北青传媒 BEIJING MEDIA

HK Stock Code: 1000

2015 ANNUAL REPORT

Beijing Media Corporation Limited

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

Content

COMPANY PROFILE

Beijing Media Corporation Limited is one of the leading media companies in the PRC. The Group'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 2015)

Beijing Media Corporation Limited

BYD Logistics Company Limited	Beijing Beiqing Outdoor Advertisement Co., Ltd	Beiqing Long Teng Investment Management (Beijing) Co., Limited	Chongqing Youth Media Company Limited	Beiqing CéCi Advertising (Beijing) Limited	Legal Evening Post Media Company Limited	Beiqing Community Media Technology (Beijing) Co., Ltd. Note 1	Beijing Qingyou Information Technology Co., Ltd.
92.84%	100%	51%	60%	84.69%	100%	54.37%	100%

Note:

1. On 28 October 2015, each of Shanghai Xingjing Investment Centre (Limited Partnership), Donghai Ruijing Asset Management (Shanghai) Co., Ltd., Teyin Nantong Equity Fund Management Centre (Limited Partnership) and Ningbo Xiangyun Shuangxin No.1 Investment Partnership (Limited Partnership) entered into a capital increase agreement in respect of the capital injection to Beiqing Community Media, agreeing to contribute a total of RMB56,000 thousand in cash to Beiqing Community Media. Upon completion of the capital injection, the Company's equity interest in Beiqing Community Media were diluted from 60.91% to 54.37%. The corresponding capital contribution and procedure for changes in registration with industrial and commercial administration authorities were completed on 29 October 2015. On 9 March 2016, Beijing Community Media completed the shareholding system reform and was renamed as "Beijing Community Media Technology (Beijing) Co., Ltd.

COMPANY WEBSITE

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2015): 197,310,000
- Market Capitalisation (as at 31 December 2015): HK$1.02996 billion
- 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 2015

EXECUTIVE DIRECTORS
Zhang Yanping *(Chairman)*
Yu Haibo *(Vice Chairman and President)*
He Xiaona *(Executive Vice President)*

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

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

ALTERNATIVE AUTHORISED REPRESENTATIVES
Shang Da
Yu Leung Fai

REGISTERED OFFICE
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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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
Room 1712-1716, 17/F, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

DEAR SHAREHOLDERS,

On behalf of the Group, I am pleased to present the report on results of the Group for the year 2015.

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.

In 2015, total operating revenue of the Group was RMB509,257 thousand, representing a decrease of 25.19% as compared with 2014 (2014: RMB680,769 thousand). Net loss attributable to shareholders of the Company was RMB45,372 thousand, (2014: net profit attributable to shareholders of the Company was RMB10,506 thousand). Earnings per share was RMB-0.23 (2014: RMB0.0532).

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 2014 to 2015, Beijing Youth Daily ranked No.5 amongst the metropolitan newspapers in the PRC, and ranked No.1 in Beijing for seven consecutive years.

In 2015, the national macroeconomic control policies has not achieved apparent results. The operation in various industries was affected by the overall economic performance. Given the shrinking budget for advertising expenditure and impact of the Internet and emerging media, the advertising market of print media continued to fall. According to the market observation data provided by third parties, total advertising placement volume in the market of print media of Beijing metropolitan newspapers decreased by 34.61% as compared with the corresponding period of last year. Advertising income of the Group decreased by 30.82% during the Reporting Period as compared the corresponding period last year. As the advertising income from numerous industries decreased to different extent, the total revenue of the Company also decreased as compared to the corresponding period of last year.

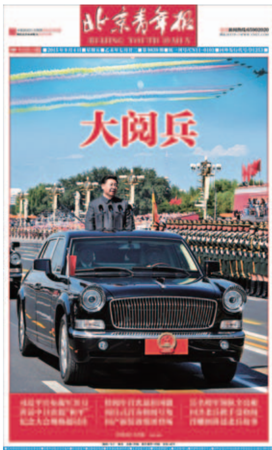
In recent years, the structural incompatibilities within the Group's operation have been gradually emerging and timely structural optimization is required to prevent adverse impact on the Group's results. In 2015, the Group focused on the optimization of general operation structure in the long run and implemented the strategy of making both "addition" and "subtraction". "Addition" means, based on traditional business, combining traditional with emerging businesses and connecting to emerging Internet business to extend our business scope, develop new profit growing points and increase income source. Amidst the rapid growth in film and television industry in recent years, the Group made investment in screen culture industry relating to its traditional business when appropriate. Meanwhile, through capital operation, the Group attracted leading domestic Internet companies to participate in the operation of the Group via linkage of capital investment. In contract, "subtraction" means to strip off those underperforming business which caused adverse impact on the Group's results. BQTM, an associate company established in 2010, once contributed considerable profit to the Group's result. However, due to the change in business and operation environment in recent years, BQTM dragged the Group's performance. At the board meeting convened on 2 March 2016, it was approved that 36.12% equity interests in BQTM was put up for disposal through public bidding process on China Beijing Equity Exchange by the Group for a consideration of RMB168,000 thousand. Up till now, at least one company has made application to China Beijing Equity Exchange for acquiring such equity interest in BQTM. Upon the completion of the transaction, the Group will benefit in two aspects, being recovering investment in cash and getting rid of the adverse impact from BQTM.

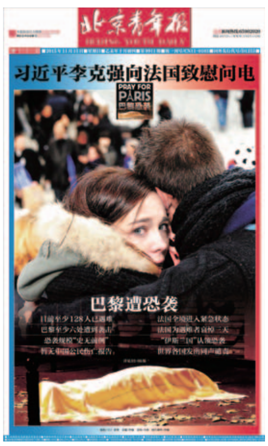
The structural optimization measures of the Group will have important and long lasting effect on the Group's stable and positive future development in the long term.

The Group's performance in 2015 was 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 2016
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.

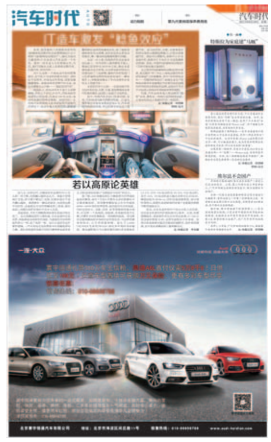
Total operating revenue of the Group for 2015 was RMB509,257 thousand (2014: RMB680,769 thousand), representing a decrease of 25.19% as compared with 2014. Net loss attributable to shareholders of the Company for 2015 was RMB45,372 thousand (net profit attributable to shareholders of the Company for 2014: RMB10,506 thousand).

BUSINESS REVIEW OF THE GROUP *(Continued)*

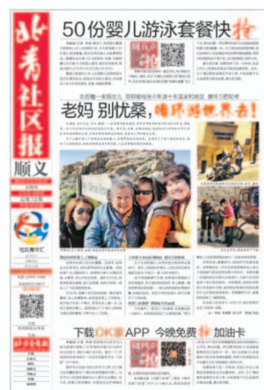
In 2015, macroeconomic condition continued with down trend, mainly due to the following reasons:

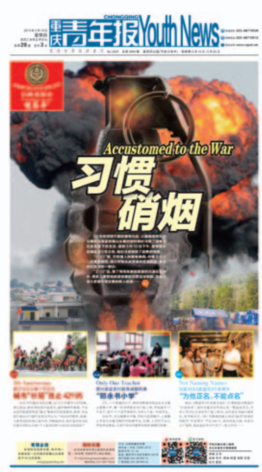
1. The results of certain subsidiaries and associated companies declined, which caused larger adverse effect on the Group's overall result.

   Firstly, certain newly established subsidiaries of the Group were still in rearing period with large investment and rapid expansion and recorded comparatively substantial loss. Among those companies, Beijing Community Media affected the Group's result to the greatest extent. Beijing Community Media was established in 2013. Given the comparatively substantial investment amount, it created a comparatively significant adverse effect on the Group's overall results in 2015. Currently, Beijing Community Media keeps sound development momentum and institutional investors remain a positive view on its future. Half year after the capital contribution of RMB30,000 thousand by Hangzhou Shineng Investment Consulting Co., Ltd. (formerly known as Hangzhou Xipan Investment Consulting Co., Ltd.) under Alibaba Group in May 2015, in October 2015, four institutional investors, namely Shanghai Xingjing Investment Centre (Limited Partnership), Donghai Ruijing Asset Management (Shanghai) Co., Ltd., Teyin Nantong Equity Fund Management Centre (Limited Partnership) and Ningbo Xiangyun Shuangxin No.1 Investment Partnership (Limited Partnership), showed their interest in Beijing Community Media, by making capital contribution of RMB56,000 thousand to Beijing Community Media at the valuation price of RMB458,299.8 thousand, representing an increase of 282.55% as compared to half year ago when the previous capital contribution were made. Considering the year-to-date operation in 2016, it is expected that Beijing Community Media will achieve a balanced result or record slight surplus by the end of 2016. Meanwhile, Beijing Community Media has been actively preparing further capital operation. With the improving operation of Beijing Community Media, it is expected to deliver positive contribution to the Group in coming years and help the Group to record a sound overall results.


汽车时代


西西姐妹
COVER STAR
朴宝英
China's New Vanguard


北青社区报
顺义
50份婴儿游泳套餐快抢


青年报 Youth News
Accustomed to the War
习惯硝烟

BUSINESS REVIEW OF THE GROUP *(Continued)*

Secondly, given the changes in economic condition, associated companies which the Group invested in the past recorded comparatively substantial loss, resulting to an adverse effect on the Group's performance. BQTM was established in 2010 and generated considerable profit for the Group in the first few years since its establishment. Due to the changes in operation condition, BQTM recorded significant loss and became a burden of the Group's result. On 11 April 2016, the Company and Beijing Trans-media Co., Ltd entered into the equity transfer agreement, pursuant to which the Company has agreed to sell and Beijing Trans-media Co., Ltd has agreed to purchase the Company's 36.12% equity interest in BQTM for cash consideration of RMB168,000 thousand, subject to the Shareholders' approval at the general meeting of the Company. It is expected that such transaction, which is carried out due to the market change, will optimize our general business structure and allow us to recover the investment in cash while minimizing or eliminating the adverse factors in the Group's result.

2. The decrease in advertising income of the Group was mainly due to 1) the downturn of macro-economy; 2) the increasingly competitive condition in media industry; and 3) the impact of emerging media.

   Under the effect coming from the constantly launched positive macroeconomic control policies, in early 2016, the overall macroeconomic condition was recovered to some extent, and is likely to bring a positive effect on the Group's advertising income. Meanwhile, the effect of Group's strategic movement of incorporating emerging business in 2015 will be seen in early 2016. It is expected that incorporating emerging business will enlarge the Group's customer base and facilitate a rapid growth in the business of the Group.

The Group focuses on overall layout of its business structure outline and strive to realize the following three changes in operation structure and development:

1) increasing the Group's income through incorporating emerging businesses;

2) increasing newly established subsidiaries' contribution to the Group's profit growth in future through improving the gross profit margin of such subsidiaries;

3) reducing the continuous adverse effect on the Group's result from associated companies through optimizing business structure and stripping off such companies.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Advertisement Business

During 2015, revenue from advertising business of the Group was RMB249,181 thousand (corresponding period of 2014: RMB360,187 thousand), representing a decrease of 30.82% as compared with the corresponding period of 2014.

In 2015, to adapt to the change in economic condition, following the market trend of "Internet Plus" and emerging media development, based on the three major platforms, namely the community O2O platform of "OK Home APP", WeChat matrix platform and super planning platform, the Company integrated various resources in the sports business, culture business and education business, focused on big data, broadened customer base and inspired customer loyalty so as to achieve a diversified operation structure and create more profit for shareholders.

"OK Home" APP is a mobile software for community life service developed by Beijing Community Media, which is based on the client-end device and tied to physical stores. The APP provides various services and functions closely adheres to community residents, including release of property information, express delivery, housekeeping, commercial supermarket, and promotion news near the neighborhood. Connecting with 29 community papers across the districts in Beijing, and 112 community relay stations which covers 60 life cycles in Beijing and serves 5 million residents, "OK Home" APP successfully became a mobile-end O2O community living information and services platform. As at the end of 2015, the number of registered users of the platform reached 1 million, covering over 3,800 mainstream high-and-middle-end communities. At present, the number of registered users of the platform is continuously increasing. The Company integrated the contents of Beijing Youth Daily with the community resources of "OK Home" APP to provide an all-round advertising solution to our customers by establishing a precise promotion and advertising platform, which has received positive feedback from the market and created satisfactory economic benefit.

WeChat Matrix Platform is a comprehensive promotion platform comprising more than 20 official WeChat public accounts of BYDA Group, topics of which ranging from current affairs and politics, education, finance, sports and culture. WeChat Matrix Platform is popular by virtue of its superb brand recognition and fans retention. To satisfy customers' demand for advertising, the Company cooperated with WeChat Matrix. With the strong influence and creditability of the public accounts of BYDA Group, the Group designs an all-round marketing solution for the customers and explores marketing channels in emerging media.

Super planning platform, based on our extensive experience in traditional media, is a smart and all-round advertising solution platform built by the Company which combines with emerging media and enjoys the advantages from resources consolidation and creative plan.

The advertising business in real estate sector was still the leading advertising business of the Company. In 2015, advertising business in real estate sector continued to depress and the Company recorded a lower advertising income from real estate sector as compared with the corresponding period of last year. However, at the end of 2015 and in early 2016, the government launched a series of policy to stimulate the real estate industry, including taxation adjustment. As of 31 March 2016, Beijing real estate market has been showing a rapid growing momentum. Given the current policy favorable for real estate industry and the strong actual market demand, it is expected that the advertising income from real estate sector is likely to grow to a certain extent.

The automobile advertisement was the focus of the Company's advertisement business. As government policy to limit new vehicle registrations through a lottery system was implemented in Beijing, the annual sales volume of automobile in Beijing kept flat and the growth of automobile advertisement was limited. Since the central government is actively promoting the development of electronic vehicles, advertisement for electronic vehicles will be a new growing point for the Company's automobile advertisement business. On one hand, the Company reaches the end users through three major platform; and aggressively commences close cooperation with electronic vehicles manufacturers on the other. The Company will deeply explore the potential in electronic vehicles advertisement business to fight for a better result.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Film and television business

In 2015, the Company continued to explore investment in films and television and diversified the structure of the films and television products it invested and its business objectives in order to meet the requirements of the latest industry policies and the needs of mainstream media and audience. Riding on its successful investment in the TV series "The Story of Zheng Yang Gate"（《正陽門下》）and "All Quiet in Peking"（《北平無戰事》）, and the film "Silent Witness"（《全民目擊》）and as approved by the Board on 31 March 2015, the Company co-invested on the production of the TV series, namely "38th Parallel"（《三八線》）(the first TV series in the PRC based on the background of Korean civil war) with Beijing Jiaren Culture Media Co., Ltd., and the development of script of the TV series, namely "Break the Ice"（《破冰》）(the storyline of which is about anti-corruption). The above new developments are expected to bring relative sound income in the future.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Beiqing CéCi is a 84.69%-owned subsidiary of the Company. In 2015, the revenue of Beiqing CéCi is RMB35,282 thousand, representing an increase of 7.91% as compared with that of corresponding period 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 advocation of a modern culture combining innovation and pragmatism in Asia. Through the past seven years' operation, CéCi is a favourite magazine of urban white-collar women with a sound record in sales since its launching. Starting from November 2014, Beiqing CéCi, as joint organizer, carried out the AIDS prevention propaganda educational event "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, and arranged series of activities successively in seven higher educational institutes such as Peiking University, Nankai University, Zhejiang University, Fudan University, Sichuan University during the first half of 2015, which attracted over ten thousand university students to participate. Red Ribbon Campus Health Ambassadors such as Lang Lang, Pu Cunxin, Bai Yansong, Xu Wei and Zheng Jie and other popular celebrities in the entertainment and sports circle participated in the activities; at the World AIDS Day & Red Ribbon Campus Health Ambassador held at Tsinghua University on 26 November 2015, Professor Peng Liyuan, goodwill ambassador of World Health Organization on AIDS/tuberculosis prevention and treatment and AIDS prevention advocator of the National Health and Family Planning Commission, and some other government officials were invited to attend the activity. A series of public welfare activities successfully established a healthy and progressive public image of CéCi magazine among the Chinese new generation of youth, and effectively enhanced the brand influence of the Company. In 2016, Beiqing CéCi will strive to offer three dimensional on-site promotion services to clients through new marketing initiatives, in order to cope with the increasingly fierce market competition and effectively increase revenue.

Beiqing Outdoor is a wholly-owned subsidiary of the Company which principally engages in operation of urban outdoor single column billboards. In the first half of 2015, Beiqing Outdoor obtained a more than two-years operation right once again on a single column billboard located Jingmi Road in Beijing as its agency, and sold out the advertisement thereon rapidly thereafter; in the second half of 2015, it independently participated in government bidding and won the bid for a three-year operation right on two single column billboards located at Jinyuan Bridge, West 5th Ring Road, Beijing. At present, the Company and Beiqing Outdoor kept a leading position in the industry in retaining the number of single column billboards in the bidding market of Beijing urban area. Beiqing Outdoor operates a total of 22 single column billboards in advantageous locations in sections such as West 4th Ring Road, East 5th Ring Road and West 5th Ring Road in Beijing, Jingmi Road, Beijing-Kaifeng Highway and Beijing- Harbin Freeway etc..

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

Beiqing Community Media is a 54.37%-owned subsidiary of the Company. In 2015, Beiqing Community Media recorded revenue of RMB38,709 thousand, representing an increase of 247.54% compared with that of the corresponding period of last year. Beiqing Community Media is dedicated to developing the largest comprehensive community service platform integrating online and offline resources in the PRC. At present, Beiqing Community Media has 29 community papers of Beiqing Community Daily, 29 WeChat public accounts, an "OK Home" APP, and 112 community relay stations. Relying on the advantages provided by government, Beiqing Community Daily entered into various communities. Major business areas and popular places were of first priority. Through interaction between newspapers and WeChat, APP and other emerging media, particularly the interactive offline activities conducted in specific areas, the cohesion of community users was enhanced and solid foundation for Big Data marketing was laid.

