



HK Stock Code: 1000

2016

INTERIM

REPORT

Beijing Media Corporation Limited

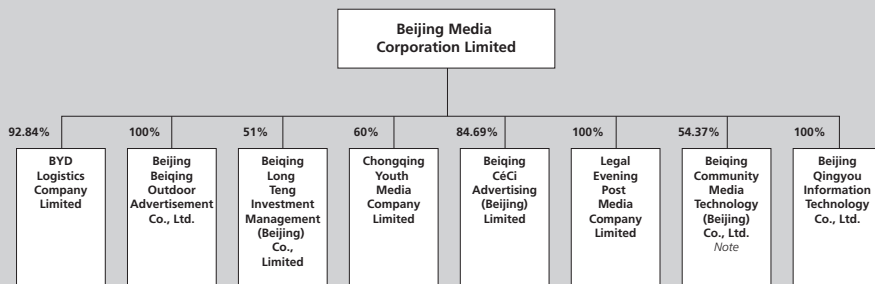
A joint stock company incorporated
in the People's Republic of China with limited liability

Company Profile	2
Corporate Information	3
Chairman's Statement	5
Management Discussion and Analysis	14
Consolidated Balance Sheet	23
Consolidated Income Statement	25
Consolidated Cash Flow Statement	26
Consolidated Statement of Changes in Shareholders' Equity	28
Notes to the Financial Statements	29

COMPANY PROFILE

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

Corporate Structure (as at 30 June 2016)



Note:

- On 9 March 2016, the original Beiqing Community Culture Media (Beijing) Limited completed the shareholding reform and was renamed as “Beiqing 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 30 June 2016): 197,310,000
- Market Capitalisation (as at 30 June 2016): HK\$0.86224 billion
- Financial Year End: 31 December
- Bloomberg’s Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

EXECUTIVE DIRECTORS

Zhang Yanping (*Chairman*)
 Yu Haibo (*Vice Chairman and President*)
 He Xiaona (*Executive Vice President*)
 Peng Liang (*Chief Financial Officer*) ^{Note 1}
 Duan Gang (*Executive Vice President*) ^{Note 1}
 Shang Da (*Vice President*) ^{Note 1}

NON-EXECUTIVE DIRECTORS

Li Xiaobing
 Wang Lin
 Xu Xun
 Liu Hong ^{Note 2}

INDEPENDENT NON-EXECUTIVE DIRECTORS

Wu Tak Lung
 Cui Enqing
 Chen Ji
 Wu Changqi ^{Note 3}
 Chow Bing Chuen ^{Note 3}

JOINT COMPANY SECRETARIES

Shang Da
 Yu Leung Fai

AUDIT COMMITTEE ^{Note 4}

Wu Tak Lung (*Chairman*)
 Chow Bing Chuen
 Li Xiaobing

REMUNERATION COMMITTEE ^{Note 5}

Cui Enqing (*Chairman*)
 Chen Ji
 Wu Changqi

NOMINATION COMMITTEE ^{Note 6}

Zhang Yanping (*Chairman*)
 Chen Ji
 Wu Changqi

AUTHORISED REPRESENTATIVES

Zhang Yanping
 Yu Haibo

ALTERNATIVE AUTHORISED REPRESENTATIVES

Shang Da
 Yu Leung Fai

REGISTERED OFFICE

Building A, No. 23 Baijiazhuang Dongli,
 Chaoyang District, Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7/F, Hong Kong Trade Centre,
 161-167 Des Voeux Road Central,
 Hong Kong

LEGAL ADVISER

as for Hong Kong Law
 DLA Piper Hong Kong
 17/F, Edinburgh Tower,
 The Landmark, 15 Queen's Road Central,
 Central, Hong Kong

AUDITORS

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
 Rooms 1712-1716,
 17/F, Hopewell Centre,
 183 Queen's Road East,
 Wanchai, Hong Kong

Note:

1. Upon the approval at the annual general meeting of the Company on 30 June 2016, Mr. Peng Liang, Mr. Duan Gang and Mr. Shang Da were appointed as the executive directors of the 6th session of the board of directors of the Company (the "Board"). Please refer to the announcement of the Company dated 30 June 2016 for details.

