the financial statements for the six months ended 30 June 2014, and disclosed in accordance with the ASBE No. 32 – Interim Financial Reporting, and the applicable disclosures required by 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 "Principal accounting policies and accounting estimates and basis of preparation of consolidated financial statements".

CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECT

Relevant change in accounting policies has no material effect on the financial statements of the Group.

STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the Accounting Standards for Business Enterprises and the relevant regulations, and present truly and completely the consolidated financial position as at 30 June 2014 and their consolidated operating results, cash flows and other relevant information for the six months then ended.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING REVENUE AND OPERATING COSTS

Item	For the six months ended 30 June	
	2014	2013
Revenue from principal operations	325,734	264,938
Other operating revenue	15,719	2,892
Total operating revenue	341,453	267,830
Costs of principal operations	253,841	216,035
Other operating costs	14,391	149
Total operating costs	268,232	216,184
Gross profit	73,221	51,646

Total operating revenue, which is the Group's turnover, represents the net amounts received and receivables for sale of advertising spaces 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

Business name	For the six months ended 30 June			
	2014		2013	
	Revenue from principal operations	Costs of principal operations	Revenue from principal operations	Costs of principal operations
Advertising	181,171	118,623	160,325	119,040
Printing	12,807	13,309	15,940	14,072
Trade of printing related materials	128,780	119,326	88,673	82,923
Distribution	2,976	2,583	—	—
Total	325,734	253,841	264,938	216,035

- (2) The amount of the top five customers of operating revenue was RMB104,175 thousand, representing 31.98% of the revenue from principal operations for the six months ended 30 June 2014.
- (3) Other operating revenue mainly includes the production revenue of RMB6,826 thousand in respect of production of TV series “The Story of Zheng Yang Gate”, by the Company and Daqianmen (Beijing) Media Co.,Ltd for production.

2. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2014	2013
Interest expenses – on bank loans wholly repayable within 5 years	–	126
Less: Interest income	6,530	12,805
Add: Foreign exchange loss (gain)	12	(14)
Add: Other expenses	457	62
Total	(6,061)	(12,631)

3. INVESTMENT INCOME

Item	For the six months ended 30 June	
	2014	2013
Share of profit (loss) of associates	(14,408)	2,843
Other investment gains (loss)	1	(141)
Total	(14,407)	2,702

4. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2014	2013
Current income tax expenses	3,198	2,565
Deferred income tax expenses	1,009	(620)
Total	4,207	1,945

(2) Current income tax expenses

Item	For the six months ended 30 June	
	2014	2013
Current – PRC	3,198	2,400
Under-provision in prior years – PRC	–	165
Total	3,198	2,565

5. EARNINGS PER SHARE

	For the six months ended 30 June	
	2014	2013
Net profit for the half-year attributable to the shareholders of the Company	8,331	11,852
Weighted average number of ordinary shares in issue	197,310	197,310
Earnings per share (RMB)	0.04	0.06

The basic earnings and diluted earnings per share for the six months ended 30 June 2013 and 2014 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 2014 (2013: NIL).
- (2) Dividends recognized as profit distribution during the period are as follows:

	For the six months ended 30 June	
Item	2014	2013
Final dividend for the financial year ended 31 December 2013 at RMB0.14 per share (2013: Final dividend for 2012 at RMB0.30 per share) (Note 1)	27,623	59,193
Total	27,623	59,193

Note 1: The Company has distributed the 2013 final dividend to its shareholders by 31 July 2014.

When the final dividend was distributed to the individual H shareholders whose name was appeared on the register of members of the Company on 28 May 2014, the Company has withheld 10% of the final dividend as individual income tax in compliance with the regulation issued by the State Administration of Taxation.