In May 2015, Hangzhou Shineng Investment Consulting Co., Ltd. (formerly known as Hangzhou Xipan Investment Consulting Co., Ltd.) under Alibaba Group made a contribution of RMB30,000 thousands in cash to Beiqing Community Media. In October 2015, Shanghai Xingjing Investment Centre (Limited Partnership), Donghai Ruijing Asset Management (Shanghai) Co., Ltd., Teyin Nantong Equity Fund Management Centre (Limited Partnership) and Ningbo Xiangyun Shuangxin No.1 Investment Partnership (Limited Partnership) made capital contribution of RMB56,000 thousand in cash into Beiqing Community Media. Recently, Beiqing Community Media conducted a joint-stock reform to become a joint-stock company. The reform was completed in March 2016, and it was renamed to Beiqing Community Media Technology (Beijing) Co., Ltd. (北青社區傳媒科技(北京)股份有限公司). At present, Beiqing Community Media is actively preparing for further capital operation.

In 2015, Beiqing Community Media produced 29 community papers of Beiqing Community Daily for Fangzhuang and other areas in urban Beijing, and set up their own as secondary news agencies. The total publication amount was approximately 1.45 million copies for each issue which covered near 5 million readers. With 112 relay stations opened correspondingly, 5 million residents from 1,500 communities in 60 life circles in Beijing were covered, and the followers of WeChat platform exceeds 0.7 million. On 18 March 2015, Beiqing Community Media officially released the mobile client terminal "OK Home" APP, built a comprehensive service platform for entering into the O2O for all Beijing communities. After the platform was launched online, large-scale community events which were monthly launched such as the "Nationwide Country-side Photo Competition", "China-Super Football Game Kid Contest", "Beijing Community Football Joint Competition", "Beijing Cute Kid and Baby Contest", "Beijing Children Drawing Contest", and the "Second Beijing Plaza Dance Competition" drew great attention and participation from the public, and were recognized by the advertising customers. As at 31 December 2015, the number of registered users of the platform reached 1 million, covering over 3,800 mainstream high-and-middle-end communities. At present, the number of registered users of the platform is continuously increasing.

In 2015, Beiqing Community Media developed a community O2O business model with "one platform + multiple vertical pillars", expanded presence into seven major industries and established three vertical pillars being community sports, community finance and community tourism in order to achieve more profit through diversified industry integration. In November 2015, Beiqing Community Media entered into a cooperation agreement with Beijing Caesar International Travel Service Co., Ltd. (北京凱撒國際旅行社有限責任公司) in relation to provide targeted tourism business at relay stations, to build an integrated community tourism service platform and provide community residents with tourism products and value-added services, which has generated positive results.

The Company firmly believes that with the contribution to Beiqing Community Daily, the continuous accumulation of resources both online and offline, and sound capital operation, Beiqing Community Media will obtain a large market share in the classified channel of print media, and it is expected to achieve a balanced result or record a slight surplus by the end of 2016 and become another important profit growth point of the Group.

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

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**"). In 2015, the first online game project invested by the Fund brought a 8.97 times return to the investors through the backdoor listing of its target company – Beijing Tianshenhudong Technology Co., Ltd. (北京天神互動科技有限公司). In 2015, the amount of return recovered from the project was RMB33,490 thousand among which the cash dividend was RMB30,490 thousand. Besides, the Fund is actively promoting its exit from remaining investment projects by ways of listing, backdoor listing or acquisition by other listed companies etc., and higher investment return is expected to be realised.

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". In 2015, the number of registered users of the platform reached 2,700,000 and the number of web games distributed on the platform increased to 29, including 11 popular jointly-operated web games such as Battle Online (《百戰天下》). Since July 2015, it independently distributed two games with nearly 100,000 registered users. In addition, Qingyou Information partnered with Baidu's game department and two games were successfully launched on Baidu's open platform and started generating revenue. Furthermore, Qingyou Information introduced mobile-end games and plans to conduct mobile game distribution business. In 2015, Qingyou Information established its own mobile internet advertising technology platform, became a Class II advertiser of Tencent's mobile internet advertising alliance in June 2015, and officially commenced its mobile internet advertising business. With its strong growth momentum, it is expected to become a new growth driver of the Group.

Beiqing Long Teng is a 51%-owned subsidiary of the Company. In 2015, Beiqing Long Teng actively participated in investment in TV and films area, with total investment amount of RMB20,000 thousand, and conducted strategic cooperation with Itouzi, an Internet finance company, in relation to investment in TV and films area. In 2016, Beiqing Long Teng will continue to focus on the TV and films area and give priority to investment management, financial advisory and value-added service business. Beiqing Long Teng, which was under the rearing period, is consolidating its foundation, expanding business and building its unique investment brand in the culture market in order to realize profits as soon as possible.

Chongqing Media, a 60%-owned subsidiary of the Company recorded operating income of RMB13,814 thousand, representing an increase of 61.10% as compared with that of the corresponding period of last year. Chongqing Media runs Chongqing Youth Daily (《重慶青年報》) which takes contents as its basis, and insists on in-depth and boutique news reports with relatively positive transmission effects. The current publication amount is over 80,000. In 2015, Chongqing Media strongly promoted the integration and transformation of media. The number of the followers of the official WeChat public account of Chongqing Youth Daily exceeded 650,000, ranking among top 500 of new media index in the PRC at No. 344. It was ranked among top 20 in the national wide media ranking list for a long period of time, and a steady ranking of No.1 in terms of all the indicators in Chongqing region. In the meanwhile, its new media advertising business recorded rapid growth, leading to stable performance of print media. Chongqing Media is currently striving to reduce the rearing period in order to realize profits as soon as possible.

BYD Logistics is a 92.84%-owned subsidiary of the Company. In 2015, BYD Logistics actively expanded its product offering and seized market opportunity to realize transformation. It has become the largest distributor of new products coldset magazine paper, super matte paper in the PRC, which has effectively expanded its size of procurement and maintained its low-cost and selling price advantages.

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

BQTM, an associate company owned as to 36.12% by the Company. BQTM is dedicated to operating the large LED screen media network in several domestic airports led by the Capital Airport. From 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 adversely affected, which led to a fall in results and difficulties in operation. On 11 April 2016, the Company and Beijing Trans-media Co., Ltd entered into the equity transfer agreement, pursuant to which the Company has agreed to sell and Beijing Trans-media Co., Ltd has agreed to purchase the Company's 36.12% equity interest in BQTM for cash consideration of RMB168 million, subject to the Shareholders' approval at the general meeting of the Company. It is expected that such transaction, which is carried out due to the market change, will optimize our general business structure and allow us to recover the investment in cash while minimizing or eliminating the adverse factors in the Group's result.

Hebei Jujingcai E-commerce Company Limited ("Jujingcai") is an associate company owned as to 44.50% by the Company. Jujingcai officially started the operation of the second e-commerce platform of "MINI Snack" in March 2015. In November 2015, Jujingcai (with capital contribution using the assets of "MINI Snack" and holding 20% equity interest), an angel investment fund (with capital contribution of RMB10,000 thousand in cash and holding 60% equity interest) and the Company (with capital contribution of RMB2,000 thousand in cash and holding 20% equity interest) jointly established Beijing Lingshi Technology Co., Ltd. (北京零拾科技有限公司) to independently operate "MINI Snack". At present, "MINI Snack" has established three distribution channels of PC client, mobile client and Baidu Waimai and three express delivery warehouses, covering a number of core areas with a concentration of offices including Beijing CBD, Chaoyangmen, Jianguomen, Yizhuang and Zhongguancun. It is expected that in 2016 "MINI Snack" will establish more warehouses to realize full coverage of major areas with a concentration of offices and actively expand to suitable major cities in the PRC and shorten the rearing period.

PROSPECTS AND FUTURE PLANS

In 2016, the Company will continue the two strategies of maintaining the traditional businesses and exploring emerging businesses. On the basis of consolidating internal resources of the Group, the Company will adequately improve the diversification business model, enrich the product mix, actively expand the emerging media and advertisement marketing mix services, community newspaper operation and life services, web game platform, outdoor advertising and film production etc.. The Company will not only provide the clients with multi-media marketing promotion mix with internal resources of the Group, but will also design and provide the marketing mix with media resources out of the Group which has different communication channels, and provide extended services of the industry chain, so as to bring more revenue to the Company.

In 2016, the Company will actively promote the operation of Beiqing Community Daily, and facilitate new expansion of business scope through capital operation. Beiqing Community Media conducted a joint-stock reform to become a joint-stock company which was completed in March 2016, and it was renamed to Beiqing Community Media Technology (Beijing) Co., Ltd. (北青社區傳媒科技(北京)股份有限公司). At present, Beiqing Community Media is actively preparing for further capital operation.

In 2016, the Company will strive to explore emerging media business segment. Relying on the media advantage and influence of the Group, Qingyou Information will expand the network advertising projects on the platform while operating web game platform "Qingyou online" to create a new profit growth point on the basis of over 2.7 million users. In addition, Qingyou Information established its own mobile game department which has entered into game test phase in the second half of 2015. In 2016, it will strive to cooperate with reputable mobile game developers in the PRC to carry out mobile game distribution business.

PROSPECTS AND FUTURE PLANS *(Continued)*

In 2016, the Company will continue to rely on Beiqing Outdoor to accelerate the development of outdoor advertisement business. Beiqing Outdoor will participate in the public tender of single column billboard for the year 2016 hosted by the Beijing Municipal Commission of City Administration and Environment to further increase the retain of single column billboards and enhance the market share.

In 2016, the Company will continue to expand the cultural industry market and invest in TV and films, focusing on its core business of investment in TV and films while exploring media and cultural resources to develop documentaries. In February 2016, the Company and Sichuan Bajun Union Entertainment Co., Ltd. jointly invested in the filming of TV series "Grain Field"（《天下糧田》）, which is expected to generate positive results.

In 2016, while maintaining its existing core businesses, the Group intends to actively expand new businesses, cultivate new profit growth drivers, bolster its ongoing relationship with Beijing Youth Daily Agency, in order to promote the development of the business of the Group and stand out from its peers as a leading cross-media group in the PRC.

FINANCIAL POSITION AND OPERATIONAL RESULTS

1. Total Operating Revenue

Total operating revenue of the Group for 2015 was RMB509,257 thousand (2014: RMB680,769 thousand), representing a decrease of 25.19% as compared with 2014. Of which, revenue from advertising sales was RMB249,181 thousand (2014: RMB360,187 thousand), representing a decrease of 30.82% as compared with 2014; revenue from printing was RMB18,134 thousand (2014: RMB24,658 thousand), representing a decrease of 26.46% as compared with 2014; and revenue from trading of print-related materials was RMB199,343 thousand (2014: RMB260,567 thousand), representing a decrease of 23.50% as compared with 2014.

2. Operating Cost and Sales Tax and Surcharges

Operating cost of the Group for 2015 was RMB404,220 thousand (2014: RMB537,208 thousand), representing a decrease of 24.76% as compared with 2014. Of which, cost of advertising sales was RMB173,256 thousand (2014: RMB244,434 thousand), representing a decrease of 29.12% as compared with 2014; cost of printing was RMB17,518 thousand (2014: RMB24,258 thousand), representing a decrease of 27.78% as compared with 2014; and cost of trading of print-related materials was RMB186,807 thousand (2014: RMB242,518 thousand), representing a decrease of 22.97% as compared with 2014. Sales tax and surcharges was RMB7,448 thousand (2014: RMB11,649 thousand), representing a decrease of 36.06% as compared with 2014.

FINANCIAL POSITION AND OPERATIONAL RESULTS *(Continued)*

3. Gross Profit

Gross profit of the Group for 2015 was RMB105,037 thousand (2014: RMB143,561 thousand), representing a decrease of 26.83% as compared with 2014; gross profit margin of the Group for 2015 was 20.63% (2014:21.09%).

4. Selling Expenses

Selling Expenses of the Group for 2015 was RMB72,396 thousand (2014: RMB38,511 thousand), representing an increase of 87.99% as compared with 2014.

5. Administrative Expenses

Administrative expenses of the Group for 2015 was RMB58,574 thousand (2014: RMB63,582 thousand), representing a decrease of 7.88% as compared with 2014.

6. Financial Expenses

Financial expenses of the Group for 2015 was RMB-2,287 thousand (2014: RMB-9,831 thousand), representing a decrease of 76.74% in absolute value as compared with 2014. Of which, interest income was RMB7,491 thousand (2014: RMB11,566 thousand), representing a decrease of 35.23% as compared with 2014; and foreign exchange loss was RMB232 thousand (foreign exchange loss for 2014: RMB67 thousand), representing an increase of 246.27% as compared with 2014.

7. Share of Loss of Associates

Share of loss of associates of the Group for 2015 was RMB-39,752 thousand (2014: RMB-40,521 thousand), representing an increase of 1.90% as compared with 2014.

8. Operating Loss

Operating loss of the Group for 2015 was RMB-58,485 thousand (2014: RMB-51,337 thousand), representing a decrease of 13.92% as compared with 2014.

9. Income Tax Expenses

Income tax expenses of the Group for 2015 was RMB-3,257 thousand (2014: RMB711 thousand), representing a decrease of 558.09% in absolute value as compared with 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、北京市國家税務局、北京市地方税務局、中國共產黨北京市委員會宣傳部轉發財政部、國家税務總局、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税收政策的通知》(京財税[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/(loss) and Net Profit/(loss) Attributable to Shareholders of the Company

Net loss of the Group for 2015 was RMB54,478 thousand (2014: net profit of RMB4,896 thousand). Of which, net loss attributable to shareholders of the Company was RMB45,372 thousand (2014: net profit attributable to shareholders of the Company RMB10,506 thousand).

FINANCIAL POSITION AND OPERATIONAL RESULTS *(Continued)*

11. Final Dividend

The Board did not propose a final dividend (2014: RMB0.10 per share).

12. Net Current Assets

As at 31 December 2015, net current assets of the Group was RMB794,101 thousand (31 December 2014: RMB826,613 thousand). Current assets mainly comprised bank balances and cash of RMB349,953 thousand (31 December 2014: RMB366,321 thousand), accounts receivable of RMB409,792 thousand (31 December 2014: RMB410,679 thousand), prepayments of RMB59,869 thousand (31 December 2014: RMB103,651 thousand), interest receivable of RMB1,212 thousand (31 December 2014: RMB1,461 thousand), other receivables of RMB134,274 thousand (31 December 2014: RMB144,836 thousand), inventories of RMB35,963 thousand (31 December 2014: RMB54,768 thousand), non-current assets due within one year was RMB1,760 thousand (31 December 2014: RMB1,489 thousand), and other current assets was RMB23,040 thousand (31 December 2014: RMB11,000 thousand). Current liabilities mainly comprised notes payable of RMB35,114 thousand (31 December 2014: RMB81,545 thousand), accounts payable of RMB75,333 thousand (31 December 2014: RMB107,721 thousand), receipts in advance of RMB37,524 thousand (31 December 2014: RMB47,643 thousand), employee benefit payables of RMB6,776 thousand (31 December 2014: RMB7,416 thousand), interest payables of RMB25 thousand (31 December 2014: RMB40 thousand), tax payables of RMB-9,019 thousand (31 December 2014: RMB-16,418 thousand), other payables of RMB67,077 thousand (31 December 2014: RMB26,998 thousand), non-current liabilities due within one year was RMB6,500 thousand (31 December 2014: RMB7,500 thousand), and other current liabilities of RMB2,432 thousand (31 December 2014: RMB5,147 thousand).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2015, current assets of the Group was RMB1,015,863 thousand (31 December 2014: RMB1,094,205 thousand), including bank balances and cash of RMB349,953 thousand (31 December 2014: RMB366,321 thousand) and non-current assets was RMB538,558 thousand (31 December 2014: RMB501,385 thousand).

As at 31 December 2015, current liabilities of the Group was RMB221,762 thousand (31 December 2014: RMB267,592 thousand) and non-current liabilities was RMB10,014 thousand (31 December 2014: RMB17,030 thousand).

As at 31 December 2015, shareholders' equity of the Group was RMB1,322,645 thousand (31 December 2014: RMB1,310,968 thousand).

GEARING RATIO

As at 31 December 2015, gearing ratio of the Group was 17.52% (31 December 2014: 21.71%)(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 2015, bank loans of the Group was RMB12,000 thousand (31 December 2014: RMB19,500 thousand). The currency unit of cash and cash equivalent held by the Group was Renminbi.

FINANCING COST

Financing cost of the Group for 2015 was RMB2,617 thousand (2014: RMB836 thousand).

FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total operating revenue	**509,257**	680,769	667,428	690,276	757,574
Net profit	**(54,478)**	4,896	17,273	63,459	122,713
Net profit attributable to shareholders of the Company	**(45,372)**	10,506	20,377	64,987	119,894
Earnings per share – basic and diluted (RMB)	**(0.23)**	0.05	0.10	0.33	0.61

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	**1,554,421**	1,595,590	1,612,519	1,685,825	1,667,463
Total liabilities	**231,776**	284,622	279,005	327,391	237,814
Total equity attributable to shareholders of the Company	**1,265,345**	1,281,732	1,302,238	1,341,054	1,397,115
Shareholders' equity per share as at the end of the year (RMB)	**6.41**	6.50	6.60	6.80	7.08

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 revised use of proceeds in relevant announcements of the Company, and the actual use of proceeds as at 31 December 2015:

Proposed use of proceeds	Amounts proposed *HK$*	Amounts used *HK$*
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 23.59 million	Approximately 23.59 million
Investing in and acquisition of other media business (including but not limited to traditional media and emerging media businesses) and related businesses (including but not limited to the additional investment in the existing businesses of the Group)	Approximately 545.4960 million	Approximately 545.4960 million
General working capital of the Group	Approximately 320.00 million	Approximately 320.00 million

As at 31 December 2015, the Company utilized the proceeds of approximately HKD136.4112 million, of which HKD46.4112 million was used for investment in production of TV series, including "Waves" (《巨浪》), "38th Parallel" (《三八線》) and "Orient Diego" (《東方球王》), and HKD90 million was used for supplement of general working capital of the Group.

All of the proceeds were used up as at 31 December 2015.

In order to capture more business opportunities arising from emerging media businesses, the Company believes that it will seek for various financing arrangements to support business development when its business requires and condition is mature in the future.

SHARE STRUCTURE

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

Note: Including 19,533,000 outstanding H Shares held by Mr. Jia Yueting and Le Shi Internet Information & Technology (Beijing) Limited representing 35.58% of the total issued H shares of the Company, and 9.90% of the total share capital of the Company.