2. Upon the approval at the first extraordinary general meeting of the Company on 26 January 2016, Mr. Liu Hong was appointed as a non-executive director of the 5th session of the Board of the Company and he was re-appointed as a non-executive director of the 6th session of the Board of the Company upon the approval at the annual general meeting of the Company on 30 June 2016. Please refer to the announcements of the Company dated 26 January 2016 and 30 June 2016 for details.
3. Upon the approval at the annual general meeting of the Company on 30 June 2016, Mr. Wu Changqi and Mr. Chow Bing Chuen were appointed as the independent non-executive directors of the 6th session of the Board of the Company. Please refer to the announcement of the Company dated 30 June 2016 for details.
4. Upon the approval at the first meeting of the 6th session of the Board of the Company on 30 June 2016, the audit committee of the Board consists of Mr. Wu Tak Lung, Mr. Chow Bing Chuen and Mr. Li Xiaobing, with Mr. Wu Tak Lung as the chairman. Please refer to the announcement of the Company dated 30 June 2016 for details.
5. Upon the approval at the first meeting of the 6th session of the Board of the Company on 30 June 2016, the remuneration committee of the Board consists of Mr. Cui Enqing, Mr. Chen Ji and Mr. Wu Changqi, with Mr. Cui Enqing as the chairman. Please refer to the announcement of the Company dated 30 June 2016 for details.
6. Upon the approval at the first meeting of the 6th session of the Board of the Company on 30 June 2016, the nomination committee of the Board consists of Mr. Zhang Yanping, Mr. Chen Ji and Mr. Wu Changqi, with Mr. Zhang Yanping as the chairman. Please refer to the announcement of the Company dated 30 June 2016 for details.



Dear Shareholders,

On behalf of the Group, I am pleased to present the report on interim results of the Group for the six months ended 30 June 2016 (the "First Half of 2016").

BUSINESS REVIEW OF THE GROUP

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

BUSINESS REVIEW OF THE GROUP *(Continued)*

Total operating revenue of the Group for the First Half of 2016 was RMB208,262 thousand (corresponding period of 2015: RMB277,387 thousand), representing a decrease of 24.92% as compared with that for the corresponding period of 2015. Loss attributable to shareholders of the Company was RMB16,162 thousand (net profit attributable to shareholders of the Company in the corresponding period of 2015: RMB6,462 thousand).

In the First Half of 2016, the general macro-economic conditions experienced a continuous downturn and the activeness of real economy activity was low, resulting in a decrease in the placement of print media advertisement in Beijing. According to the market monitoring data provided by third parties, the total advertising placement volume in the market of print media of Beijing metropolitan newspapers decreased by 22.12% as compared with the same period of last year. In addition, as the new business is unable to offset the impacts brought by the existing business during the conversion process between the Company's new and existing business, the operating income of the Company decreased in the First Half of 2016.

The macro-economic conditions began to improve steadily under a steady and moderately relax policy environment. The Company hopes to accelerate the conversion process between its new and existing business under steadily improved macro-economic conditions in order to minimize the conversion time. The Company mainly adopted the following three strategies:

- Acquire high quality assets and business via capital operations including but not limited to merger and acquisition in order to optimize the operating structure of the Company, improve the results of the Company and accelerate the conversion between the existing and new business;
- Continuously improve a diversified operation system combining online and offline business;
- Continuously promote the development of film investment business.

Advertisement Business

In the First Half of 2016, revenue from advertising business of the Group was RMB91,436 thousand (corresponding period of 2015: RMB143,093 thousand), representing a decrease of 36.10% as compared with that of last year.

