BEIJING 北青传媒 MEDIA

HK StockCode: 1000

2012 ANNUAL REPORT

Beijing Media Corporation Limited

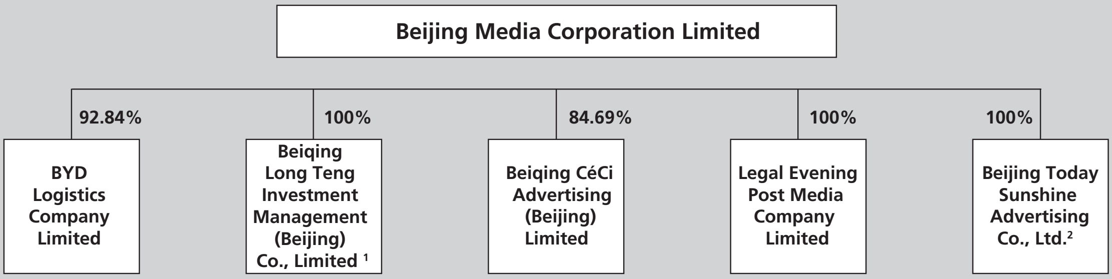
A joint stock company incorporated
in the People's Republic of China with limited liability

CONTENTS

COMPANY PROFILE

Beijing Media Corporation Limited (the Company, 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 Hong Kong Stock Exchange on 22 December 2004.

CORPORATE STRUCTURE



Notes:

1. Beijing Zhong Wang Shi Tong Technologies Co., Limited was officially renamed as Beiqing Long Teng Investment Management (Beijing) Co., Limited on 30 August 2012;

2. The Company acquired the 45% equity interest in Beijing Today Sunshine Advertising Co., Ltd. held by 12 individuals at approximately RMB14,724 thousand upon the approval of the Board on 9 October 2012. The changes in registration with the industrial and commercial administration authorities were completed on 9 November 2012.

COMPANY WEBSITE:

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2012): 197,310,000
- Market Capitalisation (as at 31 December 2012): HK$990.50 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)*
Yu Haibo *(Vice Chairman)*[1]
Sun Wei *(President)*
He Xiaona *(Executive Vice President)*[2]

NON-EXECUTIVE DIRECTORS

Li Shiheng *(Vice Chairman)*
Liu Han
Wu Peihua
Li Xiaobing[2]
Xu Xun
Li Yigeng

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tsang Hing Lun
Wu Changqi
Liao Li
Cui Baoguo[2]
Song Jianwu[2]

COMPANY SECRETARY

Shang Da
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

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
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. Due to the reassignment of work, Mr. Zhang Yabin was removed as a director of the Company by the approval of the Shareholders at an extraordinary general meeting on 21 December 2012; and on the same day, Mr. Yu Haibo was appointed as an executive director of the Company and the vice chairman of the Board. The details are set out in the Company's announcement dated 21 December 2012.

2. On the annual general meeting held on 15 May 2012, the resolutions in respect of the appointment of Mr. Cui Baoguo and Mr. Song Jianwu as the 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 approved. For details, please refer to the announcement of the Company dated 15 May 2012.

DEAR SHAREHOLDERS,

On behalf of the Group, I am pleased to present the report on results of the Group for the year 2012.

The Group is principally engaged in sales of advertising space, production of newspapers, printing and trading of print-related materials. The Group's principal advertising media is Beijing Youth Daily.

Total operating revenue of the Group for 2012 was RMB690,276 thousand (2011: RMB757,574 thousand), representing a decrease of 8.88% as compared with 2011. Net profit attributable to shareholders of the Company was RMB64,987 thousand (2011: RMB119,894 thousand), representing a decrease of 45.80% as compared with 2011. Earnings per share was RMB0.33 (2011: RMB0.61). The Board recommends the distribution of a final dividend of RMB0.30 per share (2011: RMB0.60 per share) to shareholders.

According to the ranking list published by the Periodical Sub-Committee under the China Association of Advertising with respect to value for placement of advertisement in periodicals of the PRC 2011-2012, Beijing Youth Daily ranked No.6 amongst metropolitan newspapers in the PRC and No.1 in Beijing for 4 concessive years. According to market observation data provided by third party surveyors, the print media advertisement market in Beijing was declining due to the slowdown of macro economy, which adversely affected the advertising business, especially in the real estate and building materials sectors. As a result, our advertising income from real estate industry recorded a decrease compared with 2011. The continuing stringent restrictive policies on automobile purchase in Beijing, together with the effect of cautious purchasing model, suppressed the sale of automobile in Beijing to a certain extent which resulted in continuous pressure on and a drop in the advertising sales to automobile sector compared with 2011. Under the severe backdrop of controlling policies and impact from new media, Beijing Media, as a popular mainstream media, still got a lot of advertising sales to various industries in adversity. The actual revenue from advertising sales to industries targeting high-income groups in 2012, such as living services, 3C products and financial services, witnessed year-on-year growth to different extents, among which living services, 3C products and financial services recorded respective growth of 24.15%, 21.47% and 17.7%. Revenue from advertising sales to other industries such as education, tourism, commodities circulation and luxury goods also recorded different rates of growth. The Group has made great efforts in various aspects, thus reducing the adverse impacts brought by the decrease in revenue from automobile and real estate advertisements to a maximum extent. The consolidated operating revenue of the Company for the year of 2012 broke even with 2011, except for the impact of the exclusive of the operating revenue of Heqing Media, an ex-subsidiary of the Company.

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 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 strive to meet customers' needs both in branding and marketing. Wrap-around advertisements have become a preference of customers in real estate, automobile, luxury goods and commodities circulation 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). In the first half of 2012, Beijing Media co-sponsored 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 in the respective industries. In the marketing aspect, brand promotion exhibitions have been held by the Group in Shanghai each year following the Group's first advertising promotion exhibition in Shanghai in 2009, as a bridge to connect its customers.

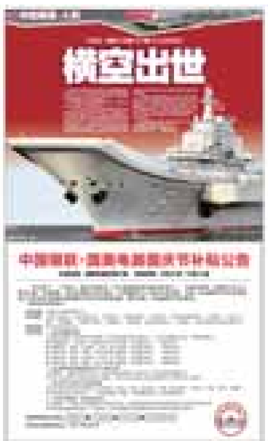
In 2012, certain subsidiaries and associates of the Company entered into a healthy growth period, a number of which recorded growths both in operating revenue and profit. During the reporting period, the CéCi magazine maintained excellent sales records, among which revenue from advertising sales increased by 39.15% year-on-year. On 9 November 2012, Today Sunshine completed its changes in registration with the industrial and commercial administration authorities and became a wholly-owned subsidiary of the Company. In 2012, BQTM further secured its position as the largest player of airport LED screen operating business. The LED screens broadcast network covers 15 cities, and among which, the landscape-class LED screen in Guangzhou Baiyun Airport was awarded "2012 Asia OOH Awards".

Beijing Media will address the increasingly intensified competitions from print media and new media, and strive to optimize its advertising industry portfolio and business structure based on adequate assessment on market environment. The Company integrated the marketing by alignment with Legal Evening Post and Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》) to gain more advertising placement by covering morning posts, evening posts and aviation media in Beijing. We believe that in 2013, the macroscopic policies should be more positive which provides advantages to our upcoming investment and operation. The Group will seize the opportunities in the ongoing cultural system reform to make more profit through the full-scope operation and capital operation. With a stronghold on its existing advertising business, the Group will strengthen internal incentive measures with clear responsibility so as to take advantage of its consolidated marketing strategy. Capital operations will be conducted on an active and prudent manner, allowing the Group to tap into new income streams under a better business structure through investment, merger and acquisition. Maintaining and utilizing relationship with Beijing Youth Daily Agency, the Company push forward the development of the Group and stand out from its peers as a leading cross-media group in the PRC.

The Group's performance in 2012 is heavily dependent on the concerted efforts of our management and staff in each business units. The insight to market opportunities and the quality of the management team and the staff are the keys to our success. On behalf of the Company's shareholders and other members of the board of directors, I would like to take this opportunity to express my sincere gratitude to the management and staff of each of business units within the Group.

Zhang Yanping
Chairman

15 March 2013
Beijing, the People's Republic of China



BUSINESS REVIEW

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 2012 was RMB690,276 thousand (2011: RMB757,574 thousand), representing a decrease of 8.88% as compared with 2011. Net profit attributable to shareholders of the Company for 2012 was RMB64,987 thousand (2011: RMB119,894 thousand), representing a decrease of 45.80% as compared with 2011.

In 2012, as a result of the strengthened Chinese government's macro control over real estate market, restrictive policies on automobiles purchase promulgated by Beijing Municipal Government and impacts from new media, the print media advertisement market in Beijing was shrinking and the advertising industries especially in real estate and building materials were adversely impacted. However, the market share of Beijing Youth Daily remained the top among metropolitan newspapers in Beijing. Moreover, the placement of advertisement in Beijing Youth Daily from the living style services sector targeting high-income groups increased by 24.15%, and revenue from advertising sales to 3C products and financial services increased by 21.47% and 17.7% respectively while the revenue from advertising sales to education, tourism, commodity circulation and luxury goods also recorded slight and stable growth. The Group has made great efforts in various aspects, thus slowing down the adverse impacts brought by the decrease in revenue from real estate and automobile advertisement to a maximium extent. Revenue from advertising sales of the Group for 2012 was RMB361,299 thousand (2011: RMB450,331 thousand), representing a decrease of 19.77% as compared with 2011.

BUSINESS REVIEW *(Continued)*

Towards the end of 2012, after negotiation between the Company, LEPA (publisher of Legal Evening Post), a subsidiary of BYDA and Beiqing Top (publisher of Civil Aviation Administration of China News (Inflight Edition)), an associated company of the Company, the Company and the parties decided to establish strategic cooperative relationship and signed a Letter of Intent on 20 December 2012. Pursuant to which, the Company set up Beijing Media Advertisement Centre to consolidate the advertisements on Beijing Youth Daily, Beijing Legal Evening Post and Civil Aviation Administration of China News (Inflight Edition) and coordinate marketing activities, through which our advertisement services cover morning posts, evening posts and aviation media in Beijing, forming a joint force in various aspects to maximize our market share and gain more opportunities for advertisement business.

BYD Logistics is a 92.84%-owned subsidiary of the Company. Operating revenue of the Group from the printing and the trading of print-related materials businesses for the year 2012 was RMB47,147 thousand and RMB272,208 thousand (corresponding period of 2011: RMB50,969 thousand and RMB234,860 thousand), respectively, representing a decrease of 7.5% and an increase of 15.90% as compared with those of the corresponding period of 2011, respectively. The major profit generators of BYD Logistics for the year 2012 shifted from the intragroup 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.

To further carry out its strategic development in outdoor advertising market and forge a cross-media conglomeration, as approved by the Board on 9 October 2012, the Company acquired 45% equity interest in Today Sunshine held by 12 individuals at approximately RMB14,724 thousand and completed changes in registration with the industrial and commercial administration authorities on 9 November 2012. Today Sunshine has become a wholly-owned subsidiary of the Company. Operating revenue of Today Sunshine for the year 2012 was RMB3,633 thousand (corresponding period of 2011: RMB4,840 thousand), representing a decrease of 24.94%. Decline in operating revenue was mainly due to the outdoor billboards resources expired successively during the reporting period.

BUSINESS REVIEW *(Continued)*

On 21 December 2012, the Company won the bid for outdoor billboards from Beijing Municipal Administration Commission and acquired the right of use in 6 outdoor billboards and proposed to authorize the Company's subsidiary, Today Sunshine for the further implementation. The Company will keep extending the development in outdoor billboard advertising market to establish a professional cross-media group.

Beiqing CéCi, a 84.69%-owned subsidiary of the Company, focused on advertising business in CéCi (《CéCi姐妹科學》) magazine, a premium women's magazine for fashion mavens distributed across major cities of China including Hong Kong. Through four years' operation, CéCi, being the favourite magazine of urban white-collar ladies with a sound track record in sales since its launching, achieved a year-on-year growth of 39.15% in revenue from advertising sales and net profit achieved a year-on-year growth of 118.36% in 2012. CéCi and AIRTIME Youth Weekend ("AIRTIME青年周末") cooperated with strategic partner, China Film Co., Ltd., China Film Entertainment Brokerage Co., Ltd., and initiated New Asia Youth Development Program for young talent in entertainment industry, which provided a performance platform for the new faces to show their talents, drove the development of the film industry in China by micro film and discovered and trained new talented directors, script writers and artists. The project caught the attention of many global fashion brands. IWC Watch, a world-known brand, who has hundreds of long-term charity projects across the world, also took part in this activity as a special sponsor for the investment and production of the micro film, which were a promotional video of the brand, produced by those new faces. Such especially meaningful program also gained support from Tao Zee, David, a famous Chinese singer, who acted as the overall director of such promotional video. Green script writers and artists of China Film Entertainment Brokerage Co., Ltd. took part in the video to demonstrate the new force of film industry in China.

Beijing Zhong Wang Shi Tong Technologies Co., Ltd., a subsidiary of the Company, was officially renamed as Beiqing Long Teng Investment Management (Beijing) Co., Limited on 30 August 2012. On 9 October 2012, the Company signed a Capital Injection Agreement with Beijing Longteng Xiangrui Culture Development Co., Ltd. to jointly inject RMB30,000 thousand to Beiqing Long Teng, upon which its registered capital increased from RMB20,000 thousand to RMB50,000 thousand. It is expected that the relevant injection and corresponding changes in registration with the industrial and commercial administration authorities will be completed in the first half of 2013. The Company would hold 51% equity interests in Beiqing Long Teng after the completion of capital injection.

In 2012, BQTM further consolidated its position as the largest player of airport LED screen business. The LED screens broadcast network covers 15 airports in Beijing, Tianjin, Guangzhou, Xi'an, Nanjing, Shenzhen, Sanya, Haikou, Chengdu, Kunming, Lijiang, Xishuangbanna, Lhasa, Linzhi and Jiuzhaigou, which have constituted a network. Among these, the landscape-class LED screen in Guangzhou Baiyun Airport was awarded "2012 Asia OOH Awards". Distribution of the Civil Aviation Administration of China News (Inflight Edition), which was under control and operation of BQTM, has been extended to airport terminals of 33 cities across the PRC and artery routes of major airlines, becoming one of the leading premium free newspaper in flight. As at the date of this report, the Company held 31.09% equity interests in BQTM.

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 have been fully completed on 22 March 2012. Beiyang Media will further accelerate the pace of the capital operation in 2013.

All of the initiatives above enabled the Group to diversify investment portfolio and set up extensive media platforms with comprehensive audience group, covering newspapers, magazines, LED internet and aviation and outdoor broadcast. Meanwhile, the Group managed to provide all-round sophisticated media marketing platforms for advertisers to place advertisements, which enabled advertisers to maximize return by selecting diversified cross-channel, cross-media and cross-region advertising portfolios.

BUSINESS REVIEW *(Continued)*

In 2012, Beijing Media continued to pursue the leading position in the industry. The Group further strengthened its cooperation with companies in real estate, automobile and tourism sectors through adoption of new technologies and new measures in advertising and marketing to proactively seek a new business model, enhancement of the placement of advertisements in relevant sectors through brand promotional campaigns and organization of seminars and exhibitions. By adopting these new technologies and initiatives, Beijing Media reinforced its brand strength in key advertising placement sectors such as automobile and real estate.

In terms of marketing tactics, the Group further emphasized the importance of delivering customer-oriented services, proactively developed new customers and cultivated new selling points for its business. The Group prepared tailor-made marketing plans for customers with no advertisement placed, setting up an integrated communication platform for marketing.

EVENTS ORGANIZED DURING THE YEAR

During 2012, The "2012 Beijing Auto Exhibition" hosted by BYDA and the Group was successfully held at the National Conference Centre of Beijing Olympic Park from 31 August to 3 September 2012. During the four-day exhibition period, both numbers of visitors and car sales reached a record high and amounted to 116,700 people and 1,657 vehicles respectively. The sales amount was over RMB 200 million. Automobile Exhibition by Beijing Media was a catalyst for the sales for the period of "Golden September and Silver October". Under the macro policy on auto purchase restriction by draw, Auto Exhibition by Beijing Media encouraged the exchange of old cars with a new one. Among 1,657 vehicles sold record, more than 60% came from car owners exchanging vehicles. Automobile Exhibition by Beijing Media was held at the time that Beijing government introduced new emission standard "Jing V Emission Standard", and more than 70% exhibited cars in exhibition were qualified for Jing V Emission Standard which was more like a show before the implementation of Jing V Emission Standard.

From 26 July to 20 August 2012, the Group organized the Auto Olympics of Beijing Olympics Culture Festivals, MINI Olympics and Olympics Encyclopedia. Those events not only caught the attention of millions of visitors at hot Olympics spots, but also drove operating revenue by the hot cultural events, which achieved a breakthrough in marketing. By combining the concept of daily exercise and automobile culture in various manners, the Company established brand new Olympics philosophy and idea of world-class city. Many well-known property developers, such as R&F Property and Vanke, were attracted and set up a booth for a corner of Olympics Encyclopedia. Auto Olympics invited a lot of automobile distributors, such as Mercedes Benz, Nissan, jeep, Toyota and BYD to showcase the latest models of new energy cars. Sunshine Insurance and Bank of China sponsored and supported MINI Olympics to build mini venues for soccer, basketball and badminton and made them be the interaction zones with visitors.

In addition, Beijing Media cooperated with Mercedes Benz China to organize a camp named "City of Moki – Road Safety Training Camp for Children" with the subject of "Transport and Future". Thousands of visitors, including Liu Jing Min, the deputy mayor of Beijing, were present to join such technological and considerate activities which increasing influence and appeal of brand name of the Company.

Meanwhile, capitalising on its media strengths and integrating and consolidating other resources, the Group established a platform for communications between readers (consumers) and advertising customers (exhibitors). In 2012, Beijing Media co-sponsored 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.

PROSPECTS AND FUTURE PLANS

While maintaining its existing core businesses in 2013, 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.

In 2013, the Group will seize the opportunities in development of cultural industries and restructuring of non-political newspapers and periodicals in the PRC to push ahead with capital operations, aiming at a new leap in expanding its niche.

In 2013, the Group will start to acquire the related assets and business of LEPA, a subsidiary of BYDA to further boost the development of advertisement business.

In 2013, the Group will continue to build up a media platform for fashion magazines through Beiqing CéCi and by virtue of the excellent development of such magazine since its launching, the Group will consolidate the position of such magazine as a mainstream print media to have a better development in fashion media sector.

In 2013, the Group will base on Today Sunshine to accelerate the development of outdoor advertisement. We will be based in Beijing and extended across the country and focus on channel development and outdoor advertisement in new media form. Meanwhile, we will strive to achieve breakthrough in new media sectors such as Internet and mobile network. Besides, we will further explore and attempt to utilize the professional and market investment system, such as professional investment fund.

In 2013, Beiqing Long Teng, a wholly-owned subsidiary of the Company will introduce a new business partner, Beijing Longteng Xiangrui Culture Development Co., Ltd., to increase capital, in order to further establish a capital operation platform for cultural and media sector, together with value-added management for Beijing Media and other resources and capital cultural corporations.

In 2013, the Group plans to cooperate with Chongqing Youth Industrial Co., Ltd., a subsidiary of Chong Qing Provinical Committee Office, to establish a company to engage in the advertisement business, publishing and printing of Chongqing Youth Daily, which is favourable to the cross-region development of the Group and improve the appeal of the brand name of Beijing Media.

FINANCIAL POSITION AND OPERATIONAL RESULTS

1. Total Operating Revenue

Total operating revenue of the Group for 2012 was RMB690,276 thousand (2011: RMB757,574 thousand), representing a decrease of 8.88% as compared with 2011. Of which, revenue from advertising sales was RMB361,299 thousand (2011: RMB450,331 thousand), representing a decrease of 19.77% as compared with 2011; revenue from printing was RMB47,147 thousand (2011: RMB50,969 thousand), representing a decrease of 7.50% as compared with 2011; and revenue from trading of print-related materials was RMB272,208 thousand (2011: RMB234,860 thousand), representing an increase of 15.90% as compared with 2011.

2. Operating Cost and Sales Tax and Surcharges

Operating cost of the Group for 2012 was RMB608,474 thousand (2011: RMB646,829 thousand), representing a decrease of 5.93% as compared with 2011. Of which, cost of advertising sales was RMB308,070 thousand (2011: RMB349,580 thousand), representing a decrease of 11.87% as compared with 2011; cost of printing was RMB42,212 thousand (2011: RMB47,458 thousand), representing a decrease of 11.05% as compared with 2011; and cost of trading of print-related materials was RMB257,642 thousand (2011: RMB220,069 thousand), representing an increase of 17.07% as compared with 2011. Sales tax and surcharges was RMB23,678 thousand (2011: RMB35,945 thousand), representing a decrease of 34.13% as compared with 2011.

FINANCIAL POSITION AND OPERATIONAL RESULTS *(Continued)*

3. Gross Profit

Gross profit of the Group for 2012 was RMB81,802 thousand (2011: RMB110,745 thousand), representing a decrease of 26.13% as compared with 2011; gross profit margin of the Group for 2012 was 11.85% (2011: 14.62%).

4. Selling Expenses

Selling Expenses of the Group for 2012 was RMB14,494 thousand (2011: RMB28,873 thousand), representing a decrease of 49.80% as compared with 2011.

5. Administrative Expenses

Administrative expenses of the Group for 2012 was RMB50,362 thousand (2011: RMB50,465 thousand), representing a decrease of 0.20% as compared with 2011.

6. Financial Expenses

Financial expenses of the Group for 2012 was RMB-31,314 thousand (2011: RMB-30,524 thousand), representing an increase of 2.59% in absolute value as compared with 2011. Of which, interest income was RMB32,508 thousand (2011: RMB27,408 thousand), representing an increase of 18.61% as compared with 2011; and foreign exchange loss was RMB510 thousand (2011: RMB-3,810 thousand), representing a decrease of 113.39% as compared with 2011.

7. Share of Profit of Associates

Share of profit of associates of the Group for 2012 was RMB13,633 thousand (2011: RMB9,476 thousand), representing an increase of 43.87% as compared with 2011.

8. Operating Profit

Operating profit of the Group for 2012 was RMB68,716 thousand (2011: RMB125,500 thousand), representing a decrease of 45.25% as compared with 2011.

9. Income Tax Expenses

Income tax expenses of the Group for 2012 was RMB6,778 thousand (2011: RMB5,705 thousand), representing an increase of 18.81% as compared with 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.

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

Net profit of the Group for 2012 was RMB63,459 thousand (2011: RMB122,713 thousand), representing a decrease of 48.29% as compared with 2011. Of which, net profit attributable to shareholders of the Company was RMB64,987 thousand (2011: RMB119,894 thousand), representing a decrease of 45.80% as compared with 2011.

11. Final Dividend

The Board recommends the distribution of a final dividend of RMB0.30 per share (2011: RMB0.60 per share).

