



**HK Stock Code: 1000**

# **2014**

# **ANNUAL**

# **REPORT**

**Beijing Media Corporation Limited**

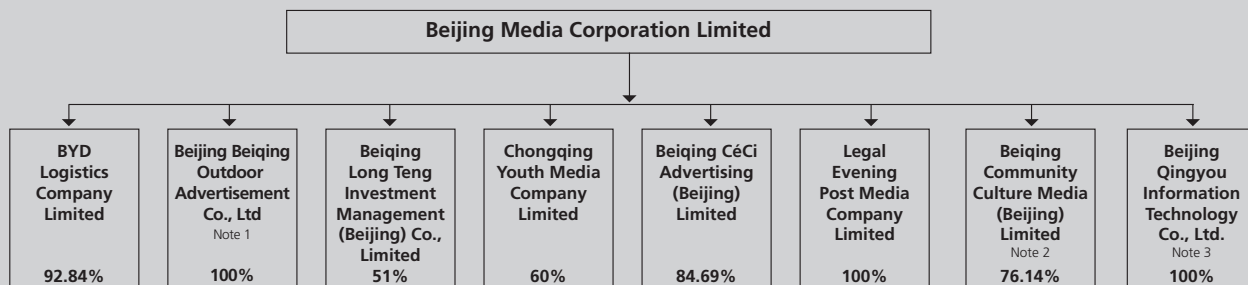
A joint stock company incorporated  
in the People's Republic of China with limited liability

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## COMPANY PROFILE

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

## COMPANY STRUCTURE (as at 31 December 2014)



### Notes:

1. On 18 July 2014, former Beijing Today Sunshine Advertising Co., Ltd. completed the procedures of changes in registration with the industrial and commercial administration authorities, and changed its name to Beijing Beiqing Outdoor Advertisement Co., Ltd.
2. On 16 June 2014, some of the employees of Beiqing Community Media entered into a capital increase agreement with Beiqing Community Media and the Company, pursuant to which, an amount of RMB4,700 thousand in cash had been invested by them into Beiqing Community Media and the Company's equity interest in Beiqing Community Media was therefore diluted from 100% to 76.14%. The relevant procedures of capital injection and corresponding changes in registration with the industrial and commercial administration authorities were all completed on 30 June 2014.
3. Upon the approval of the Board on 27 February 2014, the Company contributed RMB30,000 thousand to establish Qingyou Information, a wholly owned subsidiary of the Company, which completed the registration with the industrial and commercial administration authorities on 24 June 2014.

## COMPANY WEBSITE

[www.bjmedia.com.cn](http://www.bjmedia.com.cn)

## STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2014): 197,310,000
- Market Capitalisation (as at 31 December 2014): HK\$937.22 million
- Financial Year End: 31 December
- Bloomberg's Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

**As at 31 December 2014****EXECUTIVE DIRECTORS**

Zhang Yanping (*Chairman*)  
 Yu Haibo (*Vice Chairman and President*) <sup>Note 1</sup>  
 He Xiaona (*Executive Vice President*)

**NON-EXECUTIVE DIRECTORS**

Li Shiheng (*Vice Chairman*)  
 Liu Han  
 Wu Peihua  
 Li Xiaobing  
 Wang Lin <sup>Note 2</sup>  
 Xu Xun  
 Li Yigeng <sup>Note 3</sup>

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

Song Jianwu  
 Cui Baoguo  
 Wu Tak Lung  
 Cui Enqing  
 Chen Ji

**JOINT COMPANY SECRETARIES**

Shang Da  
 Yu Leung Fai

**AUDIT COMMITTEE**

Wu Tak Lung (*Chairman*)  
 Chen Ji  
 Liu Han

**REMUNERATION COMMITTEE**

Cui Baoguo (*Chairman*)  
 Yu Haibo  
 Cui Enqing

**NOMINATION COMMITTEE**

Zhang Yanping (*Chairman*)  
 Song Jianwu  
 Cui Baoguo

**AUTHORISED REPRESENTATIVES**

Zhang Yanping  
 Yu Haibo <sup>Note 1</sup>

**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 Centre,  
 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

**AUDITOR**

ShineWing Certified Public Accountants  
 (Special General Partnership)  
 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:**

- Having reached the retirement age, Mr. Sun Wei ceased to be the president of the Company with effect from 7 March 2014, and ceased to be the executive Director, with effect from the 2013 annual general meeting held on 20 May 2014. On 7 March 2014, the Board resolved to appoint Mr. Yu Haibo as the president and the authorised representative of the Company in replace of Mr. Sun Wei. For details, please refer to the Company's announcement dated 7 March 2014.
- Upon the approval of the 2013 annual general meeting held on 20 May 2014, Mr. Wang Lin was appointed as the non-executive Director. Please refer to the Company's announcements dated 7 March 2014 and 20 May 2014 for details.
- On 31 March 2015, Mr. Li Yingeng has submitted resignation to the Company.

**DEAR SHAREHOLDERS,**

On behalf of the Group, I am pleased to present the report on results of the Group for the year 2014.

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

Total operating revenue of the Group for 2014 was RMB680,769 thousand, representing an increase of 2% as compared with 2013 (2013: RMB667,428 thousand). Net profit attributable to Shareholders of the Company was RMB10,506 thousand, representing a decrease of 48.44% as compared with 2013 (2013: RMB20,377 thousand). Earnings per share was RMB0.0532 (2013: RMB0.10). The Board recommends the distribution of a final dividend of RMB0.10 per share (2013: RMB0.14 per share) to Shareholders.

According to the ranking list published by the Periodical Sub-Committee under the China Association of Advertising in terms of the value for placement of advertisement in periodicals of the PRC from 2013 to 2014, Beijing Youth Daily ranked No.6 amongst the metropolitan newspapers in the PRC, and ranked No.1 in Beijing for six consecutive years.

In 2014, the Company adhered to the two major strategies of reinforcing traditional business and exploring emerging business sectors. In reinforcing traditional business: the Company actively expanded the influence of its business and ensured the quality of service through media functions; in exploring emerging business sectors: firstly, we operate online game platforms, make effort in expanding from webpage game to mobile game; secondly, we engaged in the merging points of online and offline to solve the issue of internet service in the last mile, while collecting big data, seized sales channels that reaches the households and cultivated a large number highly loyal customers to achieve economy of scale; thirdly, leveraging on the established influence and cultural assets of our media, we invested in cultural, film and video projects to pursue internal growth by riding the tide of a rapidly developing cultural industry. In particular, when implementing such strategy, the Company strived to achieve (1) professionalism of its team: selecting a mix of professional team members of excellent quality; (2) diversified operation models: also provide upstream and downstream related services while we providing total value added solutions to our customers; and (3) centralisation of resources allocation: focus on dominating businesses, allocating more funding and human resources to them.

In 2014, diversified operation led to slight increase in the income of the Group. The macroeconomic downturn affected the operation of various industries, resulting in higher account receivables from the Company, its subsidiaries and associates as well as longer collection period. The provision of account receivables directly influenced the profit of the Group.

The macro-economy generally trended downward in 2014, which affected results of the industry. The "Notice on the Adjustment of Individual Housing Transfer Business Tax Policy" (Cai Shui [2015] No.39) (《關於調整個人住房轉讓營業稅政策的通知》(財稅[2015]39號)) issued by the Ministry of Finance and the State Administration of Taxation and the "Notice on Policies for Individual Housing Provident Fund Loans" (《關於個人住房貸款政策有關問題的通知》) issued by the People's Bank Of China on 30 March 2015, indicate that the government has been launching positive policies to help the economy to resume growth and caring out easing policies on real estate. It is expected that such moves will have positive effect on the economy in the second half of 2015. The Group will follow such trend act accordingly in hope of accomplishing good performance.

The Group's performance in 2014 is heavily dependent on the concerted efforts of our management and staff in each business unit. The acute insight to market opportunities and the excellent quality of the management team and staff are keys to our success. On behalf of the 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 business unit.

**Zhang Yanping**  
*Chairman*

31 March 2015  
Beijing, the PRC



## BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, which contributed the majority of the turnover of the Group; (2) printing, the turnover of which includes the revenue of the printing of publications arranged by BYD Logistics; and (3) trading of print-related materials, which 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 2014 was RMB680,769 thousand (2013: RMB667,428 thousand), representing an increase of 2% as compared with 2013. Net profit attributable to shareholders of the Company for 2014 was RMB10,506 thousand (2013: RMB20,377 thousand), representing a decrease of 48.44% as compared with 2013.

## BUSINESS REVIEW OF THE GROUP (Continued)

In 2014, the Group's income was directly impacted by various factors, including the macroeconomic downturn, persistently strict control over real estate and automobile markets and slide in luxury product industry, which in turn resulted in higher account receivables from the Company, the subsidiaries and associates and longer collection period. To cope with the new changes in the market condition, the Company is considering professional and intensive operation and making adjustments to the structure of the former Beijing Media Advertisement Centre. In 2014, the differentiated independent operation of the Company, Legal Evening Post (《法制晚報》) and Civil Aviation Administration of China News (《中國民航報TOP時空》) began. A personalised and precise marketing plan was implemented and a refined professional marketing team was created. Meanwhile, at the end of 2014, the Company actively adjusted the advertising operating team in order to build a first-class and professional team to further enhance the operating efficiency through standard and innovative management.

In 2014, according to the ' Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department and forwarded by Beijing Municipal Finance Bureau, Beijing State Administration of Taxation, Beijing Local Taxation Bureau and the Publicity Department of the Beijing Committee of the Communist Party of China" (Jing Cai Shui [2014] No. 2907) (《北京市財政局 北京市國家稅務局 北京市地方稅務局 中國共產黨北京市委員會宣傳部轉發財政部 國家稅務總局 中宣部關於繼續實施文化體制改革中經營性文化事業單位轉制為企業若干稅收政策的通知》(京財稅[2014]2907號)), the Company will continue to enjoy preferential enterprise income tax exemption during the period from 1 January 2014 to 31 December 2018.





**BUSINESS REVIEW OF THE GROUP** (Continued)**Advertisement Business**

Revenue from advertising sales of the Group for 2014 was RMB360,187 thousand (2013: RMB339,805 thousand), representing an increase of 6% as compared with 2013.

In 2014, the advertising business in real estate sector was still the major advertising business of the Company. To cope with market competition, the Company adjusted the real estate industry team in 2014 to fully implement the refined professional strategy. There was active expansion in the real estate market outside Beijing through building a physical sales platform, planning circulating for special issues on Beijing-Tianjin-Hebei integration and the Gorgeous Home and other measures such as organizing group visits to houses. The result was favourable. Meanwhile, the Company also participated in the community showcase of real estate projects and promoted the direct communications between the advertisers and consumers, to provide more extended services for clients and bring more advertising sales for the Company.

With the continuous effort made by the Company, the monitoring data provided by the third party showed that the placement volume of advertisement in real estate industry of the Company still maintained a leading advantage in the industry compared with other print media of Beijing metropolitan newspapers in 2014 (market share of placement volume of advertisement of the Company in real estate industry among print media of Beijing metropolitan newspapers was 31.78% in 2014).

In 2014, the placement volume of advertisement in automobile industry was in the top ranking among the total placement volume of advertisement of the Company. Under the continuous market downturn of the automobile industry, the Company proactively adjusted its business model: firstly, to use underwriting to promote traditional advertising placement; secondly to actively hold various activities and auto shows. It organized the Beijing Automobile Exhibition with around 17 domestic and foreign renowned automobile brands and more than 180 models of automobile. At the Beijing International Automobile Exhibition 2014, through innovative distribution and outreach activities, the Company provided the advertising customers with diversified marketing plans, thereby enhancing the influence of Beijing Media brand and effectively increasing advertising sales income.

In 2014, the monitoring data provided by the third party showed that, benefited from the efforts of the Company in different aspects, the placement volume of advertisement in automobile industry of the Company still maintained a leading advantage in the industry compared with other print media of Beijing metropolitan newspapers (market share of placement volume of advertisement of the Company in automobile industry among print media of Beijing metropolitan newspapers was 30.90% in 2014).

Meanwhile, the monitoring data provided by the third party showed that the placement volume of advertisement in Beijing Youth Daily(《北京青年報》)in industries such as living service, recruitment and finance and insurance that the high-income group pay close attention to took a high market share among the print media of Beijing metropolitan newspapers, especially the performance of placement volume in living service industry (market share of placement volume of advertisement in living service, recruitment and finance and insurance industry of the Company among print media of Beijing metropolitan newspapers were 59.88%, 51.16% and 38.93%, respectively in 2014).

The Company made detailed projection of the economic situation and actively responded to the industrial competition, so as to still maintain a relatively high market share in the industry under unfavorable external market environment. In 2014, the market observation data provided by third party showed that the consolidated 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 26.49% in 2014).

**BUSINESS REVIEW OF THE GROUP (Continued)****Film and television business**

To diversify operation and increase income sources, the Company continued to explore investment in films and television following the good reputation and stable revenue for the TV drama “Story of Zheng Yang Gate” (《正陽門下》) and the film “Silent Witness” (《全民目擊》). On 27 February 2014, with the approval by the Board, the Company invested and produced the TV series “東方球王” (formally known as “Henqiu” (《恨球》)). Currently, several satellite television stations have expressed interests in purchasing its broadcasting right. In 2014, the Company also jointly invested and produced TV series “All Quiet in Peking” (《北平無戰事》) and “Waves” (《巨浪》) in collaboration with Beijing Spring TV Culture Co., Ltd. and Beijing Forest Movie Culture Media Co., Ltd., respectively. The Company also co-produced the film “Coming Out” (《出山》) with Beijing Wen Mai Tang Development Co., Ltd.. The above new developments are expected to bring income in the future.

**RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP**

Beiqing CéCi is a 84.69%-owned subsidiary of the Company. In 2014, the revenue and net profit of Beiqing CéCi respectively amounted to RMB32,696 thousand and RMB5,981 thousand, representing an increase of 17.77% and 43.37% as compared with that of the corresponding period of last year. Beiqing CéCi focused on the agency of advertising business in CéCi (《茜茜姐妹CéCi》) magazine, a premium women’s magazine for fashion mavens distributed across major cities of China including Hong Kong. CéCi magazine is the first Korean-style trendy magazine introduced into the PRC. Its lively writing and easy-going style give the best annotation to the orient trendy life of Chinese professional women with its advocacy of a modern culture combining innovation and pragmatism in Asia. Through the past six years’ operation, CéCi is a favourite magazine of urban white-collar women with a sound track record in sales since its launching.

In 2014, Beiqing CéCi explored customer needs in depth, used their keen sense on fashion and edit advantage to develop new business of making internal magazine for advertisers, making it a new profit growth point. To enhance corporate brand influence, on 30 November 2014, the Company jointly organized the one-year campaign, “I am the leader of my youth-Red Ribbon Campus Health Ambassador” (“美好青春我做主—紅絲帶健康大使青春校園行”) with 16 universities in 14 provinces nationwide. The campaign targeted at college students to promote AIDS prevention education, with the participation of a number of government officials, university leaders, and Prof. Peng Liyuan, who is the WHO’s AIDS Ambassador and AIDS Prevention Advocate of the National Health and Family Planning Commission. To offset the decrease of placement budget of print advertising of customers, Beiqing CéCi actively implemented large-scale advertising on-site activities for customers. In March 2014, Beiqing CéCi and KENZO co-hosted a series of popular activities of walking into the Peking University for The 21st Beijing College Student Original Film Festival-“KENZO Flower in the Air (花舞飛揚)”. In April 2014, Beiqing CéCi and Urara hosted activity of “Beauty Development Plan of YOBOOM and Urara in University-Dalian (YOBOOM携手悠萊美麗成長計劃校園行—大連站)” at Dalian University of Technology, Dongbei University of Finance and Economics, respectively. In June 2014, Beiqing CéCi held a forum themed “Brussels-Gateway to Europe” in Shanghai which was hosted by Mr. Nijs, the Belgian honorary ambassador. In October 2014, the Company and Sulwhasoo, a high-end skincare brand in Korea, jointly organized a tea event in Beijing with the theme of “Harmony and Balance(和諧之境·平衡之美)”, which was hosted by Ms Li Yifei, President (China Region) of Man Group plc and where the famous writer and environmental artist Mr. Hongchen gave a speech. Beiqing CéCi strived to continuously enhance the reputation and influence of CéCi (《茜茜姐妹CéCi》) magazine through new marketing initiatives to respond to the increasingly fierce market competition and effectively increase revenue.

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

Beiqing Outdoor is a wholly-owned subsidiary of the Company and officially changed its name to Beijing Beiqing Outdoor Advertisement Co., Ltd. in July 2014. Its principal business is operating urban outdoor single column billboards. In the first half of 2014, the Company and Beiqing Outdoor successfully won the bid of outdoor single column billboards from Beijing Municipal Commission of City Administration and Environment, acquiring the operation right for 3 years of more than 10 single column billboards in advantageous locations in sections such as West 4th Ring and East 5th Ring in Beijing, Jingkai Highway and Beijing-Harbin Freeway. All advertising spaces on such outdoor billboards were sold out in 2014. At present, the Company and Beiqing Outdoor kept a leading position in retaining the number of single column billboards in the bidding market of Beijing city region. In the second half of 2014, the Company injected capital into Beiqing Outdoor, causing the increase of registered capital of Beiqing Outdoor from RMB4,000 thousand to RMB10,000 thousand. Currently, Beiqing Outdoor adopts active measures for its business and operation in order to turn profitable as soon as possible.

Beiqing Community Media is a 76.14%-owned subsidiary of the Company. Beiqing Community Media is dedicated to develop Beiqing Community Daily (《北青社區報》), a new media focusing a small group of people. Relying on government advantages, Beiqing Community Daily entered into various communities. Major business districts and popular gathering places were of first priority. Through interaction between newspapers and WeChat, particularly the offline activities conducted in specific districts, the cohesion of community users was enhanced and solid foundation for large data marketing was laid. In 2014, Beiqing Community Daily had produced 27 community papers for Fangzhuang and other districts, and the free indoor circulation in each of such districts was approximately 40,000 copies. The total publication amount as a weekly newspaper was approximately 1.08 million copies which covered 4.32 million readers, with 130 community relay stations opened correspondingly. It is expected that it will expand circulation to 35 copies of community newspapers and open 150 community relay stations in 2015. Meanwhile, in order to achieve close integration of the community newspaper and community relay stations for building the most preferred personalized service platform for home life in Beijing, Beiqing Community Media launched the online platform APP “OK Home APP” and officially conducted online trial in October 2014. As of February 2015, registration has opened on the platform, for over 90 sub-communities in three communities, namely Chaoqing District, Beiyuan District and Tiantongyuan District. Although Beiqing Community Media is still in the rearing period, the Company firmly believes that when the resource accumulation, both online and offline, of the community daily and community relay stations reaches a certain scale, maximized profits can be expected.

LEP Media is a wholly-owned subsidiary of the Company. In 2013, LEP Media, as a limited partner, formed Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the “Fund”). On 17 June 2014, the backdoor listing plan of Tianshenhudong.com, the first online game project invested by the Fund, was conditionally approved by the Review Committee of Merger, Acquisition and Reorganization of Listing Companies of China Securities Regulatory Commission. In 2014, LEP Media was profitable.

Qingyou Information is a wholly-owned subsidiary of the Company. In order to explore emerging media business segment, the Company fully invested RMB30,000 thousand in the operation of the website game platform “Qingyou online”. The game platform at present has completed the online trail testing and is now under stable operation. It is an agent of more than 240,000 games and has over 1,200,000 users. In 2014, Qingyou Information achieved profit and it is expected to be the new profit growth point of the Group.

Beiqing Long Teng is a 51%-owned subsidiary of the Company. In 2014, Beiqing Long Teng actively improved its internal management system focused on asset management and financial consultant business, and created revenue of nearly RMB3,277 thousand. Beiqing Long Teng, which was under the rearing period, expanded business and established a unique investment brand in the cultural market in order to realize profits as soon as possible.

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

Chongqing Media is a 60%-owned subsidiary of the Company. It runs Chongqing Youth Daily (《重慶青年報》). At present, the circulation of Chongqing Youth Daily has reached more than 60,000 copies. In 2014, the number of the followers of its WeChat public account has reached 480,000, making it the most popular WeChat public account in Chongqing region. Chongqing Media is currently striving to shorten the rearing period in order to realize profits as soon as possible.

BYD Logistics is a 92.84%-owned subsidiary of the Company. Operating revenues from the printing and the trading of print-related materials businesses for 2014 were respectively RMB24,658 thousand and RMB260,567 thousand (2013: RMB22,330 thousand and RMB266,786 thousand), representing an increase of 10.43% and a decrease of 2.33% as compared with those of the corresponding period of 2013. In 2014, BYD Logistics further controlled costs and expenses, and its operating profit during the period was almost the same as that of the previous year.

BQTM is an associate of the Company in which the Company holds 36.12% of its shares. BQTM is dedicated to operate the large LED screen in several domestic airports led by the Capital Airport. In 2014, since the Capital Airport developed various advertising spots in different forms around the original large LED screen operated by BQTM, the advertising income from large LED screen received by BQTM was affected, which resulted in the decline in its results difficulty in operation. BQTM is currently taking effective measures to raise its operating income. In 2014, BQTM strived to expand the new business of the Ground Transportation Centre (GTC). It collaborated with Raising Aerodrome Exhibition Co., Ltd. Beijing (RAECO) in the development of catering business for passengers in transit at the airport. BQTM primarily contracted the design, operation and allocation of the advertising resources of GTC, which included various advertising means such as LED large screens and automobile exhibition spaces. Currently, the GTC business has been launched in T3 of Capital Airport, Shanghai Hongqiao Airport and Shenzhen Bao'an Airport. BQTM also entered into a strategic co-operation agreement with RAECO in February 2014 and entered into the overall co-operation agreement and advertising agency agreement for T3 of capital airport in 2015. Agreements will be entered into for other airports as the GTC business develops. Adopting new business is expected to help BQTM to realize profits as soon as possible.

Hebei Jujingcai E-commerce Company Limited is an associate of the Company, in which the Company holds 44.50% equity interest. On 30 June 2014, CaiCai.cc officially launched its operation after half year of trial operation. Through a wide range of innovative marketing activities, it has nearly 20,000 registered users with 6 product lines and more than 140 products in total. In 2014, Hebei Jujingcai E-commerce Company Limited obtained Hebei Province Cultural Industry Development Guidance Subsidy and was honored "Novice Award" in the "China Creative Industries Innovation Award" (中國創意工業創新獎) campaign, which effectively enhanced the influence of its brand.

The Group was committed to diversifying investment portfolio and setting up extensive media platforms with comprehensive audience group, covering newspapers, magazines, outdoor, LED internet and aviation broadcast. Meanwhile, the Group managed to provide all-round sophisticated media marketing platforms for advertisers to place advertisements, which enabled advertisers to maximize returns by selecting diversified cross-channel, cross-media and cross-region advertising portfolios.

## EVENTS ORGANIZED DURING THE YEAR

Capitalizing on its media strengths and integrating and consolidating its internal resources, the Group established a platform for communications between readers (consumers) and advertising customers (exhibitors). In 2014, Beijing Media organized “2014 Beijing Auto Exhibition” and “Beijing Media Travel Exhibition” as well as participating in large-scale exhibitions such as “Beijing International Automotive Exhibition”, which effectively facilitated the placement of advertisements in the respective industries.

During 2014, the “2014 Beijing Auto Exhibition” hosted by BYDA and the Group was successfully held at the Beijing Exhibition Center from 14 August 2014 to 17 August 2014. During the four-day exhibition period, the Group invited 17 famous international and domestic automobile brands including GAC-Toyota with more than 180 vehicle types displayed in the exhibition, which in turn further deepened the image of such exhibition as a “true exhibition with valuable yield” among consumers.

In 2014, leveraging on the strong influence of the Beijing Media brand and our own marketing resources, the Company attempted to cultivate a professional sales platform for tourism industry and organized the onsite event “Beijing Media Travel Exhibition” for seven times during the year. With an average of 400 visitors and 50 tourism product purchases for each event and approximately 2,000 valid messages collected from the audience, the exhibition built a sound reputation in Beijing tourism circle and effectively set up the position of the Beijing Media brand in the tourism industry.

## PROSPECTS AND FUTURE PLANS

While maintaining its existing core businesses in 2015, the Group intends to further diversify its media business through acquisitions and cooperation. The Group will bolster its ongoing relationship with BYDA, in order to further development of its business and stand out from its peers as a leading cross-media group in the PRC.

In 2015, the Company will actively promote the operation of Beijing Community Daily, and facilitate new expansion of business scope through capital operation. It is expected that there will be 35 community newspapers and 150 community relay stations by the end of the year.

In 2015, the Company will strive to explore emerging media business segment. Relying on the media advantage and influence of the Group, Qingyou Information will establish a precise marketing advertising network service platform for different operations while operating web game platform “Qingyou online” to create a new profit growth point on the basis of over 1,200,000 users.

In 2015, the Group will continue to rely on Beijing Outdoor to accelerate the development of outdoor advertisement business. With our headquarter in Beijing, we will extend our business all over the country with focus on channel development and outdoor advertisement business in emerging digital media form.

In 2015, the Company will further consolidate the media resources and realize cross-media marketing to provide customers with promotion and marketing mix based on the approach of adopting internal media as well as to design, circulate and implement the marketing mix based on external media for the clients. The provision of extended services along the industrial chain will generate more revenues for the Company.

In 2015, the Company will continue to expand the cultural industry market, setting foot on the film and television production operations. In February 2015, the Company and Beijing Jiaren Culture Media Co., Ltd. co-produced the TV series “38th Parallel” (《三八線》), the outcome of the distribution and ratings of which is expected to be favourable.

**FINANCIAL POSITION AND OPERATIONAL RESULTS****1. Total Operating Revenue**

Total operating revenue of the Group for 2014 was RMB680,769 thousand (2013: RMB667,428 thousand), representing an increase of 2% as compared with 2013. Of which, revenue from advertising sales was RMB360,187 thousand (2013: RMB339,805 thousand), representing an increase of 6% as compared with 2013; revenue from printing was RMB24,658 thousand (2013: RMB22,330 thousand), representing an increase of 10.43% as compared with 2013; and revenue from trading of print-related materials was RMB260,567 thousand (2013: RMB266,786 thousand), representing a decrease of 2.33% as compared with 2013.

**2. Operating Cost and Sales Tax and Surcharges**

Operating cost of the Group for 2014 was RMB537,208 thousand (2013: RMB573,686 thousand), representing a decrease of 6.36% as compared with 2013. Of which, cost of advertising sales was RMB244,434 thousand (2013: RMB268,198 thousand), representing a decrease of 8.86% as compared with 2013; cost of printing was RMB24,258 thousand (2013: RMB17,320 thousand), representing an increase of 40.06% as compared with 2013; and cost of trading of print-related materials was RMB242,518 thousand (2013: RMB251,790 thousand), representing a decrease of 3.68% as compared with 2013. Sales tax and surcharges was RMB11,649 thousand (2013: RMB13,087 thousand), representing a decrease of 10.99% as compared with 2013.

