BEIJING 北青传媒 MEDIA

HK Stock Code: 1000

2012 INTERIM REPORT

Beijing Media Corporation Limited

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

CONTENTS

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

Beijing Media Corporation Limited

- 92.84% — BYD Logistics Company Limited ("**BYD Logistics**")
- 100% — Beijing Zhong Wang Shi Tong Technologies Co., Limited ("**ZWST**")
- 84.69% — Beiqing CéCi Advertising (Beijing) Limited ("**Beiqing CéCi**")
- 100% — Legal Evening Post Media Company Limited ("**LEP Media**")
- 55% — Beijing Today Sunshine Advertising Co., Ltd. ("**Today Sunshine**")

COMPANY WEBSITE:

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 30 June 2012): 197,310,000
- Market Capitalisation (as at 30 June 2012): HK$1,006.28 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)*
He Xiaona *(Executive Vice President) (Note 1)*

NON-EXECUTIVE DIRECTORS
Li Shiheng *(Vice Chairman)*
Liu Han
Wu Peihua
Li Xiaobing *(Note 1)*
Xu Xun
Li Yigeng

INDEPENDENT NON-EXECUTIVE DIRECTORS
Tsang Hing Lun
Wu Changqi
Liao Li
Cui Baoguo *(Note 1)*
Song Jianwu *(Note 1)*

JOINT COMPANY SECRETARIES
Shang Da *(Note 2)*
Yu Leung Fai

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

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

NOMINATION COMMITTEE *(Note 3)*
Zhang Yanping *(Chairman)*
Wu Changqi
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 PRC

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 Hong Kong
17/F, Edinburgh Tower,
The Landmark, 15 Queen's Road Central,
Central, Hong Kong

AUDITORS
ShineWing Certified Public Accountants Co., Ltd.
9/F, Block A, Fu Hua Mansion,
No. 8 Chaoyangmen Beidajie,
Dongcheng District, Beijing, the PRC

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

Notes:

1. The resolutions regarding the appointment of Mr. Cui Baoguo and Mr. Song Jianwu as independent non-executive directors of the Company, Mr. Li Xiaobing as a non-executive director of the Company and Ms. He Xiaona as an executive director of the Company were passed at the annual general meeting held on 15 May 2012. Please refer to the announcement of the Company dated 15 May 2012 for details.

2. Mr. Shang Da was appointed as a joint company secretary of the Company upon the approval of the Board on 19 March 2012. Please refer to the announcement of the Company dated 19 March 2012 for details.

3. Mr. Zhang Yanping, Mr. Wu Changqi and Mr. Liao Li were appointed as members of the Nomination Committee of the Company upon the approval of the Board on 19 March 2012. Please refer to the announcement of the Company dated 19 March 2012 for details.

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 2012 ("the First Half of 2012").

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 2012 was RMB320,664 thousand (corresponding period of 2011: RMB356,120 thousand), representing a decrease of approximately 9.96% as compared with that for the corresponding period of 2011. Net profit attributable to shareholders of the Company was RMB12,118 thousand (corresponding period of 2011: RMB25,741 thousand), representing a decrease of approximately 52.92% as compared with that for the corresponding period of 2011. The decrease was mainly due to the fact that there was an one-off investment income of RMB12,750 thousand included in the net profit for the corresponding period of 2011. The investment income was arising from the changes of Beiqing CéCi from a to a subsidiary of the Company.

RESULTS OF GROUP MEMBERS

In the First Half of 2012, Beijing Youth Daily secured its leading position in revenue from advertising sales among the major metropolitan newspapers in Beijing. According to market observation data provided by third party surveyors, the development of the print media advertisement market in Beijing was slowing down due to the slowdown of macro economy. Total placement volume of advertisement in newspaper media recorded only a slight growth of 0.41%. For the First Half of 2012, Beijing Media secured its leading position in the market share of real estate advertising among the major metropolitan newspapers in Beijing, as the real estate industry, a major advertisement source of the Company, was still subject to the restrictive policies on real estate purchase. As for the automobile industry, the revenue realised from automobile advertising recorded a modest growth compared with the corresponding period of last year, despite the continuing stringent restrictive policies on automobile purchase in Beijing. At the same time, revenue from advertising sales to living services, tourism, luxury products and financial services targeting high-income groups witnessed year-on-year growth to different extents. Among which, living services, tourism and luxury industries recorded growth of 35.23%, 18.5% and 7.14%, respectively. Revenue from advertising sales to other industries such as education and commercial trade also recorded different rates of growth. For the First Half of 2012, the revenue from advertising sales of Beijing Youth Daily was slightly higher than that for the corresponding period of 2011. Other than that, Hebei Heqing Media Company Limited ("Heqing Media"), a former subsidiary of the Company, was injected into Beiyang Publishing & Media Corporation Limited ("Beiyang Media") in 2011 and its revenue from advertising sales has ceased to be consolidated into the Company since 2012. As a result, the Group recorded a slight year-on-year decrease in the revenue from advertising sales for the First Half of 2012.

RESULTS OF GROUP MEMBERS *(Continued)*

As the diversified media channels are intensifying the competition in print media industry, Beijing Media took an active role in expanding and diversifying its marketing mode. In the First Half of 2012, Beijing Media focused on promoting wrap-around advertisements on Beijing Youth Daily, which can be as a vehicle of image show and product introduction and thus meet customers' needs both in branding and marketing. Wrap-around advertisements have become a preference of customers in real estate, automobile, luxury goods and merchandising industries. Meanwhile, capitalising on its media strengths and integrating other resources, Beijing Media established a platform for communications between readers (consumers) and advertising customers (exhibitors) through co-sponsoring a number of large-scale exhibitions including Beijing Four Seasons Real Estate Trade Fair and Beijing International Auto Exhibition, which effectively facilitated placement of advertisements by the respective industries.

The Group is engaged in the printing and the trading of print-related materials businesses through its subsidiary, BYD Logistics. Operating revenue of the Group from the printing and the trading of print-related materials businesses for the First Half of 2012 was RMB33,806 thousand and RMB104,950 thousand (corresponding period of 2011: RMB26,657 thousand and RMB121,737 thousand), respectively, representing an increase of 26.82% and a decrease of 13.79% as compared with those of the corresponding period of 2011, respectively.

The major profit generators of BYD Logistics for the First Half of 2012 shifted from the intra-group printing and trading business to the third-party printing and trading business. Notable success was achieved in building up a diversified non-intra-group third-party customer portfolio. In the First Half of 2012, the profit from BYD Logistics increased as compared with that for the corresponding period of last year.

Beiqing CéCi is a limited liability company jointly established by Beijing Media and JoongAng m&b Limited of Korea, with total investment of RMB80,000 thousand in which Beijing Media hold as to 84.69% equity interest. Beiqing CéCi is mainly engaged in content production, advertising, marketing and publication of CéCi (《CéCi姐妹科學》) magazine. As the first Korean-style trendy magazine introduced into the PRC, CéCi magazine seeks to give the best annotation to the orient trendy life of Chinese female professionals through its lively wording and easygoing style. Combining European and American-style passion, fashion and Japanese-style orient exoticness, CéCi magazine is committed to advocating a modern culture combining innovation and pragmatism in Asia. In 2012, CéCi magazine invited Ms. Li Yuchun, one of the most popular female singers in China, to visit Korea as the new Image Ambassador. In the next two years, she will actively promote the glamorous Korean culture and tourism to heighten their influence in the PRC, which has been taken as the second largest source of tourists for the Korean tourism market. The popularity and influence of CéCi magazine were also promoted through the subsequent media coverage in China and Korea. CéCi magazine has extended its presence across major cities in China including Hong Kong Special Administrative Region. Through its four years' operation, CéCi magazine, being the favourite magazine of urban white-collar, has become one of the most popular female magazines in Beijing and Shanghai, and is highly recognized in the industry. With a sound track record of sales since its launching, the revenue from advertising sales of Beiqing CéCi for the First Half of 2012 increased by 67.98% as compared with that for the corresponding period of 2011.