7. ACCOUNTS RECEIVABLE

	As at 30 June 2014	As at 31 December 2013
Item		
Accounts receivable	413,835	351,065
Less: Provision for bad debts	18,069	12,665
Net accounts receivable	395,766	338,400

- (1) The aging analysis of accounts receivable (net of bad debt provision) presented based on the invoice date is as follows:

Item	As at 30 June 2014	As at 31 December 2013
0-90 days	85,549	52,043
91-180 days	90,548	63,936
181-365 days	108,265	165,454
1-2 years	91,295	42,714
Over 2 years	20,109	14,253
Total	395,766	338,400

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

Top five accounts receivable as at 30 June 2014 represents 36.20% of the total accounts receivable.

8. ACCOUNTS PAYABLE

The aging analysis of accounts payable as at 30 June 2014 presented based on invoice date is as follows:

Item	As at 30 June 2014	As at 31 December 2013
0-90 days	75,059	28,680
91-180 days	24,294	17,434
181-365 days	564	41,049
Over 1 years	41,217	33,608
Total	141,134	120,771

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.

9. SUPPLEMENTARY INFORMATION

Items	For the six months ended 30 June 2014	2013
Net gain on disposal of fixed assets	97	241
Depreciation of fixed assets	1,330	1,118
Amortization of intangible assets	718	484

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; 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 2014 was RMB341,453 thousand (corresponding period of 2013: RMB267,830 thousand), representing an increase of approximately 27.49% as compared with that for the corresponding period of 2013. Net profit attributable to shareholders of the Company was RMB8,331 thousand (corresponding period of 2013: RMB11,852 thousand), representing a decrease of approximately 29.71% as compared with that for the corresponding period of 2013.

During the First Half of 2014, according to market observation data provided by third parties, total placement volume of advertisement in market of the print media of Beijing Metropolitan newspapers declined by 4.01% as compared to the same period of last year.

In the First Half of 2014, the business revenues of the Group increased by 27.49% as compared with the corresponding period of last year, mainly due to the increase in the income from advertisement and trading of printing materials. During the reporting period, the net profit attributable to Shareholders of the Company decreased by 29.71% as compared with that of the corresponding period of last year, which was mainly due to the following three reasons: 1) In the First Half of 2014, Beiqing Community Media, established with the investment by the Company, rapidly expanded its business and increased operation investment, resulting in a decrease in consolidated profits of the Company. Beiqing Community Media has completed the capital increase of shareholdings owned by the employees during the reporting period. The internal drive of the Company was sufficient and it is expected that there will be another capital operation. As the measures implemented for new business expansion and consolidation of product structures, the Company is endeavor to realize new structures for diversified profits, balanced products and risk diversification; 2) according to the relevant policies, the country has granted the Company to exempt from Enterprise Income Tax ("EIT") for a term of five years until 31 December 2013. Pursuant to the new policy for 5-year exemption of EIT, the Company meets the criteria for applying such exemption. The relevant approval procedures are in progress and are expected to be completed by the end of the year. Prior to the approval, the Company still had to pay for the EIT first. The Company will make application to tax authority in respect of the full refund of the EIT that previously paid by the Company upon the exemption of EIT granted to the Company. The increase of EIT expenses also contributed to the decrease in net profits of the Company. In the First Half of 2014, the Company has paid for the EIT of RMB2,678 thousand which had a corresponding impact on the net profits amounting to RMB2,678 thousand; 3) Chongqing Media and Beiqing Long Teng in which the Company invested last year and the previous years, operated in a good condition, but they are still under the rearing period which led to the decrease in consolidated profits of the Company.