**3. Gross Profit**

Gross profit of the Group for 2014 was RMB143,561 thousand (2013: RMB93,742 thousand), representing an increase of 53.14% as compared with 2013; gross profit margin of the Group for 2014 was 21.09% (2013: 14.05%).

**4. Selling Expenses**

Selling Expenses of the Group for 2014 was RMB38,511 thousand (2013: RMB17,682 thousand), representing an increase of 117.80% as compared with 2013.

**5. Administrative Expenses**

Administrative expenses of the Group for 2014 was RMB63,582 thousand (2013: RMB56,797 thousand), representing an increase of 11.95% as compared with 2013.

**6. Financial Expenses**

Financial expenses of the Group for 2014 was RMB-9,831 thousand (2013: RMB-23,417 thousand), representing a decrease of 58.02% in absolute value as compared with 2013. Of which, interest income was RMB11,566 thousand (2013: RMB23,960 thousand), representing a decrease of 51.73% as compared with 2013; and foreign exchange loss was RMB67 thousand (2013: foreign exchange gain: RMB108 thousand), representing a decrease of 162.04% as compared with 2013.

**7. Share of Profit of Associates**

Share of profit of associates of the Group for 2014 was RMB-40,521 thousand (2013: RMB10,347 thousand), representing a decrease of 491.62% as compared with 2013.

**8. Operating Profit**

Operating profit of the Group for 2014 was RMB-51,337 thousand (2013: RMB32,062 thousand), representing a decrease of 260.12% as compared with 2013.

**FINANCIAL POSITION AND OPERATIONAL RESULTS (Continued)****9. Income Tax Expenses**

Income tax expenses of the Group for 2014 was RMB711 thousand (2013: RMB2,174 thousand), representing a decrease of 67.30% as compared with 2013. According to the "Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department and forwarded by Beijing Municipal Finance Bureau, Beijing State Administration of Taxation, Beijing Local Taxation Bureau and the Publicity Department of the Beijing Committee of the Communist Party of China" (Jing Cai Shui [2014] No. 2907) (《北京市財政局、北京市國家稅務局、北京市地方稅務局、中國共產黨北京市委員會宣傳部轉發財政部、國家稅務總局、中宣部關於繼續實施文化體制改革中經營性文化事業單位轉制為企業若干稅收政策的通知》(京財稅[2014]2907號)), the Company will continue to enjoy preferential enterprise income tax exemption during the period from 1 January 2014 to 31 December 2018.

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

Net profit of the Group for 2014 was RMB4,896 thousand (2013: RMB17,273 thousand), representing a decrease of 71.66% as compared with 2013. Of which, net profit attributable to shareholders of the Company was RMB10,506 thousand (2013: RMB20,377 thousand), representing a decrease of 48.44% as compared with 2013.

**11. Final Dividend**

The Board recommends the distribution of a final dividend of RMB0.10 per share (2013: RMB0.14 per share).

**12. Net Current Assets**

As at 31 December 2014, net current assets of the Group was RMB826,613 thousand (31 December 2013: RMB771,169 thousand). Current assets mainly comprised bank balances and cash of RMB366,321 thousand (31 December 2013: RMB562,219 thousand), nil financial assets at fair value through profit or loss (31 December 2013: RMB15 thousand), accounts receivable of RMB410,679 thousand (31 December 2013: RMB338,400 thousand), prepayments of RMB103,651 thousand (31 December 2013: RMB48,653 thousand), interest receivable of RMB1,461 thousand (31 December 2013: RMB4,780 thousand), other receivables of RMB144,836 thousand (31 December 2013: RMB36,847 thousand), inventories of RMB54,768 thousand (31 December 2013: RMB56,045 thousand), non-current assets due within one year was RMB1,489 thousand (31 December 2013: RMB632 thousand), and other current assets was RMB11,000 thousand (31 December 2013: nil). Current liabilities mainly comprised notes payable of RMB81,545 thousand (31 December 2013: RMB95,980 thousand), accounts payable of RMB107,721 thousand (31 December 2013: RMB120,771 thousand), receipts in advance of RMB47,643 thousand (31 December 2013: RMB37,676 thousand), employee benefit payables of RMB7,416 thousand (31 December 2013: RMB7,645 thousand), interest payables of RMB40 thousand (31 December 2013: nil), tax payables of RMB-16,418 thousand (31 December 2013: RMB-14,494 thousand), other payables of RMB26,998 thousand (31 December 2013: RMB21,478 thousand), non-current liabilities due within one year was RMB7,500 thousand (31 December 2013: nil), and other current liabilities of RMB5,147 thousand (31 December 2013: RMB7,366 thousand).

**FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2014, current assets of the Group was RMB1,094,205 thousand (31 December 2013: RMB1,047,591 thousand), including bank balances and cash of RMB366,321 thousand (31 December 2013: RMB562,219 thousand). Non-current assets of the Group was RMB501,385 thousand (31 December 2013: RMB564,928 thousand).

As at 31 December 2014, current liabilities of the Group was RMB267,592 thousand (31 December 2013: RMB276,422 thousand) and non-current liabilities was RMB17,030 thousand (31 December 2013: RMB2,583 thousand).

As at 31 December 2014, shareholders' equity of the Group was RMB1,310,968 thousand (31 December 2013: RMB1,333,514 thousand).

**GEARING RATIO**

As at 31 December 2014, gearing ratio of the Group was 21.71% (31 December 2013: 20.92%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

**BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS**

As at 31 December 2014, bank loans of the Group was RMB19,500 thousand (31 December 2013: nil). The currency unit of cash and cash equivalent held by the Group was Renminbi.

**FINANCING COST**

Financing cost of the Group for 2014 was RMB836 thousand (2013: RMB482 thousand).

**FIVE-YEAR RESULTS HIGHLIGHTS**

	For the year ended 31 December				
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000 (Restated)
Total operating revenue	<b>680,769</b>	667,428	690,276	757,574	769,497
Net profit	<b>4,896</b>	17,273	63,459	122,713	100,298
Net profit attributable to shareholders of the Company	<b>10,506</b>	20,377	64,987	119,894	99,715
Earnings per share – basic and diluted (RMB)	<b>0.05</b>	0.10	0.33	0.61	0.51

	As at 31 December				
	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000 (Restated)
Total assets	<b>1,595,590</b>	1,612,519	1,685,825	1,667,463	1,743,426
Total liabilities	<b>284,622</b>	279,005	327,391	237,814	312,430
Total equity attributable to shareholders of the Company	<b>1,281,732</b>	1,302,238	1,341,054	1,397,115	1,394,296
Shareholders' equity per share as at the end of the year (RMB)	<b>6.50</b>	6.60	6.80	7.08	7.07

Note: As the Company has adopted PRC Accounting Standards from 2011, the above financial information includes the data restated in accordance with PRC Accounting Standards before 2010. In 2011, the Company carried out a business combination under common control, and acquired 55% equity interests in Beijing Outdoor. Therefore, the above data, including years before 2010, have been restated according to requirements of PRC Accounting Standards.



**USE OF PROCEEDS FROM THE LISTING**

The Company raised a total net proceeds of HKD889,086 thousand from the initial global offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the prospectus and the subsequent announcements of the Company, and the actual use of proceeds as at 31 December 2014:

Proposed use of proceeds	Amounts proposed <i>HK\$</i>	Amounts used <i>HK\$</i>
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 545.4960 million	Approximately 499.0848 million
General working capital of the Group	Approximately 320.00 million	Approximately 230.00 million

On 14 May 2014, LEP Media, a wholly-owned subsidiary of the Company, completed capital reduction. The registered capital of LEP Media thus reduced from RMB400,000 thousand to RMB51,000 thousand, after reduction of self-owned fund and the investment amount which have been utilized, there was approximately HKD299.62 million that returned to the Company's proceeds. Utilization of proceeds followed the original plan of the Company, and there were no violations regarding the Company's use of proceeds.

On 24 November 2014, in order to reinforce the development of outdoor advertising billboard business, the Company proposed to change the usage of part of the proceeds from initial global offering which has not yet been utilized as the general working capital to the general business activities such as the bidding of outdoor advertising billboards. Therefore, the Board has resolved that the proposed usage of the net proceeds from initial global offering which has not yet been utilized of approximately HKD251,041,200 has been changed as follows: (i) approximately HKD61,041,200 used for the investment and acquisition of other media businesses, including but not limited to the traditional media and new media, and other related businesses, including but not limited to the additional investment on the existing businesses of the Group; and (ii) approximately HKD190,000,000 used as the general working capital of the Group. The Board considers that the proposed change of use of proceeds from initial global offering will be conducive to expand the business of the Group, enlarging its income base and enhancing its competitiveness, which is in the best interests of the Company and its Shareholders as a whole.

**USE OF PROCEEDS FROM THE LISTING** (Continued)

Upon the approval of the tenth meeting of the fifth session of the Board on 27 February 2014, the Company contributed RMB30,000 thousand (equivalent to approximately HKD37,712,000) to establish Qingyou Information, a wholly-owned subsidiary of the Company, to operate the “Qingyou online” business. Qingyou Information has completed the business registration on 24 June 2014. The Company has completed all capital contribution as at 31 July 2014.

As of December 2014, the Company has contributed an additional amount of RMB6 million (equivalent to approximately HKD7,606,100) to Beiqing Outdoor.

The proceeds utilized during the year was approximately HKD172,129,800 in total. As at 31 December 2014, the balance of proceeds of the Company was approximately HKD136,411,200.

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 2014, the Company strived to seek opportunities to fulfill the objectives as set forth above. The Company believes that the remaining proceeds will be utilized pursuant to the aforesaid purposes for business development under mature conditions in the future.

**SHARE STRUCTURE**

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

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.

## **CAPITAL EXPENDITURE**

Capital expenditures, including expenditures on office equipment and intangible assets, of the Group for 2014 was RMB6,667 thousand (2013: RMB16,876 thousand). Capital expenditures of the Group for 2014 was mainly comprised of the expenditures consistent with business strategies.

## **CONTINGENT LIABILITIES AND PLEDGE OF ASSETS**

As at 31 December 2014, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

As at 31 December 2014, Beiqing Outdoor, the subsidiary of the Company, has entered into a loan agreement with Beijing Dongdan Branch, Bank of Communications on 26 June 2014, pursuant to which, Beijing Dongdan Branch, Bank of Communications agreed to provide the loan of RMB19,500 thousand to Beiqing Outdoor for the payment of utilization of advertising facilities for a term not more than 36 months (26 June 2014 to 23 June 2017). Beiqing Outdoor shall pay the interest based on an interest rate equivalent to the 3-year-term benchmark interest rate at a premium of 20% and pledge the investment properties held by Beiqing Outdoor as the security.

## **MATERIAL INVESTMENTS**

Upon the approval of the tenth meeting of the fifth session of the Board on 27 February 2014, the Company contributed RMB30,000 thousand to establish Qingyou Information, a wholly-owned subsidiary of the Company, to operate the "Qingyou online" business. Qingyou Information has completed the business registration on 24 June 2014. The Company has completed all contribution on 31 July 2014.

## **MATERIAL ACQUISITION AND DISPOSAL OF ASSETS**

In 2014, the Group had no material acquisition or disposal of assets.

## **FOREIGN EXCHANGE RISKS**

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain account payables are settled in foreign currency (mainly HKD). Therefore, the Company is exposed to fluctuations in foreign exchange rate to certain extent. Operating cash flow and liquidity of the Group is subject to very limited effect from exchange rate fluctuations.

**EXECUTIVE DIRECTORS**

Mr. Zhang Yanping, 57, is the chairman of the Board and an executive Director. Mr. Zhang is currently the president of the BYDA. Mr. Zhang graduated in 1988 from Renmin University of China with a bachelor's degree in journalism and achieved an EMBA degree from the School of Economics and Management of Tsinghua University in 2006. Mr. Zhang performed his military service with Division No. 4 of Beijing Garrison Command from December 1976 to June 1980. He then joined Beijing People's Radio as a trainee from June 1980 to April 1981. Mr. Zhang joined BYDA in November 1981 and has gained nearly 34 years of experience in the media business and has acted in a number of positions such as a reporter, director, editing committee member, deputy chief editor, executive deputy chief editor and chief editor of BYDA. Mr. Zhang became a member of Beijing Municipal Committee of the CPPCC since 21 January 2013. Mr. Zhang was appointed as a Director on 16 May 2001.

Mr. Yu Haibo, 42, is the president, the vice chairman of the Board and an executive Director. Mr. Yu obtained his bachelor's degree and master's degree of journalism from Renmin University of China in July 1993 and June 1996, respectively. Since 1 December 2009, Mr. Yu had been granted the technical position of news senior editor. From July 1996 to June 2000, Mr. Yu had served as an editor of the General Editorial Department of Guangming Daily Agency and had been appointed as the chief editor of the second session of Guangming Daily Agency from June 2000 to September 2006. From September 2006 to May 2009, Mr. Yu had served as the chief editor of the News Planning Department of Guangming Daily Agency. Mr. Yu had served as the Deputy Director of the News Planning Department of Guangming Daily Agency from May 2009 to January 2010 and from January 2011 to August 2011, and had served in the News Coordination Group of Central Propaganda Department of PRC from January 2010 to January 2011. From August 2011 to June 2012, Mr. Yu had served as the Vice General Editor of Beijing Daily Group. Since June 2012, Mr. Yu has served as the Deputy Secretary of Party Committee and the General Editor of BYDA. Mr. Yu was appointed as a Director on 21 December 2012.

Ms. He Xiaona, 52, is the executive vice president and an executive Director. Ms. He graduated from Tsinghua University majoring in publishing in 2003. Joining BYDA in 1988, Ms. He has once served as a chief of editorial department of Y Weekend, chief editor of life magazine, and started working in BYDA administrative system since 2004, and served as office manager, an assistant to the president and the vice president of BYDA. Ms. He was appointed as a Director on 15 May 2012.

**NON-EXECUTIVE DIRECTORS**

Mr. Li Shiheng, 55, is a vice chairman and a non-executive Director. Mr. Li currently serves as the deputy secretary to the Party Committee and secretary to the Disciplinary Inspection Commission of BYDA. Mr. Li graduated from the Party School of the Central Committee of C.P.C. in 1997, majoring in politics and law. Mr. Li obtained his EMBA degree from Guanghua School of Management, Peking University in July 2007. Mr. Li served as the officer and deputy secretary of the member committee of the education department of Fengtai District of Beijing City from 1986 to 1990. From 1990 to 1993, Mr. Li served as the youth director and deputy secretary of Fengtai Communist Youth League of Beijing. From 1993 to 1998, Mr. Li served as the deputy director of city department and director of middle school department of China Communist Youth League Beijing Committee. Mr. Li has been serving as the deputy secretary to the Party Committee, secretary to the Disciplinary Inspection Commission and executive deputy president and director of operational management committee of BYDA since 1998. Mr. Li was appointed as a Director on 7 June 2010.

## NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Liu Han, 56, is a non-executive Director. Mr. Liu is currently a member of the Party Committee of BYDA. He graduated in 1982 from Capital Normal Academy in Chinese literature and was awarded an EMBA degree in 2004 by China Europe International Business School. Mr. Liu became a teacher at Fengtai district, Beijing from September 1982 to December 1985. Mr. Liu served as an officer of Beijing Fengtai Bureau of Education from December 1985 to June 1986. In July 1986, Mr. Liu joined BYDA as reporter, and subsequently, director of the editorial department, also serving as the reporter, editor-in-chief, assistant to the president and the vice president of Middle School Times. Mr. Liu was appointed as a Director on 16 May 2001.

Ms. Wu Peihua, 54, is a non-executive Director and is a member of the Party Committee of BYDA and the Chairman of China Open Promotion Company Limited (中國網球公開賽體育推廣有限公司). Ms. Wu graduated from Department of Chinese Language and Literature of Peking University majoring in journalism and obtained a bachelor's degree in literature in 1982. Ms. Wu obtained a master's degree in education from Tokyo Gakugei University in 1994. Ms. Wu joined BYDA since 1982, serving as a reporter, editor, director, deputy chief editor and executive deputy chief editor. Ms. Wu was also been the president of Legal Evening Post Agency from 2005 to February 2014. Ms. Wu has been the chairman of China Open Promotion Company Limited since August 2012. Ms. Wu was appointed as a Director on 7 June 2010.

Mr. Li Xiaobing, 45, is a non-executive Director. Mr. Li obtained an Executive Master degree of Business Administration from Tsinghua University in 2007. From 1996 to 2003, Mr. Li served as a vice secretary and a secretary to Commission of Communist Youth League in Daxing District Beijing. From August to December in 2003, Mr. Li served as a vice secretary to Publicity Department of Daxing District Committee in Beijing of Communist Party of China (中國共產黨北京大興區委宣傳部). From January to August in 2004, Mr. Li served as a director of Volunteer Service Instructing Center of the Communist Youth League Beijing Municipal Committee (共青團北京市志願服務指導中心). Since September 2004, Mr. Li has served as a vice president of BYDA, and since December 2011, he has served as a standing vice president of BYDA. Mr. Li was appointed as a Director on 15 May 2012.

Mr. Wang Lin, 47, is a non-executive Director and deputy president of BYDA. Mr. Wang graduated from Renmin University of China majoring in demography and obtained the degree of bachelor in law in June 1989. Mr. Wang served as journalist in Chinese Talent Agency (中國人才報社) from July 1989 to August 1990. Mr. Wang has joined in BYDA since August 1990 and had served a number of positions there including journalist of Internal Information Editorial Division, deputy director of Domestic Division, editor of News Division, team leader of tactical journalists of News Division, deputy director of Newsroom, deputy director of Editorial Division of News Weekly, deputy director of Economy Division, director of the Second Editorial Office of Editorial Division of Beijing Youth, deputy director of Editorial Division of Youth Weekly, deputy director of Chief Editor Office and director of News Interview Division, and chief editor of Key News Edition successively from August 1990 to May 2004. Mr. Wang then served as executive chief editor of LEPA from May 2004 to September 2005 and has served as chief editor of LEPA from September 2005 to now and as president of LEPA from February 2014 to now. Mr. Wang also served as assistant to chief editor of BYDA from August 2004 to September 2011 and as deputy chief editor of BYDA from September 2011 to February 2014, and has served as deputy president of BYDA from February 2014 to now. Mr. Wang was appointed as a Director on 20 May 2014.

**NON-EXECUTIVE DIRECTORS** *(Continued)*

Mr. Xu Xun, 59, is a non-executive Director. Mr. Xu graduated in 1998 from the Postgraduate School of the Chinese Academy of Social Sciences with a master's degree in finance. Mr. Xu served as an editor and reporter of Capital Economic Information Daily from 1990 to 1993. He was the general manager of Beijing Hua Ren Advertising Company Limited in 1993. Mr. Xu acted as the deputy general manager of Chinese Securities Daily from November 1994 to February 2000. Thereafter, Mr. Xu worked in Beijing Zhijin Science and Technology Investment Co., Ltd. as the deputy general manager from March 2000 to March 2002. Mr. Xu worked with Beijing Management Department of Yongjin Group as head from March 2002 to 2006, and is now the vice president of Yongjin Group and the general manager of Beijing Zhijin Science and Technology Investment Co., Ltd.. Mr. Xu was appointed as the director of Qianjin Pharmaceuticals Company Limited (Stock Code: 600479), a listed company of A shares in August 2010, and as the director of Sinolink Securities Co., Ltd. (Stock Code: 600109), a listed company of A Shares in November 2011. Mr. Xu was appointed as a Director on 16 May 2001.

Mr. Li Yigeng, 52, is a non-executive Director. Mr. Li graduated from Foreign Languages School of East China Normal University in 1988. Mr. Li also obtained his MBA degree from Rutgers, the State University of New Jersey in 1999. Mr. Li served as translator at Diplomatic Services Bureau of Ministry of Foreign Affairs of the People's Republic of China from 1988 to 1994 and also worked for Claydon Gescher Associates, a company engaged in consulting services for the sectors of media and telecommunication from 1994 to 1999. During the period from 2000 to 2008, Mr. Li served as the vice president of Greater China Region of MIH Holdings Limited and was responsible for the business development in China. Mr. Li spent two years serving at the headquarters of MIH Group in South Africa from 2000 to 2001, subsequently, Mr. Li served at China representative office of MIH Group and took the charge of the premium TV and print media operations from 2002 to 2008. Mr. Li has served as the president of Greater China Region of MIH Print Media Holdings Limited since 2008. Mr. Li was appointed as a Director on 16 June 2009 and has resigned as a non-executive Director with effect from 31 March 2015.

**INDEPENDENT NON-EXECUTIVE DIRECTORS**

Mr. Song Jianwu, 51, is an independent non-executive Director. Mr. Song graduated from the School of Journalism of Renmin University of China (中國人民大學) in 1984 and obtained a doctor's degree in 2005. Mr. Song currently serves as a professor, a PhD supervisor in China University of Political Science and Law. Mr. Song has also served as a chief editor of Cultural Industry Guide (《文化產業導刊》) magazine since 2010, as an independent director of Zhejiang Daily Media Group Co., Ltd. (浙報傳媒集團股份有限公司) and Hunan Happigo Co. Ltd. (湖南快樂購物股份有限公司), respectively, since 2011, as an independent director of Shanghai Eastnet Print Enterprise Management Co., Ltd. (上海東方網股份有限公司) since 2012, and as an independent director of Xiao Hong Mao Corporations (小紅帽發行股份有限公司) since 2004, and as a consultant in several newspaper groups. Mr. Song was appointed as a Director on 15 May 2012.

Mr. Cui Baoguo, 52, is an independent non-executive Director. Mr. Cui obtained a bachelor's degree of Art from Nanjing Normal University (南京師範大學) in 1984 and he studied in Japan afterwards and obtained a master's degree of Information Science in 1995 and a doctor's degree of Information Science in 1998 from Tohoku University, Japan (日本東北大學). Mr. Cui joined Tsinghua University in 2000 and has served as a professor in School of Journalism and Communication of Tsinghua University since 2001, as a director and a PhD supervisor of Media Marketing and Management Research Center (媒介經營與管理研究中心) of Tsinghua University since 2002, has served as a vice dean of School of Journalism and Communication of Tsinghua University since 2009. Mr. Cui was appointed as a Director on 15 May 2012.

**INDEPENDENT NON-EXECUTIVE DIRECTORS** *(Continued)*

Mr. Wu Tak Lung, 49, is an independent non-executive Director. Mr. Wu is a member of Hong Kong Institute of Certified Public Accountants and Hong Kong Securities Institute, a fellow member of the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong and the Hong Kong Institute of Chartered Secretaries. Mr. Wu was awarded the bachelor degree of business administration in Accounting by the Hong Kong Baptist University and the master degree of business administration in MBA jointly awarded by the University of Manchester and the University of Wales. Mr. Wu has worked in an international accounting firm Deloitte Touche Tohmatsu for five years, and was then employed by several listed and private companies in Hong Kong as head of corporate finance and/or executive director. Mr. Wu currently served as an independent non-executive director of China Machinery Engineering Corporation, Aupu Group Holding Company Limited and Sinomax Group Limited, which are companies listed on the Hong Kong Stock Exchange, and First Tractor Company Limited, a company listed on both the Hong Kong Stock Exchange and Shanghai Stock Exchange. During the last three years, Mr. Wu once served as the independent non-executive director of Valuetronics Holdings Limited, a company listed on Singapore Stock Exchange, and China Water Industry Group Limited, a company listed on Hong Kong Stock Exchange. Mr. Wu currently is the member of the committee of Jiangsu Provincial People's Political Consultative Conference, consultant for Guangdong-Hong Kong-Macau financial cooperation for Financial Affairs Bureau of Hengqin New Area, Zhuhai, honorary member of the Council and the Court of Hong Kong Baptist University, the honorary chairman of the North Kwai Chung Scout Association. Mr. Wu was appointed as a Director on 15 May 2013.

Mr. Cui Enqing, 71, is an independent non-executive Director. Mr. Cui is a senior economist. Mr. Cui graduated from the School of Economics in Peking University (one-year advanced course) in 1975 and graduated from Training School of Beijing Communist Party Committee with a college degree of Economics and Management in 1991. Mr. Cui had worked in Communist Party Committee of Shijing Shan District in Beijing and had served as the deputy office head of district committee and the secretary of the youth league district committee, during 1965 to 1983. From 1983 to 1996, Mr. Cui served as the president of BYDA for 13 years, and also served as deputy chairman and the manager of its operation and management committee of China Youth Newspaper Association (中國青年報刊協會). Mr. Cui also served as a part-time professor of school of journalism and communication of Renmin University of China. From 1998 to 2004, Mr. Cui served as the deputy secretary of Party Committee of Beijing Literary Federation (北京市文聯) and the standing deputy chairman and general secretary of Beijing Lao She Arts Foundation (北京老舍文藝基金會). In 2000, Mr. Cui established Beijing Star Daily (北京娛樂信報) and served as the president until 2004. Mr. Cui was appointed as a Director on 15 May 2013.

Mr. Chen Ji, 63, is an independent non-executive Director. Mr. Chen graduated from Beijing Normal University majoring in Chinese Language in 1976 and graduated from Beijing Administrative College with a postgraduate degree of economics and management in 1999. Mr. Chen, having over 40 years work experiences, is a senior economist. From March 1981 to 1983, Mr. Chen successively served as a reporter, head of school team, and director of supplement department of BYDA. Mr. Chen served as the deputy chief editor of Beijing Youth Daily Agency in 1983 and served as the chief editor of BYDA in 1988. Mr. Chen had served as the deputy general manager of Beijing North Star Industrial Group Company (北京北辰實業集團公司) and held a concurrent position as the general legal counsel since 1995. Since 1997, he served as the deputy general manager (July 1997-June 2000) and executive director (July 1997-June 2000, June 2005-31 May 2012) of Beijing North Star Company Limited (a company listed on Hong Kong Stock Exchange and Shanghai Stock Exchange). Mr. Chen was appointed as a Director on 15 May 2013.

**SUPERVISORS**

Mr. Tian Kewu, 45, is the chairman of the Supervisory Committee. He is currently a member of the Party Committee and executive deputy chief editor of BYDA. He graduated from China Youth Political Academy in 1991 with bachelor's degree in Laws, and was awarded a master's degree in law in 2003 from Peking University after three years' research. In July 1991, Mr. Tian joined China Communist Youth League Beijing Committee, and served as an officer, administration officer, deputy director and director of the research office and was promoted to the head of the Propaganda Department of the China Communist Youth League Beijing Committee since May 2001. Mr. Tian has been the executive deputy chief editor of BYDA since June 2005. Mr. Tian was appointed as a Supervisor on 23 August 2007.

