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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 2017

FINANCIAL HIGHLIGHTS:

1. Total operating revenue decreased by 4.96% to RMB197,925 thousand (corresponding period of 2016: RMB208,262 thousand).
2. Loss attributable to shareholders of the Company was RMB39,513 thousand (net loss attributable to shareholders of the Company in the corresponding period of 2016: RMB16,162 thousand).
3. Loss per share was RMB0.20 (corresponding period of 2016: RMB0.08).

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 2017 (the “**First Half of 2017**”) and the comparative results of the Group for the corresponding period in 2016.

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

RMB'000

Item	Notes	For the six months ended 30 June	
		2017	2016
Total operating revenue	<i>1</i>	197,925	208,262
Total operating costs		242,607	262,964
Operating costs	<i>1</i>	183,336	190,525
Tax and surcharges		3,203	4,309
Selling expenses		25,654	34,971
Administrative expenses		24,012	32,120
Financial expenses	<i>2</i>	(1,144)	(2,101)
Impairment loss of assets		7,546	3,140
Add: profit on the changes in fair value		25,864	197
Investment profit	<i>3</i>	(23,040)	24,059
Including: Profit from investments in associates	<i>3</i>	(1,116)	(24,178)
Operating profit		(41,858)	(30,446)
Add: non-operating income		150	194
Including: Gain from disposal of non-current assets		52	115
Less: non-operating expenses		723	31
Including: Loss from disposal of non-current assets		184	9
Total profit		(42,431)	(30,283)
Less: Income tax expenses	<i>4</i>	3,824	(2,589)

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)

RMB'000

Item	Notes	For the six months ended 30 June	
		2017	2016
Net profit		(46,255)	(27,694)
Net profit attributable to			
Shareholders of the Company		(39,513)	(16,162)
Non-controlling shareholders		<u>(6,742)</u>	<u>(11,532)</u>
Other net comprehensive income after tax		(21)	22
Other net comprehensive income after tax			
attributable to shareholders of the Company		(13)	13
Including: Subsequently reclassified into profit or loss:		(13)	13
Including: Difference in conversion of currency in financial statements		<u>(13)</u>	<u>13</u>
Other net comprehensive income after tax attributable to Non-controlling shareholders		<u>(8)</u>	<u>9</u>
Total comprehensive income		<u>(46,276)</u>	<u>(27,672)</u>
Total comprehensive income attributable to shareholders of the Company		(39,526)	(16,149)
Total comprehensive income attributable to non-controlling shareholders		<u>(6,750)</u>	<u>(11,523)</u>
			RMB
Earnings per share			
Basic earnings per share	5	(0.20)	(0.08)
Diluted earnings per share	5	<u>(0.20)</u>	<u>(0.08)</u>
Dividends	6	<u>—</u>	<u>—</u>

CONSOLIDATED BALANCE SHEET (UNAUDITED)

RMB'000

Item	<i>Notes</i>	As at 30 June 2017	As at 31 December 2016
Current assets			
Bank balances and cash		206,746	214,527
Accounts receivable	7	352,748	422,045
Prepayments		24,688	54,446
Interest receivable		326	182
Other receivables	8	288,926	311,297
Inventories		49,581	28,117
Non-current assets realisable within one year		1,003	1,060
Other current assets		48,867	39,783
Total current assets		972,885	1,071,457
Non-current assets			
Financial assets available-for-sale		165,146	165,746
Long-term equity investment	9	34,166	37,756
Investment properties		133,562	104,656
Fixed assets		7,032	8,499
Intangible assets		34,336	35,099
Goodwill		35,377	35,377
Long-term prepaid expenses		231	494
Deferred income tax assets		15,437	15,161
Other non-current assets		26,590	26,590
Total non-current assets		451,877	429,378
Total assets		1,424,762	1,500,835

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)