The Company became aware that, on 6 July 2015, Mr. Jia Yueting and Le Shi Internet Information & Technology (Beijing) Limited entered into a share transfer agreement with MIH Print Media Holdings Limited to purchase 19,533,000 H shares of the Company held by MIH Print Media Holdings Limited, representing 35.58% of the total issued H shares of the Company, and 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 2015 was RMB5,208 thousand (2014: RMB6,667 thousand). Capital expenditures of the Group for 2015 was mainly comprised of the expenditures consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2015, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

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. As at 31 December 2015, Beiqing Outdoor had repaid RMB7,500 thousand and the remaining balance of loan amounted to RMB12,000 thousand.

MATERIAL INVESTMENTS

During the Reporting Period, the Group had no material investments.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the Reporting Period, 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 or liquidity of the Group is subject to very limited effect from exchange rate fluctuations.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has always upheld the philosophy of focusing on environment protection while developing economy. During its day-to-day operation, the Group reasonably utilized resources in strict compliance with the relevant laws, regulations, standards and other local rules. It has formulated and implemented the relevant internal rules and strives to minimize its impacts on the ecological environment in terms of resource utilization. During the year ended 31 December 2015, the Group planned numerals of public benefit events relating to protection of natural environment, In the meantime, the Group is committed to maintaining and consolidating a healthy operation environment so that it can realize steady and orderly growth. The Group also tries its best to improve the working environment for its employees, advocates a philosophy of green office and production and strives to create a safe, healthy, satisfactory and protected working environment for all employees. During the year ended 31 December 2015, the Group placed advertisements in the theme of public welfare all the year round so as to promote the concept of environmental protention.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year, so far as the Directors were aware, there was no non-compliance with any relevant laws and regulations which would have a material impact on the Group.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group endeavours to maintain sustainable development in the long term, continuously create value for its employees and customers, and fosters good relationships with its suppliers. The Group understands that employees are its valuable assets, and the realisation and enhancement of employees' values will facilitate the achievement of the Group's overall goals. For the year ended 31 December 2015, the Group held staff trainings, and organised the staff to enjoy arts performance and sporting events for several times. The Group also understands the importance of maintaining good relationships with its suppliers and customers to the overall development of the Group. The Group places emphasis on supplier selection and encourages fair and open competition to foster long-term relationships with quality suppliers on the basis of mutual trust. The Group abides by the principles of honesty and trustworthiness and commits itself to consistently provide quality services to its customers. For the year ended 31 December 2015, there was no significant and material dispute between the Group and its suppliers and/or customers.

SUBSEQUENT EVENT

On 11 April 2016, the Company and Beijing Trans-media Co., Ltd entered into the equity transfer agreement, pursuant to which the Company has agreed to sell and Beijing Trans-media Co., Ltd has agreed to purchase the Company's 36.12% equity interest in BQTM for cash consideration of RMB168,000 thousand. Upon completion of the proposed equity transfer, BQTM will cease to be an associate company of the Company and the Company will cease to hold any equity interest in BQTM.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the proposed equity transfer exceed 25% but are less than 75%, therefore the transaction contemplated thereunder constitutes a major transaction of the Company, and is subject to the Shareholders' approval at the general meeting of the Company.

FOR THE YEAR ENDED 31 DECEMBER 2015

EXECUTIVE DIRECTORS

Mr. Zhang Yanping, 58, 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 35 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, 43, 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 July 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. On 7 March 2014, Mr. Yu was appointed as the President of the Company. Mr. Yu was appointed as a Director on 21 December 2012.

Ms. He Xiaona, 53, 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. On 20 June 2008, Ms. He was appointed as the Executive Vice President of the Company. Ms. He was appointed as a Director on 15 May 2012.

Mr. Duan Gang, 48, is the executive 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 in July 1988 and took 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, 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 general manager of BYD Logistics Company Limited. Mr. Duan has served as the director of BYD Logistics Company Limited since May 2003. Mr. Duan was appointed as the vice president of the Company on 13 December 2011. Mr. Duan was appointed as the executive vice president of the Company on 23 September 2015. Mr. Duan Gang served as the executive Director from 19 June 2015 to 7 December 2015.

NON-EXECUTIVE DIRECTORS

Mr. Li Shiheng, 56, 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.

Mr. Liu Han, 57, 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, 55, 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, 46, 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, 48, 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, 60, 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 the Beijing Zhijin Science and Technology Investment Co., Ltd. as the general manager from January 2007 to July 2015, and is now the vice president of Yongjin Group and the chairman of the board of directors of Guojin Yongfu Assets Management Co., Ltd.. Mr. Xu was appointed as the director of Qianjin Pharmaceuticals Company Limited (Stock Code: 600479), a listed company of A shares from August 2010 to April 2015, as the director of Hunan Jiuzhitang Co., Ltd. (Stock Code: 000989), a listed company of A shares from June 2014 to November 2014 and as the director of Sinolink Securities Co., Ltd. (Stock Code: 600109), a listed company of A Shares since November 2011. Mr. Xu was appointed as a Director on 16 May 2001.

Mr. Li Yigeng, 53, 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, 52, 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 Renmin University of China. Mr. Song has also served as the dean, a professor and a PhD supervisor of the School of Journalism and Communication in the China University of Political Science and Law, and the chief editor of News and Communication (《新聞與傳播》) and Cultural Industry Guide (《文化產業導刊》) magazines of the newspaper data centre of Renmin University of China 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 Shenzhen Topway Video Communication Co., Ltd. since 2014, and as a consultant in several newspaper groups. Mr. Song was appointed as a Director on 15 May 2012.

Mr. Cui Baoguo, 53, is an independent non-executive Director. Mr. Cui is a well-know specialist in the field of media economy and media industry. He have studied in Japan in his early age and obtained doctor's degree in 1998 from Tohoku University, Japan. Mr. Cui joined Tsinghua University in 2000 and has served as a professor and a PhD supervisor in School of Journalism and Communication of Tsinghua University as well as a director of Media Economy and Management Research Center (傳媒經濟與管理研究中心) of Tsinghua University. He 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, 50, is an independent non-executive Director. Mr. Wu is a member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Hong Kong Securities Institute, 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's degree of business administration in Accounting by the Hong Kong Baptist University and the master's degree of finance 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. Mr. Wu currently is the member of the committee of Jiangsu Provincial People's Political Consultative Conference, honorary member of the Council and the Court of Hong Kong Baptist University, the honorary chairman of the North Kwai Chung Scout Association and the executive vice-president of Hong Kong – GuangDong Youth Exchange Promotion Association. Mr. Wu was appointed as a Director on 15 May 2013.

Mr. Cui Enqing, 72, 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, 64, 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, 46, 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, 64, 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, 41, 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's degree of Electronics Engineering in 1998 and graduated from University of International Business and Economics with a master's 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, 52, 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. Li Xin, 37, is the deputy chief financial officer of the Company. Ms. Li graduated from Wuhan College of Military Economic Management majoring in financial management in 2003. Ms. Li served as accountant officer and financial manager successively of the Beijing East Intellectual Agency Property Co., Ltd. during the years from 2004 to 2009. Ms. Li joined the Company in August 2010, and has served as the assistant of chief financial officer. Ms. Li has been served as the deputy chief financial officer of the Company since 9 July 2015.

SENIOR MANAGEMENT

Mr. He Pingping, 61. 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, 48, 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 was appointed as the executive vice president of the Company in October 2004.

Mr. Duan Gang. For details of the biographical information of Mr. Duan Gang, please refer to the profile of executive Directors.

Mr. Peng Liang, 43, 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, the president's assistant and vice president of BYDA since October 2005. Mr. Peng was appointed as the chief financial officer of the Company on 13 December 2011.

SENIOR MANAGEMENT *(Continued)*

Mr. Shang Da, 54, 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 affiliated person of Hong Kong Institute of Chartered Secretaries since 2005. Mr. Shang, by virtue of his relevant experiences, has been confirmed capable of discharging the functions of company secretary by the Hong Kong Stock Exchange in March 2015 pursuant to the note 2 of Rule 3.28 of the Listing Rules and qualified for the position of company secretary under the Listing Rules.

Mr. Chen Yuming, 53, 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. Since 2013, Mr. Chen has served as the 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 2015.

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 HKD9.50 and HKD3.52 respectively for the year ended 31 December 2015. On 31 December 2015, there was no trading of shares and the closing price was HKD5.22 per share.

ACCOUNTS

Financial position of the Group as at 31 December 2015 are set out on pages 59 to 60 of the consolidated balance sheet.

Results of the Group for the year ended 31 December 2015 are set out on page 61 to 62 of the consolidated income statement.

Cash flows of the Group for the year ended 31 December 2015 are set out on pages 63 to 64 of consolidated cash flow statement.

Changes in equity of the Group for the year ended 31 December 2015 are set out on page 65 of the consolidated statement of changes in shareholders' equity.

PRINCIPAL BUSINESS

The Group is principally engaged in the sales of advertising space, production and printing of newspapers 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.

DIVIDEND

The Board did not propose a dividend for the year ended 31 December 2015.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2015, the total purchase by the Group from its five largest suppliers was RMB207,367 thousand (2014: RMB220,815 thousand), accounting for 61.03% of its total purchase for the year of 2015 (2014: 45.68%); and the purchase from the largest supplier was RMB61,385 thousand (2014: RMB83,594 thousand), accounting for 18.07% of its total purchase for the year of 2015 (2014: 17.29%).

MAJOR SUPPLIERS AND CUSTOMERS *(Continued)*

For the year ended 31 December 2015, the total sales by the Group to its five largest customers was RMB94,213 thousand (2014: RMB203,402 thousand), accounting for 18.50% of its total sales for the year of 2015 (2014: 29.88%); and the amount of sales to the largest customer was RMB33,794 thousand (2014: RMB61,321 thousand), accounting for 6.64% of its total sales for the year of 2015 (2014: 9%).

For the year ended 31 December 2015, the purchase by the Group from BYDA, the controlling shareholder of the Group, was RMB16,634 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 total issued shares has any interest in the Group's five largest suppliers or customers.

SUBSIDIARIES, JOINTLY-CONTROLLED ENTITIES AND ASSOCIATES

As at 31 December 2015, 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 2015, the associates of the Company include BQTM, Beijing Beiqing Top Advertising Limited, 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, Beijing Lingshi Technology Ltd. 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.

RESERVES

The change in reserve is set out in the consolidated statement of changes in shareholders' equity on page 65 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 2015, 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 total share capital.

Class of Shares	Number of Issued Shares	Percentage	Number of Shareholders*
Domestic Shares	142,409,000	72.18%	5
H Shares (Note)	54,901,000	27.82%	354
Total	197,310,000	100%	359

* The above mentioned percentage figures are based on the records in the Company's register of members as at 31 December 2015.

Note: The Company became aware that, on 6 July 2015, Mr. Jia Yueting and Le Shi Internet Information & Technology (Beijing) Limited entered into a share transfer agreement with MIH Print Media Holdings Limited to purchase 19,533,000 H shares of the Company held by MIH Print Media Holdings Limited, representing 35.58% of the total issued H shares of the Company, and 9.90% of the total share capital of the Company.

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 2015, 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 (shares)	Percentage of Class Issued Share Capital (%)	Percentage 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
Jia Yueting	H	Long	19,533,000	35.58	9.90
Le Shi Internet Information & Technology (Beijing) 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

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

Note: The Company became aware that, on 6 July 2015, Mr. Jia Yueting and Le Shi Internet Information & Technology (Beijing) Limited entered into a share transfer agreement with MIH Print Media Holdings Limited to purchase 19,533,000 H shares of the Company held by MIH Print Media Holdings Limited, representing 35.58% of the total issued H shares of the Company, and 9.90% of the total share capital of the Company.

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 31 December 2015, 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 2015, BYDA was interested in 63.27% of the Company's equity.

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).

PERMITTED INDEMNITY PROVISION

The Company maintained Directors' liability insurance to protect them from all costs, charges, losses, expenses and liabilities incurred in the execution and discharge of their duties or related thereto pursuant to the applicable laws and within the scope of Director's liability insurance. Such provisions were in force during the year ended 31 December 2015 and remained in force as of the date of this report.

DIRECTORS' AND SUPERVISORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any transaction, arrangement or contract of significance to the business of the Company or its controlling companies, subsidiaries and fellow subsidiaries in which any Director or Supervisor or their respective connected entities 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 the above-mentioned shares or debentures.

EMOLUMENTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Details of the emoluments of Directors, Supervisors and Senior Management are set out in note VIII.42 to the financial statements.

The non-executive Directors and Supervisors who also serves in the BYDA ceased to receive remuneration from the Company since 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 2015, 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 2015, 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

Due to work rearrangement, Mr. Li Yigeng has resigned from his position as a non-executive Director with effect from 31 March 2015. For details, please refer to the announcement of the Company dated 31 March 2015 published on the websites of Hong Kong Stock Exchange and the Company.

Mr. Duan Gang was appointed as an executive Director with effect from 19 June 2015 in the 2014 annual general meeting of the Company and has resigned from his position as an executive Director with effect from 7 December 2015. For details, please refer to the announcements of the Company dated 31 March 2015, 19 June 2015 and 7 December 2015 published on the websites of the Hong Kong Stock Exchange and the Company.

On 7 December 2015, Mr. Liu Hong was proposed to be appointed as the non-executive Director by the Board with effect upon the approval at the 2016 first extraordinary general meeting held on 26 January 2016. For details, please refer to the announcements of the Company dated 7 December 2015 and 26 January 2016 published on the websites of the Hong Kong Stock Exchange and the Company.

On 31 March 2015, Ms. Ma Chundan resigned from her position as an employee representative Supervisor and Ms. Li Xin was elected as an employee representative Supervisor at the employee representatives general meeting of the Company on the same day. For details, please refer to the announcement of the Company dated 31 March 2015 published on the websites of Hong Kong Stock Exchange and the Company.

As the term of office of the fifth session of the Board will expire on the date of the annual general meeting for 2015, Mr. Li Shiheng, Mr. Liu Han, Ms. Wu Peihua, Mr. Song Jianwu and Mr. Cui Baoguo, all of whom are directors will retire their directorship on the date of the annual general meeting for 2015. Save as the disclosed above, Directors of the fifth session of the Board and supervisors of the fifth session of the Supervisory Committee will be re-elected continuously.

On 31 March 2016, Mr. Duan Gang, Mr. Peng Liang and Mr. Shang Da were nominated as the executive Directors of the sixth session of the Board, and Mr. Wu Changqi and Mr. Zhou Bingquan were nominated as the independent non-executive Directors of the sixth session of the Board. For details, please refer to the announcement of the Company dated 31 March 2016 published on the websites of Hong Kong Stock Exchange and the Company.

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

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 control and financial reporting of the Company, including reviewing of the audited consolidated financial statements of the Group for the year of 2015 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 2015, the bank borrowings of the Group was RMB12,000 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 or not 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.

Due to the term of mutual property tenancy agreement mentioned above and the annual cap of the continuing connected transaction contemplated thereunder have expired on 31 December 2015, the Company and BYDA entered into the mutual property tenancy agreement on 22 October 2015 to renew for a term of three years with effect from 1 January 2016 to 31 December 2018. Under the renewed mutual property tenancy agreement, the annual caps for each of the three years ending 31 December 2018 are in respect of the rental payable by the Parent to the Company all RMB5,380,830; the annual caps for each of the three years ending 31 December 2018 are in respect of the rental payable by the Company to the Parent are all RMB1,908,585. For details of the transactions, please refer to the announcement of the Company dated 22 October 2015 published on the websites of Hong Kong Stock Exchange and the Company.

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 announcement of the Company dated 31 October 2012 published on the websites of Hong Kong Stock Exchange and the Company.

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 RMB766,734.04.

Due to the term of distribution services framework agreement mentioned above and the annual cap of the continuing connected transaction contemplated thereunder would expired on 31 December 2015, the Company and BYDA entered into the distribution services framework agreement on 22 October 2015 to renew for a term of three years with effect from 1 January 2016 to 31 December 2018. The annual caps for each of the three years ending 31 December 2018 of the continuing connected transaction under the renewed distribution services framework agreement are all RMB3,000,000. For details of the transaction, please refer to the announcement of the Company dated 22 October 2015 published on the websites of Hong Kong Stock Exchange and the Company.

4. *Advertising Agency Framework Agreement*

The Company and LEPA entered into the advertising agency framework agreement on 27 February 2013, and entered into a supplemental agreement on 2 December 2014, with a term from 27 February 2013 to 31 December 2015. Pursuant to the advertising agency framework agreement and the supplemental 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; and (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.

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.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempt Connected Transactions *(Continued)*

4 ***Advertising Agency Framework Agreement*** *(Continued)*

The Board resolved on 14 May 2015 to propose the revision of the 2015 annual cap for the continuing connected transactions contemplated under the advertising agency framework agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group from RMB 32,000,000 to RMB 50,000,000. Such proposal has been approved by the independent shareholders of the Company in the 2014 annual general meeting. The 2015 annual cap for the continuing connected transactions contemplated under the advertising agency framework agreement in relation to the Group being authorised to act as the advertising agent of the LEPA Group remained unchanged.

The details are set out in the announcements of the Company dated 27 February 2013, 2 December 2014, 14 May 2015 and 19 June 2015 published on the websites of Hong Kong Stock Exchange and the Company, respectively.

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 RMB50,000,000 and the actual amount paid was RMB721,459.43. The annual cap of advertising placement fee payable by the Company to LEPA was RMB32,000,000 and the actual amount paid was nil.

The advertising agency framework agreement and the annual caps of the connected continuing transaction entered between the Company and LEPA would expire on 31 December 2015. The agreement will not be renewed upon expiry, and will be replaced and covered by the advertising agency framework agreement entered between the Company and BYDA in relation to the mutual supply of advertising agency service between the Group and the Parent Group. The Company and BYDA entered into the advertising agency framework agreement on 22 October 2015 for a term of three years with effect from 1 January 2016 to 31 December 2018. Under the advertising agency framework agreement, the annual caps for the advertising placement fee payable by the Parent to the Company for each of the three years ending 31 December 2018 are all RMB50,000,000; the annual caps of the advertising placement fee payable by the Company to the Parent for each of the three years ending 31 December 2018 are all RMB50,000,000. The advertising agency framework agreement entered into between the Company and BYDA and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2018 have been approved by the independent shareholders of the Company pursuant to the Listing Rules. For details of the transaction, please refer to the announcements of the Company dated 22 October 2015 and 26 January 2016 published on the websites of Hong Kong Stock Exchange and the Company.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempt Connected Transactions *(Continued)*

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 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 announcement of the Company dated 31 October 2012 published on the websites of Hong Kong Stock Exchange and the Company.