Beijing Media, as a dominating popular media, adhered to the media concept closest to customers and actively expanded brand new businesses which were closer to consumers' needs. There were 11 community papers established quickly in the First Half of the year, raising the number of community papers to 16 and 31 brand new community relay stations opened. Leveraging on the credibility of mainstream media, the Company could penetrate consumers and provide them with all-rounded and multi-level services. Meanwhile, a company for webgame platform was established to provide an interactive entertainment platform for youngsters. After the success of the TV drama program, "The Story of Zheng Yang Gate" (《正陽門下》), the Company continued to explore investment in film and television. It will gradually produce film and television works such as the TV drama programs. The above-mentioned new expansion is expected to gain higher revenue in the future. On top of the promotion of the original advertisement business, the Company provided a brand new comprehensive proposal for advertising and marketing for clients, relying on its media resources and talent reserve. The design and implementation of channels for advertisement placement and the multi-level planning for advertisement placement were provided for clients. In addition, small-scale "community shows" in valuable communities to display products such as property and automobile were organised. In the First Half of the year, the Company's series of display in Haidian District where education, hi-tech and scientific research are concentrated to attract the attention of consumers and advertising customers. In the second half of the year, the Company plans to start a series of community shows in Chaoyang District, which is a central business district, in order to obtain more attention and revenue.

Advertising Business

During the First Half of 2014, the revenue generated from the advertising business slightly increased as compared with that of the corresponding period of last year.

The advertising business in real estate sector was still the major advertising business of the Company. In 2014, local governments relaxed their restrictive policy on real estate purchase to different degrees. The less restrictive policy on real estate purchase led to cautious and optimistic expectation in the real estate advertising industry. In the First Half of 2014, the Company actively explored real estate markets outside Beijing and increased advertising sales income by way of the establishment of the sales centre. During the period, the Company had successfully organized several property tours with remarkable response. The Company participated in series of activities of community shows, delivered real estate projects to various communities, promoted the direct communications between the advertisers and consumers, provided more extra services for clients and brought more advertisement sales for the Company.

With the continuous effort made by the Company, in the First Half of 2014, the market observation data provided by the third party showed that the placement volume of advertisement in real estate industry of the Company still maintains a leading advantage in the industry compared with other print media of Beijing Metropolitan newspapers (market share in the First Half of 2014 of placement volume of advertisement in real estate industry of the Company among print media of Beijing Metropolitan newspapers was 33.07%).

In the First Half of 2014, the placement volume of advertisement in automobile industry was in the top ranking among the total placement volume of advertisement of the Company. In the First Half of 2014, the Company's revenue generated from the advertisement in automobile industry slightly increased as compared with that of the corresponding period of last year. According to the market observation data provided by third party, in the First Half of 2014, the total volume of advertisement placed by Beijing automobile industry in the print media of Beijing Metropolitan newspapers showed a decrease of 8.97% as compared with the same period of last year. Under the continuous market downturn of the automobile industry, the Company actively adjusted business model. The first is to use underwriting to promote traditional advertising placement; the second is to actively hold various activities and auto shows, provide the advertising customers with diversified marketing plan and promote advertising campaign through a series of large scale on-site activities, thereby enhanced the influence of Beijing Media brand and increased the advertising sales income.

In the First Half of 2014, the market observation data provided by third party showed that, benefited from the efforts of the Company in different aspects, the placement volume of advertisement in automobile industry of the Company still maintained a leading advantage in the industry compared with other print media of Beijing Metropolitan newspapers (market share in the First Half of 2014 of placement volume of advertisement of the Company in automobile industry among print media of Beijing Metropolitan newspapers was 32.90%).

Meanwhile, the market observation data provided by third party showed that the placement volume of advertisement in Beijing Youth Daily in industries such as living service, recruitment and finance and insurance which targeted at the high-income group had a high market share among the print media of Beijing Metropolitan newspapers, especially the performance of placement volume in living service industry (market share in the First Half of 2014 of placement volume of advertisement in living service, recruitment and finance and insurance industry of the Company among print media of Beijing Metropolitan newspapers were 55.21%, 49.46% and 42.72% respectively).

The Company made detailed projection of the economic situation and actively responded to the industrial competition, which still maintained its own advantage in media and strong operating position in the industry under unfavorable external market environment. In the First Half of 2014, the market observation data provided by third party showed that the consolidated market share of advertisement in Beijing Youth Daily still ranked top among the print media of Beijing Metropolitan newspapers (market share of Beijing Youth Daily among print media of Beijing Metropolitan newspapers was 27.91%).