RMB'000

Item	Note	As at 30 June 2017	As at 31 December 2016
Current liabilities:			
Notes payable		36,697	51,188
Accounts payable	10	40,011	78,916
Receipts in advance		32,970	39,031
Employee benefit payables		7,793	8,882
Tax payables		4,081	5,730
Interest payables		48	25
Other payables		49,191	45,191
Non-current liabilities due within one year		—	5,500
Other current liabilities		1,609	1,609
Total current liabilities		172,400	236,072
Non-current liabilities			
Long-term loans		30,000	—
Deferred income tax liabilities		8,389	4,514
Total non-current liabilities		38,389	4,514
Total liabilities		210,789	240,586
Shareholders' equity			
Share capital		197,310	197,310
Capital reserves		923,193	923,193
Other comprehensive income		58	71
Surplus reserves		130,931	130,931
Undistributed profits		(76,059)	(36,546)
Total equity attributable to shareholders of the Company		1,175,433	1,214,959
Non-controlling interest		38,540	45,290
Total shareholders' equity		1,213,973	1,260,249
Total liabilities and shareholders' equity		1,424,762	1,500,835
Net current assets		800,485	835,385
Total assets less current liabilities		1,252,362	1,264,763

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The Group's financial statements for the six months ended 30 June 2017 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 – Basic Standard issued by the Ministry of Finance of the People's Republic of China and requirements under specified accounting standards ("**Accounting Standards for Business Enterprises**") 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 Note V "Significant accounting policies and accounting estimates and basis of preparation of consolidated financial statements" in the interim report of the Company.

2. GOING CONCERN

These consolidated financial statements are prepared on a going concern.

CHANGES IN ACCOUNTING POLICIES AND THEIR EFFECT

The Group's financial statements for the six months ended 30 June 2017 has applied the amendments to the related accounting and standards under the amendments to "Accounting Standards for Business Enterprises-Governmental Subsidies, No. 16", which had no impact on the Group's financial statements and only affected the description of the accounting policies in financial reports. The Group has made supplement to the contents of the description of related parts of accounting policies in financial reports.

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 2017 and their consolidated operating results, consolidated cash flows and other relevant information for the six months then ended 30 June 2017.

NOTES TO THE FINANCIAL STATEMENTS

1. TOTAL OPERATING REVENUE AND OPERATING COSTS

Item	For the six months ended 30 June	
	2017	2016
Principal operating revenue	189,213	166,455
Other operating revenue	8,712	41,807
Total operating revenue	197,925	208,262
Principal operating costs	179,818	153,989
Other operating costs	3,518	36,536
Total operating costs	183,336	190,525
Gross profit	14,589	17,737

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			
	2017		2016	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Advertising	82,527	75,429	91,436	77,496
Printing	6,211	5,292	5,215	6,950
Trading of print-related materials	84,191	77,434	61,846	56,987
Distribution	996	1,359	1,049	1,712
Technical services	15,288	20,304	6,909	10,844
Total	189,213	179,818	166,455	153,989

- (2) The sum of operating revenue from the top five customers is RMB53,437 thousand representing 28.24% of principal operating revenue for the six months ended 30 June 2017.
- (3) Other operating revenue mainly includes revenue from property rental income of RMB4,298 thousand and venue rental income of RMB2,091 thousand.

2. FINANCIAL EXPENSES

Item	For the six months ended 30 June	
	2017	2016
Interest expenses – on bank loans wholly repayable within 5 years	251	743
Less: Interest income	1,469	2,909
Less: Exchange gains	7	35
Add: Other expenses	81	100
	<u> </u>	<u> </u>
Total	(1,144)	(2,101)

3. INVESTMENT PROFIT

Item	For the six months ended 30 June	
	2017	2016
Share of loss of associates	(1,116)	(24,178)
Other investment income:		
Gain on disposal of interest in an associate	100	48,237
Other investment income	(22,024)	–
	<u> </u>	<u> </u>
Sub-total of other investment income	(21,924)	48,237
	<u> </u>	<u> </u>
Total	(23,040)	24,059