FINANCIAL POSITION AND OPERATIONAL RESULTS *(Continued)*

12. Net Current Assets

As at 31 December 2012, net current assets of the Group was RMB1,023,603 thousand (31 December 2011: RMB1,105,855 thousand). Current assets mainly comprised of bank balances and cash of RMB828,850 thousand (31 December 2011: RMB995,593 thousand), financial assets held for trading of RMB22 thousand (31 December 2011: RMB31 thousand), accounts receivable of RMB213,437 thousand (31 December 2011: RMB125,698 thousand), prepayments of RMB16,322 thousand (31 December 2011: RMB16,789 thousand), interest receivable of RMB7,355 thousand (31 December 2011: RMB10,517 thousand), other receivables of RMB80,705 thousand (31 December 2011: RMB59,551 thousand), inventories of RMB50,087 thousand (31 December 2011: RMB49,928 thousand), and other current assets of RMB150,600 thousand (31 December 2011: RMB80,600 thousand). Current liabilities mainly comprised of notes payable of RMB89,357 thousand (31 December 2011: RMB36,599 thousand), accounts payable of RMB108,530 thousand (31 December 2011: RMB63,315 thousand), receipts in advance of RMB21,660 thousand (31 December 2011: RMB19,045 thousand), employee benefit payables of RMB6,776 thousand (31 December 2011: RMB6,098 thousand), tax payables of RMB-6,370 thousand (31 December 2011: RMB4,013 thousand), dividend payable of RMB398 thousand (31 December 2011: RMB398 thousand), other payables of RMB92,215 thousand (31 December 2011: RMB91,201 thousand), non-current liabilities due within one year of RMB3,670 thousand (31 December 2011: RMB3,670 thousand), and other current liabilities of RMB7,539 thousand (31 December 2011: RMB8,513 thousand).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2012, current assets of the Group was RMB1,347,378 thousand (31 December 2011: RMB1,338,707 thousand), including bank balances and cash of RMB828,850 thousand (31 December 2011: RMB995,593 thousand). Non-current assets of the Group was RMB338,447 thousand (31 December 2011: RMB328,756 thousand).

As at 31 December 2012, current liabilities of the Group was RMB323,775 thousand (31 December 2011: RMB232,852 thousand) and non-current liabilities was RMB3,616 thousand (31 December 2011: RMB4,962 thousand).

As at 31 December 2012, shareholders' equity of the Group was RMB1,358,434 thousand (31 December 2011: RMB1,429,649 thousand).

As at 31 December 2012, equity-to-borrowing ratio (defined as a percentage of net interest-bearing borrowings over equity attributable to shareholders of the Company) of the Group was 0.27% (31 December 2011: 0.53%).

GEARING RATIO

As at 31 December 2012, gearing ratio of the Group was 24.10% (31 December 2011: 16.63%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2012, bank loans of the Group was RMB3,670 thousand (31 December 2011: RMB7,340 thousand); such bank loans bear interest ranging from 6.16% to 7.32% p.a. (2011: from 6.16% to 7.32% p.a.).

FINANCE COST

Finance cost of the Group for 2012 was RMB587 thousand (2011: RMB677 thousand).

FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2012	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Restated)	(Restated)	(Restated)
Total operating revenue	**690,276**	757,574	769,497	842,300	1,099,243
Net profit	**63,459**	122,713	100,298	149,233	38,791
Net profit attributable to shareholders of the Company	**64,987**	119,894	99,715	150,664	41,039
Earnings per share – basic and diluted (RMB)	**0.33**	0.61	0.51	0.76	0.20

	As at 31 December				
	2012	2011	2010	2009	2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Restated)	(Restated)	(Restated)
Total assets	**1,685,825**	1,667,463	1,743,426	1,750,615	1,715,922
Total liabilities	**327,391**	237,814	312,430	349,577	415,639
Equity attributable to shareholders of the Company	**1,341,054**	1,397,115	1,394,296	1,363,993	1,252,791
Shareholders' equity per share as at the end of the year (RMB)	**6.80**	7.08	7.07	6.96	6.40

Note: as the Group has adopted PRC Accounting Standards from 2011, the above financial information includes the data restated in accordance with PRC Accounting Standards before 2010.

In 2011, the Company carried out a business combination under common control, and acquired 55% equity interests in Beijing Today Sunshine Advertising Co., Ltd, therefore, the above data, including years before 2010, have been restated according to requirements of PRC Accounting Standards.

USE OF PROCEEDS FROM THE LISTING

The Company raised a total net proceeds of HK$889,086 thousand from the global offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the prospectus and as recently modified in the announcement of the Company and the actual use of proceeds as at 31 December 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 businesses (including but not limited to traditional media and emerging media businesses) and related businesses (including but not limited to the additional investment in the existing businesses of the Group)	Approximately 735.496 million	Approximately 596.4617 million
General working capital of the Group	Approximately 130 million	Approximately 80 million

On 6 November 2012, the Company completed the acquisition of 45% equity interest in Today Sunshine in the amount of RMB14.724 million (approximately HK$18.1419 million) by utilizing proceeds. As at 31 December 2012, approximately HK$189.0343 million of the proceeds of the Company had not been utilized.

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 2012, the Company strived to seek opportunities to fulfil 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 2013.

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%
	142,409,000	72.18%
H Shares in issue (Note)	54,901,000	27.82%
Total share capital	**197,310,000**	**100%**

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

CAPITAL EXPENDITURE

Capital expenditures (including expenditures on office equipment, intangible assets) of the Group for 2012 was RMB2,344 thousand (2011: RMB3,907 thousand). Capital expenditures of the Group for 2012 mainly comprised expenditure consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

The secured loans were the bank loans granted by Huaxia Bank to the subsidiary of the Company, Today Sunshine. The bank loans were secured by the self-owned properties and were guaranteed by the Parent. As at 31 December 2012, the outstanding balance of the loan was RMB3,670 thousand.

It is anticipated by the management team that no material liabilities will arise from the above guarantees provided in the normal course of business of the Group.

MATERIAL INVESTMENTS

There was no material investment made by the Group in 2012.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

There was no material acquisition or disposal of assets made by the Group in 2012.

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.

EXECUTIVE DIRECTORS

Mr. Zhang Yanping, 55, is the chairman and an executive Director. Mr. Zhang is currently the president of the BYDA. He graduated in 1988 from the Renmin University of China with a bachelor's degree in journalism and achieved an MBA degree from the School of Economics and Management of Tsinghua University in 2006. Mr. Zhang performed his military service with Division No. 4 of Beijing Garrison Command from December 1976 to June 1980. He then joined Beijing People's Radio as a trainee from June 1980 to April 1981. Mr. Zhang joined BYDA in November 1981 and has gained nearly 32 years of experience in the media business and has acted in a number of positions such as a reporter, director, editing committee member, deputy chief editor, executive deputy chief editor and chief editor of BYDA. Mr. Zhang became a member of Beijing Municipal Committee of the CPPCC since 21 January 2013. Mr. Zhang was appointed as a Director on 16 May 2001.

Mr. Yu Haibo, 40, is the executive Director and the vice chairman of the Board. Mr. Yu obtained his bachelor's degree and master's degree of journalism from Renmin University of China in July 1993 and June 1996, respectively. Since 1 December 2009, Mr. Yu had been granted the technical position of news senior editor. From July 1996 to June 2000, Mr. Yu had served as an editor of the General Editorial Department of Guangming Daily Agency and had been appointed as the chief editor of the second session of Guangming Daily Agency from June 2000 to September 2006. From September 2006 to May 2009, Mr. Yu had served as the chief editor of the News Planning Department of Guangming Daily Agency. Mr. Yu had served as the Deputy Director of the News Planning Department of Guangming Daily Agency from May 2009 to January 2010 and from January 2011 to August 2011, and had served in the News Coordination Group of Central Propaganda Department of PRC from January 2010 to January 2011. From August 2011 to June 2012, Mr. Yu had served as the Vice General Editor of Beijing Daily Group. Since June 2012, Mr. Yu has served as the Deputy Secretary of Party Committee and the General Editor of BYDA. Mr. Yu was appointed as a Director on 21 December 2012.

Mr. Sun Wei, 59, is the president and an executive Director. Mr. Sun graduated in 1994 from the Party School of the Central Committee of C.P.C. in economics and administration and studied in a course leading to a postgraduate degree in journalism in Renmin University of China from 1996 to 1998. Mr. Sun joined BYDA in October 1983 and has gained experience as a reporter, editor, deputy director, director, editing committee member and deputy chief editor. Mr. Sun was the executive deputy chief editor of BYDA. Mr. Sun is currently the vice president of Beijing Youth Fictionist Association and the committee member of China Association for International Friendly Contact. Mr. Sun was appointed as a Director on 23 August 2004.

Ms. He Xiaona, 50, is the executive vice president and executive Director. Ms. He graduated from Tsinghua University majoring in publishing in 2003. Joining BYDA in 1988, Ms He has once served as a departmental chief, an assistant to the president and the vice president of BYDA. Ms He was appointed as a Director on 15 May 2012.

NON-EXECUTIVE DIRECTORS

Mr. Li Shiheng, 53, is a vice chairman and non-executive Director. Mr. Li currently serves as the deputy secretary to the Party Committee and secretary to the Disciplinary Inspection Commission of BYDA. Mr. Li graduated from the Party School of the Central Committee of C.P.C. in 1997, majoring in politics and law. Mr. Li obtained his EMBA degree from Guanghua School of Management, Peking University in July 2007. Mr. Li served as the officer and deputy secretary of the member committee of the education department of Fengtai District of Beijing City from 1986 to 1990. From 1990 to 1993, Mr. Li served as the youth director and deputy secretary of Fengtai Communist Youth League of Beijing. From 1993 to 1998, Mr. Li served as the deputy director of city department and director of middle school department of China Communist Youth League Beijing Committee. Mr. Li has been serving as the deputy secretary to the Party Committee, secretary to the Disciplinary Inspection Commission and executive deputy president and director of operational management committee of BYDA since 1998. Mr. Li was appointed as a non-executive Director of the Company on 7 June 2010.

Mr. Liu Han, 54, is a non-executive Director. Mr. Liu is currently a member of the Party Committee of BYDA. He graduated in 1982 from Capital Normal Academy in Chinese literature and was awarded an EMBA degree in 2004 by China Europe International Business School. Mr. Liu became a teacher at Fengtai district, Beijing from September 1982 to December 1985. Mr. Liu served as an officer of Beijing Fengtai Bureau of Education from December 1985 to June 1986. In July 1986, Mr. Liu joined BYDA as reporter, and subsequently, director of the editorial department, also serving as the editor-in-chief, assistant to the president and the vice president of Middle School Times. Mr. Liu was appointed as a Director on 16 May 2001.

Ms. Wu Peihua, 52, is a non-executive director and is a member of the Party Committee of BYDA and the president of Legal Evening Post Agency. Ms. Wu graduated from Department of Chinese Language and Literature of Peking University majoring in journalism and obtained a bachelor's degree in literature in 1982. Ms. Wu obtained a master's degree in education from Tokyo Gakugei University in 1994. Ms. Wu joined BYDA since 1982, serving as a reporter, editor, director, deputy chief editor and executive deputy chief editor. Ms. Wu has also served as the president of Legal Evening Post Agency since 2005. Ms. Wu was appointed as a non-executive Director of the Company on 7 June 2010.

Mr. Li Xiaobing, 43, is a non-executive Director. Mr. Li obtained an Executive Master degree of Business Administration from Tsinghua University in 2007. Mr. Li has served as a standing vice president of BYDA since December 2011. From 1996 to 2003, Mr. Li served as a vice secretary and a secretary to Commission of Communist Youth League in Daxing District Beijing. From August to December in 2003, Mr. Li served as a vice secretary to Publicity Department of Daxing District Committee in Beijing of Communist Party of China (中國共產黨北京大興區委宣傳部). From January to August in 2004, Mr. Li served as a director of Volunteer Service Instructing Center of the Communist Youth League Beijing Municipal Committee (共青團北京市志願服務指導中心). Since September 2004, Mr. Li has served as a vice president of BYDA. Mr. Li was appointed as a Director on 15 May 2012.

Mr. Xu Xun, 57, is a non-executive Director. Mr. Xu graduated in 1998 from the Postgraduate School of the Chinese Academy of Social Sciences with a master's degree in finance. Mr. Xu served as an editor and reporter of Capital Economic Information Daily from 1990 to 1993. He was the general manager of Beijing Hua Ren Advertising Company Limited in 1993. Mr. Xu acted as the deputy general manager of Chinese Securities Daily from November 1994 to February 2000. Thereafter, Mr. Xu worked in Beijing Zhijin Science and Technology Investment Co., Ltd. as the deputy general manager from March 2000 to March 2002. Mr. Xu worked with Beijing Management Department of Yongjin Group as head from March 2002 to 2006, and is now the vice president of Yongjin Group and the general manager of Beijing Zhijin Science and Technology Investment Co., Ltd.. Mr. Xu was appointed as the director of Qianjin Pharmaceuticals Company Limited (Stock Code: 600479), a listed company of A shares in August 2010, and as the director of Sinolink Securities Co., Ltd. (Stock Code: 600109), a listed company of A Shares in November 2011. Mr. Xu was appointed as a Director of the Company on 16 May 2001.

NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Li Yigeng, 50, is a non-executive Director. Mr. Li graduated from Foreign Languages School of East China Normal University in 1988. Mr. Li also obtained his MBA degree from Rutgers, the State University of New Jersey in 1999. Mr. Li served as translator at Diplomatic Services Bureau of Ministry of Foreign Affairs of the People's Republic of China from 1988 to 1994 and also worked for Claydon Gescher Associates, a company engaged in consulting services for the sectors of media and telecommunication from 1994 to 1999. During the period from 2000 to 2008, Mr. Li served as the vice president of Greater China Region of MIH Holdings Limited and was responsible for the business development in China. Mr. Li spent two years serving at the headquarters of MIH Group in South Africa from 2000 to 2001, subsequently, Mr. Li served at China representative office of MIH Group and took the charge of the premium TV and print media operations from 2002 to 2008. Mr. Li has served as the president of Greater China Region of MIH Print Media Holdings Limited since 2008. Mr. Li was appointed as a non-executive Director of the Company on 16 June 2009.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tsang Hing Lun, 64, is an independent non-executive Director. Mr. Tsang is the chief executive officer of Influential Consultants Ltd.. He is also fellows of Hong Kong Institute of Directors, the Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Tsang graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration (1st Class Hons.) in 1973. Mr. Tsang had held positions of the senior management with several reputable listed companies of Hong Kong and Singapore. Mr. Tsang joined the Hang Seng Bank Group in 1973. He had served in the group for 17 years and was promoted to the assistant general manager. He joined the UOB Group in Singapore in 1990 as managing vice president. Mr. Tsang acted as an operation officer of the Hong Kong Stock Exchange in 1993, the executive director of China Champ Group in 1994, and as an alternative chief executive and deputy general manager of the China Construction Bank, Hong Kong Branch from 1995 to 1998. Mr. Tsang is now an independent nonexecutive director of Sino-Ocean Land Holdings Limited, Sinotrans Shipping Limited and China Rongsheng Heavy Industries Group Holdings Ltd., all of which are companies listed on the Hong Kong Stock Exchange. Mr. Tsang is also an independent non-executive director of China GrenTech Corporation Limited, a company listed on NASDAQ Stock Market from September 2011 to April 2012. Mr. Tsang was appointed as an independent non-executive Director on 12 November 2004.

Mr. Wu Changqi, 58, is an independent non-executive Director. He graduated in 1982 from Shandong University with a bachelor's degree in economics. Mr. Wu obtained an MBA degree and a doctoral degree in applied economics from Katholieke Universiteit Leuven in Belgium in 1986 and 1990, respectively. Mr. Wu acted as a lecturer and an assistant professor in economics of the Hong Kong University of Science and Technology respectively in 1991 and 1997. Mr. Wu has been the professor and PHD supervisor in strategic management of the Guanghua School of Management of Peking University since 2001. He acted as head of the Department of Strategic Management of the Guanghua School of Management of Peking University from 2001 to 2010, the director of the EMBA Centre of the Guanghua School of Management of Peking University from 2002 to 2010 and the associate dean of the Guanghua School of Management of Peking University from 2003 to 2010. He has been director of Guanghua Cisco Leadership Institute of Peking University and director of Development Strategy Institute of the State High-Tech Development Zones of Peking University. Mr. Wu was appointed as an independent nonexecutive Director on 23 August 2004.

Mr. Liao Li, 47, is an independent non-executive Director. He is currently the deputy associate dean and the professor in finance of the PRC School of Finance, Tsinghua University. Mr. Liao graduated in 1989 from the Department of Electrical Engineering of Tsinghua University with a bachelor's degree in mechanical engineering and automation. He obtained a doctoral degree in technical economics from the School of Economics and Management of Tsinghua University in 1996. In 1999, Mr. Liao graduated from the Sloan School of Management of Massachusetts Institute of Technology with an MBA degree. Mr. Liao was a lecturer of the School of Economics and Management of Tsinghua University from 1995 to 1997. Starting from 2001, Mr. Liao acted as the associate dean and the deputy professor in finance of the School of Economics and Management of Tsinghua University and became a professor in 2004. Mr. Liao was appointed as an independent nonexecutive Director on 23 August 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Cui Baoguo, 50, is an independent non-executive Director. Mr. Cui obtained a bachelor's degree of Art from Nanjing Normal University (南京師範大學) in 1984 and a master's degree of Art in 1993, a master's degree of Information Science in 1995 and a doctor's degree of Information Science in 1998 from Tohoku University, Japan (日本東北大學). From 1997 to 2000, Mr. Cui had served as an associate professor and an associate dean of School of Journalism and Communication in Nanjing Normal University and a vice director of News Talent Training Center of Jiangsu Province (江蘇省新聞人才培訓中心). Mr. Cui joined Tsinghua University in 2000 and has served as a professor in School of Journalism and Communication of Tsinghua University since 2001. Mr. Cui has served as a vice secretary of the Party Committee in School of Journalism and Communication of Tsinghua University from 2002 to 2006, as a director of Media Marketing and Management Research Center (媒介經營與管理研究中心) of Tsinghua University since 2003 and as a director of Tsinghua-Nikkei Institute of Media Studies (清華大學日經傳媒研究所) since 2006. Mr. Cui currently serves as a vice dean, a professor and a PhD supervisor of School of Journalism and Communication of Tsinghua University, as a director of Media Economy and Management Research Center (傳媒經濟與管理研究中心) of Tsinghua University and as a director of Tsinghua-Nikkei Institute of Media Studies. Mr. Cui also serves as a vice president of the council of Chinese Association of Communication (中國傳播學會) and as a vice president of Association of Science and Technology Broadcast (科技傳播研究會) under Chinese Society for Science and Technology Journalism (中國科技新聞學會). Mr. Cui was appointed as a Director on 15 May 2012.

Mr. Song Jianwu, 49, is an independent non-executive Director. Mr. Song graduated from the School of Journalism of Renmin University of China (中國人民大學) in 1984 and obtained a doctor's degree in 2005. Mr. Song currently serves as a professor, a PhD supervisor and a dean of the School of Journalism and Communication in the China University of Political Science and Law. Mr. Song has also served as a chief editor of Cultural Industry Guide (《文化產業導刊》) magazine since 2010, as an independent director of Zhejiang Daily Media Group Co., Ltd. (浙報傳媒集團股份有限公司) and Hunan Happigo Co. Ltd. (湖南快樂購物股份有限公司), respectively, since 2011, and as an independent director of Xiao Hong Mao Corporations (小紅帽發行股份有限公司) since 2004, and as a consultant in several newspaper groups. Mr. Song was appointed as a Director on 15 May 2012.

SUPERVISORS

Mr. Tian Kewu, 43, is the chairman of the Supervisory Committee. He is currently a member of the Party Committee and executive deputy chief editor of BYDA. He graduated from China Youth Political Academy in 1991 with bachelor's degree in Laws, and was awarded a master's degree in Laws in 2003 from Peking University after three years' research. In July 1991, Mr. Tian joined China Communist Youth League Beijing Committee, and served as an officer, administration officer, deputy director and director of the research office and was promoted to the head of the Propaganda Department of the China Communist Youth League Beijing Committee since May 2001. Mr. Tian has been the executive deputy chief editor of BYDA since June 2005.

Mr. He Daguang, 55, graduated from Shaanxi Institute of Finance and Economy in 1983 specialising in financial management for industrial enterprises. From 1983 to 2001, Mr. He had, amongst other positions, served as a deputy head of a division, head of a division, deputy chief accountant, acting chief accountant and executive director of China International Water and Electric Corporation. Mr. He served as the PRC chief financial officer of Phoenix Satellite Television Company Limited from 2001 to November 2006, and has been the vice president of Phoenix Satellite Television Company Limited since December 2006.

Mr. Zhou Fumin, 42, graduated from the Department of Materials Science and Engineering of Tsinghua University in 1995 with a bachelor's degree in engineering and graduated from School of Law of Tsinghua University in 1998 with a master's degree in civil and commercial law. Mr. Zhou has been the vice president of Yunnan International Trust Co. Ltd. He is currently the vice president of Yongjin Group.

SUPERVISORS *(Continued)*

Ms. Yan Mengmeng, 49, is a director of the laser phototypesetting centre of the Company. Ms. Yan was awarded a postgraduate certificate in business management from the Capital University of Economics and Business. From June 1983 to June 1991, Ms. Yan worked as a secretary of the Office of the China Electronic Press Association and became a secretary of the Office of the Exhibition and Design Association under the China Electronic Press Association. Starting from June 1991, Ms. Yan joined BYDA as a coordinator of the laser phototypesetting office and was promoted to deputy director and then director of the laser phototypesetting office of BYDA in June 1992 and March 1993 respectively. Ms. Yan was transferred from BYDA to the Company as the head of laser phototypesetting centre in May 2001.

Mr. Zhang Chuanshui, 61, Mr. Zhang worked at No. 6 sub-factory in Li Ming Farm at Yunnan Province from May 1969 to October 1978. Mr. Zhang worked at the engineering team of Beijing Measuring Instruments Limited from November 1978 to 1985. From 1986 to April 1993, Mr. Zhang served as the chief of finance of Beijing Hardware Tools Research Center. From May 1993 to September 2006, Mr. Zhang served as the deputy manager in the planning and finance department of Beijing Economic-Technological Investment & Development Corporation. Mr. Zhang is now retired.

SENIOR MANAGEMENT

Mr. He Pingping, 58, is the executive vice president of the Company. Mr. He graduated in 1987 from the Capital Normal Academy in politics and education. Mr. He was a head of Youth League Committee of Beijing Cotton Textile Dyeing Company Limited from October 1983 to January 1985. Starting from March 1987, Mr. He has been the vice president and president of the Propaganda Department of the China Communist Youth League Beijing Committee. From January 1990 to February 1991, Mr. He served as the vice director of the Beijing Youth Service Center. Mr. He then became the deputy chief editor and vice president of Beijing Youth Audio-visual Press in February 1991 before joining BYDA as deputy chief editor from March 1993 to June 2005. Mr. He then served as the chief director of Y Weekend in March 2006. Mr. He was an executive Director of the Company between 16 May 2001 and 7 June 2010. Mr. He was appointed as the executive vice president of the Company on 7 June 2010.