RESULTS OF GROUP MEMBERS *(Continued)*

As approved by the Board in August 2011, the Company acquired 55% equity interest in Today Sunshine from Beijing Youth Daily Agency ("BYDA"). Today Sunshine completed the change in business registration and became a 55%-owned subsidiary of the Company on 10 October 2011. Currently, Today Sunshine is in progress of business consolidation, aiming to generate more income from outdoor billboards when the market is developed and mature.

In addition, Beiqing Transmedia Advertising Limited ("BQTM") is an operating entity engaging in the aviation media segment established by the Group through the consolidation of 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. The Company held 37.09% equity interests in BQTM. As at the end of the First Half of 2012, BQTM has extended the coverage of its three major aviation media networks to 33 airports, 14 airlines, and established extensive cooperation with London Heathrow Airport, British Airways and other international airports and airlines to move toward internationalisation. Its super-large LED screens have been installed at airports of 12 cities, including 6 airports ranking among top 10 in the PRC in terms of passenger traffic. The LED screens in the 12 airports in Beijing, Tianjin, Xi'an, Nanjing, Guangzhou, Shenzhen, Haikou, Sanya, Chengdu, Kunming, Lijiang and Xishuangbanna have constituted a backbone network of large LED screens basically covering airports across the country. The handheld infotainment terminal, as the latest application of tablet PC technology (PAD) and mobile media terminal, has been officially introduced to provide high-quality infotainment services for first-class and business class air passengers. As such, BQTM has evolved into a high-tech, cross-media, national large-scale aviation technology-based media group leading in the domestic market and targeting high-end aviation consumers. The revenue from advertising sales of BQTM for the First Half of 2012 increased by 49.15% as compared with that for the corresponding period of 2011.

The Company acquired 1.5% equity interest in Beiyang Media by way of capital injection of the entire equity interest in Heqing Media held by the Company. The relevant changes in business registration has been fully completed on 22 March 2012. Beiyang Media achieved sound operational results in the First Half of 2012, and will further accelerate the pace of the capital operation.

PROSPECTS AND FUTURE PLANS

In 2012, Beijing Media will put more efforts in promotional events to maximize its economic benefit. Along with the opening of London Olympics in July, the third Olympic City Sports and Culture Festival of Beijing (北京市第三屆奧運城市體育文化節) was also held in the square of the Beijing Olympic Park. Beijing Media was fully involved in the festival and cooperated with clients from automobile, financial and real estate sectors to undertake certain activities including MINI Olympics, Olympic Encyclopaedia, Green New Energy Auto Show, Safe Kids, etc. The festival with a theme of "Carry forward the Olympics to Invigorate Beijing" is designed by Beijing Municipal Government to promote the mass fitness campaign in Beijing, the host city of 2008 Olympic Games which provided a lot of quality sports venues for the citizens to participate in sports and physical fitness activities. By cooperating with corporate clients to properly introduce commercial elements in the government-sponsored event, Beijing Media achieved economic benefits while boosting the interest of citizens towards sports games.

The fifth Beijing Auto Exhibition hosted by Beijing Media will be held at the National Conference Centre of Beijing Olympic Park from 31 August to 3 September 2012. So far, more than 25 automobile brands demand to participate in the exhibition, which will feature a wide range of high-end and mainstream brands in automobile market and become the largest auto show in Beijing following the Beijing International Automotive Exhibition in 2012.

While maintaining its existing core businesses in the second half of 2012, the Group intends to further diversify its media business through acquisitions and cooperation. Aiming at further development of its business, the Group will bolster its ongoing relationship with BYDA, in order to stand out from its peers as a leading cross-media group in the PRC.

The Group's business growth is heavily dependent on the concerted efforts of our management and staff in each enterprise of the Group. The insight to market opportunities of the operational management and the 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

24 August 2012
Beijing, the People's Republic of China

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2012, total operating revenue of the Group was RMB320,664 thousand (corresponding period of 2011: RMB356,120 thousand), representing a decrease of 9.96% as compared with that for the corresponding period of 2011. Of which, revenue from advertising sales decreased by RMB19,457 thousand, representing a decrease of 9.81% as compared with that for the corresponding period of 2011; revenue from printing increased by RMB7,149 thousand, representing an increase of 26.82% as compared with that for the corresponding period of 2011; and revenue from the trading of print-related materials decreased by RMB16,787 thousand, representing a decrease of 13.79% as compared with that for the corresponding period of 2011.

2. Operating Cost and Sales Tax and Surcharges

For the six months ended 30 June 2012, operating cost of the Group was RMB285,068 thousand (corresponding period of 2011: RMB306,142 thousand), representing a decrease of 6.88% as compared with that for the corresponding period of 2011. Of which, cost of advertising sales increased by RMB2,164 thousand, representing an increase of 1.41% as compared with that for the corresponding period of 2011; cost of printing increased by RMB6,395 thousand, representing an increase of 25.06% as compared with that for the corresponding period of 2011, and cost of the trading of print-related materials decreased by RMB17,095 thousand, representing a decrease of 14.89% as compared with that for the corresponding period of 2011. Sales tax and surcharges was RMB15,238 thousand (corresponding period of 2011: RMB16,383 thousand), representing a decrease of 6.99% as compared with that for the corresponding period of 2011.

3. Selling Expenses

For the six months ended 30 June 2012, selling expenses of the Group was RMB7,549 thousand (corresponding period of 2011: RMB12,801 thousand), representing a decrease of 41.03% as compared with that for the corresponding period of 2011.

4. Administrative Expenses

For the six months ended 30 June 2012, administrative expenses of the Group was RMB20,664 thousand (corresponding period of 2011: RMB23,518 thousand), representing a decrease of 12.14% as compared with that for the corresponding period of 2011.

5. Financial Expenses

For the six months ended 30 June 2012, finance cost of the Group was RMB-16,440 thousand (corresponding period of 2011: RMB-14,811 thousand), representing a decrease of 11% as compared with that for the corresponding period of 2011. Of which, interest income was RMB17,161 thousand (corresponding period of 2011: RMB13,505 thousand), representing an increase of 27.07% as compared with that for the corresponding period of 2011; and foreign exchange loss was RMB439 thousand (corresponding period of 2011: RMB-1,713 thousand), representing an increase of 125.63% as compared with that for the corresponding period of 2011.

6. Share of Profit of Jointly Controlled Entities and Associates

For the six months ended 30 June 2012, share of the profit of jointly controlled entities and associates of the Group was RMB5,128 thousand (corresponding period of 2011: RMB2,751 thousand), representing an increase of 86.40% as compared with that for the corresponding period of 2011.

