BEIJING 北青传媒 MEDIA

HK Stock Code: 1000

2013 INTERIM REPORT

Beijing Media Corporation Limited

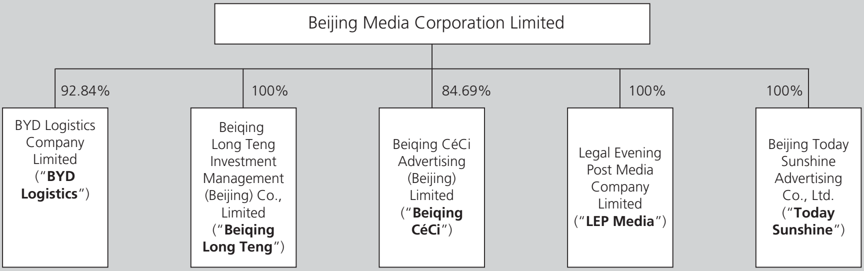
A joint stock company incorporated
in the People's Republic of China with limited liability

CONTENT

COMPANY PROFILE

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

CORPORATE STRUCTURE



COMPANY WEBSITE:

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 30 June 2013): 197,310,000
- Market Capitalisation (as at 30 June 2013): HK$858.30 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)*
Sun Wei *(President)*
He Xiaona *(Executive Vice President)*

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

INDEPENDENT NON-EXECUTIVE DIRECTORS
Song Jianwu
Cui Baoguo
Wu Tak Lung *(Note 1)*
Cui Enqing *(Note 1)*
Chen Ji *(Note 1)*

JOINT COMPANY SECRETARIES
Shang Da
Yu Leung Fai

AUDIT COMMITTEE *(Note 2)*
Wu Tak Lung *(Chairman)*
Chen Ji
Liu Han

REMUNERATION COMMITTEE *(Note 2)*
Cui Baoguo *(Chairman)*
Yu Haibo
Cui Enqing

NOMINATION COMMITTEE *(Note 2)*
Zhang Yanping *(Chairman)*
Song Jianwu
Cui Baoguo

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 LLP
9/F, Block A, Fu Hua Mansion,
No. 8 Chaoyangmen Beidajie,
Dongcheng District, Beijing, the PRC

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

Notes:

1. The resolutions regarding the appointment of Mr. Wu Tak Lung, Mr. Cui Enqing and Mr. Chen Ji as independent non-executive directors of the Company were passed by the shareholders of the Company (the "**Shareholders**") at the annual general meeting held on 15 May 2013. Please refer to the announcement of the Company dated 15 May 2013 for details.

2. The resolutions regarding the audit committee of the board of directors of the Company (the "**Board**") comprised of Mr. Wu Tak Lung, Mr. Chen Ji and Mr. Liu Han and chaired by Mr. Wu Tak Lung; the remuneration committee of the Board comprised of Mr. Cui Baoguo, Mr. Yu Haibo and Mr. Cui Enqing and chaired by Mr. Cui Baoguo; the nomination committee of the Board comprised of Mr. Zhang Yanping, Mr. Song Jianwu and Mr. Cui Baoguo and chaired by Mr. Zhang Yanping were approved by the Board on 15 May 2013. Please refer to the announcement of the Company dated 15 May 2013 for details.

Dear Shareholders,

On behalf of the Group, I am pleased to present the report on interim results of the Group for the six months ended 30 June 2013 (the "**First Half of 2013**").

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, this part of business contributed the largest portion of the turnover of the Group; (2) printing, the turnover of business of this part mainly generated from the revenue of the printing of publications arranged by BYD Logistics; and (3) trading of print-related materials, the business of this part involves the supply and trading of, among other things, newsprint, ink, lubricants, films, PS boards and rubber sheets to customers including commercial printers.

Total operating revenue of the Group for the First Half of 2013 was RMB267,830 thousand (corresponding period of 2012: RMB320,664 thousand), representing a decrease of approximately 16.48% as compared with that for the corresponding period of 2012. Net profit attributable to shareholders of the Company was RMB11,852 thousand (corresponding period of 2012: RMB12,118 thousand), representing a decrease of approximately 2.20% as compared with that for the corresponding period of 2012.

BUSINESS REVIEW OF THE GROUP *(Continued)*

During the First Half of 2013, according to market observation data provided by third parties, affected by macroeconomics, the development of advertisement market of the print media of Beijing Metropolitan newspapers was slowing down and total placement volume of advertisement in market declined by 1.8% as compared to the same period of last year. Meanwhile, the Beijing Municipal Government continued to maintain the macro control over real estate market and enforce stringent restrictive policies on automobile purchase, which persistently generated pressure on the advertising sales to real estate and automobile sectors and intensified the competition in print media industry of metropolitan newspapers.

Facing competition, the Company took an active role in integrating the marketing by alignment with the advertisement in Beijing Youth Daily, Legal Evening Post and Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》) based on the existing advertising business model to establish Beijing Media Advertisement Center, through which the advertisement services cover morning posts, evening posts and aviation media in Beijing in order to diversify the promotion model for our customers and provide customized solutions with full coverage and value-added services.

During the First Half of 2013, the advertising business in real estate sector was still the major advertising business of the Company. With the continuous improvement of living standard, the demands for properties related to regimen, vacation and housing investment were growing. Besides, properties in other cities became appealing to the high net worth individuals in Beijing as it would not be affected by the Beijing stringent restrictive policies on property purchase. To accommodate the demands of this target group, the Company actively explored the properties sources in other cities and further developed the customers in Beijing with real estate sectors in other cities leveraging on its own media advantages. This could help us to formulate the comprehensive and customized marketing solutions for our customers and further complete the supplementary services. For example, the Company had successfully organized several site visits with remarkable response. Meanwhile, the Company took the initiatives to develop new marketing models by combining the advertising sales and physical sales, heralding a surmount to the traditional advertising cooperation model between customers and newspaper media. As a result, more extensive services were provided to the customers and advertising sales of the Company would increase. In addition, the Company moved the housing exhibition to home building materials plaza for the first time, using housing exhibition as the theme, and created an operation model which integrated the chain of service industries such as home decoration, home appliances and finance etc. to become the main feature of the exhibition. This not only strengthened the promotion for Beijing Media's brand image, and also promoted the placement of advertisement of the Company in other related industries. With the continuous effort put by the Company, in the First Half of 2013, the market observation data provided by the third parties showed that the placement volume of advertisement in real estate industry of the Company still maintains a leading advantage in the industry compared with other print media of Beijing Metropolitan newspapers (market share in the First Half of 2013 of placement volume of advertisement in real estate industry of the Company among print media of Beijing Metropolitan newspapers was 44.52%).

BUSINESS REVIEW OF THE GROUP *(Continued)*

In the First Half of 2013, placement volume of advertisement in automobile industry established a strong presence among the total placement volume of advertisement of the Company. Starting from the first half of 2011, Beijing city implemented a restrictive policy on automobile purchase, which had a continuous adverse impact on the placement of advertisement in automobile industry. The market observation data provided by third parties showed that, in the First Half of 2013, the placement volume of advertisement in automobile industry in Beijing city showed a decrease of 22.8% as compared with the same period of last year. According to the restrictive policies on purchase of motor vehicles in Beijing, the total sales quota of passenger car licenses to be allocated by way of unpaid lottery is 240,000 each year. Recently, demand for replacing original motor vehicles with new motor vehicles gradually increased. After old motor vehicles are phased out, owners can apply the original license to the new car for replacement of the old car, which is not subject to the restrictions of lottery quota. The car purchase market beyond the limited quota is gradually forming. The Company has quickly locked this target market and designed combined marketing solutions for customers supplemented by other resources to provide value-added services. Besides, with a lot of old cars to be replaced, transactions of second-hand car which mainly aimed at sales in peripheral areas became an emerging market with significant growth. Following the First Beijing, Tianjin and Hebei Second-hand Car Forum successfully held last year which built the first communication platform in second-hand car industry, the Company hence held the Second Beijing Car Replacement Roundtable Forum to promote the construction of integrity for second-hand car circulation industry and create an integrity and harmonious market environment for operation and consumption. It also played a positive role in promoting advertisement placement in automobile industry. In the First Half of 2013, the market observation data provided by third parties showed that, benefited from the efforts of the Company in different aspects, the placement volume of advertisement in automobile industry of the Company still maintains a leading advantage in the industry compared with other print media of Beijing Metropolitan newspapers (market share in the First Half of 2013 of placement volume of advertisement of the Company in automobile industry among print media of Beijing Metropolitan newspapers was 38.72%).

