BEIJING 北青传媒 MEDIA

HK Stock Code: 1000

2011 INTERIM REPORT

Beijing Media Corporation Limited

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

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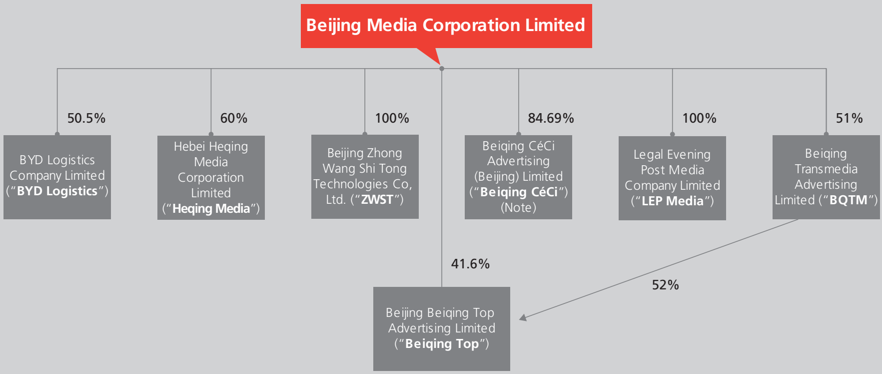
COMPANY PROFILE

Beijing Media Corporation Limited (the "**Company**" or "**Beijing Media**", together with its subsidiaries collectively the "**Group**"), is one of the leading media companies in the PRC. The Company's main advertising medium is Beijing Youth Daily. Other core businesses of the Group include the production of newspapers, printing and trading of print-related materials. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Hong Kong Stock Exchange**") on 22 December 2004.

CORPORATE STRUCTURE



Note: On 21 April 2011, the Company held the board meeting to approve the injection of additional capital of RMB55 million to Beiqing CéCi. Beiqing CéCi completed the change in registration with relevant administration authorities for Industry and Commerce on 30 June 2011. Upon the completion of capital increase, Beiqing CéCi was owned as to 84.69% by Beijing Media.

COMPANY WEBSITE:

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 30 June 2011): 197,310,000
- Market Capitalisation (as at 30 June 2011): HK$1,095.07 million
- Financial Year End: 31 December
- Bloomberg's Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

EXECUTIVE DIRECTORS
Zhang Yanping *(Chairman)*
Zhang Yabin *(Vice Chairman)*
Sun Wei *(President)*

NON-EXECUTIVE DIRECTORS
Li Shiheng
Wu Peihua
Liu Han
Xu Xun
Li Yigeng

INDEPENDENT NON-EXECUTIVE DIRECTORS
Tsang Hing Lun
Wu Changqi
Liao Li

COMPANY SECRETARY
Yu Leung Fai

AUDIT COMMITTEE
Tsang Hing Lun *(Chairman)*
Wu Changqi
Liu Han

REMUNERATION COMMITTEE
Wu Changqi *(Chairman)*
Tsang Hing Lun
Liao Li

AUTHORISED REPRESENTATIVES
Zhang Yanping
Sun Wei

ALTERNATIVE AUTHORISED REPRESENTATIVES
Shang Da
Yu Leung Fai

REGISTERED OFFICE
Building A, No. 23 Baijiazhuang Dongli,
Chaoyang District, Beijing,
the People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
7/F, Hong Kong Trade Center,
161-167 Des Voeux Road Central,
Hong Kong

LEGAL ADVISER (as for Hong Kong Law)
DLA Piper
17/F, Edinburgh Tower,
15 Queen's Road, Central, Hong Kong

AUDITORS *(Note)*
ShineWing Certified Public Accountants Co., Ltd.
9/F, Block A, Fu Hua Mansion,
Dongcheng District, Beijing,
the People's Republic of China

HONG KONG SHARE REGISTRAR
Computershare Hong Kong
Investor Services Limited
46/F, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

Note: At the annual general meeting held on 13 May 2011, a resolution to cease to re-appoint SHINEWING (HK) CPA Limited as the international auditors of the Company for the year 2011, and to appoint ShineWing Certified Public Accountants Co., Ltd. as the auditors of the Company for the year 2011, was dully passed.

Dear Shareholders,

On behalf of the Group, I am pleased to present the report on interim results of the Group for the six months ended 30 June 2011 ("the First Half of 2011").

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 this part of business includes revenue mainly generated from the printing of publications arranged by BYD Logistics; and (3) trading of print-related materials, this part of business 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 2011 was RMB354,878 thousand (corresponding period of 2010: RMB356,128 thousand), representing a decrease of approximately 0.35% as compared with that for the corresponding period of 2010. Net profit attributable to shareholders of the Company was RMB27,238 thousand (corresponding period of 2010: RMB36,878 thousand), representing a decrease of approximately 26.14% as compared with that for the corresponding period of 2010.

RESULTS OF GROUP MEMBERS

Although the placement volume of advertisement in print media in Beijing grew in the First Half of 2011, the market observation data provided by third parties shows that the rate of increase has slowed down significantly compared with the corresponding period of last year due to the negative impacts brought by new media. Notwithstanding the facts that Beijing Youth Daily (《北京青年報》) secured its stable position with a leading advertising market share among the major metropolitan newspapers in Beijing, and the placement volume of advertisement in real estate and automobile industries of Beijing Media has been ahead of other print media in Beijing, placement volume of advertisement in automobile industries has suffered from the impacts of the stringent control policy of automobile purchase implemented in the First Half of 2011 in Beijing, as a result of which, placement volume of advertisement in such industry has dropped significantly compared with the corresponding period of last year. Despite the series of policies limiting real estate purchase, which are still being strictly implemented in Beijing, placement volume of advertisement in real estate as a whole has increased as compared with the corresponding period of last year, and the market share of Beijing Media in real estate advertising has also been increasing steadily. The increase in revenue from real estate advertising has compensated for the drop in revenue from automobile advertising to a certain extent. Meanwhile, the placement of advertisement in Beijing Youth Daily (《北京青年報》) from industries like finance, insurance and luxuries targeting high-income groups also accounted for an extensive market share in the print media market of Beijing. In recent years, Beijing Media enjoyed a stable customer base from finance and insurance industries benefiting from their advertisement placement, thereby recording a significant increase of market share from the overall growth in placement.

RESULTS OF GROUP MEMBERS *(Continued)*

As the diversified media channels are intensifying the competition in print media, Beijing Media took an active role in expanding and diversifying its operational mode. In the First Half of 2011, Beijing Media called up wedding couples for whom are its readers and support the environmental protection business to eagerly take part in activities to show their love and care and the bliss they enjoyed by participating the public charity event organized by China Communist Youth League Beijing Committee. A special edition of Witnesses (《百版證婚》) published on 28 April, 2011 got the strong feedback of society. Earlier in the year, the rollout of Sunshine (《尚色》), a new magazine specially targeting high-end readership of luxurious brand consumers, marked another milestone for Beijing Youth Daily (《北京青年報》) in expanding its advertising sales business on luxury products. These series of events fostered the enhancement of the Group's influence on the society.

The Group is engaged in the printing and the trading of print-related materials businesses through its subsidiary BYD Logistics. Total operating revenue of the Group from the printing and the trading of print-related materials businesses for the First Half of 2011 was RMB26,657 thousand and RMB121,737 thousand (corresponding period of 2010: RMB24,930 thousand and RMB110,895 thousand), respectively, representing an increase of 6.93% and 9.78% as compared with those of the corresponding period of 2010, respectively.

The major revenue generators of BYD Logistics for the First Half of 2011 shifted from revenue from intra-group printing and trading business to revenue from third-party printing and trading business. Notable success was achieved in building up a diversified non-intra-group third-party customer portfolio.

Heqing Media, a subsidiary of Beijing Media established in Hebei Province, is principally engaged in the publication of Hebei Youth Daily (《河北青年報》) and the sales of its advertising space. During the First Half of 2011, Heqing Media recorded an overall improvement in its operation. For the retail market, full coverage has been achieved for Shijiazhuang area, and brought substantial increase in sales volume at newspaper stands and mobile distributors. Hebei Youth Daily devoted much effort in improving the layout image and content. In the First Half of 2011, it organized events such as" Celebration of the Fifth Anniversary of Repositioning" (改版五周年慶祝活動)," Heqing Auto Show" (河青車展)," A Walk for Qingdou Civilization" (青豆文明行)," Qingdou Farm" (青豆農場)," Running At Night for Health" (夜跑越健康)," Small Hands in Big Ones"（大手牽小手）and" Flowering Competition in My Balcony-garden" (我的陽台花園養花大賽), leading to more exposure as well as an increasing influence and appeal of Heqing brand in Shijiazhuang. With respect to operations, Heqing Media has expanded its niches and improved its services on ongoing basis and also strengthened its management. Operating revenue of Heqing Media for the First Half of 2011 increased by 18.11% as compared with that for the corresponding period of 2010. Of which, the operating revenue from advertising business increased by 20.67% and the operating revenue from distribution business increased by 6.13%. It is likely to achieve or even outperform the given operational target of the year.

RESULTS OF GROUP MEMBERS *(Continued)*

Beiqing CéCi is a limited liability company jointly established by Beijing Media and JoongAng m&b Limited of Korea with contribution of RMB80 million, of which Beijing Media holds as to 84.69%. Beiqing CéCi is mainly responsible for the content, advertising, marketing and publication of CéCi magazine. As the first Korean-style trendy magazine introduced into the People's Republic of China, CéCi invited Zhang Jingchu, one of the most popular actresses in China, to Korea, to serve as the new Ambassador of the Korean Culture and Tourism (韓國文化觀光宣傳大使) of the year. After that, she will also take part in the promotional activities of 2012 Exchange Year of Korea and China (二零一二韓中交流年) and the exchange activities commemorating the 20th anniversary of the establishment of diplomatic relations between China and Korea, so as to promote the popularity and influence of CéCi magazine. CéCi magazine has extended its presence across major cities in China including Hong Kong Special Administrative Region. Through three years' operation, CéCi, being the favourite magazine of urban white-collar, has become one of the most popular female magazines in Beijing and Shanghai, and is well recognized by the experts in the industry. With a sound track record of sales since its launching, the revenue from advertising sales of CéCi for the First Half of 2011 increased by 31.97% as compared with that for the corresponding period of 2010.

BQTM is an operating entity engaging in brand new aviation media segment established by the Group by consolidating the LED business at Terminal 3 of Beijing Capital Airport and the business of the Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》) in 2010. During the First Half of 2011, BQTM recorded a significant growth in its businesses. Based on the three LED displays at Terminal 3 of Beijing Capital Airport, the LED business has been extended to Xian Airport and Shenzhen Airport, aiming to initially build up a LED simulcast network at airports across the country based on these three airports. Upon business consolidation of the existing Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》) into BQTM, a rapid growth in the advertising business is recorded. The periodical circulation on the flights at and across Beijing, Shanghai and Guangzhou airports further increased due to the increasing passengers, which also led to an appropriate publication structure of Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》). Preliminary achievements were attained by consolidating the LED business and the print business of the Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》), which showcased a solid sales and marketing.

BUSINESS EXPANSION OF THE GROUP

During the First Half of 2011, following the implementation of the new control policy to purchase motor vehicles in Beijing that affected the business of advertising to certain extent but created other business opportunities, Beijing, Tianjin and Hebei became the most important distribution centres for second hand motor vehicles in the North China. In order to promptly capture the emerging second hand motor vehicle market, the Group offered the major second hand motor sellers a brand new exchange platform with the media in Beijing, Hebei and Tianjin, and the concept of the second hand vehicle market across Beijing, Tianjin and Hebei was taking shape. The advertising department and the media department of Beijing Media, together with the editorial department of Auto Time under Beijing Youth Daily Agency timely held a second hand vehicle summit to cater for regions including Beijing, Tianjin and Hebei. Dozens of the industry players have been invited to attend the event, including industry professionals of the Automobile Dealers Association, the head of the major brands engaging in second hand vehicle replacement business and large-scale distributors of second hand vehicle in Beijing, Tianjin and Hebei, at which a second hand vehicle league across Beijing, Tianjin and Hebei was formed. Tianjin TV and Hebei Youth Daily Agency were also invited to serve as the media co-organizer of the event. The Group would like to explore business opportunities by way of organization of events, and to address the challenges in the new market conditions.