FINANCIAL REVIEW *(Continued)*

7. Operating Profit and Profit Margin

For the six months ended 30 June 2012, operating profit of the Group was RMB12,318 thousand (corresponding period of 2011: RMB25,866 thousand), representing a decrease of 52.38% as compared with that for the corresponding period of 2011; profit margin was 3.84% (corresponding period of 2011: 7.26%).

8. Income Tax Expenses

For the six months ended 30 June 2012, income tax expenses of the Group were RMB2,599 thousand (corresponding period of 2011: RMB997 thousand), representing an increase of 160.68% as compared with that for the corresponding period of 2011. 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. The income tax expenses of the Group mainly represent the income tax charged on subsidiaries of the Company.

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

For the six months ended 30 June 2012, net profit of the Group was RMB10,633 thousand (corresponding period of 2011: RMB25,414 thousand), representing a decrease of 58.16% as compared with that for the corresponding period of 2011. Of which, net profit attributable to shareholders of the Company was RMB12,118 thousand (corresponding period of 2011: RMB25,741 thousand), representing a decrease of 52.92% as compared with that for the corresponding period of 2011. The decrease was mainly due to the fact that there was an one-off investment income of RMB12,750 thousand included in the net profit for the corresponding period of 2011. The investment income was arising from the changes of Beiqing CéCi from a jointly controlled entity to a subsidiary of the Company.

10. Financial Resources and Liquidity

As at 30 June 2012, current assets of the Group were RMB1,371,837 thousand (31 December 2011: RMB1,338,707 thousand), including bank balance and cash of RMB964,496 thousand (31 December 2011: RMB995,593 thousand). Non-current assets of the Group were RMB332,345 thousand (31 December 2011: RMB328,756 thousand).

As at 30 June 2012, current liabilities of the Group were RMB377,324 thousand (31 December 2011: RMB232,852 thousand) and non-current liabilities were RMB4,962 thousand (31 December 2011: RMB4,962 thousand).

As at 30 June 2012, shareholders' equity of the Group was RMB1,321,896 thousand (31 December 2011: RMB1,429,649 thousand).

11. Gearing Ratio

As at 30 June 2012, gearing ratio of the Group was 28.92% (31 December 2011: 16.63%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

USE OF PROCEEDS FROM LISTING

The Company raised a net proceed of HK$889,086 thousand in total from the global offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the prospectus and as modified in the relevant announcement of the Company and the actual use of proceeds as at 30 June 2012:

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 business (including but not limited to traditional media and emerging media businesses) and related businesses (including but not limited to the additional investment in the existing businesses of the Group)	Approximately 735.496 million	Approximately 578.3198 million
General working capital of the Group	Approximately 130 million	Approximately 80 million

As at 30 June 2012, the Company had unutilized proceeds of approximately HK$207.1762 million.

In order 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 2012, the Company strived to seek opportunities to fulfill the objectives as set forth above. The Company believes that the remaining proceeds will be utilized as aforesaid purposes for business development under mature conditions in the second half of 2012.

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 outstanding H shares held by MIH Print Media Holdings Limited, representing 9.90% of the total share capital of the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, 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 Co., Ltd.	Domestic	N/A	7,367,000	5.17	3.73
MIH (BVI) Limited	H	Long	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long	19,533,000	35.58	9.90
MIH Print Media Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long	19,533,000	35.58	9.90
Naspers Limited	H	Long	19,533,000	35.58	9.90
Beijing Beida Founder Group Corporation	H	Long	4,939,000	8.99	2.50
Beijing University	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long	4,939,000	8.99	2.50
Xia Jie	H	Long	4,939,000	8.99	2.50
Cao Ya Wen	H	Long	4,939,000	8.99	2.50

Note: Information disclosed above is based on the data published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk).

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 30 June 2012, there was no other person with interests and/or short positions in shares or underlying shares of the Company which would fall to be recorded under section 336 of Part XV of the SFO.

CAPITAL EXPENDITURES

Capital expenditures (mainly including expenditures on office equipment) of the Group for the First Half of 2012 was RMB348 thousand (corresponding period of 2011: RMB1,830 thousand). The Group expects that capital expenditures for the second half of 2012 will mainly comprise expenditure consistent with business strategies of the Group.

CONTINGENT LIABILITIES

For the six months ended 30 June 2012, the Group did not have any contingent liabilities, nor did it have any plans relating to contingent liabilities.

PLEDGE OF ASSETS

The secured loans of the Group were the bank loans granted by Huaxia Bank to the subsidiary, Today Sunshine. The bank loans were secured by the real estates of Today Sunshine. As at 30 June 2012, the outstanding balance of the loan was RMB7,340 thousand.

FOREIGN EXCHANGE RISKS

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

EMPLOYEES

As at 30 June 2012, the Group had a total of 318 employees (as at 30 June 2011: 628 employees), and the decrease in the number of employees was mainly due to Heqing Media's ceasing to be a subsidiary of the Company. The employees remuneration and benefits are determined in accordance with market rates, national 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 2012, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to 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 2012, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

For the six months ended 30 June 2012, the Group had no material investment, nor did it have any plan relating to material investment and acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

For the six months ended 30 June 2012, the Group had no material acquisition or disposal of assets.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2012, the Company was not involved in any material litigation or arbitration and there was no legal action or claim pending or threatened to be made against the Company.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

For the six months ended 30 June 2012, the Company had fully complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as well as the Code on Corporate Governance Practice which was invalid on 1 April 2012.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiry of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the required standards under the Model Code for the six months ended 30 June 2012.

AUDIT COMMITTEE

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

The audit committee and the management team of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the audit committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the financial statements of the Group for the First Half of 2012 with no dissenting opinions.

CONNECTED TRANSACTIONS MANAGEMENT

In order to standardise and strengthen the management of connected transactions, the Company has established the "Beijing Media Corporation Limited Connected Transactions Management System". The office of the Board is responsible for the management of connected transactions. In order to ensure that the Company's connected transactions are carried out in compliance with the relevant rules and systems, the Company has made sub-division as to the connected transaction caps that have already been disclosed, i.e. sub-dividing each connected transaction to each subsidiary, and each subsidiary is responsible for the control of its sub-divided portion of connected transactions. Pursuant to the requirements of the relevant system of the Company, the Company is required to comply with the reporting, announcement and independent shareholders' approval requirements (if applicable) under the Listing Rules before effecting any proposed connected transaction.

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2012.

SUBSEQUENT EVENTS

On 10 July 2012, the Company provided an entrustment loan of RMB55,000 thousand to Heqing Media for a term from 10 July 2012 to 5 January 2013. For further details, please refer to the Company's announcement dated 10 July 2012.

On 12 July 2012, the Company provided an entrustment loan of RMB70,000 thousand to BQTM for a term from 12 July 2012 to 28 June 2013. For further details, please refer to the Company's announcement dated 12 July 2012.