Mr. Du Min, 45, is the executive vice president of the Company. Mr. Du graduated in 1991 from Renmin University of China with a bachelor's degree in law. Mr. Du studied a master course of journalism at Renmin University of China from 1993 to 1995 and is currently a part-time professor at Hunan Institute of Science and Technology. Mr. Du had held a number of different positions such as editor, reporter and department head of China Business Times from July 1991 to July 1995. Mr. Du became the vice president and the deputy chief editor of China Business starting from August 1995. In September 1998, Mr. Du joined the America International Data Group's branch in China as a vice president. Mr. Du then served as the vice president of Shanghai Meining Computer Software Company Limited from July 2000 to September 2002 before acting as the general manager of the Company in December 2002. Mr. Du was an executive Director of the Company between 30 December 2002 and 7 June 2010. Mr. Du is now the executive vice president of the Company.

Mr. Duan Gang, 45, is the vice president of the Company. Mr. Duan graduated from the Guanghua School of Management of Peking University and obtained a senior MBA degree in 2006. Mr. Duan joined BYDA in July 1988 and several key positions in BYDA, including but not limited to, the reporter of news department, editor of the feature news department, deputy director of the editorial department of Guangdong-Hong Kong Entrepreneur Journal, editor of the news editorial department, editor of the chief editorial office, deputy director of the news reporting department, deputy director of the chief editorial office, director of domestic news department, director of the editorial department of Fortune Weekly and director of editorial department of Sports Weekly, director of the economic news editorial department and director of editorial department of Securities Weekly, editor-in-chief of financial section and, a director and general manager of BYD Logistics. Mr. Duan was appointed as vice president of the Company on 13 December 2011.

SENIOR MANAGEMENT *(Continued)*

Mr. Peng Liang, 40, is the chief financial officer of the Company. Mr. Peng was graduated from the Capital University of Economics and Business and obtained a master's degree in accounting in 1999. Mr Peng also obtained the qualification certificates of the PRC registered accountant, the PRC registered tax agent and the PRC certified asset appraiser. Mr. Peng served as the manager of the financial department of a subsidiary of Datang Telecom Technology Co. Ltd. from July 1999 to December 2004. Mr. Peng joined BYDA in 2004, and became the director of the financial department of BYDA in October 2005. Mr. Peng was appointed as the chief financial officer of the Company on 13 December 2011.

Mr. Shang Da, 51, is the vice president of the Company, joint company secretary and the secretary to the Board. Mr. Shang graduated from Capital University of Economics and Business with a bachelor degree majoring in trade and economics in 1987. Mr. Shang studied master degree majoring in finance in Renmin University of China before he joined BYDA in 1999, and he served as the secretary to the Board since 28 May 2001. Mr. Shang was appointed as vice president of the Company on 13 December 2011 and joint company secretary on 19 March 2012. Mr. Shang has also been an associate member of HKICS since 2005.

The Board is pleased to present the annual report and audited consolidated financial statements for the year ended 31 December 2012.

ISSUE AND LISTING OF SHARES

The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2004. Under the Hong Kong public offering and international placing, 54,901,000 shares (including 7,161,000 over-allotment shares) were issued at an offer price of HK$18.95 per share.

The highest and lowest trading prices of the Company's H Shares were HK$6 and HK$4.22 respectively for the year ended 31 December 2012. The trading volume and closing price on 31 December 2012 were 52,000 H Shares and HK$5.02, respectively.

ACCOUNTS

Financial position of the Group as at 31 December 2012 are set out in pages 58 to 59 of the consolidated balance sheet.

Results of the Group for the year ended 31 December 2012 are set out in page 60 of the consolidated income statement.

Cash flows of the Group for the year ended 31 December 2012 are set out in pages 61 to 62 of consolidated cash flow statement.

Changes in equity of the Group for the year ended 31 December 2012 are set out in page 63 of the consolidated statement of changes in shareholders' equity.

The Board proposed a final dividend of RMB0.30 per ordinary share to the shareholders on the register of members on Wednesday, 22 May 2013, amounting to RMB59,193 thousand.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of advertising space, production of newspapers, printing and trading of print-related materials. Details of the activities of the Company's principal subsidiaries are set out in note VII.1 to the financial statements.

RESULTS AND DIVIDEND

Total operating revenue of the Group for the year of 2012 was approximately RMB690,276 thousand. Total profit was approximately RMB70,237 thousand. Net profit attributable to shareholders of the Company was approximately RMB64,987 thousand. Pursuant to the prospectus of the Company issued on 13 December 2004, the Directors may determine with discretion whether to declare any dividend and to determine with discretion the amount, if any. The Company held its annual Board meeting on Friday, 15 March 2013 to propose a resolution recommending distribution of final dividend of RMB0.30 per share (tax inclusive) in an aggregate amount of approximately RMB59,193 thousand for the year ended 31 December 2012. If the profit distribution proposal is approved by the shareholders in the annual general meeting of 2012 by way of an ordinary resolution, the final dividend will be paid to the shareholders whose names appear on the register of members of the Company on Wednesday, 22 May 2013.

RESULTS AND DIVIDEND *(Continued)*

According to the Law on Corporate Income Tax of the People's Republic of China which came into effect on 1 January 2008 and its implementing rules and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H Shares register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax. Pursuant to Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (the "Notice") issued by the State Administration of Tax on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders is subject to individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries where they are residing and Mainland China.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2012, the amount of the total purchase by the Group from its five largest suppliers was RMB267,316 thousand (2011: RMB221,584 thousand), accounting for 43.89% of its total purchase for the year (2011: 41.31%); and the amount of the purchase from the largest supplier was RMB73,644 thousand (2011: RMB76,014 thousand), accounting for 12.09% of its total purchase for the year (2011: 14.17%).

For the year ended 31 December 2012, the amount of the total sales by the Group to its five largest customers was RMB147,373 thousand (2011: RMB135,707 thousand), accounting for 21.35% of its total sales for the year (2011: 17.91%); and the amount of sales to the largest customer was RMB38,229 thousand (2011: RMB31,135 thousand), accounting for 5.54% of its total sales for the year (2011: 4.11%).

As far as the Directors are aware, none of the Directors, their associates or shareholders who are interested in more than 5% of the Group's share capital has any interest in the Group's five largest suppliers or customers.

SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

As at 31 December 2012, the subsidiaries of the Company include BYD Logistics, Beiqing Long Teng, Beiqing CéCi, LEP Media and Today Sunshine.

For details of principal subsidiaries, jointly-controlled entities and associates of the Company, please refer to note VII.1 and VIII.9 to the financial statements in this annual report.

PROFIT DISTRIBUTION

For details of profit distribution, please refer to note VIII.35 to the financial statements in this annual report.

SHAREHOLDERS' EQUITY

The changes in shareholders' equity during the year are set out in page 63 of the consolidated statement of changes in shareholders' equity in this annual report.

RESERVES

The change in reserve is set out in the consolidated statement of changes in shareholders' equity on page 63 of this annual report.

FIXED ASSETS

The movements in investment properties and fixed assets during the year are set out in note VIII.10 and VIII.11 to the financial statements in this annual report, respectively.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBER OF SHAREHOLDERS

As at 31 December 2012, the total number of shares issued by the Company was 197,310,000 shares. The shareholders of the Company include BYDA, Beijing Zhijin Science and Technology Investment Company Limited, China Telecommunication Broadcast Satellite Corporation, Beijing Development Area Limited, Sino Television Company Limited and public shareholders of H Shares, holding 124,839,974 domestic shares, 7,367,000 domestic shares, 4,263,117 domestic shares, 2,986,109 domestic shares, 2,952,800 domestic shares and 54,901,000 H Shares respectively, representing 63.27%, 3.73%, 2.16%, 1.52%, 1.50% and 27.82%, of the Company's entire share capital.

Class of shares	Number of issued Number of shares	Percentage	shareholders*
Domestic shares	142,409,000	72.18%	5
H Shares	54,901,000	27.82%	398
Total	**197,310,000**	**100%**	**403**

* The above percentage figures are based on the records in the Company's register of members as at 31 December 2012.

Changes in Company's share capital for the year are set out in note VIII.24 to the financial statements.

PUBLIC FLOAT

Based on the public information that is available to the Company and to the knowledge of the Directors, up to the date of this report, the public float of the Company's shares maintained above the prescribed level of 25% of the Company's issued shares as required under Rule 8.08 of the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2012, shareholders holding 5% or more of the issued share capital of the Company, as recorded in the register of shareholders' interest in shares required to be maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance ("SFO"), are set forth below:

Name	Class of Shares	Nature of interest	Number of shares held	% of class share capital	% of total share capital
BYDA	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Company Limited	Domestic	N/A	7,367,000	5.17	3.73
MIH (BVI) Limited	H	Long	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long	19,533,000	35.58	9.90
MIH Print Media Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long	19,533,000	35.58	9.90
Naspers Limited	H	Long	19,533,000	35.58	9.90
Beijing Beida Founder Group orporation	H	Long	4,939,000	8.99	2.50
Beijing University	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long	4,939,000	8.99	2.50
Xia Jie	H	Long	4,939,000	8.99	2.50
Cao Yawen	H	Long	4,939,000	8.99	2.50

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 knowledge of the Directors, Supervisors and chief executive of the Company, as at 31 December 2012, there was no other person with interests or short positions in shares or underlying shares of the Company which would fall to be recorded in the register of the Company required to be kept under section 336 of the SFO.

ULTIMATE CONTROLLING SHAREHOLDER

BYDA is the ultimate controlling shareholder of the Company. As at 31 December 2012, BYDA is interested in 63.27% of the Company's equity.

DIRECTORS

Details of the names of Directors and their respective information are set out in the section headed "Directors, Supervisors and Senior Management" and "Corporate Governance Report" of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of up to three years.

None of the Directors or Supervisors has entered into any service contract with the Company which cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any contract of significance to the business of the Company in which any Director or Supervisor had material interests as at the balance sheet date or at any time during the year.

MANAGEMENT CONTRACT

During the reporting period, the Company has not entered into nor there was any contract which was related to the management of the overall business or the material part of the business of the Company.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHT IN THE SUBSCRIPTION OF SHARES OR DEBENTURES

During the reporting period, none of the Directors, Supervisors and chief executive of the Company or their spouses or children under the age of 18, had been granted any right by the Company to subscribe shares or debentures of the Company or any of its associated corporations, or had exercised any such right to subscribe for shares or debentures above.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the emoluments of Directors, Supervisors and Senior Management are set out in note VIII.33 to the financial statements.

During the reporting period, none of Directors or Supervisors of the Company waived to receive the remuneration from the Company.

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

As at 31 December 2012, none of Directors, Supervisors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (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 and 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 entered into the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Hong Kong Stock Exchange.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2012, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CHANGE OF MEMBERS OF THE BOARD AND THE SUPERVISORY COMMITTEE

On 15 May 2012, as approved by the annual general meeting, Mr. Cui Baoguo and Mr. Song Jianwu were appointed as independent non-executive Directors; Mr. Li Xiaobing was appointed as a non-executive Director; and Ms. He Xiaona was appointed as an executive Director.

On 21 December 2012, as approved by the extraordinary general meeting, Mr. Zhang Yabin was removed as an executive Director and Mr. Yu Haibo was appointed as an executive Director.

Save as the disclosed above, there was no change in the members of the Board and the supervisory committee during the reporting period.

AUDIT COMMITTEE

The Company has set up an audit committee to review, supervise and adjust the financial reporting process and internal controls of the Group in accordance with the requirements of the Listing Rules. The audit committee comprises two independent non-executive Directors and one non-executive Director.

The audit committee and the management team have reviewed the accounting principles and practices adopted by the Group. In addition, the audit committee has discussed with the Directors on matters concerning the internal controls and financial reporting of the Company, including reviewing of the audited consolidated financial statements of the Group for the year of 2012 without dissenting opinions.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the PRC laws or the Articles of Association of the Company, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Details of the borrowings of the Company and its subsidiaries are set out in note VIII.23 to the financial statements in this annual report.

CONNECTED TRANSACTIONS

Connected transactions of the Group during the reporting period are set out as follows:

Transactions – Non-exempt Connected Transactions

1. ***Non-competition Agreement***

   The Company entered into a non-competition agreement with the BYDA on 8 December 2004, pursuant to which BYDA agreed and procured its subsidiaries and associates not to engage, invest, involve, participate in or own any business which would compete with the business of the Company and granted the Company a pre-emptive right and an option to acquire from the BYDA the retained business and certain future business.

   During the reporting period, no decision was made by the Directors (including the independent non-executive Directors) to exercise the option and/or pre-emptive right.

2. ***Advertising Placement Agreement***

   The Company and LEPA have entered into the Advertising Placement Agreement on 27 December 2012, pursuant to which the Company has agreed to authorize LEPA to place the advertisement of a client of LEPA on the Beijing Youth Daily.

   Under the Advertising Placement Agreement, the consideration shall be up to RMB5,000,000 and is determined by reference to the unit price set out in the standard advertising price list of the Company, which price list is also issued to the relevant customers of the Company, subject to applicable discounts. The consideration shall be settled in full by internal resources of LEPA in cash. The details are set out in the Company's announcement dated 27 December 2012.

   LEPA is a wholly owned subsidiary of BYDA, and therefore LEPA is connected person of the Company under the Listing Rules.

   The Company is of the view that entering into the Advertising Placement Agreement will (i) expand the potential client pool of the Company and (ii) generate higher return for the Company's advertising business.

Transactions – Continuing Connected Transactions Exempted from the Approval of Independent Shareholders

3. ***Lessor's Agreement***

   On 15 October 2009, the Company and BYDA renewed the lessor's agreement for a term of 3 years from 1 January 2010 to 31 December 2012. Pursuant to the agreement, BYDA leased from the Company whole floors 8, 19 and 23 of the Beijing Youth Daily Agency Building amounting to a total floor area of 2,340 square meters at a rent of RMB4.5 per square meter per day. Upon expiry of the lessor's agreement, BYDA has the right to extend the tenancy of the office premises by giving a two months' written notice to the Company before the expiry date. The details are set out in the Company's announcement dated 15 October 2009.

   BYDA is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

   During the reporting period, the annual cap for income of the Company under the tenancy agreement was RMB3,843,450, and the actual income was RMB3,843,450.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continuing Connected Transactions Exempted from the Approval of Independent Shareholders *(Continued)*

3. *Lessor's Agreement* *(Continued)*

The Company has entered into the Mutual Property Tenancy Agreement with BYDA on 31 October 2012 for a term of three years from 1 January 2013 to 31 December 2015. The other relevant terms (other than agreed lease term) are identical to Lessor's Agreement for the transaction about the lease of the whole of 8th, 19th and 23rd floors of the BYDA Building by the Company to BYDA. The details are set out in the Company's announcement dated 31 October 2012.

4. *Lessee's Agreement*

On 15 October 2009, the Company and BYDA renewed the lessee's agreement for a term of 3 years from 1 January 2010 to 31 December 2012. Pursuant to the agreement, the Company leased from BYDA the whole of 7th floor of the Beijing Youth Daily Agency Building with a total floor area of 830 square meters at a rent of RMB4.5 per square meter per day. Upon expiry of the lessee's agreement, the Company has the right to extend the tenancy of the office premises by giving a two months' written notice to BYDA before the expiry date. The details are set out in the Company's announcement dated 15 October 2009.

BYDA is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for expense of the Company under the lessee's agreement was RMB1,363,275, and the actual expense was RMB1,363,275.

The Company has entered into the Mutual Property Tenancy Agreement with BYDA on 31 October 2012 for a term of three years from 1 January 2013 to 31 December 2015. The relevant terms (other than agreed lease term) are identical to Lessor's Agreement for the transaction about the lease of the whole of 7th floor of the BYDA Building by BYDA to the Company. The details are set out in the Company's announcement dated 31 October 2012.

5. *Direct Mail Distribution Service Agreement*

The Company and XHM renewed the Direct Mail Distribution Service Agreement on 29 December 2011, pursuant to which, XHM was engaged by the Company to distribute its direct mail advertisements to the subscribers of Beijing Youth Daily for a delivery fee of RMB0.08 per page. The aforesaid pricing mechanism was comparable to the fees charged by the PRC public postal services. The agreement came into effect on 1 January 2012 for a term of one year and expired on 31 December 2012. The details are set out in the Company's announcement dated 29 December 2011.

XHM is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for delivery fee paid to XHM by the Company under the Direct Mail Distribution Service Agreement was RMB3,500,000, and the actual fee paid to XHM was RMB545,902.40.

The Company has entered into the Distribution Services Framework Agreement with BYDA on 31 October 2012 for a term of three years from 1 January 2013 to 31 December 2015, pursuant to which BYDA and its subsidiaries were engaged by the Company to distribute its direct mail advertisements and its wrap-around advertisements to the subscribers of Beijing Youth Daily. The distribution fee for the direct mail advertisement should be RMB0.08 per page and should be payable by the Company on a monthly basis. The details are set out in the Company's announcement dated 31 October 2012.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continuing Connected Transactions Exempted from the Approval of Independent Shareholders *(Continued)*

6. *Wrap-around Distribution Services Agreement*

The Company and XHM renewed the Wrap-around Distribution Services Agreement on 14 December 2010 pursuant to which, XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of Beijing Youth Daily. The level of distribution fee will be determined according to market conditions, but in any event shall fall within the range of RMB0.08 and RMB0.20 per page of advertisement to be distributed.

Under the Wrap-around Distribution Services Agreement, a distribution fee is payable by the Company to XHM on a monthly basis. The Company believes that the pricing under the Wrap-around Distribution Services Agreement is comparable to the fees charged by the PRC public postal services. The agreement came into effect on 1 January 2011 for a term of two years and will terminate on 31 December 2012. The details are set out in the Company's announcement dated 14 December 2010.

XHM is a subsidiary of BYDA, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for distribution fee paid by the Company to XHM under the Wrap-around Distribution Services Agreement was RMB4,000,000, and the actual fee paid for distribution services was RMB797,386.

The Company has entered into the Distribution Services Framework Agreement with BYDA on 31 October 2012 for a term of three years from 1 January 2013 to 31 December 2015, pursuant to which BYDA and its subsidiaries were engaged by the Company to distribute its direct mail advertisements and its wrap-around advertisements to the subscribers of Beijing Youth Daily. The distribution fee for the wrap-around advertisements should be determined according to the market conditions, but in any event shall fall within the range of RMB0.08 and RMB0.50 per page and should be payable by the Company on a monthly basis. The details are set out in the Company's announcement dated 31 October 2012.

7. *Logistics Services Agreement*

On 29 December 2011, BYD Logistics, a subsidiary of the Company, renewed the Logistics Services Agreement with XHM Logistics, pursuant to which XHM Logistics provided logistics and storage services in respect of paper and printing materials to BYD Logistics. BYD Logistics had to pay logistics service and storage fee to XHM Logistics on a monthly basis. The logistics service fee was determined based on the actual amount of paper and printing materials, and the storage fee was RMB15 per sq.m. for each month. The agreement came into effect on 1 January 2012 for a term of one year and expired on 31 December 2012. The details are set out in the Company's announcements dated 29 December 2011.

XHM Logistics is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for the logistics service and storage fee paid by BYD Logistics to XHM Logistics under the Logistics Services Agreement was RMB2,000,000, and the actual logistics service and storage fee paid to XHM Logistics was RMB658,510.96.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continuing Connected Transactions Exempted from the Approval of Independent Shareholders *(Continued)*

8. Advertising Agency Framework Agreement

The Company has entered into the Advertising Agency Framework Agreement with LEPA on 11 September 2012, pursuant to which, the Group should act as an advertising agent of LEPA to sell advertising space in the Legal Evening Post.

Under the Advertising Agency Framework Agreement, the price should be determined in accordance with the following pricing principles:

a) state-prescribed price;

b) where there is no state-prescribed price, then according to relevant market price; and

c) where there is no state-prescribed price or relevant market price, then the price which is favorable to the Company.

The Advertising Agency Framework Agreement was for a term commencing on 11 September 2012 and expired on 31 December 2012, and was renewable upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules. The details are set out in the Company's announcement dated 11 September 2012.

LEPA is a wholly owned subsidiary of BYDA, and therefore LEPA is connected person of the Company under the Listing Rules.

The proposed annual cap for the transactions under the Advertising Agency Framework Agreement for the reporting period was RMB5,000,000, and the actual fee paid to LEPA was RMB1,410,000.

On 31 October 2012, the Company and LEPA renewed the Advertising Agency Framework Agreement for a term of one year from 1 January 2013 to 31 December 2013, with other terms unchanged. The details are set out in the Company's announcement dated 31 October 2012.

9. Beiqing Advertising Services Agreement

The Company entered into the Beiqing Advertising Services Agreement with Beiqing Advertising on 31 January 2011, pursuant to which Beiqing Advertising shall provide advertising planning and placing service to real estate advertisers of the Company which are placing advertisements on the Beijing Youth Daily, and therefore the Company shall pay a service fee to Beiqing Advertising.

The service fee payable to Beiqing Advertising under the Beiqing Advertising Services Agreement was determined after arm's-length negotiations between the Company and Beiqing Advertising with reference to the current advertising service fee of the Company. The Company shall pay Beiqing Advertising the service fee in cash after the corresponding real estate client has fully settled the advertising fee.

The Beiqing Advertising Services Agreement came into effect on 1 January 2011 for a term of two years ending 31 December 2012. Details are set out in the Company's announcement dated 31 January 2011.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continuing Connected Transactions Exempted from the Approval of Independent Shareholders *(Continued)*

9. Beiqing Advertising Services Agreement *(Continued)*

Beiqing Advertising is a owned subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for the service fee paid by the Company to Beiqing Advertising under the Beiqing Advertising Services Agreement was RMB3,000,000, and the actual fee paid for the service was nil.

10. Beiqing Advertising Agreement

On 15 October 2009, the Company and Beiqing Advertising renewed the advertising agreement. Pursuant to the agreement, Beiqing Advertising is engaged by the Company to act as one of the advertising agents to arrange for placement of advertisements in the Beijing Youth Daily for the Company. The advertising fees charged by the Company are calculated based on the unit price set out in the standard advertising price list issued to the relevant customers of the Company, subject to applicable discount. Payment of the advertising fees will be settled on the date of the booking of the relevant advertising space. Beiqing Advertising Agreement came into effect on 1 January 2010 for a term of three years and will expire on 31 December 2012. The details are set out in the Company's announcement dated 15 October 2009.

Beiqing Advertising is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for advertising fees payable by Beiqing Advertising to the Company under the Beiqing Advertising Agreement was RMB30,600,000, and the actual advertising fees paid to the Company were nil.

Transactions – Non-Exempted Continuing Connected Transactions

11. Beijing Media Advertising Business Agreement

The Company and BYDA entered into an agreement in relation to transfer the right of operation of the advertising space and the option of business acquisition ("Beijing Media Advertising Business Agreement") and the supplemental agreement on 7 December 2004 and 9 April 2010, respectively. Pursuant to the agreements, BYDA agreed to grant exclusive rights to the Company to operate the advertising business in respect of the Beijing Youth Daily.

Under the Advertising Business Agreement, the Company was granted the exclusive rights to operate the advertising business in respect of Beijing Youth Daily for a duration of 30 years from 1 October 2004 to 30 September 2033, which will automatically be renewable upon expiry. The rights granted include the right to sell all of the advertising space in Beijing Youth Daily, and the Company is entitled to all revenue from such sales. In consideration, the Company will (a) be responsible for the printing, including printing costs and the choice of newsprint, of Beijing Youth Daily; (b) pay BYDA a fee representing 16.5% of the total advertising revenue generated from Beijing Youth Daily or such figure or formula as agreed by parties in future and (c) allocate to BYDA with up to 360 pages per year of advertising space in Beijing Youth Daily for advertisements of public services or for marketing purposes (provided that the advertising space allocated will not exceed 9% of the total advertising space of the paper in each issuance), for which no extra fee will be paid by BYDA.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-Exempted Continuing Connected Transactions *(Continued)*

11. Beijing Media Advertising Business Agreement *(Continued)*

On 15 October 2009, the Company renewed the annual caps of the transactions for the three years ending 31 December 2012. The details are set out in the Company's announcement dated 15 October 2009.