4. INCOME TAX EXPENSES

(1) Income tax expenses

Item	For the six months ended 30 June	
	2017	2016
Current income tax expenses	225	(2,059)
Deferred income tax expenses	3,599	(530)
	<u> </u>	<u> </u>
Total	3,824	(2,589)

(2) *Current income tax expenses*

Item	For the six months ended 30 June	
	2017	2016
Current income tax – PRC	511	3
Under-provision in prior years – PRC	(286)	(2,062)
Total	225	(2,059)

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

5. **EARNINGS PER SHARE**

Item	For the six months ended 30 June	
	2017	2016
Net profit for the half-year attributable to the shareholders of the Company	(39,513)	(16,162)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Earnings per share (RMB)	(0.20)	(0.08)

The basic earnings and diluted earnings per share for the six months ended 30 June 2016 and 2017 are the same as there was no dilution incurred during the periods.

6. **DIVIDENDS**

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: nil).

7. ACCOUNTS RECEIVABLE

Item	As at 30 June 2017	As at 31 December 2016
Accounts receivable	446,399	508,760
Less: Provision for bad debts	<u>93,651</u>	<u>86,715</u>
Net accounts receivable	<u>352,748</u>	<u>422,045</u>

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

Item	As at 30 June 2017	As at 31 December 2016
0-90 days	68,808	56,223
91-180 days	37,097	57,594
181-365 days	50,469	81,707
1-2 years	71,778	99,341
Over 2 years	<u>124,596</u>	<u>127,180</u>
Total	<u>352,748</u>	<u>422,045</u>

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 2017 represented 39.54% of the total accounts receivable.

8. OTHER RECEIVABLES

Item	As at 30 June 2017	As at 31 December 2016
Other receivables	291,776	314,032
Less: Provision for bad debts	<u>2,850</u>	<u>2,735</u>
Net other receivables	<u>288,926</u>	<u>311,297</u>

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

Item	As at 30 June 2017	As at 31 December 2016
Within 1 year	213,681	237,322
1-2 years	44,057	36,896
2-3 years	29,186	35,924
Over 3 years	<u>2,002</u>	<u>1,155</u>
Total	<u>288,926</u>	<u>311,297</u>

9. LONG-TERM EQUITY INVESTMENTS

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

Type	As at 30 June 2017	As at 31 December 2016
Investments in associates		
– under equity method	34,640	37,756
Less: provision for impairment of investments in associates	<u>474</u>	<u>–</u>
Total	<u>34,166</u>	<u>37,756</u>

(2) Investments in associates

Item	As at 30 June 2017	As at 31 December 2016
Unlisted investments, at cost	78,606	80,606
Share of post-acquisition profit	(43,966)	(42,850)
Total	34,640	37,756

10. ACCOUNTS PAYABLE

The following is an aging analysis of accounts payable as at 30 June 2017 presented based on the invoice date:

Item	As at 30 June 2017	As at 31 December 2016
0-90 days	30,936	4,509
91-180 days	4,020	27,613
181-365 days	2,747	23,025
Over one year	2,308	23,769
Total	40,011	78,916

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

Item	For the six months ended 30 June 2017	2016
Net gain on disposal of fixed assets (loss)	(132)	106
Depreciation of fixed assets	1,640	1,831
Amortization of intangible assets	781	766

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, mainly includes sale of advertising spaces on newspapers and magazines and sale of outdoor billboards advertisement; (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.

In the First Half of 2017, the total operating revenue of the Group was RMB197,925 thousand (corresponding period of 2016: RMB208,262 thousand), representing a decrease of 4.96% as compared with that for the corresponding period of 2016. Net Loss attributable to shareholders of the Company was RMB39,513 thousand (net loss attributable to shareholders of the Company in the corresponding period of 2016: RMB16,162 thousand).