The advertising business in real estate industry was still the leading advertising business of the Company, while the advertising placement volume in automobile industry also accounted for a considerable proportion in the total advertising placement volume of the Company. In the First Half of 2016, according to the market monitoring data provided by third parties, the Company's advertising placement volume in real estate industry and automobile industry kept in the leading position compared with other print media of Beijing metropolitan newspapers. Meanwhile, the Company's advertising placement volume in other industries including recruitment and finance and insurance also kept in the leading position compared with other print media of Beijing metropolitan newspapers.

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

According to the market monitoring data provided by third parties, in the First Half of 2016, the total advertising placement volume of real estate industry and automobile industry in the print media of Beijing metropolitan newspapers decreased as compared with the same period of last year. The Company's income generating from advertising business in real estate industry also decreased, while the Company's income from advertising business in automobile industry increased as compared with the same period of last year.

In the First Half of 2016, the Company strongly cultivated new operation models:

1. Adopted a diversified and multi-level marketing strategy

Firstly, planning and holding of large-scale brand-promoting activities. With extensive experience in holding large-scale activities, the Company integrated the media resources of the Group to actively explore diversified operation and strengthen the exploration of business channel. For instance, the Company and Bird's Nest Business Management Co., Ltd. (鳥巢商業管理有限公司) jointly organized a large-scale comprehensive carnival, namely the "2016 Bird's Nest International Fashion Season" (「2016鳥巢國際風尚季」), which was opened in June 2016 with over 10 thousand visitors and good earnings. "The Wonderful Extraordinary Excellence – Beijing Olympic Review and Outlook and the Launching Ceremony for the Serial Activities of Sports Stars in China", a launching ceremony held jointly with the Bird's Nest Culture Center (鳥巢文化中心) during the period, drew the attention of the mainstream media and effectively enhanced the influence of the Company's brand.

Secondly, provision of customized services. For instance, the Company relied on the platform of Public Welfare Organizing Committee of Chinese Enterprises (中國企業公益事業組織委員會) to provide customized consulting services in relation to public welfare projects to enterprises with the theme of environment, poverty alleviation, children care and care for the disabled, in order to establish the Company's brand of public welfare. As at the First Half of 2016, the Company has directly cooperated with more than 30 world-renowned enterprises on public welfare projects, and established public welfare alliances including the "Green Public Welfare Alliance" (「綠色公益聯盟」) and the "Enterprise Alliance for Protection of the Great Wall" (「長城保護企業聯盟」), which were supported by the relevant government departments. The above-mentioned measures are expected to lead to increases in the Company's advertisement income to a certain extent.

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

2. Explored overall advertising service with online and offline combination

"OK Home" APP is a mobile software for community living service developed by Beijing Community Media Technology (Beijing) Co., Ltd. ("Beijing Community Media") based on the mobile phone terminal and connected to physical stores. Connecting with 29 community papers across the districts in Beijing and 120 community relay stations which covers 60 living circles in Beijing and serves 5 million residents, "OK Home" APP has become a mobile-end O2O community living information and services platform. The Company integrated the spaces 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 benefits. The number of registered users of the platform has exceeded 1 million, covering over 3,800 mainstream high-and-middle-end communities. In the First Half of 2016, "OK Home" APP platform upgraded its function and interface, adding two pages of "Family life" and "Auto life" which provide more types of services namely car rental service, second-hand car and housekeeping services. Since 2016, "OK Home" APP platform cooperated with the advertising companies for the online and offline promotion, forming an exclusive community exploration method with an overall plan encompassing print media, community activity, "OK Home" online activity and promotion, "OK Home" physical stores and sharing of articles through WeChat public account.

WeChat Matrix Platform (北青微信矩阵) is a comprehensive promotion platform comprising more than 20 official WeChat public accounts of Beijing Youth Daily Agency ("BYDA") and its subsidiaries (collectively, "BYDA Group"), topics of which include 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 Platform. With the strong influence and creditability of the public accounts of BYDA Group, the Company designs all-round marketing solutions for the customers and explores marketing channels via emerging media. Currently, the business volume of such cooperation of the Company with emerging media, though not huge, developed rapidly in the First Half of 2016 and recorded an increase of 20% as compared with last year.