Mr. Zhang Chuanshui, 63, Mr. Zhang worked at No. 6 sub-factory in Li Ming Farm at Yunnan Province from May 1969 to October 1978. Mr. Zhang worked at the engineering team of Beijing Measuring Instruments Limited from November 1978 to 1985. From 1986 to April 1993, Mr. Zhang served as the chief of finance of Beijing Hardware Tools Research Center. From May 1993 to September 2006, Mr. Zhang served as the deputy manager in the planning and finance department of Beijing Economic-Technological Investment & Development Corporation. Mr. Zhang is now retired. Mr. Zhang was appointed as a Supervisor on 7 June 2010.

Mr. Zhao Meng, 40, is currently the deputy manager of the department of enterprise development of China Satellite Communications Co. Ltd.. Mr. Zhao graduated from Shandong University with a bachelor degree of Electronics Engineering in 1998 and graduated from University of International Business and Economics with a master degree of Business Administration in 2006. From 1998 to 1999, Mr. Zhao served as the project manager of Shandong Post And Telecom Engineering Co. Ltd.. From 1999 to 2004, Mr. Zhao served as the project manager of Shandong Mobile Communication Engineering Department. From 2006 to 2007, Mr. Zhao served as the strategy and planning manager of the department of enterprise development of China Satellite Communication Co. Ltd.. From 2008 to March 2009, Mr. Zhao served as the head of the department of strategy development of China Direct Broadcast Satellite Co., Ltd.. Since March 2009, Mr. Zhao has served as the deputy manager of the department of enterprise development of China Satellite Communications Co. Ltd.. Mr. Zhao was appointed as a Supervisor on 15 May 2013.

Ms. Yan Mengmeng, 51, is a director of the laser phototypesetting centre of the Company. Ms. Yan was awarded a postgraduate certificate in business management from the Capital University of Economics and Business. From June 1983 to June 1991, Ms. Yan worked as a secretary of the Office of the China Electronic Press Association and became a secretary of the Office of the Exhibition and Design Association under the China Electronic Press Association. Starting from June 1991, Ms. Yan joined BYDA as a coordinator of the laser phototypesetting office and was promoted to deputy director and then director of the laser phototypesetting office of BYDA in June 1992 and March 1993 respectively. Ms. Yan was transferred from BYDA to the Company as the head of laser phototypesetting centre in May 2001. Ms. Yan was appointed as a Supervisor on 7 June 2010.

Ms. Ma Chundan, 43. Ms. Ma graduated from Liaoning Normal University with a postgraduate diploma majoring in law. She is an accountant, certified public accountant of the PRC and certified international internal auditor. She successively served in Bureau of Sports of Jinzhou City, Liaoning Province, Hengda Certified Public Accountant Limited Company, Jingdu Tax Agent Co., Ltd. and etc.. Ms. Ma joined the Company in 2006, and has served as the manager of the internal audit department of the Company since May 2007. Ms. Ma was appointed as a Supervisor on 15 March 2013, and effective on 15 May 2013. Ms. Ma has resigned as a Supervisor with effect from 31 March 2015.



## SENIOR MANAGEMENT

Mr. He Pingping, 60. Mr. He graduated in 1987 from the Capital Normal Academy in politics and education. Mr. He was a head of Youth League Committee of Beijing Cotton Textile Dyeing Company Limited from October 1983 to January 1985. Starting from March 1987, Mr. He has been the vice president and president of the Propaganda Department of the China Communist Youth League Beijing Committee. From January 1990 to February 1991, Mr. He served as the vice director of Beijing Youth Service Center. Mr. He then became the deputy chief editor and vice president of Beijing Youth Audio-visual Press in February 1991. He joined BYDA as deputy chief editor from March 1993 to June 2005. Mr. He then served as the chief director of Y Weekend in March 2006. Mr. He was an executive Director between 16 May 2001 and 7 June 2010. Mr. He served as the executive vice president of the Company from 7 June 2010 to 23 February 2015.

Mr. Du Min, 47, is the executive vice president of the Company. Mr. Du graduated in 1991 from Renmin University of China with a bachelor's degree in law. Mr. Du studied a master course of journalism at Renmin University of China from 1993 to 1995, graduated from Wuhan University in 2013 with a doctoral degree and is currently a part-time professor at Hunan Institute of Science and Technology. Mr. Du held a number of different positions such as editor, reporter and department head of China Business Times from July 1991 to July 1995. Mr. Du became the vice president and the deputy chief editor of China Business starting from August 1995. In September 1998, Mr. Du joined the America International Data Group's branch in China as a vice president. Mr. Du then served as the vice president of Shanghai Meining Computer Software Company Limited from July 2000 to September 2002 before acting as the general manager of the Company in December 2002. Mr. Du was an executive Director between 30 December 2002 and 7 June 2010. Mr. Du is appointed as the executive vice president of the Company in October 2004.

Mr. Duan Gang, 47, is the vice president of the Company. Mr. Duan graduated from the Guanghua School of Management of Peking University and obtained a senior MBA degree in 2006. Mr. Duan joined BYDA in July 1988 and several key positions in BYDA, including but not limited to, the reporter of news department, editor of the feature news department, deputy director of the editorial department of Guangdong-Hong Kong Entrepreneur Journal, editor of the news editorial department, editor of the chief editorial office, deputy director of the news reporting department, deputy director of the chief editorial office, director of domestic news department, director of the editorial department of Fortune Weekly and director of editorial department of Sports Weekly, director of the economic news editorial department and director of securities news department, editor-in-chief of financial section and, a director and general manager of BYD Logistics Company Limited. Mr. Duan was appointed as the vice president of the Company on 13 December 2011.

Mr. Peng Liang, 42, is the chief financial officer of the Company. Mr. Peng was graduated from the Capital University of Economics and Business and obtained a master's degree in accounting and the qualification of Senior Accountant in 1999. Mr. Peng was also the PRC Certified Public Accountant, the PRC Certified Tax Agent and the PRC Certified Public Valuer. Mr. Peng served as the manager of the financial department of a subsidiary of Datang Telecom Technology Co. Ltd. from July 1999 to December 2004. Mr. Peng joined BYDA in 2004, and became the director of the financial department of BYDA in October 2005. Mr. Peng was appointed as the chief financial officer of the Company on 13 December 2011.

**SENIOR MANAGEMENT** *(Continued)*

Mr. Shang Da, 53, is the vice president of the Company, the joint company secretary and the secretary to the Board. Mr. Shang graduated from Capital University of Economics and Business with a bachelor degree majoring in trade and economics in 1987. Mr. Shang studied master degree majoring in finance in Renmin University of China before he joined BYDA in 1999, and he served as the secretary to the Board since 28 May 2001. Mr. Shang was appointed as the vice president of the Company on 13 December 2011 and joint company secretary on 19 March 2012, respectively. Mr. Shang has also been an associate member of HKICS since 2005. Mr. Shang received a written confirmation from the Hong Kong Stock Exchange in March 2015 stated that Mr. Shang has obtained the qualification of company secretary pursuant to the Rule 3.28 of the Listing Rules.

Mr. Chen Yu Ming, 52, is the vice president of the Company. Mr. Chen graduated in 1981 from Tianjin Railway Engineering School with a major in railway signal. Subsequently, he studied in and graduated from Beijing Normal University with a major in Chinese language in 1986; and Renmin University of China with a major in journalism in 1989. In 2009, he obtained a master's degree in business administration from China Center for Economic Research at Peking University. From 1981 to 1988, Mr. Chen worked in Beijing Railway Administration as an assistant engineer; from 1989 to 1990, he was the secretary of the Standing Committee of National People's Congress of Fengtai District in Beijing. Since 1991, Mr. Chen worked in BYDA and held various positions, including editor, reporter, deputy director of Editorial Division of News Weekly, deputy director of Economy Division, chief editor of Home Appliance Times (家電時代) and feature reporter. Mr. Chen was rewarded numerous journalism awards, including China News Award. Also, he has published his own collection of news articles. In 2005, Mr. Chen served in the editorial board of First Financial News as well as the director of Beijing Branch of First Financial News. In 2013, he held the position of a director in Shanghai China Business News Co. Limited. Since 2013, Mr. Chen has served as the director and general manager of Beiqing Outdoor. On 17 December 2014, Mr. Chen was appointed as the vice president of the Company.

The Board is pleased to present the annual report and the audited consolidated financial statements for the year ended 31 December 2014.

**ISSUE AND LISTING OF SHARES**

The Company's H Shares were listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2004. Under the Hong Kong public offering and international placing, 54,901,000 shares (including 7,161,000 over-allotment shares) were issued at an offer price of HKD18.95 per share.

The highest and lowest trading prices of the Company's H Shares per share were HKD5.85 and HKD4.34 respectively for the year ended 31 December 2014. On 31 December 2014, the trading volume was 52,000 shares and the closing price was HKD4.75 per share.

**ACCOUNTS**

Financial position of the Group as at 31 December 2014 are set out on pages 55 to 56 of the consolidated balance sheet.

Results of the Group for the year ended 31 December 2014 are set out on page 57 of the consolidated income statement.

Cash flows of the Group for the year ended 31 December 2014 are set out on pages 58 to 59 of consolidated cash flow statement.

Changes in equity of the Group for the year ended 31 December 2014 are set out on page 60 of the consolidated statement of changes in shareholders' equity. The Board proposed a final dividend of RMB0.10 per ordinary share to the Shareholders on the register of members on Monday, 29 June 2015, amounting to RMB19,731 thousand.

**PRINCIPAL BUSINESS**

The Group is principally engaged in the sales of advertising space, production of newspapers, printing and trading of print-related materials. Details of the business of the Company's principal subsidiaries are set out in note X. Disclosure of interests in other entities to the financial statements.

**RESULTS AND DIVIDEND**

Total operating revenue of the Group for the year of 2014 was RMB680,769 thousand. Net profit attributable to Shareholders of the Company was RMB10,506 thousand. Pursuant to the prospectus of the Company issued on 13 December 2004, the Directors may determine with discretion whether to declare any dividend and to determine with discretion the amount, if any. The Company held its annual Board meeting on Tuesday, 31 March 2015 to propose a resolution recommending distribution of final dividend of RMB0.10 per share (tax inclusive) in an aggregate amount of approximately RMB19,731 thousand for the year ended 31 December 2014. If the profit distribution proposal is approved by the Shareholders in the annual general meeting of 2014 by way of an ordinary resolution, the final dividend will be paid to the Shareholders whose names appear on the register of members of the Company on Monday, 29 June 2015.

**MAJOR SUPPLIERS AND CUSTOMERS**

For the year ended 31 December 2014, the total purchase by the Group from its five largest suppliers was RMB220,815 thousand (2013: RMB156,318 thousand), accounting for 45.68% of its total purchase for the year of 2014 (2013: 28.10%); and the purchase from the largest supplier was RMB83,594 thousand (2013: RMB44,496 thousand), accounting for 17.29% of its total purchase for the year of 2014 (2013: 8%).

**MAJOR SUPPLIERS AND CUSTOMERS** *(Continued)*

For the year ended 31 December 2014, the total sales by the Group to its five largest customers was RMB203,402 thousand (2013: RMB164,770 thousand), accounting for 29.88% of its total sales for the year of 2014 (2013: 24.69%); and the amount of sales to the largest customer was RMB61,321 thousand (2013: RMB42,955 thousand), accounting for 9% of its total sales for the year of 2014 (2013: 6.44%).

For the year ended 31 December 2014, the purchase by the Group from BYD, the controlling shareholder of the Group, was RMB46,496 thousand. Besides, as far as the Directors are aware, none of the Directors, their associates nor Shareholders who are interested in more than 5% of the Company's share capital has any interest in the Group's five largest suppliers or customers.

**SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES**

As at 31 December 2014, the subsidiaries of the Company include BYD Logistics, Beiqing Long Teng, Beiqing CéCi, LEP Media, Qingyou Information, Beiqing Community Media, Beiqing Outdoor, Chongqing Media, Chongqing Pu Lantian Western Food Co. and CHONG QING YOUTH (AMERICA) LLC.

As at 31 December 2014, the associates of the Company include BQTM, Beiqing Top, Beijing Leisure Trend Advertising Company Limited, Beijing Beiqing Shengda Automobile Service Company Limited, Beijing Beisheng United Insurance Agency Co., Ltd., BY Time Consulting Co., Ltd., Hebei Jujingcai E-commerce Company Limited and Chongqing Soyang Internet Technology Co., Ltd..

For details of principal subsidiaries, jointly-controlled entities and associates of the Company, please refer to note X. Disclosure of interests in other entities to the financial statements in this annual report.

**PROFIT DISTRIBUTION**

For details of profit distribution, please refer to note VIII.45 to the financial statements in this annual report.

**SHAREHOLDERS' EQUITY**

The changes in shareholders' equity during the year are set out on page 60 of the consolidated statement of changes in shareholders' equity in this annual report.

**RESERVES**

The change in reserve is set out in the consolidated statement of changes in shareholders' equity on page 60 of this annual report.

According to Company Law and the Articles of Association, reserves consist of capital reserves, surplus reserves and undistributed profits.

**FIXED ASSETS**

The movements in investment properties and fixed assets during the year are set out in note VIII.12 and VIII.13 to the financial statements in this annual report, respectively.

**SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBER OF SHAREHOLDERS**

As at 31 December 2014, the total number of shares issued by the Company was 197,310,000 shares. The Shareholders of the Company include BYDA, Beijing Zhijin Science and Technology Investment Company Limited, China Telecommunication Broadcast Satellite Corporation, Beijing Development Area Limited, Sino Television Company Limited and public Shareholders of H Shares, holding 124,839,974 Domestic Shares, 7,367,000 Domestic Shares, 4,263,117 Domestic Shares, 2,986,109 Domestic Shares, 2,952,800 Domestic Shares and 54,901,000 H Shares respectively, representing 63.27%, 3.73%, 2.16%, 1.52%, 1.50% and 27.82%, of the Company's entire share capital.

<b>Class of Shares</b>	<b>Number of Issued Shares</b>	<b>Percentage</b>	<b>Shareholders*</b>
Domestic Shares	142,409,000	72.18%	5
H Shares	54,901,000	27.82%	382
<b>Total</b>	<b>197,310,000</b>	<b>100%</b>	<b>387</b>

\* The above mentioned percentage figures are based on the records in the Company's register of members as at 31 December 2014.

Changes in Company's share capital for the year are set out in note VIII.27 to the financial statements.

**PUBLIC FLOAT**

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

**INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES**

As at 31 December 2014, so far as the Directors, 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 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 Issued Share Capital	% of Total Share Capital
BYDA	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 Yawen	H	Long	4,939,000	8.99	2.50

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

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 31 December 2014, 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 the SFO.

**ULTIMATE CONTROLLING SHAREHOLDER**

BYDA is the ultimate controlling Shareholder of the Company. As at 31 December 2014, BYDA is interested in 63.27% of the Company's equity.

**DIRECTORS**

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

**DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS**

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of no more than three years.

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

**DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS**

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

**MANAGEMENT CONTRACT**

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

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

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

**EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Details of the emoluments of Directors, Supervisors and Senior Management are set out in note VIII.43 to the financial statements.

The non-executive Directors and Supervisors who are members of the BYDA leadership ceased to receive remuneration from the Company with effect from 1 July 2014.

Save as disclosed above, there was no arrangement that Directors or Supervisors of the Company waived to receive the remuneration from the Company.

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

As at 31 December 2014, none of Directors, Supervisors or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Hong Kong Stock Exchange.

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

During the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

**CHANGE OF MEMBERS OF THE BOARD AND THE SUPERVISORY COMMITTEE <sup>(Note)</sup>**

Having reached the retirement age, Mr. Sun Wei ceased to be the executive Director of the Company with effect from the 2013 annual general meeting held on 20 May 2014. The Shareholders approved the resolution regarding the appointment of Mr. Wang Lin as a non-executive Director of the Company in the annual general meeting held on 20 May 2014. The details are set out in the Company's announcement dated 20 May 2014.

Save as disclosed above, there was no change in the members of the Board and the Supervisory Committee during the Reporting Period.

Note: On 31 March 2015, Mr. Li Yigeng ceased to be the non-executive Director, Ms. Ma Chundan ceased to be the employee representative Supervisor. At the same day, Ms. Duan Gang was nominated as an executive Director with effect from the date of approval by the Shareholders at the 2014 AGM; Ms. Li Xin was elected as an employee representative Supervisor at the meeting of the employee representatives of the Company with immediate effect. For details, please refer to the Company's announcement dated 31 March 2015.

**AUDIT COMMITTEE**

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

The Audit Committee and the management of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the Audit Committee has discussed with the Directors on matters concerning the internal controls and financial reporting of the Company, including reviewing of the audited consolidated financial statements of the Group for the year of 2014 without dissenting opinions.

**PRE-EMPTIVE RIGHTS**

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

**BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS**

As at 31 December 2014, the bank borrowings of the Group was RMB19,500 thousand.

**CONNECTED TRANSACTIONS**

Connected transactions of the Group during the Reporting Period are set out as follows:

**Transactions – Non-exempt Connected Transactions****1 Non-competition Agreement**

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

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

**2 Mutual Property Tenancy Agreement**

The Company entered into the mutual property tenancy agreement with BYDA on 31 October 2012 for a term of three years from 1 January 2013 to 31 December 2015. Each party under the mutual property tenancy agreement was granted the right to extend their tenancies by giving a written notice to the counterparty two months before the expiration. Pursuant to the mutual property tenancy agreement, the Parent agreed to lease from the Company the whole of 8th, 19th and 23rd floors of the Beijing Youth Daily Agency Building amounting to a total floor area of 2,340 square meters; whereas the Company agreed to lease from the Parent the whole of 7th floor of the Beijing Youth Daily Agency Building amounting to a total floor area of 830 square meters. The annual rental of RMB3,843,450 payable by the Parent and the annual rental of RMB1,363,275 payable by the Company during the tenancy period are calculated based on a daily rental of RMB4.50 per square meter. The details are set out in the Company's announcement dated 31 October 2012.

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

During the Reporting Period, the annual cap for rental payable by the Parent to the Company was RMB3,843,450, while the actual rental received by the Company from the Parent was RMB3,843,450. The annual cap for rental payable by the Company to the Parent was RMB1,363,275, while the actual rental paid by the Company to the Parent was RMB1,363,275.



**CONNECTED TRANSACTIONS** (Continued)**Transactions – Non-exempt Connected Transactions** (Continued)**3 Distribution Services Framework Agreement**

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

The Parent is the controlling Shareholder of the Company, and therefore the Parent and its subsidiaries are connected persons of the Company under the Listing Rules.

During the Reporting Period, the annual cap for fees payable by the Company to BYDA and its subsidiaries was RMB9,000,000, and the actual amount paid was RMB1,733,716.19.

**4 Advertising Agency Framework Agreement**

The Company and LEPA entered into the advertising agency framework agreement on 27 February 2013 for a term from 27 February 2013 until 31 December 2015, pursuant to which, (i) LEPA shall authorize the Group to act as its advertising agent to sell advertising space in the Legal Evening Post; and (ii) the Company shall authorize the LEPA to act as its advertising agent to sell advertising space in the Beijing Youth Daily.

Under the advertising agency framework agreement, the price shall be determined in accordance with the following pricing principles:

- a) state-prescribed price;
- b) where there is no state-prescribed price, then according to relevant market price with reference to the market practice in the advertising industry; and
- c) where there is no state-prescribed price or relevant market price, then the contract price agreed by the Company and LEPA, which shall be no less favourable to the Company than those available from independent third parties as well as no more favorable to LEPA than those provided by the Company to independent third parties. The contract price shall be determined through arm's length negotiations between the Company and LEPA according to unit price set out in the standard advertising price lists of the Company and LEPA (subject to applicable discounts), actual placement quantity, size and other factors.

On 2 December 2014, the Company entered into a supplemental advertising agency framework agreement with LEPA to expand the scope of continuing connected transaction contemplated under the advertising agency framework agreement. Pursuant to the supplemental advertising agency framework agreement, (i) LEPA shall authorize the Group to act as the advertising agent of the LEPA Group to sell advertising space in the Legal Evening Post and other journals or media in the possession of or represented by the LEPA Group and to provide related services; (ii) the Company shall authorize the LEPA Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media in the possession of or represented by the Group and to provide related services.

**CONNECTED TRANSACTIONS** (Continued)**Transactions – Non-exempt Connected Transactions** (Continued)**4 Advertising Agency Framework Agreement** (Continued)

The details are set out in the Company's announcements dated 27 February 2013 and 2 December 2014.

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

During the Reporting Period, the annual cap of advertising placement fee payable by LEPA to the Company was RMB32,000,000 and the actual amount paid was RMB29,759,605.65. The annual cap of advertising placement fee payable by the Company to LEPA was RMB32,000,000 and the actual amount paid was RMB869,811.32.

**5 Advertising Business Agreement**

The Company and BYDA entered into an agreement in relation to the exclusive right to sell the advertising space and the call option of certain business granted by the Parent and the supplemental agreement on 7 December 2004 and 9 April 2010, respectively. Pursuant to the agreements, BYDA agreed to grant exclusive rights to the Company to operate the advertising business in respect of the Beijing Youth Daily for a duration of 30 years from 1 October 2004 to 30 September 2033, which will automatically be renewable upon expiry. The rights granted include the right to sell all of the advertising space in Beijing Youth Daily, and the Company is entitled to all revenue from such sales. In consideration, the Company will (a) be responsible for the printing, including printing costs and the choice of newsprint of Beijing Youth Daily; (b) pay BYDA a fee representing 16.5% of the total advertising revenue generated from Beijing Youth Daily or such figure or formula as agreed by parties in the future and (c) allocate to BYDA with up to 360 pages per year of advertising space in Beijing Youth Daily for advertisements of public services or for marketing purposes (provided that the advertising space allocated will not exceed 9% of the total advertising space of the paper in each issuance), for which no extra fee will be paid by BYDA. On 31 October 2012, the Company renewed the annual caps of the transactions for the three years ending 31 December 2015. The details are set out in the Company's announcement dated 31 October 2012.

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

During the Reporting Period, the annual cap for fees payable by the Company to the Parent was RMB100,000,000, and the actual fees paid were RMB46,496,123.71.

**6 Printing Framework Agreement**

On 31 October 2012, BYD Logistics and BYDA renewed the a printing framework agreement for a term of three years from 1 January 2013 to 31 December 2015, pursuant to which BYD Logistics has agreed to provide printing services and printing materials to the Parent in respect of the relevant newspapers and magazines of the Parent (excluding Beijing Youth Daily) and other newspapers and magazines of the Parent which may be introduced by it from time to time. The consideration for the transactions contemplated under the printing framework agreement (i) shall be settled by the Parent from its internal resources by cash in a lump sum or by installments according to the specific and separate implementation agreements; (ii) shall be conducted on normal commercial terms, being on terms which a party could obtain if the transactions were on arm's length basis and on terms no less favorable than the terms available to third parties for providing such services by BYD Logistics; and (iii) shall be calculated based on the actual volume of the newsprint printed and the quality of the printing services and printing materials. The details are set out in the Company's announcement dated 31 October 2012.

**CONNECTED TRANSACTIONS** (Continued)**Transactions – Non-exempt Connected Transactions** (Continued)**6 Printing Framework Agreement** (Continued)

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

During the Reporting Period, the annual cap for fees payable by the Parent to BYD Logistics was RMB100,000,000, and the actual fees paid were RMB38,550,090.92.

The Company has confirmed that the execution and enforcement of the implementation agreements under the continuing connected transactions set above for the year ended 31 December 2014 have followed the pricing principles of such continuing connected transactions.

The Directors (including the independent non-executive Directors) have confirmed to the Board that they have reviewed the above continuing connected transactions under items 2 to 6, and confirmed that these transactions were: (A) entered into during the usual and ordinary course of business of the Group; (B) on normal commercial terms or better; and (C) based on agreements regulating relevant transactions and on fair and reasonable terms and in the interests of the Shareholders as a whole and have not exceeded the relevant cap amount for each transaction.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with "No.3101 of the Chinese Institute of Certified Public Accountants Other Verifying Business Standards – Verifying Businesses Other Than the Audit or Review of Historical Financial Information" issued by Ministry of Finance of the PRC and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group above under Rule 14A.38 of the Listing Rules. A copy of the auditor's letter on connected transactions has been provided by the Company to Hong Kong Stock Exchange.

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

**MATERIAL LITIGATION**

To the knowledge of the Board, as at 31 December 2014, the Company was not involved in any material litigation or arbitration and there was no legal action or claim made or threatened to be made against the Company.

**RETIREMENT SCHEME**

All the full time employees of the Group are covered by a government-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. The PRC government is responsible for the pension liability to these retired employees. The Group was required to make defined contributions to the pension scheme at the rate of 20% of the employees' basic salaries for the year ended 31 December 2014 (2013: 20%), which is subject to certain cap as stipulated by the relevant local government. Under this scheme, the Group has no obligation for other retirement benefit beyond the annual contributions.

**STAFF**

As at 31 December 2014, the Group had a total of 668 staff members (31 December 2013: 357). The increase in the number of the staff as compared with 2013 was mainly due to the reasonable growth of the normal business needs of the Company and the staff recruitment requirements of the subsidiaries upon the establishment of Beijing Community Media and Qingyou Information. For the 12 months ended 31 December 2014, the Group's employee remuneration amounted to approximately RMB73,899 thousand in total. The staff remuneration and benefits of the Group are both determined by reference to market rates, national policies and individual performance. The Group actively encouraged the self-development of the employees, and carried out extensive staff training activities. In 2014, the Group carried out a number of trainings in respect of marketing, financial system and administrative management system.

**REMUNERATION POLICY**

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

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

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

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

**AUDITOR**

It was approved at the annual general meeting held on 20 May 2014 that ShineWing Certified Public Accountants (Special General Partnership) was appointed as the auditor of the Company for the year 2014, which shall audit the financial statements of the Company in accordance with the China Auditing Standards and take on the duties as international auditor under the Listing Rules. The Audit Committee was authorised to determine its remuneration.

The consolidated financial statements of the Company for the year of 2014 prepared in accordance with the PRC GAAP were audited by ShineWing Certified Public Accountants (Special General Partnership), which has been appointed by the Company as its auditor since 2009.

**TAXATION**

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

By order of the Board  
**ZHANG Yanping**  
*Chairman of the Board*

31 March 2015  
Beijing, the PRC

### 1. OVERVIEW OF CORPORATE GOVERNANCE

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

- (1) Articles of Association of Beijing Media Corporation Limited;
- (2) Internal Control Handbook of Beijing Media Corporation Limited, including but not limited to the following policies and procedures:
  - Procedures of Disclosure and Inspection of Connected Transactions;
  - Administrative Procedures on Internal Fraud;
  - Administrative Procedures on Investors Relation.

The Board has reviewed the corporate governance documents adopted by the Company and believed that such documents are compliant with all the requirements of code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 to the Listing Rules.