BYDA is the controlling shareholder of the Company, therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for fees payable by the Company to BYDA under the Beiqing Media Advertising Business Agreement was RMB145,200,000, and the actual fees paid to BYDA were RMB51,762,791.24.

On 31 October 2012, the Company updated the annual caps for the transactions for three years ending 31 December 2015. The details are set out in the Company's announcement dated 31 October 2012.

12. Printing Framework Agreement

On 15 October 2009, BYD Logistics (a subsidiary of the Company) and BYDA entered into a printing framework agreement, pursuant to which, BYD Logistics agreed to provide BYDA with printing services and printing materials (including printing papers) in respect of newspapers and magazines owned by BYDA (excluding Beijing Youth Daily) during the period from 2010 to 2012 and other newspapers and magazines introduced by BYDA from time to time. The consideration of the transactions contemplated under the Printing Framework Agreement payable on a monthly basis will be determined based on the actual volume of the newsprint printed and the quality of the printing service and materials. The agreement came into effect on 1 January 2010 for a term of three years and will expire on 31 December 2012. The details are set out in the Company's announcement dated 15 October 2009.

BYDA is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for printing fee paid by BYDA to BYD Logistics under the Printing Framework Agreement was RMB140,000,000, and the actual fee paid by BYDA was RMB22,560,295.80.

On 31 October 2012, BYD Logistics and BYDA renewed the Printing Framework Agreement for a term of three years from 1 January 2013 to 31 December 2015, with other terms unchanged. The details are set out in the Company's announcement dated 31 October 2012.

The Directors (including the independent non-executive Directors) of the Company have confirmed to the Board that they have reviewed the above continuing connected transactions under items 3 to 12, and confirmed that these transactions were: (A) entered into during the usual and ordinary course of business of the Group; (B) on normal commercial terms, or if there were no comparable transactions to determine whether such transactions were on normal commercial terms, on terms not less favourable than those to or from independent third parties; and (C) on agreements regulating transactions and on terms fair and reasonable and in the interests of the shareholders of the Company as a whole and has not exceeded the relevant cap amount for each transaction.

CONNECTED TRANSACTIONS *(Continued)*

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with "No.3101 of the Chinese Institute of Certified Public Accountants other verifying business standards – verifying businesses other than the audit or review of historical financial information" issued by Ministry of Finance of the PRC and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group above under Rule 14A.38 of the Listing Rules. A copy of the auditor's letter on connected transactions has been provided by the Company to Hong Kong Stock Exchange.

Save as disclosed above, there is no related party transaction or continuing related party transaction included in note IX to the financial statements constitute a disclosable connected transaction or continuing connected transaction under the Listing Rules. The Company has complied with Chapter 14A of the Listing Rules in respect of the disclosure of its connected transactions and continuing connected transactions.

MATERIAL LITIGATION

To the knowledge of the Board, as at 31 December 2012, the Company was not involved in any material litigation or arbitration and there was no legal action or claim made or threatened to be made against the Company.

RETIREMENT SCHEME

All the full time employees of the Group are covered by a government-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. The PRC government is responsible for the pension liability to these retired employees. The Group was required to make defined contributions to the pension scheme at the rate of 20% for the year ended 31 December 2012 (2011: 20%) of the employees' basic salaries, which is subject to certain cap as stipulated by relevant local authority. Under this scheme, the Group has no obligation for other retirement benefit beyond the annual contributions.

STAFF

As at 31 December 2012, the Group had a total of 302 staff (31 December 2011: 264), whose remuneration and benefits are determined by reference to market rates, national policies and individual performance. The increase in the number of the staff as compared with 2011 was mainly due to the reasonable growth of the normal business needs of the Company.

REMUNERATION POLICY

The Company has set up the Remuneration Committee under the Board, which is responsible for formulating remuneration policy and making proposal regarding the emoluments of the Directors and senior management of the Company to the Board. The remuneration of the executive Directors of the Company was determined and realized according to the Directors' service contracts as approved at the general meeting and the operating results of the Company. The remuneration of non-executive Directors, independent non-executive Directors and Supervisors of the Company was determined and realized according to the service contracts of the non-executive Directors, independent non-executive Directors and Supervisors as approved at the general meeting.

Position-based salary system was adopted for general management staff. Salary was determined according to the relative importance of the positions, the duties assumed in the positions and other factors. Various salary models such as performance linked and piece rate wage model were adopted for other employees based on the categories to which they belong and their job nature.

REMUNERATION POLICY *(Continued)*

The Company stringently controlled the overall salary management of the companies in which it holds controlling interest and its wholly-owned subsidiaries in accordance with the applicable policy requirements of the PRC government. It sought to maintain an appropriate balance between salary increase and the growth in economic benefits, in order to achieve a win-win situation among shareholders, management team and employees and facilitate the harmonious development of the enterprise.

According to the national and local labour and social welfare laws and regulations, the Company has made contribution to certain housing reserve and social insurance premiums for its employees on a monthly basis. Insurance premiums are paid for pension insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance.

AUDITORS

It was approved at the annual general meeting held on 15 May 2012 that ShineWing Certified Public Accountants was appointed as the auditor of the Company for the year 2012, which shall audit the financial statements of the Company in accordance with the China Auditing Standards and take on the duties as international auditor under the Listing Rules. The audit committee of the Board of the Company was authorized to determine its remuneration.

The consolidated financial statements of the Company for the year of 2012 prepared in accordance with the PRC GAAP were audited by ShineWing Certified Public Accountants LLP, which has been appointed by the Company as its auditor since 2009.

TAXATION

According to the Law on Corporate Income Tax of the People's Republic of China which came into effect on 1 January 2008 and its implementing rules and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H Shares register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax. Pursuant to Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guo Shui Fa [1993] No. 045 Document (the "**Notice**") issued by the State Administration of Tax on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprises whose shares have been issued in Hong Kong to the overseas resident individual shareholders is subject to individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries where they are residing and Mainland China.

By order of the Board
ZHANG Yanping
Chairman of the Board

15 March 2013
Beijing, the PRC

1 OVERVIEW OF CORPORATE GOVERNANCE

The Company always attaches a primary priority to the implementation of a well-established, sound and rational corporate governance framework. Currently, the corporate governance documents of the Company includes but not limited to the following documents:

(1) Articles of Association of Beijing Media Corporation Limited;

(2) Internal Control Handbook of Beijing Media Corporation Limited, including but not limited to the following policies and procedures:

- Procedures of Disclosure and Inspection of Connected Transactions;
- Administrative Procedures on Internal Fraud;
- Administrative Procedures on Investors Relation.

The Board has reviewed the corporate governance documents adopted by the Company and believes that such documents complied with all code provisions set out in the Code on Corporate Governance and Corporate Governance Report (hereinafter Code on Corporate Governance) under Appendix 14 to the Listing Rules of Hong Kong Stock Exchange.

2 CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has been in full compliance with the code provisions set out in the Code on Corporate Governance and Corporate Governance Report under Appendix 14 to the Listing Rules for the year ended 31 December 2012.

3 COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by its Directors and Supervisors. Having made sufficient enquiry of all Directors and Supervisors, all Directors and Supervisors confirmed they have complied with the required standards under the Model Code for the year ended 31 December 2012.

4 THE BOARD

Set forth below are the composition and selected information of the Board of Beijing Media:

Name	Sex	Age	Other positions in the Company	Term of directorship	Remunerated by the Company
Executive Directors					
Zhang Yanping	M	55	Chairman	7 June 2010 to the annual general meeting of the Company for 2012	Yes
Zhang Yabin[1]	M	56	Vice Chairman	7 June 2010 to 21 December 2012	Yes
Yu Haibo[1]	M	40	Vice Chairman	21 December 2012 to the annual general meeting of the Company for 2012	Yes
Sun Wei	M	59	President	7 June 2010 to the annual general meeting of the Company for 2012	Yes
He Xiaona	F	50	Executive vice president	15 May 2012 to the annual general meeting of the Company for 2012	Yes
Non-executive Directors					
Li Shiheng	M	53	Vice Chairman	7 June 2010 to the annual general meeting of the Company for 2012	Yes
Liu Han	M	54		7 June 2010 to the annual general meeting of the Company for 2012	Yes
Wu Peihua	F	52		7 June 2010 to the annual general meeting of the Company for 2012	Yes
Li Xiaobing	M	43		15 May 2012 to the annual general meeting of the Company for 2012	Yes
Xu Xun	M	57		7 June 2010 to the annual general meeting of the Company for 2012	Yes
Li Yigeng	M	50		7 June 2010 to the annual general meeting of the Company for 2012	No
Independent Non-Executive Directors					
Tsang Hing Lun	M	64		7 June 2010 to the annual general meeting of the Company for 2012	Yes
Wu Changqi	M	58		7 June 2010 to the annual general meeting of the Company for 2012	Yes
Liao Li	M	47		7 June 2010 to the annual general meeting of the Company for 2012	Yes
Cui Baoguo	M	50		15 May 2012 to the annual general meeting of the Company for 2012	Yes
Song Jianwu	M	49		15 May 2012 to the annual general meeting of the Company for 2012	Yes

The Board is a standing decision-making body of the Company, responsible for steering and supervising the operations of the Company in an accountable and efficiency-oriented manner. All Directors are obliged to act in the best interests of the Company. All members of the Board acknowledged that they shall take jointly and severally responsibility to the Shareholders for the management, supervision and operations of the Company.

Note:

[1] Due to work re-allocation, Mr. Zhang Yabin was removed as a director of the Company by the approval of the shareholders at the extraordinary general meeting, with effect from 21 December 2012, and Mr. Yu Haibo was appointed as an executive director of the Company and Vice Chairman of the Board on the same day. For details, please refer to the announcement issued by the Company on 21 December 2012.

4 THE BOARD *(Continued)*

The Company confirms that the Board is primarily responsible for making decisions for the purposes of:

- determination of the operational plan and investment proposals of the Company;
- formulation of the annual budget and budget implementation proposals of the Company;
- formulation of proposals of profit distribution and recovery of losses of the Company;
- formulation of proposals for the increasing or reducing of registered capital and issue of corporate bonds of the Company;
- formulation of proposals for the mergers, spin-off or winding-up of the Company;
- determination on the internal management structure of the Company;
- appointment and removal of the President and executive Vice President of the Company, appointment and removal of the Vice President and other senior management members (including the Chief Financial Officer) as nominated by the President, and determination of their respective remuneration;
- setting up the basic management systems of the Company;
- formulation of proposals for amendments to Articles of Association;
- formulation of proposals for material acquisitions or disposals of the Company.

The Company confirms that the management is primarily responsible for making decisions and performing daily management for the purposes of:

- formulation of proposal for the internal management structure of the Company;
- formulation of proposal for the basic management system of the Company;
- formulation of the basic regulations of the Company;
- recommendation on appointment or removal of other senior management members (including the Chief Financial Officer) of the Company;
- appointment or removal of chief officers other than those subject to the appointment and removal by the Board;
- formulation of proposal on the branch structure and determination on the branch structure of the Company;
- appointment, replacement and recommendation on the shareholder's representatives, directors or supervisors to subsidiaries or associated companies of the Company.

4 THE BOARD *(Continued)*

A total of fifteen Board meetings were convened during the year of 2012, and the attendance rate of individual directors at Board meetings is as follows:

	Attendance in person *(times)*	Attendance by proxy *(times)*
Executive Directors		
Zhang Yanping	15	–
Zhang Yabin[1]	2	–
Yu Haibo[1]	2	–
Sun Wei	15	–
He Xiaona[2]	12	–
Non-executive Directors		
Li Shiheng	14	1
Liu Han	15	–
Wu Peihua	15	–
Li Xiaobing[2]	12	–
Xu Xun	15	–
Li Yigeng	14	1
Independent Non-Executive Directors		
Tsang Hing Lun	15	–
Wu Changqi	15	–
Liao Li	14	1
Cui Baoguo[2]	12	–
Song Jianwu[2]	12	–

During the reporting period, the composition of the Board has at any time been in compliance with Rule 3.10(1) of the Listing Rules, which requires a minimum of three independent non-executive Directors on board, with Rule 3.10A of the Listing Rules, which requires independent non-executive directors to represent at least one-third of the board, and with Rule 3.10(2) of the Listing Rules, which requires that at least one of the independent non-executive Directors must possess appropriate professional qualification or accounting or relevant financial management expertise.

The Company has received the annual confirmation from each of independent non-executive Directors confirming their compliance with the independence requirements set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Notes:

1. Due to the reassignment of work, Mr. Zhang Yabin was removed as a director of the Company by the approval of the Shareholders at an extraordinary general meeting on 21 December 2012; and on the same day, Mr. Yu Haibo was appointed as an executive director of the Company and the vice chairman of the Board. The details are set out in the Company's announcement dated 21 December 2012.

2. On the annual general meeting held on 15 May 2012, the resolutions in respect of the appointment of Mr. Cui Baoguo and Mr. Song Jianwu as the 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 approved. For details, please refer to the announcement of the Company dated 15 May 2012.

4 THE BOARD *(Continued)*

During the report period, all Directors actively participated in sustainable professional development and attended the professional training courses provided by the Company to develop and update their knowledge and skills, in order to ensure they contribute to the Board with comprehensive information under appropriate situation.

Members of the Board, Supervisory Committee and senior management do not have any financial, business, family or other material relationship with each other save for working relationship.

A total of two general meetings of the Company were convened during the year of 2012, and the attendance rate of individual directors at the general meetings is as follows:

	Attendance in person *(times)*	**Attendance by proxy** *(times)*
Executive Directors		
Zhang Yanping	2	–
Zhang Yabin[1]	–	–
Yu Haibo[1]	–	–
Sun Wei	1	–
He Xiaona[2]	–	–
Non-executive Directors		
Li Shiheng	1	–
Liu Han	1	–
Wu Peihua	1	–
Li Xiaobing[2]	–	–
Xu Xun	2	–
Li Yigeng	1	–
Independent Non-Executive Directors		
Tsang Hing Lun	2	–
Wu Changqi	2	–
Liao Li	1	–
Cui Baoguo[2]	1	–
Song Jianwu[2]	1	–

Notes:

1. Due to the reassignment of work, Mr. Zhang Yabin was removed as a director of the Company by the approval of the Shareholders at an extraordinary general meeting on 21 December 2012; and on the same day, Mr. Yu Haibo was appointed as an executive director of the Company and the vice chairman of the Board. The details are set out in the Company's announcement dated 21 December 2012.

2. On the annual general meeting held on 15 May 2012, the resolutions in respect of the appointment of Mr. Cui Baoguo and Mr. Song Jianwu as the 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 approved. For details, please refer to the announcement of the Company dated 15 May 2012.

5 CHAIRMAN AND PRESIDENT

The posts of Chairman and President of Beijing Media are assumed by Mr. Zhang Yanping and Mr. Sun Wei, respectively.

The two posts are separate and distinct. The Chairman cannot assume the post of President of the Company simultaneously. Distinct written terms of reference have been adopted for these two posts. The Chairman shall be responsible for overseeing the operation of the Board, while the President shall oversee the business operations of the Company. The roles of the Chairman and President are set out in details in the Articles of Association.

6 NON-EXECUTIVE DIRECTORS

Pursuant to the Articles of Association, non-executive Directors of the Company are appointed for a term of three years.

Independent non-executive Directors are appointed for a term of three years which is renewable upon re-election. Independent non-executive Directors may not be removed without legitimate cause before expiry of their terms. Where an independent non-executive Director was removed from office before expiry of his term, the matter shall be disclosed by the Company as a special issue.

7 REMUNERATION COMMITTEE

The Board has set up a Remuneration Committee comprising three independent non-executive Directors. The Remuneration Committee was chaired by Mr. Wu Changqi with Mr. Tsang Hing Lun and Mr. Liao Li as members.

The Remuneration Committee consults the Chairman and/or President on the remuneration to other executive Directors and will seek assistance and/or advice from external professional advisors when considered necessary.

For details of the basis of remuneration to Directors, please refer to note VIII.33 to the financial statements.

7 REMUNERATION COMMITTEE *(Continued)*

The principal duties of the Remuneration Committee include but not limited to:

- to advise the Board on setting up formal and transparent procedures in respect of the determination of remuneration policy and structure for the Directors and senior management members of the Company;
- to advise the Board on the remuneration packages of individual executive directors and senior management;
- to advise the Board on the remuneration of non-executive directors;
- to review and approve the management's remuneration proposals with reference to the corporate goals and objectives established by the Board;
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct or any compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment;
- to ensure the Board to review its performance on a regular basis;
- to ensure that the Directors or any of their associates are not involved in the determination of their own remuneration.

A total of four meetings of the Remuneration Committee were convened during 2012, and the attendance rate of individual members at meetings of the Remuneration Committee is as follows:

Name	Attendance in person *(times)*	Attendance by proxy *(times)*
Wu Changqi	4	–
Tsang Hing Lun	4	–
Liao Li	4	–

The Remuneration Committee of the Company held a meeting on 19 January 2012. At the meeting, the year-end bonus for executive Directors was considered and passed.

Remuneration Committee of the Company held a meeting on 15 May 2012, considered and approved the remuneration of Mr. Cui Baoguo and Mr. Song Jianwu as independent non-executive Directors, Mr. Li Xiaobing as a non-executive Director and Ms. He Xiaona as an executive director;

Remuneration Committee of the Company held a meeting on 21 December 2012, considered and approved the remuneration of Mr. Yu Haibo as an executive director;

Remuneration Committee of the Company held a meeting on 26 December 2012, considered and approved the resolution in respect of salary increment of RMB500 (before tax) per month of Senior Management.

8 NOMINATION COMMITTEE

On 19 March 2012, the Board approved to set up a Nomination Committee comprising one executive Director and two independent non-executive Directors. The Nomination Committee was chaired by Mr. Zhang Yanping, the chairman of the Board with Mr. Wu Changqi and Mr. Liao Li as members.

The principal duties of the Nomination Committee include but not limited to:

(a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations regarding any proposed changes in the Board in line with the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Directors, select and nominate candidates of Directors or make recommendations to the Board in this regard;

(c) to assess the independence of independent non-executive Directors; and

(d) to formulate criteria, procedures and methods for screening candidates for directors and senior management of the Company and its investees and make recommendations to the Board.

A total of two meetings of the Nomination Committee were convened during 2012, and the attendance rate of individual members at meetings of the Nomination Committee is as follows:

Name	Attendance in person *(times)*	Attendance by proxy *(times)*
Zhang Yanping	2	–
Wu Changqi	2	–
Liao Li	2	–

Nomination Committee of the Company held a meeting on 19 March 2012, considered and approved the nomination of Mr. Cui Baoguo and Mr. Song Jianwu as candidates of independent non-executive Directors; Mr. Li Xiaobing as a candidate of non-executive Director and Ms. He Xiaona as a candidate of executive Direcrtor.

Nomination Committee of the Company held a meeting on 30 October 2012, considered and approved the nomination of Mr. Yu Haibo as candidate of executive Director.

9 REMUNERATION OF THE AUDITORS

The Company has appointed ShineWing Certified Public Accountants as the auditors for the year 2012. For the year ended 31 December 2012, annual fees provided by ShineWing amounted to RMB1,350 thousand.

ShineWing Certified Public Accountants LLP has provided audit service for four consecutive years for the Company since 2009.

10 AUDIT COMMITTEE

The Board has set up an Audit Committee comprising three non-executive Directors, among which two are independent non-executive Directors. The Audit Committee was chaired by Mr. Tsang Hing Lun with Mr. Wu Changqi and Mr. Liu Han as members.

The principal duties of the Audit Committee include but not limited to:

- to be responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to examine annual audit plan submitted by the external auditor and provide opinions;
- to review and monitor the external auditor's independence and objectivity;
- to develop and implement policy engaging an external auditor to supply non-audit services;
- to monitor integrity of financial statements of the Company and its annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgements contained in them;
- to review the Company's financial controls, internal control and risk management systems;
- to discuss with the management the system of internal control to ensure that the management has discharged its duty to have an effective internal control system;
- to review the Company's financial and accounting policies and practices.

The Audit Committee will seek assistance and/or advice from external professional advisors when considered necessary.

Set forth below are the work details of the Audit Committee during the year:

- reviewed and considered the results of the Group for the year of 2011;
- reviewed and considered the results of the Group for the first half of 2012;
- reviewed and evaluated the internal control systems of the Group;
- reviewed connected transactions.

10 AUDIT COMMITTEE *(Continued)*

A total of two meetings of the Audit Committee were convened during 2012, and the attendance rate of individual members at meetings of the Audit Committee is as follows:

Name	Attendance in person *(times)*	Attendance by proxy *(times)*
Tsang Hing Lun	2	–
Wu Changqi	2	–
Liu Han	2	–

The Company has been in full compliance with requirements of Rule 3.21 in the Listing Rules throughout the period from its listing on the Hong Kong Stock Exchange to 31 December 2012.

The Board is responsible for overseeing the preparation of financial statements for each financial period, so that the financial statements give a true and fair view of the operating position, results and cash flow of the Company during the period. In preparing the financial statements for the year ended 31 December 2012, the Board (1) selected and consistently applied appropriate accounting policies; (2) approved the adoption of all standards in line with the Accounting Standards for Business Enterprises in the PRC ("PRC Accounting Standards"); and (3) made appropriate judgments and assessments in a prudent manner and adopted an ongoing concern basis for preparation of financial statements. For the statement of reporting responsibility issued by ShineWing Certified Public Accountants LLP, the auditors of the Company, please refer to the auditors' report set out in the consolidated financial statements.

11 RIGHTS OF SHAREHOLDERS

The Board and senior management of the Company understand that they represent the interests of the shareholders as a whole. As such, they take important priority in safeguarding the value for shares, maintaining the steady level and sustained growth of the investment return and enhancing the competitiveness of the operations.

Pursuant to the Articles of Association, an extraordinary general meeting shall be convened within two months upon request in writing by Shareholders holding severally or jointly 10% or above of the outstanding shares of the Company carrying voting right, where shareholdings of the Shareholders shall be determined as on the date of submission of the relevant written request.

The relevant documents must state the purposes of the general meeting and be served to all Shareholders.

The Shareholders may raise questions to the Board and the Company shall provide sufficient contact information (For details, please refer to the Company's website: www.bjmedia.com.cn) so as to enable the Shareholders to properly direct their enquiries. The Shareholders may raise their opinions directly at the general meeting.

12 INVESTOR RELATIONS

(1) Material amendments to the Articles of Association

Save as disclosed below, there was no material amendment to the Articles of Association for the year ended 31 December 2012.