Meanwhile, the market observation data provided by third parties showed that the placement volume of advertisement in Beijing Youth Daily in industries such as financial, insurance and luxury which targetted at the high-income group had a high market share among the print media of Beijing Metropolitan newspapers, especially the performance of placement volume in financial and insurance industry was significant (market share in the First Half of 2013 of placement volume of advertisement in financial and insurance industry and luxury industry of the Company among print media of Beijing Metropolitan newspapers were 40.70% and 47.33% respectively).

BUSINESS REVIEW OF THE GROUP *(Continued)*

The Company fully estimated the market, seized the opportunity and strengthened its own advantage in media, leading to be at the strong operating position in the industry. In the First Half of 2013, the market observation data provided by third parties showed that market share of advertisement in Beijing Youth Daily still ranked top among the print media of Beijing metropolitan newspapers (market share of Beijing Youth Daily among print media of Beijing metropolitan newspapers was 33.62%).

In 2013, the Company at the same time actively promotes the strategic development of outdoor advertisement business. Among the outdoor billboards bided by Beijing Municipal Commission of City Administration and Environment, the advertisement operations of the 6 outdoor billboards which the Company successfully acquired are in good condition with significant income, which brings more income for the Company.

Besides, while the Company consolidated its current business, it also extended its operation in different directions and continued to expand industrial market which related to culture. The Company set foot on the film and television production operations and successfully invested in TV series "Zheng Yang Men Xia"（《正陽門下》）. This television series have been broadcasted on several local channels in succession, Beijing Satellite TV has also begun broadcast on 8 August and it was highly appraised with high ratings which may get more profit opportunities for the Company.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP

BYD Logistics is a 92.84%-owned subsidiary of the Company. In the First Half of 2013, the main source of profits of BYD Logistics was gradually shifted from relying on intra-group printing and trading businesses to the printing and trading businesses from third parties. It had achieved significant results in developing third party customers which do not belong to the Group. In the First Half of 2013, profits of BYD Logistics increased as compared with those in the same period of last year. In the second half of 2013, BYD Logistics will further expand its market in respect of on-site publication and network personalization.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP *(Continued)*

Beiqing CéCi, a 84.69%-owned subsidiary of the Company, focused on the agency of advertising business in CéCi (《茜茜姐妹CéCi》) magazine, a premium women's magazine for fashion mavens distributed across major cities of China including Hong Kong. CéCi magazine is the first Korean-style trendy magazine introduced into the PRC. Its lively wording and easygoing style give the best annotation to the orient trendy life of Chinese professional ladies, and it advocates a modern culture combining innovation and pragmatism in Asia. Through five years' operation, CéCi magazine, being the favourite magazine of urban white-collar ladies maintained a sound track record in sales since its launching. In the First Half of 2013, net profit achieved a year-on-year growth of 225%. In the First Half of 2013, the community project, "Asian New Youth Growth Programme: My Dream-Elite Talent Training Programme", was jointly organized by CéCi magazine, "Youth Weekend AIRTIME", a high-end fashion lifestyle weekly magazine, "YOBOOM", a campus lifestyle magazine. Together with Starwood Hotels International Management Group, such projects focused on university graduates and recommended the talents to enterprises, so as to raise the brand influence and attraction of Beijing Media. On 6 June 2013, CéCi magazine and YOBOOM magazine, together with Poly Film and Coca-Cola Company, held the first "CéCi Sisters Festival" movie carpet show in Beijing, and continuously enhanced the reputation and influence of CéCi magazine through new market activities planning.

Today Sunshine is a wholly-owned subsidiary of the Company. In order to keep extending the outdoor billboard advertising market business, the Company won the bid of advertisement operations of outdoor billboards from Beijing Municipal Commission of City Administration and Environment and acquired the operation permit in the advertising facilities of 6 outdoor billboards for 3 years which was granted by the Company to Today Sunshine. In the First Half of 2013, since the operation of advertisement operations of outdoor billboards was in good condition, the operation efficiency of Today Sunshine significantly raised. As a result, the operating revenue achieved a year-on-year growth of 107.63%, while profits achieved a year-on-year growth of 129.50%. Besides, adjustments were made by Today Sunshine to operation team and the operation efficiency was hence enhanced through standardised and innovative management. On this basis, Today Sunshine planned to actively develop strategical new business, by exploring the advertising marketing area of "digital outdoor" and achieving combined marketing model, which opened up a new economic growth point.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP *(Continued)*

In the First Half of 2013, relying on its wide coverage of 15 airports and operation of 70 large LED/LCD screens in the airports, Beiqing Transmedia Advertising Limited (the "**BQTM**") further consolidated its position as the largest airport LED operator in China. On this basis, BQTM is actively expanding the business of new media and in other new fields. Meanwhile, it has launched a full range cooperation in business and capital with several big domestic aviation media operators. In May 2013, BQTM and China Aviation Media Advertising Company (中國航空傳媒廣告公司) entered into the contract to jointly operate the television programs on the aircrafts of Air China Limited (the "**Air China**", 中國國際航空股份有限公司), pursuant to which BQTM obtained the exclusive general agent rights of all television programs on the aircrafts of Air China as well as the right to participate in and make suggestions to the contents of the television programs on the aircrafts of Air China. BQTM will unswervingly continue to develop airports video media and to actively carry out business cooperation with the airlines based on cabin entertainment in the air, using mobile internet technology as a link to achieve the communications between air media and airport media as well as between media and visitors. Substantive progress will be expected for implementation of this strategy in the second half of 2013.

In the First Half of 2013, Beiyang Publishing & Media Corporation Limited (the "**Beiyang Media**") continued to accelerate the pace of capital operation. In the First Half of 2013, operating revenue of Beiyang Media was approximately RMB3,700 million, net profit was approximately RMB170 million, net assets value was approximately RMB2,825 million. On 21 June 2013, the Company entered into a capital increase agreement with Beiyang Media, Hebei Publishing & Media Group Co. Ltd. and Hebei Jikang Investment Co. Ltd., pursuant to which the Company agreed to invest into Beiyang Media in the amount of RMB55 million in cash. Upon capital injection, the Company's shareholding in Beiyang Media increases from 1.5% to 2.58%. The capital injection will generate more returns for the Company through Beiyang Media when it becomes more profitable in the future.

On 28 February 2013, LEP Media (a wholly owned subsidiary of the Company), as a limited partner, entered into a limited partnership agreement with Beijing Runxin Bohua Investment Management Co., Ltd., Beijing Runxin Dingtai Assets Management Co., Ltd., Shannan Runxin Investment Management Centre (Limited Partnership) and other investors to form Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the "**Fund**") with the capital contribution of RMB50 million by LEP Media. The first project launched by the Fund after establishment was internet games, which has great potential of development with rapid growth. In the First Half of 2013, the Fund strictly adhered to the principles of prudent investment and further intensified efforts to develop the projects.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP *(Continued)*

To further implement the Company's inter-regional development and enhance the influence of brand of Beijing Media, as invited by Chongqing municipal League, Chongqing Youth Daily Agency and Chongqing Youth Industrial Co., Ltd. (重慶青春實業有限公司), the Company and Chongqing Youth Industrial Co., Ltd. jointly invested into and established Chongqing Youth Media Limited Liability Company (重慶青春傳媒有限責任公司) (the "**Chongqing Media**"). The main business of Chongqing Media is the operation of Chongqing Youth Daily with all the operating rights including but not limited to the rights regarding advertising, distribution, etc.. The registered capital of Chongqing Media was RMB30,000 thousand, among which, the capital contribution by the Company was RMB18,000 thousand to hold 60% equity interest in Chongqing Media (the filing of the relevant registration with the industrial and commerce authorities was completed on 12 July 2013). Facing keen market competition in Chongqing newspaper market, publication amount of Chongqing Youth Daily as a weekly newspaper increased from less than 5,000 to more than 50,000 per week.

PROSPECTS AND FUTURE PLANS

In the second half of 2013, on the basis of steadily promoting current business, the Company will enrich product type, actively look for new product format such as community newspaper, strengthen integrated marketing, increase planning effort on the activities, and create an industrial chain marketing system. Meanwhile, the Company continues to implement its multiple marketing modes by using on-site activities to promote advertising operations and to achieve economic benefits of great significance for the Company by the implementation of large scale on-site activities.

In the second half of 2013, the Company will hold Beijing Automotive Exhibition 2013 and two property exhibitions. It will cooperate with many travel agents and hold travel exhibitions on a monthly basis. It will also hold a finance expo with financial enterprises. Besides, it will continue to organize series activities such as Wealth Lecture and Health Lecture which are welcome by readers. The Group will continue to make use of its media advantage to integrate resources and build a stronger communication platform for readers (consumers) and advertisers.

In the second half of 2013, on the basis of the initial attempt on film and television production, the Company continues to look for joint investment model for filming. The Company entered into joint investment in filming agreement with Beijing Century 21 Wink Films Investment Co., Ltd in July 2013 and jointly produced the film "Silent Witness"(《全民目擊》), so as to further develop new film and television production business.