### 2. CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has been in full compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 to the Listing Rules for the year ended 31 December 2014.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by its Directors and Supervisors. Having made sufficient enquiries of all Directors and Supervisors, all Directors and Supervisors confirmed they have complied with the required standards under the Model Code for the year ended 31 December 2014.

#### 4. THE BOARD

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

Name	Sex	Age	Other positions in the Company	Term of directorship	Remunerated by the Company
<b>Executive Directors</b>					
Zhang Yanping	M	57	Chairman	15 May 2013 to the annual general meeting of the Company for 2015	Yes
Yu Haibo	M	42	Vice chairman, president	15 May 2013 to the annual general meeting of the Company for 2015	Yes
Sun Wei <sup>1</sup>	M	61		15 May 2013 to 20 May 2014	Yes
He Xiaona	F	52	Executive vice president	15 May 2013 to the annual general meeting of the Company for 2015	Yes
<b>Non-executive Directors</b>					
Li Shiheng	M	55	Vice chairman	15 May 2013 to the annual general meeting of the Company for 2015	Yes <sup>3</sup>
Liu Han	M	56		15 May 2013 to the annual general meeting of the Company for 2015	Yes <sup>3</sup>
Wu Peihua	F	54		15 May 2013 to the annual general meeting of the Company for 2015	Yes <sup>3</sup>
Li Xiaobing	M	45		15 May 2013 to the annual general meeting of the Company for 2015	Yes <sup>3</sup>
Wang Lin <sup>2</sup>	M	47		20 May 2014 to the annual general meeting of the Company for 2015	No <sup>3</sup>
Xu Xun	M	59		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Li Yigeng <sup>4</sup>	M	52		15 May 2013 to 31 March 2015	No
<b>Independent Non-executive Directors</b>					
Song Jianwu	M	51		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Cui Baoguo	M	52		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Wu Tak Lung	M	49		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Cui Enqing	M	71		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Chen Ji	M	63		15 May 2013 to the annual general meeting of the Company for 2015	Yes

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

Notes:

- <sup>1</sup> Having reached the retirement age, Mr. Sun Wei ceased to be the president of the Company with effect from 7 March 2014, and ceased to be the executive Director with effect from the 2013 annual general meeting held on 20 May 2014. On 7 March 2014, the Board resolved to appoint Mr. Yu Haibo as the president of the Company, and the authorized representative of the Company in replace of Mr. Sun Wei. The details are set out in the Company's announcement dated 7 March 2014.
- <sup>2</sup> In the annual general meeting held on 20 May 2014, the Shareholders approved the resolution regarding the appointment of Mr. Wang Lin as a non-executive Director. The details are set out in the Company's announcement dated 20 May 2014.
- <sup>3</sup> The Remuneration Committee held a meeting on 1 July 2014, considered and approved the resolution on ceasing remuneration from the Company to non-executive Directors who are members of the BYDA leadership.
- <sup>4</sup> Mr. Li Yigeng resigned as a non-executive Director on 31 March 2015. For details, please refer to the Company's announcement dated 31 March 2015.

**4. THE BOARD** *(Continued)*

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

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

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

- formulation of proposal for the internal management structure of the Company;
- formulation of proposal for the basic management systems of the Company;
- formulation of the basic regulations of the Company;
- recommendation on appointment or removal of other senior management members (including the chief financial officer) of the Company;
- appointment or removal of chief officers other than those subject to the appointment and removal by the Board;
- formulation of proposal on the branch structure and determination on the branch structure of the Company;
- appointment, replacement and recommendation on the Shareholder's representatives, Directors or Supervisors to subsidiaries or associated companies of the Company.



**4. THE BOARD** *(Continued)*

A total of eleven Board meetings were convened during the year of 2014, and the attendance rate of individual Directors at Board meetings is as follows:

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

	<b>Attendance in person</b> <i>(times)</i>	<b>Attendance by proxy</b> <i>(times)</i>
<b>Executive Directors</b>		
Zhang Yanping	11	–
Yu Haibo	9	2
Sun Wei <sup>1</sup>	4	1
He Xiaona	11	–
<b>Non-executive Directors</b>		
Li Shiheng	8	3
Liu Han	11	–
Wu Peihua	11	–
Li Xiaobing	10	1
Wang Lin <sup>2</sup>	6	–
Xu Xun	10	1
Li Yigeng <sup>3</sup>	9	1
<b>Independent Non-executive Directors</b>		
Song Jianwu	9	2
Cui Baoguo	10	1
Wu Tak Lung	10	1
Cui Enqing	10	1
Chen Ji	8	3

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

## Notes:

- <sup>1</sup> Having reached the retirement age, Mr. Sun Wei ceased to be the executive Director with effect from the 2013 annual general meeting held on 20 May 2014. The details are set out in the Company's announcement dated 7 March 2014.
- <sup>2</sup> In the annual general meeting held on 20 May 2014, the Shareholders approved the resolution regarding the appointment of Mr. Wang Lin as a non-executive Director. The details are set out in the Company's announcement dated 20 May 2014.
- <sup>3</sup> Mr. Li Yigeng resigned as a non-executive Director on 31 March 2015. For details, please refer to the Company's announcement dated 31 March 2015.

#### 4. THE BOARD (Continued)

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

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

One general meeting of the Company was convened during the year of 2014, and the attendance rate of individual Directors at the general meeting is as follow:

	Attendance in person (times)	Attendance by proxy (times)
<b>Executive Directors</b>		
Zhang Yanping	1	–
Yu Haibo	1	–
Sun Wei <sup>1</sup>	–	–
He Xiaona	1	–
<b>Non-executive Directors</b>		
Li Shiheng	–	–
Liu Han	–	–
Wu Peihua	1	–
Li Xiaobing	–	–
Wang Lin <sup>2</sup>	–	–
Xu Xun	–	–
Li Yigeng <sup>3</sup>	–	–
<b>Independent Non-executive Directors</b>		
Song Jianwu	1	–
Cui Baoguo	–	–
Wu Tak Lung	1	–
Cui Enqing	1	–
Chen Ji	1	–

Notes:

- <sup>1</sup> Having reached the retirement age, Mr. Sun Wei ceased to be the executive Director with effect from the 2013 annual general meeting held on 20 May 2014. The details are set out in the Company's announcement dated 7 March 2014.
- <sup>2</sup> In the annual general meeting held on 20 May 2014, the Shareholders approved the resolution regarding the appointment of Mr. Wang Lin as a non-executive Director. The details are set out in the Company's announcement dated 20 May 2014.
- <sup>3</sup> Mr. Li Yigeng resigned as a non-executive Director on 31 March 2015. For details, please refer to the Company's announcement dated 31 March 2015.

**5. CHAIRMAN AND PRESIDENT**

During the Reporting Period, the posts of chairman and president of Beijing Media are assumed by Mr. Zhang Yanping and Mr. Yu Haibo, respectively. On 7 March 2014, the Board considered and approved the appointment of Mr. Yu Haibo as president, as substitute for Mr. Sun Wei.

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

**6. NON-EXECUTIVE DIRECTORS**

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

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

**7. REMUNERATION COMMITTEE**

The Remuneration Committee currently comprises two independent non-executive Directors and one executive Director. The Remuneration Committee was chaired by Mr. Cui Baoguo with Mr. Yu Haibo and Mr. Cui Enqing as members.

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

For details of the basis of remuneration of Directors, please refer to note VIII.43 to the financial statements.

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

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

**7. REMUNERATION COMMITTEE (Continued)**

A total of three meetings of the Remuneration Committee were convened during 2014, and the attendance rate of individual members at meetings of the Remuneration Committee is as follows:

Name	Attendance in person (times)	Attendance by proxy (times)
Cui Baoguo	3	–
Yu Haibo	3	–
Cui Enqing	3	–

The Remuneration Committee held a meeting on 23 January 2014, considered and approved the resolution on year-end bonus for executive Directors.

The Remuneration Committee held a meeting on 17 February 2014, considered and approved the resolution regarding the annual remuneration of the president in the amount of RMB506 thousand (tax inclusive).

The Remuneration Committee held a meeting on 1 July 2014, considered and approved the resolution on ceasing remuneration from the Company to non-executive Directors who are members of the BYDA leadership.

**8. NOMINATION COMMITTEE**

The Board has set up a Nomination Committee comprising one executive Director and two independent non-executive Directors. The Nomination Committee was chaired by Mr. Zhang Yanping, the chairman of the Board, with Mr. Song Jianwu and Mr. Cui Baoguo as members.

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

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least once a year and make recommendations regarding any proposed changes in the Board in line with the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become Directors, select and nominate candidates of Directors or make recommendations to the Board in this regard;
- (c) to assess the independence of independent non-executive Directors; and
- (d) to formulate criteria, procedures and methods for screening candidates for Directors and senior management of the Company and its investees and make recommendations to the Board.

**8. NOMINATION COMMITTEE (Continued)**

One meeting of the Nomination Committee was convened during 2014, and the attendance rate of individual members at the meeting of the Nomination Committee is as follows:

Name	Attendance in person <i>(times)</i>	Attendance by proxy <i>(times)</i>
Zhang Yanping	1	–
Song Jianwu	1	–
Cui Baoguo	1	–

Nomination Committee held a meeting on 8 February 2014, considered and approved the proposed nomination of Mr. Yu Haibo as a candidate for the president of the Company and Mr. Wang Lin as a candidate for the non-executive Director.

**9. REMUNERATION OF THE AUDITOR**

The Company appointed ShineWing Certified Public Accountants (Special General Partnership) as the auditor for the year 2014. For the year ended 31 December 2014, annual fees for the audit services provided by ShineWing Certified Public Accountants (Special General Partnership) to the Company amounted to RMB1,800 thousand. The fees for providing special accounting services to the Group amounted to RMB420 thousand.

ShineWing Certified Public Accountants (Special General Partnership) has provided audit service for six consecutive years for the Company since 2009.

**10. AUDIT COMMITTEE**

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

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

- to be responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to deal with any questions of its resignation or dismissal;
- to examine annual audit plan submitted by the external auditor and provide opinions;
- to review and monitor the external auditor's independence and objectivity;
- to formulate and implement policy engaging an external auditor to supply non-audit services;

**10. AUDIT COMMITTEE (Continued)**

- to monitor integrity of financial statements of the Company and its annual report and accounts, half year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;
- to review the Company's financial controls, internal control and risk management systems;
- to discuss with the management the system of internal control to ensure that the management has discharged its duty to set up an effective internal control system;
- to review the Company's financial and accounting policies and practices.

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

The work details of the Audit Committee during the Reporting Period are as follows:

- reviewed and considered the results of the Group for the year of 2013;
- reviewed and considered the results of the Group for the first half of 2014;
- reviewed and evaluated the internal control systems of the Group;
- reviewed connected transactions.

A total of two meetings of the Audit Committee were convened during 2014, and the attendance rate of individual members at the meeting of the Audit Committee is as follows:

Name	Attendance in person <i>(times)</i>	Attendance by proxy <i>(times)</i>
Wu Tak Lung	2	–
Chen Ji	2	–
Liu Han	2	–

The Company has been in full compliance with requirements of Rule 3.21 of the Listing Rules throughout the period from its listing on the Hong Kong Stock Exchange to 31 December 2014.

The Board is responsible for overseeing the preparation of financial statements for each financial period, so that the financial statements give a true and fair view of the operating position, results and cash flow of the Company during the period. In preparing the financial statements for the year ended 31 December 2014, the Board (1) selected and consistently applied appropriate accounting policies; (2) approved the adoption of all standards in line with the Accounting Standards for Business Enterprises in the PRC ("PRC Accounting Standards"); and (3) made appropriate judgments and assessments in a prudent manner and adopted a going concern basis for preparation of financial statements. For the statement of reporting responsibility issued by ShineWing Certified Public Accountants (Special General Partnership), the auditor of the Company, please refer to the auditors' report set out in the consolidated financial statements.

**11. COMPANY SECRETARIES**

Both of Mr. Shang Da and Mr. Yu Leung Fai, as the joint company secretaries of the Company, have confirmed their completion of relevant professional training of not less than 15 hours.

**12. RIGHTS OF SHAREHOLDERS**

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

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

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

The Shareholders may raise enquiries to the Board, and the Company shall provide sufficient contact information (for details, please refer to the Company's website: [www.bjmedia.com.cn](http://www.bjmedia.com.cn)) so as to have the Shareholders' enquiries properly handled. The Shareholders may raise their relevant proposals directly at the general meeting.

**13. INVESTOR RELATIONS****(1) Material amendments to the Articles of Association**

Save as disclosed below, there was no material amendment to the Articles of Association for the year ended 31 December 2014.

Article 11 of the Articles of Association, which read:

"The business scope of the Company shall be approved by the company registration authorities.

The business scope of the Company includes: distribution agency of publications of Beijing Youth Daily Agency; advertising agency for domestic and foreign businessmen in China; developing computer hardware and software and network technology, and technology service, transfer, consultation and training; and selling computer hardware and software."

is now amended as follows:

"The business scope of the Company shall be approved by the company registration authorities.

The business scope of the Company includes: distribution agency of publications of Beijing Youth Daily Agency; advertising agency for domestic and foreign businessmen in China; developing computer hardware and software and network technology, and technology service, transfer, consultation and training; selling computer hardware and software; selling general merchandise; selling crafts; selling electronic products; selling jewellery; selling furnitures and construction materials; selling pre-packaged food."

For details please refer to the Company's announcement dated 25 March 2014 and the circular dated 4 April 2014.

**13. INVESTOR RELATIONS (Continued)****(2) Classes of Shareholders and shareholding****Capital structure**

For details, please refer to "Capital Structure" in section headed "Management Discussion and Analysis" in this annual report.

**(3) General meetings**

During the Reporting Period, the Company convened one general meeting.

The annual general meeting for 2013 was held at 2:00 p.m. on 20 May 2014 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC. The resolutions in relation to the Company were passed, including the resolution of the report of the Board for the year ended 31 December 2013, the resolution of the report of the Supervisory Committee for the year ended 31 December 2013, the resolution of the audited consolidated financial statements of the Company for the year ended 31 December 2013, the resolution of the profit distribution proposal of the Company, the resolution of the reappointment of the auditors of the Company for the year 2014, the resolution of the appointment of non-executive Director, and the resolution of amendment to the Articles of Associations. For details, please refer to the Company's announcement dated 20 May 2014.

**(4) Important matters for Shareholders for the financial year of 2014**

The annual general meeting for 2014 will be held at 2:00 p.m. on 19 June 2015 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

**(5) Market capitalization of public float**

The highest and lowest trading prices of the Company's H Shares during 2014 were HKD5.85 and HKD4.34 per share respectively. On 31 December 2014, the trading volume was 52,000 shares and the closing price was HKD4.75 per share.

**14. INTERNAL CONTROL**

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

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

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

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



**14. INTERNAL CONTROL** *(Continued)*

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

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

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

**15. CORPORATE GOVERNANCE**

Pursuant to the resolutions passed at the annual general meeting, the Board shall be responsible for the following duties of corporate governance:

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

During the Reporting Period, the Board reviewed and organized the formulation of the Board Diversity Policy of the Company; reviewed and supervised from time to time a series of corporate governance documents, including "Articles of Association of Beijing Media Corporation Limited", "Rules of Procedures of the Board", "Rules of Procedures for the Audit Committee", "Rules of Procedures for the Remuneration Committee" and "Rules of Procedures for the Nomination Committee"; reviewed and actively organized training and continuing professional development for Directors and Senior Management; reviewed and monitored the company whether there was any violation of laws and regulatory requirements; approved the Corporate Governance Report of the Company for the year 2013, and approved the disclosure on the website of the Hong Kong Stock Exchange and the Company's website; and formulated, reviewed and supervised Shareholder communications policy to ensure its effectiveness.

**16. BOARD DIVERSITY POLICY**

The Board adopted the following board diversity policies:

Statement of the policy: in order to achieve sustainable and balanced development, the Company recognizes an increasing diversity at the Board level as a key element in supporting the Company to reach its strategic objectives and maintaining sustainable development. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Measurable objectives: when determining the composition of the Board, the Company will consider board diversity on a range of perspectives, including but not limited to gender, age, cultural and educational background, expertise and experience, skills, knowledge and term of service. The final decision will be based on the specific needs in talents in different stages of the Company's business development and strategic planning, the advantage of the candidates and contribution the candidates will bring to the Board. The composition of the Board (including gender, age and term of service) shall be disclosed annually in the "Corporate Governance Report".

Review of this Policy: the Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

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

#### **1 CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE IN 2014**

There was no change in members of the Supervisory Committee in 2014.

#### **2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2014**

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

##### **(1) Financial Position of the Company**

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

##### **(2) Operation of the Company**

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

##### **(3) Directors and Management of the Company**

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

##### **(4) Use of Proceeds from Listing**

The Supervisory Committee has reviewed the projects funded by the listing proceeds of the Company after its listing. The Supervisory Committee considers that, up to the latest practicable date, the extent of the use of listing proceeds has been reasonable by taking into account the market conditions and the ambit of the use of listing proceeds being consistent with the Company's prospectus dated 13 December 2004 and the Company's announcements dated 24 June 2011 and 24 November 2014.

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

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

**2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2014** *(Continued)*

**(6) Fairness of Connected Transactions**

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

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

**Beijing Media Corporation Limited**

*Supervisory Committee*

31 March 2015

“Articles of Association”	The articles of association of the Company as amended from time to time
“Audit Committee”	the audit committee of the Board
“Beiqing CéCi”	Beiqing CéCi Advertising (Beijing) Limited, a subsidiary of the Company
“Beiqing Community Media”	Beiqing Community Culture Media (Beijing) Limited, a subsidiary of the Company
“Beiqing Long Teng”	Beiqing Long Teng Investment Management (Beijing) Co., Limited (formerly known as Beijing Zhong Wang Shi Tong Technologies Co., Ltd.), a subsidiary of the Company
“Beiqing Top”	Beijing Beiqing Top Advertising Limited
“Beiqing Outdoor”	Beijing Beiqing Outdoor Advertisement Co., Ltd. (previously known as Beijing Today Sunshine Advertising Co., Ltd.), a subsidiary of the Company
“Board”	The board of Directors
“BQTM”	Beiqing Transmedia Co. Ltd.
“BYD Logistics”	BYD Logistics Company Limited, a subsidiary of the Company
“Chongqing Media”	Chongqing Youth Media Company Limited, a subsidiary of the Company
“Company”, “us” or “Beijing Media”	Beijing Media Corporation Limited, a joint stock limited company incorporated under the laws of the PRC and whose H Share are listed and traded on the Hong Kong Stock Exchange
“Company Law”	The Company Law of the PRC
“Director(s)”	The director(s) of the Company
“Domestic Share(s)”	The ordinary share(s) of RMB1.00 per share in the capital of the Company
“Group”	The Company and its subsidiaries
“H Share(s)”	The foreign share(s) listed overseas of RMB1.00 per share in the ordinary share capital of the Company

“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“LEPA Group”	LEPA and its subsidiaries
“LEP Media”	Legal Evening Post Media Company Limited, a subsidiary of the Company
“LEPA”	Legal Evening Post Agency, a subsidiary of the BYDA
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Main Board”	The main board of the Hong Kong Stock Exchange
“Nomination Committee”	The nomination committee under the Board
“Parent” or “BYDA”	Beijing Youth Daily Agency, the controlling shareholder of the Company
“PRC” or “China”	The People’s Republic of China, excluding Hong Kong, Macau Special Administration Region and Taiwan
“Qingyou Information”	Beijing Qingyou Information Technology Co., Ltd, a subsidiary of the Company
“Remuneration Committee”	The remuneration committee under the Board
“RMB”	Renminbi, the lawful currency of the PRC
“Reporting Period”	the year ended 31 December 2014
“SFO”	Securities and Futures Ordinance, Chapter 571 of Hong Kong Laws
“Shareholder(s) ”	the shareholder (s) of the Company
“Supervisor(s)”	The supervisors of the Company
“Supervisory Committee”	The supervisory committee of the Company

XYZH/2014A7001



ShineWing Certified Public Accountants (Special General Partnership)

9/F, Block A, Fu Hua Mansion,

No. 8, Chaoyangmen Beidajie,

Dongcheng District, Beijing

**TO THE MEMBERS OF  
BEIJING MEDIA CORPORATION LIMITED**

北青傳媒股份有限公司

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

We have audited the accompanying consolidated financial statements of Beijing Media Corporation Limited (the "Company") and its subsidiaries (collectively the "Group") which comprise the consolidated balance sheet as at 31 December 2014, and the consolidated income statement, consolidated cash flow statement and the consolidated statement of changes in shareholders' equity for the year then ended and notes to the financial statements.

**I. MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

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

**II. CERTIFIED PUBLIC ACCOUNTANT'S RESPONSIBILITY**

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

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

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

**III. AUDIT OPINION**

In our opinion, the consolidated financial statements of the Group have been prepared in accordance with the requirements of the Accounting Standards for Business Enterprises in all material respects, and fairly presented the consolidated financial position of the Group as at 31 December 2014, and of their consolidated operating results and their consolidated cash flows for the year then ended.

**ShineWing Certified Public Accountants**  
(Special General Partnership)

Chinese Certified Public Accountant: Liu Jingwei

Chinese Certified Public Accountant: Ji Sheng

31 March 2015

Beijing, PRC

As at 31 December 2014

Item	Notes	RMB'000	
		As at 31 December 2014	As at 31 December 2013
<b>Current assets:</b>			
Bank balances and cash	VIII.1	366,321	562,219
Financial assets at fair value through profit or loss	VIII.2	–	15
Accounts receivable	VIII.3	410,679	338,400
Prepayments	VIII.4	103,651	48,653
Interest receivable	VIII.5	1,461	4,780
Other receivables	VIII.6	144,836	36,847
Inventories	VIII.7	54,768	56,045
Non-current assets due within one year	VIII.8	1,489	632
Other current assets	VIII.9	11,000	–
<b>Total current assets</b>		<b>1,094,205</b>	<b>1,047,591</b>
<b>Non-current assets:</b>			
Financial assets available-for-sale	VIII.10	145,560	139,560
Long-term equity investment	VIII.11	183,705	248,097
Investment properties	VIII.12	53,159	53,435
Fixed assets	VIII.13	12,725	12,591
Intangible assets	VIII.14	37,788	39,103
Goodwill	VIII.15	47,377	47,377
Long-term prepaid expenses		1,721	596
Deferred income tax assets	VIII.16	4,534	4,137
Other non-current assets	VIII.17	14,816	20,032
<b>Total non-current assets</b>		<b>501,385</b>	<b>564,928</b>
<b>Total assets</b>		<b>1,595,590</b>	<b>1,612,519</b>



Item	Notes	RMB'000	
		As at 31 December 2014	As at 31 December 2013
<b>Current liabilities:</b>			
Notes payable	VIII.19	81,545	95,980
Accounts payable	VIII.20	107,721	120,771
Receipts in advance		47,643	37,676
Employee benefit payables	VIII.21	7,416	7,645
Tax payables	VIII.22	(16,418)	(14,494)
Interest payables		40	–
Other payables	VIII.23	26,998	21,478
Non-current liabilities due within one year	VIII.24	7,500	–
Other current liabilities	VIII.25	5,147	7,366
<b>Total current liabilities</b>		<b>267,592</b>	<b>276,422</b>
<b>Non-current liabilities:</b>			
Long-term loans	VIII.26	12,000	–
Deferred income tax liabilities	VIII.16	5,030	2,583
<b>Total non-current liabilities</b>		<b>17,030</b>	<b>2,583</b>
<b>Total liabilities</b>		<b>284,622</b>	<b>279,005</b>
<b>Shareholders' equity:</b>			
Share capital	VIII.27	197,310	197,310
Capital reserves	VIII.28	887,794	891,179
Other comprehensive income	VIII.29	(4)	–
Surplus reserves	VIII.30	130,931	130,931
Undistributed profits	VIII.31	65,701	82,818
<b>Total equity attributable to shareholders of the Company</b>		<b>1,281,732</b>	<b>1,302,238</b>
Non-controlling interests	VIII.32	29,236	31,276
<b>Total shareholders' equity</b>		<b>1,310,968</b>	<b>1,333,514</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,595,590</b>	<b>1,612,519</b>
<b>Net current assets</b>		<b>826,613</b>	<b>771,169</b>
<b>Total assets less current liabilities</b>		<b>1,327,998</b>	<b>1,336,097</b>

For the year ended 31 December 2014

Item	Notes	RMB'000	
		For the year ended 31 December 2014	For the year ended 31 December 2013
<b>Total operating revenue</b>	VIII.33	<b>680,769</b>	667,428
<b>Total operating costs</b>		<b>683,420</b>	644,501
Operating costs	VIII.33	<b>537,208</b>	573,686
Sales tax and surcharges	VIII.34	<b>11,649</b>	13,087
Selling expenses		<b>38,511</b>	17,682
Administrative expenses		<b>63,582</b>	56,797
Financial expenses	VIII.35	<b>(9,831)</b>	(23,417)
Impairment loss of assets	VIII.36	<b>42,301</b>	6,666
Add: Gain on the changes in fair value	VIII.37	<b>(8,234)</b>	(1,071)
Investment income	VIII.38	<b>(40,452)</b>	10,206
Including: income from investment in associates	VIII.38	<b>(40,521)</b>	10,347
<b>Operating profit</b>		<b>(51,337)</b>	32,062
Add: non-operating income	VIII.39	<b>57,022</b>	5,921
Including: Gain from disposal of non-current assets		<b>97</b>	312
Less: non-operating expenses	VIII.40	<b>78</b>	18,536
Including: Loss on disposal of non-current assets		<b>9</b>	–
<b>Total profit</b>		<b>5,607</b>	19,447
Less: Income tax expenses	VIII.41	<b>711</b>	2,174
<b>Net profit</b>		<b>4,896</b>	17,273
Net profit attributable to:			
shareholders of the Company		<b>10,506</b>	20,377
Non-controlling shareholders		<b>(5,610)</b>	(3,104)
<b>Other net comprehensive income after tax</b>	VIII.29	<b>(6)</b>	–
Other net comprehensive income after tax attributable to shareholders of the Company		<b>(4)</b>	–
Including: other comprehensive income subsequently reclassified into profit or loss	VIII.47	<b>(4)</b>	–
Including: exchange differences from retranslation of financial statements		<b>(4)</b>	–
Other net comprehensive income after tax attributable to non-controlling shareholders		<b>(2)</b>	–
<b>Total comprehensive income</b>		<b>4,890</b>	17,273
Total comprehensive income attributable to shareholders of the Company		<b>10,502</b>	20,377
Total comprehensive income attributable to non-controlling shareholders		<b>(5,612)</b>	(3,104)
<b>Earnings per share</b>			
Basic earnings per share (RMB per share)	XVII.2	<b>0.05</b>	0.10
Diluted earnings per share (RMB per share)	XVII.2	<b>0.05</b>	0.10
<b>Dividends</b>	VIII.45	<b>27,623</b>	59,193