BUSINESS REVIEW OF THE GROUP (Continued)**Film and Television Business**

In the First Half of 2016, the Company continued to explore diversified investment in films and television and tried to participate in online video projects, a hot growing point of film and television industry with relatively small investment. On 11 May 2016, the president office of the Company approved the investment in online dramas, namely "Creation of Online Stars" (《網紅製造》) and "Genie from Chang'an" (《妖出長安》), and an online movie, namely "Blue-White CP" (《藍白CP》), in order to explore the non-traditional film and television market. In May 2016, "The 38th Parallel" (《三八線》), the first TV series in the PRC based on the background of Korean civil war, which was invested by the Company, started its initial broadcasts on television channels including BTV. Authoritative media including People's Daily and Xinhua News Agency as well as major websites published detailed reports of the TV series, which ranked third in terms of ratings during the prime time in evening session in China, and ranked second in the online voting of "The Most Popular TV Series". "Coming out" (《出山》), a film invested by the Company, is expected to be released in the second half of 2016. Currently, the film and television projects invested by the Company, the accounts of which have been settled, have generated profits to different extents.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Beiqing CéCi Advertising (Beijing) Limited ("Beiqing CéCi") is a 84.69%-owned subsidiary of the Company. 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 the PRC including Hong Kong. CéCi magazine is the first Korean-style trendy magazine introduced into the PRC. Its vivid manner of writing and easy-going style give the best annotation to the oriental trendy life of Chinese professional women with its advocacy of a modern culture combining innovation and pragmatism in Asia. Through over 8 years' marketing and operation, CéCi has become a popular magazine among urban white-collars with a sound track record in sales since its launching. Meanwhile, through a series of public welfare activities, Beiqing CéCi has 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 has proactively developed the service model of online media (website, Weibo and WeChat). The number of its subscribers has effectively increased through website and WeChat subscription, and its advertising placement volume was increased owing to its continuous efforts in new marketing initiatives. In March 2016, Beiqing CéCi exclusively invited Jessica, a Korean star, to travel from Seoul, Korea to Paris to attend the 2016FW Fashion Week. Jessica also acted as a cover girl for the April Issue of Beiqing CéCi. The activity was live-broadcasted through our official WeChat account and Weibo account, which motivated the fans' enthusiastic responses. In May 2016, Beiqing CéCi organized "CéCi — Release Yourself, Girls!" (《茜茜姐妹CéCi—綻放吧姐妹!》), a grand ceremony of makeup and beauty contest widely promoted via Weibo and WeChat with numerous shares and reports. In the second half of 2016, Beiqing CéCi will strive to offer three-dimensional service model combining online media (Weibo, WeChat public account) and offline marketing activities and develop new resources for business, so as to cope with the market competition and effectively increase its revenue.

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

Beijing Beijing Outdoor Advertisement Co., Ltd. ("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 2016, Beiqing Outdoor participated in the government bidding and won the bid for a three-year operating right of two single column billboards located at Lincuiqiao of North 5th Ring Road and Laiguangying Overpass at the interchange between Beijing-Chengde Expressway and North 5th Ring Road in Beijing, respectively. At present, Beiqing Outdoor operates a total of 18 single column billboards in advantageous locations in sections such as West 4th Ring Road, East 5th Ring Road, West 5th Ring Road in Beijing, Jingmi Road, Beijing-Kaifeng Expressway and Beijing-Harbin Expressway etc. The Company and Beiqing Outdoor kept a leading position in the industry in terms of the number of single column billboards under their preservation in the bidding market of Beijing urban area.

Beiqing Community Media is a 54.37%-owned subsidiary of the Company. 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, 30 WeChat public accounts, an "OK Home" APP and 120 community relay stations. "OK Home" APP, a handheld terminal created by Beiqing Community Media, is the only integrated O2O community service platform in Beijing comprising functions of news report, community service and brand interaction. At present, the number of registered users of the platform has exceeded 1 million, covering over 3,800 mainstream high-and-middle-end communities.