PROSPECTS AND FUTURE PLANS *(Continued)*

On the basis of continued improvement of results of invested business, the Company continues to pay attention to the new media projects which are consistent with the position of the targets and customers of the Group and also can generate the effect of synergies, especially to internet, mobile internet and new outdoor media resources, so as to strive to achieve the Group's target as an integrated media group.

While maintaining its existing core businesses in the second half of 2013, the Group intends to further diversify its media business through acquisitions and cooperation. Aiming at further development of its business, the Group will continue to bolster and take advantage of its ongoing relationship with Beijing Youth Daily Agency in order to stand out from its peers as a leading cross-media group in the PRC.

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

Zhang Yanping
Chairman

23 August 2013
Beijing, the PRC

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2013, total operating revenue of the Group was RMB267,830 thousand (corresponding period of 2012: RMB320,664 thousand), representing a decrease of 16.48% as compared with that for the corresponding period of 2012. Of which, revenue from advertising sales decreased by RMB18,524 thousand, representing a decrease of 10.36% as compared with that for the corresponding period of 2012; revenue from printing decreased by RMB17,866 thousand, representing a decrease of 52.85% as compared with that for the corresponding period of 2012; and revenue from the trading of print-related materials decreased by RMB16,277 thousand, representing a decrease of 15.51% as compared with that for the corresponding period of 2012.

2. Operating Costs and Sales Tax and Surcharges

For the six months ended 30 June 2013, operating costs of the Group was RMB216,184 thousand (corresponding period of 2012: RMB285,068 thousand), representing a decrease of 24.16% as compared with that for the corresponding period of 2012. Of which, cost of advertising sales decreased by RMB36,403 thousand, representing a decrease of 23.42% as compared with that for the corresponding period of 2012; cost of printing decreased by RMB17,837 thousand, representing a decrease of 55.90% as compared with that for the corresponding period of 2012, and cost of the trading of print-related materials decreased by RMB14,793 thousand, representing a decrease of 15.14% as compared with that for the corresponding period of 2012. Sales tax and surcharges was RMB5,536 thousand (corresponding period of 2012: RMB15,238 thousand), representing a decrease of 63.67% as compared with that for the corresponding period of 2012.

3. Selling Expenses

For the six months ended 30 June 2013, selling expenses of the Group was RMB7,453 thousand (corresponding period of 2012: RMB7,549 thousand), representing a decrease of 1.27% as compared with that for the corresponding period of 2012.

4. Administrative Expenses

For the six months ended 30 June 2013, administrative expenses of the Group was RMB23,907 thousand (corresponding period of 2012: RMB20,664 thousand), representing an increase of 15.69% as compared with that for the corresponding period of 2012.

5. Financial Expenses

For the six months ended 30 June 2013, financial expenses of the Group was RMB-12,631 thousand (corresponding period of 2012: RMB-16,440 thousand), representing an increase of 23.17% as compared with that for the corresponding period of 2012. Of which, interest income was RMB12,805 thousand (corresponding period of 2012: RMB17,161 thousand), representing a decrease of 25.38% as compared with that for the corresponding period of 2012; and foreign exchange loss was RMB-14 thousand (corresponding period of 2012: RMB439 thousand), representing a decrease of 103.19% as compared with that for the corresponding period of 2012.

FINANCIAL REVIEW *(Continued)*

6. Share of Profit of Associates

For the six months ended 30 June 2013, share of the profit of associates of the Group was RMB2,843 thousand (corresponding period of 2012: RMB5,128 thousand), representing a decrease of 44.56% as compared with that for the corresponding period of 2012.

7. Operating Profit and Profit Margin

For the six months ended 30 June 2013, operating profit of the Group was RMB28,520 thousand (corresponding period of 2012: RMB12,318 thousand), representing an increase of 131.53% as compared with that for the corresponding period of 2012; profit margin was 10.65% (corresponding period of 2012: 3.84%).

8. Income Tax Expenses

For the six months ended 30 June 2013, income tax expenses of the Group was RMB1,945 thousand (corresponding period of 2012: RMB2,599 thousand), representing a decrease of 25.16% as compared with that for the corresponding period of 2012. The taxation authority in the PRC has granted the Company an income tax exemption of five years effective from 1 January 2009 to 31 December 2013. The income tax expenses of the Group mainly represent the income tax charged on subsidiaries of the Company.

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

For the six months ended 30 June 2013, net profit of the Group was RMB12,258 thousand (corresponding period of 2012: RMB10,633 thousand), representing an increase of 15.28% as compared with that for the corresponding period of 2012. Of which, net profit attributable to shareholders of the Company was RMB11,852 thousand (corresponding period of 2012: RMB12,118 thousand), representing a decrease of 2.20% as compared with that for the corresponding period of 2012.

10. Financial Resources and Liquidity

As at 30 June 2013, current assets of the Group was RMB1,156,219 thousand (31 December 2012: RMB1,347,378 thousand), including bank balance and cash of RMB581,244 thousand (31 December 2012: RMB828,850 thousand). Non-current assets of the Group was RMB453,624 thousand (31 December 2012: RMB338,447 thousand).

As at 30 June 2013, current liabilities of the Group was RMB294,728 thousand (31 December 2012: RMB323,775 thousand) and non-current liabilities was RMB3,616 thousand (31 December 2012: RMB3,616 thousand).

As at 30 June 2013, shareholders' equity of the Group was RMB1,311,499 thousand (31 December 2012: RMB1,358,434 thousand).

The bank borrowings of the Group as at 30 June 2013 was RMB3,670 thousand (31 December 2012: RMB 3,670 thousand). The borrowings will come due within one year. The annual rate of borrowings was 6.765%.

As at 30 June 2013, the borrowings and bank balances and cash were denominated in RMB.

11. Gearing Ratio

As at 30 June 2013, gearing ratio of the Group was 22.75% (31 December 2012: 24.10%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

USE OF PROCEEDS FROM LISTING

The Company raised a net proceed of HK$889.086 million in total from the global offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the prospectus and as modified in the relevant announcement of the Company and the actual use of proceeds as at 30 June 2013:

Proposed use of proceeds	Amounts proposed *HK$*	Amounts used *HK$*
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 23.59 million	Approximately 23.59 million
Investing in and acquisition of other media business (including but not limited to traditional media and emerging media businesses) and related businesses (including but not limited to the additional investment in the existing businesses of the Group)	Approximately 735.496 million	Approximately 665.5095 million
General working capital of the Group	Approximately 130 million	Approximately 80 million

As at 30 June 2013, the Company had unutilized proceeds of approximately HK$119.9865 million. In order to capture more business opportunities arising from emerging media businesses and other related media businesses for utilization of the net proceeds of the Group in a more effective way, during the First Half of 2013, the Company strived to seek opportunities to fulfill the objectives as set forth above. The Company believes that the remaining proceeds will be utilized as aforesaid purposes for business development under mature conditions in the second half of 2013.

SHARE STRUCTURE

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

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2013, so far as the directors of the Company (the "**Directors**"), the supervisors of the Company (the "**Supervisors**") and chief executive of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the Securities and Futures Ordinance (the "**SFO**"), the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

Name	Class of Shares	Nature of Interest	Number of Shares Held	% of Class Share Capital (%)	% of Total Share Capital (%)
Beijing Youth Daily Agency	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Co., Ltd.	Domestic	N/A	7,367,000	5.17	3.73
MIH (BVI) Limited	H	Long	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long	19,533,000	35.58	9.90
MIH Print Media Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long	19,533,000	35.58	9.90
Naspers Limited	H	Long	19,533,000	35.58	9.90
Beijing Beida Founder Group Corporation	H	Long	4,939,000	8.99	2.50
Beijing University	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long	4,939,000	8.99	2.50
Xia Jie	H	Long	4,939,000	8.99	2.50
Cao Ya Wen	H	Long	4,939,000	8.99	2.50

Note: Information disclosed above is based on the data published on the website of the Hong Kong Stock Exchange (www.hkex.com.hk). Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 30 June 2013, there was no other person with interests and/or short positions in shares or underlying shares of the Company which would fall to be recorded under section 336 of Part XV of the SFO.

CAPITAL EXPENDITURES

Capital expenditures (mainly including expenditures on office equipment) of the Group for the First Half of 2013 was RMB510 thousand (corresponding period of 2012: RMB348 thousand). The Group expects that capital expenditures for the second half of 2013 will mainly comprise expenditure in consistent with business strategies of the Group.

CONTINGENT LIABILITIES

For the six months ended 30 June 2013, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

PLEDGE OF ASSETS

The secured loans of the Group were the bank loans granted by Huaxia Bank to the subsidiary, Today Sunshine. The bank loans were secured by the real estates of Today Sunshine. As at 30 June 2013, the outstanding balance of the loan was RMB3,670 thousand.