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Beiqing CéCi is a 84.69%-owned subsidiary of the Company. In the First Half of 2014, the revenue and net profit of Beiqing CéCi amounted to RMB13,676 thousand and RMB2,473 thousand, representing an increase of 8.30% and 52.16%, respectively as compared with that of the corresponding period of last year. 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 China including Hong Kong. CéCi magazine is the first Korean-style trendy magazine introduced into the PRC. Its lively writing and easygoing style give the best annotation to the orient trendy life of Chinese professional women with its advocacy of a modern culture combining innovation and pragmatism in Asia. Through the past six years' operation, CéCi is a favourite magazine of urban white-collar women with a sound track record in sales since its launching. In 2014, under the market environment that the overall placement volume of advertisement in print media decreased and the competition in the same industry was fierce, Beiqing CéCi explored customer needs in depth, used their keen sense on fashion and edit advantage to develop new business of making internal magazine for advertisers, making it a new profit growth point. To offset the decrease of placement budget of print advertising of customers, Beiqing CéCi actively implemented large-scale advertising on-site activities for customers. In March 2014, Beiqing CéCi and KENZO co-hosted a series of popular activities of walking into the Peking University for The 21st Beijing College Student Original Film Festival -“KENZO Flower in the Air (花舞飛揚)”. In April 2014, Beiqing CéCi and Urara hosted activity of “Beauty Development Plan of YOBOOM and Urara in University-Dalian (YOBOOM 携手悠萊美麗成長計劃校園行—大連站)” at Dalian University of Technology, Dongbei University of Finance and Economics, respectively. In June 2014, Beiqing CéCi held a forum themed “Brussels-Gateway to Europe” in Shanghai which was hosted by Mr. Nijs, the Belgian honorary ambassador. Beiqing CéCi strived to continuously enhance the reputation and influence of CéCi magazine through new marketing initiatives to respond to the increasingly fierce market competition and effectively increase revenue.

Today Sunshine is a wholly-owned subsidiary of the Company. Its principal business is operating urban outdoor single column billboards. In the First Half of 2014, the Company acquired the operation right for 3 years in the 2013 bid of Beijing Municipal Commission of City Administration and Environment and the operations of the 6 outdoor single column billboards granted to Today Sunshine are smooth. The operating revenue of Today Sunshine achieved a year-on-year growth of 105.59% over the same period of 2013, while net profits achieved a year-on-year growth of 1.99%. In order to keep extending the outdoor billboard advertising market business, in the First Half of 2014, the Company and Today Sunshine successfully won the bid of outdoor single column billboards from Beijing Municipal Commission of City Administration and Environment, acquiring the operation right for 3 years of more than 10 single column billboards in advantageous locations in sections such as West 4th Ring and East 5th Ring in Beijing, Jingkai Highway and Beijing-Harbin freeway. At present, the early presale of the outdoor billboards was smooth and the outdoor billboards will soon be sold out.