		<i>RMB'000</i>	
Item	Notes	For the year ended 31 December 2014	For the year ended 31 December 2013
<b>I. Cash flows from operating activities:</b>			
Cash received from the sales of goods and the rendering of services		528,316	447,793
Tax refund received		6	14
Other cash receipts relating to operating activities		21,392	31,700
<b>Sub-total of cash inflows from operating activities</b>		<b>549,714</b>	479,507
Cash paid for goods purchased and services received		507,923	486,383
Cash paid to and on behalf of employees		73,899	52,493
Payments of taxes and surcharges		26,377	25,516
Other cash payments relating to operating activities		116,097	71,970
<b>Sub-total of cash outflows from operating activities</b>		<b>724,296</b>	636,362
<b>Net cash flows from operating activities</b>	<i>VIII.48</i>	<b>(174,582)</b>	(156,855)
<b>II. Cash flows from investing activities:</b>			
Cash received from investments		7,016	184,600
Cash received from returns on investment		-	18,269
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		25	616
Other cash receipts relating to investing activities		310,272	270,554
<b>Sub-total of cash inflows from investing activities</b>		<b>317,313</b>	474,039
Cash paid to acquire fixed assets, intangible assets and other long-term assets		11,685	16,278
Cash paid on investment		14,750	204,720
Other cash payments relating to investing activities		40,800	8,280
<b>Sub-total of cash outflows from investing activities</b>		<b>67,235</b>	229,278
<b>Net cash flows from investing activities</b>		<b>250,078</b>	244,761

For the year ended 31 December 2014

Item	Notes	RMB'000	
		For the year ended 31 December 2014	For the year ended 31 December 2013
<b>III. Cash flows from financing activities:</b>			
Cash received from investments		4,700	17,000
Including: cash received from non-controlling shareholders by subsidiaries		4,700	17,000
Cash received from borrowings obtained		19,500	–
Other cash receipts relating to financing activities		182	29,513
<b>Sub-total of cash inflows from financing activities</b>		<b>24,382</b>	46,513
Cash payments for borrowings repayment		–	3,670
Cash payments for distribution of dividends or profits or interest expense		28,319	58,509
Including: Dividends or profits paid to non-controlling shareholders by subsidiaries		–	398
Other cash payment relating to financing activities		3,155	90,585
<b>Sub-total of cash outflows from financing activities</b>		<b>31,474</b>	152,764
<b>Net cash flows from financing activities</b>		<b>(7,092)</b>	(106,251)
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		<b>(17)</b>	(2)
<b>V. Net increase (decrease) in cash and cash equivalents</b>	VIII.49	<b>68,387</b>	(18,347)
Add: balance of cash and cash equivalents at the beginning of the year		160,139	178,486
<b>V. Balance of cash and cash equivalents at the end of the year</b>	VIII.50	<b>228,526</b>	160,139

Unit: RMB'000

Items	For the year ended 31 December 2014								
	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal			
<b>Balance as at 1 January 2014</b>	197,310	891,179	-	130,931	82,818	1,302,238	31,276	1,333,514	
Net profits	-	-	-	-	10,506	10,506	(5,610)	4,896	
Other comprehensive income	-	-	(4)	-	-	(4)	(2)	(6)	
Shareholder's investment	-	-	-	-	-	-	4,700	4,700	
Disposal of interests in subsidiaries	-	1,128	-	-	-	1,128	(1,128)	-	
Impact on income tax due to change in fair value	-	(4,513)	-	-	-	(4,513)	-	(4,513)	
Dividends to shareholders of the Company	-	-	-	-	(27,623)	(27,623)	-	(27,623)	
<b>Sub-total of the changes during the year</b>	-	(3,385)	(4)	-	(17,117)	(20,506)	(2,040)	(22,546)	
<b>Balance as at 31 December 2014</b>	197,310	887,794	(4)	130,931	65,701	1,281,732	29,236	1,310,968	

Unit: RMB'000

Items	For the year ended 31 December 2013								
	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal			
<b>Balance as at 1 January 2013</b>	197,310	891,179	-	130,931	121,634	1,341,054	17,380	1,358,434	
Net profits	-	-	-	-	20,377	20,377	(3,104)	17,273	
Shareholder's investment	-	-	-	-	-	-	17,000	17,000	
Dividends to shareholders of the Company	-	-	-	-	(59,193)	(59,193)	-	(59,193)	
<b>Sub-total of the changes during the year</b>	-	-	-	-	(38,816)	(38,816)	13,896	(24,920)	
<b>Balance as at 31 December 2013</b>	197,310	891,179	-	130,931	82,818	1,302,238	31,276	1,333,514	

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

**I. GENERAL INFORMATION**

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

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

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

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

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

**II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS**

The subsidiaries which are included in the scope of consolidated financial statements for the year ended 31 December 2014 of the Group are as follows:

Name of units	Shareholdings (%)	
	Direct	Indirect
Beijing Beiqing Outdoor Advertisement Co., Ltd. (Beiqing Outdoor)	100.00	–
Legal Evening Post Media Company Limited (LEP Media)	100.00	–
Beijing Qingyou Information Technology Co., Ltd. (Qingyou Information)	100.00	–
BYD Logistics Company Limited (BYD Logistics)	92.84	–
Beiqing CéCi Advertising (Beijing) Limited (Beiqing CéCi)	84.69	–
Beiqing Long Teng Investment Management (Beijing) Co., Limited (Beiqing Long Teng)	80.84	–
Beiqing Community Cultural Media (Beijing) Limited (Beiqing Community Media)	76.14	–
Chongqing Youth Media Company Limited (Chongqing Media)	60.00	–
Chongqing Pu Lantian Western Food Co. (Chongqing Pu Lantian)	–	100.00
CHONGQING YOUTH (AMERICA) LLC. (Chong Qing America)	–	100.00

Beijing Qingyou Information Technology Co., Ltd. was a newly established company in 2014 of the Company. Chongqing Pu Lantian Western Food Co. and CHONGQING YOUTH (AMERICA) LLC. are companies which was established by the Company’s subsidiary, Chongqing Youth Media Company Limited, and were included in the scope of the Group’s financial statements since their incorporation. Details for every company are referred to the Note X. “Disclosure of Interests in Other Entities”.

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

For the year ended 31 December 2014

### III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

#### 1. BASIS FOR PREPARATION

The Group's financial statements for the year ended 31 December 2014 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with Accounting Standards for Business Enterprises ("ASBE") issued by the Ministry of Finance of the People's Republic of China, including adoption of nine revised and new basic and specific standards issued by MOF ("New PRC Accounting Standards") and other relevant regulations issued by MOF ("PRC Accounting Standards"), of which, ASBE No.2 – Long-term equity investment, ASBE No.9 – Employee benefits, ASBE No.30 – Presentation of financial statements, ASBE No.33 Consolidated financial statements, ASBE No.39 – Fair value measurement and ASBE No.40 – Joint arrangements have been early adopted for the financial statements for the year ended 31 December 2013; and ASBE – Basic Standard, ASBE No.37 – Presentation of Financial Instruments and ASBE No.41 Disclosure of Interests in Other Entities have been also adopted for the financial statements for the year ended 31 December 2014, and disclosed in accordance with the Rules Governing the Listing of Securities on Hong Kong Stock Exchange and Hong Kong Companies Ordinance; and the accounting policies and estimates as stated in Note V "Principal accounting policies and accounting estimates and basis of preparation of consolidated financial statements".

#### 2. ON A GOING CONCERN BASIS

The directors have made an assessment and concluded that the Group is able to continue as a going concern for at least the next 12 months, and there is no existence of a material uncertainty on the ability of on-going operation.

### IV. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's consolidated financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the consolidated financial position as at 31 December 2014 and their consolidated operating results, consolidated cash flows and other relevant information for the year then ended.

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

#### 1. Accounting period

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

#### 2. Reporting currency

The reporting currency of the Group is RMB.

The financial statements of the Group are expressed in RMB.

#### 3. Basis of preparation and principle of measurement

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

#### 4. Business combination

A 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.

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

**4. Business combination** *(Continued)*

**(1) Business combination involving entities under common control**

Assets and liabilities that are obtained through a business combination involving 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 in capital reserve and with any excess over capital reserve being adjusted against undistributed profits.

Direct costs that are directly incurred during business combination by the absorbing party are charged to profit or loss in the period in which they are incurred.

**(2) Business combination involving entities not under common control**

For a business combination involving 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 business combination is realized through various transactions, the cost of combination shall be the sum of the cost of each transaction). Where the cost of combination exceeds the acquirer's 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 acquirer's 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.

**5. Preparation of consolidated financial statements**

**(1) Determination of the scope of consolidation**

The scope of consolidated financial statements is determined on the basis of control. Control is achieved when the Company has power over the investee; is exposed, or has rights to achieve returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Group consolidates all subsidiaries under control in the financial statements.

The date of acquisition or disposal shall be the day on which the Group obtains or loses the controlling right over its subsidiaries.

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

The consolidated financial statements are prepared in accordance with the ASBE No. 33 – Consolidated financial statements and relevant requirements. On consolidation, all the significant intra-group transactions, balances and unrealized profits 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 non-controlling interests in the shareholders' equity in the consolidated financial statements. Current net profits or loss, other comprehensive income and share belonging to non-controlling interests in the total comprehensive incomes are respectively listed in the "Non-controlling interests, profit and loss of non-controlling interests, other comprehensive income attributable to non-controlling interests and total comprehensive income attributable to non-controlling interests".

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.



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

For the year ended 31 December 2014

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

### 5. 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 reporting entities had been existed since the ultimate controlling party began to control.

For transactions purchasing non-controlling interests or not loss of its control over the subsidiary as a result of disposal of part equity investment, it will be accounted for as equity transactions and adjusted the book value of shareholders' equity of the Company and non-controlling interests to reflect changes in related equity in the subsidiary. The differences between the adjustments of non-controlling interests and fair value of consideration received are made adjustment to capital reserve. When the capital reserve is not sufficient to be written-off, adjusted the retained income.

For the disposed subsidiary, operating results and cash flows before the disposal date have been properly included in the consolidated income statement and consolidated cash flow statement; for the disposed subsidiary during the reporting period, the opening balances of the consolidated balance sheet shall not be adjusted.

When the Group lost its control over the investee as a result of disposal of part of equity investment, when preparing consolidated financial statement, for the remaining equity, it will be re-measured at the fair value as at date of loss of control. The sum of consideration obtained from disposal of equity and remaining equity fair value, less share of net assets calculated from purchase date or consolidation date entitled according to original shareholding percentage, the differences are credited into investment income for the period losing of control and meanwhile wrote off the goodwill. Other comprehensive income related to equity investment in original subsidiary is converted into current investment income when losing the control.

### 6. Classification for joint venture arrangement and accounting methods for joint operation

Joint venture represents the contract agreement which the Group and other parties perform together a jointly controlled economic activities. The financial and operation strategies related to joint venture required Unanimously agreement to be made by sub-line control. Joint arrangements are classified as joint ventures and jointly controlled.

Joint venture is the joint arrangement in which the Group and other investors have rights in respect of the net assets, and it is accounted as stated in Note V.12 using the principles of joint ventures accounted for long-term equity investments.

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. The Group enjoy the future economic benefits brought by the assets share from its controlled entity, according to the contract or agreement with the recognition of revenue and costs relating to jointly controlled operations. For the purchase in or sale from joint operation which does not constitute a business in asset transaction, only recognize the portion attributable to other participants of joint operation in the profits or loss incurred as a result of this transaction.

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

**7. 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.

**8. Foreign currency**

**(1) Foreign currency transactions**

Foreign currency transactions of the Group are translated into RMB at the spot exchange rate of the date of transaction. On balance sheet date, foreign currency monetary items are translated into RMB at the spot exchange rate of that date. Exchange differences arising thereon are directly expensed in the profit and loss for the current period unless they arise from foreign currency borrowings for the purchase or construction of qualifying assets which are eligible for capitalization. Non-monetary items carried at fair value that are denominated in foreign currencies are translated into RMB at the rates prevailing on the date when the fair value was determined. And exchange differences arising thereon are directly expensed in the profit and loss for the current period. Non-monetary items denominated in foreign currency measured at historical cost shall continue to be translated at the spot exchange rate at the date of transaction, the translated amount in RMB should not be changed.

**(2) Translation of foreign currency financial statement**

Items such as assets and liabilities in the foreign currency balance sheet are translated at the spot exchange rate on balance sheet date; shareholders' equity, except for "undistributed profits", is translated at the spot exchange rate at the time when the business incurred; income and expenses items in the income statement are translated at the spot exchange rate at the date when transaction occurs. Exchange differences from above translation are listed in the other comprehensive income. Foreign currency cash flow are translated at the spot exchange rate at the date when cashflow are incurred. Effects of changes in exchange rate over the cash is separately listed in the cashflow statement.

**9. Financial Assets and Financial Liabilities**

**(1) Financial Assets**

1) Classification, recognition basis and measurement methods for the 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:

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.

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For the year ended 31 December 2014

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

**9. Financial Assets and Financial Liabilities** *(Continued)*

**(1) Financial Assets** *(Continued)*

1) Classification, recognition basis and measurement methods for the financial assets *(Continued)*

Financial assets at fair value through profit or loss for the current period are those financial assets that have been acquired principally for the purpose of selling in short terms. Assets in this category are subsequently measured at fair value and changes in fair value is charged into profit or loss; interest or cash dividends acquired in the period of holding the assets is recognized into investment income; on disposal, the differences between the fair value and initial recorded amounts is recognized as investment return, meanwhile adjusted the profit or loss in changes in fair value.

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. It adopts effective interest rate method to subsequently measure it at amortized cost and the amortization or impairment and profit or loss after de-recognition are all charged into profit or loss in which period it occurred.

Loans and receivables are non-derivative financial assets with fixed or determinable recoverable amounts that are not quoted in an active market. They adopted effective interest rate method to subsequently measure it at amortized cost and the amortization or impairment and profit or loss after de-recognition are all charged into profit or loss in which period it occurred.

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. In this category of assets, equity instrument investment which are not quoted in an active market and its fair value is unable to reliably measured and derivative financial assets that are linked with this equity instrument and settled through delivery of this instrument, are subsequently measured at cost; other that there are quoted in an active market or there are not quoted in an active market but it can be reliably measured, are measured at fair value and changes in fair value in charged into other comprehensive income. For this category financial assets, it is subsequently measured at fair value, except for impairment loss and exchange differences from foreign currency financial assets, changes in fair value of financial assets are directly charged into shareholders' equity, and upon de-recognition of this financial assets, the changes in fair value originally charged into equity is transferred into profit or loss in the current period. The interest calculated according to effective interest rate during the period when the debt instrument investment available for sale and cash dividend declared by investee unit and related to equity instrument available for sale are taken as investment income and credited into profits or loss in the current period. For the equity instrument investment which are not quoted in an active market and its fair value can not be reliably measured, it is measured at cost.

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

**9. Financial Assets and Financial Liabilities** *(Continued)*

**(1) Financial Assets** *(Continued)*

- 2) Recognition basis and measurement methods for transferring financial assets  
Financial assets are derecognized when it meets one of the following conditions: (1) the contract right to receive cashflow of this financial assets is terminated; (2) the financial assets has been transferred, and substantially all risk and rewards on the ownership of the financial assets have been transferred to the transferee; (3) the financial assets has been transferred, although the Group has not transferred nor retained substantially all risks and rewards on the ownership of the financial assets, but abandoned its control over the financial assets.

When the enterprises have not transferred nor retained substantially all risks and rewards on the ownership of the financial assets, and does not abandon its control over the financial assets, then recognize the related financial assets according to extent of continuing to be involved into the transferred financial assets, and correspondingly recognize the relevant liabilities.

When financial assets transfer meets its derecognition conditions, the carrying amount of financial assets transferred and difference between the consideration received as a result of transfer and accumulated sum of changes in fair value originally credited into other comprehensive income are charged into profit or loss for the current period.

Partial transfer in financial assets meets derecognition conditions, the carrying amount of entire financial assets transferred are apportioned between derecognition and unrecognition according to each relative fair value and the consideration received from transfer and originally apportioned to derecognized portion and accumulated sum of changes in fair value originally credited into other comprehensive income and the differences between the previously said carrying amount are charged into profit or loss for the current period.

- 3) Financial assets impairment testing methods and accounting methods  
Except for financial assets at fair value through profit or loss, on the balance sheet date, the Group reviewed the book value of other financial assets, if there is objective evidences indicating that some financial assets are impaired, then made provision for impairment. If the fair value of financial assets available for sale decreased significantly or non-temporarily, the accumulated losses arising from decreasing in fair value originally credited into shareholders' equity is charged into impairment loss.

**(2) Financial liabilities**

- 1) Classification, recognition basis and measurement methods  
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.

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

For the year ended 31 December 2014

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

### 9. Financial Assets and Financial Liabilities *(Continued)*

#### (2) Financial liabilities *(Continued)*

##### 1) Classification, recognition basis and measurement methods *(Continued)*

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.

##### 2) Derecognition conditions for financial liability

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.

#### (3) Fair value measurement for financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, whether the price is directly observable or appraising its fair value using valuing techniques. Valuing technology includes the price used in the recent conducted market transactions by the Voluntary transaction parties referenced to familiar situations, referenced to the current fair value of substantially same other financial instrument, discounted cashflow based general price model to determine or confirm adopting observable prevailing market price.

For the purposes of financial reporting fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

### 10. 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.

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

**10. 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 individually significant receivables on individual basis	Provision for bad debts is made as the excess of the bad debts for 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	Provision is made for bad debts according to 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

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

**10. 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
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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
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**(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
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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
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**11. 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.

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.

**V. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***12. Long-term equity investments**

Long-term equity investments mainly include the equity investments in the invested company over which the Group has control, or significant influence and the equity investments in joint ventures.

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

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

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

Investments in subsidiaries are accounted for by the Group using cost method and adjusted for by equity method when preparing consolidated financial statements. Investments in jointly controlled entities and associates are accounted for using equity method, when there is any inconsistency on the accounting policies or accounting period adopted between jointly controlled entities and associates and the Group, the financial statements of jointly controlled entities and associates are adjusted according to the accounting policies or accounting period adopted by the Group when preparing the consolidated financial statement, then recognize the Group's gain or loss on this basis.

Under the cost method, long-term equity investments are measured at its investment cost, and its cost is adjusted by the amount of additional investment or the amount recovered. Under the equity method, investment gain or loss represents the Group's share of the net profits or losses made by the invested company for the current period. The share of the net profits or losses of the invested company is recognised based on the fair value of each of the identifiable assets of the invested company at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group and the gain or loss on transactions entered into between the Group and its associates and jointly controlled entities is eliminated for those attributable to the Group based on its share in the invested company.



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For the year ended 31 December 2014

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

### 12. Long-term equity investments *(Continued)*

The long-term equity investment will be accounted for by using cost method where the Group reduces the investment in the invested company so that the Group no longer has common control or significant influence over the invested company. The remaining investment after investment reduction will be accounted using equity method in accordance with financial assets and financial liabilities in this Note V.9; or where the Group has control over the invested company shall be accounted for using equity method, in accordance with the value of equity investment of financial assets and financial liabilities determined in notes V.9, and plus the new investment cost, which is the initial investment cost of such equity-accounting method. The original equity investment held was classified as financial assets available-for-sale, the difference between its fair value and it's the carrying value and its accumulated fair value change which is originally included into other consolidated income shall be accounted for using equity method and included in the profit or loss, due to such reasons as making additional investment in the invested company or where the Group no longer has control but remain to have joint control or significant influence over the invested company due to reasons such as disposal of the investment. In respect of such remaining equity it shall be accounted using equity method once it is obtained.

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

### 13. Investment properties

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

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

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

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

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

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

## V. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

Category	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.

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For the year ended 31 December 2014

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

**15. Borrowing costs**

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

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

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

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

**16. Intangible assets**

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

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

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

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

**V. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***17. Impairment of long-term non-financial assets**

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

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

The signs of impairment are as follows:

- (1) The current market price of an asset declines substantially, exceeding obviously the expected decline caused by time changes or normal application;
- (2) There are significant changes in the economic, technical or legal environment in which the enterprise operates and in the market where the asset is located in the current period or near future, resulting in adverse impacts on the enterprise;
- (3) The market interest rate or rate of return of other market investment has stood high in the period, affecting the discount rate used by an enterprise for the calculation of the present value of the asset estimated future cash flow which results in a substantial decline in the recoverable amount of the assets;
- (4) There is evidence to demonstrate that the asset has already gone obsolete or its entity has already been damaged;
- (5) The asset has already been or will be left idle, ceased to be used, or planned to be disposed in advance;
- (6) There is evidence from the internal reports demonstrating that the economic returns of asset, such as the net cash flows generated by asset or operating profit (or loss) realized by asset, are much lowered (higher) than that as expected;
- (7) Any other sign indicates that the value of an asset may have already been impaired.

**18. Goodwill**

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

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

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

### 19. Long-term prepaid expenses

Long-term deferred expenses of the Group are expenditures such as property renovation cost, which have incurred but shall be undertaken in more than 1 year of amortization period (not including 1 year) of the current and future periods. They are amortized evenly over the estimated benefit period. If the long-term deferred expenses are no longer beneficial to the subsequent accounting periods, the unamortized balance is then fully transferred to profit or loss for the period.

### 20. 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.

### 21. Recognition of revenue

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

#### (1) Revenue from sale of advertising spaces

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

#### (2) Revenue from printing

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

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

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

**V. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***21. Recognition of revenue** *(Continued)***(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 V.24).

**22. Government grants**

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

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

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

**23. 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.

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

**24. 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 "Longterm payable" at the amount of minimum lease payments. Their difference is recorded as unrecognised finance lease charge.

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

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For the year ended 31 December 2014

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

### 25. 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.

### 26. Segment information

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

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

### 27. Key accounting estimates and judgments

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

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

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

#### (1) Buildings

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

**V. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS** *(Continued)***27. Key accounting estimates and judgments** *(Continued)***(2) Depreciation of fixed assets**

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

**(3) Fair value of investment 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 advertising customers. Accordingly, if the accumulated advertisement fee spent by such customers on the Group's publications reaches a certain level over a specified period of time, they will be given a discount coupon or an advertising space free of charge. A portion of customers' revenue attributable to the award credits is deferred and recognized when the coupons or advertising spaces have been redeemed or have expired. The deferment of revenue is estimated based on historical redemptions, which is then used to project the expected utilization of these rewards. Any remaining unutilized rewards are recognized as deferred revenues.

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

The Group tests annually whether the interests in jointly controlled entities and associates have suffered any impairment in accordance with the Group's accounting policy. The entire carrying amount of the investment (including goodwill) is tested as a single asset by comparing the difference 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.



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For the year ended 31 December 2014

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

### 27. Key accounting estimates and judgments *(Continued)*

#### (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.

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

### 1. Changes in accounting policies and their effect

The Group started to implement the new or revised ASBE – Basic Standard, ASBE No.37– Presentation of Financial Instruments and ASBE No.41 Disclosure of Interests in Other Entities for the financial statements for the year ended 31 December 2014. The Amendments to the relevant accounting and standards have no effects on the Group’s financial statements, and only effects involving the explanation for accounting policies for the financial reporting and disclosure content in notes of financial statements. The Group made supplementary amendments and disclosures in the relevant description of accounting policies in the financial report and notes of financial statements.

### 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.

## VII. 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 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.

In accordance with Beijing Municipal Finance Bureau, Beijing Municipal State Administration of Taxation, the Beijing Local Taxation Bureau, Beijing Municipal Committee of the Chinese Communist Party Propaganda Department forwarded Ministry of Finance, State Administration of Taxation, the Central Propaganda Department on the continued implementation of the cultural system in managing cultural institutions transformed into enterprises several tax policy notice (Jing Cai Shui[2014] No.2907), the Company is exempted from EIT from 1 January 2014 to 31 December 2018.

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.

**VII. TAX (Continued)****2. Value added tax ("VAT")**

For the Group, being a general VAT taxpayer, the rates of output VAT on income from sales of goods is 17%.

The companies of the Group which are general VAT taxpayers are subject to VAT on advertising service business at the rate of 6%. VAT credited in form of purchase of raw materials and advertising fees by the companies of the Group which are general VAT taxpayers can offset sales tax, tax rates are 17% and 6% respectively.

The VAT payable shall be the balance of the output tax for the period after deducting the input tax for the period.

**3. Business Tax**

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

**4. Other principal taxes and tax rates**

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

**VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS****1. Bank balances and cash**

Item	As at 31 December 2014	As at 31 December 2013
Bank balance and cash	228,526	430,959
Short-term bank deposits	125,040	121,660
Restricted bank deposits	12,755	9,600
<b>Total</b>	<b>366,321</b>	<b>562,219</b>

The Group's bank balances are deposited at banks in the PRC and carry interest at market interest rates of 0.35% to 1.49%(2013: 0.35%) per annum.

Short-term bank deposits represent fixed deposits with original maturities ranging from three months to one year and carry fixed interest rates ranging from 2.85% to 3.50% (2013: 2.6% to 3.3%) per annum.

Restricted bank deposits represent marginal deposit for bank acceptance notes and carry market interest rate of 0.35% to 0.50% (2013: 0.35%) per annum.

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

For the year ended 31 December 2014

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

2. Financial assets at fair value through profit or loss

Item	As at 31 December 2014	As at 31 December 2013
Investment of equity shares listed in PRC, at fair value	–	15
<b>Total</b>	<b>–</b>	<b>15</b>

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

3. Accounts receivable

Item	As at 31 December 2014	As at 31 December 2013
Accounts receivable	434,929	351,065
Less: Provision for bad debts	24,250	12,665
Net accounts receivable	410,679	338,400
For reporting purpose, analysis as:		
Non-current assets – long-term receivables	–	–
Current assets – accounts receivable	410,679	338,400
<b>Total</b>	<b>410,679</b>	<b>338,400</b>

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

Item	As at 31 December 2014	As at 31 December 2013
0-90 days	87,324	52,043
91-180 days	54,897	63,936
181-365 days	114,938	165,454
1-2 years	124,393	42,714
Over 2 years	29,127	14,253
<b>Total</b>	<b>410,679</b>	<b>338,400</b>

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

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

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

## 3. Accounts receivable (continued)

(2) Analysis of accounts receivable by categories:

	As at 31 December 2014				As at 31 December 2013			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Significant individual receivables with bad debt provision made on individual basis	-	-	-	-	-	-	-	-
Receivables with bad debt provision made on group basis								
Aging group	273,986	63.00	19,239	7.02	251,831	71.73	10,064	4.00
Related party group	152,709	35.11	-	-	96,433	27.47	-	-
Non-risk group	1,483	0.34	-	-	-	-	-	-
<b>Sub-total</b>	<b>428,178</b>	<b>98.45</b>	<b>19,239</b>	<b>4.49</b>	<b>348,264</b>	<b>99.20</b>	<b>10,064</b>	<b>2.89</b>
Insignificant individual receivables but with bad debt provision made on individual basis	6,751	1.55	5,011	74.23	2,801	0.80	2,601	92.86
<b>Total</b>	<b>434,929</b>	<b>100.00</b>	<b>24,250</b>		<b>351,065</b>	<b>100.00</b>	<b>12,665</b>	

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

3. Accounts receivable (continued)

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

Accounts receivable with bad debt provision by aging method are as follows:

	As at 31 December 2014			As at 31 December 2013		
	Amount	Percentage (%)	Provision for bad debts	Amount	Percentage (%)	Provision for bad debts
Within 1 year	173,098	-	-	197,579	-	-
1-2 years	71,351	10.00	7,135	41,455	10.00	4,145
2-3 years	19,946	30.00	5,984	6,305	30.00	1,892
3-4 years	5,175	50.00	2,587	3,887	50.00	1,943
Over 4 years	4,416	80.00	3,533	2,605	80.00	2,084
<b>Total</b>	<b>273,986</b>		<b>19,239</b>	<b>251,831</b>		<b>10,064</b>

(3) The top five accounts receivable as at 31 December 2014 represented 45.55% of the total accounts receivable.