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 RMB19,060,113.96.

On 22 October 2015, the Company renewed the transaction annual caps for the three years ending 31 December 2018. The renewed annual caps for the continuing connected transactions contemplated under the advertising business agreement for each of the three years ending 31 December 2018 are all RMB55,000,000. For details information, please refer to the announcements of the Company dated 22 October 2015 and 26 January 2016 published on the websites of Hong Kong Stock Exchange and the Company.

6 ***Printing Framework Agreement***

On 31 October 2012, BYD Logistics and BYDA renewed the printing framework agreement for a term of three years from 1 January 2013 to 31 December 2015, 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 announcements of the Company dated 31 October 2012 published on the websites of Hong Kong Stock Exchange and the Company.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempt Connected Transactions *(Continued)*

6 ***Printing Framework Agreement*** *(Continued)*

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

During the Reporting Period, the annual cap for fees payable by the Parent to BYD Logistics was RMB100,000,000, and the actual fees paid were RMB21,765,212.61.

Due to the above-mentioned printing framework agreement and the term of annual cap of the continuing connected transaction contemplated thereunder would expire on 31 December 2015, BYD Logistics and BYDA entered into the printing framework agreement on 22 October 2015 to renew for a term of three years with effect from 1 January 2016 to 31 December 2018. The annual caps for each of the three years ending 31 December 2018 of the continuing connected transaction under the renewed printing framework agreement are all RMB40,000,000. The printing framework agreement entered between BYD Logistics and BYDA and the annual caps for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2018 have been approved by the independent shareholders of the Company pursuant to the Listing Rules. For details of the transaction, please refer to the announcements of the Company dated 22 October 2015 and 26 January 2016 published on the websites of Hong Kong Stock Exchange and the Company.

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 2015 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, on fair and reasonable terms, 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.56 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

In August 2015, the Company received a civil complaint in relation to dispute about the deferred payment of advertising fee for the LED media advertising operation agreement of Terminal 3 of Beijing International Capital Airport. In December 2015, the Company received a civil verdict served by the court, pursuant to which the court has approved the application to withdraw the case in relation to the dispute. Due to the fact that the operational entity of the contract mentioned above is an associate of the Company in which the Company holds 36.12% of its shares, all responsibilities arising from the dispute were undertaken by the associate. For details, please refer to the announcements of the Company dated 5 August 2015 and 30 December 2015 published on the websites of Hong Kong Stock Exchange and the Company.

Save as disclosed above, to the knowledge of the Board, as at 31 December 2015, 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 2015 (2014: 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 2015, the Group had a total of 773 staff members (31 December 2014: 668). The increase in the number of the staff as compared with 2014 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 Beiqing Community Media and Qingyou Information. For the 12 months ended 31 December 2015, the Group's employee remuneration amounted to approximately RMB83,973 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 2015, 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.

REMUNERATION POLICY *(Continued)*

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 19 June 2015 that ShineWing Certified Public Accountants (Special General Partnership) was appointed as the auditor of the Company for the year 2015, 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 2015 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 2016
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; and
- 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 2015.

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 2015.

4. THE BOARD

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

Name	Gender	Age	Other positions in the Company	Term of directorship	Remunerated by the Company
Executive Directors					
Zhang Yanping	M	58	Chairman	15 May 2013 to the annual general meeting of the Company for 2015	Yes
Yu Haibo	M	43	Vice chairman, president	15 May 2013 to the annual general meeting of the Company for 2015	Yes
He Xiaona	F	53	Executive vice president	15 May 2013 to the annual general meeting of the Company for 2015	Yes
Duan Gang[1]	M	48	Executive Vice President	19 June 2015 to 7 December 2015	Yes
Non-executive Directors					
Li Shiheng	M	56	Vice chairman	15 May 2013 to the annual general meeting of the Company for 2015	No
Liu Han	M	57		15 May 2013 to the annual general meeting of the Company for 2015	No
Wu Peihua	F	55		15 May 2013 to the annual general meeting of the Company for 2015	No
Li Xiaobing	M	46		15 May 2013 to the annual general meeting of the Company for 2015	No
Wang Lin	M	48		20 May 2014 to the annual general meeting of the Company for 2015	No
Xu Xun	M	60		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Li Yigeng[2]	M	53		15 May 2013 to 31 March 2015	No
Independent Non-executive Directors					
Song Jianwu	M	52		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Cui Baoguo	M	53		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Wu Tak Lung	M	50		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Cui Enqing	M	72		15 May 2013 to the annual general meeting of the Company for 2015	Yes
Chen Ji	M	64		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 joint and several responsibility to the Shareholders for the management, supervision and operations of the Company.

Notes:

1. Mr. Duan Gang was appointed as an executive Director with effect from 19 June 2015 in the 2014 annual general meeting of the Company and has resigned from his position as an executive Director with effect from 7 December 2015. For details, please refer to the announcements of the Company dated 19 June 2015 and 7 December 2015 published on the websites of Hong Kong Stock Exchange and the Company.

2. On 31 March 2015, Mr. Li Yigeng has submitted his resignation as a non-executive Director. For details, please refer to the announcement of the Company dated 31 March 2015 published on the websites of Hong Kong Stock Exchange and the Company.

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 2015, 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.

	Attendance in person *(times)*	Attendance by proxy *(times)*
Executive Directors		
Zhang Yanping	11	–
Yu Haibo	11	–
He Xiaona	11	–
Duan Gang[1]	5	–
Non-executive Directors		
Li Shiheng	9	2
Liu Han	11	–
Wu Peihua	11	–
Li Xiaobing	11	–
Wang Lin	11	–
Xu Xun	10	1
Li Yigeng[2]	2	1
Independent Non-executive Directors		
Song Jianwu	9	2
Cui Baoguo	9	2
Wu Tak Lung	11	–
Cui Enqing	10	1
Chen Ji	10	1

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

Notes:

1. Mr. Duan Gang was appointed as an executive Director with effect from 19 June 2015 in the 2014 annual general meeting of the Company and has resigned from his position as an executive Director with effect from 7 December 2015. Mr. Duan Gang attended all of the five Board meetings held during his tenure of service.

2. On 31 March 2015, Mr. Li Yigeng has submitted his resignation as a non-executive Director. Mr. Li Yigeng attended all of the three Board meetings convened for the three months ended 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 2015, and the attendance rate of individual Directors at the general meeting is as follow:

	Attendance in person *(times)*	**Attendance by proxy** *(times)*
Executive Directors		
Zhang Yanping	1	–
Yu Haibo	1	–
He Xiaona	1	–
Duan Gang[1]	–	–
Non-executive Directors		
Li Shiheng	–	–
Liu Han	–	–
Wu Peihua	1	–
Li Xiaobing	1	–
Wang Lin	1	–
Xu Xun	1	–
Li Yigeng [2]	–	–
Independent Non-executive Directors		
Song Jianwu	1	–
Cui Baoguo	1	–
Wu Tak Lung	1	–
Cui Enqing	1	–
Chen Ji	–	–

Notes:

1. Mr. Duan Gang was appointed as an executive Director with effect from 19 June 2015 in the 2014 annual general meeting of the Company and has resigned from his position as an executive Director with effect from 7 December 2015. No general meeting of the Company was convened during his tenure of office.

2. On 31 March 2015, Mr. Li Yigeng has submitted his resignation as a non-executive Director. No general meeting of the Company was convened for the three months ended 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.

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.42 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; and
- 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 one meeting of the Remuneration Committee was convened during 2015, and the attendance rate of individual members at the meetings of the Remuneration Committee is as follows:

	Attendance in person *(times)*	**Attendance by proxy** *(times)*
Cui Baoguo	1	–
Yu Haibo	1	–
Cui Enqing	1	–

The Remuneration Committee held a meeting on 6 February 2015, considered and approved the resolution on year-end bonus for executive Directors.

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)*

Two meetings of the Nomination Committee were convened during 2015, and the attendance rate of individual members at the meetings of the Nomination Committee is as follows:

	Attendance in person *(times)*	**Attendance by proxy** *(times)*
Zhang Yanping	2	–
Song Jianwu	2	–
Cui Baoguo	2	–

The Nomination Committee held a meeting on 29 March 2015, considered and approved the proposed nomination of Mr. Duan Gang as a candidate for executive Director.

On 2 December 2015, the Nomination Committee held a meeting, considered and approved the proposed nomination of Mr. Liu Hong as a candidate for non-executive Director.

9. REMUNERATION OF THE AUDITOR

The Company appointed ShineWing Certified Public Accountants (Special General Partnership) as the auditor for the year 2015. For the year ended 31 December 2015, 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 RMB550 thousand.

ShineWing Certified Public Accountants (Special General Partnership) has provided audit service for seven 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; and
- 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 2014;
- reviewed and considered the results of the Group for the first half of 2015;
- reviewed and evaluated the internal control systems of the Group; and
- reviewed connected transactions.

A total of two meetings of the Audit Committee were convened during 2015, and the attendance rate of individual members at the meetings of the Audit Committee is as follows:

	Attendance in person *(times)*	**Attendance by proxy** *(times)*
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 2015.

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 2015, 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) 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

There was no material amendment to the Articles of Association for the year ended 31 December 2015.

(2) General meetings

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

The annual general meeting for 2014 was 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. The resolutions in relation to the Company were passed, including the resolution of the report of the Board for the year ended 31 December 2014, the resolution of the report of the Supervisory Committee for the year ended 31 December 2014, the resolution of the audited consolidated financial statements of the Company for the year ended 31 December 2014, the resolution of the profit distribution proposal of the Company, the resolution of the reappointment of the auditors of the Company for the year 2015, the resolution of the appointment of executive Director, the resolution of the payment of the remuneration to employee representative supervisors, the resolution of the revision of the annual cap for the continuing connected transactions and the resolution of a general mandate to issue shares. For details, please refer to the Company's announcement dated 19 June 2015.

(3) Important matters for Shareholders for the financial year of 2015

The annual general meeting for 2015 will be held at 2:30 p.m. on 30 June 2016 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

13. INVESTOR RELATIONS *(Continued)*

(4) Market capitalization of public float

The highest and lowest trading prices of the Company's H Shares during 2015 were HKD9.50 and HKD3.52 per share respectively. On 31 December 2015, there was no trading of shares and the closing price was HKD5.22 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 as well as enhance the control procedures, so as to improve 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 of the Company 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.

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 Corporate Governance Code and disclosure in the Corporate Governance Report of the Company; and
- set up policy for communication with Shareholders and ensure its effect through regular review.

During the Reporting Period, the Board reviewed and supervised from time to time the implementation of 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", "Rules of Procedures for the Nomination Committee" and the "Board Diversity Policy" of the Company; reviewed and actively organized training and continuing professional development for Directors and Senior Management; reviewed and monitored whether there was any violation of laws and regulatory requirements by the Company; approved the Corporate Governance Report of the Company for the year 2014, and approved the disclosure on the website of the Hong Kong Stock Exchange and the Company's website of the same; and formulated, reviewed and supervised Shareholder communications policy to ensure its effectiveness.

16. BOARD DIVERSITY POLICY

The Board adopted the following board diversity policies:

Policy statement: 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, as well as 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 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 2015

On 31 March 2015, Ms. Ma Chundan has resigned from her position as an employee representative Supervisor. On the same day, Ms. Li Xin was elected as an employee representative Supervisor at the meeting of the employee representatives of the Company. For details, please refer to the announcement dated 31 March 2015 published by the Company on the websites of Hong Kong Stock Exchange and the Company.

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

2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2015

Over the past year, the Supervisory Committee continued to promote the 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 effectively, and is committed to improving 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.

2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2015 *(Continued)*

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

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

(6) Fairness of Connected Transactions

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

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

Beijing Media Corporation Limited
Supervisory Committee
31 March 2016

"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 Media Technology (Beijing) Co., Ltd. (formerly known as Beiqing Community Culture Media (Beijing) Limited), a subsidiary of the Company
"Beiqing Long Teng"	Beiqing Long Teng Investment Management (Beijing) Co., Limited, a subsidiary of the Company
"Beiqing Outdoor"	Beijing Beiqing Outdoor Advertisement 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
"BYDA Group"	BYDA and its subsidiary
"Chongqing Media"	Chongqing Youth Media Company Limited, a subsidiary of the Company
"Company", "we", "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 2015
"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

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信永中和 ShineWing

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 2015, 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 2015, 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: Wang Chongjuan

Chinese Certified Public Accountant: Ji Sheng

31 March 2016

Beijing, PRC

As at 31 December 2015

RMB'000

Item	*Notes*	**As at 31 December 2015**	As at 31 December 2014
Current assets:			
Bank balances and cash	*VIII.1*	**349,953**	366,321
Account receivable	*VIII.2*	**409,792**	410,679
Prepayments	*VIII.3*	**59,869**	103,651
Interest receivable	*VIII.4*	**1,212**	1,461
Other receivables	*VIII.5*	**134,274**	144,836
Inventories	*VIII.6*	**35,963**	54,768
Non-current assets due with one year	*VIII.7*	**1,760**	1,489
Other current assets	*VIII.8*	**23,040**	11,000
Total current assets		**1,015,863**	1,094,205
Non-current assets			
Financial assets available-for-sale	*VIII.9*	**165,746**	145,560
Long-term equity investment	*VIII.10*	**145,953**	183,705
Investment properties	*VIII.11*	**56,466**	53,159
Fixed assets	*VIII.12*	**10,473**	12,725
Intangible assets	*VIII.13*	**36,320**	37,788
Goodwill	*VIII.14*	**47,377**	47,377
Long-term prepaid expenses		**1,446**	1,721
Deferred income tax assets	*VIII.15*	**15,687**	4,534
Other non-current assets	*VIII.16*	**59,090**	14,816
Total non-current assets		**538,558**	501,385
Total assets		**1,554,421**	1,595,590

As at 31 December 2015

RMB'000

Item	Notes	As at 31 December 2015	As at 31 December 2014
Current liabilities:			
Notes payable	VIII.18	**35,114**	81,545
Account payable	VIII.19	**75,333**	107,721
Receipts advance		**37,524**	47,643
Employee benefit payables	VIII.20	**6,776**	7,416
Tax payables	VIII.21	**(9,019)**	(16,418)
Interest payables		**25**	40
Other payables	VIII.22	**67,077**	26,998
Non-current liabilities due within one year	VIII.23	**6,500**	7,500
Other current liabilities	VIII.24	**2,432**	5,147
Total current liabilities		**221,762**	267,592
Non-current liabilities			
Long-term loan	VIII.25	**5,500**	12,000
Deferred income tax liabilities	VIII.15	**4,514**	5,030
Total non-current liabilities		**10,014**	17,030
Total liabilities		**231,776**	284,622
Shareholders' equity:			
Share capital	VIII.26	**197,310**	197,310
Capital reserves	VIII.27	**936,475**	887,794
Other comprehensive income	VIII.28	**31**	(4)
Surplus reserves	VIII.29	**130,931**	130,931
Undistributed profits	VIII.30	**598**	65,701
Total equity attributable to shareholders of the Company		**1,265,345**	1,281,732
Non-controlling interest	VIII.31	**57,300**	29,236
Total shareholders' equity		**1,322,645**	1,310,968
Total liabilities and shareholders' equity		**1,554,421**	1,595,590
Net current assets		**794,101**	826,613
Total assets less current liabilities		**1,332,659**	1,327,998

RMB'000

Item	Notes	For the year ended 31 December 2015	For the year ended 31 December 2014
Total operating revenue	*VIII.32*	**509,257**	680,769
Total operating costs		**559,271**	683,420
Operating cost	*VIII.32*	**404,220**	537,208
Sales tax and surcharges	*VIII.33*	**7,448**	11,649
Selling expenses		**72,396**	38,511
Administrative expenses		**58,574**	63,582
Financial expenses	*VIII.34*	**(2,287)**	(9,831)
Impairment loss of assets	*VIII.35*	**18,920**	42,301
Add: Loss on the changes in fair value	*VIII.36*	**(901)**	(8,234)
Investment loss	*VIII.37*	**(7,570)**	(40,452)
Including: Loss from investment in associates	*VIII.37*	**(39,752)**	(40,521)
Operating loss		**(58,485)**	(51,337)
Add: non-operating income	*VIII.38*	**1,110**	57,022
Including: Gain from disposal of non-current assets		**5**	97
Less: non-operating expenses	*VIII.39*	**360**	78
Including: Loss on disposal of non-current assets		**248**	9
Total (loss)/profit		**(57,735)**	5,607
Less: Income tax expenses	*VIII.40*	**(3,257)**	711
Net (loss)/profit		**(54,478)**	4,896
Net profit attributable to:			
Shareholders of the Company		**(45,372)**	10,506
Non-controlling shareholders		**(9,106)**	(5,610)

RMB'000

Item	*Notes*	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Other net comprehensive income after tax	*VIII.28*	**58**	(6)
Other net comprehensive income after tax attributable to shareholders of the Company		**35**	(4)
Including: Other comprehensive income subsequently reclassified into profit or loss	*VIII.46*	**35**	(4)
Including: Exchange differences from retranslation of financial statements		**35**	(4)
Other net comprehensive income after tax attributable to non-controlling shareholders		**23**	(2)
Total comprehensive income		**(54,420)**	4,890
Total comprehensive income attributable to shareholders of the Company		**(45,337)**	10,502
Total comprehensive income attributable to non-controlling shareholders		**(9,083)**	(5,612)
Earnings per share			
Basic earnings per share (RMB per share)	*XVII.2*	**(0.23)**	0.05
Diluted earnings per share (RMB per share)	*XVII.2*	**(0.23)**	0.05
Dividends	*VIII.44*	**19,731**	27,623