FOREIGN EXCHANGE RISKS

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

EMPLOYEES

As at 30 June 2013, the Group had a total of 295 employees (as at 30 June 2012: 318 employees), and the decrease in the number of employees was mainly due to the reasonable decrease in demand for business of the Company. During the six months ended 30 June 2013, the total employees remuneration paid by the Group was approximately RMB23,653 thousand. The employees remuneration and benefits of the Group are determined in accordance with market rates, national policies and individual performance. The Group actively encouraged self-development of the employees, and carried out extensive staff training activities. In the First Half of 2013, the Group carried out a number of trainings on connected transactions, and also conducted trainings in respect of employees marketing, financial system and administrative management system and lecture on financial knowledge activities etc.

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

As at 30 June 2013, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be recorded into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), to be notified to the Company and the Hong Kong Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2013, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

On 28 February 2013, LEP Media (a wholly owned subsidiary of the Company), as a limited partner, entered into a limited partnership agreement with Beijing Runxin Bohua Investment Management Co., Ltd., Beijing Runxin Dingtai Assets Management Co., Ltd., Shannan Runxin Investment Management Centre (Limited Partnership) and other investors to form the Fund with the capital contribution of RMB50 million by LEP Media. Please refer to the announcement of the Company dated 28 February 2013 for details.

Save as disclosed above, for the six months ended 30 June 2013, the Group had no material investment, nor any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

The Company entered into a capital increase agreement with Beiyang Media, Heibei Publishing & Media Group Co. Ltd. and Heibei Jikang Investment Co. Ltd. on 21 June 2013, pursuant to which the Company agreed to invest into Beiyang Media in the amount of RMB55,000 thousand in cash. Upon capital injection, the Company's shareholding in Beiyang Media increases from 1.5% to 2.58%. Please refer to the announcement of the Company dated 21 June 2013 for details.

Save as disclosed above, for the six months ended 30 June 2013, the Group had no material acquisition or disposal of assets.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2013, the Company was not involved in any material litigation or arbitration and there was no legal action or claim pending or threatened to be made against the Company.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENT OF THE GROUP SINCE 31 DECEMBER 2012

Save as disclosed above, the industry segment and the developments within the segment of the Group had not changed materially from the information disclosed in the most recent published annual report of the Group, neither had significant effect on the performance of each industry segment of the Group.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

For the six months ended 30 June 2013, the Company had fully complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiry of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the required standards under the Model Code for the six months ended 30 June 2013.

AUDIT COMMITTEE

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

The audit committee and the management team of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the audit committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the financial statements of the Group for the First Half of 2013 with no dissenting opinions.

CONNECTED TRANSACTIONS MANAGEMENT

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

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2013.

RMB'000

Item	*Notes*	**As at 30 June 2013**	As at 31 December 2012
Current assets:			
Bank balances and cash		**581,244**	828,850
Financial assets held for trading	*VII.1*	**15**	22
Accounts receivable	*VII.2*	**267,481**	213,437
Prepayments		**33,653**	16,322
Interest receivable		**5,805**	7,355
Other receivables		**73,060**	80,705
Inventories		**44,361**	50,087
Other current assets	*VII.3*	**150,600**	150,600
Total current assets		**1,156,219**	1,347,378
Non-current assets:			
Investments in associates	*VII.4*	**137,873**	135,171
Other long-term equity investments	*VII.4*	**59,560**	59,560
Investment properties		**54,499**	54,499
Fixed assets	*VII.5*	**10,671**	11,082
Intangible assets	*VII.6*	**27,183**	27,652
Goodwill	*VII.7*	**47,377**	47,377
Long-term prepaid expenses	*VII.8*	**34,523**	1,788
Deferred income tax assets		**1,938**	1,318
Other non-current assets	*VII.9*	**80,000**	–
Total non-current assets		**453,624**	338,447
Total assets		**1,609,843**	1,685,825

RMB'000

Item	*Notes*	**As at 30 June 2013**	As at 31 December 2012
Current liabilities:			
Notes payable		**52,681**	89,357
Accounts payable	*VII.11*	**124,600**	108,530
Receipts in advance		**33,842**	21,660
Employee benefit payables		**4,310**	6,776
Tax payables		**(9,350)**	(6,370)
Dividends payable		**57,943**	398
Other payables	*VII.12*	**19,552**	92,215
Non-current liabilities due within one year	*VII.13*	**3,670**	3,670
Other current liabilities	*VII.14*	**7,480**	7,539
Total current liabilities		**294,728**	323,775
Non-current liabilities:			
Deferred income tax liabilities		**3,616**	3,616
Total non-current liabilities		**3,616**	3,616
Total liabilities		**298,344**	327,391
Shareholders' equity:			
Share capital		**197,310**	197,310
Capital reserves		**891,179**	891,179
Surplus reserves		**130,931**	130,931
Undistributed profits		**74,293**	121,634
Total equity attributable to shareholders of the Company		**1,293,713**	1,341,054
Minority interests		**17,786**	17,380
Total shareholders' equity		**1,311,499**	1,358,434
Total liabilities and shareholders' equity		**1,609,843**	1,685,825
Net current assets		**861,491**	1,023,603
Total assets less current liabilities		**1,315,115**	1,362,050

RMB'000

Item	Notes	For the six months ended 30 June 2013	2012
Total operating revenue	VII.15	**267,830**	320,664
Total operating costs		**242,005**	313,474
Operating costs	VII.15	**216,184**	285,068
Sales tax and surcharges	VII.16	**5,536**	15,238
Selling expenses		**7,453**	7,549
Administrative expenses		**23,907**	20,664
Financial expenses	VII.17	**(12,631)**	(16,440)
Impairment loss of assets	VII.18	**1,556**	1,395
Loss on changes in fair value		**(7)**	–
Share of profit of associates	VII.19	**2,843**	5,128
Other investment loss	VII.19	**(141)**	–
Operating profit		**28,520**	12,318
Add: non-operating income		**4,207**	920
Less: non-operating expenses	VII.20	**18,524**	6
Total profit		**14,203**	13,232
Less: Income tax expenses	VII.21	**1,945**	2,599
Net profit		**12,258**	10,633
Other comprehensive income		**–**	–
Total comprehensive income		**12,258**	10,633
Net profit attributable to:			
Shareholders of the Company		**11,852**	12,118
Minority shareholders		**406**	(1,485)
		12,258	10,633
Total comprehensive income attributable to:			
Shareholders of the Company		**11,852**	12,118
Minority shareholders		**406**	(1,485)
		12,258	10,633
Earnings per share:			
Basic earnings per share (RMB)	XIII.1	**0.06**	0.06
Diluted earnings per share (RMB)	XIII.1	**0.06**	0.06
Dividends	VII.22	**59,193**	118,386

			RMB'000
		For the six months ended 30 June	
Item	*Notes*	**2013**	2012
I. Cash flows from operating activities:			
Cash received from the sales of goods and the rendering of services		**194,857**	225,391
Other cash receipts relating to operating activities		**8,801**	60,567
Sub-total of cash inflows from operating activities		**203,658**	285,958
Cash paid for goods purchased and services received		**264,765**	212,590
Cash paid to and on behalf of employees		**23,653**	23,296
Payments of taxes and surcharges		**10,000**	24,917
Other cash payments relating to operating activities		**26,121**	48,993
Sub-total of cash outflows from operating activities		**324,539**	309,796
Net cash flows from operating activities		**(120,881)**	(23,838)
II. Cash flows from investing activities:			
Cash received from investments		**43,000**	–
Cash received from returns on investment		**4,725**	2,083
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**272**	53
Other cash receipts relating to investing activities		**121,837**	40,546
Sub-total of cash inflows from investing activities		**169,834**	42,682
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**510**	348
Cash paid on investment		**90,000**	–
Other cash payments relating to investing activities		**14,082**	35,652
Sub-total of cash outflows from investing activities		**104,592**	36,000
Net cash flows from investing activities		**65,242**	6,682

RMB'000

Item	*Notes*	For the six month ended 30 June 2013	2012
III. Cash flows from financing activities:			
Other cash receipts relating to financing activities		**32,951**	9,562
Sub-total of cash inflows from financing activities		**32,951**	9,562
Cash payments for distribution of dividends, profits or interest expenses		**126**	269
Other cash payments relating to financing activities		**90,588**	–
Sub-total of cash outflows from financing activities		**90,714**	269
Net cash flows from financing activities		**(57,763)**	9,293
IV. Effect of exchange rate changes on cash and cash equivalents		**–**	2
V. Net increase (decrease) in cash and cash equivalents		**(113,402)**	(7,861)
Add: Balance of cash and cash equivalents at the beginning of the period		**178,486**	170,450
VI. Balance of cash and cash equivalents at the end of the period	*VII.23*	**65,084**	162,589

RMB'000

Item	For the six months ended 30 June 2013						
	Attributable to shareholders of the Company						
	Share capital	Capital reserves	Surplus reserves	Undistributed profits	Sub-total	Minority interests	Total shareholders' equity
Balance at the beginning of the period	197,310	891,179	130,931	121,634	1,341,054	17,380	1,358,434
Net profit	–	–	–	11,852	11,852	406	12,258
Appropriation to shareholders	–	–	–	(59,193)	(59,193)	–	(59,193)
Sub-total of the changes for the period	–	–	–	(47,341)	(47,341)	406	(46,935)
Balance at the end of the period	197,310	891,179	130,931	74,293	1,293,713	17,786	1,311,499

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

Note: The closing balance of undistributed profits represents the balance of reserve available for distribution to shareholders.

I. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Group's financial statements for the six months ended 30 June 2013 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and its relevant regulations and the accounting policies and estimates as stated in Note III "Principal accounting policies and accounting estimates and basis for preparation of consolidated financial statements", and disclosed in accordance with the Accounting Standards for Business Enterprises No. 32 – Interim Financial Reporting, and the applicable disclosure requirements of the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and Hong Kong Companies Ordinance.

II. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's financial statements have been prepared in conformity with the Accounting Standards for Business Enterprises and the relevant regulations, and present truly and completely the consolidated financial position as at 30 June 2013 and their consolidated operating results, cash flows and other relevant information for the six months then ended.

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

The accounting policies used in these financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

1. Accounting period

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

The reporting period for this interim financial report is from 1 January 2013 to 30 June 2013.

2. Reporting currency

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

The financial statements of the Group are expressed in RMB.

3. Basis of preparation and principle of measurement

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

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

4. Cash and cash equivalents

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

5. Foreign currency transactions

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

6. Financial assets and financial liabilities

(1) Financial assets

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

1) Financial assets at fair value through profit or loss for the current period are those financial assets that have been acquired principally for the purpose of selling in short-term. 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 not classified as financial assets of any other class upon initial recognition.

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

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

(1) Financial assets *(Continued)*

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

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

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

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

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

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

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

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

(2) Financial liabilities

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

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

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

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

7. Provision for bad debts on receivables

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

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

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

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

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

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

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

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

Basis for determination of groups

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

Method of provision for bad debts on group basis

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

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

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

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

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

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

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

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

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

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

8. Inventories

Inventories mainly include raw materials and low-value consumables.

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

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

8. Inventories *(Continued)*

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

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

9. Long-term equity investments

Long-term equity investments mainly include the equity investments in the invested company over which the Group has control, joint control or significant influence; and entity over which the Group does not has control, joint control or significant influence and which do not have quoted price in an active market and its fair value cannot be reliably measured.

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

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

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

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

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

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

Investments in subsidiaries are accounted for by the Group using cost method and adjusted for by equity method when preparing consolidated financial statements. Investments in jointly controlled entities and associates are accounted for using equity method, when there is any inconsistency on the accounting policies or accounting period adopted between jointly controlled entities and associates and the Group, the financial statements of jointly controlled entities and associates are adjusted according to the accounting policies or accounting period adopted by the Group when preparing the consolidated financial statement, then recognise the Group's gain or loss on this basis. Long-term equity investments that the Group is not controlled, jointly controlled or has significant influence and do not have quoted market price in active markets and their fair values cannot be reliably measured are accounted for using cost method. Long-term equity investments over which the Group is not controlled, jointly controlled or has significant influence but have quoted prices in active market and their fair values can be measured reliably are accounted for as available-for-sale financial assets.

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

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

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

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

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

10. Investment properties

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

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

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

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

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

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

10. Investment properties *(Continued)*

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

11. Fixed assets

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

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

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

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

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

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

11. Fixed assets *(Continued)*

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

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

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

12. Borrowing costs

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

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

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

12. Borrowing costs *(Continued)*

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

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

13. Intangible assets

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

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

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

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

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

14. Impairment of long-term non-financial assets

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

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

The indicators for impairment are as follows:

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

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

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

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

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

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

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

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

15. Goodwill

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

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

16. Long-term prepaid expenses

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

17. Employee benefits

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

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

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

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

18. Recognition of revenue

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

(1) Revenue from sale of advertising spaces

Revenue from sale of advertising spaces is generally recognised pro rata over the period and deducted the net of value-added tax in which the advertisement is placed. Sales of advertising spaces generated from the award credits for customers are accounted for as compound 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 recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

(2) Revenue from printing

Revenue from printing, net of value-added tax ("VAT") is recognised when the service is provided.

(3) Revenue from trading of print-related materials

Revenue from trading of print-related materials, net of VAT is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(4) Revenue from consultation service

Consultation service income is recognised when the services are provided.

(5) Revenue from rental income

Rental income is recognised in accordance with the Group's accounting policy for operating lease (see Note III.21).

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

19. Government grants

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

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

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

20. Deferred income tax assets and deferred income tax liabilities

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

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

21. Lease

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

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

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

21. Lease *(Continued)*

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

22. Accounting for income tax

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

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

23. Segment information

Operating segments of the Group are identified on the basis of internal organization structure, management requirements and internal reporting policies. The reporting segments are determined on the basis of operating segments. An operating segment represents a component of the Group that satisfied the criteria that: 1) it engages in business activities from which it may earn revenues and incur expenses; and 2) whose operating results are regularly reviewed by the Company's management to make decisions on resources to be allocated to the segments and assess its performance; 3) financial information of the segments such as financial position, operating results and cash flow is available to the Company.

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

24. Business combination

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

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

24. Business combination *(Continued)*

(1) Business combination for entities under common control

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

(2) Business combination for entities not under common control

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

25. Preparation of consolidated financial statements

(1) Determination of the scope of consolidation

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

(2) Accounting method for consolidated financial statements

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

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

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

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

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

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

26. Key accounting estimates and judgments

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

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

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

(1) Buildings

The application for Building Ownership Certificates of certain buildings and investment properties of the Group is being processed. In the opinion of the directors of the Company, the absence of Building Ownership Certificates of these buildings will not impair the value of the buildings and investment properties of the Group.

(2) Depreciation of fixed assets

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

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

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

(3) Fair value of investment properties

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

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

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

(5) Impairment of goodwill

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

(6) Fair value of customer loyalty program

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

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

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

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

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

(8) Impairment loss for inventories

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

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

1. Changes in accounting policies and their effect

There were no changes in accounting policies during the period.

2. Changes in accounting estimates and their effect

There were no changes in accounting estimates during the period.

3. Correction of errors of prior periods and their effect

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

V. TAX

1. Enterprise Income Tax ("EIT")

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

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

V. TAX *(Continued)*

1. Enterprise Income Tax ("EIT") *(Continued)*

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

2. Value added tax ("VAT")

The companies of the Group which are general VAT taxpayers are subject to output VAT on sales of goods at the rate of 17%.

The companies of the Group which are general VAT taxpayers are subject to VAT on advertising service business at the rate of 6%. According to the Notice on Carrying out the Pilot Practice of Levying Value Added Tax in Lieu of Business Tax on the Transportation Industry and Some Modern Service Industries in Eight Provinces and Cities 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稅改征增值稅試點的通知》(Cai Shui [2012] No.71) as promulgated by the Ministry of Finance and the State Administration of Taxation, advertising service business falls within the VAT scope and no longer need to provide for and pay any business tax, effective from 1 September 2012.

The companies of the Group which are general VAT taxpayers can offset the input VAT for purchase of raw material and cost of advertising. The 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 rental income and interest income of the Group are subject to the business tax at the rate of 5%.

4. Other principal taxes and tax rates

Type	Basisof calculation	Tax rate
Cultural construction fee	Taxable revenue from advertising	3%
Urban maintenance and construction tax	Turnover tax payable	7%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

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

VI. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

1. Major Subsidiaries

Name of company	Place of registration/ operation	Principal business operation	Registered capital	Business scope	As at 30 June 2013 Amount of investment	Proportionof shareholding (%)	Proportionof votingrights (%)	Whether consolidated
Subsidiaries obtained though business combination for entities under common control								
Beijing Today Sunshine Advertising Co., Ltd (Today Sunshine)	China	Advertising	4,000	Design, production, agency, publication of domestic and foreign advertisement	33,604	100.00	100.00	yes
Subsidiaries obtained though business combination for entities not under common control								
Beiqing CéCi Advertising (Beijing) Limited ("Beiqing CéCi")	China	Advertising	80,000	Design, production, agency, publication of domestic and foreign advertisement	67,750	84.69	84.69	yes
Subsidiaries obtained through establishment or investment								
BYD Logistics Company Limited ("BYD Logistics")	China	Printing	30,000	Printing, sales of paper & ink, storage and transportation	44,815	92.84	92.84	yes
Legal Evening Post Media Company Limited ("LEP Media")	China	Advertising	400,000	Wholesale & retail of newspaper and books, agency and publication of advertisement	400,000	100.00	100.00	yes
Beiqing Long Teng Investment (Beijing) Company Limited (Beiqing Long Teng)	China	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

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

VI. 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 of the Company had issued any debt securities at the end of the period or any time during the period.