In the First Half of 2017, the macro-economy has remained steady. As the Internet economy has developed rapidly, the impact to print media has been increasing and the Company has been under such influence. In the First Half of 2017, operating revenue of the Group showed an improvement in decreasing rate as compared with the same period last year, with a clear trend of reaching its bottom. In the First Half of 2017, revenue from advertising business of the Group decreased by RMB8,909 thousand, and operating revenues and results of subsidiaries slightly decreased. There was no material change in the Group’s related costs as compared with the same period last year. Given the relatively low elasticity of the Group’s printing and related costs, the decrease in revenue from advertising business directly aggravated decrease in the Group’s result.

In 2017, the Group strengthened its competitiveness by developing and enriching new media products, reducing original products, consolidating resources and creating synergy.

In the First Half of 2017, the Group developed an App, “Beijing Headline” and Chongqing Youth Media Company Limited (“**Chongqing Media**”) developed an App, “Chongqing Headline”, which established a diversified new media platform. Meanwhile, in the First Half of 2017, the Company disposed of 20% equity interests in Beijing Lingshi Technology Co. Ltd. at premium through public listing-for-sale, through which the Company recovered capital of RMB2,100 thousand. By taking the aforesaid action as opportunity, the Company has advanced resources sharing, established connection and achieved mutual promotion and mutual advancement between the new and old business models and new and old products, and ultimately strengthened the Group’s competitiveness.

Advertisement Business

In the First Half of 2017, revenue from advertising business of the Group was RMB82,527 thousand, representing a decrease of 9.74% as compared with the same period last year (corresponding period of 2016: RMB91,436 thousand).

In the First Half of 2017, the decrease rate in revenue from advertising business improved as compared with the same period last year.

Real estate advertising industry is 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. According to the market monitoring data provided by third parties, in the First Half of 2017, the total advertising placement volume of real estate industry and automobile industry in the print media of Beijing metropolitan newspapers represented a year-on-year decrease. As a result, the advertising revenue of the Company from real estate industry and automobile industry also recorded a decrease as compared with the same period last year.

In addition, according to the market monitoring data provided by third parties, advertising placement volume in other industries including finance and insurance and cosmetics and hygiene items also kept the leading position compared with other print media of Beijing metropolitan newspapers.

In the First Half of 2017, the decrease in the advertising revenue of the Company has slowed down. Advertisement placing volume from certain industries ceased to decline and experienced an upward trend, including finance, sports, 3C and food.

In face of changes, the Group actively responded and implemented two strategies:

1. By using new product development as an opportunity to integrate new and old businesses.
2. By using multi-level marketing strategy as the starting point, to promote the integration of new and old businesses and new and old products.

1. *Developing and enriching product structure and consolidating the Group's overall resources*

Developing "Beijing Headline" App

In the First Half of 2017, focusing on the demand of Beijing's users, the Company designed and developed an App called "Beijing Headline". As at June 2017, the App "Beijing Headline" has completed the work of client-end going online and upgrading to 2.0 version.

With regards to its functions, the App "Beijing Headline" has been equipped with mainstream functions including reading images, articles and information, intelligent information distribution and recommendation, videos live broadcasting and UGC social media interaction, and has connected to a variety of Beijing's city services terminals, which enable good cooperation with vast number of client-ends in various aspects of city life, including city convenience, car owner services, health management, job seeking and recruitment, learning and improvement and ticket purchase in order to provide a "one-stop" quick and convenient service to users.

As for the contents, the App "Beijing Headline" has developed a combined model consisting of the Group's own quality contents sources + quality contents sources from local cooperating parties + contents uploaded by UGC users. Over 10,000 articles were updated every day, which covered all mainstream third party distribution platforms (Jinri Toutiao, Yidianzixun, Baidubaijia, etc.). Meanwhile, the App "Beijing Headline" organized plentiful online and offline activities 3 to 5 times a week, with good cooperation with local institutions, enterprises and organizations. It deeply and strategically cooperated with China Mobile in terms of data technology application.