- Delete the original clause (IV) of Article 78 and amend Article 78 as follows:

  Article 78 The following issues shall be approved by special resolutions at a general meeting:

  (I) Increase or reduction in share capital of the Company and the issuance of shares of any class, warrants and other similar securities;

  (II) Issuance of the corporate bonds;

  (III) Division, merger, dissolution and liquidation of the Company, and substantial acquisition or disposal;

  (IV) Amendment to these Articles of Association;

  (V) Change or annulment to the rights of class shareholders; and

  (VI) Any other issue confirmed by an ordinary resolution at a general meeting that it may have material impact on the Company and accordingly shall be approved by special resolutions or required to be approved by special resolutions in accordance with Listing Rules of the Stock Exchange.

- Amend Article 93 as follows:

  The Company shall establish a board of directors. The board of directors shall comprise fifteen (15) directors, including one (1) Chairman, two (2) vice Chairman and five (5) independent non-executive directors. The external directors (namely directors who do not hold any position in the Company) shall account for one half or more of the board of directors and independent non-executive directors (namely directors who are independent of the Shareholders and do not hold any position in the Company) shall account for at least one third of the board of directors.

  The board of directors shall appoint one Chairman and the Company may appoint two vice Chairmen in accordance with its specific situation.

  The board of directors shall establish several special committees as required, including strategy committee, audit committee, remuneration committee and nomination committee.

12 INVESTOR RELATIONS *(Continued)*

(2) Classes of shareholders and total shareholding

Capital structure

	Number of shares	Percentage of total share capital (%)
Holders of Domestic Shares		
–BYDA	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%
	142,409,000	72.18%
H Shares in issue *(Note)*	54,901,000	27.82%
Total share capital	**197,310,000**	**100%**

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

(3) General Meetings

During the reporting period, the Company convened the two general meetings below:

(i) The annual general meeting for 2011 was held at 2:00 p.m. on 15 May 2012 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC, in which the following resolutions were passed:

- To consider and, if thought fit, to approve the report of the Board of the Company for the year ended 31 December 2011.
- To consider and, if thought fit, to approve the report of the Supervisory Committee of the Company for the year ended 31 December 2011.
- To consider and, if thought fit, to approve the audited consolidated financial statements of the Company for the year ended 31 December 2011.

12 INVESTOR RELATIONS *(Continued)*

(3) General Meetings *(Continued)*

(i) *(Continued)*

- To consider and, if thought fit, to approve the profit distribution proposal of the Company, namely, the proposal for distribution of a final dividend of RMB0.60 per share (tax inclusive) in an aggregate amount of RMB118,386,000 for the year ended 31 December 2011, and to authorise the Board to implement the aforesaid distribution.

- To consider and, if thought fit, to re-appoint ShineWing Certified Public Accountants LLP as the auditor of the Company for the year 2012 and to authorise the audit committee of the board of directors of the Company to determine their remuneration.

- To consider and, if thought fit, to approve the appointment of Mr. Cui Baoguo as an independent non-executive director of the Company, to authorise the board of directors of the Company to determine his remuneration, and to authorise the chairman of the board of directors or any executive director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company.

- To consider and, if thought fit, to approve the appointment of Mr. Song Jianwu as a an independent non-executive director of the Company, to authorise the board of directors of the Company to determine his remuneration, and to authorise the chairman of the board of directors or any executive director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company.

- To consider and, if thought fit, to approve the appointment of Mr. Li Xiaobing as a non-executive director of the Company, to authorise the board of directors of the Company to determine his remuneration, and to authorise the chairman of the board of directors or any executive director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company.

- To consider and, if thought fit, to approve the appointment of Ms. He Xiaona as an executive director of the Company, to authorise the board of directors of the Company to determine her remuneration, and to authorise the chairman of the board of directors or any executive director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company.

- To consider and, if thought fit, to approve the amendment to the rules of procedures of the board of directors of the Company.

Special Resolution

- To consider and, if thought fit, to approve the amendment to the articles of association of the Company.

12 INVESTOR RELATIONS *(Continued)*

(3) General Meetings *(Continued)*

(ii) The special general meeting for 2012 was held at 3:00 p.m. on 21 December 2012 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC, in which the following resolutions were passed:

- To consider and, if thought fit, to approve the amendment to the articles of association of the Company.

- To consider and, if thought fit, to approve the removal of Mr. Zhang Yabin as an executive director of the Company.

- To consider and, if thought fit, to approve the appointment of Mr. Yu Haibo as an executive director of the Company, to authorise the remuneration committee of the board of directors of the Company to determine his remuneration, and to authorise any one director of the Company to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

- To consider and, if thought fit, to approve the respective annual caps for the three years ending 31 December 2015 for the transactions contemplated under the agreement (the "Advertising Business Agreement") dated 7 December 2004 and its supplement agreement dated 9 April 2010 and entered into between the Company and Beijing Youth Daily Agency (the "Parent") in relation to granting by the Parent the exclusive rights to sell all the advertising space in the Beijing Youth Daily.

- To consider and, if thought fit, to approve:

  THAT

  a. the agreement (the "**Printing Framework Agreement**") dated 31 October 2012 and entered into between the Beijing Youth Daily Logistics Company Limited and the Parent in relation to providing the printing services and printing materials to the Parent, and the respective annual caps for the three years ending 31 December 2015 for the transactions contemplated thereunder;

  b. any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Printing Framework Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

12 INVESTOR RELATIONS *(Continued)*

(4) Important matters for Shareholders for the financial year of 2012

The annual general meeting for the year of 2012 will be held at 2:00 p.m. on 15 May 2013 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

(5) Market capitalization of public float

The highest and lowest trading prices of the Company's H Shares during 2012 were HK$6 and HK$4.22 per share respectively. The trading volume and closing price as at 31 December 2012 were 52,000 shares and HK$5.02 per share respectively.

13 INTERNAL CONTROL

The Board is ultimately responsible for the internal control systems of the Company and has reviewed the efficiency of such systems through the Audit Committee during the year.

The Company has established a comprehensive internal control system, with a comparatively scientific internal structure and proper system design, and has set up scientific decision-making mechanism, implementation mechanism and supervision mechanism. The Company has continued to make efforts to integrity and improve its internal control systems, enhance the control procedures and operating efficiencies and reduce operating risks.

The effective implementation of the internal system ensured the orderly operations and management of the Company and effective risk control, thereby safeguarding the safety and integrity of the Company's properties, filing properly of accounting records and ensuring each transaction is conducted under authorization of the management, so as to attain the Company's operating goals.

The President represents the highest authority of contact for all departments, reports to the Board in respect of all departmental operations and promotes proper decisions within the Company to cater for and to coordinate various requests of the departments. As such, any matter discovered by the staff which is of a material nature (e.g. discloseable matters) can be reported to the decision-making management of the Company in a prompt, accurate and efficient manner. On the other hand, decisions of the Company's management are also implemented and supervised in an accurate, prompt and consistent manner.

Our internal audit department conducts independent review on the sufficiency and effectiveness of the internal control system, and the review plan and risk evaluation are discussed and determined by the Audit Committee annually. Besides arranging annual works, the internal audit department conducts other special reviews as required. The Board and the Audit Committee actively supervise such report results presented by the internal audit department, as well as such remedy measures taken by various departments.

Accordingly, the Board takes the view that: the internal control system of the Company is complete, rational and effective, able to ensure the proper discharge of obligations by the Company and its Directors under the Listing Rules and applicable laws and regulations in Hong Kong, and is able to ensure that the Directors assess the financial positions and prospect of the Company and its subsidiaries in a proper manner.

13 INTERNAL CONTROL *(Continued)*

Building on our increasing practical experience and feedback from shareholders, with the aim of achieving sustainable development, we will persistently review and improve our corporate governance practices with reference to the domestic and international development trends, changes in internal and external risks and the Listing Rules.

14 CORPORATE GOVERNANCE

On 15 May 2012, the resolution of amendment to the rules of procedure of the Board of the Company was passed at the annual general meeting and the Board shall be responsible for the following duties of corporate governance:

- develop and review the Company's policies and practice on corporate governance and make recommendations to the Board;
- review and monitor the training and continuous professional development of Directors and senior management of the Company;
- review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors;
- review the Company's compliance with the Code and disclosure in the Corporate Governance Report of the Company;
- set up policy for communication with shareholders and ensure its effect through regular review.

During the reporting period, the Board reviewed and proposed to amend a series of corporate governance documents, including "Articles of Association of Beijing Media Corporation Limited", "Rules of Procedures of the Board", "Rules of Procedures for the Audit Committee", "Rules of Procedures for the Remuneration Committee" and "Rules of Procedures for the Nomination Committee", and supervise the execution of such documents from time to time; reviewed and actively organized training and continuing professional development for Directors and Senior Management ; reviewed and monitored the company whether there was any violation of laws and regulatory requirements; approved the Corporate Governance Report of the Company for the year 2011, and approved the disclosure on the website of the Hong Kong Stock Exchange and the Company's website; formulated, reviewed and supervised shareholder communications policy to ensure its effectiveness.

The current session of the Supervisory Committee has supervised the work of the Board and the management in accordance with the resolutions passed in the annual general meeting, so as to maximize Shareholders' interests and achieve a steady and sustainable growth of the Company, and to safeguard the assets and financial position of the Company, to protect and enhance the interest of the Company and the Shareholders as a whole.

1 CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE IN 2012

There was no change in members of the Supervisory Committee in 2012.

2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2012

Over the past year, the Supervisory Committee continued to make improvement in the corporate governance structure, operational transparency as well as the level of compliance of the Company. It ensured that the management of the Company had endeavoured to establish a positive corporate image in the capital market. In addition, measures were implemented to safeguard the interests of investors, especially those small and medium investors.

(1) Financial Position of the Company

The Supervisory Committee reviewed the financial system, financial reports and internal audit of the Company. The Supervisory Committee considers that the contents of financial report, audited financial statements and the annual report are true and reliable, and the audit opinion from the Company's accountant is objective and fair.

(2) Operation of the Company

The Supervisory Committee supervised the Company's operating activities. The Supervisory Committee takes the view that the Company has established a relatively comprehensive internal control system, and is committed to improve its internal control to manage various risks in the Company's operations. The Supervisory Committee is of view that the Company operates in compliance with the laws and regulations of the PRC, and Articles of Association and working procedures of the Company.

(3) Directors and Management of the Company

The Supervisory Committee supervised the performance of duties by the Directors and the management, as well as the enforcement of resolutions of the annual general meeting. The Supervisory Committee considers that the Directors and senior management have acted according to the resolutions of the annual general meeting and faithfully discharged their duties to achieve the operational targets. The Supervisory Committee is not aware of any violation of laws, regulations, the Articles of Association or impairment to the interests of shareholders by the Directors or other senior management in performing their duties.

(4) Use of Proceeds from Listing

The Supervisory Committee has reviewed the projects funded by the listing proceeds of the Company after its listing. The Supervisory Committee considers that, up to the latest practicable date, the extent of the use of listing proceeds has been reasonable by taking into account the market conditions and the ambit of the use of listing proceeds being consistent with prospectus of the Company dated 13 December 2004 and the announcement of the Company dated 24 June 2011.

2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2012 *(Continued)*

(5) Transactions of Merger & Acquisition or Disposal of Assets by the Company

The Supervisory Committee has reviewed the operating activities such as mergers and acquisitions and disposal of assets of the Company. The Supervisory Committee considers that transaction prices of the mergers and acquisitions as well as the disposals of assets of the Company were fair and reasonable, and is not aware of any insider dealings or acts detrimental to the interests of the shareholders, especially the independent shareholders.

(6) Fairness of Connected Transactions

The Supervisory Committee has supervised the connected transactions of the Company. The Supervisory Committee considers that terms on which the connected transactions were conducted were fair and reasonable, and is not aware of any acts detrimental to the interests of the Company or its shareholders.

As a whole, the current session of the Board established and implemented the Company's development strategy, actively incorporated the opinions and suggestions of the Supervisory Committee to safeguard the interest of the Company and its shareholders according to the business targets as decided at the annual general meeting. In the coming year, the Supervisory Committee will continue to discharge its obligations faithfully to maximize the interests of the Company and its shareholders.

Beijing Media Corporation Limited
Supervisory Committee

15 March 2013

"Articles of Association"	The articles of association of the Company as amended from time to time
"Audit Committee"	Audit Committee of the Board
"Beiqing Advertising"	Beijing Beiqing Advertising Limited, a subsidiary of BYDA
"Beiqing CéCi"	Beiqing CéCi Advertising (Beijing) Limited, a subsidiary of the Company
"Beiqing Top"	Beijing Beiqing Top Advertising Limited
"Beiyang Media"	Beiyang Publishing & Media Corporation Limited, a joint stock limited company incorporated under the laws of the PRC
"Board"	The board of Directors
"BQTM"	Beiqing Transmedia Advertising Limited
"BYD Logistics"	BYD Logistics Company Limited, a subsidiary of the Company
"Company", or "us" or "Beijing Media"	Beijing Media Corporation Limited
"Company Law"	The Company Law of the People's Republic of China
"Directors"	The directors of the Company
"Domestic Shares"	The ordinary shares of RMB1.00 per share in the capital of the Company
"Group"	The Company and its subsidiaries
"H Shares"	The foreign shares listed overseas of RMB1.00 per share in the ordinary share capital of the Company
"Heqing Media"	Hebei Heqing Media Company Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"LEPA"	Legal Evening Post Agency, a subsidiary of the BYDA
"LEP Media"	Legal Evening Post Media Company Limited, a subsidiary of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Main Board"	The main board of the Hong Kong Stock Exchange
"Nomination Committee"	The nomination committee under the Board
"Parent" or "BYDA"	Beijing Youth Daily Agency, the controlling shareholder of the Company
"PRC" or "China"	The People's Republic of China, excluding Hong Kong, Macau Special Administration Region and Taiwan
"Remuneration Committee"	The remuneration committee under the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"Substantial Shareholder"	has the meaning as ascribed under the Listing Rules
"Supervisors"	The supervisors of the Company
"Supervisory Committee"	The supervisory committee of the Company
"Today Sunshine"	Beijing Today Sunshine Advertising Co., Ltd., a subsidiary of the Company
"XHM"	Beijing XiaoHongMao Corporation, a subsidiary of the Parent
"XHM Logistics"	XiaoHongMao Logistics Company Limited, a subsidiary of the Parent
"Beiqing Long Teng"	Beiqing Long Teng Investment Management (Beijing) Co., Limited (formerly known as Beijing Zhong Wang Shi Tong Technologies Co., Ltd.), a subsidiary of the Company

信永中和
ShineWing

SHINEWING Certified Public Accountants
9/F, Block A, Fuhua Mansion,
8 Chaoyangmen Beidajie,
Dongcheng District, Beijing

TO THE MEMBERS OF
BEIJING MEDIA CORPORATION LIMITED
北青傳媒股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)

We have audited the accompanying consolidated financial statements of Beijing Media Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the consolidated balance sheet as at 31 December 2012, and the consolidated income statement, consolidated cash flow statement and the consolidated statement of changes in shareholders' equity for the year then ended and notes to the financial statements

I. MANAGEMENT 'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation and the fair presentation of the consolidated financial statements. These responsibilities include (1) preparing the consolidated financial statements that are fairly presented in accordance with the Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining the necessary internal control relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

II. CERTIFIED PUBLIC ACCOUNTANT 'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the China Auditing Standards for the Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the certified public accountant's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the certified public accountant considers internal control relevant to the entity's preparation and the fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III. AUDITING OPINION

In our opinion, the consolidated financial statements of the Group have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises in all material respects, and fairly presented the consolidated financial position of the Group as at 31 December 2012, and of their consolidated operating results and their consolidated cash flows for the year then ended.

ShineWing Certified Public Accountants

Chinese Certified Public Accountant: Liu Jingwei

Chinese Certified Public Accountant: Ji Sheng

15 March 2013

Beijing, PRC

RMB'000

	Notes	**As at 31 December 2012**	As at 31 December 2011
Current assets:			
Bank balances and cash	*VIII.1*	**828,850**	995,593
Financial assets held for trading	*VIII.2*	**22**	31
Accounts receivable	*VIII.3*	**213,437**	125,698
Prepayments	*VIII.4*	**16,322**	16,789
Interest receivable	*VIII.5*	**7,355**	10,517
Other receivables	*VIII.6*	**80,705**	59,551
Inventories	*VIII.7*	**50,087**	49,928
Other current assets	*VIII.8*	**150,600**	80,600
Total current assets		**1,347,378**	1,338,707
Non-current assets:			
Long-term receivables	*VIII.3*	**–**	369
Investments in associates	*VIII.9*	**135,171**	133,748
Other long-term equity investments	*VIII.9*	**59,560**	11,560
Investment properties	*VIII.10*	**54,499**	43,750
Fixed assets	*VIII.11*	**11,082**	12,690
Intangible assets	*VIII.12*	**27,652**	28,124
Goodwill	*VIII.13*	**47,377**	47,377
Long-term prepaid expenses		**1,788**	1,932
Deferred income tax assets	*VIII.14*	**1,318**	1,206
Other non-current assets	*VIII.15*	**–**	48,000
Total non-current assets		**338,447**	328,756
Total assets		**1,685,825**	1,667,463

RMB'000

	Notes	As at 31 December 2012	As at 31 December 2011
Current liabilities:			
Notes payable		**89,357**	36,599
Accounts payable	*VIII.17*	**108,530**	63,315
Receipts in advance		**21,660**	19,045
Employee benefit payables	*VIII.18*	**6,776**	6,098
Tax payables	*VIII.19*	**(6,370)**	4,013
Dividend payable		**398**	398
Other payables	*VIII.20*	**92,215**	91,201
Non-current liabilities due within one year	*VIII.21*	**3,670**	3,670
Other current liabilities	*VIII.22*	**7,539**	8,513
Total current liabilities		**323,775**	232,852
Non-current liabilities:			
Long-term borrowings	*VIII.23*	**–**	3,670
Deferred income tax liabilities	*VIII.14*	**3,616**	1,292
Total non-current liabilities		**3,616**	4,962
Total liabilities		**327,391**	237,814
Shareholders' equity:			
Share capital	*VIII.24*	**197,310**	197,310
Capital reserves		**891,179**	893,841
Surplus reserves		**130,931**	130,931
Undistributed profits		**121,634**	175,033
Equity attributable to shareholders of the Company		**1,341,054**	1,397,115
Minority interests		**17,380**	32,534
Total shareholders' equity		**1,358,434**	1,429,649
Total liabilities and shareholders' equity		**1,685,825**	1,667,463
Net current assets		**1,023,603**	1,105,855
Total assets less current liabilities		**1,362,050**	1,434,611

For the year ended 31 December 2012

RMB'000

	Notes	For the year ended 31 December 2012	For the year ended 31 December 2011
Total operating revenue	*VIII.25*	**690,276**	757,574
Total operating costs		**668,288**	732,884
Operating costs	*VIII.25*	**608,474**	646,829
Sales tax and surcharges		**23,678**	35,945
Selling expenses		**14,494**	28,873
Administrative expenses		**50,362**	50,465
Financial expenses	*VIII.26*	**(31,314)**	(30,524)
Impairment loss of assets	*VIII.27*	**2,594**	1,296
Gain on changes in fair value	*VIII.28*	**10,739**	4,151
Share of profit of associates	*VIII.29*	**13,633**	9,476
Other investment income	*VIII.29*	**22,356**	87,183
Operating profit		**68,716**	125,500
Add: non-operating income	*VIII.30*	**1,530**	3,122
Less: non-operating expenses		**9**	204
Total profit		**70,237**	128,418
Less: Income tax expenses	*VIII.31*	**6,778**	5,705
Net profit		**63,459**	122,713
Other comprehensive income		**–**	–
Total comprehensive income		**63,459**	122,713
Net profit attributable to:			
Shareholders of the Company		**64,987**	119,894
Minority shareholders		**(1,528)**	2,819
		63,459	122,713
Total comprehensive income attributable to:			
Shareholders of the Company		**64,987**	119,894
Minority shareholders		**(1,528)**	2,819
		63,459	122,713
Earnings per share:			
Basic earnings per share (RMB)	*XIV.1*	**0.33**	0.61
Diluted earnings per share (RMB)	*XIV.1*	**0.33**	0.61
Dividends	*VIII.35*	**118,386**	98,655

RMB'000

	Notes	For the year ended 31 December 2012	For the year ended 31 December 2011
I. Cash flows from operating activities:			
Cash received from the sales of goods and the rendering of services		**512,458**	712,483
Other cash receipts relating to operating activities		**89,032**	13,798
Sub-total of cash inflows from operating activities		**601,490**	726,281
Cash paid for goods purchased and services received		**395,015**	562,354
Cash paid to and on behalf of employees		**42,560**	58,550
Payments of taxes and surcharges		**43,701**	49,301
Other cash payments relating to operating activities		**81,160**	77,127
Sub-total of cash outflows from operating activities		**562,436**	747,332
Net cash flows from operating activities	*VIII.36*	**39,054**	(21,051)
II. Cash flows from investing activities:			
Cash received from investments		**80,600**	61,235
Cash received from returns on investment		**25,077**	1,899
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**54**	2,963
Net cash received from disposal of subsidiaries and other operating units		**–**	(13,575)
Other cash receipts relating to investing activities		**222,764**	186,321
Sub-total of cash inflows from investing activities		**328,495**	238,843
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**2,344**	1,364
Cash paid on investment		**162,739**	128,945
Net cash paid on acquisition of subsidiaries and other operating units		**–**	(2,731)
Other cash payments relating to investing activities		**32,280**	36,118
Sub-total of cash outflows from investing activities		**197,363**	163,696
Net cash flows from investing activities		**131,132**	75,147

RMB'000

	Notes	**For the year ended 31 December 2012**	For the year ended 31 December 2011
III. Cash flows from financing activities:			
Other cash receipts relating to financing activities		**251**	14,293
Sub-total of cash inflows from financing activities		**251**	14,293
Cash paid for borrowings repayment		**3,670**	3,660
Cash paid for distribution of dividends or profits or interest expense		**136,831**	98,989
Including: dividends and profits paid by subsidiaries to minority shareholders		**–**	2,415
Other cash payments relating to financing activities		**21,901**	–
Sub-total of cash outflows from financing activities		**162,402**	102,649
Net cash flows from financing activities		**(162,151)**	(88,356)
IV. Effect of exchange rate changes on cash and cash equivalents		**1**	(9)
V. Increase/(Decrease) in cash and cash equivalents	*VIII.37*	**8,036**	(34,269)
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	*VIII.39*	**178,486**	170,450

RMB'000

	For the year ended 31 December 2012 Attributable to shareholders of the Company						
	Share capital	**Capital reserves**	**Surplus reserves**	**Undistributed profits**	**Subtotal**	**Minority interests**	**Total shareholders' equity**
Balance as at 1 January 2012	**197,310**	**893,841**	**130,931**	**175,033**	**1,397,115**	**32,534**	**1,429,649**
Net profit	**–**	**–**	**–**	**64,987**	**64,987**	**(1,528)**	**63,459**
Dividends to shareholders of the Company	**–**	**–**	**–**	**(118,386)**	**(118,386)**	**–**	**(118,386)**
Share of capital reserves in associates	**–**	**(1,866)**	**–**	**–**	**(1,866)**	**–**	**(1,866)**
Disposal of partial interest in an associate	**–**	**302**	**–**	**–**	**302**	**–**	**302**
Acquisition of minority interests in subsidiaries	**–**	**(1,098)**	**–**	**–**	**(1,098)**	**(13,626)**	**(14,724)**
Sub-total of the changes for the year	**–**	**(2,662)**	**–**	**(53,399)**	**(56,061)**	**(15,154)**	**(71,215)**
Balance as at 31 December 2012	**197,310**	**891,179**	**130,931**	**121,634**	**1,341,054**	**17,380**	**1,358,434**

	For the year ended 31 December 2011 Attributable to shareholders of the Company						
	Share capital	Capital reserves	Surplus reserves	Undistributed profits	Subtotal	Minority interests	Total shareholders' equity
Balance as at 1 January 2011	197,310	912,261	130,931	153,794	1,394,296	36,700	1,430,996
Net profit	–	–	–	119,894	119,894	2,819	122,713
Dividends to shareholders of the Company	–	–	–	(98,655)	(98,655)	–	(98,655)
Disposal of subsidiaries	–	–	–	–	–	9,330	9,330
Acquisition of a subsidiary by capital increment in a jointly-controlled entity	–	–	–	–	–	12,250	12,250
Business combination under common control	–	(18,220)	–	–	(18,220)	900	(17,320)
Acquisition of minority interests in subsidiaries	–	(200)	–	–	(200)	(29,465)	(29,665)
Sub-total of the changes for the year	–	(18,420)	–	21,239	2,819	(4,166)	(1,347)
Balance as at 31 December 2011	197,310	893,841	130,931	175,033	1,397,115	32,534	1,429,649

Note: In accordance with the People's Republic of China regulations and the Articles of Association of the Company, the respective subsidiaries of the Group are required to transfer 10% of the profit after tax, determined in accordance with the PRC Accounting Standards, every year to statutory surplus reserves until the balance reaches 50% of the registered share capital. Such reserves can be used to offset any losses to be incurred and to increase share capital. Except for the reduction of losses, any other usage should not result in the balance falling below 25% of the registered share capital.