2. There was no change in the scope of consolidation for the consolidated financial statement of the Group during the six months ended 30 June 2013.

VII. EXPLANATORY NOTES TO MAJOR ITEMS IN CONSOLIDATED FINANCIAL STATEMENTS

1. Financial assets held for trading

Item	As at 30 June 2013	As at 31 December 2012
Investment of equity shares listed in PRC, at fair value	**15**	22
Total	**15**	22

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

2. Accounts receivable

Item	As at 30 June 2013	As at 31 December 2012
Accounts receivable	**278,269**	222,129
Less: Provision for bad debts	**10,788**	8,692
Net accounts receivable	**267,481**	213,437

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

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

2. Accounts receivable *(Continued)*

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

Item	As at 30 June 2013	As at 31 December 2012
Within 90 days	**158,322**	95,152
91-180 days	**69,465**	62,635
181-365 days	**28,457**	34,791
1-2 years	**6,718**	13,630
Over 2 years	**4,519**	7,229
Total	**267,481**	213,437

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

Top five accounts receivable as at 30 June 2013 represents 38.50% of the total accounts receivable.

3. Other current assets

Item	As at 30 June 2013	As at 31 December 2012
Entrusted loans	**150,600**	150,600
Total	**150,600**	150,600

At 30 June 2013, the entrusted loans were provided by the Company to Hebei Heqing Media Co. Ltd. ("Heiqing Media"), Beijing Beiqing Top Advertising Co., Ltd. ("Beiqing Top") and Beiqing & Transmedia Corporation Limited ("BQTM") in the form of bank loans of RMB55,000 thousand, RMB25,600 thousand and RMB70,000 thousand respectively. They carried fixed interest rates ranging from 6.00% to 6.56% (2012: 5.00% to 6.65%) per annum. Among which, the principal and interest of the entrusted loan provided to Heqing Media was recovered on 4 July 2013.

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

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

4. Long-term equity investments

(1) Category of long-term equity investments

Category	As at 30 June 2013	As at 31 December 2012
Unlisted long-term equity investments	**197,433**	194,731
Total	**197,433**	194,731

Item	As at 30 June 2013	As at 31 December 2012
Investments in associates – accounted for using equity method	**137,873**	135,171
Other long-term equity investments – accounted for using cost method	**64,629**	64,629
Less: Provision for impairment loss	**5,069**	5,069
Sub-total of other long-term equity investments	**59,560**	59,560
Total	**197,433**	194,731

5. Fixed assets

For the six months ended 30 June 2013, the fixed assets of the Group increased by RMB685 thousand (same period of 2012: RMB348 thousand).

For the six months ended 30 June 2013, the Group disposed the fixed assets with carrying amount of RMB31 thousand (same period of 2012: RMB485 thousand), which resulting in a gain on disposal of RMB241 thousand (same period of 2012: RMB48 thousand).

6. Intangible assets

For the six months ended 30 June 2013, the intangible assets of the Group increased by RMB15 thousand (same period of 2012: RMB0 thousand).

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

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

7. Goodwill

Item	**As at 30 June 2013**	As at 31 December 2012
Goodwill arising from acquisition of Beiqing CéCi	**47,377**	47,377
Less: Provision for impairment loss	**–**	–
	47,377	47,377

8. Long-term prepaid expenses

Item	**As at 30 June 2013**	As at 31 December 2012
Outdoor advertising facilities usage fees	**33,037**	–
Newspaper space usage fees	**473**	540
Renovation cost	**1,013**	1,248
Total	**34,523**	1,788

Note 1: On 7 February 2013, the Company paid RMB39,929 thousand to Beijing Municipal Administration Commission in respect of the outdoor advertising facilities usage fees for two years, which are amortized over the expected benefit period on an average basis. As at 30 June 2013, the balance of the outdoor advertising facilities usage fees was RMB33,037 thousand.

9. Other non-current assets

Item	**As at 30 June 2013**	As at 31 December 2012
Investments	**80,000**	–

Note: The investments above were an investment of RMB 55 million in Beiyang Media and an investment of RMB25 million in Beijing Runxin Dingtai Investment Centre (Limited Partnership) respectively. As at 30 June 2013, the legal procedures for the two investments above were not completed.

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

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

10. Breakdown of provision for impairment of assets

Item	As at 1 January 2013	Increase for the period Provision	Increase for the period Other transfer-in	Decrease for the period Reversal	Decrease for the period Other transfer-out	As at 30 June 2013
Provision for impairment of receivables	10,209	1,556	–	–	–	11,765
Provision for impairment of inventories	61	–	–	–	–	61
Provision for impairment of long-term equity investments	5,069	–	–	–	–	5,069
Total	**15,339**	**1,556**	**–**	**–**	**–**	**16,895**

11. Accounts payable

The aging analysis of accounts payable as at 30 June 2013 presented based on invoice date is as follows:

Item	As at 30 June 2013	As at 31 December 2012
Within 90 days	**121,166**	66,334
91-180 days	**1,411**	24,611
181-365 days	**301**	2,572
Over 1 year	**1,722**	15,013
Total	**124,600**	108,530

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

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

12. Other payables

Item	As at 30 June 2013	As at 31 December 2012
Other payables	**19,552**	92,215
Total	**19,552**	92,215

Pursuant to the Letter of Opinion on the Pay Back of Funds for Reduction of State-owned Shares Holding (Social Security Fund Fa (2013) No. 15") issued by the National Council for Social Security Fund, the Company has paid the payment for the reduction of state-owned shares holding during the reporting period, leading to a significant decrease in other payables. Please refer to the Notes VII.20 for details.

13. Non-current liabilities due within one year

Item	As at 30 June 2013	As at 31 December 2012
Secured long-term bank borrowings – repayable within 1 year	**3,670**	3,670
Total	**3,670**	3,670

As at 30 June 2013, secured long-term bank borrowings which are repayable within 1 year was RMB3,670 thousand (As at 31 December 2012: RMB3,670 thousand). It is the balance of borrowings with a term of three years granted to Today Sunshine, our subsidiary, and will be repayable within one year.

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

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

14. Other current liabilities

Item	As at 30 June 2013	As at 31 December 2012
Deferred income of customer loyalty program (advertising incentives)	**7,480**	7,539
Total	**7,480**	7,539

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

15. Total operating revenue and operating costs

	For the six months ended 30 June	
Item	**2013**	2012
Revenue from principal operations	**264,938**	317,605
Other operating revenue	**2,892**	3,059
Total operating revenue	**267,830**	320,664
Costs of principal operations	**216,035**	285,068
Other operating costs	**149**	–
Total operating costs	**216,184**	285,068
Gross profit	**51,646**	35,596

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

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

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

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

(1) Principal Operations – by business segment

	For the six months ended 30 June			
	2013		2012	
Business name	**Revenue from principal operations**	**Costs of principal operations**	Revenue from principal operations	Costs of principal operations
Advertising	**160,325**	**119,040**	178,849	155,443
Printing	**15,940**	**14,072**	33,806	31,909
Trade of printing related materials	**88,673**	**82,923**	104,950	97,716
Total	**264,938**	**216,035**	317,605	285,068

(2) The amount of the top five customers of operating revenue was RMB88,723 thousand, representing 33.49% of the revenue from principal operations for the six months ended 30 June 2013.

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

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

16. Sales tax and surcharges

Item	For the six months ended 30 June 2013	2012
Business tax	**244**	8,591
Cultural construction fee	**5,087**	4,973
Urban maintenance and construction tax	**120**	976
Education surcharges	**51**	420
Local education surcharged	**34**	278
Total	**5,536**	15,238

According to the regulations of the Notice on Carrying out the Pilot Practice of Levying Value Added Tax in Lieu of Business Tax on the Transportation Industry and Some Modern Service Industries in Eight Provinces and Cities 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) as promulgated by the Ministry of Finance and the State Administration of Taxation, advertising service business falls within the VAT scope and no longer need to provide for and pay any business tax, effective from 1 September 2012. The above changes in regulations led to a significant decrease in business tax and surcharges for the reporting period.