RMB'000

Item	Notes	As at 30 June 2012	As at 31 December 2011
Current assets:			
Bank balances and cash		**964,496**	995,593
Financial assets held for trading	*VII. 1*	**31**	31
Accounts receivable	*VII. 2*	**182,356**	125,698
Prepayments		**12,400**	16,789
Interest receivable		**11,951**	10,517
Other receivables		**66,271**	59,551
Inventories		**53,732**	49,928
Other current assets		**80,600**	80,600
Total current assets		**1,371,837**	1,338,707
Non-current assets:			
Long-term receivables	*VII. 2*	**–**	369
Investments in jointly controlled entities and associates	*VII. 3*	**138,876**	133,748
Other long-term equity investments	*VII. 3*	**59,560**	11,560
Investment properties		**43,750**	43,750
Fixed assets	*VII. 4*	**12,013**	12,690
Intangible assets	*VII. 5*	**27,647**	28,124
Goodwill	*VII. 6*	**47,377**	47,377
Long-term prepaid expenses		**1,709**	1,932
Deferred income tax assets		**1,413**	1,206
Other non-current assets		**–**	48,000
Total non-current assets		**332,345**	328,756
Total assets		**1,704,182**	1,667,463

RMB'000

Item	*Notes*	As at 30 June 2012	As at 31 December 2011
Current liabilities:			
Notes payable		**64,047**	36,599
Accounts payable	*VII.8*	**69,227**	63,315
Receipts in advance		**14,297**	19,045
Employee benefit payables		**4,028**	6,098
Tax payables		**2,985**	4,013
Dividends payable		**118,784**	398
Other payables		**91,773**	91,201
Non-current liabilities due within one year		**3,670**	3,670
Other current liabilities	*VII.9*	**8,513**	8,513
Total current liabilities		**377,324**	232,852
Non-current liabilities:			
Long-term borrowings	*VII.10*	**3,670**	3,670
Deferred income tax liabilities		**1,292**	1,292
Total non-current liabilities		**4,962**	4,962
Total liabilities		**382,286**	237,814
Shareholders' equity:			
Share capital		**197,310**	197,310
Capital reserves		**893,841**	893,841
Surplus reserves		**130,931**	130,931
Undistributed profits		**68,765**	175,033
Total equity attributable to shareholders of the Company		**1,290,847**	1,397,115
Minority interests		**31,049**	32,534
Total shareholders' equity		**1,321,896**	1,429,649
Total liabilities and shareholders' equity		**1,704,182**	1,667,463
Net current assets		**994,513**	1,105,855
Total assets less current liabilities		**1,326,858**	1,434,611

		RMB'000 For the six months ended 30 June	
Item	*Notes*	**2012**	2011 (Restated)
Total operating revenue	*VII.11*	**320,664**	356,120
Total operating costs		**313,474**	345,790
Operating costs	*VII.11*	**285,068**	306,142
Sales tax and surcharges		**15,238**	16,383
Selling expenses		**7,549**	12,801
Administrative expenses		**20,664**	23,518
Financial expenses	*VII.12*	**(16,440)**	(14,811)
Impairment loss of assets	*VII.13*	**1,395**	1,757
Loss on changes in fair value		**–**	(49)
Share of profit of jointly controlled entities and associates	*VII.14*	**5,128**	2,751
Other investment income	*VII.14*	**–**	12,834
Operating profit		**12,318**	25,866
Add: non-operating income		**920**	680
Less: non-operating expenses		**6**	135
Total profit		**13,232**	26,411
Less: Income tax expenses	*VII.15*	**2,599**	997
Net profit		**10,633**	25,414
Other comprehensive income		**–**	–
Total comprehensive income		**10,633**	25,414
Net profit attributable to:			
Shareholders of the Company		**12,118**	25,741
Minority shareholders		**(1,485)**	(327)
		10,633	25,414
Total comprehensive income attributable to:			
Shareholders of the Company		**12,118**	25,741
Minority shareholders		**(1,485)**	(327)
		10,633	25,414
Earnings per share:			
Basic earnings per share (RMB)	*XIII.1*	**0.06**	0.13
Diluted earnings per share (RMB)	*XIII.1*	**0.06**	0.13
Dividends	*VII.16*	**118,386**	98,655

		RMB'000
	For the six months ended 30 June	
Item	**2012**	2011 (Restated)
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	**225,391**	324,449
Other cash receipts relating to operating activities	**60,567**	6,407
Sub-total of cash inflows from operating activities	**285,958**	330,856
Cash paid for goods purchased and services received	**212,590**	366,771
Cash paid to and on behalf of employees	**23,296**	29,705
Payments of taxes and surcharges	**24,917**	23,145
Other cash payments relating to operating activities	**48,993**	42,360
Sub-total of cash outflows from operating activities	**309,796**	461,981
Net cash flows from operating activities	**(23,838)**	(131,125)
II. Cash flows from investing activities:		
Cash received from investments	**–**	28,179
Cash received from returns on investment	**2,083**	1,682
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**53**	2,633
Other cash receipts relating to investing activities	**40,546**	105,950
Sub-total of cash inflows from investing activities	**42,682**	138,444
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**348**	1,134
Cash paid on investment	**–**	32,800
Net cash paid on acquisition of subsidiaries and other operating units	**–**	(2,731)
Other cash payments relating to investing activities	**35,652**	4,458
Sub-total of cash outflows from investing activities	**36,000**	35,661
Net cash flows from investing activities	**6,682**	102,783

		RMB'000 For the six months ended 30 June	
Item	*Note*	**2012**	2011 (Restated)
III. Cash flows from financing activities:			
Other cash receipts relating to financing activities		**9,562**	26,109
Sub-total of cash inflows from financing activities		**9,562**	26,109
Cash paid for borrowings repayment		**–**	1,660
Cash payments for distribution of dividends or profits or interest expense		**269**	50,398
Including: Cash payments for distribution of dividends or profits by subsidiaries to minority shareholders		**–**	30
Sub-total of cash outflows from financing activities		**269**	52,058
Net cash flows from financing activities		**9,293**	(25,949)
IV. Effect of exchange rate changes on cash and cash equivalents		**2**	–
V. Net increase (decrease) in cash and cash equivalents		**(7,861)**	(54,291)
Add: Balance of cash and cash equivalents at the beginning of the period		**170,450**	204,719
VI. Balance of cash and cash equivalents at the end of the period	*VII.17*	**162,589**	150,428

RMB'000

Item	For the six months ended 30 June 2012						
	Attributable to shareholders of the Company						Total
	Share capital	Capital reserves	Surplus reserves	Undistributed profits	Sub-total	Minority interests	shareholders' equity
Balance at the beginning of the period	**197,310**	**893,841**	**130,931**	**175,033**	**1,397,115**	**32,534**	**1,429,649**
Net profit	**–**	**–**	**–**	**12,118**	**12,118**	**(1,485)**	**10,633**
Appropriation to shareholders	**–**	**–**	**–**	**(118,386)**	**(118,386)**	**–**	**(118,386)**
Sub-total of the changes for the period	**–**	**–**	**–**	**(106,268)**	**(106,268)**	**(1,485)**	**(107,753)**
Balance at the end of the period	**197,310**	**893,841**	**130,931**	**68,765**	**1,290,847**	**31,049**	**1,321,896**

Item	For the six months ended 30 June 2011 (Restated)						
	Attributable to shareholders of the Company						Total
	Share capital	Capital reserves	Surplus reserves	Undistributed profits	Sub-total	Minority interests	shareholders' equity
Balance at the beginning of the period	197,310	912,261	130,931	153,794	1,394,296	36,700	1,430,996
Net profit	–	–	–	25,741	25,741	(327)	25,414
Appropriation to shareholders	–	–	–	(98,655)	(98,655)	–	(98,655)
Acquisition of subsidiary by capital increment in a jointly controlled entity	–	–	–	–	–	12,250	12,250
Sub-total of the changes for the period	–	–	–	(72,914)	(72,914)	11,923	(60,991)
Balance at the end of the period	197,310	912,261	130,931	80,880	1,321,382	48,623	1,370,005