I. GENERAL INFORMATION

Beijing Media Corporation Limited (hereinafter referred to as the "Company") was incorporated in the PRC on 28 May 2001 as a joint stock company with limited liability under the PRC Company Law. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange").

The Company's parent company and ultimate holding company is Beijing Youth Daily Agency ("BYDA") which is a state-owned entity established in the PRC.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section in the annual report.

The consolidated financial statements are presented in Renminbi ("RMB") which is the functional currency of the Company as well.

The Company and its subsidiaries (hereinafter referred to as the Group ("Group")) are principally engaged in the provision of newspaper, magazine and outdoor advertising services, printing and trading of print-related materials in the PRC.

II. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements for the year ended 31 December 2012 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC ("PRC Accounting Standard") 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 IV "Principal accounting policies and accounting estimates and basis of preparation of consolidated financial statements".

III. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the Accounting Standards for Business Enterprises and other related regulations and present truly and completely the consolidated financial position as at 31 December 2012 and their consolidated operating results, cash flows and other relevant information for the year then ended.

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

1. Accounting period

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

2. Reporting currency

The reporting currency of the Group is RMB.

The financial statements of the Group are expressed in RMB.

3. Basis of preparation and principle of measurement

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

4. Cash and cash equivalents

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

5. Foreign currency transactions

Foreign currency transactions of the Group 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, the translated amount in RMB should not be changed.

6. Financial assets and financial liabilities

(1) Financial assets

Financial assets of the Group are classified as 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.

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

IV. 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)

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

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

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

Changes in the fair value of financial assets at fair value through profit or loss for the current period are recorded as gain or loss on changes in fair value. 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 is recognised as gain or loss on investment and adjust the gain or loss into 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. Cash dividends from available-for-sale equity instruments are recognised as investment income when the dividends are declared by the invested 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.

(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 gain or loss on changes in fair value, and dividends and interest expense in relation to such financial liabilities are charged to profit or loss for the current period as 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.

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

7. Provisions for bad debts on receivables

Criteria for provision for bad debts: The Group provides provisions for bad debts on receivables when the debtors are dissolved, bankrupt, insolvent, in significant financial difficulty, or suspended their businesses due to natural disaster and unable to settle the debts in the foreseeable period; or the receivables are defaulted for more than 5 years; or when there is objective evidence indicating that the debts cannot be recovered or are not likely to be recovered.

Potential loss on bad debts is provided for using allowance account method. At the end of the period, receivables are tested for impairment on individual or group basis and the provisions for bad debts are recognised in the profit or loss for the current period. When there is objective evidence indicating that the receivables cannot be collected, such receivables are written off against the provisions for bad debts as losses on bad debts after granting of approval by the Group according to the required procedures.

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

Basis of determination or threshold of individually significant receivables	Receivables of more than RMB5 million are regarded as individually significant receivables
Method of provision for bad debts on receivables that are individually significant and are provided on individual basis	Provisions for bad debts are made for the excess of the carrying amount over the present value of the future cash flows

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

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

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

(2) Receivables provided for bad debts on group basis

Basis for determination of groups

Aged group	Determine the credit risk characteristics by age of the receivables
Related party group	Determine the credit risk characteristics by the relationships with the parties to transaction
Non-risk group	Determine the credit risk characteristics by nature of the 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 provisions for bad debts on 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

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

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

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

2) Proportion of provisions for bad debts of receivables on other basis:

Related party group	There is special relationship between the related parties and the Group (such as jointly controlled entities and associates), no provision for bad debts is made in general as the difference between the present value of future cash flows and their carrying amount is expected to be insignificant
Non-risk group	Including items such as rental deposits, purchase deposits, petty cash, amount subsequently received. no provision for bad debts is made in general as the difference between the present value of future cash flows and their carrying amount is expected to be insignificant

(3) Receivables that are individually insignificant but are provided for bad debts on individual basis

Reason for providing for bad debts on individual basis	Receivables which of the amount is individually insignificant and the credit risk characteristics of provision made cannot be reflected on group basis.
Method of provision for bad debts	Provisions for bad debts are made for the excess of the 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 cost of purchase when received. Actual cost is calculated using weighted average method when the inventories are acquired. Low-value consumables are amortised in full when received.

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

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

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 have control, joint control nor significant influence and do not have quoted prices in 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 unilateral power to control the operating activities and the decisions making relating to the operating activities of the jointly controlled entity require unanimous consent of the parties.

Significant influence exists when a party has the power to influence the decision making of the invested company's financial and operating policies, but is not able to have control or have joint control with other parties over the formulation of these policies. Significant influence exists when the Group directly or indirectly (through its subsidiary) owns 20% (inclusive) or more but less than 50% of shares with voting rights in the invested company. Significant influence cannot be established where there is explicit evidence 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).

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

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

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

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 recognised based on the fair value 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 on 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 recognised as investment gain or loss after deducting the debit balance amortised over the original remaining period of the equity investment on straight-line basis.

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

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

10. Investment properties

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

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

Investment properties of the Group are subsequently measured using fair value model. Gain or loss on 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.

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

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

10. Investment properties *(Continued)*

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.

An investment property is derecognised on disposal or retirement when 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 and have useful lives of 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 its fair value and the present value of the minimum lease payment at the date of inception of the lease.

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 fixed 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 rates and depreciation rate of each type of the fixed asset of the Group are as follows:

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

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

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

11. Fixed assets *(Continued)*

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.

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 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 agreed consideration of the contracts or agreements is not justified, the assets are measured at fair value.

Land use rights are evenly amortised over their lease terms from the date of transfer. Other intangible assets are evenly amortised on the basis of the shortest of their estimated useful lives, the number of beneficial years as stipulated by contract and by law.

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.

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

13. Intangible assets *(Continued)*

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 indefinite infinite useful lives are reviewed in each accounting period. Where there is objective evidence to prove that the useful life of an intangible asset is finite, the Company shall estimate the useful life and amortise that intangible asset over its estimated useful life.

14. Impairment of long-term non-financial assets

As at each balance sheet date, the Group assesses whether there is any sign indicating that the long-term equity investments, fixed assets, construction in progress and intangible assets with definite useful lives may be impaired. If there is any sign indicating that an asset may be impaired, the asset will be tested for impairment. Goodwill arising in a business combination and an intangible asset with infinite useful lives are tested for impairment annually, irrespective of whether there is any sign to indicating that the asset may be impaired. When it is impossible to make the impairment test on the recoverable amount of an individual asset, the impairment test should be made on the basis of the corresponding assets group or the combination of group assets belongs to.

After the test of impairment, if the recoverable amount of an asset is 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 accounting period. The recoverable amount of an asset is the higher of the net 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 signs of impairment are as follows:

(1) The current market price of an asset declines substantially, exceeding obviously the expected decline caused by time changes 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 market investment has stood high in the period, affecting the discount rate used by an enterprise for the calculation of the present value of the asset estimated future 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 already gone obsolete or its entity has already been damaged;

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

(6) There is evidence from the internal reports demonstrating that the economic returns of asset, such as the net cash flows generated by asset or operating profit (or loss) realized by asset, are much lowered (higher) than that as expected;

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

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

15. Goodwill

Goodwill is the amount at the acquisition date or purchasing date, of the equity investment cost or cost of business combination not involving enterprises under common control, that exceeds the acquirer's interest in the fair value of the investees' or acquiree's identifiable net assets.

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 property renovation cost, which have incurred but shall be undertaken in more than 1 year of amortization period (not including 1 year) of the current and future periods. 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 Remuneration

The Group recognises employee remuneration payables 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 of the services. Compensation for termination of employment with any employee is recognised in the profit or loss for the period.

Employee remuneration includes 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 contractor 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.

18. Principles of revenue recognition

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

(1) Revenue from sale of advertising spaces

Revenue from advertising spaces is generally recognized pro rata over the period in which the advertisement is placed (net of VAT). Sales of advertising spaces, with award credits generating from 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 such award credits are redeemed and the Group's obligations have been fulfilled.

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

18. Principles of revenue recognition *(Continued)*

(2) Revenue from printing

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

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

Revenue from trading of print-related materials and distribution of newspapers and magazines, net of 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 IV.21).

19. Government grants

A government grant is recognised only when the Group can comply with the conditions attaching to the grant and the Group will 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

The deferred income tax assets and deferred income tax liabilities of the Group are recognised based on the differences between the tax bases of assets and liabilities and their respective book values (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 assets are realized or liability is settled.

The 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 the Group to offset such deductible temporary difference. If it is anticipated that no future taxable profits will be available to offset the 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.

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

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.

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

22. Accounting for income tax

Income tax is accounted by using the balance sheet liability method. Income tax expenses represent the sum of current income tax and deferred income tax. Current income tax and deferred income tax in connection with the transactions and matters that are directly recorded in shareholders' equity are dealt with in shareholders' equity. Deferred income tax arising from business combination is adjusted to the carrying value of goodwill. Expenses or income of all other current income tax and deferred income 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 method 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 following criteria simultaneously: (1) the component 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 in proportion with their 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.

IV. 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 reserves. Any excess over capital reserves 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 in which the Group has actual control. The Company has control if it governs the financial and operating policies of an enterprise so as to benefit from its operations.

(2) Accounting method for consolidated financial statements

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

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

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

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

26. Key accounting estimates and judgments

In the application of the Group's accounting policies, 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 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 major sources of uncertainty of estimation at the end of the year, that are probable to cause a material adjustment to the carrying amounts of assets and liabilities of the next financial year.

(1) Buildings

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

(2) Depreciation of fixed assets

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

(3) Fair value of investment property

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

(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, aging analysis 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.

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

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

(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 advertising customers. Accordingly, if the accumulated advertisement fee spent by such customers on the Group's publications reaches a certain level over a specified period of time, they will be given a discount coupon or an advertising space 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 rewards. Any remaining unutilized rewards are recognized as deferred revenues.

(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 between its recoverable amount (higher of value in use and fair value less cost to sell) and its carrying amount. The value 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 as well as 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 is 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.

V. 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 year for the Group.

2. Changes in accounting estimates and their effect

There were no changes in accounting estimates during the year for the Group.

3. Correction of errors of prior periods and their effect

No correction of errors of prior periods was made during the year for the Group.

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

VI. TAX

1. Enterprise Income Tax ("EIT")

Pursuant to the tax regulation of the State, the Group is subject to EIT at a rate of 25% on the taxable 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 until 31 December 2013.

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

2. Value added tax ("VAT")

The companies of the Group which are general VAT taxpayers are subject to output VAT and sale tax at the rate of 17%.

According the regulation which Ministry of Finance and the SAT promulgated the Circular concerning Implementing the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax for Transport and Shipping Industry and Certain Modern Service Industries in Eight Provinces and Municipalities (including Beijing) (關於在北京等8省市開展交通運輸業和部分現代服務業營業税改征增值税試點的通知) (Cai Shui [2012] No. 71), with effective from 1 September 2012, VAT which applies to the additional range of advertising services business and no longer need to provide and pay sales tax. The companies of the Group which are general VAT taxpayers are subject to VAT on adverting service business at the rate of 6%.

VAT credited in form of purchase of raw materials and advertising fees by the companies of the Group which are general VAT taxpayers can offset sales tax, tax rates are 17% and 6% respectively. The VAT payable shall be the balance of the output tax for the period after deducting the input tax 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 before 31 August 2012.

4. Other principal taxes and tax rates

Category	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)

VII. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major subsidiaries

Name of company	Place of registration/ operation	Principle business operation	Registered capital	Business Scope	As at 31 December 2012 Amount of investment	Proportion of shareholding (%)	Proportion of voting rights (%)	Whether consolidated
Subsidiaries obtained through business combination of entities under common control								
Beijing Today Sunshine Advertising Co., Ltd. (Today Sunshine) (Note 3)	PRC	Advertising	4,000	Design, production, agency, publication of domestic and foreign advertising	33,604	100.00	100.00	yes
Subsidiaries obtained through business combination of entities not under common control								
Beiqing CéCi Advertising (Beijing) Limited (Beiqing CéCi)	PRC	Advertising	80,000	Design, production, agency, publication of domestic and foreign advertising	67,750	84.69	84.69	yes
Subsidiaries obtained through establishment or investment								
BYD Logistics Company Limited (BYD Logistics)	PRC	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)	PRC	Advertising	400,000	Wholesale and retail of books and newspapers, agency and publication of advertising	400,000	100.00	100.00	yes
Beiqing Long Teng Investment (Beijing) Company Limited (Beiqing Long Teng) (Note 4)	PRC	Investment management	20,000	Investment management, asset management, corporate image planning, organizing cultural and artistic exchanges, advertising, publishing, economic and trade consulting	20,000	100.00	100.00	yes

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

1. Major subsidiaries *(Continued)*

Note:

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

2) None of the subsidiaries have issued any debt securities at the end of the year or any time during the year.

3) The Company acquired the 45% equity interest in total in Today Sunshine held by the 12 individual Shareholders upon approval at the Company's Board meeting held on 9 October 2012, at a consideration of approximately RMB14,724,000.Today Sunshine completed the procedures of registration of change with the industrial and commercial administration authorities on 9 November 2012. The shareholding of the Company in Today Sunshine was increased from 55% to 100%.

4) Beijing Zhong Wang Shi Tong Technologies Co. Ltd. applied for procedures of registration of change with the industrial and commercial administration authorities on 30 August 2012. After the change, its name was changed to Beiging Long Teng Investment Management (Beijing) Company Limited. The business scope was changed to investment management, asset management, corporate image planning, organizing cultural and artistic exchanges, advertising, publishing, economic and trade consulting, while the registered capital remains unchanged.

2. There was no change in the scope of consolidation for the consolidated financial statement during the year.

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

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Bank balances and cash

	As at 31 December 2012	As at 31 December 2011
Bank balance and cash	**178,486**	170,450
Short-term bank deposits	**611,708**	808,388
Restricted bank deposits	**38,656**	16,755
Total	**828,850**	995,593

The Group's bank balances are deposited at banks in the PRC and carry interest at market interest rates, ranging from 0.35% to 1.49% (2011: 0.36% to 1.49%) per annum.

Short-term bank deposits represent fixed deposits with original maturities ranging from three months to one year and carry fixed interest rates ranging from 2.85% to 3.50% (2011: 1.98% to 3.50%) per annum.

Restricted bank deposits represent marginal deposit for bank acceptance notes and carry market interest rate ranging from 0.35% to 0.50% (2011: 0.36% to 0.50%) per annum.

2. Financial assets held for trading

	As at 31 December 2012	As at 31 December 2011
Investment of equity shares listed in PRC, at fair value	**22**	31
Total	**22**	31

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

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

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

3. Accounts receivable

	As at 31 December 2012	As at 31 December 2011
Accounts receivable	**222,129**	132,999
Less: Provision for bad debts	**8,692**	6,932
Net accounts receivable	**213,437**	126,067
For reporting purpose, analysis as:		
Non-current assets – long-term receivables	**–**	369
Current assets – accounts receivable	**213,437**	125,698
Total	**213,437**	126,067

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

	As at 31 December 2012	As at 31 December 2011
0-90 days	**95,152**	81,754
91-180 days	**62,635**	17,079
181-365 days	**34,791**	16,477
1-2 years	**13,630**	7,328
Over 2 years	**7,229**	3,429
Total	**213,437**	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 excluding certain advertising agents of classified advertisements).

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

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

3. Accounts receivable *(continued)*

(2) Analysis of accounts receivable by categories:

	As at 31 December 2012				As at 31 December 2011			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Significant individual receivables with bad debt provision made on individual basis	–	–	–	–	–	–	–	–
Receivables with bad debt provision made on group basis								
Aging group	175,682	79.09	4,088	2.33	112,932	84.91	2,328	2.06
Related party group	29,930	13.47	–	–	14,545	10.94	–	–
Non-risk group	11,913	5.36	–	–	918	0.69	–	–
Sub-total	217,525	97.92	4,088	1.88	128,395	96.54	2,328	1.81
Insignificant individual receivables but with bad debt provision made on individual basis	4,604	2.08	4,604	100.00	4,604	3.46	4,604	100.00
Total	222,129	100.00	8,692		132,999	100.00	6,932	

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

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

3. Accounts receivable *(continued)*

(2) Analysis of accounts receivable by categories: *(continued)*

Accounts receivable with bad debt provision by aging method:

	As at 31 December 2012			As at 31 December 2011		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	**160,015**	**–**	**–**	101,357	–	–
1 – 2 years	**7,769**	**10.00**	**777**	6,935	10.00	694
2 – 3 years	**4,954**	**30.00**	**1,486**	3,460	30.00	1,038
3 – 4 years	**1,767**	**50.00**	**884**	1,159	50.00	580
Over 4 years	**1,177**	**80.00**	**941**	21	80.00	16
Total	**175,682**		**4,088**	112,932		2,328

(3) The top five accounts receivable as at 31 December 2012 represented 25.40% of the total accounts receivable.

(4) The ageing analysis of the accounts receivable which are past due but not impaired as at the balance sheet date are as follows:

Ageing	As at 31 December 2012	As at 31 December 2011
Within 6 months	**32,613**	5,691
6 months to 1 year	**1,754**	7,828
1 – 2 years	**6,774**	1,890
2 – 3 years	**648**	54
3 – 4 years	**54**	–
Total	**41,843**	15,463

Trade receivables which are past due but not impaired are related to independent customers and related parties such accounts have good credit records with the Group. According to the past experience, management of the Company is of the view that no provision is necessary with respect to such balances, as there is no significant change in credit quality and balances are still considered to be fully recovered.

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

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

4. Prepayments

	As at 31 December 2012	As at 31 December 2011
Prepayments	**16,322**	16,789
Less: provision for bad debts	**–**	–
Net prepayments	**16,322**	16,789

5. Interest receivable

	As at 31 December 2012	As at 31 December 2011
Interest receivable	**7,355**	10,517
Total	**7,355**	10,517

6. Other receivables

	As at 31 December 2012	As at 31 December 2011
Other receivables	**82,222**	59,929
Less: provision for bad debts	**1,517**	378
Net other receivables	**80,705**	59,551

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

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

6. Other receivables

Analysis of other receivables by categories:

	As at 31 December 2012				As at 31 December 2011			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Significant individual other receivables with bad debt provision made on individual basis	–	–	–	–	–	–	–	–
Other receivables with bad debt provision made on group basis								
Aging group	42,603	51.81	1,304	2.78	10,424	17.39	165	1.58
Related party group	151	0.18	–	–	25,613	42.74	–	–
Non-risk group	39,255	47.75	–	–	23,679	39.51	–	–
Sub-total	82,009	99.74	1,304	1.59	59,716	99.64	165	0.27
Insignificant individual other receivables but with bad debt provision made on individual basis	213	0.26	213	100.00	213	0.36	213	100.00
Total	82,222	100.00	1,517		59,929	100.00	378	

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

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

6. Other receivables *(continued)*

Analysis of other receivables by categories: *(continued)*

Other receivables with bad debt provision by aging analysis:

	As at 31 December 2012			As at 31 December 2011		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	32,549	–	–	9,093	–	–
1-2 years	8,723	10.00	872	1,170	10.00	117
2-3 years	1,170	30.00	351	161	30.00	48
3-4 years	161	50.00	81	–	–	–
Total	**42,603**		**1,304**	10,424		165

7. Inventories

	As at 31 December 2012			As at 31 December 2011		
	Carrying amount	Provision for impairment	Net book value	Carrying amount	Provision for impairment	Net book value
Raw materials	50,148	61	50,087	50,294	366	49,928
Total	**50,148**	**61**	**50,087**	50,294	366	49,928

At 31 December 2012, certain of the raw materials which had been written down to net realizable value in prior years were sold. As a result, a reversal of provision for impairment of raw materials of approximately RMB305,000 (2011: RMB569,000) was recognized.

8. Other current assets

	As at 31 December 2012	As at 31 December 2011
Entrusted loans	**150,600**	80,600
Total	**150,600**	80,600

At 31 December 2012, the entrusted loans were provided by the Company to Hebei Heqing Media Corporation Limited ("Heqing Media"), Beiqing Top and BQTM in the form of bank loans of RMB55,000,000, RMB25,600,000 and RMB70,000,000 respectively. They carried fixed interest rates ranging from 5.85% to 6.64% (2011: 4.86% to 5.99%) per annum.