17. Financial expenses

Item	For the six months ended 30 June 2013	2012
Interest expenses – on bank loans wholly repayable within 5 years	**126**	269
Less: Interest income	**12,805**	17,161
Add: Foreign exchange loss (gain)	**(14)**	439
Add: Other expenses	**62**	13
Total	**(12,631)**	(16,440)

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

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

18. Impairment losses of assets

	For the six months ended 30 June	
Item	**2013**	2012
Loss on bad debts	**1,556**	1,272
Impairment loss on inventories	**–**	123
Total	**1,556**	1,395

19. Investment income

	For the six months ended 30 June	
Item	**2013**	2012
Share of profit of associates	**2,843**	5,128
Other investment income (loss)	**(141)**	–
Total	**2,702**	5,128

20. Non-operating expenses

	For the six months ended 30 June	
Items	**2013**	2012
Loss on payment to the Social Security Fund *(Note 1)*	**18,524**	–
Loss on disposal of fixed assets	**–**	6
Total	**18,524**	6

Note 1: When the Company was listed in 2004, according to the requirement of "Provisional Administrative Measures of Raising Social Security Funds by Reduction of the State Shares Holding" and relevant commitment, the Company should have to pay the social security fund in the amount of HK$88,870 thousand for the reduction of state shares holding. Pursuant to the comment letter "Social Security Fund Fa (2013) No.15" issued by National Council for Social Security Fund in respect of the pay back of the funds of the reduction of state shares holding, the treasury fund that the Company has to pay was RMB90,585 thousand. During the reporting period, the Company has paid the above amount. The difference of RMB18,524 thousand from the original amount payable for the reduction of state shares holding was included in non-operating expenses.

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

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

21. Income tax expenses

(1) Income tax expenses

Item	For the six months ended 30 June 2013	2012
Current income tax expenses	**2,565**	2,806
Deferred income tax expenses	**(620)**	(207)
Total	**1,945**	2,599

(2) Current income tax expenses

Item	For the six months ended 30 June 2013	2012
Current – PRC	**2,400**	2,427
Under-provision in prior years – PRC	**165**	379
Total	**2,565**	2,806

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

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

22. Dividends

(1) The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2013 (2012: NIL).

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

	For the six months ended 30 June	
Item	**2013**	2012
Final dividend for the financial year ended 31 December 2012 at RMB0.30 per share (2012: Final dividend for 2011 at RMB0.60 per share) *(Note 1)*	**59,193**	118,386
Total	**59,193**	118,386

Note 1: The Company has distributed the 2012 final dividend to its shareholders by the date of this report.

When the final dividend was distributed to the individual H shareholders whose name was appeared on the register of members of the Company on 22 May 2013, the Company has withheld 10% of the final dividend as individual income tax in compliance with the regulation issued by the State Administration of Taxation.

23. Cash and cash equivalents

Item	**As at 30 June 2013**	As at 30 June 2012
Bank balances and cash	**581,244**	964,496
Less: Bank deposits with maturity more than 3 months	**510,455**	794,715
Less: Restricted bank deposits	**5,705**	7,192
Cash and cash equivalents at the end of the period	**65,084**	162,589

VIII. RELATED PARTY AND RELATED PARTY TRANSACTIONS

1. Relationships with related parties

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

Relationship	Name of related party
Parent company and ultimate controlling company	BYDA
Subsidiary of BYDA	Beijing XiaoHongMao Corporation
Subsidiary of BYDA	Beijing XiaoHongMao Logistics Co. Limited
Subsidiary of BYDA	Beiqing International Investment Consultancy (Beijing) Co. Limited
Subsidiary of BYDA	Beijing Beiqing Advertising Co. Limited
Subsidiary of BYDA	Beijing Youth Journal Agency
Subsidiary of BYDA	Legal Evening Agency
Subsidiary of BYDA	Beijing Science and Technology News Agency
Subsidiary of BYDA	Beijing Youth Weekend Media Co. Limited
Subsidiary of BYDA	Beiqing Education Media Co. Limited
Subsidiary of BYDA	Beijing Beiqing Culture and Arts Company
Associate of the Company	Beiqing Transmedia Co. Limited ("BQTM")
Associate of the Company	Beijing Beiqing Top Advertising Limited ("Beiqing Top")
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Beijing Beisheng United Insurance Agency Co. Limited
Other related parties	Shanghai China Business News Co. Limited

BYDA, the parent company and ultimate company of the Company, is a state-owned entity established in the PRC. The principal activities are publication of Beijing Youth Daily, Beijing Children's Weekly, Middle School Times, Beijing Today, Information Industry Daily and CéCi magazine etc. The registered capital of BYDA is RMB22,440 thousand. There was no change in registered capital during the period.

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

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

2. Related party transactions

(1) Purchase of goods/receipt of services

Related party	Pricing policy	For the six months ended 30 June 2013	2012
BYDA *(Note1)*	Contracted price	**21,406**	25,589
Subsidiaries of BYDA	Contracted price	**1,029**	1,450
Total		**22,435**	27,039

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

(2) Sales of goods/rendering of services

Related party	Pricing policy	For the six months ended 30 June 2013	2012
BYDA	Contracted price	**4,873**	7,480
Associates of the Company	Contracted price	**28,597**	2,423
Subsidiaries of BYDA	Contracted price	**20,499**	120
Other related parties	Contracted price	**966**	9,343
Total		**54,935**	19,366

(3) Leasing – The Group as lessor

Lessee	Nature of assets leased	Date of commencement	Date of termination	Basis for rental income	Rental income recognised for the period
BYDA	Building	1 January 2013	31 December 2015	Contracted price	1,906

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

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

2. Related party transactions *(Continued)*

(4) Leasing – The Group as lessee

Lessor	Nature of assets leased	Date of commencement	Date of termination	Basis for rental expense	Rental expenses recognised for the period
BYDA	Building	1 January 2013	31 December 2015	Contracted price	676

(5) Entrusted loans

During the six months end 30 June 2013, the Company provided entrusted loan of RMB10,000 thousand to Beijing Top via bank, with the terms from 30 May 2013 to 28 May 2014. Besides, the Company provided entrusted loan extension of RMB70,000 thousand to BQTM via bank, with the terms from 28 June 2013 to 27 December 2013.

(6) Remuneration for key management personnel

	For the six months ended 30 June	
	2013	2012
Remuneration for key management personnel	**3,066**	2,603

(7) Related party guarantee

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

For the six months ended 30 June 2013, BYDA provided guarantee to a bank for bank facilities granted to BYD Logistics with a maximum amount of RMB100,000 thousand. As at 30 June 2013, the utilised amount of the banking facilities was RMB51,144 thousand.

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

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

3. Current accounts balances with related parties

(1) Accounts receivable due from related parties

Related party	As at 30 June 2013 Carrying amount	As at 30 June 2013 Provision for bad debts	As at 31 December 2012 Carrying amount	As at 31 December 2012 Provision for bad debts
BYDA	**34**	**–**	77	–
Associates of the Company	**32,093**	**–**	5,919	–
Subsidiaries of BYDA	**38,794**	**–**	23,934	–
Other related partis	**1,718**	**–**	–	–
Total	**72,639**	**–**	29,930	–

(2) Other receivables due from related parties

Related party	As at 30 June 2013 Carrying amount	As at 30 June 2013 Provision for bad debts	As at 31 December 2012 Carrying amount	As at 31 December 2012 Provision for bad debts
BYDA	**1,906**	**–**	–	–
Associates of the Company	**21,470**	**–**	61	–
Subsidiaries of BYDA	**90**	**–**	90	–
Total	**23,466**	**–**	151	–

(3) Prepayment to related parties

Related party	As at 30 June 2013	As at 31 December 2012
Subsidiaries of BYDA	**761**	734
Total	**761**	734

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

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

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

(4) Accounts payable due to related parties

Related party	As at 30 June 2013	As at 31 December 2012
BYDA	**9,691**	5,593
Subsidiaries of BYDA	**921**	1,343
Total	**10,612**	6,936

(5) Other payables due to related parties

Related party	As at 30 June 2013	As at 31 December 2012
BYDA	**6,086**	5,410
Associates of the Company	**288**	288
Subsidiaries of BYDA	**150**	100
Total	**6,524**	5,798

(6) Receipts in advance due from related parties

Related party	As at 30 June 2013	As at 31 December 2012
BYDA	**–**	19
Other related parties	**–**	4,412
Total	**–**	4,431

(7) Dividends payable due to related parties

Related party	As at 30 June 2013	As at 31 December 2012
BYDA	**37,452**	–
Total	**37,452**	–

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

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

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

(8) Entrusted loans

Related party	As at 30 June 2013	As at 31 December 2012
Other current assets:		
Associates of the Company	**95,600**	95,600
Total	**95,600**	95,600

IX. COMMITMENTS

1. The Group as Lessee

At 30 June 2013, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 30 June 2013	As at 31 December 2012
Within one year	**5,124**	5,424
1-2 years	**4,779**	4,746
2-3 years	**2,575**	4,030
After 3 years	**1,882**	2,814
Total	**14,360**	17,014

2. The Group as Lessor

At 30 June 2013,the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 30 June 2013	As at 31 December 2012
Within one year	**5,729**	3,843
1-2 years	**5,729**	1,886
2-3 years	**3,164**	1,886
After 3 years	**–**	314
Total	**14,622**	7,929

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

IX. COMMITMENTS *(Continued)*

3. Investment Commitments

On 29 March 2013, the Company and Chongqing Youth Industrial Co., Ltd. entered into Cooperation Agreement, to jointly contribute RMB30,000 thousand to establish Chongqing Youth Media Limited Liability Company (重慶青春傳媒有限責任公司) ("Chongqing Media"). The main business of Chongqing Media is the operation of Chongqing Youth Daily with all the operating rights including but not limited to the rights regarding to advertising, distribution, printing, etc.. The capital contribution by the Company was RMB18,000 thousand to hold 60% equity interest in Chongqing Media. The filing of the relevant registration with the industrial and commerce authorities was completed on 12 July 2013.