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

Item	As at 31 December 2014	As at 31 December 2013
Within 6 months	61,028	50,418
6 months to 1 year	23,033	33,434
1-2 years	60,177	5,405
2-3 years	2,814	6,774
3-4 years	6,738	348
over 4 years	402	54
<b>Total</b>	<b>154,192</b>	<b>96,433</b>

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

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

## 4. Prepayments

	As at 31 December 2014	As at 31 December 2013
Prepayments	103,651	48,653
Less: provision for bad debts	–	–
<b>Net prepayments</b>	<b>103,651</b>	<b>48,653</b>

The top five prepayments as at 31 December 2014 represented 78.97% of the total prepayments.

## 5. Interest receivable

	As at 31 December 2014	As at 31 December 2013
Interest receivable	1,461	4,780
<b>Total</b>	<b>1,461</b>	<b>4,780</b>

## 6. Other receivables

Item	As at 31 December 2014	As at 31 December 2013
Other receivables	147,827	38,177
Less: provision for bad debts	2,991	1,330
<b>Net other receivables</b>	<b>144,836</b>	<b>36,847</b>

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

6. Other receivables (continued)

(1) Analysis of other receivables by categories:

	As at 31 December 2014				As at 31 December 2013			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	Percentage	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Significant individual other receivables with bad debt provision made on individual basis	-	-	-	-	-	-	-	-
Other receivables with bad debt provision made on group basis	-	-	-	-	-	-	-	-
Aging group	61,943	41.90	1,046	1.69	8,372	21.93	585	6.99
Related party group	74,726	50.55	-	-	20,181	52.86	-	-
Non-risk group	8,113	5.49	-	-	8,879	23.26	-	-
<b>Sub-total</b>	<b>144,782</b>	<b>97.94</b>	<b>1,046</b>	<b>0.72</b>	<b>37,432</b>	<b>98.05</b>	<b>585</b>	<b>1.56</b>
Insignificant individual other receivables but with bad debt provision made on individual basis	3,045	2.06	1,945	63.88	745	1.95	745	100.00
<b>Total</b>	<b>147,827</b>	<b>100.00</b>	<b>2,991</b>		<b>38,177</b>	<b>100.00</b>	<b>1,330</b>	

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

## 6. Other receivables (continued)

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

Other receivables with bad debt provision by aging analysis:

	As at 31 December 2014			As at 31 December 2013		
	Amount	Percentage (%)	Provision for bad debt	Amount	Percentage (%)	Provision for bad debt
Within 1 year	59,673	-	-	7,202	-	-
1-2 years	1,100	10.00	110	-	10.00	-
2-3 years	-	30.00	-	-	30.00	-
3-4 years	-	50.00	-	1,170	50.00	585
Over 4 years	1,170	80.00	936	-	80.00	-
<b>Total</b>	<b>61,943</b>		<b>1,046</b>	<b>8,372</b>		<b>585</b>

(2) Other receivables by nature analysis:

Nature	As at 31 December 2014	As at 31 December 2013
Related party current account	74,800	20,188
Government grant	55,000	-
External unit current	9,065	3,538
Deposit and margin	5,648	10,529
Reserve funds	3,137	3,730
Other	177	192
<b>Total</b>	<b>147,827</b>	<b>38,177</b>

(3) The top five other receivables as at 31 December 2014 represented 88.44% of the total other receivables.



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

7. Inventories

	As at 31 December 2014			As at 31 December 2013		
	Carrying amount	Provision for impairment	Carrying value	Carrying amount	Provision for impairment	Carrying value
Goods in stock	58,263	3,495	54,768	56,106	61	56,045
<b>Total</b>	<b>58,263</b>	<b>3,495</b>	<b>54,768</b>	<b>56,106</b>	<b>61</b>	<b>56,045</b>

At 31 December 2014, no goods in stock which had been written down to net realizable value in prior years were sold (2013: nil).

8. Non-current assets due within one year

Item	As at 31 December 2014	As at 31 December 2013
Long term expenses to be amortized in next year	1,489	632
<b>Total</b>	<b>1,489</b>	<b>632</b>

9. Other current assets

	As at 31 December 2014	As at 31 December 2013
Held-to-maturity investment	11,000	–
<b>Total</b>	<b>11,000</b>	<b>–</b>

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**VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****9. Other current assets (continued)**

As at 31 December 2014, the Held-to-maturity investment including:

The Company had entered a fixed-income investment agreement with the Beijing Spring Integration Film Limited (北京春天融和影視文化有限責任公司) to which the Company will invest RMB10,000 thousand for the TV drama project "All Quiet in Peking" (《北平無戰事》), and the investment term will be one year and carry a fixed interest rate of 16.60% per annum. However, the company will not participate into the production process and will not take up any risks or losses derived from the said TV drama project.

The Company had entered a fixed-income investment agreement with the Beijing Wenmai Tang Cultural Development Co., Ltd. (北京文脈堂文化發展有限公司) to which the Company will invest RMB1,000 thousand for the film project "Coming out" (《出山》), and the investment term will be one year and carry a fixed interest rate of 15.00% per annum. However, the company will not participate into the production process and will not take up any risks or losses derived from the said film project.

**10. Financial assets available-for-sale****(1) Details of Financial assets available-for-sale**

	As at 31 December 2014			As at 31 December 2013		
	Carrying amount	Provision for impairment	Carrying value	Carrying amount	Provision for impairment	Carrying value
Available-for-sale equity instrument	150,629	5,069	145,560	144,629	5,069	139,560
At fair value	-	-	-	-	-	-
Measured at cost	150,629	5,069	145,560	144,629	5,069	139,560
<b>Total</b>	<b>150,629</b>	<b>5,069</b>	<b>145,560</b>	<b>144,629</b>	<b>5,069</b>	<b>139,560</b>

**(2) Available-for-sale financial assets are analyzed as follows:**

Type	As at 31 December 2014	As at 31 December 2013
Unlisted equity investments, China	150,629	144,629
Provision for impairment of Unlisted equity investments	5,069	5,069
<b>Total</b>	<b>145,560</b>	<b>139,560</b>

The unlisted equity investment and equity investment fund held by the Group have no quoted price in active market and their fair value can not be reliably measured, therefore, they were measured at cost.

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

10. Financial assets available-for-sale (continued)

(2) Available-for-sale financial assets measured at cost

Investee	As at	Carrying balance		As at
	1 January 2014	Increase in this year	Decrease in this year	31 December 2014
Suzhou Huaying Culture Industry Investment Enterprise	4,500	-	-	4,500
Beijing Keyin Media Culture Co., Ltd.	6,560	-	-	6,560
Beiyang Publishing & Media AG	103,000	-	-	103,000
Beijing Gehua Sunshine Advertising Company	3,000	-	-	3,000
BYD Internet Media Ltd	500	-	-	500
Flint (Ink) Beijing Co., Ltd.	2,069	-	-	2,069
Beijing Runxin Dingtai Investment Center (limited partnership)	25,000	-	-	25,000
Beijing 3D Investment Fund Management Ltd.	-	6,000	-	6,000
<b>Total</b>	<b>144,629</b>	<b>6,000</b>	<b>-</b>	<b>150,629</b>

Investee	As at	Provision for impairment		As at	Shareholding percentage (%)	Cash bonus
	1 January 2014	Increase in this year	Decrease in this year	31 December 2014		for the year ended 31 December 2014
Suzhou Huaying Culture Industry Investment Enterprise	-	-	-	-	2.25	-
Beijing Keyin Media Culture Co., Ltd.	-	-	-	-	16.00	-
Beiyang Publishing & Media AG	-	-	-	-	2.58	-
Beijing Gehua Sunshine Advertising Company	3,000	-	-	3,000	30.00	-
BYD Internet Media Ltd	-	-	-	-	5.00	-
Flint (Ink) Beijing Co., Ltd.	2,069	-	-	2,069	5.00	-
Beijing Runxin Dingtai Investment Center (limited partnership)	-	-	-	-	7.48	-
Beijing 3D Investment Fund Management Ltd.	-	-	-	-	17.50	-
<b>Total</b>	<b>5,069</b>			<b>5,069</b>		

**VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)**10. Financial assets available-for-sale** (continued)**(4) Provision for impairment of available-for-sale financial assets**

Classification of available for sale financial assets	Available-for-sale equity instrument	total
Provided for impairment as at 1 January 2014	5,069	5,069
Provided in the current year	–	–
Including: transferred in from other comprehensive income	–	–
Decrease in this year	–	–
Among others: subsequent reverse from increase in fair value	–	–
Provided for impairment as at 31 December 2014	5,069	5,069

**11. Long-term equity investment****(1) Types for Long-term equity investments**

Type	As at 31 December 2014	As at 31 December 2013
Investments in associates – under equity method	209,326	248,097
Less: provision for impairment for investments in associate	25,621	–
<b>Total</b>	<b>183,705</b>	248,097

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

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

11. Long-term equity investment (continued)  
(2) Investments in associates

Associates	Changes in the current year										
	Balance as at		Decrease in investment	Investment gain or loss recognized under equity methods	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment	Others	Balance of impairment provision as at	
	1 January 2014	Additional investment								31 December 2014	31 December 2014
Beijing Leisure Trend Advertising Company Limited ("Leisure Trends")	-	-	-	-	-	-	-	-	-	-	-
Beijing Beijing Shengda Automobile Service Company Limited ("Beiqing Shengda")	-	-	-	-	-	-	-	-	-	-	-
Beijing Beisheng United Insurance Agency Co. Limited ("Beisheng United")	27	-	-	25	-	-	-	-	-	52	-
BY Time Consulting Co., Ltd. ("BY Time")	511	-	-	(140)	-	-	-	-	-	371	-
Beiqing Transmedia Co. Limited ("BQTM")	221,682	-	-	(27,793)	-	-	-	25,621	-	168,268	25,621
Beijing Beijing Top Advertising Limited ("Beiqing Top")	19,622	-	-	(8,507)	-	-	-	-	-	11,115	-
Hebei Jujingcai E-commerce Company Limited ("Jujingcai")	6,255	-	-	(3,937)	-	-	-	-	-	2,318	-
Chongqing Soyang Internet Technology Co., Ltd. ("Chongqing Soyang")	-	1,750	-	(169)	-	-	-	-	-	1,581	-
<b>Total</b>	<b>248,097</b>	<b>1,750</b>	<b>-</b>	<b>(40,521)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,621</b>	<b>-</b>	<b>183,705</b>	<b>25,621</b>

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

## 11. Long-term equity investment (continued)

## (2) Investments in associates (continued)

Item	As at 31 December 2014	As at 31 December 2013
Unlisted investments, at cost	190,532	188,782
Share of post-acquisition profit	18,469	58,990
Share of capital reserves of associates	325	325
<b>Total</b>	<b>209,326</b>	<b>248,097</b>

As at 31 December 2014, details for the Group's associates, please see the Note "X. Disclosure of Interests in other entities"

## 12. Investment properties

## (1) Investment properties measured at fair value

	Increase during the year		Gains or loss arising from changes in fair values	Decrease during the year		Fair value as at 31 December 2014
	Fair value as at 1 January 2014	Purchase		Disposal	Change into owner- occupied property	
<b>Cost</b>	<b>21,826</b>	<b>7,958</b>	–	–	–	<b>29,784</b>
Buildings	21,826	7,958	–	–	–	29,784
<b>Changes in fair value</b>	<b>31,609</b>	–	<b>(8,234)</b>	–	–	<b>23,375</b>
Buildings	31,609	–	(8,234)	–	–	23,375
<b>Carrying value</b>	<b>53,435</b>	<b>7,958</b>	<b>(8,234)</b>	–	–	<b>53,159</b>
Buildings	53,435	7,958	(8,234)	–	–	53,159

The fair value of the Group's investment properties as at 31 December 2014 have been arrived at by reference to recent market prices for similar properties in the same locations and conditions.

As at 31 December 2014, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB7,246 thousand (2013: RMB7,391 thousand). In the opinion of the directors of the Company, the absence of formal title to these properties does not impair the value of the relevant properties to the Group. The directors of the Company also believe that formal title to these properties will be granted to the Group in due course.

During the year, the rental income generated from investment properties is RMB2,402 thousand (2013: RMB1,956 thousand).

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

12. Investment properties (continued)

(2) Investment properties is analyzed by the place where it locates and years of period as follows:

Item	Fair value as at 31 December 2014	Fair value as at 1 January 2014
Located inside of PRC		
Medium term (10-50 years)	44,460	53,435
Located outside of PRC		
Long term (over 50 years)	8,699	–
<b>Total</b>	<b>53,159</b>	<b>53,435</b>

(3) Investment properties are detailed as follows:

No.	Address	Usage
1	502-D-0201, Yuelianghe Chengbaogongyu, Xinwahdajie, Tongzhou District, Beijing.	Residential
2	502-C-0601, Yuelianghe Chengbaogongyu, Xinwahdajie, Tongzhou District, Beijing.	Residential
3	502-C-0301, Yuelianghe Chengbaogongyu, Xinwahdajie, Tongzhou District, Beijing.	Residential
4	No. 9, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
5	No. 3, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
6	No. 12, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
7	C1501, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
8	C1502, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
9	C1503, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
10	C1505, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
11	C1506, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
12	14612 Nevada CT Fontana, CA 92336 USA	Residential
13	Victoria Woods @ Providence, Block 0036, 2329 Victoria Dr Davenport FL 33837 USA	Residential
14	Champions Gate 50, Block H162, Champions Gate FL 33896 USA	Residential

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

## 13. Fixed assets

## (1) Breakdown of fixed assets

	As at 1 January 2014	Increase during the year	Decrease during the year	As at 31 December 2014
<b>Total cost</b>	<b>36,262</b>	<b>3,371</b>	<b>960</b>	<b>38,673</b>
Buildings	15,775	–	–	15,775
Plant and machinery	4,205	259	–	4,464
Motor vehicles	5,387	112	729	4,770
Office equipment	488	1,299	112	1,675
Electronic equipment	10,407	1,701	119	11,989
<b>Total accumulated depreciation</b>	<b>23,671</b>	<b>2,961</b>	<b>684</b>	<b>25,948</b>
Buildings	10,218	757	–	10,975
Plant and machinery	1,153	483	–	1,636
Motor vehicles	3,357	507	462	3,402
Office equipment	259	265	103	421
Electronic equipment	8,684	949	119	9,514
<b>Total net carrying amount</b>	<b>12,591</b>	<b>–</b>	<b>–</b>	<b>12,725</b>
Buildings	5,557			4,800
Plant and machinery	3,052			2,828
Motor vehicles	2,030			1,368
Office equipment	229			1,254
Electronic equipment	1,723			2,475
<b>Total provision for impairment loss</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Buildings	–	–	–	–
Plant and machinery	–	–	–	–
Motor vehicles	–	–	–	–
Office equipment	–	–	–	–
Electronic equipment	–	–	–	–
<b>Total net book value</b>	<b>12,591</b>	<b>–</b>	<b>–</b>	<b>12,725</b>
Buildings	5,557			4,800
Plant and machinery	3,052			2,828
Motor vehicles	2,030			1,368
Office equipment	229			1,254
Electronic equipment	1,723			2,475



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

13. Fixed assets (continued)

(1) Breakdown of fixed assets (continued)

For the year ended 31 December 2014, the depreciation of fixed assets recognized in the consolidated income statement amounted to RMB2,961 thousand (2013: RMB2,305 thousand).

For the year ended 31 December 2014, the income from disposal of fixed assets recognized in the consolidated income statement amounted to RMB97 thousand (2013: RMB312 thousand).

For the year ended 31 December 2014, the rental income generated from fixed assets recognized in the consolidated income statement amounted to RMB3,843 thousand (2013: RMB3,843 thousand).

(2) Buildings are analyzed by the place where it locates and years of period as follows:

Item	As at 31 December 2014	As at 1 January 2014
Located inside of PRC Medium term (10-50 years)	4,800	5,557
<b>Total</b>	<b>4,800</b>	<b>5,557</b>

(3) Fixed assets through operating lease

As at 31 December 2014, a fixed asset with carrying amount of RMB4,800 thousand (cost of RMB15,775 thousand) was leased out through operating lease (2013: carrying amounts of RMB5,557 thousand, cost is RMB15,775 thousand).

14. Intangible assets

(1) Breakdown of intangible assets

	As at 1 January 2014	Increase during the year	Decrease during the year	As at 31 December 2014
<b>Total cost</b>	<b>54,182</b>	<b>128</b>	<b>–</b>	<b>54,310</b>
Land use rights	40,226	–	–	40,226
Software	1,656	128	–	1,784
Operation rights	12,300	–	–	12,300
<b>Total accumulated amortization</b>	<b>15,079</b>	<b>1,443</b>	<b>–</b>	<b>16,522</b>
Land use rights	14,100	888	–	14,988
Software	774	145	–	919
Operation rights	205	410	–	615
<b>Total carrying amount</b>	<b>39,103</b>	<b>–</b>	<b>–</b>	<b>37,788</b>
Land use rights	26,126	–	–	25,238
Software	882	–	–	865
Operation rights	12,095	–	–	11,685

**VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)****14. Intangible assets (continued)****(1) Breakdown of intangible assets (continued)**

For the year ended 31 December 2014, the amortization of intangible assets recognized in the consolidated income statement for the year is RMB1,443 thousand (2013: RMB1,425 thousand).

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

**15. Goodwill**

	<b>As at 31 December 2014</b>	As at 31 December 2013
Goodwill arising from the acquisition of Beiqing CéCi	<b>47,377</b>	47,377
Less: provision for impairment loss	–	–
	<b>47,377</b>	47,377

Goodwill arising from the acquisition of Beiqing CéCi in 2011 was assessed for impairment at 31 December 2014.

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

**16. Deferred income tax assets and deferred income tax liabilities****(1) Deferred income tax assets not written off**

<b>Item</b>	<b>As at 31 December 2014</b>		As at 31 December 2013	
	<b>Deductible temporary difference</b>	<b>Deferred income tax assets</b>	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	<b>8,399</b>	<b>2,100</b>	6,199	1,550
Employee benefit payables	<b>905</b>	<b>226</b>	978	245
Changes in fair value of financial assets held for trading	–	–	75	19
Taxable difference of taxable income	<b>8,832</b>	<b>2,208</b>	9,296	2,323
<b>Total</b>	<b>18,136</b>	<b>4,534</b>	16,548	4,137

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For the year ended 31 December 2014

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

16. Deferred income tax assets and deferred income tax liabilities (continued)

(2) Deferred income tax liabilities not written off

Item	As at 31 December 2014		As at 31 December 2013	
	Taxable temporary difference	deferred income tax liabilities	Taxable temporary difference	deferred income tax liabilities
Change in fair value of investment properties	20,122	5,030	10,331	2,583
<b>Total</b>	<b>20,122</b>	<b>5,030</b>	<b>10,331</b>	<b>2,583</b>

(3) As at 31 December 2014, the Group has unused tax losses of approximately RMB20,607 thousand (2013:RMB13,308 thousand) available for offset against future taxable profits. No deferred income tax assets has been recognised for these tax losses due to the uncertainty of future taxable profits streams. These tax losses will be expired at various dates up to 2019.

17. Other non-current assets

Item	As at 31 December 2014	As at 31 December 2013
Entrustment loan (Note 1)	3,000	3,000
Film project prepaid expenses (Note 2)	11,816	17,032
<b>Total</b>	<b>14,816</b>	<b>20,032</b>

Note 1: As at 31 December 2014, the Company provided entrusted loan in aggregate of RMB3,000 thousand to Chongqing Youth Industrial Co., Ltd. on 29 December 2013 via bank for a term of three years and carry fixed interest rates of 6.15% per anum.

Note 2: Film projects prepaid expenses related to the Company's participation in film and television production of "The Story of Zheng Yang Gate" (《正陽門下》), "Silent Witness" (《全民自擊》) and "Billow" (《巨浪》). The Company entered into agreements with Daqianmen (Beijing) Media Co. Ltd., pursuant to which the Company participated for the production and distribution of TV series "The Story of Zheng Yang Gate", with Century 21 Wink Films Investments Co., Ltd., pursuant to which the Company involved in production of the Film "Silent Witness", and with Beijing Forest Movies Culture Media Co., Ltd., pursuant to which the Company involved in production of TV series "Billow". As at 31 December 2014, the prepaid expenses of the film project "Silent Witness" had been fully recovered, and the balances related to the remaining two television projects prepaid expenses are RMB1,556 thousand and RMB10,260 thousand respectively.

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

## 18. Breakdown of impairment provision of assets

Item	As at 1 January 2014	Increase during the year		Decrease during the year		As at 31 December 2014
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	13,995	13,246	-	-	-	27,241
Provision for impairment of inventories	61	3,434	-	-	-	3,495
Provision for impairment of available for sale financial assets	5,069	-	-	-	-	5,069
Provision for impairment of associate investments	-	25,621	-	-	-	25,621
<b>Total</b>	<b>19,125</b>	<b>42,301</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,426</b>

## 19. Notes payable

Item	As at 31 December 2014	As at 31 December 2013
Bankers' acceptances	81,545	95,980
<b>Total</b>	<b>81,545</b>	<b>95,980</b>

## 20. Accounts payable

The following is an aging analysis of accounts payable as at 31 December 2014 presented based on the invoice date:

Item	As at 31 December 2014	As at 31 December 2013
0-90 days	29,059	28,680
91-180 days	13,874	17,434
181-365 days	27,674	41,049
Over one year	37,114	33,608
<b>Total</b>	<b>107,721</b>	<b>120,771</b>

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

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

21. Employee benefit payables

(1) Classification for employee benefit payables

Item	As at 31 December 2014	As at 31 December 2013
Short-term remuneration	6,646	7,189
Post-employment benefit-defined contribution plan	770	456
<b>Total</b>	<b>7,416</b>	<b>7,645</b>

(2) Short-term remuneration

	As at 1 January 2014	Increase during the year	Decrease during the year	As at 31 December 2014
Salaries, bonus, allowances and subsidies	3,601	52,411	53,145	2,867
Staff benefits	–	2,233	2,233	–
Social security insurance	196	4,034	3,872	358
Including: medical insurance fee	179	3,660	3,514	325
labor injury insurance	5	115	109	11
maternity insurance	12	259	249	22
Housing fund	9	6,232	6,241	–
Union fund and staff education fund	3,383	889	851	3,421
<b>Total</b>	<b>7,189</b>	<b>65,799</b>	<b>66,342</b>	<b>6,646</b>

(3) Defined contribution plan

	As at 1 January 2014	Increase during the year	Decrease during the year	As at 31 December 2014
Basic pension insurance	407	8,239	7,909	737
Unemployment insurance	49	483	499	33
<b>Total</b>	<b>456</b>	<b>8,722</b>	<b>8,408</b>	<b>770</b>

(4) Termination benefit

	As at 1 January 2014	Increase during the year	Decrease during the year	As at 31 December 2014
Termination benefit	–	89	89	–
<b>Total</b>	<b>–</b>	<b>89</b>	<b>89</b>	<b>–</b>

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

## 22. Tax payables

Item	As at 31 December 2014	As at 31 December 2013
Value added tax	(18,917)	(18,886)
Business tax	105	124
Corporate Income Tax	200	2,870
Personal Income Tax	360	220
Urban maintenance and construction tax	49	23
Property tax	–	–
Education surcharge	35	16
Cultural Construction Fee	1,750	1,139
<b>Total</b>	<b>(16,418)</b>	<b>(14,494)</b>

## 23. Other payables

Item	As at 31 December 2014	As at 31 December 2013
Other payables	26,998	21,478
<b>Total</b>	<b>26,998</b>	<b>21,478</b>

As at 31 December 2014, foreign currency-denominated payables (2013: nil) are not included in other payables.

## 24. Non-current liabilities due within one year

Item	As at 31 December 2014	As at 31 December 2013
Long-term loans – repayable within 1 year	7,500	–
<b>Total</b>	<b>7,500</b>	<b>–</b>

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

25. Other current liabilities

Item	As at 31 December 2014	As at 31 December 2013
Deferred income of customer loyalty program (advertising incentives)	5,147	7,366
<b>Total</b>	<b>5,147</b>	<b>7,366</b>

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

26. Long-term loans

(1) Borrowings classification

Type	As at 31 December 2014	As at 31 December 2013
Bank loans – secured	19,500	–
Less: Borrowings due within one year	7,500	–
<b>Total</b>	<b>12,000</b>	<b>–</b>

On 26 June 2014, the Company's subsidiary Beiqing Outdoor, had entered a pledged loan agreement with Bank of Communications, Beijing Dongdan Branch for financing RMB19,500 thousand to settle Beiqing Outdoor's royalty fee of advertising facilities, and which the loan is repayable within 36 months (26 June 2014 to 23 June 2017), interest bearing on 3 year's Benchmark Loan Interest Rates of Financial Institutions plus 20%, and secured by the investment properties held by Beiqing Outdoor.