For the year ended 31 December 2015

RMB'000

Item	Notes	For the year ended 31 December 2015	For the year ended 31 December 2014
I. Cash flows from operating activities:			
Cash received from sales of goods and the rendering of services		**475,658**	528,316
Tax refund received		**2,699**	6
Other cash receipt relating to operating activities		**92,442**	21,392
Sub-total of cash inflows from operating activities		**570,799**	549,714
Cash paid for goods purchased and services received		**369,374**	507,923
Cash paid to and on behalf of employees		**83,973**	73,899
Payments of taxes and surcharges		**17,812**	26,377
Other cash payments relating to operating activities		**122,344**	116,097
Sub-total of cash outflows from operating activities		**593,503**	724,296
Net cash used in operating activities	*VIII.47*	**(22,704)**	(174,582)
II. Cash flows from investing activities:			
Cash received from sales of investments		**4,814**	7,016
Cash received from returns on investment		**32,115**	0
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**11**	25
Other cash receipts relating to investing activities		**80,644**	310,272
Sub-total of cash inflows from investing activities		**117,584**	317,313
Cash paid to acquire fixed assets, intangible assets and other long-term assets		**3,404**	11,685
Cash paid on investment		**27,000**	14,750
Other cash payments relating to investing activities		**122,395**	40,800
Sub-total of cash outflows from investing activities		**152,799**	67,235
Net cash (used in) from investing activities		**(35,215)**	250,078

RMB'000

Item	*Notes*	**For the year ended 31 December 2015**	For the year ended 31 December 2014
III. Cash flows from financing activities:			
Cash received from investors		**86,000**	4,700
Including: cash received from non-controlling shareholders of subsidiaries		**86,000**	4,700
Cash received from borrowings obtained		**14,390**	19,500
Other cash receipts relating to financing activities		**9,369**	182
Sub-total of cash inflows from financing activities		**109,759**	24,382
Cash payments for borrowings repayment		**21,890**	–
Cash payments for distribution of dividends or profits or interest expense		**21,143**	28,319
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries		**–**	–
Other cash payment relating to financing activities		**2,600**	3,155
Sub-total of cash outflows from financing activities		**45,633**	31,474
Net cash from (used in) financing activities		**64,126**	(7,092)
IV. Effect of exchange rate changes on cash and cash equivalents		**26**	(17)
V. Net increase in cash and cash equivalents	*VIII.48*	**6,233**	68,387
Add: balance of cash and cash equivalents at the beginning of the year		**228,526**	160,139
VI. Balance of cash and cash equivalents at the end of the year	*VIII.49*	**234,759**	228,526

RMB'000

Items	For the year ended 31 December 2015							
	Attributable to shareholders of the Company							
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2015	**197,310**	**887,794**	**(4)**	**130,931**	**65,701**	**1,281,732**	**29,236**	**1,310,968**
Net loss	–	–	–	–	(45,372)	(45,372)	(9,106)	(54,478)
Other comprehensive income	–	–	35	–	–	35	23	58
Shareholder's investment	–	–	–	–	–	–	86,000	86,000
Disposal of interests in subsidiaries	–	48,853	–	–	–	48,853	(48,853)	–
Impact due to change in fair value	–	(172)	–	–	–	(172)	–	(172)
Appropriation to shareholders	–	–	–	–	(19,731)	(19,731)	–	(19,731)
Sub-total of the changes during the year	–	**48,681**	**35**	–	**(65,103)**	**(16,387)**	**28,064**	**11,677**
Balance as at 31 December 2015	**197,310**	**936,475**	**31**	**130,931**	**598**	**1,265,345**	**57,300**	**1,322,645**

RMB'000

Items	For the year ended 31 December 2014							
	Attributable to shareholders of the Company							
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (note)	Undistributed profits	Subtotal	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 2014	197,310	891,179	–	130,931	82,818	1,302,238	31,276	1,333,514
Net profit	–	–	–	–	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 due to change in fair value	–	(4,513)	–	–	–	(4,513)	–	(4,513)
Appropriation to shareholders	–	–	–	–	(27,623)	(27,623)	–	(27,623)
Sub-total of the changes during the year	–	(3,385)	(4)	–	(17,117)	(20,506)	(2,040)	(22,546)
Balance as at 31 December 2014	197,310	887,794	(4)	130,931	65,701	1,281,732	29,236	1,310,968

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.

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

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 2015 of the Group are as follows:

	Shareholding (%)	
Name of units	**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)	54.37	–
Chongqing Youth Media Company Limited (Chingqing Media)	60.00	–
Chongqing Pu Lantian Western Food Co. (Chongqing Pu Lantian)	–	100.00
CHONG QING 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".

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. BASIS FOR PREPARATION

The Group's financial statements for the year ended 31 December 2015 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") in 2014 financial year 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 continuous 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 2015 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 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.

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

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.

(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 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 reassessment.

5. Preparation of consolidated financial statement

(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".

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

5. Preparation of consolidated financial statement *(Continued)*

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

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

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

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

6. Classification for joint venture arrangement and accounting methods for joint operation *(Continued)*

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.

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 occurres. 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.

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

9. Financial Assets and Financial Liabilities

(1) Financial Assets

1) Classification, recognization 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.

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-recognization 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-recognization 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-recognization 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) Recognization 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 derecognization 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 derecognization conditions, the carrying amount of entire financial assets transferred are apportioned between derecognization and unterminated recognization 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.

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

1) Classification, recognization basis and measurement methods for financial liabilities

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

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

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

2) Derecognisation 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.

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

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.

(1) Receivable 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

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

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)*

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

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

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

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

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

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

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.

12. Long-term equity investment

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.

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

12. Long-term equity investment *(Continued)*

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

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.

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

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

13. Investment properties *(Continued)*

Where an investment property is changed for owner-occupied purpose, it is transferred to a fixed asset or intangible asset at the date of the change. Where the owneroccupied 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.

14. Fixed assets

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

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

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

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

Category	Useful life (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

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

14. Fixed assets *(Continued)*

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.

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.

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

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.

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;

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

17. Impairment of long-term non-financial assets (Continued)

(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.

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.

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

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.

(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.

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

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.

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.

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

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 judgements

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

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

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

(1) Buildings

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

(2) Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated useful lives and estimated residual values. The determination of the useful lives and residual values involve the estimates of the management. The Group assesses annually the residual value and useful life of 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.

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

27. Key accounting estimates and judgements

(4) Allowance for bad debts of account 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.

(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. CHANGE IN ACCOUNTING POLICES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS OF PIOR PERIODS

1. Changes in accounting policies and their effect

Relevant change in accounting policies has no material effect on the financial statements of the Group.

2. Change 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.

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.

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%.

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 income from the rental income and interest income.

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

VII. TAX *(Continued)*

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 2015	As at 31 December 2014
Bank balance and cash	**234,759**	228,526
Short-term bank deposits	**111,683**	125,040
Restricted bank deposits	**3,511**	12,755
Total	**349,953**	366,321

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% (2014: 0.35% to 1.49%) per annum.

Short-term bank deposits represented fixed deposits with original maturities ranging from three months to one year and carry fixed interest rates ranging from 2.85% to 3.50% (2014: 2.85% to 3.50%) per annum.

Restricted bank deposits represent marginal deposit for bank acceptance notes and carry market interest rates of 0.35% to 0.50% (2014: 0.35% to 0.50%) per annum.

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

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

2. Accounts receivable

Item	As at 31 December 2015	As at 31 December 2014
Accounts receivable	**452,642**	434,929
Less: Provision for bad debts	**42,850**	24,250
Net accounts receivable	**409,792**	410,679
For reporting purpose, analysis as:		
Non-current assets – long-term receivables	**–**	–
Current assets – accounts receivable	**409,792**	410,679
Total	**409,792**	410,679

(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 2015	As at 31 December 2014
0-90 days	**112,802**	87,324
91-180 days	**36,193**	54,897
181-365 days	**53,962**	114,938
1-2 years	**93,260**	124,393
Over 2 years	**113,575**	29,127
Total	**409,792**	410,679

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

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

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

2. Accounts receivable *(Continued)*

(2) Analysis of account receivable by categories:

Item	As at 31 December 2015 Balance of carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)	As at 31 December 2014 Balance of carrying amount Amount	Percentage (%)	Provision for bad debts Amount	Percentage (%)
Significant individual receivables with bad debt provision made on individual basis	–	–	–	–	–	–	–	–
Receivables with bad debt provision made on group basis								
Aging group	**286,117**	**63.21**	**34,227**	**11.96**	273,986	63.00	19,239	7.02
Related party group	**157,255**	**34.74**	–	–	152,709	35.11	–	–
Non-risk group	**257**	**0.06**	–	–	1,483	0.34	–	–
Sub-total	**443,629**	**98.01**	**34,227**	**7.72**	428,178	98.45	19,239	4.49
Insignificant individual receivables but with bad debt provision made on individual basis	**9,013**	**1.99**	**8,623**	**95.67**	6,751	1.55	5,011	74.23
Total	**452,642**	**100.00**	**42,850**		434,929	100.00	24,250	

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

Item	As at 31 December 2015 Amount	Percentage (%)	Provision for bad debts	As at 31 December 2014 Amount	Percentage (%)	Provision for bad debts
Within 1 year	**147,622**	–	–	173,098	–	–
1-2 years	**70,214**	**10.00**	**7,021**	71,351	10.00	7,135
2-3 years	**47,017**	**30.00**	**14,106**	19,946	30.00	5,984
3-4 years	**13,036**	**50.00**	**6,518**	5,175	50.00	2,587
Over 4 years	**8,228**	**80.00**	**6,582**	4,416	80.00	3,533
Total	**286,117**		**34,227**	273,986		19,239

(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)*

2. Accounts receivable *(Continued)*

(3) The top five accounts receivable as at 31 December 2015 represented 40.33% 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 2015	As at 31 December 2014
Within 6 months	**53,033**	61,028
6 months to 1 year	**3,019**	23,033
1-2 years	**32,892**	60,177
2-3 years	**60,153**	2,814
3-4 years	**1,860**	6,738
Over 4 years	**6,555**	402
Total	**157,512**	154,192

Accounts receivable 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.

3. Prepayments

Item	As at 31 December 2015	As at 31 December 2014
Prepayments	**59,869**	103,651
Less: provision for bad debts	**–**	–
Net prepayments	**59,869**	103,651

The top five prepayments as at 31 December 2015 represented 76.83% of the total prepayments.

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

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

4. Interest receivable

Item	**As at 31 December 2015**	As at 31 December 2014
Fixed deposit interest	**1,212**	1,461
Total	**1,212**	1,461

5. Other receivables

Item	**As at 31 December 2015**	As at 31 December 2014
Other receivables	**137,565**	147,827
Less: provision for bad debts	**3,291**	2,991
Net other receivables	**134,274**	144,836

(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)*

5. Other receivable *(Continued)*

(1) Analysis of other receivables by categories:

Item	As at 31 December 2015				As at 31 December 2014			
	Balance of carrying amount		Provision for bad debts		Balance of carrying amount		Provision for bad debts	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Significant individual other receivables with bad debt provision made on individual basis	–	–	–	–	–	–	–	–
Other receivables with bad debt provision made on group basis								
Aging group	4,611	3.35	1,346	29.19	61,943	41.90	1,046	1.69
Related party group	110,697	80.47	–	–	74,726	50.55	–	–
Non-risk group	20,312	14.77	–	–	8,113	5.49	–	–
Sub-total	135,620	98.59	1,346	0.99	144,782	97.94	1,046	0.72
Insignificant individual other receivables but with bad debt provision made on individual basis	1,945	1.41	1,945	100.00	3,045	2.06	1,945	63.88
Total	137,565	100.00	3,291		147,827	100.00	2,991	

(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)*

5. Other receivable *(Continued)*

(1) Analysis of other receivables by categories:

Other receivables with bad debt provision by aging analysis:

Item	As at 31 December 2015 Amount	Percentage (%)	Provision for bad debt	As at 31 December 2014 Amount	Percentage (%)	Provision for bad debt
Within 1 year	**1,541**	**–**	**–**	59,673	–	–
1-2 years	**800**	**10.00**	**80**	1,100	10.00	110
2-3 years	**1,100**	**30.00**	**330**	–	30.00	–
3-4 years	**–**	**50.00**	**–**	–	50.00	–
Over 4 years	**1,170**	**80.00**	**936**	1,170	80.00	936
Total	**4,611**		**1,346**	61,943		1,046

2) Other receivables by nature analysis:

Nature	As at 31 December 2015	As at 31 December 2014
Related party current account	**110,710**	74,800
Government grant	**–**	55,000
External unit current	**14,311**	9,065
Deposit and margin	**6,505**	5,648
Reserve funds	**4,472**	3,137
Other	**1,567**	177
Total	**137,565**	147,827

3) The top five other receivables as at 31 December 2015 represented 88.74% of the total other receivables.

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

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

6. Inventories

Item	As at 31 December 2015 Carrying amount	As at 31 December 2015 Provision for impairment	As at 31 December 2015 Carrying value	As at 31 December 2014 Carrying amount	As at 31 December 2014 Provision for impairment	As at 31 December 2014 Carrying value
Goods in stock	**39,458**	**3,495**	**35,963**	58,263	3,495	54,768
Total	**39,458**	**3,495**	**35,963**	58,263	3,495	54,768

As 31 December 2015, no goods in stock which had been written down to net realizable value in prior years were sold (2014: nil).

7. Non-current assets due within one year

Item	As at 31 December 2015	As at 31 December 2014
Long term expenses to be amortized in next year	**1,760**	1,489
Total	**1,760**	1,489

8. Other current assets

Item	As at 31 December 2015	As at 31 December 2014
Held-to-maturity investment (Note 1)	**13,040**	11,000
External loan (Note 2)	**10,000**	–
Total	**23,040**	11,000

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

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

8. Other current assets *(Continued)*

Note 1: As at 31 December 2015, the Held-to-maturity investment including:

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.

The Company had entered an investment agreement in accordance with the proportion of investment with (北京森林影畫文化傳媒有限公司) to which the Company will invest RMB12,040 thousand (representing 20% of total investment cost of the film) for the film project "Billow" (《巨浪》). The Company will enjoy the benefits in accordance with the proportion of investment based on the "Earnings Settlement Report". However, the company will not participate into the production process.

Note 2: As at 31 December 2015, BYD Logistics, a subsidiary of the Company, directly provided an interest-free loan of RMB10,000 thousand to Beijing Beiqing Top Advertising Limited (北京北青鼎力傳媒廣告有限公司), an associate of the Company. The term of the borrowing is from 11 June 2015 to 10 June 2016.

9. Financial assets available-for-sale

(1) Details of Financial assets available-for-sale

Item	As at 31 December 2015 Carrying amount	Provision for impairment	Carrying value	As at 31 December 2014 Carrying amount	Provision for impairment	Carrying value
Available-for-sale equity instrument	**170,815**	**5,069**	**165,746**	150,629	5,069	145,560
At fair value	**–**	**–**	**–**	–	–	–
Measured at cost	**170,815**	**5,069**	**165,746**	150,629	5,069	145,560
Total	**170,815**	**5,069**	**165,746**	150,629	5,069	145,560

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

Type	As at 31 December 2015	As at 31 December 2014
Unlisted equity investments, China	**170,815**	150,629
Provision for impairment of Unlisted equity investments	**5,069**	5,069
Total	**165,746**	145,560

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.

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

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

9. Financial assets available-for-sale *(Continued)*

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

	Carrying balance			
Investee	As at 1 January 2015	Increase in this year	Decrease in this year	As at 31 December 2015
Suzhou Huaying Culture Industry Investment Enterprise	4,500	–	822	3,678
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
Beijing Youth Daily Newspaper Internet Communication Technology CO., Ltd.	500	–	–	500
Flint Ink (Beijing) Co., Ltd.	2,069	–	–	2,069
Beijing Runxin Dingtai Investment Center (limited partnership)	25,000	25,000	2,992	47,008
Beijing 3D Investment Fund Management Ltd.	6,000	–	1,000	5,000
Total	150,629	25,000	4,814	170,815

	Provision for impairment					
Investee	As at 1 January 2015	Increase in this year	Decrease in this year	As at 31 December 2015	Shareholding percentage (%)	Cash bonus for the year ended 31 December 2015
Suzhou Huaying Culture Industry Investment Enterprise	–	–	–	–	2.25	1,692
Beijing Keyin Media Culture Co., Ltd.	–	–	–	–	16.00	–
Beiyang Publishing & Media AG	–	–	–	–	2.43	–
Beijing Gehua Sunshine Advertising Company	3,000	–	–	3,000	30.00	–
Beijing Youth Daily Newspaper Internet Communication Technology CO., Ltd.	–	–	–	–	5.00	–
Flint Ink (Beijing) Co., Ltd.	2,069	–	–	2,069	5.00	–
Beijing Runxin Dingtai Investment Center (limited partnership)	–	–	–	–	11.62	30,490
Beijing 3D Investment Fund Management Ltd.	–	–	–	–	14.29	–
Total	5,069	–	–	5,069	–	32,182

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

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

9. 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 2015	5,069	5,069
Provided in the current year	–	–
Including: transferred in from other comprehensive income	–	–
Decrease in this year	–	–
Including: subsequent reverse from increase in fair value	–	–
Provided for impairment as at 31 December 2015	5,069	5,069

10. Long-term equity investment

(1) Types for long-term equity investments

Type	**As at 31 December 2015**	As at 31 December 2014
Investments in associates – under equity method	**171,574**	209,326
Less: provision for impairment for investments in associate	**25,621**	25,621
Total	**145,953**	183,705

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

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

10. Long-term equity investment *(Continued)*

(2) Investments in associates

		Changes in the current year									
Investee	Balance as at 1 January 2015	Additional investment	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 as at 31 December 2015	Balance of impairment provision as at 31 December 2015
1. Associates											
Beijing Leisure Trend Advertising Company Limited ("Leisure Trend")	-	-	-	-	-	-	-	-	-	-	-
Beijing Beiqing Shengda Automobile Service Company Limited ("Beiqing Shengda")	-	-	-	-	-	-	-	-	-	-	-
Beijing Beisheng United Insurance Agency Co. Limited ("Beisheng United")	52	-	-	315	-	-	-	-	-	367	-
BY Time Consulting Co., Ltd. ("BY Time")	371	-	-	(274)	-	-	-	-	-	97	-
Beiqing Transmedia Co. Limited ("BOTM")	168,268	-	-	(24,961)	-	-	-	-	-	143,307	25,621
Beijing Beiqing Top Advertising Limited ("Beiqing Top")	11,115	-	-	(11,115)	-	-	-	-	-	-	-
Hebei Jujingcai E-commerce Company Limited ("Jujingcai")	2,318	-	-	(2,318)	-	-	-	-	-	-	-
Beijing Lingshi Technology Ltd. (北京零拾科技有限公司)	-	2,000		(821)	-	-	-	-	-	1,179	-
Chongqing Soyang Internet Technology Co., Ltd. ("Chongqing Soyang")	1,581	-	-	(578)	-	-	-	-	-	1,003	-
Total	183,705	2,000	-	(39,752)	-	-	-	-	-	145,953	25,621

Item	**As at 31 December 2015**	As at 31 December 2014
Unlisted investments, at cost	**192,532**	190,532
Share of post-acquisition (loss)/profit	**(21,283)**	18,469
Share of capital reserves of associates	**325**	325
Total	**171,574**	209,326

As at 31 December 2015, details for the Group's associates, please see 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)

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

11. Investment properties

(1) Investment properties measured at fair value

Item	Fair value as at 1 January 2015	Increase during the year: Purchase	Increase during the year: Gains or loss arising from changes in fair values	Decrease during the year: Disposal	Decrease during the year: Change into owner-occupied property	Fair value as at 31 December 2015
Cost	29,784	4,208	–			33,992
Buildings	29,784	4,208	–			33,992
Changes in fair value	23,375	–	(901)			22,474
Buildings	23,375	–	(901)			22,474
Carrying value	53,159	4,208	(901)			56,466
Buildings	53,159	4,208	(901)			56,466

The fair value of the Group's investment properties as at 31 December 2015 have been arrived at by reference to recent market prices for similar properties in the same locations and conditions.