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

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

9. Long-term equity investments

(1) Classifications of long-term equity investments

Classification	As at 31 December 2012	As at 31 December 2011
Unlisted long-term equity investments	**194,731**	145,308
Total	**194,731**	145,308

	As at 31 December 2012	As at 31 December 2011
Associates – under equity method	**135,171**	133,748
Other long-term equity investments – at cost	**64,629**	16,629
Less: provision for impairment loss	**5,069**	5,069
Sub-total of other long-term equity investments	**59,560**	11,560
Total	**194,731**	145,308

(2) Investments in associates

	As at 31 December 2012	As at 31 December 2011
Unlisted investments, at cost	**91,294**	91,378
Share of post-acquisition profit	**43,552**	40,481
Share of capital reserves of associates	**325**	1,889
Total	**135,171**	133,748

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

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

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

(2) Investments in associates (continued)

Associates of the Group are entities established and operated in the PRC. Details of the six associates as at 31 December 2012 are as follows:

Name of company	Place of Registration	Form of business structure	Proportion of shareholding (%) Direct	Proportion of shareholding (%) Indirect	proportion of voting rights (%)	Principle operating activities
Beijing Leisure Trend Advertising Company Limited ("Leisure Trends")	PRC	Limited liability company	49.00	–	49.00	Design, production, agency and publication of advertisement
Beiqing Transmedia Advertising Limited *(Note 1)* ("BQTM")	PRC	Limited liability company	31.09	–	31.09	Provision of designing, production and placement of advertisements and the related agency services
Beijing Beiqing Top Advertising Limited *(Note 2)* ("Beiqing Top")	PRC	Limited liability company	41.60	16.17	41.60	Design, production, agency and publication of advertisement
Beijing Beiqing Shengda Automobile Service Company Limited ("Beiqing Shengda")	PRC	Limited liability company	20.00	–	20.00	Provision of automobile decoration services, market investigation and marketing planning services
Beijing Beisheng United Insurance Agency Co., Ltd. ("Beisheng United")	PRC	Limited liability company	20.00	–	20.00	Provision of automobile insurance agency services
BY Time Consulting Co., Ltd. ("BY Time")	PRC	Limited liability company	30.00	–	30.00	Provision of economic information consulting and cultural events organization services

Notes:

1) During the year, the Company entered into Equity Transfer Agreement with Jianyin Cultural Industry Investment Fund (Tianjin) Limited, pursuant to which sell the 6% equity interest held by the Company in BQTM, to Jianyin Cultural Industry Investment Fund (Tianjin) Limited, at a price of RMB 33,000,000. The procedures of registration of change were completed on 28 December 2012. The proportion of shareholding held by the Company decreased from 37.09% to 31.09%. After transaction, BQTM is still an associate of the Group, and accounted for using equity method of accounting.

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

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

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

(2) Investments in associates (continued)

Notes: *(continued)*

2) In February 2012, pursuant to the agreement between shareholders of Beiqing Top, BQTM injected RMB19,500,000 as the second injection and obtained 21.77% equity interest. Beiqing Top completed the procedures of registration of change were completed on 10 February 2012. BQTM holds 52% shareholding in Beiqing Top. After capital increase, Beiqing Top became subsidiary of BQTM, and is still an associate of the Group, and accounted for using equity method of accounting.

The accounting policies adopted by the Group's associates are consistent with those adopted by the Group and the financial information of the Group's associates are summarized below:

	As at 31 December 2012	As at 31 December 2011
Total assets	**588,792**	476,991
Total liabilities	**(184,091)**	(168,686)
Net assets	**404,701**	308,305
Net assets attributable to the Group	**128,909**	122,569

	For the year ended 31 December 2012	For the year ended 31 December 2011
Operating revenue	**299,923**	225,910
Profit for the year	**46,190**	18,261
Profit of associates for the year attributable to the Group	**13,633**	9,476

The Group has discontinued recognition of its share of loss of Leisure Trends. According to its management accounts, the amount of unrecognized share of Leisure Trends for the year and the accumulated amount are as follows:

	As at 31 December 2012	As at 31 December 2011
Share of unrecognized loss (profit) of the associate for the year	**(523)**	11
Share of accumulated unrecognized loss of the associate	**(536)**	(13)

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

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

10. Investment properties

(1) Investment properties measured at fair value

		Increase during the year		Decrease during the year		
	Fair value as at 1 January 2012	Purchase	Gain or loss arising from changes in fair value	Disposal	Change into owner-occupied property	Fair value as at 31 December 2012
Cost	**21,826**	**–**	**–**	**–**	**–**	**21,826**
Buildings	21,826	–	–	–	–	21,826
Changes in fair value	**21,924**	**–**	**10,749**	**–**	**–**	**32,673**
Buildings	21,924	–	10,749	–	–	32,673
Carrying value	**43,750**	**–**	**10,749**	**–**	**–**	**54,499**
Buildings	43,750	–	10,749	–	–	54,499

The Group's investment properties are located in PRC under medium lease (less than 50 years but more than 10 years). The fair value of the Group's investment properties as at 31 December 2012 have been arrived at by reference to recent market prices for similar properties in the same locations and conditions.

As at 31 December 2012, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB9,037,000 (2011: RMB7,586,000). In the opinion of the directors of the Company, the absence of formal title to these properties does not impair the value of the relevant properties to the Group. The directors of the Company also believe that formal title to these properties will be granted to the Group in due course.

As at 31 December 2012, the investment properties of the Group at fair value of RMB45,462,000 were pledged as collateral for bank borrowings and the ownership was limited. Please see Note VIII.23 for details.

During the year, the rental income generated from investment properties is RMB1,886,000 (2011: RMB1,886,000).

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

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

10. Investment properties *(continued)*

(2) Details of the investment properties are as follows:

No.	Address	Usage
1	502-D-0201,Yuelianghe Chengbaogongyu, Xinwahdajie, Tongzhou District, Beijing.	Residential
2	502-C-0601, Yuelianghe Chengbaogongyu, Xinwahdajie, Tongzhou District, Beijing.	Residential
3	502-C-0301, Yuelianghe Chengbaogongyu, Xinwahdajie, Tongzhou District, Beijing.	Residential
4	No. 9, Section A, No.1 Floor, Jinyufenglinzhou, No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
5	No. 03, Section A, No.1 Floor, Jinyufenglinzhou, No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
6	No. 12, Section A, No.1 Floor, Jinyufenglinzhou, No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
7	C1501, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
8	C1502, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
9	C1503, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
10	C1505, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
11	C1506, No.5 Huizhong Road, Chaoyang District, Beijing.	Office

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

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

11. Fixed assets

Breakdown of fixed assets

	As at 1 January 2012	Increase during the year	Decrease during the year	As at 31 December 2012
Total cost	**35,312**	**680**	**1,312**	**34,680**
Buildings	15,775	–	–	15,775
Plant and machinery	3,746	81	34	3,793
Motor vehicles	5,600	200	674	5,126
Office equipment	196	188	–	384
Electronic equipment	9,995	211	604	9,602
Total accumulated depreciation	**22,622**	**2,256**	**1,280**	**23,598**
Buildings	8,704	757	–	9,461
Plant and machinery	364	374	2	736
Motor vehicles	4,323	511	674	4,160
Office equipment	82	83	–	165
Electronic equipment	9,149	531	604	9,076
Total net carrying amount	**12,690**	**–**	**–**	**11,082**
Buildings	7,071	–	–	6,314
Plant and machinery	3,382	–	–	3,057
Motor vehicles	1,277	–	–	966
Office equipment	114	–	–	219
Electronic equipment	846	–	–	526
Total provision for impairment loss	**–**	**–**	**–**	**–**
Buildings	–	–	–	–
Plant and machinery	–	–	–	–
Motor vehicles	–	–	–	–
Office equipment	–	–	–	–
Electronic equipment	–	–	–	–
Total net book value	**12,690**	**–**	**–**	**11,082**
Buildings	7,071	–	–	6,314
Plant and machinery	3,382	–	–	3,057
Motor vehicles	1,277	–	–	966
Office equipment	114	–	–	219
Electronic equipment	846	–	–	526

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

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

11. Fixed assets *(continued)*

The depreciation of fixed assets recognized in the income statement for the year is RMB2,256,000 (2011: RMB3,258,000).

The income from disposal of fixed assets recognized in the income statement for the year is RMB69,000 (2011: RMB2,332,000).

The rental income generated from fixed assets for the year is RMB3,843,000 (2011: RMB3,843,000).

12. Intangible assets

(1) Breakdown of intangible assets

	As at 1 January 2012	Increase during the year	Decrease during the year	As at 31 December 2012
Total cost	**40,814**	**492**	**–**	**41,306**
Land use rights	40,226	–	–	40,226
Software	588	492	–	1,080
Total accumulated amortization	**12,690**	**964**	**–**	**13,654**
Land use rights	12,324	888	–	13,212
Software	366	76	–	442
Total carrying amount	**28,124**			**27,652**
Land use rights	27,902			27,014
Software	222			638

The amortization of intangible assets recognized in the income statement for the year is RMB964,000 (2011: RMB1,905,000).

The land use rights of the Group are located in PRC under medium lease (less than 50 years but more than 10 years).

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

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

13. Goodwill

	As at 31 December 2012	As at 31 December 2011
Goodwill arising from the acquisition of Beiqing CéCi	**47,377**	47,377
Less: provision for impairment loss	**–**	–
	47,377	47,377

Goodwill arising from the acquisition of Beiqing CéCi in 2011 was assessed for impairment at 31 December 2012.

For the purpose of impairment testing, goodwill has been allocated to the relevant group of asset – Beiqing CéCi (asset group). The recoverable amount of the above asset group is determined by the present value of the expected future cash flows. The relevant projection is based on financial budgets of the most recent five years approved by management while the future cash flows for the sixth year onwards is projected based on zero growth rate. The discount rate is 13%. Other key assumption for the value in use calculation relate to the estimation of cash inflows/outflows which included gross margin and operating costs, such estimation is based on the management's past performance and expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the asset group to fall below its carrying amount.

As at 31 December 2012, management of the Group determined that the asset group containing goodwill had not suffered any impairment.

14. Deferred income tax assets and deferred income tax liabilities

	As at 1 January 2012	**Increase during the year**	**Decrease during the year**	**As at 31 December 2012**
Deferred income tax assets				
Provision for impairment of assets	1,206	170	58	1,318
Total	**1,206**	**170**	**58**	**1,318**
Deferred income tax liabilities				
Changes in fair value of investment properties	1,292	2,324	–	3,616
Total	**1,292**	**2,324**	**–**	**3,616**

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

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

14. Deferred income tax assets and deferred income tax liabilities *(continued)*

Breakdown of deductible temporary difference and taxable temporary difference are as follows:

	As at 31 December 2012	As at 31 December 2011
Deductible temporary difference		
Provision for impairment of assets	**5,272**	4,824
Taxable temporary difference		
Changes in fair value of investment properties	**14,464**	5,168

As at 31 December 2012, the Group has unused tax loses of approximately RMB14,423,000 (2011: RMB13,052,000) available for offset against future taxable profits. No deferred income tax assets has been recognised for these tax losses due to the uncertainty of future taxable profits streams. These tax losses will be expired at various dates up to 2017.

15. Other non-current assets

	As at 31 December 2012	As at 31 December 2011
Investments in equity interest	**–**	48,000

16. Breakdown of impairment provision of assets

		Increase during the year		Decrease during the year		
	As at 1 January 2012	Provision	Other transfers into the provision	Reversal	Other transfers out from the provision	As at 31 December 2012
Provision for bad debts	7,310	2,929	–	30	–	10,209
Provision for impairment of inventories	366	–	–	305	–	61
Provision for impairment of long-term equity investments	5,069	–	–	–	–	5,069
Total	**12,745**	**2,929**	**–**	**335**	**–**	**15,339**

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

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

17. Accounts payable

(1) The following is an aging analysis of accounts payable as at 31 December 2012 presented based on the invoice date:

	As at 31 December 2012	As at 31 December 2011
Within 90 days	**66,334**	45,846
91 to 180 days	**24,611**	10,224
181 to 365 days	**2,572**	6,707
Over one year	**15,013**	538
Total	**108,530**	63,315

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

18. Employee benefit payables

	As at 1 January 2012	**Increase during the year**	**Decrease during the year**	**As at 31 December 2012**
Salaries, bonus, allowances and subsidies	2,991	31,513	31,199	3,305
Staff benefits	–	1,083	1,083	–
Social security insurance	577	9,377	9,310	644
Including: medical insurance fee	181	2,773	2,768	186
basic pension insurance	366	6,066	6,011	421
unemployment insurance	16	273	270	19
labor injury insurance	4	73	72	5
maternity insurance	10	192	189	13
Housing fund	–	4,722	4,722	–
Union fund and staff education fund	2,530	1,115	818	2,827
Total	**6,098**	**47,810**	**47,132**	**6,776**

19. Tax payables

	As at 31 December 2012	As at 31 December 2011
Value added tax	**(9,029)**	(2,586)
Business tax	**303**	2,181
Corporate Income Tax	**974**	1,918
Personal Income Tax	**223**	1,001
Urban maintenance and construction tax	**27**	168
Property tax	**–**	94
Education surcharge	**19**	72
Cultural Construction Fee	**1,113**	1,165
Total	**(6,370)**	4,013

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

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

20. Other payables

	As at 31 December 2012	As at 31 December 2011
Other payables	**92,215**	91,201
Total	**92,215**	91,201

As at 31 December 2012, the balance of other payables included an amount of approximately RMB72,060,000 (2011: RMB72,047,000) denominated in HKD88,870,000 (2011: HKD88,870,000). The amount represents the proceeds from the sale of shares in global offering by three shareholders ("Selling Shareholders") which are PRC state-owned enterprises. The proceeds were received by the Company on behalf of the Selling Shareholders. Pursuant to the relevant PRC government requirement, the proceeds will be remitted to the national social security fund. The Company remitted the above-mentioned proceeds to the national social security fund on 28 January 2013.

21. Non-current liabilities due within one year

	As at 31 December 2012	As at 31 December 2011
Long-term borrowings – repayable within 1 year	**3,670**	3,670
Total	**3,670**	3,670

Details of non-current liabilities due within one year are disclosed in Note VIII.23.

22. Other current liabilities

	As at 31 December 2012	As at 31 December 2011
Deferred income of customer loyalty program	**7,539**	8,513
Total	**7,539**	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)

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

23. Long term borrowings

	As at 31 December 2012	As at 31 December 2011
Bank loans – secured	**3,670**	7,340
Less: Portion due within one year (note VIII.21)	**3,670**	3,670
Portion due in more than one year, but less than two years	**–**	3,670

As at 31 December 2012, the secured bank loan was granted by the bank to the subsidiary of the Company, Today Sunshine, of RMB3,670,000 (2011: RMB7,340,000), 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 (Note VIII.10). Moreover, BYDA provides guarantee with joint liability. The interest of the loan is based on a fixed rate of 6.16% to 7.32% (2011: 6.16% to 7.32%).

24. Share capital

	As at 31 December 2012	As at 31 December 2011
Ordinary shares of RMB1.00 each		
Registered, issued and fully paid:		
– Domestic shares	**142,409**	142,409
– H shares	**54,901**	54,901
Total	**197,310**	197,310

25. Total operating revenue, operating costs

	For the year ended 31 December 2012	For the year ended 31 December 2011
Principal operating revenue	**683,654**	747,914
Other operating revenue	**6,622**	9,660
Total operating revenue	**690,276**	757,574
Principal operating costs	**607,924**	643,092
Other operating costs	**550**	3,737
Total operating costs	**608,474**	646,829
Gross Profit	**81,802**	110,745

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

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

25. Total operating revenue, operating costs *(Continued)*

Total operating revenue, which is the turnover of the Group, represents the net amounts received and receivable from sales of advertising layout and goods and rendering of services by the Group to outside customers, less trade discounts during the period.

(1) Principal operations – by business

	For the year ended 31 December 2012		For the year ended 31 December 2011	
	Operating revenue	**Operating costs**	Operating revenue	Operating costs
Advertising	**361,299**	**308,070**	450,331	349,580
Printing	**47,147**	**42,212**	50,969	47,458
Trading of print-related materials	**272,208**	**257,642**	234,860	220,069
Distribution	**–**	**–**	11,754	25,985
Consultation service income	**3,000**	**–**	–	–
Total	**683,654**	**607,924**	747,914	643,092

(2) For the year ended 31 December 2012, the sum of operating revenue from the top five customers is RMB147,373,000, representing 21.35% of total operating revenue.

26. Financial expenses

	For the year ended 31 December 2012	For the year ended 31 December 2011
Interest expenses – on bank loans wholly repayable within 5 years	**587**	677
Less: Interest income	**32,508**	27,408
Add: Exchange loss	**510**	(3,810)
Add: Other expenses	**97**	17
Total	**(31,314)**	(30,524)

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

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

27. Impairment loss of assets

	For the year ended 31 December 2012	For the year ended 31 December 2011
Loss for bad debts	**2,899**	979
Impairment loss on inventories	**(305)**	317
Total	**2,594**	1,296

28. Gain on changes in fair value

	For the year ended 31 December 2012	For the year ended 31 December 2011
Loss on changes in fair value of financial assets held for trading	**(10)**	(58)
Gain on changes in fair value of investment properties	**10,749**	4,209
Total	**10,739**	4,151

29. Investment income

(1) The investment income was arisen from:

	For the year ended 31 December 2012	For the year ended 31 December 2011
Share of profit of associates	**13,633**	9,476
Other investment income:		
Gain on disposal of a subsidiary	**–**	67,873
Gain on disposal of other long-term equity investments	**–**	541
Gain on deemed disposal of an associate	**–**	5,808
Gain on disposal of partial interests in an associate	**11,228**	–
Gain on disposal of financial assets held for trading	**–**	211
Other investment income	**11,128**	12,750
Sub-total of other investment income	**22,356**	87,183
Total	**35,989**	96,659

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

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

30. Non-operating income

	For the year ended 31 December 2012	For the year ended 31 December 2011
Gain on disposal of fixed assets	**75**	2,332
Government grants (Note)	**–**	300
Penalty income for breach of contracts	**–**	302
Compensation for removal of advertising board	**18**	–
Late payment charges	**1,437**	–
Others	**–**	188
Total	**1,530**	3,122

Note: Government grants represented unconditional grant from the PRC government in relation to the project funds for creative industry of media culture. Government grant was determined at the sole discretion of the relevant PRC government authorities.

31. Income tax expenses

(1) Income tax expenses

	For the year ended 31 December 2012	For the year ended 31 December 2011
Current income tax expenses	**4,566**	4,379
Deferred income tax expenses	**2,212**	1,326
Total	**6,778**	5,705

(2) Current income tax expenses

	For the year ended 31 December 2012	For the year ended 31 December 2011
Current income tax– PRC	**4,188**	4,137
Under-provision in prior years-PRC	**378**	242
Total	**4,566**	4,379

There was no provisions for Hong Kong profits tax of the Group during the Year, because no profits was generated from Hong Kong.

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

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

31. Income tax expenses *(Continued)*

(3) Reconciliation table of total profit to income tax expense

The reconciliation from income tax calculated based on the application tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	For the year ended 31 December 2012	For the year ended 31 December 2011
Total profit	**70,237**	128,418
Income tax calculated at the applicable tax rate of 25%	**17,560**	32,105
Tax effect of non-taxable income	**(13,003)**	(12,948)
Tax effect of non-deductible expenses	**2,947**	1,400
Tax effect of special tax exemptions	**(2,475)**	(13,970)
Tax effect of the subsidiary's losses in this year	**1,681**	324
Utilisation of previously unrecognized tax losses	**(310)**	(1,448)
Underprovision in prior years	**378**	242
Income tax expense	**6,778**	5,705

Note: The Company is an enterprise mainly engaged in providing newspaper advertising services in the PRC. In accordance with the approval documents issued by the Beijing Local Tax Bureau, Chaoyang Branch, the Company is exempted from EIT until 31 December 2013.

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

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

32. Auditors' remuneration

The auditors' remuneration for the year was RMB1,350,000 (2011: RMB1,350,000).

33. Emoluments of Directors, Supervisors and Employees

(1) Emoluments of Directors and Supervisors

1) The paid or payable emoluments of the 21 (2011: 16) directors and supervisors are as follows:

For the year ended at 31 December 2012:

Name	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefits scheme	Total
Director					
ZHANG Yanping	–	520	39	33	592
ZHANG Yabin (iv)	–	282	23	19	324
YU Haibo (ii)	–	–	–	–	–
SUN Wei	–	420	39	33	492
HE Xiaona (iii)	–	368	39	33	440
LI Shiheng	20	–	–	–	20
WU Peihua	20	–	–	–	20
LIU Han	20	–	–	–	20
LI Xiaobing (iii)	13	–	–	–	13
XU Xun	20	–	–	–	20
LI Yigeng	–	–	–	–	–
TSANG Hing Lun	100	–	–	–	100
WU Changqi	100	–	–	–	100
LIAO Li	100	–	–	–	100
SONG Jianwu (iii)	67	–	–	–	67
CUI Baoguo (iii)	67	–	–	–	67
Sub-total	527	1,590	140	118	2,375
Supervisor					
HE Daguang	–	20	–	–	20
ZHOU Fumin	–	20	–	–	20
TIAN Kewu	–	20	–	–	20
YAN Mengmeng	–	208	39	33	280
ZHANG Chuanshui	–	20	–	–	20
Sub-total	–	288	39	33	360
Total	527	1,878	179	151	2,735

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

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

33. Emoluments of Directors, Supervisors and Employees *(Continued)*

(1) Emoluments of Directors and Supervisors (Continued)

1) The remuneration paid or payable to each of the 21 (2011: 16) directors and supervisors were as follows: (Continued)

Notes:

(i) Other benefits including medical insurance, unemployment insurance and housing fund.

(ii) Appointed on 21 December 2012.

(iii) Appointed on 15 May 2012.

(iv) Removed on 21 December 2012.

For the year ended at 31 December 2011:

Name	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefits scheme	Total
Director					
ZHANG Yanping	–	520	36	30	586
ZHANG Yabin	–	470	36	30	536
SUN Wei	–	420	36	30	486
TSANG Hing Lun	100	–	–	–	100
WU Changqi	100	–	–	–	100
LIAO Li	100	–	–	–	100
LIU Han	20	–	–	–	20
XU Xun	20	–	–	–	20
LI Yigeng	–	–	–	–	–
LI Shiheng	10	–	–	–	10
WU Peihua	10	–	–	–	10
Sub-total	360	1,410	108	90	1,968
Supervisor					
HE Daguang	–	–	–	–	–
ZHOU Fumin	–	–	–	–	–
TIAN Kewu	–	–	–	–	–
YAN Mengmeng	–	193	36	30	259
ZHANG Chuanshui	–	–	–	–	–
Sub-total	–	193	36	30	259
Total	360	1,603	144	120	2,227

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

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

33. Emoluments of Directors, Supervisors and Employees *(Continued)*

(1) Emoluments of Directors and Supervisors (Continued)

1) The remuneration paid or payable to each of the 21 (2011: 16) directors and supervisors were as follows: (Continued)

In addition to directors' and supervisors' emoluments disclosed above, certain directors and supervisors of the Company receive emoluments from the BYDA. The total amount for the year ended 31 December 2012 was approximately RMB2,520,000 (2011: RMB1,448,000), part of which is in respect of their services to the Group. No apportionment has been made for this amount as the directors consider that it is impracticable to apportion this amount between their services rendered to the Group and their services rendered to BYDA.

No directors and supervisors waived or agreed to waive any emoluments for the two years ended 31 December 2012. During the year, no emoluments have been paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

(2) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2011: three) were directors. The emoluments of the remaining two (2011: two) individuals were as follows:

	For the year ended 31 December 2012	For the year ended 31 December 2011
Basis salaries and allowance	**818**	812
Employer's contributions to retirement benefit scheme	**66**	90
Total	**884**	902

The remunerations of the above-mentioned two individuals fall within the following band:

	For the year ended 31 December 2012	For the year ended 31 December 2011
NIL–HK$1,000,000 (equivalent to RMB810,800)	**2**	2
Total	**2**	2

During the year, no emoluments have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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

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

33. Emoluments of Directors, Supervisors and Employees *(Continued)*

(3) Emoluments of Senior Management

The remunerations of Senior Management fall within the following band:

	For the year ended 31 December 2012	For the year ended 31 December 2011
0 – HK$500,000 (equivalent approximately RMB405,400)	**3**	3
HK$500,001 – HK$1,000,000 (equivalent approximately RMB405,401 to RMB810,800)	**2**	3
Total	**5**	6

34. Retirement benefit scheme – defined contribution plans

All the full time employees of the Group are covered by a state-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. The PRC government is responsible for the pension liability to these retired employees. The Group was required to make defined contributions to the pension scheme at the rate of 20% for the year ended 31 December 2012(2011: 20%) of the employees' basic salaries, which is subject to certain cap as stipulated by relevant local authority. Contributions to this retirement scheme are charged to the consolidated statement of comprehensive income as and when incurred. Under this scheme, the Group has no obligation for post-retirement benefit beyond the annual contributions.