Beiqing Community Media is a 76.14%-owned subsidiary of the Company. To realize the strategic transformation and respond to the dynamic change of the business environment of media industry, on 25 October 2013, the Company solely established Beiqing Community Media with investment of RMB15,000 thousand. Some employees of Beiqing Community Media entered into a capital increase agreement with Beiqing Community Media and the Company on 16 June 2014, pursuant to which the Company agreed to invest into Beiqing Community Media in the amount of RMB4,700 thousand in cash to enhance group cohesiveness and driving force. Therefore, the Company's equity interests in Beiqing Community Media reduced from 100% to 76.14%. Beiqing Community Media is dedicated to develop Beiqing Community Daily (《北青社區報》), a new media focusing a small group of people. Relying on government advantages, Beiqing Community Daily (《北青社區報》) entered into different communities. Major business districts and popular gathering places were of first priority. Through interaction between newspapers and Weixin, particularly the offline activities conducted in specific districts, the cohesion of community users was enhanced and solid foundation for large data marketing was laid. In the First Half of 2014, Beiqing Community Daily (《北青社區報》) had produced 16 free community papers for Shunyi District, Fangzhuang District, Chaoqing District, Tongzhou District, Shiji Cheng District, Shangdi District, Sanjianfang District, Wangjing District, Beiyuan District, Daxing District, Chongwenmen District, Youanmen District, Shichahai District, Jinsong District, Tiantongyuan District and Yongding Road District, the circulation of each of which was approximately 50,000 copies and the total publication amount as a weekly newspaper was approximately 800,000 copies which covered over 3 million readers. Each newspaper has established their corresponding sub-districts. It is expected that it will expand circulation to 30 copies of community newspapers by the end of 2014. Through the Company's ability to occupy a strong focus on print media channels, Beiqing Community Daily (《北青社區報》) will become another major profit growth point of the Group as soon as possible.

LEP Media is a wholly owned subsidiary of the Company. In 2013, LEP Media, as a limited partner, formed Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the "Fund") by participating in capital contribution and focused on investment in the equity of companies to be listed, depending on China Securities Co., Ltd.. In the First Half of 2014, the Fund strictly adhered to the principles of prudent investment and further intensified efforts to develop the projects and continuously dug project resources. Some enterprises in which the Fund had invested had begun implementation of the listing plan, or had chosen a sponsor to tackle the problems related to their listing. On 17 June 2014, the first online games project launched by the Fund after establishment, namely the backdoor listing plan of Tianshenhudong.com, was conditionally passed by the Review Committee of Merger, Acquisition and Reorganization of Listing Companies of the CSRC.

Qingyou Information is a wholly-owned subsidiary of the Company. In order to explore emerging media business segment, the Company fully invested RMB30,000 thousand to form Beijing Qingyou Information Technology Company Limited (北京青游信息技術有限公司) and recruit senior technical management team to operate web game platform “Qingyou online”. At the same time, relying on the media advantage and influence of the Group, a precise marketing advertising network service platform for different operations was established. The game platform at present has completed the online trail testing and is now under stable operation. It has over 900,000 users, and it is expected to be the new profit growth point of the Group.

Beiqing Long Teng is a 51%-owned subsidiary of the Company. In the First Half of 2014, Beiqing Long Teng actively improved its internal management system, put efforts on asset management and financial consultant business and reserved a large number of high-quality projects. Besides, it had entered into letter of intent with multiple institutions. Beiqing Long Teng, which was under the rearing period, is consolidating its foundation and expanding business in order to realize profits as soon as possible.

Chongqing Media is a 60%-owned subsidiary of the Company. In 2014, according to the operation principle of “based on market, emphasizing quality, strengthening management”, Chongqing Media strived to make Chongqing Youth Daily as a quality material different from other metropolitan newspapers. At present, the circulation of Chongqing Youth Daily has reached more than 50,000 copies. In the First Half of 2014, Chongqing Youth Daily conducted multiple times of high quality exclusive reports. Many articles of which were reprinted by overseas media and spread in international social media. Its brand influence gradually appeared. Chongqing Media is currently striving to reduce the rearing period in order to realize profits as soon as possible.

BYD Logistics is a 92.84%-owned subsidiary of the Company. Operating revenues from the printing and the trading of print-related materials businesses for the First Half of 2014 were RMB12,807 thousand and RMB128,780 thousand, respectively, representing a decrease of 19.65% and an increase of 45.23% as compared with those of the corresponding period of 2013.