PROSPECTS AND FUTURE PLANS

Looking into its advertising operations in the second half of 2011, the Group will continue to uphold its operating philosophy adopted in the First Half of the year, and pursue higher profitability by increasing consolidation of internal resources, advancing innovative solutions and introducing fresh approach to diversify advertising operations. In the meantime, to secure the number one market position of Beijing Youth Daily in cosmopolis mainstream newspaper media in Beijing, the Group will continue to enhance innovation for operational team in advertising department and to roll out various promotional activities. Beijing Media will increase investment in cities' outdoor websites and vertically-established industry websites, mobile internet, and education, and will further support the expansion of the existing business segments of aviation media and fashion magazine.

In the second half of 2011, the Group will, through Beiqing CéCi, continue to forge a brand new platform for its trendy magazine media. Following the successful release and distribution of the magazine, position in mainstream plane media will be sought for the magazine, so as to seek the better development of the trendy magazine media sector.

In the second half of 2011, BQTM will further develop the LED business in urban mainstream airport, and is endeavored to construct LED displays in urban airports of three to five cities. Based on the existing business of the Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》), it plans to further develop a brand new aviation print media and the electronic media business featuring the portable flight terminal to facilitate the flight networking and communication. BQTM will procure itself to become a leading cross-media aviation media group, by developing the most important LED simulcast network at airports across the country, aviation print media and individual portable flight terminal.

While maintaining its existing core businesses in the second half of 2011, the Group intends to further diversify its media business through acquisitions and cooperation. Aiming at further development of the Group's business, the Group will bolster its ongoing relationship with Beijing Youth Daily Agency, in order to stand out from its peers as a leading cross-media group in the People's Republic of China.

The Group's business growth is heavily dependent on the concerted efforts of our management and staff in each enterprise. The insight to market opportunities of the operational management and the quality of the staff are the keys to our success. On behalf of the Company's shareholders and other members of the board of directors (the "Board"), I would like to take this opportunity to express my sincere gratitude to the management and staff of each of the enterprises within the Group.

Zhang Yanping
Chairman

29 August 2011
Beijing, the People's Republic of China

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2011, total operating revenue of the Group was RMB354,878 thousand (corresponding period of 2010: RMB356,128 thousand), representing a decrease of 0.35% as compared with that for the corresponding period of 2010. Of which, revenue from advertising sales decreased by RMB12,544 thousand, representing a decrease of 5.96% as compared with that for the corresponding period of 2010; revenue from printing increased by RMB1,727 thousand, representing an increase of 6.93% as compared with that for the corresponding period of 2010; and revenue from the trading of print-related materials increased by RMB10,842 thousand, representing an increase of 9.78% as compared with that for the corresponding period of 2010.

2. Operating Cost and Sales Tax and Levies

For the six months ended 30 June 2011, operating cost of the Group was RMB308,056 thousand (corresponding period of 2010: RMB298,038 thousand), representing an increase of 3.36% as compared with that for the corresponding period of 2010. Of which, cost of advertising sales decreased by RMB3,056 thousand, representing a decrease of 1.93% as compared with that for the corresponding period of 2010; cost of printing increased by RMB1,937 thousand, representing an increase of 8.22% as compared with that for the corresponding period of 2010, and cost of the trading of print-related materials increased by RMB11,270 thousand, representing an increase of 10.88% as compared with that for the corresponding period of 2010. Sales tax and levies was RMB16,171 thousand (corresponding period of 2010: RMB17,387 thousand), representing a decrease of 6.99% as compared with that for the corresponding period of 2010.

3. Selling Expenses

For the six months ended 30 June 2011, selling expenses of the Group was RMB12,253 thousand (corresponding period of 2010: RMB9,159 thousand), representing an increase of 33.78% as compared with that for the corresponding period of 2010.

4. Administrative Expenses

For the six months ended 30 June 2011, administrative expenses of the Group was RMB21,008 thousand (corresponding period of 2010: RMB20,520 thousand), representing an increase of 2.38% as compared with that for the corresponding period of 2010.

5. Finance Cost

For the six months ended 30 June 2011, finance cost of the Group was RMB-15,164 thousand (corresponding period of 2010: RMB-13,029 thousand), representing an increase of 16.39% in absolute value as compared with that for the corresponding period of 2010. Of which, interest income was RMB13,490 thousand (corresponding period of 2010: RMB12,450 thousand), representing an increase of 8.35% as compared with that for the corresponding period of 2010; and foreign exchange gains was RMB1,713 thousand (corresponding period of 2010: RMB719 thousand), representing an increase of 138.25% as compared with that for the corresponding period of 2010.

6. Share of Profit (Loss) of Jointly Controlled Entities and Associates

For the six months ended 30 June 2011, share of the profit of jointly controlled entities and associates of the Group was RMB2,751 thousand (corresponding period of 2010: loss of RMB134 thousand), representing an increase of 2,152.99% as compared with that for the corresponding period of 2010.

FINANCIAL REVIEW *(Continued)*

7. Operating Profit and Profit Margin

For the six months ended 30 June 2011, operating profit of the Group was RMB27,998 thousand (corresponding period of 2010: RMB23,152 thousand), representing an increase of 20.93% as compared with that for the corresponding period of 2010; profit margin was 7.89% (corresponding period of 2010: 6.50%).

8. Income Tax Expenses

For the six months ended 30 June 2011, income tax expenses of the Group was RMB1,181 thousand (corresponding period of 2010: RMB2,205 thousand), representing a decrease of 46.44% as compared with that for the corresponding period of 2010. The taxation authority in the PRC has granted the Company an income tax exemption of five years effective from 1 January 2009 to 31 December 2013.

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

For the six months ended 30 June 2011, net profit of the Group was RMB27,362 thousand (corresponding period of 2010: RMB37,653 thousand), representing a decrease of 27.33% as compared with that for the corresponding period of 2010. Of which, net profit attributable to shareholders of the Company was RMB27,238 thousand (corresponding period of 2010: RMB36,878 thousand), representing a decrease of 26.14% as compared with that for the corresponding period of 2010.

10. Financial Resources and Liquidity

As at 30 June 2011, current assets of the Group was RMB1,386,634 thousand (31 December 2010: RMB1,464,219 thousand), including bank balance and cash of RMB1,006,662 thousand (31 December 2010: RMB1,174,576 thousand). Non-current assets of the Group was RMB254,201 thousand (31 December 2010: RMB231,371 thousand).

As at 30 June 2011, current liabilities of the Group was RMB292,188 thousand (31 December 2010: RMB285,987 thousand) and non-current liabilities was RMB6,688 thousand (31 December 2010: RMB8,773 thousand).

As at 30 June 2011, shareholders' equity of the Group was RMB1,341,959 thousand (31 December 2010: RMB1,400,830 thousand).

11. Gearing Ratio

As at 30 June 2011, gearing ratio of the Group was 22.27% (31 December 2010: 21.04%) (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 total net proceeds of HK$889,086 thousand 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 recently modified in the announcement of the Company and the actual use of proceeds as at 30 June 2011:

Proposed use of proceeds	Amounts proposed *HK$*	Amounts used *HK$*
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 businesses (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 518.884 million
General working capital of the Group	Approximately 130 million	Approximately 80 million

Note: The Board has approved the change in use of unutilized net proceeds from the global offering at the board meeting of the Company held on 24 June 2011.

The proceeds that would have been intended for the development of weekend newspapers had not been utilized as the Company has not identified any weekend newspapers with profitable prospect and which positioning is consistent with that of Beijing Media as a whole. In addition, as the Chinese government has not yet released fully its control over the television broadcasting industry at this stage and there are a number of restrictions on the existing State policies, industry access thresholds and other barriers, the Company is unable to implement its strategic deployment and to align its substantive investments, leaving the unutilized proceeds that would have been intended for investment in the television broadcasting industry in Beijing. While the Company does not intend to invest in weekend newspapers and television broadcasting industry in Beijing in the near future. Based on the factors abovementioned, it has changed the use of the unutilized proceeds totaling approximately HK$425.496 million to the following purposes:

1) as to approximately HK$375.496 million, for the purpose of investing in and acquisition of other media businesses (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);

2) as to approximately HK$50 million, for use as general working capital of the Group.

On 30 June 2011, the Company completed its capital increase into Beiqing CéCi in the amount of RMB55 million (approximate HK$66.159 million); on the same date, the Company used its proceeds to replace the internal resource of the Company's original additional investment in BQTM, in the amount of RMB80 million (approximate HK$92.725 million).

Taken into account of the above factors, and in order for the Company to capture more business opportunities arising from emerging media businesses and other related media businesses and to utilize the net proceeds of the Group in a more effective way, during the First Half of 2011, the Company strived to seek opportunities to fulfill the objectives as set forth above. The Company believes that the proceeds will be utilized as aforesaid purposes for business development under mature conditions in the second half of 2011.

CAPITAL STRUCTURE

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

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2011, so far as the directors (the "Directors"), the supervisors (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 ("SFO"), the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES *(Continued)*

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 Company Limited	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 extracted from 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 the chief executive of the Company, as at 30 June 2011, 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 in the register of the Company required to be kept under section 336 of Part XV of the SFO.

CAPITAL EXPENDITURES

Capital expenditures, which mainly include expenditures on office equipment of the Group for the First Half of 2011, was RMB1,508 thousand (corresponding period of 2010: RMB585 thousand). The Group anticipates that capital expenditures for the second half of 2011 will mainly comprise expenditure consistent with business strategies.

CONTINGENT LIABILITIES

As at 30 June 2011, the Company entered into an entrusted loan agreement with Guangdong Development Bank, pursuant to which the Company would provide an entrusted loan of not more than RMB3,600 thousand in cash to Beiqing Top through Guangdong Development Bank.

It is anticipated by the management team that no material liabilities will arise to the Company from the above entrusted loan provided in the normal course of business.

FOREIGN EXCHANGE RISKS

Renminbi is the functional currency used by 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 any exchange rate fluctuations.

EMPLOYEES

As at 30 June 2011, the Group had a total of 628 employees (as at 30 June 2010: 617 employees), whose remuneration and benefits are determined in accordance with market rates, State policies and individual performance.

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

As at 30 June 2011, none of the Directors, Supervisors or the 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 Divisions 7 and 8 of 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 ("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 2011, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

On 21 April 2011, the Company held a board meeting and approved the injection of additional capital of RMB55 million to Beiqing CéCi. On 30 June 2011, Beiqing CéCi completed the relevant change in registration with relevant Administration authorities for Industry and Commerce. Upon the completion of capital increase, Beiqing CéCi is owned as to 84.69% by Beijing Media.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

For the First Half of 2011, the Company had no material transactions of acquisitions and disposals of assets.

The Company entered into an equity transfer agreement with Beijing Youth Daily Agency ("BYDA") on 24 August 2011, whereby the Company has agreed to acquire 55% equity interests in Beijing Today Sunshine Advertising Co., Ltd. from BYDA for the consideration of RMB18.88 million.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2011, the Company was not involved in any material litigation or arbitration and there was no legal action or claim made or threatened to be made against the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has fully complied with the code provisions set out in the Code on Corporate Governance Practices under Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") for the six months ended 30 June 2011.

COMPLIANCE WITH "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 our Directors and Supervisors. Having made sufficient enquiry of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they have complied with the required standards under the Model Code for the six months ended 30 June 2011.