RMB'000

Item	As at 30 June 2012	As at 31 December 2011
Current assets:		
Bank balances and cash	**463,550**	460,511
Accounts receivable	**96,574**	56,823
Prepayments	**5,415**	31,481
Dividends receivable	**–**	18,000
Interest receivable	**5,664**	5,256
Other receivables	**60,378**	55,194
Inventories	**369**	369
Other current assets	**73,600**	71,600
Total current assets	**705,550**	699,234
Non-current assets:		
Long-term receivables	**–**	369
Investments in subsidiaries	**538,480**	538,480
Investments in jointly controlled entities and associates	**132,146**	127,018
Other long-term equity investments	**59,060**	11,060
Investment properties	**7,586**	7,586
Fixed assets	**8,802**	9,313
Intangible assets	**27,465**	27,926
Long-term prepaid expenses	**59**	68
Other non-current assets	**–**	48,000
Total non-current assets	**773,598**	769,820
Total assets	**1,479,148**	1,469,054

RMB'000

Item	As at 30 June 2012	As at 31 December 2011
Current liabilities:		
Accounts payable	**16,507**	10,006
Receipts in advance	**9,739**	12,361
Employee benefit payables	**3,011**	4,478
Tax payables	**3,556**	4,388
Dividends payable	**118,386**	–
Other payables	**84,393**	83,900
Other current liabilities	**8,513**	8,513
Total current liabilities	**244,105**	123,646
Total liabilities	**244,105**	123,646
Shareholders' equity:		
Share capital	**197,310**	197,310
Capital reserves	**897,778**	897,778
Surplus reserves	**130,931**	130,931
Undistributed profits	**9,024**	119,389
Total shareholders' equity	**1,235,043**	1,345,408
Total liabilities and shareholders' equity	**1,479,148**	1,469,054
Net current assets	**461,445**	575,588
Total assets less current liabilities	**1,235,043**	1,345,408

RMB'000

Item	For the six months ended 30 June 2012	2011
Total operating revenue	**168,096**	173,176
Total operating costs	**166,072**	166,687
Operating costs	**150,359**	151,341
Sales tax and surcharges	**13,618**	13,866
Administrative expenses	**10,437**	12,205
Financial expenses	**(8,589)**	(10,878)
Impairment loss of assets	**247**	153
Loss on changes in fair value	**–**	(333)
Share of profit of jointly controlled entities and associates	**5,128**	2,751
Operating profit	**7,152**	8,907
Add: non-operating income	**869**	604
Total profit	**8,021**	9,511
Less: income tax expenses	**–**	–
Net profit	**8,021**	9,511
Other comprehensive income	**–**	–
Total comprehensive income	**8,021**	9,511

Item	2012	2011
	RMB'000 For the six months ended 30 June	
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	**120,300**	143,827
Other cash receipts relating to operating activities	**58,542**	3,452
Sub-total of cash inflows from operating activities	**178,842**	147,279
Cash paid for goods purchased and services received	**113,342**	132,852
Cash paid to and on behalf of employees	**15,262**	14,503
Payments of taxes and surcharges	**14,283**	16,160
Other cash payments relating to operating activities	**35,492**	30,785
Sub-total of cash outflows from operating activities	**178,379**	194,300
Net cash flows from operating activities	**463**	(47,021)
II. Cash flows from investing activities:		
Cash received from investments	**–**	5,000
Cash received from returns on investment	**19,803**	4,652
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**3**	2,633
Other cash receipts relating to investing activities	**15,617**	102,158
Sub-total of cash inflows from investing activities	**35,423**	114,443
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**86**	240
Cash paid on investment	**–**	58,000
Other cash payments relating to investing activities	**37,652**	–
Sub-total of cash outflows from investing activities	**37,738**	58,240
Net cash flows from investing activities	**(2,315)**	56,203

	RMB'000 For the six months ended 30 June	
Item	**2012**	2011
III. Cash flows from financing activities:		
Cash payments for distribution of dividends or profits or interest expense	–	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. Net increase (decrease) in cash and cash equivalents	**(1,852)**	(40,818)
Add: Balance of cash and cash equivalents at the beginning of the period	**97,924**	94,155
VI. Balance of cash and cash equivalents at the end of the period	**96,072**	53,337

RMB'000

	For the six months ended 30 June 2012				
Item	**Share capital**	**Capital reserves**	**Surplus reserves**	**Undistributed profits**	**Total shareholders' equity**
Balance at the beginning of the period	**197,310**	**897,778**	**130,931**	**119,389**	**1,345,408**
Net profit	**–**	**–**	**–**	**8,021**	**8,021**
Appropriation to shareholders	**–**	**–**	**–**	**(118,386)**	**(118,386)**
Sub-total of the changes for the period	**–**	**–**	**–**	**(110,365)**	**(110,365)**
Balance at the end of the period	**197,310**	**897,778**	**130,931**	**9,024**	**1,235,043**

	For the six months ended 30 June 2011				
Item	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 the changes 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

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements for the six months ended 30 June 2012 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 in the PRC ("PRC Accounting Standards") No. 32 – Interim Financial Reporting, and the applicable disclosures required by the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and Hong Kong Companies Ordinance; and the accounting policies and estimates as stated in Note III "Principal accounting policies and accounting estimates and basis of preparation of consolidated financial statements".

The Company and BYDA, its Parent entered into the equity transfer agreement during 2011, whereby the Company acquired 55% of equity interest in Beijing Today Sunshine Advertising Co., Ltd. (hereinafter referred to as "Today Sunshine") from BYDA. BYDA is the ultimate holding company of both the Company and Today Sunshine, therefore, the acquisition of equity interest in Today Sunshine is regarded as a business combination of entities under common control. According to relevant requirements of PRC Accounting Standards, Today Sunshine is deemed to have been consolidated into the Company's account from the beginning of the reporting period, with comparative figures in the consolidated income statement, consolidated cash flow statement and consolidated statement of changes in shareholders' equity for the six months ended 30 June 2011 restated to conform to the presentation for current period.

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 for Business Enterprises, and present truly and completely the consolidated and Company's financial position as at 30 June 2012 and their consolidated and Company's operating results, cash flows and other relevant information for the six months then ended.

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

The accounting policies used in these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

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 2012 to 30 June 2012.

2. Reporting currency

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

The financial statements of the Group are expressed in RMB.

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

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 of the Group are classified into four categories, namely financial assets at fair value through profit or loss for the current period, held-to-maturity investments, loans and receivables, and available-for-sale financial assets 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.

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

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)

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 recognized 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. Loan and receivable 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.

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.

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

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

(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 receivable 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 receivable 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 receivable 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

Judgement basis or value standard of individually significant receivable	Receivables of more than RMB5 million are regarded as individually significant receivable
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 accounts receivable (%)	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 and 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 raw materials and low-value consumables.

The Group maintains a perpetual inventory system. Inventories are recorded at actual cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are consumed or issued. 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 or 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 decision-making of the invested company's financial and operating policies, but 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% 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 investments acquired by issuing equity securities, the cost of investment is the fair value of the equity securities issued. For long-term equity investments 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 investments 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, when there is any inconsistency on the accounting policies or accounting period adopted between jointly controlled entities and associates and the Group, the financial statements of jointly controlled entities and associates are adjusted according to the accounting policies or accounting period adopted by the Group when preparing the consolidated financial statement, then recognise the Group's gain or loss on this basis. 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 investments 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 of the Group 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 of the Group 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)*

	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. Borrowing costs

Borrowing costs include borrowing interest, amortisation of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. When expenditures for the asset and borrowing costs are being incurred, activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced, borrowing costs, which are directly attributable to the acquisition, construction or production of a qualifying asset, shall be capitalized. Capitalisation of borrowing costs shall cease when the asset under acquisition, construction or product is ready for its intended use or sale. Other borrowing costs shall be recognised as costs for the current period.