As at 31 December 2015, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB11,270 thousand (2014: RMB7,246 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 RMB2,766 thousand (2014: RMB2,402 thousand).

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

Item	Fair value as at 31 December 2015	Fair value as at 1 January 2015
Located inside of PRC		
Medium term (10-50 years)	**47,157**	44,460
Located outside of PRC		
Long term (over 50 years)	**9,309**	8,699
Total	**56,466**	53,159

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

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

11. Investment properties *(Continued)*

(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	201 No.1 Zhuoda Scotland City84. Jinhai Road Weihai nanhaixinqu	Residential
5	301 No.1 Zhuoda Scotland City84. Jinhai Road Weihai nanhaixinqu	Residential
6	402 No.1 Zhuoda Scotland City84. Jinhai Road Weihai nanhaixinqu	Residential
7	501 No.1 Zhuoda Scotland City84. Jinhai Road Weihai nanhaixinqu	Residential
8	103 No.2 Zhuoda Scotland City84. Jinhai Road Weihai nanhaixinqu	Residential
9	No. 9, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
10	No. 3, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
11	No. 12, Section A, No.1 Floor, Jinyufenglinzhou, Office No.265 Yaojiayuanxikou, Chaoyang District, Beijing.	Office
12	C1501, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
13	C1502, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
14	C1503, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
15	C1505, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
16	C1506, No.5 Huizhong Road, Chaoyang District, Beijing.	Office
17	14612 Nevada CT Fontana, CA 92336 USA	Residential
18	Victoria Woods @ Providence, Block 0036, 2329 Victoria Dr Davenport FL 33837 USA	Residential
19	Champions Gate 50, Block H162, Champions Gate FL 33896 USA	Residential

(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)*

12. Fixed assets

(1) Breakdown of fixed assets

Item	As at 1 January 2015	Increase during the year	Decrease during the year	As at 31 December 2015
Total cost	38,673	1,526	559	39,640
Buildings	15,775	–	–	15,775
Plant and machinery	4,464	–	229	4,235
Motor vehicles	4,770	–	5	4,765
Office equipment	1,675	54	6	1,723
Electronic equipment	11,989	1,472	319	13,142
Total accumulated depreciation	25,948	3,533	314	29,167
Buildings	10,975	757	–	11,732
Plant and machinery	1,636	425	74	1,987
Motor vehicles	3,402	415	4	3,813
Office equipment	421	413	6	828
Electronic equipment	9,514	1,523	230	10,807
Total net carrying amount	12,725			10,473
Buildings	4,800			4,043
Plant and machinery	2,828			2,248
Motor vehicles	1,368			952
Office equipment	1,254			895
Electronic equipment	2,475			2,335
Total provision for impairment loss	–	–	–	–
Buildings	–	–	–	–
Plant and machinery	–	–	–	–
Motor vehicles	–	–	–	–
Office equipment	–	–	–	–
Electronic equipment	–	–	–	–
Total net book value	12,725			10,473
Buildings	4,800			4,043
Plant and machinery	2,828			2,248
Motor vehicles	1,368			952
Office equipment	1,254			895
Electronic equipment	2,475			2,335

(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)*

12. Fixed assets *(Continued)*

(1) Breakdown of fixed assets (Continued)

For the year ended 31 December 2015, the depreciation of fixed assets recognized in the consolidated income statement amounted to RMB3,533 thousand (2014: RMB2,961 thousand).

For the year ended 31 December 2015, the net loss on disposal of fixed assets recognized in the consolidated income statement amounted to RMB243 thousand (2014: net profit of RMB97 thousand).

For the year ended 31 December 2015, the rental income generated from fixed assets recognized in the consolidated income statement amounted to RMB3,843 thousand (2014: RMB3,843 thousand).

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

Item	As at 31 December 2015	As at 1 January 2015
Located inside of PRC		
Medium term (10-50 years)	**4,043**	4,800
Total	**4,043**	4,800

(3) Fixed assets through operating lease

As at 31 December 2015, a fixed asset with carrying amount of RMB4,043 thousand (cost of RMB15,775 thousand) was leased out through operating lease (2014: carrying amounts of RMB4,800 thousand, cost of RMB15,775 thousand).

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

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

13. Intangible assets

(1) Breakdown of intangible assets

Item	As at 1 January 2015	Increase during the year	Decrease during the year	As at 31 December 2015
Total cost	54,310	–	13	54,297
Land use rights	40,226	–	–	40,226
Software	1,784	–	13	1,771
Operation rights	12,300	–	–	12,300
Total accumulated amortization	16,522	1,458	3	17,977
Land use rights	14,988	888	–	15,876
Software	919	160	3	1,076
Operation rights	615	410	–	1,025
Total carrying amount	37,788	–	–	36,320
Land use rights	25,238	–	–	24,350
Software	865	–	–	695
Operation rights	11,685	–	–	11,275

For the year ended 31 December 2015, the amortization of intangible assets recognized in the consolidated income statement for the year is RMB1,458 thousand (2014: RMB1,443 thousand).

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

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

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

14. Goodwill

Item	As at 31 December 2015	As at 31 December 2014
Goodwill arising from the acquisition of Beiqing CéCi	**47,377**	47,377
Less: provision for impairment loss	**–**	–
Total	**47,377**	47,377

Goodwill arising from the acquisition of Beiqing CéCi in 2011 was assessed for impairment at 31 December 2015.

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.

15. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets not written off

Item	As at 31 December 2015		As at 31 December 2014	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	**10,994**	**2,749**	8,399	2,100
Employee benefit payables	**69**	**17**	905	226
Taxable difference of taxable income	**(79)**	**(20)**	8,832	2,208
Uncompensated loss	**51,764**	**12,941**	–	–
Total	**62,748**	**15,687**	18,136	4,534

(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)*

15. Deferred income tax assets and deferred income tax liabilities *(Continued)*

(2) Deferred income tax liabilities not written off

Item	As at 31 December 2015 Taxable temporary difference	As at 31 December 2015 Deferred income tax liabilities	As at 31 December 2014 Taxable temporary difference	As at 31 December 2014 Deferred income tax liabilities
Change in fair value of investment properties	**18,055**	**4,514**	20,122	5,030
Total	**18,055**	**4,514**	20,122	5,030

(3) As at 31 December 2015, the Group has unused tax losses of approximately RMB26,204 thousand (2014: RMB20,607 thousand) available for offset against future taxable profits. No deferred income tax assets has been recognized for these tax losses due to the uncertainty of future taxable profits streams. These tax losses will be expired at various dates up to 2020.

16. Other non-current assets

Item	As at 31 December 2015	As at 31 December 2014
Entrustment loan (Note 1)	**3,000**	3,000
Film project prepaid expenses (Note 2)	**56,090**	11,816
Total	**59,090**	14,816

Note 1: As at 31 December 2015, the Company provided an 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 annum.

Note 2: Film project prepaid expenses related to the Company's participation in film and television production of "Oriental King of Soccer" (《東方球王》), "38th Parallel" (《生死三八線》) and "Heart of Ice" (《破冰》). The settlement period of the project exceeds one year. The Company entered into agreements with Daqianmen (Beijing) Media Co. Ltd., pursuant to which the Company participated in the production of TV series "Oriental King of Soccer"; with Beijing Jiaren Culture Media Co., Ltd., pursuant to which the Company involved in production of TV series "38th Parallel"; and with Beijing Forest Movies Culture Media Co., Ltd., pursuant to which the Company involved in production of TV series "Heart of Ice". As at 31 December 2015, the balances of prepaid expenses related to the remaining television projects "Oriental King of Soccer", "38th Parallel", and "Heart of Ice" are RMB21,600 thousand, RMB30,000 thousand, and RMB4,490 thousand respectively.

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

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

17. Breakdown of impairment provision of assets

Item	As at 1 January 2015	Increase during the year: Provision	Increase during the year: Other transfer-in	Decrease during the year: Reversal	Decrease during the year: Other transfer-out	As at 31 December 2015
Provision for bad debts	27,241	18,920	–	20	–	46,161
Provision for impairment of inventories	3,495	–	–	–	–	3,495
Provision for impairment of available for sale financial assets	5,069	–	–	–	–	5,069
Provision for impairment of investments in associate	25,621	–	–	–	–	25,621
Total	61,426	18,920	–	20	–	80,346

18. Notes payable

Item	**As at 31 December 2015**	As at 31 December 2014
Bankers' acceptances	**35,114**	81,545
Total	**35,114**	81,545

19. Accounts payable

The following is an aging analysis of accounts payable as at 31 December 2015 presented based on the invoice date:

Item	**As at 31 December 2015**	As at 31 December 2014
0-90 days	**11,849**	29,059
91-180 days	**17,212**	13,874
181-365 days	**4,061**	27,674
Over one year	**42,211**	37,114
Total	**75,333**	107,721

The average credit term 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.

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

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

20. Employee benefit payables

(1) Classification for employee benefit payables

Item	As at 31 December 2015	As at 31 December 2014
Short-term remuneration	**5,873**	6,646
Post-employment benefit – Defined contribution plan	**903**	770
Total	**6,776**	7,416

(2) Short-term remuneration

Item	As at 1 January 2015	Increase during the year	Decrease during the year	As at 31 December 2015
Salaries, bonus, allowances and subsidies	2,867	57,947	59,189	1,625
Staff benefits	–	4,480	4,463	17
Social security insurance	358	5,380	5,233	505
Including: medical insurance	325	4,781	4,691	415
labor injury insurance	11	183	178	16
maternity insurance	22	416	364	74
Housing fund	–	5,318	5,318	–
Union fund and staff education fund	3,421	1,188	883	3,726
Total	6,646	74,313	75,086	5,873

(3) Defined contribution plan

Item	As at 1 January 2015	Increase during the year	Decrease during the year	As at 31 December 2015
Basic pension insurance	737	9,424	9,299	862
Unemployment insurance	33	479	471	41
Total	770	9,903	9,770	903

(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)*

21. Tax payables

Item	As at 31 December 2015	As at 31 December 2014
Value added tax	**(20,040)**	(18,917)
Business tax	**86**	105
Corporate Income Tax	**10,142**	200
Personal Income Tax	**306**	360
Urban maintenance and construction tax	**124**	49
Property tax	**–**	–
Education surcharge	**89**	35
Cultural Construction Fee	**(619)**	1,750
Stamp duty	**893**	–
Total	**(9,019)**	(16,418)

22. Other payables

Item	As at 31 December 2015	As at 31 December 2014
Other payables	**67,077**	26,998
Total	**67,077**	26,998

As at 31 December 2015, no foreign currency-denominated payables in other payables (2014: nil).

23. Non-current liabilities due within one year

Item	As at 31 December 2015	As at 31 December 2014
Long-term loans – repayable within 1 year	**6,500**	7,500
Total	**6,500**	7,500

(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)*

24. Other current liabilities

Item	**As at 31 December 2015**	As at 31 December 2014
Deferred income of customer loyalty program (advertising incentives)	**2,432**	5,147
Total	**2,432**	5,147

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

25. Long-term loans

(1) Borrowings classification

Type	**As at 31 December 2015**	As at 31 December 2014
Bank loans – secured	**12,000**	19,500
Less: Borrowings due within one year	**6,500**	7,500
Total	**5,500**	12,000

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

Maturity date	**As at 31 December 2015**	As at 31 December 2014
1 to 2 years	**5,500**	6,500
2 to 5 years	**–**	5,500
Total	**5,500**	12,000

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

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

26. Share Capital

Item	**As at 31 December 2015**	As at 31 December 2014
Ordinary shares of RMB1.00 each		
Registered, issued and fully paid:		
– Domestic shares	**142,409**	142,409
– H shares	**54,901**	54,901
Total	**197,310**	197,310

27. Capital reserves

Item	As at 1 January 2015	Increase during the year	Decrease during the year	As at 31 December 2015
Share capital premiums	887,794	48,853	–	936,647
Other	–	–	172	(172)
Total	887,794	48,853	172	936,475

Note: For the increase in capital reserves during the year, please refer to the disclosure set out in "Changes in share of shareholders equity of the Subsidiary and still control over the subsidiary" under note X, "DISCLOSURE OF INTERESTS IN OTHER ENTITIES"

28. Other comprehensive income

Item	As at 1 January 2015	Amount before income tax for the year	Less: other comprehensive income subsequently reclassified into profit or loss in current year	Less: income tax expenses	Amount after tax attributable to shareholders of the Company	Amount after tax attributable to non-controlling minority shareholders	As at 31 December 2015
1. Other comprehensive income subsequently unable to reclassification and be credited into profit or loss	-	-	-	-	-	-	-
2. Other comprehensive income subsequently able to reclassification and be credited into profit or loss	(6)	-	-	-	35	23	52
Including: Exchange differences from retranslation of financial statement	(6)	-	-	-	35	23	52
Total other comprehensive income	(6)	-	-	-	35	23	52

(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)*

29. Surplus reserves

Item	As at 1 January 2015	Increase during the year	Decrease during the year	As at 31 December 2015
Statutory surplus reserves	130,931	–	–	130,931
Total	130,931	–	–	130,931

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.

30. Undistributed profits

Item	For the year ended 31 December 2015 Amount	Appropriation (%)
Balance as at 31 December 2014	**65,701**	
Add: Beginning retained earnings adjustment	**–**	
Balance as at 1 January 2015	**65,701**	
Add: Net profit attributable to shareholders of Company for Current Year	**(45,372)**	
Less: Provision of statutory surplus reserves	**–**	**10**
Provision of discretionary surplus reserves	**–**	
Provision of general risk reserves	**–**	
Ordinary share dividend payable	**19,731**	
Capitalized ordinary share dividend	**–**	
Balance as at 31 December 2015	**598**	

As at 31 December 2015, the Group's undistributed profits attributable to the Shareholders of the Company included a surplus reserve of RMB2,345 thousand (2014: RMB25,882 thousand) from the subsidiaries.

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

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

31. 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 2015	As at 31 December 2014
BYD Logistics Company Limited	7.16	**5,282**	5,481
Beiqing CéCi Advertising (Beijing) Limited	15.31	**14,341**	13,737
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16	**2,253**	3,426
Chongqing Youth Media Company Limited	40.00	**4,908**	6,207
Beiqing Community Cultural Media (Beijing) Limited	45.63	**30,516**	385
Total		**57,300**	29,236

32. Total operating revenue, operating costs

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Principal operating revenue	**480,184**	656,943
Other operating revenue	**29,073**	23,826
Total operating revenue	**509,257**	680,769
Principal operating costs	**388,478**	517,648
Other operating costs	**15,742**	19,560
Total operating costs	**404,220**	537,208
Gross Profit	**105,037**	143,561

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)

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

32. Total operating revenue, operating costs

(1) Principal operations – by business

	For the year ended 31 December 2015		For the year ended 31 December 2014	
	Operating revenue	**Operating costs**	Operating revenue	Operating costs
Advertising	**249,181**	**173,256**	360,187	244,434
Printing	**18,134**	**17,518**	24,658	24,258
Trading of print-related materials	**199,343**	**186,807**	260,567	242,518
Distribution	**4,563**	**4,881**	6,457	5,267
Consultation service income	**2,348**	**1,896**	3,277	725
Game development income	**6,615**	**4,120**	1,797	446
Total	**480,184**	**388,478**	656,943	517,648

(2) For the year ended 31 December 2015, the sum of operating revenue from the top five customers is RMB94,213 thousand representing 18.50% of total operating revenue.

(3) Other operating revenue mainly includes the production revenue of RMB11,660 thousand in respect of production of TV series "All Quiet in Peking", by the Company and Beijing Spring Integration Film Limited for production; distribution revenue of RMB270 thousand in respect of joint production of film "The Story of Zheng Yang Gate" with cooperation with Daqianmen (Beijing) Media Co., Ltd.

33. Sales Tax and Surcharges

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Business tax	**481**	659
Cultural Construction Fee	**6,236**	10,307
Urban maintenance and construction tax	**397**	386
Education surcharge	**170**	166
Local Education surcharge	**114**	111
Other	**50**	20
Total	**7,448**	11,649

(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)*

34. Financial expenses

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Interest expenses – on bank loans fully repayable within 5 years	**2,617**	836
Less: Interest income	**7,491**	11,566
Add: Exchange loss	**232**	67
Add: Other expenses	**2,355**	832
Total	**(2,287)**	(9,831)

35. Impairment loss of assets

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Provision for bad debts	**18,920**	13,246
Impairment loss on inventories	**–**	3,434
Provision for impairment of investments in associate	**–**	25,621
Total	**18,920**	42,301

36. Loss on the changes in fair value

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Loss on changes in fair value of investment properties	**(901)**	(8,234)
Total	**(901)**	(8,234)

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

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

37. Investment loss

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Share of loss of associates	**(39,752)**	(40,521)
Other investment income (Note)	**32,182**	69
Total	**(7,570)**	(40,452)

Note: Other investment income in the Company during the year is cash dividend RMB1,692 thousand from available for sale financial assets Suzhou Huaying Culture Industry Investment Enterprise and cash dividend RMB30,490 thousand from Beijing Runxin Dingtai Investment Center received by Legal Evening Post Media Company Limited, a whole owned subsidiary of the Company.