For the year ended 31 December 2012, contributions from retirement benefit scheme recognized in income statement was RMB 6,066,000 (2011: RMB5,861,000)

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

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

35. Dividends

	For the year ended 31 December 2012	For the year ended 31 December 2011
Dividends recognised as distribution during the year:		
Payment of 2011 final dividend – RMB0.60 (2011:2010 final dividend RMB 0.50) per share (Note)	**118,386**	98,655
Total	**118,386**	98,655

Note: At the annual general meeting held on 15 May 2012, the shareholders approved the final dividends of RMB0.60 per ordinary share amounting to a total of RMB118,386,000 in respect of the year ended 31 December 2011.The amounts have been appropriated from retained earnings for the year ended 31 December 2012.

The final dividend for 2012 of RMB0.30 per share totaling RMB59,193,000 has been proposed by the directors and is subject to shareholders' approval in the forthcoming general meeting.

36. Reconciliation of net profit to cash flows from operating activities

	For the year ended 31 December 2012	For the year ended 31 December 2011
Net profit	**63,459**	122,713
Add: Provision for assets impairment	**2,594**	1,296
Depreciation of fixed assets	**2,256**	3,258
Amortisation of intangible assets	**964**	1,905
Amortisation of long-term prepaid expenses	**1,316**	1,675
Gain on disposal of fixed assets, intangible assets and other long-term assets	**(69)**	(2,327)
Gain on from changes in fair value	**(10,739)**	(4,151)
Financial expenses	**(28,222)**	(28,855)
Investment income	**(35,989)**	(96,659)
Increase in deferred income tax assets	**(112)**	(52)
Increase in deferred income tax liabilities	**2,324**	1,378
(Increase) decrease of inventories	**(146)**	17,171
Increase in operating accounts receivable	**(41,331)**	(12,744)
Increase (decrease) in operating accounts payable	**82,749**	(25,659)
Net cash flows from operating activities	**39,054**	(21,051)

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

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

37. Changes in cash and cash equivalents

	As at 31 December 2012	As at 31 December 2011
Bank balance and cash at end of year	**178,486**	170,450
Less: Bank balance and cash at beginning of year	**170,450**	204,719
Cash equivalents at end of year	**–**	–
Less: cash equivalents at beginning of year	**–**	–
Net change in cash and cash equivalents	**8,036**	(34,269)

38. Information on acquisition or disposal of subsidiaries

	For the year ended 31 December 2012	For the year ended 31 December 2011
Information on acquisition of subsidiaries		
1. Consideration of acquisition of subsidiaries	**–**	–
2. Cash and cash equivalents paid for acquisition of subsidiaries	**–**	–
Less: Cash and cash equivalent held by subsidiaries	**–**	2,731
3. Net cash paid for acquisition of subsidiaries	**–**	(2,731)
4. Net assets of the acquired subsidiaries		
Current assets	**–**	67,790
Non-current assets	**–**	514
Current liabilities	**–**	(5,681)
Non-current liabilities	**–**	(30,000)
Information on disposal of subsidiaries		
1. Consideration of disposal of subsidiaries	**–**	48,000
2. Cash and cash equivalents received from disposal of subsidiaries	**–**	–
Less: Cash and cash equivalent held by subsidiaries	**–**	13,575
3. Net cash received from disposal of subsidiaries	**–**	(13,575)
4. Net assets of the disposed subsidiaries		
Current assets	**–**	24,391
Non-current assets	**–**	21,593
Current liabilities	**–**	(74,928)
Non-current Liabilities	**–**	(259)

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

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

39. Cash and cash equivalents

	As at 31 December 2012	As at 31 December 2011
Bank balances and cash	**828,850**	995,593
Less: short-term bank deposits with maturity more than 3 months	**611,708**	808,388
Restricted bank deposits	**38,656**	16,755
	178,486	170,450
Representing:		
Cash in hand	**65**	78
Deposits held at call with banks	**178,421**	170,372
Cash and cash equivalents at the end of the year	**178,486**	170,450

40. Major non-cash transactions

The Company entered into the Capital Increase Agreement with Beiyang Media in 2011, whereby the Company's 60% equity interest in Heqing Media were transferred in exchange for 1.5% equity interest in Beiyang Media at fair value of RMB48,000,000. During the year, the procedures of registration of change with the industrial and commercial administration authorities have been completed, and accounted by transferring from other non-current assets to other long-term equity investment.

IX. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Relationships of related parties

Related parties that had transaction with the Group during the year are as follows:

Relationship	**Name of related party**
Ultimate controlling company	BYDA
Subsidiary of BYDA	XiaoHongMao Corporation
Subsidiary of BYDA	Beijing XiaoHongMao Logistics Co. Ltd.
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
Associate of the Company	Beiqing Transmedia Co. Limited
Associate of the Company	Beijing Beiqing Top Advertising Limited
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Beijing Beisheng United Insurance Agency Co. Limited
Associate of the Company	Beijing Beiqing Shengda Automobile Service Company Limited
Other related parties	Shanghai China Business News Company Limited

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

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

2. Related party transactions

(1) Purchase of goods/receipt of services

Related Parties	**Pricing policy of related party transaction**	**For the year ended 31 December 2012**	For the year ended 31 December 2011
BYDA *(Note 1)*	Contracted Price	**51,763**	58,247
Subsidiaries of BYDA	Contracted price	**3,412**	6,431
Total		**55,175**	64,678

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 the advertising revenue to BYDA for the period from 1 October 2004 to 30 September 2033.

(2) Sales of goods/rendering of services

Related Parties	**Pricing policy of related party transaction**	**For the year ended 31 December 2012**	For the year ended 31 December 2011
BYDA	Contracted price	**22,560**	10,044
Jointly controlled entities of the Company	Contracted price	**–**	58
Associates of the Company	Contracted price	**10,422**	5,218
Subsidiaries of BYDA	Contracted price	**140**	17,105
Other related parties	Contracted price	**–**	20,743
Total		**33,122**	53,168

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

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

2. Related party transactions *(Continued)*

(3) *Leasing-The Group as lessor*

Lessee	Nature of assets leased	Date of commencement	Date of termination	Basis for rental income	Rental income recognized for the year
BYDA	Building	2010-1-1	2012-12-31	Contracted price	3,843

(4) *Leasing – The Group as Lessee*

Lessor	Nature of assets leased	Date of commencement	Date of termination	Basis for rental income	Rental expense recognized for the year
BYDA	Building	2010-1-1	2012-12-31	Contracted price	1,363

(5) *Entrusted Loan*

During the year ended 31 December 2012, the Company provided entrusted loan in aggregate of RMB25,600,000 to Beiqing Top via bank, with terms from 6 July 2012 to 30 November 2013. The Company provided entrusted loan of RMB 70,000,000 to BQTM via bank, with the terms from 12 July 2012 to 28 June 2013.

(6) *Remuneration for key management personnel*

	For the year ended 31 December 2012	For the year ended 31 December 2011
Remuneration for key management personnel	**4,760**	4,549

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

(7) *Financial guarantee*

During the year ended 31 December 2012, BYDA provided a financial guarantee of up to RMB13,000,000 to bank in respect of the credit facilities granted to Today Sunshine, with the guarantee term from 25 June 2010 to 25 June 2013.

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

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

3. The balances of related parties

(1) Accounts receivable due from related parties

Related parties	As at 31 December 2012 Carrying amount	As at 31 December 2012 Provision for bad debts	As at 31 December 2011 Carrying amount	As at 31 December 2011 Provision for bad debts
BYDA	**77**	**–**	4,895	–
Associates of the Company	**5,919**	**–**	136	–
Subsidiaries of BYDA	**23,934**	**–**	9,514	–
Total	**29,930**	**–**	14,545	–

(2) Other receivables due from related parties

Related parties	As at 31 December 2012 Carrying amount	As at 31 December 2012 Provision for bad debts	As at 31 December 2011 Carrying amount	As at 31 December 2011 Provision for bad debts
Associates of the Company	**61**	**–**	25,613	–
Subsidiaries of BYDA	**90**	**–**	–	–
Total	**151**	**–**	25,613	–

(3) Accounts payable due to related parties

Related parties	As at 31 December 2012	As at 31 December 2011
BYDA	**5,593**	6,120
Subsidiaries of BYDA	**1,343**	3,886
Total	**6,936**	10,006

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

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

3. The balances of related parties *(Continued)*

(4) *Other payables due to related parties*

Related parties	As at 31 December 2012	As at 31 December 2011
BYDA	**5,410**	5,410
Associates of the Company	**288**	336
Subsidiaries of BYDA	**100**	911
Total	**5,798**	6,657

(5) *Receipts in advance due from related parties*

Related parties	As at 31 December 2012	As at 31 December 2011
BYDA	**19**	–
Associates of the Company	**–**	25
Other related parties	**4,412**	3,437
Total	**4,431**	3,462

(6) *Prepayment to related parties*

Related parties	As at 31 December 2012	As at 31 December 2011
Subsidiaries of BYDA	**734**	–
Total	**734**	–

(7) *Entrusted Loan*

Related parties	As at 31 December 2012	As at 31 December 2011
Other current assets:		
Associates of the Company	**95,600**	25,600
Total	**95,600**	25,600

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

X. COMMITMENTS

1. The Group as Lessee

At 31 December 2012, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 31 December 2012	As at 31 December 2011
Within one year	**5,424**	3,897
1-2 years	**4,746**	1,687
2-3 years	**4,030**	976
After 3 years	**2,814**	804
Total	**17,014**	7,364

2. The Group as Lessor

At 31 December 2012, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 31 December 2012	As at 31 December 2011
Within one year	**3,843**	5,729
1-2 years	**1,886**	1,886
2-3 years	**1,886**	1,886
After 3 years	**314**	2,200
Total	**7,929**	11,701

XI. POST-BALANCE SHEET EVENTS

1. On 9 October 2012, the Company signed a Capital Increment Agreement with Beijing Longteng Xiangrui Culture Development Co., Ltd. to jointly inject RMB30,000,000 to Beiqing Long Teng, upon which its registered capital will increase from RMB20,000,000 to RMB50,000,000. It is expected that the relevant injection and corresponding changes in registration with the industrial and commercial administration authorities will be completed in the first half of 2013. The Company's equity interests in Beiqing Long Teng will be decreased from 100% to 51% after the completion of capital injection.

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

XII. SEGMENT INFORMATION

The price of intra-segment transactions is determined with reference to market rates. Expenses incurred from intrasegment transactions, other than those which are unable to be allocated reasonably, are allocated between different segments on the basis of revenue. The segments are:

Segment	Principal activities
Advertising:	Sales of advertising spaces and outdoor advertising of BYDA and CéCi magazine.
Printing:	Provision of printing services.
Trading of print-related material:	Sales of paper, ink, lubricant, film, pre-coating photosensitive liquid plate and rubber plate used for printing and other print-related materials.

Note: The Group disposed Heqing Media, a subsidiary of the Group, on 22 December 2011. Heqing Media did not consolidate into the Company's account since that day. Therefore, there was no advertising and distribution business related to Heqing Media for the year ended 31 December 2012.

1. For the year ended 31 December 2012

	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount	Elimination	Total
Operating revenue	361,400	118,937	377,090	–	9,622	(176,773)	690,276
Including: Revenue from external transactions	361,299	47,147	272,208	–	9,622	–	690,276
Revenue from intra-segment transactions	101	71,790	104,882	–	–	(176,773)	–
Operating expenses	360,870	118,045	375,329	–	(9,183)	(176,773)	668,288
Gain on changes in fair value	–	–	–	–	10,739	–	10,739
Investment income	–	–	–	–	44,889	(8,900)	35,989
Operating profit	530	892	1,761	–	74,433	(8,900)	68,716
Non-operating income and expenses, net	1,455	16	50	–	–	–	1,521
Total profit	1,985	908	1,811	–	74,433	(8,900)	70,237
Income tax expenses	2,155	305	965	–	3,353	–	6,778
Net profit	(170)	603	846	–	71,080	(8,900)	63,459
Total assets	1,113,548	45,961	145,543	–	903,358	(522,585)	1,685,825
Total liabilities	131,003	47,117	149,204	–	22,486	(22,419)	327,391
Supplementary information							
Depreciation and amortization expenses	2,910	208	660	–	757	–	4,535
Capital expenditure	677	65	207	–	1,395	–	2,344
Impairment of assets	2,822	(55)	(173)	–	–	–	2,594
Non-cash expenses excluding depreciation and impairment of assets	–	–	–	–	–	–	–

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

XII. SEGMENT INFORMATION *(Continued)*

2. For the year ended 31 December 2011

	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount	Elimination	Total
Operating revenue	452,251	264,888	234,860	11,754	9,660	(215,839)	757,574
Including: Revenue from external transactions	450,331	50,969	234,860	11,754	9,660	–	757,574
Revenue from intra-segment transactions	1,920	213,919	–	–	–	(215,839)	–
Operating expenses	428,670	266,777	229,115	31,650	(7,489)	(215,839)	732,884
Gain on changes in fair value	–	–	–	–	4,151	–	4,151
Investment income	–	–	–	–	96,659	–	96,659
Operating profit (loss)	23,581	(1,889)	5,745	(19,896)	117,959	–	125,500
Non-operating income and expenses, net	–	–	–	–	2,918	–	2,918
Total profit	23,581	(1,889)	5,745	(19,896)	120,877	–	128,418
Income tax expenses	1,193	–	1,578	–	2,934	–	5,705
Net profit	22,388	(1,889)	4,167	(19,896)	117,943	–	122,713
Total assets	1,001,083	61,666	61,709	–	1,044,617	(501,612)	1,667,463
Total liabilities	130,947	59,548	52,806	–	11,809	(17,296)	237,814
Supplementary information							
Depreciation and amortization expenses	5,657	467	414	300	–	–	6,838
Capital expenditure	3,074	422	374	37	–	–	3,907
Impairment of assets	1,248	21	19	8	–	–	1,296
Non-cash expenses excluding depreciation and impairment of assets	3	–	–	–	–	–	3

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

XIII. OTHER SIGNIFICANT EVENTS

1. Leasing

Assets leased out under operating leases

Categories of assets leased out under operating leases	**As at 31 December 2012**	As at 31 December 2011
Investment properties and fixed assets	**49,154**	40,234
Total	**49,154**	40,234

XIV. SUPPLEMENTARY INFORMATION

1. Earnings per share

	For the year ended 31 December 2012	For the year ended 31 December 2011
Net profit for the year attributable to shareholders of the Company	**64,987**	119,894
Weighted average number of issued ordinary shares (thousand shares)	**197,310**	197,310
Earnings per share (RMB)	**0.33**	0.61

Basic earnings per share and diluted earnings per share for the two years ended 31 December 2012 are the same as there were no diluting events existed during both years.

2. Financial instruments and risk management

(1) Classification of financial instruments

	As at 31 December 2012	As at 31 December 2011
Financial assets		
Investment at fair value through profit or loss, at fair value	**22**	31
Loan and receivables (including cash and cash equivalents)	**1,280,947**	1,272,328
Financial liabilities, at amortised cost	**294,576**	208,964

Major financial instruments of the Group include bank balances and cash, financial assets held for trading, accounts receivable, interest receivable, other current assets, other receivables, notes payable, accounts payable, employee benefit payables, tax payables, dividend payable, other payables and long-term borrowings etc. Details of the financial instruments are disclosed in their respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

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

XIV. SUPPLEMENTARY INFORMATION *(Continued)*

2. Financial instruments and risk management *(Continued)*

(2) Objective and policies of risk management

The Group engages in risk management with the aim of achieving an appropriate balance between risks and returns, where the negative effects of risks against the operating results of the Group are minimised, in order to maximise the benefits of shareholders and other stakeholders. Based on such objective in risk management, the underlying strategy of risk management of the Group is to ascertain and analyse all types of risks exposures of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus to confine risk exposures within a prescribed scope.

1) Currency risk

The Group's functional currency is RMB which most of the transactions are denominated in. However, certain other payables of the Group are denominated in foreign currencies.

The following table shows the Group's exposure at the end of the year to currency risk arising from liabilities denominated in a currency other than the functional currency of the entity to which they relate.

	As at 31 December 2012	As at 31 December 2011
Liabilities – HKD	**88,870**	88,870

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of RMB against Hong Kong Dollars while all other variables are held constant. 5% (2011: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each year for a 5% change in foreign currency rates.

	For the year ended 31 December 2012	For the year ended 31 December 2011
Increase (decrease) in profit for the year		
– if RMB weakens against foreign currencies	**(3,603)**	(3,602)
– if RMB strengthens against foreign currencies	**3,603**	3,602

XIV. SUPPLEMENTARY INFORMATION *(Continued)*

2. Financial instruments and risk management *(Continued)*

(2) Objective and policies of risk management (Continued)

2) Interest rate risk

The Group is exposed to fair value interest rate risk through bank fixed deposits and bank loans (see Notes VIII.1 and VIII.23 for details respectively). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable interest rate bank balances (see Note VIII.1 for details) due to the fluctuation of the prevailing market interest rate. The management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of base rate published by the People's Bank of China arising from the Group's RMB bank balances.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the year. For variable-rate bank balances, the analysis is prepared assuming the financial assets outstanding at the end of the year were unsettled for the whole year and the stipulated change that took place at the beginning of the financial year was held constant throughout the financial year. A 25 (2011: 25) base point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 (2011: 25) base points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would increase/decrease by RMB446,000 (2011: RMB426,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

In management's opinion, the sensitivity analysis is not necessarily of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

3) Credit risk

As at 31 December 2012, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet.

In order to minimise the credit risk, the Group's management continuously monitors the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each year to ensure that adequate provision for impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

XIV. SUPPLEMENTARY INFORMATION *(Continued)*

2. Financial instruments and risk management *(Continued)*

(2) Objective and policies of risk management *(Continued)*

3) Credit risk *(Continued)*

The credit risk on current assets is limited because the majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group is subject to concentration risk on geographical location as it operates in the PRC market only. However, The Group has no significant concentration of credit risk as the Group's credit exposure spreads over a wide range of different counterparties and customers.

4) Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from the interest rate curve at end of the reporting period.

Liquidity Table

	Less than 1 year		1-5 years		Total undiscounted cash flows		Carrying amount	
	31/12/2012	31/12/2011	**31/12/2012**	31/12/2011	**31/12/2012**	31/12/2011	**31/12/2012**	31/12/2011
Notes payable	**89,357**	36,599	**-**	–	**89,357**	36,599	**89,357**	36,599
Accounts payable	**108,530**	63,315	**-**	–	**108,530**	63,315	**108,530**	63,315
Dividend payable	**398**	398	**-**	–	**398**	398	**398**	398
Other payables	**92,215**	91,201	**-**	–	**92,215**	91,201	**92,215**	91,201
Non-current liabilities due within one year	**3,670**	3,837	**-**	–	**3,670**	3,837	**3,670**	3,670
Long-term borrowings	**-**	–	**-**	4,106	**-**	4,106	**-**	3,670

XIV. SUPPLEMENTARY INFORMATION *(Continued)*

2. Financial instruments and risk management *(Continued)*

(2) Objective and policies of risk management (Continued)

5) Fair value

The fair values of financial assets and liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;

- The fair value of financial guarantee contracts is determined by professional appraiser using default valuation model where the values of the liabilities associated with the guarantees are estimated based upon an analysis of the guaranteed companies' ability to repay their debts and the potential financial loss for the guarantors, assuming future defaults happen in different time periods.

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximate their fair values.

Fair value measurements recognised in the consolidated balance sheet

The following table provides an analysis of the financial instruments that are measured subsequent to their initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 31 December 2012 Level 1	As at 31 December 2011 Level 1
Investments at fair value through profit or loss	**22**	31

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

XIV. SUPPLEMENTARY INFORMATION *(Continued)*

3. Balance sheet of the Company

	As at 31 December 2012	As at 31 December 2011
Current assets:		
Bank balances and cash	**295,511**	460,511
Accounts receivable	**85,451**	56,823
Prepayments	**4,379**	31,481
Dividend receivable	**8,900**	18,000
Interest receivable	**2,633**	5,256
Other receivables	**76,781**	55,194
Inventories	**356**	369
Other current assets	**146,600**	71,600
Total current assets	**620,611**	699,234
Non-current assets:		
Long-term receivables	**–**	369
Investment in subsidiaries	**553,204**	538,480
Investment in associates	**128,441**	127,018
Other long-term equity investments	**59,060**	11,060
Investment properties	**9,037**	7,586
Fixed assets	**8,269**	9,313
Intangible assets	**27,476**	27,926
Long-term prepaid expenses	**47**	68
Other non-current assets	**–**	48,000
Total non-current assets	**785,534**	769,820
Total assets	**1,406,145**	1,469,054

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

XIV. SUPPLEMENTARY INFORMATION *(Continued)*

3. Balance sheet of the Company *(Continued)*

	As at 31 December 2012	As at 31 December 2011
Current liabilities:		
Accounts payable	**15,592**	10,006
Receipts in advance	**10,594**	12,361
Employee benefit payables	**4,828**	4,478
Tax payables	**(2,843)**	4,388
Other payables	**84,715**	83,900
Other current liabilities	**7,539**	8,513
Total current liabilities	**120,425**	123,646
Total liabilities	**120,425**	123,646
Shareholders' equity:		
Share capital	**197,310**	197,310
Capital reserves	**896,214**	897,778
Surplus reserves	**130,931**	130,931
Undistributed profits	**61,265**	119,389
Total shareholders' equity	**1,285,720**	1,345,408
Total liabilities and shareholders' equity	**1,406,145**	1,469,054

4. Statement of changes in shareholders' equity of the Company

	Share capital	Capital reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
As at 1 January 2011	**197,310**	**897,992**	**130,931**	**142,950**	**1,369,183**
Net profit	–	–	–	75,094	75,094
Dividend to shareholders	–	–	–	(98,655)	(98,655)
Business combination under common control	–	(214)	–	–	(214)
Sub-total of increase/decrease for the year	**–**	**(214)**	**–**	**(23,561)**	**(23,775)**
As at 31 December 2011	**197,310**	**897,778**	**130,931**	**119,289**	**1,345,408**
Net profit	–	–	–	60,262	60,262
Dividend to shareholders	–	–	–	(118,386)	(118,386)
Share of capital reserves of associates	–	(1,866)	–	–	(1,866)
Disposal of partial interest in an associate	–	302	–	–	302
Sub-total of increase/ decrease for the year	**–**	**(1,564)**	**–**	**(58,124)**	**(59,688)**
As at 31 December 2012	**197,310**	**896,214**	**130,931**	**61,265**	**1,285,720**

XV. APPROVAL OF FINANCIAL REPORT

This financial report was approved by the Board of the Company on 15 March 2013.

Beijing Media Corporation Limited

15 March 2013