The amount of interest of specific borrowings occurred for the period shall be capitalized after deducting any interest earned from depositing the unused specific borrowings in the bank or any investment income arising on the temporary investment of those borrowings during the capitalization period. The capitalized amount of general borrowings shall to be determined at the basis that the weighted average (of the excess amounts of cumulative assets expenditures over the specific borrowings) times capitalization rate (of used general borrowings). The rate of capitalization is determined by the weighted average interest rate of general borrowing.

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

12. Borrowing costs *(Continued)*

Assets eligible for capitalization represent the fixed assets, investment property and inventories, etc., which shall take a long time (generally over one year) for acquisition, construction or production to be ready for its intended uses or sales.

When an asset eligible for capitalization is interrupted abnormally and the suspending period lasts more than 3 months during acquisition, construction or production, the capitalisation of borrowing costs shall be suspended until the acquisition, construction or production of such assets resume.

13. Intangible assets

Intangible assets of the Group, including land use rights, operating rights and software, 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)*

14. 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 are 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 are 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 (or loss) realised, has been or will be lower (or 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)*

15. 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.

16. Long-term prepaid expenses

Long-term prepaid expenses of the Group 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 prepaid expenses are no longer beneficial to the subsequent accounting periods, the unamortized balance is then fully transferred to profit or loss for the period.

17. Employee benefits

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)*

18. Recognition of revenue

The business revenues of the Group are generated mainly from sale of advertising spaces, incomes from printing, trading of print-related materials, 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 value-added tax ('VAT') is recognised when the service is provided.

(3) Revenue from trading of print-related materials

Revenue from trading of print-related materials, net of 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.21).

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

19. Government grants

A government grant is recognised when the Group can comply with the conditions attaching to the grant and the Group is able to receive the grant.

If a government grant is in the form of a monetary asset, it is measured at the actually amount received. For a fixed quota for the allocation of the grant, it is measured at the amount receivable.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognised as deferred income, and recognised in profit or loss over the periods in which the related costs are recognised. If the grant is a compensation for related expenses or losses already incurred, the grant is recognised directly in profit or loss for the current period.

20. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities of the Group 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.

21. 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.

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

21. Lease *(Continued)*

Operating leases are leases other than finance leases. The Group, as a lessee, 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.

22. 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.

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.

23. 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; 3) 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.

24. 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.

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

24. Business combination *(Continued)*

(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.

(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.

25. 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.

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

25. Preparation of consolidated financial statements *(Continued)*

(2) Accounting method for consolidated financial statements (Continued)

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.

26. Key accounting estimates and judgments

In the application of the Group's accounting policies, which are described in Note 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

The application for Building Ownership Certificates of certain buildings and investment properties of the Group is being processed. 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.

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

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

(3) Fair value of investment properties

Investment properties are measured at fair values estimated by the management. The management will determine the fair values 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 in market condition, the fair value of the investment properties will be adjusted accordingly.

(4) Allowances for bad debts of accounts receivable and other receivables

The policy for allowance of bad debts of accounts receivable and other receivables of the Group is based on the evaluation of collectability and aging analysis of accounts receivable 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) 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 revenue.

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

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

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

The Group tests annually whether the interests in jointly controlled entities and associates 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.

(8) 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 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")

According to the tax regulation of the State, the Group is subject to EIT at the tax 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 or derived from Hong Kong.

2. Value added tax ("VAT")

For the subsidiaries, being a general VAT taxpayer, the rates of VAT on income from sales of goods and from publication 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	Basis of calculation	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%
Local education surcharge	Turnover tax payable	2%

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

VI. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012, there was no change in the scope of consolidation of the Group. Details of the major subsidiaries as at 30 June 2012 are as follows:

RMB'000

					As at 30 June 2012			
Name of company	Place of registration/ operation	Principal business operation	Registered Capital	Business Scope	Amount of investment	Proportion of shareholding	Proportion of voting rights	Whether consolidated
Subsidiaries obtained though business combination for entities under common control								
Today Sunshine	China	Advertising	4,000	Design, production, agency, publication of domestic and foreign advertisement	18,880	55%	55%	yes
Subsidiaries obtained though business combination for entities not under common control								
Beiqing CéCi Advertising (Beijing) Limited ("Beiqing CéCi")	China	Advertising	80,000	Design, production, agency, publication of domestic and foreign advertisement	67,750	84.69%	84.69%	yes
Subsidiaries obtained through establishment or investment								
BYD Logistics Company Limited ("BYD Logistics")	China	Printing	30,000	Printing, sales of paper & ink, storage and transportation	44,815	92.84%	92.84%	yes
Legal Evening Post Media Company Limited ("LEP Media")	China	Advertising	400,000	Wholesale & retail of newspaper and books, agency and publication of advertisement	400,000	100%	100%	yes
Beijing Zhong Wang Shi Tong Technologies Co., Limited ("ZWST")	China	Software development	20,000	Computer technology consultation, software development	20,000	100%	100%	yes

Note:

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

2) None of the subsidiaries of the Company 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)

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

1. Financial assets held for trading

Item	As at 30 June 2012	As at 31 December 2011
Investment of equity shares listed in PRC, at fair value	**31**	31
Total	**31**	31

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

2. Accounts receivable

Item	As at 30 June 2012	As at 31 December 2011
Accounts receivable	**190,315**	132,999
Less: Provision for bad debts	**(7,959)**	(6,932)
	182,356	126,067
For reporting purpose, analysis as:		
Non-current assets-long-term receivables	**–**	369
Current assets– accounts receivable	**182,356**	125,698
	182,356	126,067

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

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

2. Accounts receivable *(Continued)*

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

Item	As at 30 June 2012	As at 31 December 2011
Within 90 days	**110,338**	81,754
91-180 days	**34,723**	17,079
181-365 days	**16,512**	16,477
1-2 years	**15,517**	7,328
Over 2 years	**5,266**	3,429
Total	**182,356**	126,067

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 balance of accounts receivable of the Group as at 30 June 2012 increased by RMB56,289 thousand or 44.65% as compared with 31 December 2011. The increase was mainly attributable to the outstanding advertising and sales amount due from certain major customers.

(2) Top five accounts receivable as at 30 June 2012 represents 27.42% of the total accounts receivable.

3. Long-term equity investments

(1) Category of long-term equity investments

Category	As at 30 June 2012	As at 31 December 2011
Unlisted long-term equity investments	**198,436**	145,308
Total	**198,436**	145,308

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

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

(1) Category of long-term equity investments *(Continued)*

Item	**As at 30 June 2012**	As at 31 December 2011
Investments in jointly controlled entities and associates – accounted for using equity method	**138,876**	133,748
Other long-term equity investments – accounted for using cost method	**64,629**	16,629
Less: Provision for impairment loss	**5,069**	5,069
Value of other long-term equity investments	**59,560**	11,560
Total	**198,436**	145,308

4. Fixed assets

For the six months ended 30 June 2012, the fixed assets of the Group increased by RMB348 thousand (2011: RMB1,822 thousand).