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, the Company has set up an audit committee which is responsible to review, supervise and adjust the financial reporting process and internal controls of the Group. The members of the audit committee are 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 controls and financial reporting of the Company, including reviewing of the financial statements of the Group for the First Half of 2011 without 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 based on rules systemically, the Company has made sub-division as to the connected transaction caps that have already been disclosed, sub-dividing each connected transaction to each subsidiary, and each subsidiary is responsible for the controlling of its sub-divided portion of connected transactions. Pursuant to the provisions of the relevant system of the Company, the Company is required to comply with the reporting, announcement and independent shareholders' approval requirements (if applicable) under the Listing Rules before making any proposed new connected transaction.

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the six months ended 30 June 2011.

RMB'000

Item	*Notes*	As at 30 June 2011	As at 31 December 2010 (Restated)
Current assets:			
Bank balances and cash		**1,006,662**	1,174,576
Financial assets held for trading	*VII. 1*	**2,000**	–
Account receivables	*VII. 2*	**198,599**	132,754
Prepayments		**25,744**	40,047
Interest receivables		**5,511**	7,666
Other receivables		**59,958**	33,729
Inventories		**79,260**	66,847
Non-current assets due within one year		**8,900**	8,600
Total current assets		**1,386,634**	1,464,219
Non-current assets:			
Held-to-maturity investments		**–**	30,000
Long-term receivables	*VII. 2*	**1,166**	1,868
Investments in jointly controlled entities and associates	*VII. 3*	**121,215**	118,464
Other long-term equity investments	*VII. 3*	**11,060**	4,500
Investment properties		**10,754**	13,642
Fixed assets	*VII. 4*	**13,930**	14,885
Intangible assets	*VII. 5*	**45,270**	46,232
Goodwill	*VII. 6*	**48,503**	–
Long-term prepayments		**1,176**	746
Deferred income tax assets		**1,127**	1,034
Total non-current assets		**254,201**	231,371
Total assets		**1,640,835**	1,695,590

RMB'000

Item	*Notes*	**As at 30 June 2011**	As at 31 December 2010 (Restated)
Current liabilities:			
Bills payables		**17,322**	50,222
Accounts payables	*VII.8*	**96,753**	87,077
Receipts in advance		**31,752**	37,128
Employee benefits payables		**7,266**	8,676
Tax payables		**(7,486)**	2,427
Interest payables		**119**	89
Dividend payables		**51,372**	2,717
Other payables		**95,090**	97,651
Total current liabilities		**292,188**	285,987
Non-current liabilities:			
Deferred income tax liabilities		**244**	173
Other non-current liabilities	*VII.9*	**6,444**	8,600
Total non-current liabilities		**6,688**	8,773
Total liabilities		**298,876**	294,760
Shareholders' equity:			
Share capital		**197,310**	197,310
Capital reserves		**898,058**	898,058
Surplus reserves		**130,931**	130,931
Undistributed profits		**79,032**	150,449
Equity attributable to shareholders of the Company		**1,305,331**	1,376,748
Minority interests		**36,628**	24,082
Total shareholders' equity		**1,341,959**	1,400,830
Total liabilities and shareholders' equity		**1,640,835**	1,695,590
Net current assets		**1,094,446**	1,178,232
Total assets less current liabilities		**1,348,647**	1,409,603

RMB'000

Item	**As at 30 June 2011**	As at 31 December 2010 (Restated)
Current assets:		
Bank balances and cash	**485,106**	620,397
Account receivables	**65,958**	40,983
Prepayments	**68,222**	90,555
Dividend receivables	**–**	3,030
Interest receivables	**3,239**	4,852
Other receivables	**57,840**	32,847
Inventories	**468**	221
Non-current assets due within one year	**61,600**	3,600
Total current assets	**742,433**	796,485
Non-current assets:		
Held-to-maturity investments	**30,000**	90,000
Long-term receivables	**1,166**	1,868
Investments in subsidiaries	**508,150**	453,150
Investments in jointly controlled entities and associates	**114,485**	111,733
Other long-term equity investments	**11,060**	4,500
Investment properties	**6,504**	9,676
Fixed assets	**9,646**	10,492
Intangible assets	**28,388**	28,849
Long-term prepayments	**77**	112
Total non-current assets	**709,476**	710,380
Total assets	**1,451,909**	1,506,865

RMB'000

Item	**As at 30 June 2011**	As at 31 December 2010 (Restated)
Current liabilities:		
Accounts payables	**7,807**	12,955
Receipts in advance	**15,376**	16,284
Employee benefits payables	**2,746**	4,178
Tax payables	**3,020**	4,582
Dividend payables	**48,655**	–
Other payables	**87,822**	91,083
Total current liabilities	**165,426**	129,082
Non-current liabilities:		
Other non-current liabilities	**6,444**	8,600
Total non-current liabilities	**6,444**	8,600
Total liabilities	**171,870**	137,682
Shareholders' equity:		
Share capital	**197,310**	197,310
Capital reserves	**897,992**	897,992
Surplus reserves	**130,931**	130,931
Undistributed profits	**53,806**	142,950
Total shareholders' equity	**1,280,039**	1,369,183
Total liabilities and shareholders' equity	**1,451,909**	1,506,865
Net current assets	**577,007**	667,403
Total assets less current liabilities	**1,286,483**	1,377,783

RMB'000

Item	*Notes*	For the six months ended 30 June 2011	2010 (Restated)
Total operating revenue	*VII.10*	**354,878**	356,128
Total operating costs		**343,346**	332,935
Operating costs	*VII.10*	**308,056**	298,038
Sales tax and levies		**16,171**	17,387
Selling expenses		**12,253**	9,159
Administrative expenses		**21,008**	20,520
Finance costs	*VII.11*	**(15,164)**	(13,029)
Impairment loss of assets	*VII.12*	**1,022**	860
Gain (loss) on fair value changes		**(49)**	–
Share of profit (loss) of jointly controlled entities and associates	*VII.13*	**2,751**	(134)
Other investment income	*VII.13*	**13,764**	93
Operating profit		**27,998**	23,152
Add: non-operating income		**680**	16,771
Less: non-operating expenses		**135**	65
Total profit		**28,543**	39,858
Less: Income tax expenses	*VII.14*	**1,181**	2,205
Net profit		**27,362**	37,653
Other comprehensive income		**–**	–
Total comprehensive income		**27,362**	37,653
Net profit attributable to:			
Shareholders of the Company		**27,238**	36,878
Minority interests		**124**	775
		27,362	37,653
Total comprehensive income attributable to:			
Shareholders of the Company		**27,238**	36,878
Minority interests		**124**	775
		27,362	37,653
Earnings per share:			
Basic earnings per share (RMB)	*XIII.1*	**0.14**	0.19
Diluted earnings per share (RMB)	*XIII.1*	**0.14**	0.19
Dividends	*VII.15*	**98,655**	78,924

RMB'000

Item	For the six months ended 30 June 2011	2010 (Restated)
Total Operating revenue	**173,176**	183,893
Total operating costs	**166,687**	167,483
Operating costs	**151,341**	149,980
Sales tax and levies	**13,866**	15,505
Administrative expenses	**12,205**	11,922
Finance costs	**(10,878)**	(9,783)
Impairment loss of assets	**153**	(141)
Gain (loss) on fair value changes	**(333)**	–
Share of profit (loss) of jointly controlled entities and associates	**2,751**	(134)
Operating profit	**8,907**	16,276
Add: non-operating income	**604**	16,730
Total profit	**9,511**	33,006
Less: Income tax expenses	**–**	–
Net profit	**9,511**	33,006
Other comprehensive income	**–**	–
Total comprehensive income	**9,511**	33,006

RMB'000

Item	For the six months ended 30 June 2011	2010 (Restated)
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	**324,358**	354,177
Other cash receipts relating to operating activities	**5,401**	6,749
Sub-total of cash inflows from operating activities	**329,759**	360,926
Cash paid for goods and services	**367,806**	267,025
Cash paid to and on behalf of employees	**28,885**	26,441
Payments of taxes and levies	**22,584**	23,879
Other cash payments relating to operating activities	**40,464**	36,119
Sub-total of cash outflows from operating activities	**459,739**	353,464
Net cash flows from operating activities	**(129,980)**	7,462
II. Cash flows from investing activities:		
Cash received from investments	**27,500**	22,000
Cash received from returns on investments	**1,682**	93
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**2,633**	–
Other cash receipts relating to investing activities	**105,950**	29,298
Sub-total of cash inflows from investing activities	**137,765**	51,391
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**1,127**	368
Cash paid on investments	**32,800**	23,500
Net cash paid on acquisition of subsidiaries and other operating units	**(2,731)**	–
Other cash payments relating to investing activities	**4,458**	55,555
Sub-total of cash outflows from investing activities	**35,654**	79,423
Net cash flows from investing activities	**102,111**	(28,032)

RMB'000

Item	*Notes*	For the six months ended 30 June **2011**	2010 (Restated)
III. Cash flows from financing activities:			
Other cash receipts relating to financing activities		**26,109**	3,449
Sub-total of cash inflows from financing activities		**26,109**	3,449
Cash payments for distribution of dividend or profits or interest expenses		**50,030**	1,107
Including: Cash payments for distribution of dividends or profits to minority shareholders		**30**	994
Sub-total of cash outflows from financing activities		**50,030**	1,107
Net cash flows from financing activities		**(23,921)**	2,342
IV. Effect of exchange rate changes on cash and cash equivalents		**–**	–
V. Decrease in cash and cash equivalents		**(51,790)**	(18,228)
Add: Cash and cash equivalents at the beginning of the period		**198,963**	153,763
VI. Cash and cash equivalents at the end of the period	*VII.16*	**147,173**	135,535

Item	Notes	For the six months ended 30 June 2011	For the six months ended 30 June 2010 (Restated)
		RMB'000	*RMB'000*
I. Cash flows from operating activities:			
Cash received from sales of goods and rendering of services		**143,827**	158,963
Other cash receipts relating to operating activities		**3,452**	5,720
Sub-total of cash inflows from operating activities		**147,279**	164,683
Cash paid for goods and services		**132,852**	118,858
Cash paid to and on behalf of employees		**14,503**	13,542
Payments of taxes and levies		**16,160**	19,468
Other cash payments relating		**30,785**	29,098
Sub-total of cash outflows from operating activities		**194,300**	180,966
Net cash flows from operating activities		**(47,021)**	(16,283)
II. Cash flows from investing activities:			
Cash received from investments		**5,000**	5,000
Cash received from returns on investments		**4,652**	3,788
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**2,633**	–
Other cash receipts relating to investing activities		**102,158**	24,877
Sub-total of cash inflows from investing activities		**114,443**	33,665
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**240**	306
Cash paid on investments		**58,000**	5,000
Other cash payments relating to investing activities		**–**	50,000
Sub-total of cash outflows from investing activities		**58,240**	55,306
Net cash flows from investing activities		**56,203**	(21,641)

			RMB'000
		For the six months ended 30 June	
Item	*Notes*	**2011**	2010 (Restated)
III. Cash flows from financing activities:			
Cash payments for distribution of dividend or profits or interest expenses		**50,000**	–
Sub-total of cash outflows from financing activities		**50,000**	–
Net cash flows from financing activities		**(50,000)**	–
IV. Effect of exchange rate changes on cash and cash equivalents		**–**	–
V. Decrease in cash and cash equivalents		**(40,818)**	(37,924)
Add: Cash and cash equivalents at the beginning of the period		**94,155**	116,169
VI. Cash and cash equivalents at the end of the period		**53,337**	78,245

RMB'000

Item	Share capital	Capital reserves	Surplus reserves	Undistributed profits	Sub-total	Minority interests	Total shareholders' equity
	For the six months ended 30 June 2011						
	Attributable to shareholders of the Company						
Balance at the beginning of the period	**197,310**	**898,058**	**130,931**	**150,449**	**1,376,748**	**24,082**	**1,400,830**
Net profit	**–**	**–**	**–**	**27,238**	**27,238**	**124**	**27,362**
Appropriation to shareholders	**–**	**–**	**–**	**(98,655)**	**(98,655)**	**–**	**(98,655)**
Others *(Note 1)*	**–**	**–**	**–**	**–**	**–**	**12,422**	**12,422**
Sub-total of increase (decrease) for the period	**–**	**–**	**–**	**(71,417)**	**(71,417)**	**12,546**	**(58,871)**
Balance at the end of the period	**197,310**	**898,058**	**130,931**	**79,032**	**1,305,331**	**36,628**	**1,341,959**

Note 1: In June 2011, the Company unilaterally injected additional capital of RMB55 million to Beiqing CéCi Advertising (Beijing) Limited ("Beqing CéCi"). Upon the completion, the equity interests in Beiqing CéCi owned by the Company was increased from 51% to 84.69%, while JoongAng m&b Limited of Korea owned as to 15.31%. The relevant procedures of change in registration of Beiqing CéCi with Beijing Administration for Industry and Commerce were completed on 30 June 2011. Beiqing CéCi was incorporated in the consolidated financial statement of the Company as the same date and the minority interest in Beiqing CéCi accordingly increased by RMB12,422 thousand.