(2) Maturity analysis for long-term loans

	As at 31 December 2014	As at 31 December 2013
1 to 2 years	6,500	–
2 to 5 years	5,500	–
<b>Total</b>	<b>12,000</b>	<b>–</b>

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

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

## 27. Share capital

	As at 31 December 2014	As at 31 December 2013
Ordinary shares of RMB1.00 each Registered, issued and fully paid:		
– Domestic shares	142,409	142,409
– H shares	54,901	54,901
<b>Total</b>	<b>197,310</b>	<b>197,310</b>

## 28. Capital reserves

	As at 1 January 2014	Increase during the year	Decrease during the year	As at 31 December 2014
Share capital premiums	891,179	1,128	4,513	887,794
<b>Total</b>	<b>891,179</b>	<b>1,128</b>	<b>4,513</b>	<b>887,794</b>

## 29. Other comprehensive income

	As at 1 January 2014	Amounts before income tax for the year	Less: previously recognized in profit or loss in other comprehensive income	Less: income tax expenses	Amounts after tax attributable to shareholders of the Company	Amounts after tax attributable to non- controlling minority shareholders	As at 31 December 2014
Other comprehensive income subsequently unable to reclassification and be credited into profit or loss	-	-	-	-	-	-	-
Other comprehensive income subsequently able to reclassification and be credited into profit or loss Including: Exchange differences from retranslation of financial statement	-	-	-	-	(4)	(2)	(6)
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>(2)</b>	<b>(6)</b>



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

30. surplus reserves

	As at 1 January 2014	Increase during the year	Decrease during the year	As at 31 December 2014
Statutory surplus reserves	130,931	-	-	130,931
<b>Total</b>	<b>130,931</b>	<b>-</b>	<b>-</b>	<b>130,931</b>

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

31. Undistributed profits

Item	For the year ended 31 December 2014 Appropriation Amount	(%)
<b>Balance as at 31 December 2013</b>	<b>82,818</b>	
Add: Beginning retained earnings adjustment	-	
<b>Balance as at 1 January 2014</b>	<b>82,818</b>	
Add: Net profit attributable to shareholders of Company of Current Year	<b>10,506</b>	
Less: Provision of statutory surplus reserves	-	<b>10</b>
Provision of discretionary surplus reserves	-	
Provision of general risk reserves	-	
Ordinary share dividend payable	<b>27,623</b>	
Capitalized ordinary share dividend	-	
<b>Balance as at 31 December 2014</b>	<b>65,701</b>	

As at 31 December 2014, the Group's undistributed profits attributable to the Shareholders of the Company included a surplus reserve of RMB25,882 thousand (2013: RMB25,198 thousand) from the subsidiaries.

For the year ended 31 December 2014

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

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

## 32. Non-controlling interests

Minority interests attributable to minority shareholder of each subsidiary are as follows:

Name of subsidiary	Proportion of non-controlling shareholders (%)	As at 31 December 2014	As at 31 December 2013
BYD Logistics Company Limited	7.16	5,481	5,366
Beiqing CéCi Advertising (Beijing) Limited	15.31	13,737	12,822
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16	3,426	4,919
Chongqing Youth Media Company Limited	40.00	6,207	8,169
Beiqing Community Cultural Media (Beijing) Limited	23.86	385	–
<b>Total</b>		<b>29,236</b>	<b>31,276</b>

## 33. Total operating revenue, operating costs

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Principal operating revenue	656,943	629,250
Other operating revenue	23,826	38,178
<b>Total operating revenue</b>	<b>680,769</b>	<b>667,428</b>
Principal operating costs	517,648	541,185
Other operating costs	19,560	32,501
<b>Total operating costs</b>	<b>537,208</b>	<b>573,686</b>
<b>Gross Profit</b>	<b>143,561</b>	<b>93,742</b>

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

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

For the year ended 31 December 2014

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

33. Total operating revenue, operating costs (Continued)

(1) Principal operations – by business

	For the year ended 31 December 2014		For the year ended 31 December 2013	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Advertising	360,187	244,434	339,805	268,198
Printing	24,658	24,258	22,330	17,320
Trading of print-related materials	260,567	242,518	266,786	251,790
Distribution	6,457	5,267	329	3,877
Consultation service income	3,277	725	–	–
Game development income	1,797	446	–	–
<b>Total</b>	<b>656,943</b>	<b>517,648</b>	629,250	541,185

(2) For the year ended 31 December 2014, the sum of operating revenue from the top five customers is RMB203,402 thousand representing 29.88% of total operating revenue.

(3) Other operating revenue mainly includes the production revenue of RMB10,076 thousand in respect of production of TV series “The Story of Zheng Yang Gate”, by the Company and Daqianmen (Beijing) Media Co., Ltd for production; distribution revenue of RMB5,400 thousand in respect of joint production of film “Silent Witness” with cooperation with Century 21 Wink Films Investment Co., Ltd.

34. Sales Tax and Surcharges

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Business tax	659	865
Cultural Construction Fee	10,307	11,595
Urban maintenance and construction tax	386	366
Education surcharge	166	261
Local Education surcharge	111	–
other	20	–
<b>Total</b>	<b>11,649</b>	13,087

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

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

## 35. Financial expenses

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Interest expenses – on bank loans wholly repayable within 5 years	836	482
Less: Interest income	11,566	23,960
Add: Exchange loss (gains)	67	(108)
Add: Other expenses	832	169
<b>Total</b>	<b>(9,831)</b>	<b>(23,417)</b>

## 36. Impairment loss of assets

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Loss for bad debts	13,246	6,666
Impairment loss on inventories	3,434	–
Provision for impairment in associate investment	25,621	–
<b>Total</b>	<b>42,301</b>	<b>6,666</b>

## 37. Gain on the changes in fair value

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Financial assets at fair value through profit or loss		
Loss on changes in fair value	–	(7)
Gain on changes in fair value of investment properties	(8,234)	(1,064)
<b>Total</b>	<b>(8,234)</b>	<b>(1,071)</b>

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

For the year ended 31 December 2014

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

38. Investment income

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Share of profit of associates	(40,521)	10,347
Other investment income:		
Gain on disposal of partial interests in an associate	–	–
Other investment income	69	(141)
<b>Sub-total of other investment income</b>	<b>69</b>	<b>(141)</b>
<b>Total</b>	<b>(40,452)</b>	<b>10,206</b>

39. Non-operating income

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Government grants (note)	55,000	2,000
Donation benefit	1,750	–
Gain on disposal of fixed assets	97	312
Compensation benefit	97	–
Compensation for removal of advertising board	–	3,590
Others	78	19
<b>Total</b>	<b>57,022</b>	<b>5,921</b>

Note: Government grants represented unconditional grant from the PRC government in relation to the project of Beijing Community Media and newspaper printing. Government grant was determined at the sole discretion of the relevant PRC government authorities.

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

## 40. Non-operating expenses

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Total loss on disposal of non-current assets	9	–
Including: Loss on disposal of fixed assets	9	–
Public donations expenses	10	–
Loss resulted from shortage of asset	48	–
Loss on payment to the Social Security Fund (Note)	–	18,524
Compensation and late payment charges expenses	–	12
Others	11	–
<b>Total</b>	<b>78</b>	<b>18,536</b>

Note : 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 National Social Security Fund in the amount of HK\$88,870 thousand for the reduction of state shares holding. Pursuant to the comment letter "She Bao Ji Jin 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 Company required to pay the treasury fund in the amount of RMB90,585 thousand. For the year ended 31 December 2013, 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.

## 41. Income tax expenses

## (1) Income tax expenses

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Current income tax expenses	3,175	6,026
Deferred income tax expenses	(2,464)	(3,852)
<b>Total</b>	<b>711</b>	<b>2,174</b>

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

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

#### 41. Income tax expenses (Continued)

##### (2) Current income tax expenses

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Current income tax – PRC	3,419	6,071
Under-provision in prior years – PRC	(244)	(45)
<b>Total</b>	<b>3,175</b>	<b>6,026</b>

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

##### (3) Reconciliation table of total profit to income tax expenses

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
<b>Total profit</b>	<b>5,607</b>	19,447
Income tax calculated at the applicable tax rate of 25%	<b>1,402</b>	4,862
Tax effect of non-taxable income	<b>(8,416)</b>	(5,710)
Tax effect of non-deductible expenses	<b>(119)</b>	2,025
Tax effect of special tax exemptions	–	(2,275)
Tax effect of the subsidiary's losses in current year	<b>9,297</b>	4,379
Utilisation of previously unrecognized tax losses	<b>(1,697)</b>	(1,062)
Underprovision in prior years	<b>244</b>	(45)
<b>Income tax expense</b>	<b>711</b>	<b>2,174</b>

Note: The Company is an enterprise mainly engaged in providing newspaper advertising services in the PRC. In accordance with the Beijing Municipal Finance Bureau, Beijing Municipal State Administration of Taxation, the Beijing Local Taxation Bureau, Beijing Municipal Committee of the Chinese Communist Party Propaganda Department forwarded Ministry of Finance, State Administration of Taxation, the Central Propaganda Department on the continued implementation of the cultural system in managing cultural institutions transformed into enterprises several tax policy notice (Jing Cai Shui[2014] No.2907), the Company is exempted from EIT from 1 January 2014 to 31 December 2018.

#### 42. Auditors' remuneration

The auditors' remuneration for the year was RMB1,800 thousand (2013: RMB1,350 thousand).

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

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

## 43. Emoluments of Directors, Supervisors and Employees

## (1) Emoluments of Directors and Supervisors

- 1) The paid or payable emoluments of the 21 (2013: 25) directors and supervisors are as follows:  
For the year ended at 31 December 2014:

Name	Fees	Salary	Other benefit (i)	Employer's contribution to retirement benefit scheme	total
<b>Directors</b>					
Zhang Yanping	–	531	48	40	619
Yu Haibo	–	514	48	40	602
Sun Wei (ii)	–	278	12	1	291
He Xiaona	–	380	48	39	467
Li Shiheng	10	–	–	–	10
Liu Han	10	–	–	–	10
Wu Peihua	10	–	–	–	10
Li Xiaobing	10	–	–	–	10
Wang Lin (iii)	–	–	–	–	–
Xu Xun	20	–	–	–	20
Li Yigeng	–	–	–	–	–
Song Jianwu	100	–	–	–	100
Cui Baoguo	100	–	–	–	100
Cui Enqing	100	–	–	–	100
Wu Tak Lung	100	–	–	–	100
Chen Ji	100	–	–	–	100
<b>Subtotal</b>	<b>560</b>	<b>1,703</b>	<b>156</b>	<b>120</b>	<b>2,539</b>
<b>Supervisors</b>					
Yan Mengmeng	–	221	48	39	308
Tian Kewu	10	–	–	–	10
Zhang Chuanshui	20	–	–	–	20
Ma Chundan	–	160	35	28	223
Zhao Meng	20	–	–	–	20
<b>Subtotal</b>	<b>50</b>	<b>381</b>	<b>83</b>	<b>67</b>	<b>581</b>
<b>Total</b>	<b>610</b>	<b>2,084</b>	<b>239</b>	<b>187</b>	<b>3,120</b>

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

(ii) Due to having reached the age of retirement, Mr. Sun Wei ceased to be the president of the Company with effect from 7 March 2014, and ceased to be the executive director of the Company, with effect from the 2013 annual general meeting held on 20 May 2014. On 7 March 2014, the Board resolved to appoint Mr. Yu Haibo as the president of the Company, and the authorized representative of the Company in replace of Mr. Sun Wei. For details, please refer to the announcement of the Company dated 7 March 2014.

(iii) Appointed on 20 May 2014.



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

For the year ended 31 December 2014

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

43. Emoluments of Directors, Supervisors and Employees (Continued)

(1) Emoluments of Directors and Supervisors (Continued)

- 1) The paid or payable emoluments of the 21 (2013: 25) directors and supervisors are as follows: (Continued)

For the year ended at 31 December 2013:

Name	Fees	Salary	Other benefit (i)	Employer's contribution to retirement benefit scheme	total
<b>Directors</b>					
Zhang Yanping	–	537	43	36	616
Yu Haibo	–	463	36	30	529
Sun Wei	–	431	43	36	510
He Xiaona	–	391	43	36	470
Li Shiheng	38	–	–	–	38
Liu Han	38	–	–	–	38
Wu Peihua	38	–	–	–	38
Li Xiaobing	32	–	–	–	32
Xu Xun	38	–	–	–	38
Li Yigeng	–	–	–	–	–
Tsang Hing Lun	146	–	–	–	146
Wu Changqi	146	–	–	–	146
Liao Li	146	–	–	–	146
Song Jianwu	158	–	–	–	158
Cui Baoguo	158	–	–	–	158
Cui Enqing (ii)	54	–	–	–	54
Wu Tak Lung (ii)	54	–	–	–	54
Chen Ji (ii)	54	–	–	–	54
<b>Subtotal</b>	<b>1,100</b>	<b>1,822</b>	<b>165</b>	<b>138</b>	<b>3,225</b>
<b>Supervisors</b>					
Yan Mengmeng	–	241	43	36	320
Tian Kewu	38	–	–	–	38
He Daguang	29	–	–	–	29
Zhou Fumin	29	–	–	–	29
Zhang Chuanshui	38	–	–	–	38
Ma Chundan (ii)	–	204	43	35	282
Zhao Meng (ii)	11	–	11	–	22
<b>Subtotal</b>	<b>145</b>	<b>445</b>	<b>97</b>	<b>71</b>	<b>758</b>
<b>Total</b>	<b>1,245</b>	<b>2,267</b>	<b>262</b>	<b>209</b>	<b>3,983</b>

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

## 43. Emoluments of Directors, Supervisors and Employees (Continued)

## (1) Emoluments of Directors and Supervisors (Continued)

- 1) The paid or payable emoluments of the 21 (2013: 25) directors and supervisors are as follows:  
(Continued)

Note:

- (i) Other benefits including medical insurance, unemployment insurance and housing fund.  
(ii) Appointed on 15 May 2013.

In addition to directors' and supervisors' emoluments disclosed above, certain directors and supervisors of the Company receive emoluments from the BYDA. The total amount for the year ended 31 December 2014 was approximately RMB3,509 thousand (2013: RMB2,437 thousand), part of which is in respect of their services to the Group. No apportionment has been made for this amount as the directors consider that it is impracticable to apportion this amount between their services rendered to the Group and their services rendered to BYDA.

Since 1 July 2014, among the members of leaderships for BYDA, Li Shiheng, Liu Han, Wu Peihua, Li Xiaobing and Wang Lin acted as the non-executive directors of the Company and Tian Wuke acting as supervisor will not cease to receive any remuneration as directors or supervisors. Apart from the above personnel, No directors and supervisors waived or agreed to waive any emoluments for the two years ended 31 December 2014. During the year, no emoluments have been paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

## (2) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, three (2013: four) were directors. The emoluments of the remaining two (2013: one) individuals were as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Basis salaries and allowance	856	423
Employer's contributions to retirement benefit scheme	79	36
<b>Total</b>	<b>935</b>	<b>459</b>

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

43. Emoluments of Directors, Supervisors and Employees (Continued)

(2) Five highest paid individuals (Continued)

The remunerations of the above-mentioned one individual fall within the following band:

	For the year ended 31 December 2014	For the year ended 31 December 2013
NIL-HKD1,000,000 (equivalent to RMB800,128)	2	1
<b>Total</b>	<b>2</b>	<b>1</b>

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

(3) Emoluments of Senior Management

The remunerations of Senior Management fall within the following band:

	For the year ended 31 December 2014	For the year ended 31 December 2013
0 – HKD500,000 (equivalent approximately RMB405,400)	–	–
HKD500,001 – HKD1,000,000 (equivalent approximately RMB405,401 to RMB810,800)	5	5
<b>Total</b>	<b>5</b>	<b>5</b>

44. Retirement benefit scheme – defined contribution plans

All the full time employees of the Group are covered by a state-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. The PRC government is responsible for the pension liability to these retired employees. The Group was required to make defined contributions to the pension scheme at the rate of 20% for the year ended 31 December 2014 (2013: 20%) of the employees' basic salaries, which is subject to certain cap as stipulated by relevant local authority. Contributions to this retirement scheme are charged to the consolidated statement of comprehensive income as and when incurred. Under this scheme, the Group has no obligation for postretirement benefit beyond the annual contributions.

For the year ended 31 December 2014, contributions from retirement benefit scheme recognized in income statement was RMB8,239 thousand (2013: RMB5,090 thousand)

**VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS** (Continued)**45. Dividends**

- (1) The final dividend for 2014 of RMB0.10 per share totaling RMB19,731 thousand has been proposed by the directors and is subject to shareholders' approval in the forthcoming general meeting.
- (2) For the period, the Company recognized the profits were distributed as dividends as follows:

	For the year ended 31 December 2014	For the year ended 31 December 2013
Final dividend of RMB0.14 per share for the year ended 31 December 2013 (2013: 2012 final dividend of RMB0.30) (Note)	27,623	59,193
<b>Total</b>	<b>27,623</b>	<b>59,193</b>

Note: The Company had paid final dividend of 2013 to the shareholders of the Company before 31 July 2014.

H share individual shareholders on the register of shareholders on 28 May 2014 have been withheld 10% individual income tax according to the requirements of the State Taxation Administration upon receiving their final dividends.

**46. Distributable reserve**

As at 31 December 2014, the Company's undistributed profits available for distribution to the shareholders was RMB35,422 thousand (as at 31 December 2013: RMB29,381 thousand).

**47. Other comprehensive income**

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Other comprehensive income to be reclassified to gains or loss:		
Exchange differences from retranslation of financial statements	(4)	-
<b>Subtotal</b>	<b>(4)</b>	<b>-</b>
<b>Total</b>	<b>(4)</b>	<b>-</b>

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

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

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

Item	For the year ended 31 December 2014	For the year ended 31 December 2013
Net profit	4,896	17,273
Add: Impairment loss of assets	42,301	6,666
Fixed assets depreciation, oil and gas depletion, productive biological assets depreciation	2,961	2,305
Amortisation of intangible assets	1,443	1,425
Amortisation of long-term prepaid expenses	1,185	715
Gain on disposal of fixed assets, intangible assets and other long-term assets	(88)	(312)
Gain on the changes in fair value	8,234	1,071
Financial expenses	(8,493)	(22,570)
Investment income	40,452	(10,206)
Decrease (less: Increase) in deferred income tax assets	(397)	(2,819)
Increase (less: decrease) in deferred income tax liabilities	(2,066)	(1,033)
Decrease (less: increase) of inventories	(2,157)	(5,958)
Increase in operating accounts receivable	(245,294)	(49,834)
Increase (decrease) in operating accounts payable	(17,559)	(93,578)
Net cash flow from operating activities	(174,582)	(156,855)

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

## 49. Changes in cash and cash equivalents

Item	As at 31 December 2014	As at 31 December 2013
Bank balances and cash at end of year	228,526	160,139
Less: Bank balances and cash at beginning of year	160,139	178,486
Cash equivalents at end of year	–	–
Less: cash equivalents at beginning of year	–	–
Net change in cash and cash equivalents	68,387	(18,347)

## 50. Cash and cash equivalents

Item	As at 31 December 2014	As at 31 December 2013
Bank balances and cash	366,321	562,219
Less: short-term bank deposits with maturity more than 3 months	125,039	392,480
Restricted bank deposits	12,756	9,600
	228,526	160,139
Representing:		
Cash in hand	213	101
Deposits held at call with banks	228,313	160,038
<b>Cash and cash equivalents at the end of the year</b>	<b>228,526</b>	<b>160,139</b>

## 51. Major non-cash transactions

During the year, certain advertising customers settled the obligation payable to the Group of RMB26,259 thousand through transferring a property at fair value of RMB14,873 thousand and other inventory at fair value of RMB11,386 thousand.

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## IX. CHANGES IN CONSOLIDATED SCOPE

### 1. Business combination

For the current year, the Group had no changes in consolidated scope as a result of business combination.

### 2. Disposal of subsidiaries

For the current year, the Group had no changes in consolidated scope as a result of disposal of subsidiaries.

### 3. Changes in consolidated scope for other reasons.

On 27 February 2014, approved at tenth meetings of fifth Board of Directors, the Company contributed RMB30,000 thousand to establish its wholly-owned subsidiary, Beijing Qingyou Information Technology Co., Ltd. to operate Qingyou online business. Beijing Qingyou Information Technology Co., Ltd. had completed registration with industrial and commercial administration on 24 June 2014 and had obtained business license with registered No. 110105017451330 issued by Beijing Industrial and Commercial Administration, Chaoyang branch. The Company has completed its contribution on 31 July 2014.

On 14 January 2014, the subsidiary of the Company Chongqing Youth Media contributed US\$1,434 thousand (approximately RMB8,795,779) to establish wholly-own subsidiary CHONGQING YOUTH (AMERICA) LLC., to operate and manage the holiday rental business in respect of the property located in Florida and California for investment purposes. CHONGQING YOUTH (AMERICA) LLC. has completed registration with Florida on 4 February 2014 and has obtained the business license with registered No. DWE6313647 issued by the State government. Chongqing Youth Media has completed its full contribution on 14 January 2014.

On 24 July 2014, the subsidiary of the Company Chongqing Youth Media contributed RMB500 thousand to establish the wholly-own subsidiary of Chongqing Pu Lantian Western Food Co., to provide catering services in PRC. Chongqing Pu Lantian Western Food Co. has completed registration on 24 July 2014 and has obtained the business license with registered NO. 500108002721205. Chongqing Youth Media has completed its full contribution in August 2014.

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

**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES****1. Interests in subsidiaries****(1) Constitutions for enterprise group**

Name of subsidiary	Primary operation place	Registered place	Business nature	Shareholding percentage (%)		Acquisition methods
				direct	indirect	
BYD Logistics Company Limited	Beijing, PRC	Beijing, PRC	Logistics and warehousing	92.84	-	Establishment
Beiqing CèCi Advertising (Beijing) Limited	Beijing, PRC	Beijing, PRC	Advertising Services	84.69	-	Business combination involving entities not under common control
Beijing Beiqing Outdoor Advertisement Co., Ltd. (formerly Beijing Today Sunshine Advertising Co., Ltd.)	Beijing, PRC	Beijing, PRC	Advertising Services	100.00	-	Business combination involving entities under common control
Legal Evening Post Media Company Limited	Beijing, PRC	Beijing, PRC	Advertising Services	100.00	-	Establishment
Beiqing Long Teng Investment Management (Beijing) Co., Limited (Note)	Beijing, PRC	Beijing, PRC	Investment management	80.84	-	Establishment
Chongqing Youth Media Company Limited	Chongqing, PRC	Chongqing, PRC	Newspaper distribution, advertising services	60.00	-	Establishment
Beijing Qingyou Information Technology Co., Ltd.	Beijing, PRC	Beijing, PRC	Game development	100.00	-	Establishment
Beiqing Community Culture Media (Beijing) Limited	Beijing, PRC	Beijing, PRC	Advertising Services	76.14	-	Establishment
Chongqing Youth (America) LLC.	California, United States	California, United States	Travel Rental	-	100.00	Establishment
Chongqing Pu Lantian Western Food Co.	Chongqing, PRC	Chongqing, PRC	Catering Services	-	100.00	Establishment

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

According to the Capital Injection Agreement entered into between the Company and Beijing Longteng Ruixiang Culture Development Co., Ltd, pursuant to which the Company jointly injected capital RMB30,000,000 to Beiqing Long Teng. The first phase of capital injection was completed on 13 November 2013. Beijing Longteng Ruixiang Culture Development Co., Ltd. contributed RMB5,000,000, while Beijing Media contributed RMB1,100,000. Beiqing Long Teng completed the procedures of registration of change with the industrial and commercial administration authorities on 19 November 2013, and registered capital of RMB50,000,000. The shareholding of the Company was 51%. As of the end of the reporting period, the paid-up capital of Beiqing Long Teng was RMB26,100,000. Among which, the shareholding of the Company was 80.84%.

The second phase of capital injection will be paid before 12 November 2015. The shareholding of the Company in Beiqing Long Teng will decreased from 100% to 51% after the completion of capital injection.



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

For the year ended 31 December 2014

**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES** *(Continued)*

**1. interests in subsidiaries** *(Continued)*

**(2) Significant not wholly-owned subsidiaries**

Name of subsidiary	Percentage of minority interest	Gains or loss for the year attributable to minority interest	Dividends declared to the minority interest for the year	Balance of minority interest as at 31 December 2014
BYD Logistics Company Limited	7.16	115	–	5,481
Beiqing CèCi Advertising (Beijing) Limited	15.31	916	–	13,737
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16	(1,494)	–	3,426
Chongqing Youth Media Company Limited	40.00	(3,187)	–	6,207
Beiqing Community Culture Media (Beijing) Limited	23.86	(1,960)	–	385

**(3) Significant financial information for significant not wholly-owned subsidiaries**

Name of subsidiaries	As at 31 December 2014						As at 31 December 2013					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
BYD Logistics Company Limited	258,725	7,031	265,756	189,191	–	189,191	291,577	7,503	299,080	224,123	–	224,123
Beiqing CèCi Advertising (Beijing) Limited	45,369	71	45,440	3,104	–	3,104	38,672	130	38,802	2,446	–	2,446
Beiqing Long Teng Investment Management (Beijing) Co., Limited	8,975	6,314	15,289	1,368	–	1,368	21,750	283	22,033	321	–	321
Chongqing Youth Media Company Limited	9,571	12,353	21,924	6,408	–	6,408	25,368	1,177	26,545	6,123	–	6,123
Beiqing Community Culture Media (Beijing) Limited	7,155	2,034	9,189	7,575	–	7,575	15,373	112	15,485	843	–	843

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

**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)****1. Interests in subsidiaries (Continued)****(3) Significant financial information for significant not wholly-owned subsidiaries (Continued)**

Name of subsidiaries	For the year ended 31 December 2014				For the year ended 31 December 2013			
	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flow from operating activities
BYD Logistics Company Limited	401,002	1,608	1,608	(5,173)	451,665	2,357	2,357	(56,370)
Beiqing C&C Advertising (Beijing) Limited	32,696	5,981	5,981	(1,802)	27,762	4,171	4,171	(7,989)
Beiqing Long Teng Investment Management (Beijing) Co., Limited	3,277	(7,792)	(7,792)	(303)	-	(3,789)	(3,789)	(10,888)
Chongqing Youth Media Company Limited	8,575	(4,900)	(4,906)	(4,608)	1,107	(9,578)	(9,578)	(8,957)
Beiqing Community Culture Media (Beijing) Limited	11,138	(17,729)	(17,729)	(17,597)	112	(358)	(358)	149

**2. Changes in share of shareholders' equity of the subsidiary and still control over the subsidiary****(1) Changes in share of shareholders' equity of the subsidiary**

Beiqing Community Culture Media held its first extraordinary general meeting on 11 June 2014, approving Beiqing Community Culture Media to add 38 nature shareholders and increase the Company's registered capital of RMB4,700 thousand. The newly added 38 shareholders completed its actual contribution of RMB4,700 thousand on 20 June, 26 June and 27 June in 2014. Upon increasing the capital, the registered capital of Beiqing Community Culture Media is RMB19,700 thousand. The Company contributed RMB15,000 thousand with its shareholding percentage decreased from 100% to 76.14%, new added 38 nature persons contributed RMB4,700 thousand with shareholding percentage of 23.86%. Beiqing Community Culture Media had completed its registration with industrial and commercial administration on 30 June 2014.