As the largest operator of airport LED in the country, Beiqing Transmedia Advertising Limited (“BQTM”), an associate of the Company, is dedicated to operate the large LED screen in several domestic airports led by the capital airport. In the First Half of 2014, BQTM took the lead to realize the LED internet cross-media communication in the airport while obtaining the exclusive mandate from the National Meteorological Center (國家氣象臺) to provide global real time meteorological services to all aviation passengers. In the First Half of 2014, the capital airport developed various advertising spots in different forms around the original large LED screen operated by BQTM which affected the advertising income of large LED screen received by BQTM and resulted in the decline in its results. In view of this, BQTM is negotiating with the capital airport in respect of a better solution of large LED screen.

PROSPECTS AND FUTURE PLANS

In the second half of 2014, on the basis of steadily promoting existing business, the Company will enrich product type, actively expand operations on community new media and community service, webgame platform, all-round advertising solution marketing services and film and television production.

In the second half of 2014, the Company will actively promote the operation of Beijing Community Daily, and facilitate new expansion of business scope through capital operation. It is expected that there will be 30 community newspapers which will cover approximately 6 million readers by the end of the year.

In the second half of 2014, the Group will strive to explore emerging media business segment. Relying on the media advantage and influence of the Group, Qingyou Information will establish a precise marketing advertising network service platform for different operations while operating web game platform “Qingyou online” to create a new profit growth point on the basis of over 900,000 users.

In the second half of 2014, the Company will further consolidate the media resources and realize cross-media marketing to provide customers with promotional and marketing mix based on the approach of adopting internal media and other media while at the same time design, circulate and implement the marketing mix of other media in addition to the Group for the clients. The provision of extended services along the industrial chain will generate more revenues for the Company.

In the second half of 2014, the Group will continue to expand the cultural industry market, setting foot on the film and television production operations.

From 14 August to 17 August 2014, the Company held “Beijing Automotive Exhibition 2014” at Beijing Exhibition Center. A total of 17 automobile brands participated in this exhibition, displaying more than 180 models. Many high-end and market mainstream automobile brands actively participated in this exhibition, which continued the profound influence and attraction of the Group in automobile industry. In addition, in the second half of 2014, the Company will concentrate its efforts on organizing a series of on-site activities of Beijing New Energy Automobile. Through strengthening the cooperation between various teams from advertising industry, such as automobile, real estate, major customers and commerce, etc., the Company will use complex marketing model and integrate internal resources to promote a series of promotional activities and lay a foundation for the increase in advertising income.

In the second half of 2014, the Group will base on Today Sunshine to accelerate the development of outdoor advertisement. With our headquarters in Beijing, we will extend our business all over the country with focus on channel development and outdoor advertisement in emerging media form.

While maintaining its existing core businesses in the second half of 2014, the Group actively expands its new business and nurtures a new source for profit growth. Aiming at further development of its business, the Group will continue to bolster and take advantage of its ongoing relationship with Beijing Youth Daily Agency in order to stand out from its peers as a leading cross-media group in the PRC.

The Group’s business growth depends on the concerted efforts of our management and staff in each enterprise of the Group. The insight to market opportunities of the operational management and the high quality of the staff are the keys to our success.

FINANCIAL REVIEW

1. *Total Operating Revenue*

For the six months ended 30 June 2014, total operating revenue of the Group was RMB341,453 thousand (corresponding period of 2013: RMB267,830 thousand), representing an increase of 27.49% as compared with that for the corresponding period of 2013. Of which, revenue from advertising sales increased by RMB20,846 thousand, representing an increase of 13% as compared with that for the corresponding period of 2013; revenue from printing decreased by RMB3,133 thousand, representing a decrease of 19.65% as compared with that for the corresponding period of 2013; and revenue from the trading of print-related materials increased by RMB40,107 thousand, representing an increase of 45.23% as compared with that for the corresponding period of 2013.