For the six months ended 30 June 2012, the Group disposed the fixed assets with carrying amount of RMB485 thousand (2011: RMB3 thousand), which resulting in a gain on disposal of RMB48 thousand (2011: loss on disposal of RMB3 thousand).

5. Intangible assets

For the six months ended 30 June 2012, the intangible assets of the Group increased by RMB0 thousand (2011: RMB8 thousand).

6. Goodwill

Item	**As at 30 June 2012**	As at 31 December 2011
Goodwill arising from acquisition of Beiqing CéCi	**47,377**	47,377
Less: Provision for impairment loss	**–**	–
	47,377	47,377

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

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

7. Breakdown of provision for impairment of assets

Item	As at 1 January 2012	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 2012
Provision for impairment of bad debts	7,310	1,272	–	–	–	8,582
Provision for impairment of inventories	366	123	–	–	28	461
Provision for impairment of long-term equity investments	5,069	–	–	–	–	5,069
Total	**12,745**	**1,395**	**–**	**–**	**28**	**14,112**

8. Accounts payable

As at 30 June 2012, the following is an aging analysis of accounts payable presented based on invoice date:

Item	As at 30 June 2012	As at 31 December 2011
Within 90 days	**62,713**	45,846
91-180 days	**5,156**	10,224
181-365 days	**794**	6,707
Over 1 year	**564**	538
Total	**69,227**	63,315

9. Other current liabilities

Item	As at 30 June 2012	As at 31 December 2011
Deferred income of customer loyalty program (advertising incentives)	**8,513**	8,513
Total	**8,513**	8,513

The deferred income is arisen from the Group's customer loyalty program. The award credits are normally expired within one year.

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

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

10. Long term borrowings

Item	As at 30 June 2012	As at 31 December 2011
Bank loans – secured	**7,340**	7,340
Less: Portion due within one year	**3,670**	3,670
Portion due in more than one year, but less than two years	**3,670**	3,670

As at 30 June 2012, the secured bank loan was granted by the bank to the subsidiary of the Company, Today Sunshine, of RMB7,340 thousand (2011: RMB7,340 thousand), with a term of three years payable by equal installments annually. The portion payable within one year has been reclassified as non-current liabilities due within one year.

The collateral of the secured borrowings is the investment properties of Today Sunshine. Moreover, BYDA provides with a maximum guarantee of RMB13,000 thousand. The interest of the loan is based on a fixed annual rate of 7.32% (2011: 6.16% to 7.32%).

11. Total operating revenue and operating costs

	For the six months ended 30 June	
Item	**2012**	2011
Revenue from principal operations	**317,605**	352,460
Other operating revenue	**3,059**	3,660
Total operating revenue	**320,664**	356,120
Costs of principal operations	**285,068**	305,971
Other operating costs	**–**	171
Total operating costs	**285,068**	306,142
Gross profit	**35,596**	49,978

Total operating revenue, which is the Group's turnover, represents the net amounts received and receivables for sale of advertising spaces and goods, and rendering of services by the Group to external customers, less trade discounts during the current period.

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

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

11. Total operating revenue and operating costs *(Continued)*

(1) *Principal Operations – by business segment*

	For the six months ended 30 June			
	2012		2011	
Business name	**Revenue from principal operations**	**Costs of principal operations**	Revenue from principal operations	Costs of principal operations
Advertising	**178,849**	**155,443**	198,306	153,279
Printing	**33,806**	**31,909**	26,657	25,514
Trade of printing related materials	**104,950**	**97,716**	121,737	114,811
Distribution	**–**	**–**	5,760	12,367
Total	**317,605**	**285,068**	352,460	305,971

(2) The amount of the top five customers of operating revenue was RMB57,787 thousand, representing 18.19% of the revenue from principal operations for the six months ended 30 June 2012.

12. Financial expenses

	For the six months ended 30 June	
Item	**2012**	2011
Interest expenses – on bank loans wholly repayable within 5 years	**269**	368
Less: Interest income	**17,161**	13,505
Add: Foreign exchange loss	**439**	(1,713)
Add: Other expenses	**13**	39
Total	**(16,440)**	(14,811)

13. Impairment losses of assets

	For the six months ended 30 June	
Item	**2012**	2011
Loss on bad debts	**1,272**	1,619
Impairment loss on inventories	**123**	138
Total	**1,395**	1,757

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

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Investment income

Item	For the six months ended 30 June 2012	2011
Share of profit of jointly controlled entities and associates	**5,128**	2,751
Other investment income:		
Gain on disposal of financial assets held for trading	**–**	60
Other investment income	**–**	12,774
Sub-total of other investment income	**–**	12,834
Total	**5,128**	15,585

15. Income tax expenses

(1) Income tax expenses

Item	For the six months ended 30 June 2012	2011
Current income tax expenses	**2,806**	1,202
Deferred income tax expenses	**(207)**	(205)
Total	**2,599**	997

(2) Current income tax expenses

Item	For the six months ended 30 June 2012	2011
Current income tax – PRC	**2,427**	1,202
Under-provision in prior years – PRC	**379**	–
Total	**2,806**	1,202

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

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

16. Dividends

(1) The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: NIL).

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

	For the six months ended 30 June	
Item	**2012**	2011
Final dividend for the financial year ended 31 December 2011 at RMB0.60 per share (2011: Final dividend for 2010 at RMB0.50 per share) *(Note 1)*	**118,386**	98,655
Total	**118,386**	98,655

Note 1: The Company has distributed the 2011 final dividend to its shareholders by the date of this report.

When the final dividend was distributed to the individual H shareholders whose name was appeared on the register of members of the Company on 22 May 2012, 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.

17. Cash and cash equivalents

Item	**As at 30 June 2012**	As at 30 June 2011
Bank balances and cash	**964,496**	1,009,918
Less: Bank deposits with maturity more than 3 months	**794,715**	854,550
Less: Restricted bank deposits	**7,192**	4,940
Cash and cash equivalents at the end of the period	**162,589**	150,428

VIII. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Relationships with related parties

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

Relationship	Name of related party
Ultimate controlling company	BYDA
Subsidiary of BYDA	Beijing XiaoHongMao Corporation
Subsidiary of BYDA	Beijing XiaoHongMao Logistics Co. Limited
Subsidiary of BYDA	Beiqing International Investment Consultancy (Beijing) Co. Limited
Subsidiary of BYDA	Beijing Beiqing Advertising Co. Limited
Subsidiary of BYDA	Beijing Youth Journal Agency
Subsidiary of BYDA	Beijing Legal Evening Agency
Subsidiary of BYDA	Beijing Science and Technology News Agency
Subsidiary of BYDA	Beijing Youth Weekend Media Co. Limited
Jointly controlled entity of the Company	Beiqing CéCi *(Note 1)*
Associate of the Company	Beiqing Transmedia Co. Limited ("BQTM") *(Note 2)*
Associate of the Company	Beijing Beiqing Top Advertising Limited ("Beiqing Top") *(Note 2)*
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Beijing Beisheng United Insurance Agency Co. Limited
Other related parties	Shanghai China Business News Co. Limited

Note 1: On 30 June 2011, the Company unilaterally injected additional capital of RMB55,000 thousand to Beiqing CéCi (the former jointly controlled entity of the Company). Upon the completion of capital increase, the equity interest in Beiqing CéCi owned by the Company increased from 51% to 84.69%, while the Company obtained control over Beiqing CéCi. Beiqing CéCi was incorporated in the consolidated financial statements of the Company as a subsidiary as from the same date.