With regards to promotion, “Beijing Headline” App has been launched on mainstream application markets, including App store, 360, SnapPea, Tencent Application Center, Baidu, Huawei, Samsung and Xiaomi. Also, it actively commenced promotion discussion and trial operation with communities, shopping malls, schools, cinemas and exhibition centers.

As at 30 June 2017, the total number of download of “Beijing Headline” App exceeded 300,000.

In the second half of 2017, “Beijing Headline” App plans to increase the number of client-end product users to millions, in order to build an interesting, useful and humane client-end brand image, foster an online and offline interactive promotion and establish and perfect a new media client resources base. Also, it establishes a grading system for clients by granting privileges and implementing temporary benefit and packaging policies to facilitate the overall sales of print media and effectively increase advertising revenue.

Developing “Chongqing Headline” App

In the First Half of 2017, Chongqing Media designed and developed an App called “Chongqing Headline”. With rich contents, diversified styles and large data-carrying capacity, such product built a promotion and distribution platform in a brand new pattern for news reporting, brand promotion and advertising businesses. Chongqing Media and the Chongqing Committee of Communist Youth League have reached a good cooperation intention. Live broadcasting was adopted for various activities and events through the platform of Chongqing Headline App with accumulative number of live audience exceeding 1 million, which created significant and positive impact among youth groups.

As at 30 June 2017, the total number of download of “Chongqing Headline” App exceeded 400,000.

Developing full-packaged online and offline combined advertising service via “OK Home” App

“OK Home” App is a mobile application software for small communities living services 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 all districts in Beijing and 104 communities relay stations which cover 60 living circles in Beijing and serve 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 sales and promotion 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. “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 activities, “OK Home” online activities and promotion, “OK Home” physical stores sales and sharing of articles through WeChat public accounts, which effectively increased advertising placement volume from different industries.

2. Adopting multi-layers marketing strategy and actively exploring diversified operation

In the First Half of 2017, the Company cooperated with factories in Northern China of BiYaDi Company to organize online and offline activities called “Jingchenghuanlesong”, and provided comprehensive online and offline solution for second-hand car market in Huaxiang. Also, the Company participated in 2017 World Mobile Internet & New Media Gateway Conference in Beijing International Convention Centre as a media organizer. The Company also organized a financial award ceremony, the 9th “Beijing Media Financial Stars”, which was an authoritative and professional activity for mainstream financial institutions, including banks, insurance companies, Internet financial companies, Internet+ institutions. In April, the Company participated in “Beijing Spring Property Sales Conference” and gave a live broadcast and exclusive interview through “Beijing Media Conference Platform”. Meanwhile, the travel and property activity named “Ten Miles Spring Breeze, Accompany Like Shadow”, a Beijing 2017 travel and residential landscape review, planned and organized by the Company was highly recognized by customers.

Film and Television Business

In the First Half of 2017, with the direction of refined development of video projects which foster mainstream value in society, the Company continued to make diversified investment in film and television business while actively participating in online video projects, a hot growing point of film and television industry through cooperation with various mainstream online platforms in order to develop film and television products which are suitable to be broadcasted on online platform. In addition, by virtue of our advantage in content construction, the Company engaged in the content creation of film and television projects in various subjects, including industry, justice and urban development. “Heart of Ice” (《破冰》) (working title), a television program is expected to be filmed at the end of the year. In May 2017, the president office of the Company approved the investment in “Cover the Sky” (《素手遮天》), an online drama, which is currently under production and is scheduled to be shown on Tencent Video at the end of the year.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Beiqing CéCi Advertising (Beijing) Limited (“**Beiqing CéCi**”) is a 84.69%-owned subsidiary of the Company. In the First Half of 2017, operating revenue of Beiqing CéCi was RMB8,081 thousand, representing an increase of 15.51% as compared with the same period 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 more than 40 major cities of China including Hong Kong. Through over nine years’ operation, CéCi is a favourite magazine of urban white-collar women with a sound track record in sales since its launching.