In the First Half of 2016, Beiqing Community Media continued to develop a community O2O business model with "one platform + multiple vertical pillars", focused on the development of nine vertical pillar industry businesses, namely automobile, real estate, household life, finance, tourism, health, government, sports and entertainment, and provided overall marketing solution including advertisement and community activities for the industries and communities in order to achieve more profit through diversified industry integration. With the development of Beiqing Community Daily, the continuous accumulation of resources both online and offline and sound capital operation, Beiqing Community Media is likely to obtain a large market share in the classified channel of print media. Beiqing Community Media completed its joint-stock reform on 9 March 2016 and was renamed as "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.

Legal Evening Post Media Company Limited ("LEP Media") is a wholly-owned subsidiary of the Company. In 2013, LEP Media, as a limited partner, established Beijing Runxin Dingtai Investment Centre (Limited Partnership) (the "Fund"). Beijing Tianshenhudong Technology Co., Ltd. (北京天神互動科技有限公司), being the target enterprise of the first online game project invested by the Fund, completed backdoor listing in the year of 2015. As at the First Half of 2016, the investment in the first online game project has been fully returned with sound profits. Besides, the Fund is actively promoting the recovery of its investment in the remaining investment projects by ways of listing, backdoor listing, National Equities Exchange and Quotations or acquisition by listed companies etc., and higher investment return is expected to be realised.

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

Beijing Qingyou Information Technology Co., Ltd. ("Qingyou Information") is a wholly-owned subsidiary of the Company. In order to explore emerging media business, the Company fully invested RMB30,000 thousand in the operation of "Qingyou Online", a website game platform. In the First Half of 2016, the number of registered users of the platform reached around 3.5 million and the number of web games distributed on the platform increased to 50, among which an exclusive web game has recorded more than 0.25 million registered users accumulatively. Meanwhile, Qingyou Information strives for developing distribution business of mobile-end games and has introduced a mobile-end game as its exclusive agency, which is undergoing internal testing stage. Qingyou Information also set up a H5 game page based on WeChat platform, preparing for the introduction of various mobile-end games operated jointly. It is anticipated that such series of games will be distributed online in the second half of 2016. In addition, Qingyou Information actively developed mobile internet advertising business. At present, the average daily download volume of the mobile-end games has reached around 0.3 million.

Beiqing Long Teng Investment Management (Beijing) Co., Limited ("Beiqing Long Teng") is a 51%-owned subsidiary of the Company. In the First Half of 2016, Beiqing Long Teng actively diversified its business, and focused on the investment and financing business for film and TV series, health and pension projects and cultural Internet industry. Beiqing Long Teng, which is under the fostering period, is strengthening its foundation and expanding its business in order to make profits as soon as possible.

Chongqing Youth Media Company Limited ("Chongqing Media") is a 60%-owned subsidiary of the Company. In the First Half of 2016, the official WeChat public account of Chongqing Youth Daily ranked among top 500 of new media in the PRC, with its various indicators ranking in the first place in Chongqing region persistently. Based on media integration and the success in preliminary transformation in 2015, Chongqing Media further constructed a new media structure in 2016 by consolidating its operation of original WeChat public account and optimizing the traffic of Chongqing Net (重青網), and actively explored the approaches for transformation into new media platforms such as social-networking media and live-broadcast website. Chongqing Media is currently striving to reduce the rearing period in order to make profits as soon as possible.

BYD Logistics is a 92.84%-owned subsidiary of the Company, principally engaged in printing and trading business of printing-related materials. Under the circumstances of overall market downturn in printing industry, BYD Logistics proactively diversified its business in the First Half of 2016, attempting to seize market opportunities to realize its transformation.

PROSPECTS AND FUTURE PLANS

In the second half of 2016, the Company will actively promote the operation of Beiqing Community Daily and "OK Home" APP, an integrated O2O community service platform, and facilitate new expansion of its business scope through capital operation. Currently, Beiqing Community Media is actively preparing for further capital operation expected to be carried out in the second half of the year and in the beginning of 2017.