38. Non-operating income

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Government grants (Note)	**1,024**	55,000
Donation received	**–**	1,750
Gain on disposal of fixed assets	**5**	97
Compensation benefit	**3**	97
Others	**78**	78
Total	**1,110**	57,022

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.

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

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

39. Non-operating expenses

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Loss on disposal of fixed assets	**248**	9
Public donations expenses	**–**	10
Stock loss	**–**	48
Compensation and late payment charges	**87**	–
Others	**25**	11
Total	**360**	78

40. Income tax expenses

(1) Income tax expenses

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Current income tax expenses	**8,413**	3,175
Deferred income tax expenses	**(11,670)**	(2,464)
Total	**(3,257)**	711

(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)*

40. Income tax expenses *(Continued)*

(2) Current tax expenses

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Current income tax – PRC	**8,433**	3,419
Under-provision in prior years – PRC	**(20)**	(244)
Total	**8,413**	3,175

No provisions for Hong Kong profits tax of the Group during the year, as there was no profit generated from Hong Kong.

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

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Total profit	**(57,735)**	5,607
Income tax calculated at the applicable tax rate of 25%	**(14,434)**	1,402
Tax effect of non-taxable income	**–**	(8,416)
Tax effect of non-deductible expenses	**1,997**	(119)
Tax effect of special tax exemptions	**–**	–
Tax effect of the subsidiary's losses in current year	**23,447**	9,297
Utilisation of previously unrecognized tax losses	**(14,247)**	(1,697)
Underprovision in prior years	**(20)**	244
Income tax expense	**(3,257)**	711

Note: The Company is an enterprise mainly engaged in providing newspaper advertising services in 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.

41. Auditors' remuneration

The auditors' remuneration for the year was RMB1,800 thousand (2014: RMB1,800 thousand).

(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)*

42. Emoluments of Directors, Supervisors and Employees

(1) Emoluments of Directors and Supervisors

1) The amount paid or payable as emoluments to the 22 (2014: 21) directors and supervisors are as follows:

For the year ended at 31 December 2015:

Name	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefit scheme	total
Directors					
Zhang Yanping	–	531	53	44	628
Yu Haibo	–	531	53	44	628
Li Shiheng	–	–	–	–	–
He Xiaona	–	380	53	44	477
Wang Lin	–	–	–	–	–
Wu Peihua	–	–	–	–	–
Liu Han	–	–	–	–	–
Li Yigeng	–	–	–	–	–
Li Xiaobing	–	–	–	–	–
Xu Xun	20	–	–	–	20
Song Jianwu	100	–	–	–	100
Cui Baoguo	100	–	–	–	100
Cui Enqing	100	–	–	–	100
Wu Tak Lung	100	–	–	–	100
Chen Ji	100	–	–	–	100
Duan Gang(ii)	–	343	53	44	440
Subtotal	520	1,785	212	176	2,693
Supervisors					
Yan Mengmeng	–	222	52	44	318
Ma Chundan	–	–	–	–	–
Tian Kewu	–	–	–	–	–
Zhang Chuanshui	20	–	–	–	20
Zhao Meng	20	–	–	–	20
Li Xin	–	204	38	31	273
Subtotal	40	426	90	75	631
Total	560	2,211	302	251	3,324

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

(ii) Mr. Duan Gang was appointed as an executive Director with effect from 19 June 2015 in the 2014 annual general meeting of the Company and has resigned from his position as an executive Director with effect from 7 December 2015.

(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)*

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

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

1) The paid or payable emoluments of the 22 (2014: 21) directors and supervisors are as follows: *(Continued)*

For the year ended at 31 December 2014:

Name	Fees	Salary	Other benefits (i)	Employer's contribution to retirement benefit scheme	total
Directors					
Zhang Yanping	–	531	48	40	619
Yu Haibo	–	514	48	40	602
Sun Wei (iii)	–	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 (iv)	–	–	–	–	–
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
Subtotal	560	1,703	156	120	2,539
Supervisors					
Yan Mengmeng	–	221	48	39	308
Tian Kewu	10	–	–	–	10
Zhang Chuanshui	20	–	–	–	20
Ma Chundan	–	160	35	28	223
Zhao Meng	20	–	–	–	20
Subtotal	50	381	83	67	581
Total	610	2,084	239	187	3,120

(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)*

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

(1) Emoluments of Directors and Supervisors (Continued)

1) The paid or payable emoluments of the 22 (2014: 21) directors and supervisors are as follows: *(Continued)*

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

(iii) A Mr. Sun Wei reached the age of retirement, he ceased to be the president of the Company effective from 7 March 2014, and ceased to be the executive director of the Company, effective 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 to replace Mr. Sun Wei. For details, please refer to the announcement of the Company dated 7 March 2014.

(iv) Appointed on 20 May 2014.

(2) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2014: three) were directors. The emoluments of the remaining one individual (2014: two) were as follows:

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Basic salaries and allowance	**433**	856
Employer's contributions to retirement benefit scheme	**44**	79
Total	**477**	935

(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)*

42. 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:

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
HKD0 – HKD1,000,000 (equivalent to RMB837,780)	**1**	2
Total	**1**	2

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

(3) Emoluments of Senior Management

The remunerations of Senior Management fall within the following band:

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
HKD0 – HKD500,000 (equivalent approximately RMB418,890)	**2**	–
HKD500,001 – HKD1,000,000 (equivalent approximately RMB418,891 to RMB837,780)	**4**	5
Total	**6**	5

43. 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 2015 (2014: 20%) of the employees' basic salaries, which is subject to certain cap as stipulated by relevant local authority. Contributions to this retirement scheme are charged to the consolidated statement of comprehensive income as and when incurred. Under this scheme, the Group has no obligation for post-retirement benefit beyond the annual contributions.

For the year ended 31 December 2015, contributions from retirement benefit scheme recognized in income statement was RMB9,424 thousand (2014: RMB8,239 thousand)

(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)*

44. Dividends

(1) The directors didn't propose any divided for 2015 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:

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Final dividend of RMB0.10 per share for the year ended 31 December 2014 (2014: 2013 final dividend of RMB0.14) (Note)	**19,731**	27,623
Total	**19,731**	27,623

Note: The Company had paid final dividend of 2014 to the shareholders of the Company before 31 August 2015.

H share individual shareholders on the register of shareholders on 29 June 2015 have been withheld 10% individual income tax according to the requirements of the State Taxation Administration upon receiving their final dividends.

45. Distributable reserve

As at 31 December 2015, the Company's accumulated loss was RMB34,991 thousand (undistributed profits available for distribution as at 31 December 2014: RMB35,422 thousand).

46. Other comprehensive income

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Other comprehensive income to be reclassified to gains or loss:		
Exchange differences from retranslation of financial statements	**35**	(4)
Subtotal	**35**	(4)
Total	**35**	(4)

(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)*

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

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Net (loss)/profit	**(54,478)**	4,896
Add: Impairment loss of assets	**18,920**	42,301
Fixed assets depreciation, oil and gas depletion, productive biological assets depreciation	**3,533**	2,961
Amortization of intangible assets	**1,458**	1,443
Amortization of long-term prepaid expenses	**2,194**	1,185
Gain on disposal of fixed assets, intangible assets and other long-term assets	**243**	(88)
Gain on the changes in fair value	**901**	8,234
Financial expenses	**(6,100)**	(8,493)
Investment loss	**7,570**	40,452
Increase in deferred income tax assets	**(11,153)**	(397)
Decrease in deferred income tax liabilities	**(516)**	(2,066)
Decrease (less: increase) of inventories	**18,805**	(2,157)
Decrease (less: increase) in operating accounts receivable	**55,231**	(245,294)
Decrease in operating accounts payable	**(59,312)**	(17,559)
Net cash flow used in operating activities	**(22,704)**	(174,582)

(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)*

48. Changes in cash and cash equivalents

Item	As at 31 December 2015	As at 31 December 2014
Bank balances and cash at the end of year	**234,759**	228,526
Less: Bank balances and cash at beginning of year	**228,526**	160,139
Cash equivalents at the end of year	**–**	–
Less: cash equivalents at beginning of year	**–**	–
Net change in cash and cash equivalents	**6,233**	68,387

49. Cash and cash equivalents

Item	As at 31 December 2015	As at 31 December 2014
Bank balances and cash	**349,953**	366,321
Less: Short-term bank deposits with maturity more than 3 months	**111,683**	125,040
Restricted bank deposits	**3,511**	12,755
	234,759	228,526
Representing:		
Cash in hand	**259**	213
Deposits held at call with banks	**234,500**	228,313
Cash and cash equivalents at the end of the year	**234,759**	228,526

50. Major non-cash transactions

During the year, certain advertising customers settled the obligation payable to the Group of RMB7,816 thousand through transferring a property at fair value of RMB5,328 thousand and other inventory at fair value of RMB2,488 thousand.

IX. CHANGES IN CONSOLIDATED SCOPE

1. Business combination

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

2. Disposal of subsidiaries

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

3. Changes in consolidated scope for other reasons

For the current year, the Group had no change in consolidated scope as a result of other reasons.

(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 the Group

Name of subsidiary	Primary operation place	Registered place	Business nature	Shareholding percentage (%) direct	Shareholding percentage (%) indirect	Acquisition methods
BYD Logistics Company Limited	Beijing, PRC	Beijing, PRC	Logistics and warehousing	92.84	–	Establishment
Beiqing CéCi 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 1)	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 (Note 2)	Beijing, PRC	Beijing, PRC	Advertising services	54.37	–	Establishment
Chong Qing 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 1: 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 Lonteng Ruiziang Culture Development Co., Ltd, pursuant to which the Company jointly injected capital RMB30,000 thousand 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 thousand, while Beijing Media contributed RMB1,100 thousand. Beijing 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 thousand. 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 thousand. Among which, the shareholding of the Company was 80.84%.

The second phase of capital injection shall be paid before 12 November 2015. However no injection was received from Longteng Ruixiang as of 31 December 2015.

Note 2: On 9 March 2016, Beijing community Media completed the shareholding system reform and was renamed as "Beijing Community Media Technology (Beijing) Co., Ltd.

(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)*

(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 2015
BYD Logistics Company Limited	7.16	(199)	–	5,282
Beiqing CéCi Advertising (Beijing) Limited	15.31	604	–	14,341
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16	(1,174)	–	2,253
Chongqing Youth Media Company Limited	40.00	(1,322)	–	4,908
Beiqing Community Culture Media (Beijing) Limited	45.63	(7,016)	–	30,516

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

Name of subsidiary	As at 31 December 2015						As at 31 December 2014					
	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	188,617	4,469	193,086	119,297	-	119,297	258,725	7,031	265,756	189,191	–	189,191
Beiqing CéCi Advertising (Beijing) Limited	52,078	109	52,187	5,904	-	5,904	45,369	71	45,440	3,104	–	3,104
Beiqing Long Teng Investment Management (Beijing) Co., Limited	10,591	5,206	15,797	8,002	-	8,002	8,975	6,314	15,289	1,368	–	1,368
Chongqing Youth Media Company Limited	7,710	11,273	18,983	6,713	-	6,713	9,571	12,353	21,924	6,408	–	6,408
Beiqing Community Culture Media (Beijing) Limited	86,397	15,121	101,518	34,641	-	34,641	7,155	2,034	9,189	7,575	–	7,575

(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 subsidiary	For the year ended 31 December 2015				For the year ended 31 December 2014			
	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	275,374	(2,776)	(2,776)	4,910	401,002	1,608	1,608	(5,173)
Beiqing CéCi Advertising (Beijing) Limited	35,282	3,947	3,947	(8,559)	32,696	5,981	5,981	(1,802)
Beiqing Long Teng Investment Management (Beijing) Co., Limited	2,348	(6,125)	(6,125)	(3,444)	3,277	(7,792)	(7,792)	(303)
Chongqing Youth Media Company Limited	13,814	(3,304)	(3,252)	(1,675)	8,575	(4,900)	(4,906)	(4,608)
Beiqing Community Culture Media (Beijing) Limited	38,709	(20,737)	(20,737)	(35,858)	11,138	(17,729)	(17,729)	(17,597)

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 Media Technology (Beijing) Co., Ltd. (hereinafter referred to as" Community Media") held its first extraordinary general meeting on 20 January 2015, at which Beijing Beiqing Community Culture Media Investment Centre Limited Partnership was approved to be a new shareholder of Community Media; and 38 original natural shareholders of Community Media were approved to transfer their entire equity interests to Beijing Beiqing Community Culture Media Investment Centre Limited Partnership at the original capital contribution amount and all shareholders agreed to give up their pre-emptive rights for such shares. Following such change in shareholdings, there was no change in the capital amount of Community Media and the Company's shareholding percentage remained at 76.14%. The shareholding percentage of Beijing Beiqing Community Culture Media Investment Centre Limited Partnership in Community Media was 23.86%.

Community Media held its 2015 annual general meeting on 4 May 2015, approving Beiqing Community Culture Media to add 1 shareholder and increase the Company's registered capital of RMB4,925 thousand. Hangzhou Shineng Investment Consulting Co., Ltd. (formerly named Hangzhou Xipan Investment Advisory Co., Ltd.), the newly added shareholder, completed its actual contribution of RM30,000 thousand on 29 May 2015, of which the premium of RMB25,075 thousand were attributable to the capital reserve of the Company. Upon increasing the capital, the registered capital of Community Media is RMB24,625 thousand. The Company's shareholding percentage decreased from 76.14% to 60.91%, shareholding percentage of Beijing Beiqing Community Culture media Investment Centre Limited Partnership decreased from 23.86% to 19.09%. The new shareholder, Hangzhou Shineng Investment Consulting Co., Ltd held 20.00%. of shareholding.

As at 28 October 2015, Community Media held its second extraordinary general meeting, approving Community Medi to add 4 shareholders – 上海星京投資管理中心(limited partnership)、寧波祥雲雙信一號投資合夥企業(limited partnership)、東海瑞京資產管理(上海)有限公司and特銀南通股權投資基金管理中心(limited partnership), jointly invested a total of RMB56,000 thousand. This increased the Company's registered capital of RMB2,966 thousand, of which the premium of RMB53,034 thousand were attributable to the capital reserve of the Company. The four new shareholders injected a total of RMB56,000 thousand on 26 October 2015, 28 October 2015, 29 October 2015, 30 October 2015 and 2 November 2015 respectively. Upon increasing the capital, the registered capital of Community Medi is RMB27,591 thousand. The shareholding percentage of the Company decreased from 60.91% to 54.37%, shareholding percentage of Beijing Beiqing Community Culture Media Investment Centre Limited Partnership decreased from 19.09% to 17.03%; and the shareholding percentage of Hangzhou Shineng Investment Consulting Co., Ltd. decreased from 20.00% to 17.85%. The shareholding percentage of the 4 new shareholders, namely海星京投資管理中心(limited partnership)、寧波祥雲雙信一號投資合夥企業(limited partnership)、東海瑞京資產管理(上海)有限公司and特銀南通股權投資基金管理中心(limited partnership) was 3.84%, 3.07%, 1.92% and 1.92% respectively. Community Media had completed its registration with industrial and commercial administration on 29 October 2015.

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

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

Item	Beiqing Community Culture Media (Beijing) Limited
Cash	86,000
Disposal consideration of equity	86,000
Less: net assets share of subsidiary according to disposal equity percentage calculation	37,147
Differences	48,853
Including: adjustment to capital reserves	48,853

3. Interests in associates

(1) Major associates

Name of associates	Registered place	Primary operation place	Business nature	Shareholding percentage (%) Direct	Shareholding percentage (%) indirect	Voting percentage (%)	Business Structure
Beijing Leisure Trend Advertising Company Limited	PRC	Beijing	Design, production, agency advertising	49.00	—	49.00	Limited liability Company
Beijing Beiqing 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
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	18.06	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
Beijing Lingshi Technology Limited (北京零拾科技有限公司)	Beijing	Beijing	Primary agricultural products and other goods sale	20.00	—	20.00	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 associates adopted by the Group is equity method.

Chongqing Soyang Internet Technology Co., Ltd, is 35% owned as to Chongqing Youth Media Company Limited, a subsidiary of Beijing Media.

(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 associates *(Continued)*

(2) Major financial information for Significant associates

	Beiqing Transmedia Co. Limited (consolidated)	
Item	**As at 31 December 2015/for the year ended 31 December 2015**	As at 31 December 2014/for the year ended 31 December 2014
Current assets:	**703,983**	663,895
Including: cash and cash equivalents	**1,119**	8,859
Non-current assets	**118,250**	142,562
Total assets	**822,233**	806,457
Current liabilities:	**416,442**	327,770
Non-current liabilities	**–**	–
Total liabilities	**416,442**	327,770
Minority interest	**(5,488)**	12,825
Attributable to shareholder's equity of the Company	**411,279**	465,861
Net assets share calculated on shareholding percentages	**148,554**	168,269
Adjustments		
– goodwill	**25,621**	25,621
– unrealized profit in internal transactions	**–**	–
– other	**(5,246)**	–
Book value for investment in associates	**168,929**	193,890
Fair value of investment in associates with open quoted prices operating revenue		
Operating income	**287,633**	247,243
Financial expenses	**10,703**	8,775
Income tax expenses	**(292)**	1,345
Net profits	**(69,106)**	(76,946)
Net profit from discontinued operation	**–**	–
Other comprehensive income	**–**	–
Total comprehensive income	**(69,106)**	(76,946)
Dividend from associates received in the year	**–**	–

(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 associates *(Continued)*

(3) *Aggregated financial information of insignificant associates*

Item	**As at 31 December 2015/for the year ended 31 December 2015**	As at 31 December 2014/for the year ended 31 December 2014
Associates:		
Total book value in investment	**2,645**	15,436
Aggregated amounts per shareholding percentage for the followings:		
– net profits	**(14,791)**	(12,728)
– other comprehensive income	**–**	–
– total comprehensive income	**(14,791)**	(12,728)

(4) *Excess losses from associates*

Name of associates	Accumulated and unrecognized losses in the previous years on 31 December 2014	Unrecognized loss for the year (or net profits shared in the year)	**Accumulated and unrecognized losses on 31 December 2015**
Beijing Leisure Trend Advertising Company Limited	(3,719)	18	**(3,701)**
Beijing Beiqing Shengda Automobile Service Company Limited	(176)	(280)	**(456)**
Beijing Beiqing Top Advertising Limited	–	(4,757)	**(4,757)**
Hebei Jujingcai E-commerce Company Limited	–	(335)	**(335)**
Total	(3,895)	(5,354)	**(9,249)**

(5) *Unrecognized commitments in relation to associate*

Nil.