In the First Half of 2017, BeiQing CéCi, with the impact of popular celebrities and fashion trends, effectively enhanced the brand image and corporate influence. Its advertising placement volume increased owing to its continuous efforts in new feature reports and offline activities. Also, BeiQing CéCi has proactively developed the service model of online media (website, Weibo and WeChat) with effective increase in number of its subscribers through website and WeChat subscription. In March 2017, BeiQing CéCi held an exclusive interview with Dilreba Dilmurat, a well-known celebrity, and took photo of magazine cover, which captured the fans' enthusiastic attention. Related contents were simultaneously reported through online media, including Weibo and WeChat, with extremely high hit rate and sharing rate. In June 2017, BeiQing CéCi produced a feature report for its 9th anniversary, which was titled "They made impact for the 5th Quarter in Asia", an exclusive interview of leading innovative designers in various industries, including cosmetics, clothes, watches and luxury goods, and "The rising stars", an exclusive interview of model groups. With simultaneous promotion and report on online media, BeiQing CéCi effectively enhanced its brand influence. In the second half of 2017, BeiQing CéCi strived to continue to offer three-dimensional service model combining online media (Weibo and WeChat public accounts) and offline marketing activities and develop new resources for business, so as to cope with the market competition and effectively increase its revenue.

Beijing BeiQing 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 2017, BeiQing Outdoor operates a total of 16 single column billboards in prime locations 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. In the First Half of 2017, operating revenue of BeiQing Community Media was RMB21,482 thousand, representing an increase of 13.56% as compared with the same period last year. 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 BeiQing Community Daily, 32 WeChat public accounts, an "OK Home" App and 104 community relay stations by building a three-in-one business model, it realizes direct contact with residents both online and offline. BeiQing Community Media operated 32 WeChat public accounts as assisting channels for "OK Home" App, through which information and activities were delivered and promoted. Total number of fans of the official accounts has exceeded 700,000, which effectively increased the advertising placement volume. In addition, other than operating its own WeChat platform, BeiQing Community Media assisted governmental departments in operating 18 WeChat public accounts, which enhanced brand influence with effective use of governmental resources.

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.

Beijing Network Culture Communication Co., Ltd. (“**Beiqing Network Culture**”) is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, formed Beijing Runxin Dingtai Investment Centre (limited partnership) (the “**Fund**”) in 2013. Currently, the Fund also actively promoted the remaining investment projects to realize exits via listing, backdoor listing, the so-called “New Third Board” or merger and acquisition by listed companies etc, it is hoped that they will bring higher investment return.

Beijing Qingyou Information Technology Co., Ltd. (“**Qingyou Information**”) is a wholly-owned subsidiary of the Company. In the First Half of 2017, with the mobile internet advertisement technical platform that it had built and the qualifications of the secondary advertisers of mobile internet of Tencent Company, Qingyou Information actively explored the mobile internet advertisement business.

Beiqing Long Teng Investment Management (Beijing) Co., Limited (“**Beiqing Long Teng**”) is a 51%-owned subsidiary of the Company. In the First Half of 2017, Beiqing Long Teng continued to focus on the Internet and film and television business as well as actively explore investment management, financial consulting and value-added services. Beiqing Long Teng, which was under the rearing period is consolidating its basis, and is determined to explore businesses in order to realize profits as soon as possible.

Chongqing Media is a 60%-owned subsidiary of the Company. In the First Half of 2017, Chongqing Media speeded up the transformation of its media. As a result, a new media product, “Chongqing Headline” App was officially launched within a short time. With various contents, diversified styles and large data-carrying capacity, “Chongqing Headline” App built a promotion and distribution platform in a brand new pattern for news reporting, brand promotion and advertising businesses. Chongqing Media was trying to shorten the cultivation period so as to realize 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. In 2017, the market of printing industry showed a descending trend generally. BYD Logistics grasped the opportunity coming from the impact of various factors such as supply shortage of paper market. Prior to the surge in paper price, the Company increased paper inventory via numerous channels to ensure the stable cost of its own printing paper while achieving an effective growth of the sales of printing materials business. In the First Half of 2017, operating revenue of BYD Logistics from related trading business of printing materials was RMB84,191 thousand, representing an increase of 36.13% as compared with the same period last year.