Item	Share capital	Capital reserves	Surplus reserves	Undistributed profits	Sub-total	Minority interests	Total shareholders' equity
	For the six months ended 30 June 2010 (Restated)						
	Attributable to shareholders of the Company						
Balance at the beginning of the period	197,310	896,169	130,931	127,729	1,352,139	27,349	1,379,488
Net profit	–	–	–	36,878	36,878	775	37,653
Appropriation to shareholders	–	–	–	(78,924)	(78,924)	–	(78,924)
Sub-total of increase (decrease) for the period	–	–	–	(42,046)	(42,046)	775	(41,271)
Balance at the end of the period	197,310	896,169	130,931	85,683	1,310,093	28,124	1,338,217

RMB'000

Item	**For the six months ended 30 June 2011** Share capital	Capital reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at the beginning of the period	**197,310**	**897,992**	**130,931**	**142,950**	**1,369,183**
Net profit	**–**	**–**	**–**	**9,511**	**9,511**
Appropriation to shareholders	**–**	**–**	**–**	**(98,655)**	**(98,655)**
Sub-total of increase (decrease) for the period	**–**	**–**	**–**	**(89,144)**	**(89,144)**
Balance at the end of the period	**197,310**	**897,992**	**130,931**	**53,806**	**1,280,039**

Item	For the six months ended 30 June 2010 (Restated) Share capital	Capital reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at the beginning of the period	197,310	896,103	130,931	143,878	1,368,222
Net profit	–	–	–	33,006	33,006
Appropriation to shareholders	–	–	–	(78,924)	(78,924)
Sub-total of increase (decrease) for the period	–	–	–	(45,918)	(45,918)
Balance at the end of the period	197,310	896,103	130,931	97,960	1,322,304

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements have been prepared in accordance with the accounting principles generally accepted in Hong Kong ("HK GAAP") for disclosure purposes since its listing in Hong Kong. According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" published by The Stock Exchange of Hong Kong Limited ("Stock Exchange") in December 2010, a resolution was approved on the Company's annual general meeting held on 13 May, 2011 that the Company would cease to re-appoint SHINEWING (HK) CPA Limited as the international auditors of the Company, and would appoint Shine Wing Certified Public Accountants Co., Ltd. as the auditors of the Company for the year 2011. Pursuant to the resolution, with effect from this financial year, the Company decided to prepare its financial statements in accordance with the "Accounting Standards for Business Enterprises" and other related regulations ("PRC Accounting Standards") issued by the China Ministry of Finance. The adoption of PRC Accounting Standards has been applied retrospectively and the comparative financial information for the six months ended 30 June 2010 and for the year ended 31 December 2010 is converted in accordance with the PRC Accounting Standards. The reconciliation of the Group's shareholders' equity and its net profit from HKGAAP to the PRC Accounting Standards and the effects thereof are set out in Note XIII.2.

The Group's financial statements for the six months ended 30 June 2011 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange; and the accounting policies and estimates as stated in this Note III "Principal accounting policies and accounting estimates and basis of preparation of consolidated financial statements".

II. 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 Group's and Company's financial position as at 30 June 2011 and their financial results for the 6 months then ended.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting period

The accounting year of the Group is from 1 January to 31 December of each calendar year.

The reporting period for this interim financial report is from 1 January 2011 to 30 June 2011.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Reporting currency

The reporting currency of the Company is Renminbi ("RMB").

The financial statements of the Group are expressed in RMB.

3. Basis of preparation and principle of measurement

The Group's financial statements have been prepared on an accrual basis. Except for financial assets held for trading, and investment properties which are measured at fair value, the financial statements are prepared under the historical cost convention.

4. Cash and cash equivalents

Cash in the cash flow statement of the Group represents cash on hand and deposits held at call with banks. Cash equivalents in the cash flow statement represent short-term (3 months or less) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

5. Foreign currency transactions

Foreign currency transactions are translated into RMB at the spot exchange rate of the date of transaction. On balance sheet date, foreign currency monetary items are translated into RMB at the spot exchange rate of that date. Exchange differences arising thereon are directly expensed in the profit and loss for the current period unless they arise from foreign currency borrowings for the purchase or construction of qualifying assets which are eligible for capitalization. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items denominated in foreign currency measured at historical cost shall continue to be translated at the spot exchange rate at the date of transaction.

6. Financial assets and financial liabilities

(1) Financial assets

Financial assets are classified into four categories according to the purposes of investments and the economic substance of the assets:

1) Financial assets at fair value through profit or loss for the current period are those financial assets that have been acquired principally for the purpose of selling in short terms. They are presented in the balance sheets as financial assets held for trading.

2) Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable recoverable amounts that the management intends and is able to hold to maturity.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Financial assets and financial liabilities *(Continued)*

(1) Financial assets (Continued)

3) Loan and receivable are non-derivative financial assets with fixed or determinable recoverable amounts that are not quoted in an active market.

4) Available-for-sale financial assets are non-derivative financial assets that are designated in this category and not classified as financial assets of any other class upon initial recognition.

Financial assets are measured initially at fair value. Transaction costs for financial assets measured at fair value through profit or loss for the current period are directly charged to profit or loss as incurred. Transaction costs for other class of financial assets are included in the initially recognised amount.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired; or all risks and rewards relating to the ownership of the financial asset have been transferred.

Financial assets at fair value through profit or loss for the current period and available-for-sale financial assets are subsequently measured at fair value. Loans and receivables and held-to-maturity investments are measured at amortized cost using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss for the current period are recorded as gain or loss from fair value changes. Interest or cash dividends received during the period in which such financial assets are held are recognised as investment income. On disposal, the difference between fair value and initial recognised amount are recognised as gain or loss on investment and adjust the gain or loss from changes in fair value accordingly.

Changes in fair value of available-for-sale financial assets are recorded in shareholders' equity. Interests calculated using the effective interest method for the period in which the assets are held is recognised as investment income. Dividends from available-for-sale equity instruments are recognised as investment income when the dividends are declared by the investee company. On disposal, the differences between the consideration received and the carrying amount of assets after deducting the accumulated fair value adjustments previously recorded in equity are recorded as investment income.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

6. Financial assets and financial liabilities *(Continued)*

(1) Financial assets (Continued)

Other than financial assets at fair value through profit or loss for the current period, the Group assesses the carrying amount of financial assets at the balance sheet date. Provision for impairment is made when there is objective evidence indicating that a financial asset is impaired. When there is a significant or prolonged decline in fair value of available-for-sale financial assets, accumulated loss in fair value that previously recorded in shareholder's equity due to the decline in fair value should be recorded as impairment loss.

(2) Financial liabilities

Financial liabilities of the Group are classified as financial liabilities at fair value through profit or loss for the current period and other financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss for the current period include financial liabilities held for trading and those designated at fair value through profit or loss for the current period on initial recognition. They are subsequently measured at fair value. The net gain or loss arising from changes in fair value, and dividends and interest paid are recorded in profit or loss for the current period in which they are incurred.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the underlying present obligations (or part of it) are discharged. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss for the current period.

7. Provision for bad debts on receivables

Criteria for provision for bad debts: Provision for bad debts on receivables is made when the debtors are dissolved, bankrupt, insolvent, in significant financial difficulty, or suspended its business due to natural disaster and unable to settle the debts in the foreseeable period; or the receivables are defaulted for more than 5 years; or when there are objective evidences indicating the debts are not recovered or not likely to be recoverable.

Provision for bad debts is made using allowance account method. At the end of the period, receivables are assessed for impairment on individual or group basis and the provision for bad debts is recognised in the profit or loss for the current period. When there are objective evidences indicating the receivables cannot be collected, it is written off against the provision for bad debts as a loss of bad debts according to the required procedures of approval of the Group.

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Provision for bad debts on receivables *(Continued)*

(1) Receivables that are individually significant and are provided for bad debts on individual basis

Recognition criteria of individually significant receivable	Receivables of more than RMB5 million are regarded as individually significant receivables
Method of provision for bad debts for individually significant receivables on individual basis	Provision for bad debts is made as the excess of the carrying amount over the present value of the future cash flows

(2) Receivables that are provided for bad debts on group basis

Basis for determination of groups

Aged group	Determine the credit risk characteristics by aging of the receivables
Related party group	Determine the credit risk characteristics by the relationships with the parties of transaction
Non-risk group	Determine the credit risk characteristics by nature of receivables

Method of provision for bad debts on group basis

Aged group	Aging analysis
Related party group	No provision is made in general
Non-risk group	No provision is made in general

1) Proportion of provision for bad debts of receivables by aging analysis basis:

Aged	Proportion to account receivables (%)	Proportion to other receivables (%)
Within 1 year	0.00	0.00
1-2 years	10.00	10.00
2-3 years	30.00	30.00
3-4 years	50.00	50.00
Over 4 years	80.00	80.00

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Provision for bad debts on receivables *(Continued)*

(2) Receivables that are provided for bad debts on group basis (Continued)

2) Proportion of provision for bad debts by other basis:

Related party group	Provision for bad debts are generally not made for related parties of the Group (such as jointly controlled entities and associates) where the difference between the present value of future cash flows and their carrying amount is expected to be minimal
Non-risk group	Including items such as rental deposits, purchase deposits, petty cash, amount subsequently received. Provision for bad debts is generally not made for these items where the difference between their present value of future cash flows and carrying amount is expected to be minimal.

3) Receivables that are individually insignificant but are provided for bad debts individually

Reason for providing for bad debts individually	Receivables with individually insignificant amount and provision for bad debts made on group basis cannot reflect its credit risk characteristics
Method of provision for bad debts	Provision for bad debts is made for the excess of its carrying amount over the present value of the future cash flows

8. Inventories

Inventories mainly include finished goods and low-value consumables.

The Group maintains a perpetual inventory system. Inventories are recorded at cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are acquired. Low value consumables are amortised in full when received for use.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Inventories *(Continued)*

At the end of the period, inventories are stated at the lower of costs and net realisable value. Where the inventories are expected not to be recoverable as they become damaged, partially or wholly obsolete or whose selling price is lower than its cost, provision for inventory impairment is made for the excess of its cost and net realisable value.

Net realisable value of the available-for-sale finished goods is determined by its estimated selling price less estimated selling expenses and related taxes.

9. Long-term equity investments

Long-term equity investments mainly include the equity investments in the invested company over which the Group has control, joint control or significant influence and entity over which the Group does not has control, joint control nor significant influence and which do not have quoted price in an active market and its fair value cannot be reliably measured.