In the second half of 2016, the Company will strive to explore in emerging media business. Relying on the media advantages and influence of the Group, Qingyou Information will proactively expand the distribution business of mobile-end games and further develop mobile Internet advertising projects while operating "Qingyou Online", a web game platform with 3.5 million registered users, so as to create new profit growing points by taking advantage of the satisfactory prospect of growth of such business.

In the second half of 2016, the Company will continue to mainly rely on Beiqing Outdoor to accelerate the development of outdoor advertisement business. The Company and Beiqing Outdoor will continue to participate in public tenders hosted by the government to further increase the number of single column billboards under their operation and further enhance their market share.

In the second half of 2016, the Company will continue to invest in film and television business. In July 2016, "The 38th Parallel" (《三八線》), being the first TV series in the PRC based on the background of Korean civil war invested by the Company, received positive feedback from the National Publicity Department and State Administration of Press, Publication, Radio, Film and Television of the PRC after its premiere on numerous television channels. The CCTV channels commenced showing such TV series since 11 August 2016.

In the second half of 2016, the Company will further explore the capital operation and strive for optimizing the operation structure of the Company and boosting its results by means of, among others, merger and acquisition.

In the second half of 2016, with the existing businesses remaining at the core, the Group will actively expand new businesses, cultivate new profit growth drivers, persistently consolidate and leverage on its relationship with BYDA, 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.

PROSPECTS AND FUTURE PLANS *(Continued)*

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

Zhang Yanping*Chairman*

31 August 2016

Beijing, the PRC

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2016, total operating revenue of the Group was RMB208,262 thousand (corresponding period of 2015: RMB277,387 thousand), representing a decrease of 24.92% as compared with that for the corresponding period of 2015. Of which, revenue from advertising sales decreased by RMB51,657 thousand, representing a decrease of 36.10% as compared with that for the corresponding period of 2015; revenue from printing decreased by RMB2,643 thousand, representing a decrease of 33.63% as compared with that for the corresponding period of 2015; and revenue from the trading of print-related materials decreased by RMB52,600 thousand, representing a decrease of 45.96% as compared with that for the corresponding period of 2015.

2. Operating Costs and Sales Tax and Surcharges

For the six months ended 30 June 2016, operating costs of the Group were RMB190,525 thousand (corresponding period of 2015: RMB209,351 thousand), representing a decrease of 8.99% as compared with that for the corresponding period of 2015. Of which, costs of advertising sales decreased by RMB7,512 thousand, representing a decrease of 8.84% as compared with that for the corresponding period of 2015; costs of printing decreased by RMB1,740 thousand, representing a decrease of 20.02% as compared with that for the corresponding period of 2015; and costs of the trading of print-related materials decreased by RMB51,275 thousand, representing a decrease of 47.36% as compared with that for the corresponding period of 2015. Sales tax and surcharges was RMB4,309 thousand (corresponding period of 2015: RMB4,249 thousand), representing an increase of 1.41% as compared with that for the corresponding period of 2015.

3. Selling Expenses

For the six months ended 30 June 2016, selling expenses of the Group were RMB34,971 thousand (corresponding period of 2015: RMB34,354 thousand), representing an increase of 1.80% as compared with that for the corresponding period of 2015.

4. Administrative Expenses

For the six months ended 30 June 2016, administrative expenses of the Group were RMB32,120 thousand (corresponding period of 2015: RMB29,491 thousand), representing an increase of 8.91% as compared with that for the corresponding period of 2015.

5. Financial Expenses

For the six months ended 30 June 2016, financial expenses of the Group were RMB-2,101 thousand (corresponding period of 2015: RMB-1,938 thousand), representing an decrease of 8.41% as compared with the net value for the corresponding period of 2015. Of which, interest income was RMB2,909 thousand (corresponding period of 2015: RMB3,729 thousand), representing a decrease of 21.99% as compared with that for the corresponding period of 2015.

FINANCIAL REVIEW (Continued)**6. Share of Profit of Associates**

For the six months ended 30 June 2016, share of the profit of associates of the Group was RMB-24,178 thousand (corresponding period of 2015: RMB-3,534 thousand), representing a decrease of 584.15% as compared with the absolute value for the corresponding period of 2015.