2. *Operating Costs and Sales Tax and Surcharges*

For the six months ended 30 June 2014, operating costs of the Group was RMB268,232 thousand (corresponding period of 2013: RMB216,184 thousand), representing an increase of 24.08% as compared with that for the corresponding period of 2013. Of which, cost of advertising sales decreased by RMB417 thousand, representing a decrease of 0.35% as compared with that for the corresponding period of 2013; cost of printing decreased by RMB763 thousand, representing a decrease of 5.42% as compared with that for the corresponding period of 2013, and cost of the trading of print-related materials increased by RMB36,403 thousand, representing an increase of 43.90% as compared with that for the corresponding period of 2013. Sales tax and surcharges was RMB5,577 thousand (corresponding period of 2013: RMB5,536 thousand), representing an increase of 0.74% as compared with that for the corresponding period of 2013.

3. *Selling Expenses*

For the six months ended 30 June 2014, selling expenses of the Group was RMB12,211 thousand (corresponding period of 2013: RMB7,453 thousand), representing an increase of 63.84% as compared with that for the corresponding period of 2013.

4. *Administrative Expenses*

For the six months ended 30 June 2014, administrative expenses of the Group was RMB30,760 thousand (corresponding period of 2013: RMB23,907 thousand), representing an increase of 28.67% as compared with that for the corresponding period of 2013.

5. *Financial Expenses*

For the six months ended 30 June 2014, financial expenses of the Group was RMB-6,061 thousand (corresponding period of 2013: RMB-12,631 thousand), representing a decrease of 52.01% as compared with that for the corresponding period of 2013. Of which, interest income was RMB6,530 thousand (corresponding period of 2013: RMB12,805 thousand), representing a decrease of 49% as compared with that for the corresponding period of 2013.

6. *Share of Profit of Associates*

For the six months ended 30 June 2014, share of the profit of associates of the Group was RMB-14,408 thousand (corresponding period of 2013: RMB2,843 thousand), representing a decrease of 606.79% as compared with that for the corresponding period of 2013.

7. *Operating Profit and Profit Margin*

For the six months ended 30 June 2014, operating profit of the Group was RMB10,920 thousand (corresponding period of 2013: RMB28,520 thousand), representing a decrease of 61.71% as compared with that for the corresponding period of 2013; profit margin was 3.20% (corresponding period of 2013: 10.65%).

8. *Income Tax Expenses*

For the six months ended 30 June 2014, income tax expenses of the Group was RMB4,207 thousand (corresponding period of 2013: RMB1,945 thousand), representing an increase of 116.30% as compared with that for the corresponding period of 2013. The income tax expenses of the Group mainly represent the income tax charged on the Company in 2014.

9. *Net Profit Attributable to Shareholders of the Company*

For the six months ended 30 June 2014, net profit attributable to shareholders of the Company was RMB8,331 thousand (corresponding period of 2013: RMB11,852 thousand), representing a decrease of 29.71% as compared with that for the corresponding period of 2013.

10. Financial Resources and Liquidity

As at 30 June 2014, current assets of the Group was RMB1,078,705 thousand (31 December 2013: RMB1,046,959 thousand), including bank balance and cash of RMB534,671 thousand (31 December 2013: RMB562,219 thousand). Non-current assets of the Group was RMB545,842 thousand (31 December 2013: RMB565,560 thousand).

As at 30 June 2014, current liabilities of the Group was RMB304,533 thousand (31 December 2013: RMB276,422 thousand) and non-current liabilities was RMB2,583 thousand (31 December 2013: RMB2,583 thousand).

As at 30 June 2014, shareholders' equity of the Group was RMB1,317,431 thousand (31 December 2013: RMB1,333,514 thousand).

As at 30 June 2014, the Group did not have any bank borrowings (31 December 2013: nil).

As at 30 June 2014, the borrowings and bank balances and cash were mainly denominated in RMB.

11. Gearing Ratio

As at 30 June 2014, gearing ratio of the Group was 23.31% (31 December 2013: 20.92%) (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 announcement of the Company and the actual use of proceeds as at 30 June 2014:

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 735.496 million	Approximately 426.955 million
General working capital of the Group	Approximately 130 million	Approximately 130 million

On 14 May 2014, LEP Media, a wholly-owned subsidiary of the Company, completed capital reduction. After the reduction, the registered capital of LEP Media reduced from RMB 400,000 thousand to RMB51,000 thousand, after reduction of its own fund and the investment amount which have been utilized, there was approximately HK\$299.62 million that returned to the Company's proceeds. Utilization of proceeds follows the project planning of the Company, and there are no violations regarding the Company's use of proceeds.