Joint control represents a contractual agreed common control over an economic activity. Joint control exists when either party does not have individual power to control the operating activities and the decisions relating to the operating activities of the jointly controlled entity require unanimous consent of the parties.

Significant influence exists when a party has the power to influence the decision-making of the invested company's financial and operating policies, but is not able to control or jointly control, together with other parties, the formulation of these policies. Significant influence exists when the Group directly or indirectly owns 20% (inclusive) or more but less than 50% of shares with voting rights in the invested company. Significant influence cannot be established where there are explicit evidences indicating that the Group is unable to participate in the decision-making of the operating policy in the invested company.

The investment cost for long-term equity investment acquired through a business combination under common control is the carrying value of the share of equity in the absorbing company at the date of combination. The combination cost for long-term equity investment acquired through business combination not under common control is the fair value as at date of combination (acquisition) of the assets given, liabilities incurred or assumed and equity securities issued for the control of the party being absorbed (acquired) at the date of combination (acquisition).

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Long-term equity investments *(Continued)*

Apart from the long-term equity investments acquired through business combination mentioned above, the long-term equity investments acquired by cash payment is expensed as the cost of investment based on the actual amount of cash paid for the purchase. For long-term equity investment acquired by issuing equity securities, the cost of investment is the fair value of the equity instrument issued. For long-term equity investment invested in the Group by the investor, the investment cost is the agreed consideration as specified in the contract or agreement. For long-term equity investment acquired through transactions such as debts restructuring and exchange of non-monetary assets, the cost of investment is determined according to the relevant accounting standards.

Investments in subsidiaries are accounted for by the Group using cost method and adjusted for by equity method when preparing consolidated financial statements. Investments in jointly controlled entities and associates are accounted for using equity method. Long-term equity investments that the Group is not controlled, jointly controlled or has significant influence and do not have quoted market price in active markets and their fair values cannot be reliably measured are accounted for using cost method. Long-term equity investments over which the Group is not controlled, jointly controlled or has significant influence but have quoted prices in active market and their fair values can be measured reliably are accounted for as available-for-sale financial assets.

Under the cost method, long-term equity investments are measured at its investment cost, and its cost is adjusted by the amount of additional investment or the amount recovered. Under the equity method, investment gain or loss represents the Group's share of the net profits or losses made by the invested company for the current period. The share of the net profits or losses of the invested company is recognized based on the fair values of each of the identifiable assets of the invested company at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group and the gain or loss from transactions entered into between the Group and its associates and jointly controlled entities is eliminated for those attributable to the Group based on its share in the invested company. If long-term equity investments in associates and jointly controlled entities is held prior to the date on which investment is made at the first time, the debit balances in the investment-related equity investment shall be recognized as investment gain or loss after deducting the debit balance measured at the original straight-line amortisation of the remaining period of the equity investment.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

9. Long-term equity investments *(Continued)*

The long-term equity investment will be accounted for by using cost method where the Group reduces the investment in the invested company so that the Group no longer holds common control or has significant influence over the invested company and there are no quoted prices in active market and its fair value cannot be measured reliably; or where the Group has control over the invested company due to the reasons such as making additional investment in the invested company; the long-term investment will be accounted for by using equity method where the Group holds common control or has significant influence over the invested company due to such reasons as making additional investment in the invested company or where Group no longer has control but remain to be jointly controlled or has significant influence over the invested company due to the reasons such as disposal of the investment.

On disposal of a long-term equity investment, the difference between the carrying value and the actual consideration received is recognised as investment income for the current period. For long-term equity investments accounted for under equity method, the movements of owner's equity, other than the net profit or loss, of the invested company, previously recorded in the owner's equity will be transferred and expensed as investment income for the current period on disposal.

10. Investment properties

The investment properties of the Group are buildings leased for rental income.

Investment property is measured at cost. The cost for investment properties purchased from outsiders includes purchase price, related taxes and other expenses directly related to the assets. The cost of investment properties constructed by the Group includes the required construction expenses incurred to bring the assets to the condition of intended use.

Investment properties of the Group are subsequently measured using fair value model. Gain or loss arising from the changes in fair value of investment properties is recognised directly in profit or loss for the current period.

The fair value of the investment properties are determined by the management of the Group on an open market basis by reference to properties of the same location and similar usage.

Where an investment property is changed for owner-occupied purpose, it is transferred to a fixed asset or intangible asset at the date of the change. Where the owner-occupied property is changed for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to an investment property at the date of the change. On conversion, the carrying amount immediate before conversion is taken as the cost of the asset.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. Investment properties *(Continued)*

An investment property is derecognised on disposal or retirement that it is expected that there shall be no economic benefit through disposal. Where the investment properties are sold, transferred, retired or damaged, the proceeds from disposal after deducting the carrying amount and related taxes are recognised in profit or loss for the current period.

11. Fixed assets

Fixed assets of the Group are tangible assets that are held for the purpose of producing goods, rending services, leasing or operation and management. The useful lives of fixed assets are more than one year.

Fixed assets consist of buildings, plant and machinery, motor vehicles, office equipment and others. The cost for fixed asset is measured at cost at the time when it is acquired. The cost of fixed asset purchased from outsiders includes purchase prices, import tax and other related taxes and other expenses incurred to bring the assets to the condition of intended use. The cost of fixed asset constructed by the Group includes the required expenses incurred to bring the assets to the condition of intended use. The fixed asset acquired by an investor is measured at the agreed considerations as specified in the investment contracts or agreements, or the fair value where the agreed consideration as specified in the contracts or agreements is not justified. The fixed asset acquired under a finance lease is measured at the lower of their fair values and the present value of the minimum lease payment at the date of inception of the leases.

Subsequent expenditures incurred for a fixed asset, such as maintenance expenses and renovation and improvement expenses, are included in the cost of fixed asset when they meet the recognition criteria of a fixed asset, and the carrying amount of the replaced parts is derecognised. The subsequent expenditures incurred for a fixed asset are recognised in profit or loss for the current period in which they are incurred when they do not meet the criteria of a fixed asset.

Depreciation is provided for all fixed assets, except for the assets that are fully depreciated and remain in use. Fixed assets are depreciated using the straight-line method to measure the cost or expenses of the assets for the current period based on the usage of the assets. The useful lives, estimated residual values and depreciation rate of each type of the fixed asset of the Group are as follows:

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

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Fixed assets *(Continued)*

Types	Useful lives (years)	Estimated residual value rate (%)	Annual depreciation (%)
Buildings	20	0.00	5.00
Plant and Machinery	10	0.00	10.00
Motor vehicles	5	0.00	20.00
Office equipment	5	0.00	20.00
Electronic equipment	3	0.00	33.00

The Group re-assesses the estimated useful life and estimated net residual value of a fixed asset and the depreciation method at the end of each financial year. Any changes will be dealt with as changes on accounting estimates.

A fixed asset is derecognised on disposal or it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognised in profit or loss for the current period.

12. Intangible assets

Intangible assets of the Group, including land use rights, operating rights and softwares, are recognised at actual cost at the time of acquisition. The actual cost of the purchased intangible assets is measured at the actual payment and other related expenses. The actual cost of intangible asset acquired by an investor is measured at the agreed considerations as specified in the investment contracts or agreements. In case where the consideration of the contracts or agreements is not justified, the assets are measured at fair value.

Land use rights are amortised on the straight-line basis over their lease terms from the date of transfer. Other intangible assets are evenly amortised over the shortest of their estimated useful lives, contractual beneficial period and legal available year.

Amortisation amount is included in the cost of related assets and profit or loss for the current period based on the beneficiary of the assets.

The estimated useful lives and amortization method of intangible assets with finite useful lives are re-assessed at the end of each financial year. Any changes will be dealt with as changes on accounting estimates. The estimated useful lives of intangible assets with infinite useful lives are reviewed in each accounting period. Where there are objective evidences to prove that the useful life of an intangible asset is in finite, the useful life is estimated and amortised over its estimated useful life.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

13. Impairment of long-term non-financial assets

As at each balance sheet date, the Group assesses whether there is any signs to indicate that long-term equity investments, fixed assets, construction in progress and intangible assets with definite useful lives may be impaired. If there is any signs to indicate that an asset may be impaired, the asset will be tested for impairment. Goodwill arising in a business combination and an intangible asset with infinite useful lives are tested for impairment annually, irrespective of whether there is any signs to indicate that the asset may be impaired. The recoverable amount of the asset is estimated individually. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of such asset will be determined on group or portfolio basis.

If the recoverable amount of an asset is determined in the impairment test to be less than its carrying amount, the difference is recognised as an impairment loss. Once an impairment loss on the assets is recognised, it will not be reversed in a subsequent period. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

The indicators for impairment are as follows:

(1) The current market price of an asset declines substantially and the decline is obviously more than that as expected caused by passage of time or normal application;

(2) There are significant changes in the economic, technical or legal environment in which the enterprise operates and in the market where the asset is located in the current period or near future resulting in adverse impacts on the enterprise;

(3) The market interest rate or rate of return of other investment has stood high in the period, affecting the discount rate used by an enterprise for the calculation of the present value of estimated cash flow which results in a substantial decline in the recoverable amount of the assets;

(4) There is evidence to demonstrate that the asset has obsoleted or been physically damaged;

(5) The asset has already been or will be left idle, ceased to be used, or planned to be early disposed;

(6) There is evidence from the internal reports that the economic return of asset such as the net cash flows generated or operating profit (loss) realised, has been or will be lowered (higher) than that as expected;

(7) Any other signs indicate that the value of an asset may have already been impaired.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Goodwill

Goodwill represents the excess of the cost of equity investment or cost of business combination not under common control over the Group's share of the net identifiable assets of the invested company or acquiree at the date of acquisition or combination.

Goodwill relating to subsidiaries is presented in consolidated financial statements as a separate item. Goodwill relating to associates and jointly controlled entities is included in the carrying amount of the long-term equity investment.

15. Long-term prepayments

Long-term prepayments are expenditures such as building renovation cost, which have incurred but shall be amortised over the current period and subsequent periods of more than one year. They are amortized evenly over the estimated benefit period. If the long-term prepayments are no longer beneficial to the subsequent accounting periods, the unamortized balance is then fully transferred to profit or loss for the period.

16. Employee Remuneration

The Group recognises employee remuneration as liabilities during the accounting period in which employees render their services and allocates it to related cost of assets and expenses based on the beneficiaries. Compensation for termination of employment with any employee is recognised in the profit or loss for the period.

Employee remuneration comprises salaries, bonus, allowances and subsidies, staff benefits, social security insurance, housing fund, union fund and staff education fund and expenditure incurred in connection with the services rendered by employees.

When the Group terminates the employment with an employee before the expiry of the employment contract or provides compensation for acceptance of voluntary redundancy, if the Group has developed a formal plan for termination of employment or has made an offer for voluntary redundancy, which will be implemented immediately, and the Group is not allowed to unilaterally withdraw the termination plan or the redundancy offer, the estimated liability for compensation arising from the termination of employment with employees should be charged to the profit or loss for the current period.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

17. Recognition of revenue

The business revenues are generated mainly from sale of advertising spaces, incomes from printing, trading of print-related materials and distribution of newspapers and magazines, consultation service and rental income. The principles of revenue recognition are as follows:

(1) Revenue from sale of advertising spaces

Revenue from sale of advertising spaces is generally recognised pro rata over the period in which the advertisement is placed. Sales of advertising spaces generated from the award credits for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the advertising spaces sold and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value, which is the fair value of the award credits exchangeable of advertising space. Such consideration is not recognised as revenue at the time of the commencement of the sale transaction, but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

(2) Revenue from printing

Revenue from printing, net of VAT is recognised when the service is provided.