(6) *Contingent liabilities in relation to associate*

Nil.

XI. DISCLOSURE OF FAIR VALUES

1. Value of assets and liabilities measured at fair value and fair value measure level

Item	Fair value as at 31 December 2015 Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
1. Fair value measurement on recurred basis				
(1) Investment property				
1. Leased building	56,466	–	–	56,466
Total assets at fair value on recurred basis	56,466	–	–	56,466

The Group's fair value of investment property as at 31 December 2015 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 transactions 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	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
Subsidiary of BYDA	Beijing China Open Promotion Co., Ltd.
Subsidiary of BYDA	Beijing Youth Daily Network Communication Technology Co., Ltd.
Subsidiary of BYDA	Beijing Evening Education Consultancy Co., Ltd.
Associate of the Company	Beiqing Transmedia Co. Limited
Associate of the Company	Beijing Beiqing Top Advertising Limited
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Beijing Beisheng United Insurance Agency Co., Limited
Associate of the Company	Beijing Beiqing Shengda Automobile Service Company Limited

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

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

1. Relationships of related parties *(Continued)*

Related parties that had transactions with the Group during the year are as follows: *(Continued)*

Relationship	Name of related party
Associate of the Company	Hebei Jujingcai E-commerce Company Limited
Associate of the Company	BY Time Consultanting Co., Ltd
Associate of the Company	Beijing Lingshi Technology Limited
Associate of the Company	Chongqing Sou Yang Internet Technology Company Limited
Other related parties	Shanghai China Business News Company Limited (Note 1)
Other related parties	Chongqing Youth Industrial Co., Ltd (Note 2)
Other related parties	Chongqing Youth Daily
Other related parties	Korea Central M&B Publishing Group

Note 1: Shanghai China Business News Company Limited is a associate of BYDA.

Note 2: Chongqing Youth Industrial Co., Ltd. is one of the shareholders of Chongqing Media.

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 so on.

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

Parent company	As at 1 January 2015	Increasing during the period	Decreasing during the period	As at 31 December 2015
BYDA	22,439	–	–	22,439

(3) Changes in ownership and equity held by the parent company

	Shareholding amounts		Shareholding percentage (%)	
Parent company	As at 31 December 2015	As at 1 January 2015	As at 31 December 2015	As at 1 January 2015
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)

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

3. Related party transactions

(1) Purchase of goods/receipt of services

Related Parties	Pricing policy of related party transaction	For the year ended 31 December 2015	For the year ended 31 December 2014
BYDA (Note)	Contracted price	**19,326**	47,983
Subsidiaries of BYDA	Contracted price	**1,553**	2,657
Associates of the Company	Contracted price	**208**	–
Other related parties	Contracted price	**2,395**	690
Total		**23,482**	51,330

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/services rendered

Related Parties	Pricing policy of related party transaction	For the year ended 31 December 2015	For the year ended 31 December 2014
BYDA	Contracted price	**988**	1,178
Subsidiaries of BYDA	Contracted price	**22,343**	68,167
Associates of the Company	Contracted price	**8,431**	28,059
Other related parties	Contracted price	**7,357**	6,287
Total		**39,119**	103,691

(3) Leasing – The Group as lessor

Lessee	Nature of assets leased	Date of commencement	Date of Termination	Basis for rental income	Rental income recognized for the year
BYDA	Building	2013-1-1	2015-12-31	Contracted price	3,843

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

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

As at 31 December 2015, the Company provided entrusted loan in aggregate of RMB3,000 thousand to Chongqing Youth Industrial Co., Ltd. (one of the shareholders of Chongqing Media) for a term of three years and carry fixed interest rates of 6.15% per annum. The term of loan commenced from 29 October 2013 to 29 October 2016.

(6) Remuneration for key management personnel

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Remuneration for key management personnel	**5,159**	5,125

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 2015, BYDA provided guarantees for an aggregate of RMB40,000 thousand of bank credit line granted to BYD Logistics by a bank. The guarantee periods commenced from 25 September 2015 to 25 September 2016. As at 31 December 2015, the utilized bank credit line is RMB35,114 thousand.

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

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

3. Related party transactions *(Continued)*

(8) Connected transactions

Save as the connected transactions and continuing connected transactions disclosed in the chairman's statement of the 2015 annual report of the Company, there is no related party transaction or continuing related party transaction included in this note that constitutes a disclosable connected transaction or continuing connected transaction under the Listing Rules. The Company has complied with the Chapter 14A of the Listing Rules in respect of the disclosure of its connected transactions and continuing connected transactions.

For the year ended 31 December 2015, the following continuing related party transactions of the Company constitute continuing connected transactions under the Chapter 14A of the Listing Rules.

RMB:YUAN

For the year ended 31 December 2015

Sequence number	Name of transaction	Date of announcement	Name of connected person	Nature of transaction	Annual Cap	Amount for the year
1	Mutual Property Tenancy Agreement	31-Oct-12	Beijing Youth Daily Agency ("BYDA")	Rental income	3,843,450.00	3,843,450.00
		31-Oct-12	Beijing Youth Daily Agency ("BYDA")	Rental expense	1,363,275.00	1,363,275.00
2	Advertising Business Agreement	31-Oct-12	BYDA	Payment of exclusive advertising right	100,000,000.00	19,060,113.96
3	Printing Framework Agreement	31-Oct-12	BYDA & Subsidiaries	Payment of printing services	100,000,000.00	21,765,212.61
4	Distribution Services Framework Agreement	31-Oct-12	BYDA & Subsidiaries	Payment for distribution services of direct mail and wrap-around advertisement	9,000,000.00	766,734.04
5	Advertising Agency Framework Agreement	27-Feb-13, 2-Dec-14 and 14-May-15	Legal Evening Post Agency ("LEPA") & Subsidiaries	Advertising placement income	50,000,000.00	721,459.43
		27-Feb-13 and 2-Dec-14	Legal Evening Post Agency ("LEPA") & Subsidiaries	Advertising placement expense	32,000,000.00	–

(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

(1) Accounts receivable due from related parties

Related parties	As at 31 December 2015 Carrying amount	As at 31 December 2015 Provision for bad debts	As at 31 December 2014 Carrying amount	As at 31 December 2014 Provision for bad debts
BYDA	**30**	**–**	86	–
Associates of the Company	**45,456**	**–**	48,420	–
Subsidiaries of BYDA	**108,407**	**–**	100,906	–
Other related parties	**3,362**	**–**	3,296	–
Total	**157,255**	**–**	152,708	–

(2) Other receivables due from related parties

Related parties	As at 31 December 2015 Carrying amount	As at 31 December 2015 Provision for bad debts	As at 31 December 2014 Carrying amount	As at 31 December 2014 Provision for bad debts
BYDA	**–**	**–**	3,849	–
Associates of the Company	**106,194**	**–**	69,587	–
Subsidiaries of BYDA	**4,503**	**–**	1,290	–
Total	**110,697**	**–**	74,726	–

(3) Accounts payable due to related parties

Related parties	As at 31 December 2015	As at 31 December 2014
BYDA	**567**	10,130
Subsidiaries of BYDA	**763**	462
Other related parties	**847**	–
Total	**2,177**	10,592

(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

Related parties	As at 31 December 2015	As at 31 December 2014
BYDA	**8,473**	6,837
Subsidiaries of BYDA	**486**	470
Other related parties	**589**	–
Total	**9,548**	7,307

(5) Receipts in advance due from related parties

Related parties	As at 31 December 2015	As at 31 December 2014
Subsidiaries of BYDA	–	9
Total	–	9

(6) Prepayment due to related parties

Related parties	As at 31 December 2015	As at 31 December 2014
BYDA	**5,250**	–
Subsidiaries of BYDA	**761**	761
Total	**6,011**	761

(7) Entrusted loan

Related parties	As at 31 December 2015	As at 31 December 2014
Other related parties	**3,000**	3,000
Total	**3,000**	3,000

(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)*

(8) Other current assets

During the year ended 31 December 2015, BYD Logistics Company Limited (one of the subsidiaries of the Company) has directly provided four short-term loans to Beijing Beiqing Top Advertising Limited (one of the associates of the Company). The loan amount being RMB8,000 thousand, RMB12,000 thousand, RMB1,000 thousand and RMB10,000 thousand respectively. All loans were interest free except for the first loan RMB8,000 thousand, carrying 8% interest rate per annum amounting to RMB30 thousand. As at 31 December 2015, the remaining balance of loan was RMB10,000 thousand.

XIII. COMMITMENTS

In addition to the commitments disclosed in the other notes to the financial statements, the Group has the following commitments:

1. The Group as Lessee

At 31 December 2015, the Group had contracted for the minimum lease payments under non-cancellable operating leases during following periods:

Period	As at 31 December 2015	As at 31 December 2014
Within one year	**9,763**	17,870
1-2 years	**17,404**	10,520
2-3 years	**5,485**	6,633
After 3 years	**–**	2,896
Total	**32,652**	37,919

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

XIII. COMMITMENTS *(Continued)*

2. The Group as Lessor

At 31 December 2015, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 31 December 2015	As at 31 December 2014
Within one year	**9,723**	7,268
1-2 years	**9,039**	1,814
2-3 years	**8,209**	827
After 3 years	**457**	–
Total	**27,428**	9,909

3. Use rights of advertising boards

As at 31 December 2015, the Group made the following minimum lease payments for the following periods for being granted the use rights of outdoor advertising facilities:

Period	As at 31 December 2015	As at 31 December 2014
Within one year	**43,103**	–
1-2 years	**25,620**	31,557
2-3 years	**6,947**	
Total	**75,670**	31,557

XIV. POST BALANCE SHEET EVENTS

As at 3 March 2016, the Group has held an auction on China Beijing Equity Exchange to sell its 36.12% shareholding of Beijing Transmedia Co. Limited. The Group offered RMB168,000 thousand as bottom price and the expiry date of the auction is on 30 March 2016. As at the approval date of this report, such transaction was undergoing relevant approval procedure.

Except for the above transaction, the Group has no significant post-balance sheet events to be disclosed.

XV. SEGMENT INFORMATION

These 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, Beiqing Community Newspaper 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.
Network technical services:	Provision of network technical support and maintenance service for online gaming

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

XV. SEGMENT INFORMATION *(Continued)*

1. For the year ended 31 December 2015

Item	Advertising	Printing	Trading of print-related material	Distribution	Network technical services	Unallocated amount	Elimination	Total
Total operating revenue	281,903	44,749	230,538	4,563	6,885	32,737	(92,118)	509,257
Including: Revenue from external transactions	248,911	18,134	199,343	4,563	6,885	31,421	–	509,257
Revenue from intra-segment transactions	32,992	26,615	31,195	–	–	1,316	(92,118)	–
Total operating costs	334,937	46,686	231,178	7,773	6,348	24,467	(92,118)	559,271
Impact due to changes in fair value	–	–	–	–	–	(901)	–	(901)
Investment income	–	–	–	–	–	(7,570)	–	(7,570)
Operating profit (loss)	(53,034)	(1,937)	(640)	(3,210)	537	(201)	–	(58,485)
Non-operating income and expenses, net	876	(13)	(67)	(46)	–	–	–	750
Total profit	(52,158)	(1,950)	(707)	(3,256)	537	(201)	–	(57,735)
Income tax expenses	(13,463)	389	2,004	–	144	7,669	–	(3,257)
Net profit	(38,695)	(2,339)	(2,711)	(3,256)	393	(7,870)	–	(54,478)
Total assets	1,010,905	27,602	145,233	1,968	7,242	670,482	(309,011)	1,554,421
Total liabilities	138,505	18,643	97,874	2,685	426	54,658	(81,015)	231,776
Supplementary information								
Depreciation and amortization expenses	5,648	133	684	400	205	118	–	7,188
Capital expenditure	3,694	22	113	16	1,352	11	–	5,208
Impairment of assets	12,439	421	2,170	–	–	3,890	–	18,920
Non-cash expenses excluding depreciation and impairment of assets	–	–	–	–	–	–	–	–

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

XV. SEGMENT INFORMATION *(Continued)*

2. For the year ended 31 December 2014

Item	Advertising	Printing	Trading of print-related material	Distribution	Unallocated amount	Elimination	Total
Total operating revenue	375,407	78,034	322,968	6,457	30,255	(132,352)	680,769
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	–	–	–	–	–	–	–

The business of the Group is mainly located in Beijing, China.

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

XVI. OTHER SIGNIFICANT EVENTS

1. Leasing

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

Categories of assets leased out under operating leases	As at 31 December 2015	As at 31 December 2014
Investment properties and fixed assets	**59,022**	56,965
Total	**59,022**	56,965

XVII. SUPPLEMENTARY INFORMATION

1. Supplementary information in relation to expenses by nature

Item	For the year ended 31 December 2015	For the year ended 31 December 2014
Cost of raw materials and inventory goods	**173,791**	300,437
Press production, printing and distribution and delivery charges	**102,856**	97,594
Advertising space and newspaper operation right transferring fee and agency fee	**86,569**	94,384
Employee remuneration, social security, provident fund, employee benefit, educational fee and union fee	**79,197**	74,610
Leasing, property, utilities and maintenance fee	**25,894**	19,847
Impairment loss on assets	**18,920**	42,301
Intermediary, professional services and labour costs	**18,809**	8,793
Travel, communication, meeting and Business Hospitality	**12,874**	10,113
Film investment funds	**11,556**	17,867
Office, information and communication costs	**9,401**	5,717
Sales tax and surcharge	**7,448**	11,649
Depreciation and amortization expense	**6,092**	5,589
Activity costs	**4,492**	647
Transportation and handling charges	**1,832**	1,146
Property tax, land tax, stamp duty and travel tax	**1,145**	1,238
Financial expenses	**(2,287)**	(9,831)
Others	**682**	1,319
Total	**559,271**	683,420

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

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Earnings per share

Item	**For the year ended 31 December 2015**	For the year ended 31 December 2014
Net (loss)/profit attributable to shareholders of the Company	**(45,372)**	10,506
Weighted average number of issued ordinary shares (thousand shares)	**197,310**	197,310
Earnings per share (RMB)	**(0.23)**	0.05

Diluted earnings per share and basic earnings per share for the two years ended 31 December 2014 and 31 December 2015 were the same, as no diluting events existed for both years.

3. Financial instruments and risk management

Classification of financial instruments

Item	**As at 31 December 2015**	As at 31 December 2014
Financial assets		
Investment at fair value through profit or loss, at fair value	**–**	–
Loan and receivables (including cash and cash equivalents)	**918,271**	934,297
Financial liabilities, at amortised cost	**187,306**	226,802

Major financial instruments of the Group include bank balances and cash, financial assets available for sale, accounts receivable, interest receivable, other current assets, other receivables, notes payable, accounts payable, employee benefit payables, tax payables, dividend payables, other payables, non-current liabilities due within one year 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.

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 (2014: 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 (2014: 25) base points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would increase/decrease by nil (2014: 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 2015, 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)

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	
Item	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Notes payable	35,114	81,545	–	–	35,114	81,545	35,114	81,545
Accounts payable	75,333	107,721	–	–	75,333	103,098	75,333	107,721
Other payables	67,007	26,998	–	–	67,007	26,998	67,007	26,998
Non-current liabilities due within one year	6,500	7,500	–	–	6,500	7,500	6,500	7,500
Long-term loans	5,500	12,000	–	–	5,500	12,000	5,500	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.

(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

Item	As at 31 December 2015	As at 31 December 2014
Current assets:		
Bank balances and cash	**171,414**	223,205
Accounts receivable	**257,744**	284,220
Prepayments	**40,344**	74,779
Interest receivable	**954**	1,138
Other receivables	**109,450**	133,905
Inventories	**21,823**	21,270
Non-current assets due within one year	**–**	7
Other current assets	**33,040**	11,000
Total current assets	**634,769**	749,524
Non-current assets:		
Financial assets available-for-sale	**113,238**	114,060
Investment in subsidiaries	**274,304**	274,304
Investment in associates	**144,952**	182,125
Investment properties	**16,159**	11,395
Fixed assets	**6,071**	7,425
Intangible assets	**36,033**	37,391
Other non-current assets	**59,090**	14,816
Total non-current assets	**649,847**	641,516
Total assets	**1,284,616**	1,391,040

(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 2015	As at 31 December 2014
Current liabilities:		
Accounts payable	**36,758**	96,926
Receipts in advance	**19,832**	26,505
Employee benefit payables	**4,745**	4,809
Tax payables	**(19,692)**	(16,936)
Other payables	**51,250**	14,712
Other current liabilities	**2,432**	5,147
Total current liabilities	**95,325**	131,163
Total liabilities	**95,325**	131,163
Shareholders' equity:		
Share capital	**197,310**	197,310
Capital reserves	**896,041**	896,214
Surplus reserves	**130,931**	130,931
Undistributed profits	**(34,991)**	35,422
Total shareholders' equity	**1,189,291**	1,259,877
Total liabilities and shareholders' equity	**1,284,616**	1,391,040

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

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
As at 1 January 2014	197,310	896,214	130,931	29,381	1,253,836
Net profit	–	–	–	33,664	33,664
Dividends paid to shareholders	–	–	–	(27,623)	(27,623)
Subtotal of increase during the year	–	–	–	6,041	6,041
As at 31 December 2014	197,310	896,214	130,931	35,422	1,259,877
Net loss	–	–	–	(50,682)	(50,682)
Dividends paid to shareholders	–	–	–	(19,731)	(19,731)
Others	–	(173)			(173)
Subtotal of decrease during the year	–	(173)	–	(70,413)	(70,586)
As at 31 December 2015	197,310	896,041	130,931	(34,991)	1,189,291

XVIII. APPROVAL OF FINANCIAL REPORT

This financial report was approved by the Board of the Company on 31 March 2016.

Beijing Media Corporation Limited

31 March 2016