PROSPECTS AND FUTURE PLANS

In the second half of 2017, the Company will endeavor to expand new media businesses and continue to develop and promote its new media products such as App, so as to create additional profit growth points with its growth in such business.

In the second half of 2017, 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. On 24 August 2017, the Company and Chongqing Huilin Equity Fund (Limited Partnership) (“**Chongqing Huilin**”), respectively made capital injection in Beiqing Community Media by cash in the amount of RMB20 million and RMB40 million. Upon completion of the increase of capital, the Company’s shareholding in Beiqing Community Media decreased from 54.37% to 52.661%.

In the second half of 2017, 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 2017, the Company will continue to invest in film and television business and target markets demand to explore diversified film and television investment model.

In the second half of 2017, 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 2017, 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. On behalf of the shareholders of the Company and other members of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of each business unit of the Group.

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2017, total operating revenue of the Group was RMB197,925 thousand (corresponding period of 2016: RMB208,262 thousand), representing a decrease of 4.96% as compared with that for the corresponding period of 2016. Of which, revenue from advertising sales decreased by RMB8,909 thousand, representing a decrease of 9.74% as compared with that for the corresponding period of 2016; revenue from printing increased by RMB996 thousand, representing an increase of 19.10% as compared with that for the corresponding period of 2016; and revenue from the trading of print-related materials increased by RMB22,345 thousand, representing an increase of 36.13% as compared with that for the corresponding period of 2016.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2017, operating costs of the Group were RMB183,336 thousand (corresponding period of 2016: RMB190,525 thousand), representing a decrease of 3.77% as compared with that for the corresponding period of 2016. Of which, costs of advertising sales decreased by RMB2,067 thousand, representing a decrease of 2.67% as compared with that for the corresponding period of 2016; costs of printing decreased by RMB1,658 thousand, representing a decrease of 23.86% as compared with that for the corresponding period of 2016; and costs of the trading of print-related materials increased by RMB20,447 thousand, representing an increase of 35.88% as compared with that for the corresponding period of 2016. Tax and surcharges was RMB3,203 thousand (corresponding period of 2016: RMB4,309 thousand), representing a decrease of 25.67% as compared with that for the corresponding period of 2016.

3. Selling Expenses

For the six months ended 30 June 2017, selling expenses of the Group were RMB25,654 thousand (corresponding period of 2016: RMB34,971 thousand), representing a decrease of 26.64% as compared with that for the corresponding period of 2016.

4. Administrative Expenses

For the six months ended 30 June 2017, administrative expenses of the Group were RMB24,012 thousand (corresponding period of 2016: RMB32,120 thousand), representing a decrease of 25.24% as compared with that for the corresponding period of 2016.

5. Financial Expenses

For the six months ended 30 June 2017, financial expenses of the Group were RMB-1,144 thousand (corresponding period of 2016: RMB-2,101 thousand), representing an increase of 45.55% as compared with the net value for the corresponding period of 2016. Of which, interest income was RMB1,469 thousand (corresponding period of 2016: RMB2,909 thousand), representing a decrease of 49.50% as compared with that for the corresponding period of 2016.

6. Share of Profit of Associates

For the six months ended 30 June 2017, share of the profit of associates of the Group was RMB-1,116 thousand (corresponding period of 2016: RMB-24,178 thousand), representing an increase of 95.38% as compared with the absolute value for the corresponding period of 2016.

7. Operating Profit

For the six months ended 30 June 2017, operating profit of the Group was RMB-41,858 thousand (corresponding period of 2016: RMB-30,446 thousand), representing a decrease of 37.48% as compared with that for the corresponding period of 2016.

8. Income Tax Expenses

For the six months ended 30 June 2017, income tax expenses of the Group for the current period were RMB3,824 thousand (corresponding period of 2016: RMB-2,589 thousand), representing an increase of 247.70% as compared with that for the corresponding period of 2016.