(3) Revenue from trading of print-related materials and distribution of newspapers and magazines

Revenue from trading of print-related materials and distribution of newspapers and magazines, net of value-added tax ('VAT') is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(4) Revenue from consultation service

Consultation service income is recognised when the services are provided.

(5) Revenue from rental income

Rental income is recognised in accordance with the Group's accounting policy for operating lease (see Note III.19).

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

18. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are recognised based on the differences between tax bases of assets and liabilities and respective book value (temporary differences). For deductible tax losses or tax credit that can be brought forward in accordance with tax law for deduction of taxable income in subsequent years, it is considered as temporary differences and related deferred income tax assets are recognised. On the balance sheet date, deferred income tax assets and liabilities are measured at the applicable tax rates that are expected to apply to the period in which the asset is realized or liability is settled.

Deferred income tax assets arising from the deductible temporary difference are recognised to the extent that it is probable that taxable profit will be available to offset such deductible temporary difference. If it is very likely that no future taxable profits will be available to deduct the gain from deferred income tax assets, the carrying value of the deferred income tax assets will be reduced. If it is very likely that sufficient taxable profits will be available, the amount so reduced will be reversed.

19. Lease

Leases are classified as finance leases and operating leases at the date of inception.

Finance lease is a lease that substantially transfers all the risks and rewards of ownership of the assets. The Group, as a lessee, recognised the assets under finance lease at the inception of the leases at the lower of their fair value and the present value of minimum lease payments. The corresponding liability is recorded as "Long-term payable" at the amount of minimum lease payments. Their difference is recorded as unrecognised finance lease charge.

Operating leases are leases other than finance leases. The Group, as a lesser, recognised lease payments as a cost of an assets or an expense on a straight-line basis over the terms of the relevant lease. The Group, as a lessor, recognised lease payments as rental income on a straight-line basis over the terms of the relevant lease.

20. Accounting for income tax

Income tax is accounted for using liability method. Income tax expenses represent the sum of current tax and deferred tax. Current tax and deferred tax relating to the transactions and matters that are directly recorded in shareholders' equity are dealt with in shareholders' equity. Deferred tax arising from business combination is adjusted to the carrying value of goodwill. Expenses or income of all other current tax and deferred tax are recognised in the profit or loss for the period.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

20. Accounting for income tax *(Continued)*

The current income tax payable is the amount of tax payable to taxation authority by the enterprises in respect of the transactions and matters of the current period calculated according to the taxation regulations. The deferred income tax is the difference between the balances of the deferred income tax assets and deferred income tax liabilities that should be recognised using the balance sheet liabilities approach at the end of the period and their balances originally recognised.

21. Segment information

Operating segments of the Group are identified on the basis of internal organization structure, management requirements and internal reporting policies. The reporting segments are determined on the basis of operating segments. An operating segment represents a component of the Group that satisfied the criteria that: 1) it engages in business activities from which it may earn revenues and incur expenses; and 2) whose operating results are regularly reviewed by the Company's management to make decisions on resources to be allocated to the segments and assess its performance. Financial information of the segments such as financial position, operating results and cash flow is available to the Company.

The price of intra-segment transactions is determined on market rates. Expenses, other than those which are unable to allocate reasonably, are allocated between segments on the basis of revenue.

22. Business combination

Business combination is a transaction or event that brings together two or more separate enterprises into one reporting entity. The Group recognises assets and liabilities obtained through a business combination at the combination date or acquisition date. The combination date or acquisition date is the date on which the absorbing party or acquirer effectively obtains control of the party being absorbed or acquired.

(1) Business combination for entities under common control

Assets and liabilities that are obtained through a business combination for entities under common control are measured at their carrying amounts at the combination date as recorded by the party being absorbed. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid is adjusted to capital reserve. Any excess over capital reserve is adjusted against retained earnings.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

22. Business combination *(Continued)*

(2) Business combination for entities not under common control

For a business combination for entities not under common control, the cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where the cost of combination exceeds the interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the period after re-assessment.

23. Preparation of consolidated financial statements

(1) Determination of the scope of consolidation

The scope of consolidated financial statements of the Group covers all subsidiaries and special purpose entities. The Company has the control where it governs the financial and operating policies of an enterprise so as to obtain benefit from its activities.

(2) Accounting method for consolidated financial statements

The consolidated financial statements are prepared in accordance with the Accounting Standards for Business Enterprises No. 33 – Consolidated Financial Statements and relevant requirements. On consolidation, all the significant intra-group transactions and balances are eliminated in the preparation of the consolidated financial statements. The shareholders' equity of the subsidiaries, which is not attributable to the parent company, is separately presented as minority interests in the shareholders' equity in the consolidated financial statements.

When there is any inconsistency on the accounting policies or accounting period adopted between subsidiaries and the Company, the financial statements of subsidiaries are adjusted according to the accounting policies or accounting period adopted by the Company when preparing the consolidated financial statement.

For subsidiaries acquired under business combinations not under common control, when preparing consolidated financial statements, adjustments are made on the financial statements of subsidiaries based on the fair value of the net identifiable assets acquired on the acquisition date. For subsidiaries acquired from business combinations under common control, when preparing consolidated financial statements, the consolidated financial statements include the assets, liabilities, operating results and cash flows of such subsidiaries at the original carrying value from the beginning of the period presented as if the business combinations had occurred at the beginning of the comparative period presented.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. Key accounting estimates and judgments

In the application of the Group's accounting policies, which are described in Notes III, the Directors of the Company are required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised for the period in which the estimate is revised if the revision affects only that period, or for the current and future periods if the revision affects both periods.

The following are the key assumptions on the future, and other key sources of estimation uncertainty at the end of the reporting period, that are probable to cause a material adjustment to the carrying amounts of assets and liabilities of the next financial year.

(1) Buildings

Certain buildings and investment properties of the Group has not been granted with Building Ownership Certificates by relevant government authorities. In the opinion of the directors of the Company, the absence of Building Ownership Certificates of these buildings will not impair the value of the buildings and investment properties of the Group.

(2) Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated useful lives and estimated residual values. The determination of the useful lives and residual values involve the estimates of the management. The Group assesses annually the residual value and useful life of the fixed asset and if the expectation differs from the original estimate, such a difference may affect the depreciation charge in the interim of the year and in the future period.

(3) Fair value of investment property

The investment property is measured at fair value estimated by the Management. The management will determine the fair value on an open market basis by reference to properties of the same location and condition. Should there are any changes in assumptions due to the change of market condition, the fair value of the investment property will be adjusted accordingly.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. Key accounting estimates and judgments *(Continued)*

(4) Allowances for bad debts of account receivables and other receivables

The policy for allowance of bad debts of account receivables and other receivables of the Group is based on the evaluation of collectability and aging analysis of accounts receivables and the management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and past collection history of each customer. If the financial condition of debtors of the Group are deteriorating which impair their ability to make payments, additional allowances are required to be made.

(5) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(6) Amortisation of exclusive operating rights

Exclusive operating rights are amortised on a straight-line basis over its estimated useful lives. The determination of the useful lives involves the estimates of the management. The Group re-assesses the useful life of the unamortised cost of exclusive operating rights. If the expectation differs from the original estimate, such a difference may affect the amortisation for the year and the estimate will be changed in the future period.

(7) Fair value of customer loyalty program

The Group has a customer loyalty program for certain of its advertising customers. If the fee for the advertisements placed by such customers on the Group's media reaches certain amount, they will be awarded with one coupon or one advertising space for free of charge. A portion of customers' revenue attributable to the award credits is deferred and recognized when the coupons or advertising spaces have been redeemed or have expired. The deferment of revenue is estimated based on historical redemptions, which is then used to project the expected utilization of these benefits. Any remaining unutilized benefits are recognized as deferred revenues.

III. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

24. Key accounting estimates and judgments *(Continued)*

(8) Impairment of interests in associates and jointly controlled entities

The Group tests annually whether the interests in associates and jointly controlled entities have suffered any impairment in accordance with the Group's accounting policy. The entire carrying amount of the investment (including goodwill) is tested as a single asset by comparing the difference of its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. The values in use calculation requires the use of estimates and judgments including estimation of the future cash flows, determination of applicable discount rate, estimation of exchange rate and future industry trends and market condition and makes other assumptions. Changes in these estimates and assumptions could affect the determination of recoverable amount.

(9) Impairment loss for inventories

The management of the Group reviews the aging of the inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in printing or saleable in the market. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market condition. The Group carries out an inventory review on a product basis at the end of each reporting period and makes allowance for obsolete items. Where the actual future cash flows are less than expected, a material impairment loss may arise.

IV. CHANGES IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS OF PRIOR PERIODS

1. Changes in accounting policies and their effect

There were no changes in accounting policies during the period.

2. Changes in accounting estimates and their effect

There were no changes in accounting estimates during the period.

3. Correction of errors of prior periods and their effect

No correction of accounting errors of prior periods was made during the period.

V. TAX

1. Enterprise Income Tax ("EIT")

Pursuant to the tax regulation of the State, the Group is subject to EIT at a rate of 25% on the assessable income.

According to Jing Di Shui Han (2009) No.64 issued by Beijing Chao Yang District Local Taxation Bureau, the Company was exempted from EIT up to 31 December 2013.

No provision for Hong Kong Profits Tax has been made in the financial statements, as the Group did not have any profit arising from or derived in Hong Kong.

2. Value added tax ("VAT")

For the subsidiaries, being a general VAT taxpayer, the rates of VAT on sales income and publication income are 17% and 13% respectively. The VAT paid on purchase of materials is 17% and the amount paid can be used to offset the VAT on sales. The amount of VAT payable is the output tax less input tax on purchases for the period.

3. Business Tax

According to the tax regulation of the State, the Group is subject to the business tax at the rate of 5% on the advertising service income.

4. Other principal taxes and tax rates

Type	Calculation basis	Tax rate
Cultural construction fee	Taxable revenue from advertising	3%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%

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

VI. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major subsidiaries

RMB'000

Name of company	Place of operation	Principal business operation	Registered Capital	Business Scope	Amount of investment as at 30 June 2011	Proportion of shareholding (%)	Proportion of voting rights (%)	Whether consolidated
Subsidiaries obtained through establishment or investment								
BYD Logistics Company Limited (BYD Logistics)	Beijing	Printing	30,000	Printing, sale of paper & ink, storage and transportation	15,150	50.50	50.50	yes
Hebei Heqing Media Corporation Limited (Heqing Media)	Shijiazhuang	Advertising	30,000	Wholesale of newspaper, advertising agency	18,000	60.00	60.00	yes
Legal Evening Post Media Company Limited (LEP Media)	Beijing	Advertising	400,000	Wholesale & retail of books and newspaper, advertising agency	400,000	100.00	100.00	yes
Beijing Zhong Wang Shi Tong Technologies Co., Limited (ZWST)	Beijing	Software development	20,000	Computer technology consultation, software research and development	20,000	100.00	100.00	yes
Beiqing CéCi Advertising (Beijing) Limited (Beiqing CéCi)	Beijing	Advertising	80,000	Design, production, agency, publication of domestic and foreign advertisement	67,750	84.69	84.69	yes

Note:

1) The subsidiaries of the Company are unlisted companies and with limited liabilities.

2) Other than the amount of investment, as at 30 June 2011, the Company provided entrusted loan to Heqing Media amounted to RMB55,000 thousand. The loan constitutes the other balance of net investment in the subsidiary.

3) None of the subsidiaries had issued any debt securities at the end of the period or any time during the period.

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

VI. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Changes in the consolidation of Consolidated Financial Statements during the period

Details of subsidiaries newly included in the consolidation during the period

Name of company	Reason for newly inclusion in consolidation scope	Proportion of shareholding (%)	Net Assets as at 30 June 2011	Net profit for the six months ended 30 June 2011
Beiqing CéCi	Capital increase by the Company	84.69	32,623	(3,426)

In June 2011, the Company unilaterally injected additional capital of RMB55,000 thousand to Beqing CéCi. Upon the completion of capital increase, the equity interests in Beiqing CéCi owned by the Company was increased from 51% to 84.69%, while JoongAng m&b Limited owned as to 15.31%. The relevant procedures of change in registration of Beiqing CéCi with Beijing Administration for Industry and Commerce were completed on 30 June 2011. Beiqing CéCi was incorporated in the consolidated financial statement of the Company as from the same date.