As at 30 June 2014, balance of the Company's proceeds was approximately HK\$308.541 million.

In order to capture more business opportunities arising from emerging media businesses and other related media businesses for utilization of the net proceeds of the Group in a more effective way, during the First Half of 2014, the Company strived to seek opportunities to fulfill the objectives as set forth above. The Company believes that the remaining proceeds will be utilized as aforesaid purposes for business development under mature conditions in the future.

SHARE STRUCTURE

	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
	<hr/>	<hr/>
Domestic shares (subtotal)	142,409,000	72.18
H shares (note)	54,901,000	27.82
	<hr/>	<hr/>
Total share capital	<u>197,310,000</u>	<u>100</u>

Note: Including 19,533,000 outstanding H shares held by MIH Print Media Holdings Limited, representing 9.90% of the total share capital of the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2014, 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
MIH (BVI) Limited	H	Long	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long	19,533,000	35.58	9.90
MIH Print Media Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long	19,533,000	35.58	9.90
Naspers Limited	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 Ya Wen	H	Long	4,939,000	8.99	2.50

Note: Information disclosed above is based on the data published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk). Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 30 June 2014, 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 2014 was RMB2,630 thousand (corresponding period of 2013: RMB510 thousand). The Group expects that capital expenditures for the second half of 2014 will mainly comprise expenditures in consistent with business strategies of the Group.

CONTINGENT LIABILITIES

For the six months ended 30 June 2014, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

PLEDGE OF ASSETS

For the six months ended 30 June 2014, there was no pledge over the assets of the Group.

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 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 2014, the Group had a total of 414 employees (as at 30 June 2013: 295 employees), and the increase in the number of employees was mainly due to the employment of staff upon the incorporation of Beijing Community Media, a subsidiary of the Company, and the reasonable growth of the normal business needs of the Company. During the six months ended 30 June 2014, the total employees remuneration paid by the Group was approximately RMB28,803 thousand. The employees remuneration and benefits of the Group are determined in accordance with market rates, national 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 2014, the Group conducted trainings in respect of employees 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 2014, 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 2014, 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 2014, the Group had no material investment, nor any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

For the six months ended 30 June 2014, the Group had no material acquisition or disposal of assets.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2014, 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 SEGMENT OF THE GROUP SINCE 31 DECEMBER 2013

Save as disclosed above, the industry segment and the developments within the segment of the Group had not changed materially from the information disclosed in the most recent published annual report of the Group, neither had 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 2014, the Company had fully complied with the 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 enquiry of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the required standards under the Model Code for the six months ended 30 June 2014.

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 2014 with no dissenting opinions.

CONNECTED TRANSACTIONS MANAGEMENT

In order to standardise and strengthen the 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 to each subsidiary, and each subsidiary is responsible for the control of its sub-divided portion of connected transactions. Pursuant to the requirements of the relevant system of the Company, the Company is required to comply with the reportings, announcements and independent shareholders’ approval requirements (if applicable) under the Listing Rules before effecting any proposed connected transactions.

DISTRIBUTABLE RESERVE

As at 30 June 2014, the undistributed profits distributable to Shareholders of the Company amounted to RMB 12,284 thousand.

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2014.

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 2014 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, 29 August 2014

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo and He Xiaona, the non-executive directors of the Company, Li Shiheng, Liu Han, Wu Peihua, Li Xiaobing, Wang Lin, Xu Xun and Li Yigeng, and the independent non-executive directors of the Company, Song Jianwu, Cui Baoguo, Wu Tak Lung, Cui Enqing and Chen Ji.

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