X. POST-BALANCE SHEET EVENTS

On 27 December 2012, the entrusted loan in the amount of RMB55,000 thousand was provided by the Company to Heiqing Media. The term of the entrusted loans was from 6 January 2013 to 4 July 2013. Please refer to the announcement of the Company dated 27 December 2012 for details. The principle and interests of such entrusted loan was repaid by Heiqing Media on 4 July 2013.

XI. SEGMENT INFORMATION

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

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

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

XI. SEGMENT INFORMATION *(Continued)*

(1) For the six months ended 30 June 2013

Item	Advertising	Printing	Trading of print-related materials	Unallocated amount	Elimination	Total
Revenue from external transactions	160,325	15,940	88,673	2,892	–	267,830
Revenue from intra-segment transactions	602	76,188	–	–	(76,790)	–
Operating revenue	160,927	92,128	88,673	2,892	(76,790)	267,830
Operating profit (loss)	21,375	1,363	1,312	13,570	(9,100)	28,520

(2) For the six months ended 30 June 2012

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

XII. OTHER SIGNIFICANT EVENTS

1. Leasing

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

Category of assets leased out under operating leases	As at 30 June 2013	As at 31 December 2012
Investment properties and fixed assets	52,373	49,154
Total	**52,373**	49,154

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

XIII. SUPPLEMENTARY INFORMATION

1. Earnings per share

	For the six months ended 30 June	
	2013	2012
Profit for the half-year attributable to the shareholders of the Company	**11,852**	12,118
Weighted average number of ordinary shares in issue	**197,310**	197,310
Earnings per share (RMB)	**0.06**	0.06

The basic earnings and diluted earnings per share for the six months ended 30 June 2012 and 2013 are the same as there was no dilution incurred during the periods.

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Balance Sheet of the Company (Unaudited)

RMB'000

Item	As at 30 June 2013	As at 31 December 2012
Current assets:		
Bank balances and cash	**139,133**	295,511
Accounts receivable	**150,700**	85,451
Prepayments	**15,216**	4,379
Dividends receivable	**–**	8,900
Interest receivable	**1,256**	2,633
Other receivables	**69,164**	76,781
Inventories	**353**	356
Other current assets	**147,600**	146,600
Total current assets	**523,422**	620,611
Non-current assets:		
Investments in subsidiaries	**553,204**	553,204
Investments in associates	**131,143**	128,441
Other long-term equity investments	**59,060**	59,060
Investment properties	**9,037**	9,037
Fixed assets	**8,105**	8,269
Intangible assets	**27,006**	27,476
Long-term prepaid expenses	**33,074**	47
Other non-current assets	**55,000**	–
Total non-current assets	**875,629**	785,534
Total assets	**1,399,051**	1,406,145

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Balance Sheet of the Company (Unaudited) *(Continued)*

RMB'000

Item	As at 30 June 2013	As at 31 December 2012
Current liabilities:		
Accounts payable	**70,011**	15,592
Receipts in advance	**18,865**	10,594
Employee benefit payables	**3,349**	4,828
Tax payables	**(9,574)**	(2,843)
Dividends payable	**57,546**	–
Other payables	**11,433**	84,715
Other current liabilities	**7,480**	7,539
Total current liabilities	**159,110**	120,425
Total liabilities	**159,110**	120,425
Shareholders' equity:		
Share capital	**197,310**	197,310
Capital reserves	**896,214**	896,214
Surplus reserves	**130,931**	130,931
Undistributed profits	**15,486**	61,265
Total shareholders' equity	**1,239,941**	1,285,720
Total liabilities and shareholders' equity	**1,399,051**	1,406,145
Net current assets	**364,312**	500,186
Total assets less current liabilities	**1,239,941**	1,285,720

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

3. Income Statement of the Company (Unaudited)

RMB'000

Item	For the six months ended 30 June 2013	2012
Total operating revenue	**148,699**	168,096
Total operating costs	**129,063**	166,072
Operating costs	**117,844**	150,359
Sales tax and surcharges	**4,780**	13,618
Administrative expenses	**13,214**	10,437
Financial expenses	**(6,201)**	(8,589)
Impairment loss of assets	**(574)**	247
Share of profit of associates	**2,843**	5,128
Other investment income	**8,959**	–
Operating profit	**31,438**	7,152
Add: non-operating income	**500**	869
Less: non-operating expenses	**18,524**	–
Total profit	**13,414**	8,021
Less: Income tax expenses	**–**	–
Net profit	**13,414**	8,021
Other comprehensive income	**–**	–
Total comprehensive income	**13,414**	8,021

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

4. Cash Flow Statement of the Company (Unaudited)

RMB'000

Item	For the six months ended 30 June 2013	2012
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	**86,787**	120,300
Other cash receipts relating to operating activities	**3,624**	58,542
Sub-total of cash inflows from operating activities	**90,411**	178,842
Cash paid for goods purchased and services received	**120,046**	113,342
Cash paid to and on behalf of employees	**14,914**	15,262
Payments of taxes and surcharges	**6,457**	14,283
Other cash payments relating to operating activities	**14,691**	35,492
Sub-total of cash outflows from operating activities	**156,108**	178,379
Net cash flows from operating activities	**(65,697)**	463
II. Cash flows from investing activities:		
Cash received from investments	**45,000**	–
Cash received from returns on investment	**22,602**	19,803
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**–**	3
Other cash receipts relating to investing activities	**115,060**	15,617
Sub-total of cash inflows from investing activities	**182,662**	35,423
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**247**	86
Cash paid on investment	**68,000**	–
Other cash payments relating to investing activities	**2,880**	37,652
Sub-total of cash outflows from investing activities	**71,127**	37,738
Net cash flows from investing activities	**111,535**	(2,315)

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

4. Cash Flow Statement of the Company (Unaudited) *(Continued)*

RMB'000

Item	For the six months ended 30 June 2013	2012
III. Cash flows from financing activities:		
Other cash payments relating to financing activities	**90,585**	–
Sub-total of cash outflows from financing activities	**90,585**	–
Net cash flows from financing activities	**(90,585)**	–
IV. Effect of exchange rate changes on cash and cash equivalents	**–**	–
V. Net increase (decrease) in cash and cash equivalents	**(44,747)**	(1,852)
Add: Balance of cash and cash equivalents at the beginning of the period	**67,184**	97,924
VI. Balance of cash and cash equivalents at the end of the period	**22,437**	96,072

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

XIII. SUPPLEMENTARY INFORMATION *(Continued)*

5. Statement of Changes in Shareholders' Equity of the Company (Unaudited)

RMB'000

Item	For the six months ended 30 June 2013 Share capital	Capital reserves	Surplus reserves	Undistributed profits	Total shareholders' equity
Balance at the beginning of the period	**197,310**	**896,214**	**130,931**	**61,265**	**1,285,720**
Net profit	**–**	**–**	**–**	**13,414**	**13,414**
Appropriation to shareholders	**–**	**–**	**–**	**(59,193)**	**(59,193)**
Sub-total of the changes for the period	**–**	**–**	**–**	**(45,779)**	**(45,779)**
Balance at the end of the period	**197,310**	**896,214**	**130,931**	**15,486**	**1,239,941**

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

XIV. APPROVAL OF INTERIM FINANCIAL REPORT

This interim financial report was unaudited.

This interim financial report was reviewed by the Audit Committee of the Board of the Company, and was approved by the Board of the Company on 23 August 2013.

Beijing Media Corporation Limited

23 August 2013