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

1. Financial assets held for trading

Item	**As at 30 June 2011**	As at 31 December 2010
Financial assets at fair value through profit or loss for the current period:		
Wealth Management products traded in non-public market of China	**2,000**	–
Total	**2,000**	–

There was no material restrictions in the realisation of the above financial assets held for trading.

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Account receivables

Item	As at 30 June 2011	As at 31 December 2010
Account receivables	**206,345**	140,002
Less: Provision for bad debts	**(6,580)**	(5,380)
	199,765	134,622
For reporting purpose, analysis as:		
Non-current assets-Long-term receivables	**1,166**	1,868
Current assets-account receivables	**198,599**	132,754
	199,765	134,622

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

	As at 30 June 2011	As at 31 December 2010
0-90 days	**124,123**	80,100
91-180 days	**36,686**	24,140
181-365 days	**18,696**	11,226
1-2 years	**16,469**	14,750
2-3 years	**354**	94
3-4 years	**35**	15
Over 4 years	**3,402**	4,297
Total	**199,765**	134,622

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).

The account receivables of the Group as at 30 June 2011 increased RMB65,143 thousand or 48.39% as compared with those at the end of last year. The increase was mainly attributable to the outstanding advertising and sales due from certain major customers.

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Account receivables *(Continued)*

(2) The Company entered into arrangements with certain of the advertising agents allowing them to settle their outstanding balances with fixed repayment schedules in the next 2 to 6 years. The Company has assessed these customers' repayment history and ability to repay before entering into these arrangements. The Group recorded the outstanding balances with maturities beyond 12 months from the reporting period end date as long-term receivables, which were measured at amortised cost using the effective interest method and carry interest rate of 5.76% (2010: 5.76%) per annum.

(3) Top five account receivables as at 30 June 2011 represents 33.88% of the total account receivables.

3. Long-term equity investments

Category of long-term equity investments

Category	As at 30 June 2011	As at 31 December 2010
Unlisted long-term equity investments	**132,275**	122,964
Total	**132,275**	122,964

Item	As at 30 June 2011	As at 31 December 2010
Investments in jointly controlled entities and associates – accounted for using equity method	**121,215**	118,464
Other long-term equity investments	**13,129**	6,569
Less: Provision for impairment loss	**2,069**	2,069
Net value of other long-term equity investments	**11,060**	4,500
Total	**132,275**	122,964

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

4. Fixed assets

For the six months ended 30 June 2011, the fixed assets of the Group increased by RMB1,814 thousand (2010: RMB818 thousand).

For the six months ended 30 June 2011, the Group disposed the fixed assets with carrying amount of RMB3 thousand (2010: RMB4 thousand) at nil consideration, which resulting in a loss of RMB3 thousand (2010: RMB4 thousand).

5. Intangible assets

For the six months ended 30 June 2011, the intangible assets of the Group increased by RMB8 thousand (2010: RMB37 thousand).

6. Goodwill

Item	**As at 30 June 2011**	As at 31 December 2010
Goodwill arising from acquisition of Beiqing CéCi	**48,503**	–
Less: Provision for impairment loss	**–**	–
	48,503	–

The method for testing of impairment loss of goodwill is described in Notes III.14.

7. Breakdown of impairment of assets

Item	As at 1 January 2011	Increase for the period: Provision	Increase for the period: Other transfer-in	Decrease for the period: Reversal	Decrease for the period: Other transfer-out	As at 30 June 2011
Provision for bad debts *(Note 1)*	5,653	884	316	–	–	6,853
Provision for impairment of inventories	618	138	–	–	498	258
Provision for impairment of long-term equity investments	2,069	–	–	–	–	2,069
Total	**8,340**	**1,022**	**316**	**–**	**498**	**9,180**

Note 1: Other transfer-in of the provision for bad debts represents the amount of provision of Beiqing CéCi transferred upon it was consolidated into the Group.

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

8. Accounts payables

As at 30 June 2011, the following is an aged analysis of accounts payables presented based on invoice date:

	As at 30 June 2011	As at 31 December 2010
Within 90 days	**68,566**	81,522
91 to 180 days	**24,794**	2,678
181 to 365 days	**3,105**	2,103
Over 1 year	**288**	774
Total	**96,753**	87,077

9. Other non-current liabilities

Item	**As at 30 June 2011**	As at 31 December 2010
Deferred income of customer loyalty program (advertising credit rewards)	**6,444**	8,600
Total	**6,444**	8,600

10. Operating revenue and operating costs

	For the six months ended 30 June	
Item	**2011**	2010
Revenue from principal operations	**352,160**	351,803
Other operating revenue	**2,718**	4,325
Total	**354,878**	356,128
Costs of principal operations	**307,885**	296,460
Other operating costs	**171**	1,578
Total	**308,056**	298,038

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. Operating revenue and operating costs *(Continued)*

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 segments

	For the six months ended 30 June			
	2011		2010	
Production name	**Operating Revenue**	**Operating Costs**	Operating Revenue	Operating Costs
Advertising	**198,006**	**155,193**	210,550	158,249
Printing	**26,657**	**25,514**	24,930	23,577
Trading of printing related materials	**121,737**	**114,811**	110,895	103,541
Distribution	**5,760**	**12,367**	5,428	11,093
Total	**352,160**	**307,885**	351,803	296,460

(2) The amount of the top five customers of operating revenue for the six months ended 30 June 2011 was RMB67,885 thousand representing 19.28% of the total operating revenue.

11. Finance costs

	For the six months ended 30 June	
Item	**2011**	2010
Interest expenses	**–**	–
Less: Interest income	**13,490**	12,450
Add: Foreign exchange loss	**(1,713)**	(719)
Add: Other expenses	**39**	140
Total	**(15,164)**	(13,029)

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

12. Impairment loss of assets

	For the six months ended 30 June	
Item	**2011**	2010
Provision for bad debts	**884**	860
Impairment loss on inventories	**138**	–
Total	**1,022**	860

13. Investment income (loss)

(1) The investment income (loss) arising from:

	For the six months ended 30 June	
Item	**2011**	2010
Share of profit (loss) of jointly controlled entities and associates	**2,751**	(134)
Other investment income (loss):		
Gain on disposal of financial assets held for trading	**60**	93
Other investment income (loss)	**13,704**	–
Sub-total of other investment income	**13,764**	93
Total	**16,515**	(41)

14. Income tax expenses

(1) Income tax expenses

	For the six months ended 30 June	
Item	**2011**	2010
Current income tax expenses	**1,202**	2,124
Deferred income tax expenses	**(21)**	81
Total	**1,181**	2,205

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Income tax expenses *(Continued)*

(2) Current income tax

	For the six months ended 30 June	
Item	**2011**	2010
Current income tax– PRC	**1,202**	1,933
Under-provision in prior years – PRC	**–**	191
Total	**1,202**	2,124

15. Dividends

(1) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2011(2010: NIL).

(2) Dividends recognized as profit distribution during the interim period are as follows:

	For the six months ended 30 June	
Item	**2011**	2010
Final dividends for the year ended 31 December 2010 at RMB0.50 per share (2010: Final dividends for 2009 at RMB0.40 per share) *(Note 1)*	**98,655**	78,924
Total	**98,655**	78,924

Note 1: The Company has distributed the final dividend to its shareholders before 12 August 2011.

When the final dividend was distributed to the individual H sharesholders whose name appeared on the register of members of the Company on 12 April 2011, 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.

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

VII. EXPLANATORY NOTES FOR MAIN ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Cash and cash equivalents

	As at 30 June 2011	As at 30 June 2010
Bank balance and cash	**1,006,662**	1,198,151
Less: Fixed deposits with maturity terms over 3 months	**854,550**	1,054,920
Less: Guarantee deposits for discounting bills	**4,939**	7,696
Total	**147,173**	135,535

VIII. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Relationships of related parties

The related parties which traded with the Group during the period:

Relationship	**Name of related party**
Ultimate controller	Beijing Youth Daily Agency ("BYDA")
Subsidiary of BYDA	Beijing XiaoHongMao Corporation
Subsidiary of BYDA	Beijing XiaoHongMao Logistics Co. Ltd.
Subsidiary of BYDA	Beijing Today Sunshine Advertising Co. Ltd. ("Today Sunshine")
Subsidiary of BYDA	Beijing China Open Promotion Co. Ltd.
Subsidiary of BYDA	Beijing Ge Hua Yang Guang Advertising Co. Ltd.
Subsidiary of BYDA	Beijing Beiqing Advertising Co. Ltd.
Subsidiary of BYDA	Beijing Youth Journal
Subsidiary of BYDA	Beijing Legal Evening
Subsidiary of BYDA	Beijing Science and Technology News
Subsidiary of BYDA	Beijing Youth Weekend Media Co. Ltd
Jointly controlled entity of the Company	Beiqing Transmedia Co. Ltd.
Jointly controlled entity of the Company	Beijing Beiqing Top Advertising Limited
Associate of the Company	Beijing Leisure Trend Advertising Company
Associate of the Company	Beijing Beisheng United Insurance Agency Co.
Minority shareholder	JoongAng m&b Limited of Korea
Minority shareholder	Hebei Youth Daily
Minority shareholder	Xin Hua Net Printery
Minority shareholder	Workers' Daily
Minority shareholder	Beijing Min Yi Printing Technology Service Company
Minority shareholder	Beijing Ke Yin Printing Technology Co. Ltd.
Other related parties	Beijing Terminal Advertising Media Co. Ltd.
Other related parties	China Business News

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

VIII. RELATED PARTY AND RELATED PARTY TRANSACTIONS *(Continued)*

2. Related party transactions

(1) Purchase of goods or receipt of services

		For the six months ended 30 June	
Related party	**Pricing policy**	**2011**	2010
BYDA *(Note 1)*	Contracted price	**25,868**	27,432
Subsidiaries of BYDA	Contracted price	**5,351**	3,875
Total		**31,219**	31,307

Note 1: Pursuant to the advertising space operating rights and options subscription agreement entered into between the Company and BYDA on 7 December 2004, the Company agreed to pay 16.5% of advertising revenue to BYDA for the period from 1 October 2004 to 30 September 2033.