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For the year ended 31 December 2014

**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES** *(Continued)*

**2. Changes in share of shareholders' equity of the subsidiary and still control over the subsidiary** *(Continued)*

**(2) Effects of changes in shareholders' equity share of owners of subsidiary over the equity**

<b>Item</b>	<b>Beijing Community Culture Media (Beijing) Limited</b>
Cash	4,700
Total disposal consideration of equity	4,700
Less: net assets share of subsidiary according to disposal equity percentage calculation	3,572
Differences	1,128
Including: adjustment to capital reserves	1,128

**3. Interests in jointly controlled company or associates**

**(1) Major jointly controlled company or associates**

Name of jointly controlled company or associates	Registered place	Primary operation place	Business nature	Shareholding percentage (%)		Voting percentage (%)	Business structure
				direct	indirect		
Beijing Leisure Trend Advertising Company Limited	PRC	Beijing	Design, production, agency advertising	49.00%	-	49.00%	Limited liability Company
Beijing Beijing Shengda Automobile Service Company Limited	Beijing	Beijing	Car decoration services, market research, marketing planning	20.00%	-	20.00%	Limited liability Company
Beijing Beisheng United Insurance Agency Co. Limited	Beijing	Beijing	Car insurance agency services	20.00%	-	20.00%	Limited liability Company

For the year ended 31 December 2014

(Amounts expressed in thousands of RMB unless otherwise stated  
in the notes to the financial statements)**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES** (Continued)**3. Interests in jointly controlled company or associates** (Continued)**(1) Major jointly controlled company or associates** (Continued)

Name of jointly controlled company or associates	Registered place	Primary operation place	Business nature	Shareholding percentage (%)		Voting percentage (%)	Business structure
				direct	indirect		
BY Time Consulting Co. Ltd	Beijing	Beijing	Economic information consulting, organizing cultural activities	30.00%	—	30.00%	Limited liability Company
Beiqing Transmedia Co. Limited	Beijing	Beijing	Provide advertising design, production, publish and related agency services	36.12%	—	36.12%	Limited liability Company
Beijing Beiqing Top Advertising Limited	Beijing	Beijing	Design, production, agency advertising	41.60%	18.78%	41.60%	Limited liability Company
Hebei Jujingcai E-commerce Company Limited	Shijiazhuang	Beijing	Primary agricultural products and other goods sale	44.50%	—	44.50%	Limited liability Company
Chongqing Soyang Internet Technology Co., Ltd.,	Chongqing	Chongqing	Network E-Commerce	35.00%	—	35.00%	Limited liability Company

The accounting method for jointly-controlled company and associates adopted by the Group is equity method.

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

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X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

3. Interests in jointly controlled company or associates (Continued)  
(2) Major financial information for Significant associates

Item	Beiqing Transmedia Co. Limited (consolidated)	
	As at 31 December 2014/for the year ended 31 December 2014	As at 31 December 2013/for the year ended 31 December 2013
Current assets:	663,895	572,095
Including: cash and cash equivalents	8,859	16,676
Non-current assets	142,562	212,071
<b>Total assets</b>	<b>806,457</b>	<b>784,166</b>
Current liabilities:	327,770	228,535
Non-current liabilities	–	–
<b>Total liabilities</b>	<b>327,770</b>	<b>228,535</b>
Minority interest	12,825	14,875
Attributable to shareholder's equity of the Company	465,861	540,757
Net assets share calculated on shareholding percentages adjustments	168,269	200,694
– goodwill	25,621	25,621
– unrealized profit in internal transactions	–	–
– other	–	(4,633)
Book value for investment in associates	193,890	221,682
Fair value of investment in associates with open quoted prices operating revenue	–	–
Operating income	247,243	334,748
Financial expenses	8,775	12,074
Income tax expenses	1,345	7,972
Net profits	(76,946)	43,556
Net profit from discontinued operation	–	–
Other comprehensive income	–	–
Total comprehensive income	(76,946)	43,556
Dividend from associates received in the year	–	–

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

**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)****3. Interests in jointly controlled company or associates (Continued)****(3) Associates's insignificant aggregated financial information**

Item	As at 31 December 2014/for the year ended 31 December 2014	As at 31 December 2013/for the year ended 31 December 2013
<b>Associates:</b>		
Total book value in investment	15,436	26,414
Aggregated amounts per shareholding percentage for the followings:		
– net profits	(12,728)	(2,721)
– other comprehensive income	–	–
– total comprehensive income	(12,728)	(2,721)

**(4) Associates incurred excess losses**

Name of associates	Accumulated and unrecognized losses in the previous years on 31 December 2013	Unrecognized loss for the year (or net profits shared in the year)	Accumulated and unrecognized losses on 31 December 2014
Beijing Leisure Trend Advertising Company Limited	(6,785)	3,066	(3,719)
Beijing Beiqing Shengda Automobile Service Company Limited	(170)	(6)	(176)
<b>Total</b>	(6,955)	3,060	(3,895)

**(5) Unrecognized commitments in relation to jointly-controlled companies investment**  
nil.**(6) Contingent liabilities in relation to associate investment**  
nil.

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

For the year ended 31 December 2014

**XI. DISCLOSURE OF FAIR VALUES**

**1. At year end assets and liability at fair value and fair value measure level**

Item	Fair value as at 31 December 2014			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
1. Fair value measurement on recurred basis				
(1) Investment property				
1. Leased building	53,159	-	-	53,159
<b>Total assets at fair value on recurred basis</b>	<b>53,159</b>	<b>-</b>	<b>-</b>	<b>53,159</b>

The Group's fair value of investment property as at 31 December 2014 is achieved by reference to the recent market price of a similar property in the same location and condition.

**XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS**

**1. Relationships of related parties**

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

Relationship	Name of related party
Parent company and Ultimate controlling company	BYDA
Subsidiary of BYDA	XiaoHongMao Corporation
Subsidiary of BYDA	Beijing XiaoHongMao Logistics Co. Ltd.
Subsidiary of BYDA	Beiqing International Investment Consultancy (Beijing) Co. Limited
Subsidiary of BYDA	Beijing Beiqing Advertising Co. Limited
Subsidiary of BYDA	Beijing Youth Journal Agency
Subsidiary of BYDA	Beijing Legal Evening Agency
Subsidiary of BYDA	Beijing Science and Technology News Agency
Subsidiary of BYDA	Beijing Education Media Co. Limited
Subsidiary of BYDA	Beijing Youth Weekend Media Co. Limited
Subsidiary of BYDA	Beijing Beiqing Culture and Arts Company
Associate of the Company	Beiqing Transmedia Co. Limited
Associate of the Company	Beijing Beiqing Top Advertising Limited
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Hebei Jujingcai E-commerce Company Limited
Associate of the Company	BY Time Consultancing Co., Ltd.
Other related parties	Shanghai China Business News Company Limited
Other related parties	Chongqing Youth Industrial Co., Ltd.
Other related parties	Chongqing Youth Daily

**XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (Continued)****2. parent company and Ultimate controlling company****(1) Parent company and Ultimate controlling company**

Name of parent company and Ultimate controlling company	Type of enterprise	Registration place	Business nature	Legal representative	Code of organization
BYDA	State-owned	Beijing	Media and publishing	Zhang Yanping	400755568

BYDA, the company's parent and ultimate controlling company, is a state-owned enterprise established in PRC and mainly engaged in publishing and distribution of "Beijing Youth Daily", "Beijing Teenager Daily", "Middle School Newsletter News", "Beijing Today" and etc.

**(2) Parent company's registered capital and its changes**

Parent company	As at 1 January 2014	Increasing during the period	Decreasing during the period	As at 31 December 2014
BYDA	22,439	-	-	22,439

**(3) Parent company held shares or equity and their changes**

Parent company	Shareholding amounts		Shareholding percentage (%)	
	As at 31 December 2014	As at 1 January 2014	As at 31 December 2014	As at 1 January 2014
BYDA	124,840	124,840	63.27	63.27



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

For the year ended 31 December 2014

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

**3. RELATED PARTY TRANSACTIONS**

**(1) Purchase of goods/receipt of services**

<b>Related Parties</b>	<b>Pricing policy of related Party transaction</b>	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2013</b>
BYDA (Note)	Contracted price	<b>47,983</b>	44,496
Subsidiaries of BYDA	Contracted price	<b>2,657</b>	3,044
Associates of the Company	Contracted price	–	66
Other related parties	Contracted price	<b>690</b>	–
<b>Total</b>		<b>51,330</b>	47,606

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

**(2) Sale of goods/rendering services**

<b>Related Parties</b>	<b>Pricing policy of related Party transaction</b>	<b>For the year ended 31 December 2014</b>	<b>For the year ended 31 December 2013</b>
BYDA	Contracted price	<b>1,178</b>	1,036
Associates of the Company	Contracted price	<b>28,059</b>	45,471
Subsidiaries of BYDA	Contracted price	<b>68,167</b>	36,070
Other related parties	Contracted price	<b>6,287</b>	7,836
<b>Total</b>		<b>103,691</b>	90,413

**(3) Leasing – The Group as lessor**

<b>Lessee</b>	<b>Nature of Assets leased</b>	<b>Date of commencement</b>	<b>Date of termination</b>	<b>Basis for rental income</b>	<b>Rental income Recognized for the year</b>
BYDA	Building	2013-1-1	2015-12-31	Contracted price	3,843

**XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (Continued)****3. RELATED PARTY TRANSACTIONS (Continued)****(4) Leasing – The Group as Lessee**

Lessor	Nature of Assets leased	Date of commencement	Date of termination	Basis for rental income	Rental expenses Recognized for the year
BYDA	Building	2013-1-1	2015-12-31	Contracted price	1,363

**(5) Entrusted Loan**

During the year ended 31 December 2014, the Company provided entrusted loan in aggregate of RMB3,000 thousand to Chongqing Youth Industrial Co., Ltd. via bank, with terms from 29 October 2013 to 29 October 2016.

**(6) Remuneration for key management personnel**

	For the year ended 31 December 2014	For the year ended 31 December 2013
Remuneration for key management personnel	5,125	5,843

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

**(7) Financial guarantee from related parties**

For the year ended 31 December 2014, BYDA provided guarantees for an aggregate of the RMB130,000 thousand of bank credit line granted to BYD Logistics by a bank. The guarantee periods commenced from 15 January 2014 and terminated on 14 January 2015 and commenced from 28 April 2014 and terminated on 26 April 2015. As at 31 December 2014, the utilized bank credit line is RMB114,972 thousand.

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

For the year ended 31 December 2014

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

**4. The balances of related parties**

**(1) Accounts receivable due from related parties**

Related parties	As at 31 December 2014		As at 31 December 2013	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
BYDA	86	-	58	-
Associates of the Company	48,420	-	46,712	-
Subsidiaries of BYDA	100,906	-	46,867	-
Other related parties	3,296	-	2,796	-
<b>Total</b>	<b>152,708</b>	<b>-</b>	<b>96,433</b>	<b>-</b>

**(2) Other receivables due from related parties**

Related parties	As at 31 December 2014		As at 31 December 2013	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
BYDA	3,849	-	-	-
Associates of the Company	69,587	-	20,182	-
Subsidiaries of BYDA	1,290	-	-	-
<b>Total</b>	<b>74,726</b>	<b>-</b>	<b>20,182</b>	<b>-</b>

**(3) Accounts payable due to related parties**

Related parties	As at	As at
	31 December 2014	31 December 2013
BYDA	10,130	1,607
Subsidiaries of BYDA	462	2,214
<b>Total</b>	<b>10,592</b>	<b>3,821</b>

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(Amounts expressed in thousands of RMB unless otherwise stated  
in the notes to the financial statements)**XII. RELATED PARTY AND RELATED PARTY TRANSACTIONS (Continued)****4. The balances of related parties (Continued)****(4) Other payables due to related parties**

	As at 31 December 2014	As at 31 December 2013
<b>Related parties</b>		
BYDA	6,837	5,410
Subsidiaries of BYDA	470	–
<b>Total</b>	<b>7,307</b>	<b>5,410</b>

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

	As at 31 December 2014	As at 31 December 2013
<b>Related parties</b>		
Associates of the Company	–	1
Subsidiaries of BYDA	9	7
<b>Total</b>	<b>9</b>	<b>8</b>

**(6) Prepayment to related parties**

	As at 31 December 2014	As at 31 December 2013
<b>Related parties</b>		
Subsidiaries of BYDA	761	761
<b>Total</b>	<b>761</b>	<b>761</b>

**(7) Entrusted loan**

	As at 31 December 2014	As at 31 December 2013
<b>Related parties</b>		
Associates of the Company	–	–
Other related parties	3,000	3,000
<b>Total</b>	<b>3,000</b>	<b>3,000</b>

The related party transactions in respect of (1) and (2) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The relevant transactions required for disclosures are detailed in the section "Connected Transactions" of the Report of the Board of Directors.

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

For the year ended 31 December 2014

**XIII. COMMITMENTS**

Other than the commitments disclosed in other notes to the financial statement, the Group has the following commitments:

**1. The Group as Lessee**

As at 31 December 2014, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 31 December 2014	As at 31 December 2013
Within one year	17,870	7,314
1-2 years	10,520	6,488
2-3 years	6,633	2,200
After 3 years	2,896	933
<b>Total</b>	<b>37,919</b>	<b>16,935</b>

**2. The Group as Lessor**

As at 31 December 2014, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 31 December 2014	As at 31 December 2013
Within one year	7,268	5,729
1-2 years	1,814	5,729
2-3 years	827	314
After 3 years	-	-
<b>Total</b>	<b>9,909</b>	<b>11,772</b>

For the year ended 31 December 2014

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

**XIII. COMMITMENTS (Continued)****3. Advertising board using right**

As at 31 December 2014, the Group's minimum lease payment assumed during the following periods in respect of outdoor advertising facilities using right is as follows:

Period	As at 31 December 2014	As at 31 December 2013
Within one year	–	20,987
1-2 years	<b>31,557</b>	–
<b>Total</b>	<b>31,557</b>	<b>20,987</b>

**XIV. POST-BALANCE SHEET EVENTS**

The Group has no significant post-balance sheet events to be disclosed.

**XV. SEGMENT INFORMATION**

The price of intra-segment transactions is determined with reference to market rates. The segments are:

Segment	Principal activities
Advertising:	Sales of advertising spaces and outdoor advertising of the media or activities operated by BYDA, Chongqing Youth Daily, Beijing Community Newspaper (北青社區報) and CÉCi magazine.
Printing:	Provision of printing services.
Trading of print-related material:	Sales of paper, ink, lubricant, film, pre-coating photosensitive liquid plate and rubber plate used for printing and other print-related materials.
Distribution:	Distribution of newspaper that are mainly published by Chongqing Youth Daily.

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

For the year ended 31 December 2014

**XV. SEGMENT INFORMATION** (Continued)

**1. For the year ended 31 December 2014**

	Advertising	Printing	Trading of print- related material	Distribution	Unallocated amount	Elimination	Total
<b>Total operating revenue</b>	<b>375,407</b>	<b>78,034</b>	<b>322,968</b>	<b>6,457</b>	<b>30,255</b>	<b>(132,352)</b>	<b>680,769</b>
Including: Revenue from external transactions	360,187	24,658	260,567	6,457	28,900	-	680,769
Revenue from intra-segment transactions	15,220	53,376	62,401	-	1,355	(132,352)	-
Total operating costs	378,052	81,247	319,877	10,812	25,784	(132,352)	683,420
Gain on changes in fair value	-	-	-	-	(8,234)	-	(8,234)
Investment income	-	-	-	-	(33,722)	(6,730)	(40,452)
Operating profit (loss)	(2,645)	(3,213)	3,091	(4,355)	(37,485)	(6,730)	(51,337)
Non-operating income and expenses, net	55,335	6	25	1,577	1	-	56,944
Total profit	52,690	(3,207)	3,116	(2,778)	(37,484)	(6,730)	5,607
Income tax expenses	(2,215)	222	921	-	1,783	-	711
Net profit	54,905	(3,429)	2,195	(2,778)	(39,267)	(6,730)	4,896
Total assets	1,090,213	47,804	190,475	5,367	592,192	(330,461)	1,595,590
Total liabilities	168,946	37,318	149,274	5,383	26,166	(102,465)	284,622
Supplementary information:							
Depreciation and amortization expenses	3,944	160	660	343	482	-	5,589
Capital expenditure	4,930	21	87	1,445	184	-	6,667
Impairment of assets	38,109	298	1,234	-	2,660	-	42,301
Non-cash expenses excluding depreciation and impairment of assets	-	-	-	-	-	-	-

For the year ended 31 December 2014

(Amounts expressed in thousands of RMB unless otherwise stated  
in the notes to the financial statements)**XV. SEGMENT INFORMATION (Continued)****2. For the year ended 31 December 2013**

	Advertising	Printing	Trading of print- related material	Distribution	Unallocated amount	Elimination	Total
Total operating revenue	342,435	91,436	360,230	329	38,626	(165,628)	667,428
Including: Revenue from external transactions	339,805	22,330	266,786	329	38,178	–	667,428
Revenue from intra-segment transactions	2,630	69,106	93,444	–	448	(165,628)	–
Total operating costs	330,608	88,262	360,524	5,490	25,245	(165,628)	644,501
Gain on changes in fair value	–	–	–	–	(1,071)	–	(1,071)
Investment income	–	–	–	–	19,306	(9,100)	10,206
<b>Operating profit (loss)</b>	<b>11,827</b>	<b>3,174</b>	<b>(294)</b>	<b>(5,161)</b>	<b>31,616</b>	<b>(9,100)</b>	<b>32,062</b>
Non-operating income and expenses, net	(12,883)	54	212	14	(12)	–	(12,615)
<b>Total profit</b>	<b>(1,056)</b>	<b>3,228</b>	<b>(82)</b>	<b>(5,147)</b>	<b>31,604</b>	<b>(9,100)</b>	<b>19,447</b>
Income tax expenses	(433)	159	628	–	1,820	–	2,174
<b>Net profit</b>	<b>(623)</b>	<b>3,069</b>	<b>(710)</b>	<b>(5,147)</b>	<b>29,784</b>	<b>(9,100)</b>	<b>17,273</b>
Total assets	1,180,263	30,030	236,749	6,075	869,215	(709,813)	1,612,519
Total liabilities	139,962	44,390	177,561	1,837	90,802	(175,547)	279,005
Supplementary information:							
Depreciation and amortization expenses	3,169	321	731	22	203	–	4,446
Capital expenditure	14,798	323	1,277	375	103	–	16,876
Impairment of assets	4,526	368	1,472	–	300	–	6,666
Non-cash expenses excluding depreciation and impairment of assets	–	–	–	–	–	–	–

The business of the Group mainly are located in Beijing, China.



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

For the year ended 31 December 2014

**XVI. OTHER SIGNIFICANT EVENTS**

**1. Leasing**

*Assets leased out under operating leases*

Categories of assets leased out under operating leases	As at 31 December 2014	As at 31 December 2013
Investment properties and fixed assets	56,965	47,289
<b>Total</b>	<b>56,965</b>	<b>47,289</b>

**XVII. SUPPLEMENTARY INFORMATION**

**1. Supplementary information in relation to expenses by nature**

	For the year ended 31 December 2014	For the year ended 31 December 2013
Changes in raw materials and inventory goods	380,437	429,614
Advertising space and newspaper operation right transferring fee and agency fee	94,384	66,117
Employee remuneration, social security, provident fund, benefit fee, educational fee and union fee	74,610	54,016
Impairment loss on assets	42,301	6,666
Leasing, property, utilities and maintenance fee	19,847	12,183
Film investment funds	17,867	32,168
Press production, printing and distribution and delivery charges	17,594	27,733
Operating tax and surcharge	11,649	13,087
Travel, communication, meeting and Business Hospitality	10,113	7,222
Intermediary, professional services and labor costs	8,793	5,694
Office, information and communication costs	5,717	5,067
Depreciation and amortization expense	5,589	4,445
Property tax, land tax, stamp duty and travel tax	1,238	1,161
Transportation and handling charges	1,146	1,774
Activity costs	647	36
Financial expenses	(9,831)	(23,417)
Others	1,319	935
<b>Total</b>	<b>683,420</b>	<b>644,501</b>

**XVII. SUPPLEMENTARY INFORMATION** (Continued)**2. Earnings per share**

	<b>For the year ended 31 December 2014</b>	For the year ended 31 December 2013
Net profit attributable to shareholders of the Company	<b>10,506</b>	20,377
Weighted average number of issued ordinary shares (thousand shares)	<b>197,310</b>	197,310
<b>Earnings per share, basic (RMB)</b>	<b>0.05</b>	0.10

Diluted earnings per share and basic earnings per share for the two years ended 31 December 2014 are the same as there were no diluting events existed during both years.

**3. Financial instruments and risk management***Classification of financial instruments*

	<b>As at 31 December 2014</b>	As at 31 December 2013
<b>Financial assets</b>		
Investment at fair value through profit or loss, at fair value	–	15
Loan and receivables (including cash and cash equivalents)	<b>934,297</b>	942,246
Financial liabilities, at amortised cost	<b>226,802</b>	231,380

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

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

For the year ended 31 December 2014

## XVII. SUPPLEMENTARY INFORMATION (Continued)

### 3. Financial instruments and risk management (Continued)

#### (1) Objective and policies of risk management

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

#### 1) Currency risk

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

#### 2) Interest rate risk

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

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

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

#### *Sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the year. For variable-rate bank balances, the analysis is prepared assuming the financial assets outstanding at the end of the year were unsettled for the whole year and the stipulated change that took place at the beginning of the financial year was held constant throughout the financial year. A 25 (2013: 25) base point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 (2013: 25) base points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2014 would increase/decrease by nil (2013: nil). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

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

**XVII. SUPPLEMENTARY INFORMATION** *(Continued)***3. Financial instruments and risk management** *(Continued)***(1) Objective and policies of risk management** *(Continued)*

## 3) Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

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

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

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

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

## 4) Liquidity risk

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

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

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

For the year ended 31 December 2014

**XVII. SUPPLEMENTARY INFORMATION** (Continued)

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

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

4) Liquidity risk (Continued)

**Liquidity table**

	Less than 1 year		1-5 years		Total undiscounted Cash flow		Carrying amount	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	Notes payable	81,545	95,980	-	-	81,545	95,980	81,545
Accounts payable	107,721	120,771	-	-	107,721	120,771	107,721	120,771
Other payables	26,998	21,478	-	-	26,998	21,478	26,998	21,478
Non-current liabilities due								
within one year	7,500	-	-	-	7,500	-	7,500	-
Long-term loans	12,000	-	-	-	12,000	-	12,000	-

5) Fair value

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

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively;
- The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- The fair value of financial guarantee contracts is determined by professional appraiser using default valuation model where the values of the liabilities associated with the guarantees are estimated based upon an analysis of the guaranteed companies' ability to repay their debts and the potential financial loss for the guarantors, assuming future defaults happen in different time periods.

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

**XVII. SUPPLEMENTARY INFORMATION** (Continued)**3. Financial instruments and risk management** (Continued)**(1) Objective and policies of risk management** (Continued)

## 5) Fair value (Continued)

Fair value measurements recognised in the statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>As at 31 December 2014 Level 1</b>	As at 31 December 2013 Level 1
Investments at fair value through profit or loss	–	15

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

For the year ended 31 December 2014

**XVII. SUPPLEMENTARY INFORMATION** (Continued)

**4. Balance sheet of the Company**

Item	As at 31 December 2014	As at 31 December 2013
<b>Current assets:</b>		
Bank balances and cash	223,205	168,074
Accounts receivable	284,220	193,992
Prepayments	74,779	39,270
Interest receivable	1,138	755
Other receivables	133,905	23,625
Inventories	21,270	5,484
Non-current assets due within one year	7	20
Other current assets	11,000	5,000
<b>Total current assets</b>	<b>749,524</b>	<b>436,220</b>
<b>Non-current assets:</b>		
Financial assets available-for-sale	114,060	114,060
Investment in subsidiaries	274,304	587,304
Investment in associates	182,125	241,366
Investment properties	11,395	12,105
Fixed assets	7,425	8,040
Intangible assets	37,391	38,717
Long-term deferred expenses	–	9
Other non-current assets	14,816	20,032
<b>Total non-current assets</b>	<b>641,516</b>	<b>1,021,633</b>
<b>Total assets</b>	<b>1,391,040</b>	<b>1,457,853</b>

For the year ended 31 December 2014

(Amounts expressed in thousands of RMB unless otherwise stated  
in the notes to the financial statements)**XVII. SUPPLEMENTARY INFORMATION** (Continued)**4. Balance sheet of the Company** (Continued)

Item	As at 31 December 2014	As at 31 December 2013
<b>Current liabilities:</b>		
Short-term borrowings	–	80,000
Accounts payable	<b>96,926</b>	92,036
Receipts in advance	<b>26,505</b>	22,858
Employee benefit payables	<b>4,809</b>	6,117
Tax payables	<b>(16,936)</b>	(15,057)
Interest payables	–	101
Other payables	<b>14,712</b>	10,596
Other current liabilities	<b>5,147</b>	7,366
<b>Total current liabilities</b>	<b>131,163</b>	204,017
<b>Total liabilities</b>	<b>131,163</b>	204,017
<b>Shareholders' equity:</b>		
Share capital	<b>197,310</b>	197,310
Capital reserves	<b>896,214</b>	896,214
Surplus reserves	<b>130,931</b>	130,931
Undistributed profits	<b>35,422</b>	29,381
<b>Total shareholders' equity</b>	<b>1,259,877</b>	1,253,836
<b>Total liabilities and shareholders' equity</b>	<b>1,391,040</b>	1,457,853



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

For the year ended 31 December 2014

**XVII. SUPPLEMENTARY INFORMATION** (Continued)

**5. Statement of changes in shareholders' equity of the Company**

Item	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
<b>As at 1 January 2013</b>	<b>197,310</b>	<b>896,214</b>	<b>130,931</b>	<b>61,265</b>	<b>1,285,720</b>
Net profits	-	-	-	27,309	27,309
Dividends paid to shareholders	-	-	-	(59,193)	(59,193)
<b>Subtotal of increase/decrease changes in the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(31,884)</b>	<b>(31,884)</b>
<b>As at 31 December 2013</b>	<b>197,310</b>	<b>896,214</b>	<b>130,931</b>	<b>29,381</b>	<b>1,253,836</b>
Net profits	-	-	-	33,664	33,664
Dividends paid to shareholders	-	-	-	(27,623)	(27,623)
<b>Subtotal of increase/decrease changes in the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,041</b>	<b>6,041</b>
<b>As at 31 December 2014</b>	<b>197,310</b>	<b>896,214</b>	<b>130,931</b>	<b>35,422</b>	<b>1,259,877</b>

**XVIII. APPROVAL OF FINANCIAL REPORT**

This financial report was approved by the Board of the Company on 31 March 2015.

Beijing Media Corporation Limited

31 March 2015