Note 2: In 2011, while BQTM was a jointly controlled entity of the Company, it was introduced with new investors. The equity proportion in BQTM owned by the Company was diluted from 51% to 37.09%. According to the terms of the amended Articles of Association of BQTM after the registered capital was increased, the Company has no longer joint control over the board of directors of BQTM with other investors. As a result, BQTM became an associate of the Group. As the subsidiary of BQTM, Beiqing Top was recorded as an associate of the Group accordingly.

(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/receipt of services*

Related party	Pricing policy	For the six months ended 30 June 2012	2011
BYDA *(Note1)*	Contracted price	**25,589**	25,868
Subsidiaries of BYDA	Contracted price	**1,450**	2,638
Total		**27,039**	28,506

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*

Related party	Pricing policy	For the six months ended 30 June 2012	2011
BYDA	Contracted price	**7,480**	4,887
Jointly controlled entities of the Company	Contracted price	**–**	750
Associates of the Company	Contracted price	**2,423**	500
Subsidiaries of BYDA	Contracted price	**120**	16,371
Other related parties	Contracted price	**9,343**	9,032
Total		**19,366**	31,540

(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 period
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	Rental income recognised for the period
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	10,000	7 June 2012	30 May 2013

(6) Remuneration for key management personnel

	For the six months ended 30 June	
	2012	2011
Remuneration for key management personnel	**2,147**	2,168

(7) Related party guarantee

For the six months ended 30 June 2012, BYDA provided a financial guarantee of up to RMB13,000 thousand to bank in respect of the credit facilities granted to Today Sunshine, with the guarantee term from 25 June 2010 to 25 June 2013 (Note VII.10).

For the six months ended 30 June 2012, BYDA provided guarantee to two banks for bank facilities granted to BYD Logistics with a maximum amount of RMB80,000 thousand (2011: RMB20,000 thousand). As at 30 June 2012, the utilised amount of the banking facilities was RMB50,828 thousand (2011: RMB13,759 thousand).

(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

(1) Accounts receivable due from related parties

Related party	As at 30 June 2012 Carrying amount	As at 30 June 2012 Provision for bad debts	As at 31 December 2011 Carrying amount	As at 31 December 2011 Provision for bad debts
BYDA	**8,071**	**–**	4,895	–
Associates of the Company	**2,794**	**–**	136	–
Subsidiaries of BYDA	**8,110**	**–**	9,514	–
Total	**18,975**	**–**	14,545	–

(2) Other receivables due from related parties

Related party	As at 30 June 2012 Carrying amount	As at 30 June 2012 Provision for bad debts	As at 31 December 2011 Carrying amount	As at 31 December 2011 Provision for bad debts
BYDA	**1,906**	**–**	–	–
Associates of the Company	**26,412**	**–**	25,613	–
Subsidiaries of BYDA	**1,539**	**–**	–	
Total	**29,857**	**–**	25,613	–

(3) Accounts payable due to related parties

Related party	As at 30 June 2012	As at 31 December 2011
BYDA	**6,376**	6,120
Subsidiaries of BYDA	**625**	3,886
Total	**7,001**	10,006

(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)*

(4) Other payables due to related parties

Related party	**As at 30 June 2012**	As at 31 December 2011
BYDA	**6,086**	5,410
Associates of the Company	**50**	336
Subsidiaries of BYDA	**978**	911
Total	**7,114**	6,657

(5) Receipts in advance due from related parties

Related party	**As at 30 June 2012**	As at 31 December 2011
Associates of the Company	**–**	25
Other related parties	**1,596**	3,437
Total	**1,596**	3,462

(6) Dividends payable due to related parties

Related party	**As at 30 June 2012**	As at 31 December 2011
BYDA	**74,904**	–
Total	**74,904**	–

(7) Entrusted loans

Related party	**As at 30 June 2012**	As at 31 December 2011
Other current assets:		
Associates of the Company	**25,600**	25,600
Total	**25,600**	25,600

(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 2012, the Group, as a lessee, had contracted for the minimum lease payment under non-cancellable operating leases in respect of leases such as office building for the following periods:

Period	As at 30 June 2012	As at 31 December 2011
Within 1 year	**4,403**	4,402
1-2 years	**2,450**	2,259
2-3 years	**2,104**	690
After 3 years	**453**	345
Total	**9,410**	7,696

X. POST-BALANCE SHEET EVENTS

On 10 July 2012, the Company made an entrusted loan of RMB55,000 thousand to Hebei Heqing Media Company Limited ("Heqing Media") for a period from 10 July 2012 to 5 January 2013. For further details, please refer to the Company's announcement dated 10 July 2012.

On 12 July 2012, the Company made an entrusted loan of RMB70,000 thousand to BQTM for a period from 12 July 2012 to 28 June 2013. For further details, please refer to the Company's announcement dated 12 July 2012.

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

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:	Sales of advertising spaces of Beijing Youth Daily and CéCi magazine, and sales of outdoor advertising.
Printing:	Provision of printing service.
Trading of print-related materials:	Sales of paper, ink, lubricant, film, pre-coating photosensitive liquid plate and rubber plate used for printing and other print-related materials.

Note: The disposal of equity interests in Heqing Media, a subsidiary of the Group, was completed on 22 December 2011, and from then on, it was not incorporated in the consolidated financial statements of the Group. Therefore, there are no advertising and distribution businesses related to Heqing Media for the six months ended 30 June 2012.

(1) For the six months ended 30 June 2012

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount	Elimination	Total
Revenue from external transactions	178,849	33,806	104,950		3,059	–	320,664
Revenue from intra-segment transactions	23	85,490	–	–	–	(85,513)	–
Operating revenue	178,872	119,296	104,950	–	3,059	(85,513)	320,664
Operating profit (loss)	(4,334)	(1,132)	3,682	–	14,102	–	12,318

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

XI. SEGMENT INFORMATION *(Continued)*

(2) For the six months ended 30 June 2011

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount	Elimination	Total
Revenue from external transactions	198,306	26,657	121,737	5,760	3,660	–	356,120
Revenue from intra-segment transactions	2,713	93,793	–	–	–	(96,506)	–
Operating revenue	201,019	120,450	121,737	5,760	3,660	(96,506)	356,120
Operating profit (loss)	12,645	(2,829)	2,310	(9,426)	23,166	–	25,866

XII. OTHER SIGNIFICANT EVENTS

1. Leasing

(1) Carrying amount of assets leased out under operating leases

Category of assets leased out under operating leases	As at 30 June 2012	As at 31 December 2011
Investment properties	**36,164**	36,164
Total	**36,164**	36,164

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

XIII. SUPPLEMENTARY INFORMATION

1. Earnings per share

	For the six months ended 30 June	
	2012	2011
Profit for the half-year attributable to the shareholders of the Company	**12,118**	25,741
Weighted average number of ordinary shares in issue	**197,310**	197,310
Earnings per share (RMB)	**0.06**	0.13

The basic earnings and diluted earnings per share for the six months ended 30 June 2011 and 2012 are the same as there was no dilution incurred during the periods.

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 24 August 2012.

Beijing Media Corporation Limited

24 August 2012