(2) Sales of goods/rendering of services

		For the six months ended 30 June	
Related party	**Pricing policy**	**2011**	2010
BYDA	Contracted price	**249**	277
Jointly controlled entities	Contracted price	**750**	85
Associates	Contracted price	**500**	738
Subsidiaries of BYDA	Contracted price	**39,066**	29,379
Other related parties	Contracted price	**9,032**	7,228
Total		**49,597**	37,707

(3) Leasing – The Group as lessor

Lessee	Nature of assets leased	Date of commencement	Date of termination	Basis for rental income	Recognised rental income for the year
BYDA	Building	1 January 2010	31 December 2012	Contracted price	1,906

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

VIII. RELATED PARTY AND RELATED PARTY TRANSACTIONS *(Continued)*

2. Related party transactions *(Continued)*

(4) Leasing – The Group as lessee

Lessor	Nature of assets leased	Date of commencement	Date of termination	Basis for rental income	Recognised rental expense for the year
BYDA	Building	1 January 2010	31 December 2012	Contracted price	676

(5) Entrusted loans

Related party	Amount of entrusted loan	Date of commencement	Date of termination
Beijing Beiqing Top Advertising Limited	1,600	26 Sep 2010	26 Sep 2011
Beijing Beiqing Top Advertising Limited	2,000	24 Nov 2010	24 Nov 2011

(6) Remuneration for key management personnel

	For the six months ended 30 June	
	2011	2010
Remuneration for key management personnel	**2,168**	2,662

3. Current accounts balances with related parties

(1) Account receivable due from related parties

Related party	As at 30 June 2011 Carrying amount	As at 30 June 2011 Provision for bad debts	As at 31 December 2010 Carrying amount	As at 31 December 2010 Provision for bad debts
BYDA	**17**	**–**	57	–
Jointly controlled entities	**1,000**	**–**	435	–
Associates	**596**	**–**	196	–
Subsidiaries of BYDA	**20,765**	**271**	13,160	16
Other related parties	**2,069**	**–**	–	–
Total	**24,447**	**271**	13,848	16

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

VIII. RELATED PARTY AND RELATED PARTY TRANSACTIONS *(Continued)*

3. Current accounts balances with related parties *(Continued)*

(2) Other receivables due from related parties

Related party	As at 30 June 2011 Carrying amount	As at 30 June 2011 Provision for bad debts	As at 31 December 2010 Carrying amount	As at 31 December 2010 Provision for bad debts
BYDA	**1,906**	**–**	–	–
Jointly controlled entities	**21,805**	**–**	–	–
Other related parties	**18,000**	**–**	18,000	–
Total	**41, 711**	**–**	18,000	–

(3) Accounts payables due to related parties

Related party	As at 30 June 2011	As at 31 December 2010
BYDA	**5,113**	7,949
Subsidiaries of BYDA	**2,693**	5,005
Minority shareholders	**487**	–
Total	**8,293**	12,954

(4) Other payables due to related parties

Related party	As at 30 June 2011	As at 31 December 2010
BYDA	**676**	–
Associates	**486**	728
Subsidiaries of BYDA	**862**	150
Minority shareholders	**89**	67
Total	**2,113**	945

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

VIII. RELATED PARTY AND RELATED PARTY TRANSACTIONS *(Continued)*

3. Current accounts balances with related parties *(Continued)*

(5) Receipts in advance due to related parties

Related party	As at 30 June 2011	As at 31 December 2010
Subsidiaries of BYDA	–	2,250
Total	**–**	2,250

(6) Dividend payable due to related parties

Related party	As at 30 June 2011	As at 31 December 2010
BYDA	**12,420**	–
Minority shareholders	**2,717**	2,717
Total	**15,137**	2,717

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

IX. COMMITMENTS

1. Lease agreement contracted for or readily for performance and their financial effect

As at 30 June 2011, the Group, as a lessee, had contracted for the minimum lease payment under non-cancellable operating leases in respect of office building:

Period	As at 30 June 2011	As at 31 December 2010
Within 1 year	**4,402**	3,331
1-2 years	**2,259**	2,846
2-3 years	**690**	345
After 3 years	**345**	518
Total	**7,696**	7,040

X. POST-BALANCE SHEET EVENTS

The Company entered into an equity transfer agreement with BYDA on 24 August 2011, whereby the Company has agreed to acquire 55% equity interests in Today Sunshine held by BYDA for the consideration of RMB18.88 million.

XI. SEGMENT INFORMATION

The price of intra-segment transactions is determined with reference to market rates. Expenses incurred from intra-segment transactions, other than those which cannot be allocated reasonably, are allocated between segments on the basis of revenue. The segments are:

Operating segment	Principal activities
Advertising:	Sale of advertising spaces of Beijing Youth Daily and Hebei Youth Daily related to the media subsidiaries they operated and activities thereof.
Printing:	Provision of printing service.
Trading of printing related materials:	Sale paper, ink, lubricant, film, pre-coating photosensitive liquid plate and rubber plate used for printing and other printing related materials.
Distribution:	Newspaper distribution mainly for newspapers published by Hebei Youth Daily.

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

XI. SEGMENT INFORMATION *(Continued)*

(1) For the six months ended 30 June 2011

Item	Advertising	Printing	Trading of printing related materials	Distribution	Unallocated amount	Elimination	Total
Operating revenue	**198,006**	**120,450**	**121,737**	**5,760**	**2,718**	**(93,793)**	**354,878**
Including: Revenue from external transactions	**198,006**	**26,657**	**121,737**	**5,760**	**2,718**	**–**	**354,878**
Revenue from intra-segment transactions	**–**	**93,793**	**–**	**–**	**–**	**(93,793)**	**–**
Operating profit (loss)	**13,750**	**(2,829)**	**2,310**	**(9,426)**	**24,193**	**–**	**27,998**

(2) For the six months ended 30 June 2010

Item	Advertising	Printing	Trading of printing related materials	Distribution	Unallocated amount	Elimination	Total
Operating revenue	210,550	113,616	110,895	5,428	4,325	(88,686)	356,128
Including: Revenue from external transactions	210,550	24,930	110,895	5,428	4,325	–	356,128
Revenue from intra-segment transactions	–	88,686	–	–	–	(88,686)	–
Operating profit (loss)	21,354	(417)	3,354	(8,319)	7,180	–	23,152

XII. OTHER SIGNIFICANT EVENTS

1. Leasing

(1) The carrying value of assets for leasing under operating leases

Category	**As at 30 June 2011**	As at 31 December 2010
Investment properties	**2,578**	1,460
Total	**2,578**	1,460

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

XII. OTHER SIGNIFICANT EVENTS *(Continued)*

2. Assets and liabilities measured at fair value

Item	As at 1 January 2011	Increase (Decrease) for the period	Changes in fair value for the period	As at 30 June 2011
Financial assets:				
Financial assets measured at fair value through profit or loss for the current period	–	2,000	–	2,000
Investment properties	13,642	(2,839)	(49)	10,754
Total	13,642	(839)	(49)	12,754

XIII. SUPPLEMENTARY INFORMATION

1. Earnings per share

	For the six months ended 30 June	
	2011	2010
Profit for the half-year attributable to the shareholders of the Company	**27,238**	36,878
Weighted average number of ordinary shares in issue	**197,310**	197,310
Earnings per share (RMB)	**0.14**	0.19

The basic earnings and diluted earnings per share for the six months ended 30 June 2010 and 2011 are the same as there was no dilution incurred during the periods.

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Reconciliation of shareholders' equity and profit from HK GAAP to PRC Accounting Standards

(1) Reconciliation of profit for the six months ended 30 June 2010

Item	Under HK GAAP (Restated) *(Note 1)*	Adjustments for the difference between HK GAAP and PRC Accounting Standards	Under PRC Accounting Standards
Operating revenue	**356,128**	**–**	**356,128**
Less: Operation costs	298,038	–	298,038
Sales taxes and levies	17,387	–	17,387
Selling expenses	9,159	–	9,159
Administrative expenses	20,520	–	20,520
Finance costs	(13,029)	–	(13,029)
Impairment loss for assets	860	–	860
Share of profit of jointly controlled entities and associates	(134)	–	(134)
Other investment income	93	–	93
Operating profit	**23,152**	**–**	**23,152**
Non-operating income	16,771	–	16,771
Less: Non-operating expense	65	–	65
Total profit	**39,858**	**–**	**39,858**
Less: Income tax expenses	2,205	–	2,205
Net profit	**37,653**	**–**	**37,653**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income	**37,653**	**–**	**37,653**
Net profit attributable to:			
Shareholders of the Company	36,878	–	36,878
Minority interests	775	–	775
	37,653	**–**	**37,653**
Total comprehensive income attributable to:			
Shareholders of the Company	36,878	–	36,878
Minority interests	775	–	775
	37,653	**–**	**37,653**
Earnings per share:			
Basic earnings per share (RMB)	0.19	–	0.19
Diluted earnings per share (RMB)	0.19	–	0.19

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Reconciliation of shareholders' equity and profit from HK GAAP to PRC Accounting Standards *(Continued)*

(2) Reconciliation of shareholders' equity as at 31 December 2010

	Under HK GAAP (Restated) *(Note 1)*	Adjustments for the difference between HK GAAP and PRC Accounting Standards *(Notes 2, 3)*	Under PRC Accounting Standards
Current assets:			
Bank balances and cash	1,174,576	–	1,174,576
Account receivables	132,754	–	132,754
Prepayments	40,047	–	40,047
Interest receivables	7,666	–	7,666
Other receivables	33,729	–	33,729
Inventories	66,847	–	66,847
Non-current assets due within one year	8,600	–	8,600
Total current assets	1,464,219	–	1,464,219
Non-current assets:			
Held-to-maturity investments	30,000	–	30,000
Long-term receivables	1,868	–	1,868
Investments in jointly controlled entities and associates	118,464	–	118,464
Other long-term equity investments	4,500	–	4,500
Investment properties	13,642	–	13,642
Fixed assets	14,885	–	14,885
Intangible assets	51,538	(5,306)	46,232
Goodwill	–	–	–
Long-term prepayments	746	–	746
Deferred income tax assets	1,034	–	1,034
Total non-current assets	**236,677**	**(5,306)**	**231,371**
Total assets	**1,700,896**	**(5,306)**	**1,695,590**

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Reconciliation of shareholders' equity and profit from HK GAAP to PRC Accounting Standards *(Continued)*

(2) Reconciliation of shareholders' equity as at 31 December 2010 *(Continued)*

	Under HK GAAP (Restated) *(Note 1)*	Adjustments for the difference between HK GAAP and PRC Accounting Standards *(Notes 2, 3)*	Under PRC Accounting Standards
Liabilities and shareholders' equity			
Current liabilities:			
Bills payables	50,222	–	50,222
Accounts payables	87,077	–	87,077
Receipts in advance	37,128	–	37,128
Employee benefits payables	8,676	–	8,676
Tax payables	2,427	–	2,427
Interest payables	89	–	89
Dividend payables	2,717	–	2,717
Other payables	97,651	–	97,651
Total of current liabilities	**285,987**	**–**	**285,987**
Non-current liabilities:			
Deferred income tax liabilities	173	–	173
Other non-current liabilities	8,600	–	8,600
Total of non-current liabilities	**8,773**	**–**	**8,773**
Total liabilities	**294,760**	**–**	**294,760**
Shareholders' equity:			
Share capital	197,310	–	197,310
Capital reserve	898,058	–	898,058
Surplus reserve	138,568	(7,637)	130,931
Undistributed profits	148,118	2,331	150,449
Equity attributable to shareholders of the Company	1,382,054	(5,306)	1,376,748
Minority interests	24,082	–	24,082
Total shareholders' equity	**1,406,136**	**(5,306)**	**1,400,830**
Total liabilities and shareholders' equity	**1,700,896**	**(5,306)**	**1,695,590**

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Reconciliation of shareholders' equity and profit from HK GAAP to PRC Accounting Standards *(Continued)*

Notes:

1) The figures for financial statements prepared under HK GAAP are extracted from the Group's published but not audited financial statements for the six months ended 30 June 2010 and the published and audited financial statements for the year ended 31 December 2010. Certain figures have been reclassified to conform to the presentation of current period.

2) The financial statements prepared under HK GAAP included the goodwill of RMB5,306 thousand, which was the unamortized amount of difference between the fair value of net assets and the consideration for acquisition of assets and liabilities of BYDA in 2004. In accordance with the PRC Accounting Standards No. 38, such acquisition was a business combination under common control. The unamortized amount of the recognized goodwill was written off in full and adjusted to retained profits.

3) According to the PRC Accounting Standard, the surplus reserves in the consolidated financial statements should solely include the portion allocated from the Company. The portion attributable to the subsidiaries of RMB7,637 thousands is therefore reversed back to the undistributed profits.

XIV. APPROVAL OF INTERIM FINANCIAL REPORT

This interim financial report was unaudited.

This interim financial report was reviewed by the Audit Committee of the Board of the Company, and was approved by the Board of the Company on 29 August 2011.

Beijing Media Corporation Limited

29 August 2011