9. Net Profit Attributable to Shareholders of the Company

For the six months ended 30 June 2017, net profit attributable to shareholders of the Company was RMB-39,513 thousand (corresponding period of 2016: RMB-16,162 thousand), representing a decrease of 144.48% as compared with that for the corresponding period of 2016.

10. Financial Resources and Liquidity

As at 30 June 2017, current assets of the Group were RMB972,885 thousand (31 December 2016: RMB1,071,457 thousand), including cash and bank balances of RMB206,746 thousand (31 December 2016: RMB214,527 thousand). Non-current assets of the Group were RMB451,877 thousand (31 December 2016: RMB429,378 thousand).

As at 30 June 2017, current liabilities of the Group were RMB172,400 thousand (31 December 2016: RMB236,072 thousand) and non-current liabilities were RMB38,389 thousand (31 December 2016: RMB4,514 thousand).

As at 30 June 2017, shareholders' equity of the Group was RMB1,213,973 thousand (31 December 2016: RMB1,260,249 thousand).

As at 30 June 2017, the bank borrowings of the Group were RMB30,000 thousand (31 December 2016: RMB5,500 thousand).

As at 30 June 2017, the borrowings and cash and bank balances were mainly denominated in Renminbi.

11. Gearing Ratio

As at 30 June 2017, gearing ratio of the Group was 17.36% (31 December 2016: 19.09%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

USE OF PROCEEDS FROM LISTING

The Company raised net proceeds of HK\$889.086 million in total from the global offering in 2004.

All of the proceeds were used up as at 30 June 2017.

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 various 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 2017)

	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 Co. Ltd.	4,263,117	2.16
– Beijing Development Area Ltd.	2,986,109	1.52
– Sino Television Co., Ltd.	2,952,800	1.50
Domestic shares (subtotal)	142,409,000	72.18
H shares (<i>Note</i>)	54,901,000	27.82
Total share capital	197,310,000	100

Note: Including 19,533,000 H shares held by Leshi Internet Information & Technology Corp., Beijing and 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 2017, 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 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 2017, 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 2017 was RMB3,772 thousand (corresponding period of 2016: RMB3,553 thousand). The Group expects that capital expenditures for the second half of 2017 will mainly comprise expenditures in consistent with business strategies of the Group.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2017, the Group does not have arrangement for pledge of assets.

FOREIGN EXCHANGE RISKS

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

EMPLOYEES

As at 30 June 2017, the Group had a total of 493 employees (as at 30 June 2016: 633 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 adjustment of the Company. During the six months ended 30 June 2017, the total employees remuneration paid by the Group was approximately RMB41,085 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 2017, the Group conducted various staff trainings including but not limited to sales and marketing, financial system and administrative management system.

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

As at 30 June 2017, 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 2017, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

For the six months ended 30 June 2017, the Group had no material investment, or any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

For the six months ended on 30 June 2017, the Group did not have other material acquisitions or disposals of assets relating to its affiliates, associates or joint venture companies.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2017, 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.

AMENDMENTS TO ARTICLES OF ASSOCIATION

At the Annual General Meeting of the Company held on 30 June 2017, certain amendments to the Company’s Articles of Association were approved to reflect the change of name of one of the Company’s promoters and changes in the management. Please refer to the announcements of the Company dated 31 March 2017 and 30 June 2017 for details.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2016

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 2017, 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 2017.

AUDIT COMMITTEE

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

The audit committee and the management team of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the audit committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the unaudited financial statements of the Group for the First Half of 2017 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 2017, the Company's accumulated loss amounted to RMB97,729 thousand and the Company's surplus reserve amounted to RMB130,931 thousand.

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

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2017.

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 2017 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 2017

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo, He Xiaona, Yang Wenjian, Peng Liang and Shang Da, the non-executive directors of the Company, Zang Furong, Wu Bin, 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.