7. Operating Profit and Profit Margin

For the six months ended 30 June 2016, operating profit of the Group was RMB-30,446 thousand (corresponding period of 2015: RMB2,590 thousand), representing a decrease of 1,275.52% as compared with that for the corresponding period of 2015; profit margin was -14.62% (corresponding period of 2015: 0.93%).

8. Income Tax Expenses

For the six months ended 30 June 2016, income tax expenses of the Group were RMB-2,589 thousand (corresponding period of 2015: RMB2,341 thousand), representing a decrease of 210.59% as compared with that for the corresponding period of 2015. The income tax expenses of the Group mainly represent the income tax charged on the Company in 2016.

9. Net Profit Attributable to Shareholders of the Company

For the six months ended 30 June 2016, net profit attributable to shareholders of the Company was RMB-16,162 thousand (corresponding period of 2015: RMB6,462 thousand), representing a decrease of 350.11% as compared with that for the corresponding period of 2015.

10. Financial Resources and Liquidity

As at 30 June 2016, current assets of the Group were RMB1,106,559 thousand (31 December 2015: RMB1,015,863 thousand), including bank balances and cash of RMB249,716 thousand (31 December 2015: RMB349,953 thousand). Non-current assets of the Group were RMB363,782 thousand (31 December 2015: RMB538,558 thousand).

As at 30 June 2016, current liabilities of the Group were RMB170,854 thousand (31 December 2015: RMB221,762 thousand) and non-current liabilities were RMB4,514 thousand (31 December 2015: RMB10,014 thousand).

As at 30 June 2016, shareholders' equity of the Group was RMB1,294,973 thousand (31 December 2015: RMB1,322,645 thousand).

As at 30 June 2016, the bank borrowings of the Group were RMB6,500 thousand (31 December 2015: RMB12,000 thousand).

As at 30 June 2016, the borrowings and bank balances and cash were mainly denominated in Renminbi.

FINANCIAL REVIEW *(Continued)*

11. Gearing Ratio

As at 30 June 2016, gearing ratio of the Group was 13.54% (31 December 2015: 17.52%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

USE OF PROCEEDS FROM LISTING

The Company raised a net proceed of HK\$889.086 million in total from the global offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the prospectus and as modified in the relevant announcements of the Company and the actual use of proceeds as at 30 June 2016:

Proposed use of proceeds	Amounts proposed <i>HK\$</i>	Amounts used <i>HK\$</i>
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 23.59 million	Approximately 23.59 million
Investing in and acquisition of other media business (including but not limited to traditional media and emerging media businesses) and related businesses (including but not limited to the additional investment in the existing businesses of the Group)	Approximately 545.4960 million	Approximately 545.4960 million
General working capital of the Group	Approximately 320 million	Approximately 320 million

All of the proceeds were used up as at 30 June 2016.

In order to capture more business opportunities arising from emerging media businesses and other related media business, the Company believes that it will seek for varies of financing approaches to support the development of its business as per business needs under mature conditions in the future.

SHARE STRUCTURE (AS AT 30 JUNE 2016)

	Number of Shares	% of Total Share Capital (%)
Holders of domestic shares <ul style="list-style-type: none"> – Beijing Youth Daily Agency – Beijing Zhijin Science and Technology Investment Co., Ltd – China Telecommunication Broadcast Satellite Corp. – Beijing Development Area Ltd. – Sino Television Co., Ltd. 	124,839,974 7,367,000 4,263,117 2,986,109 2,952,800	63.27 3.73 2.16 1.52 1.50
Domestic shares (subtotal)	142,409,000	72.18
H shares (<i>Note</i>)	54,901,000	27.82
Total share capital	197,310,000	100

Note: Including 19,533,000 outstanding H shares held by Leshi Internet Information & Technology Corp., Beijing and its ultimate beneficial owner, namely Mr. Jia Yueting, representing 9.90% of the total share capital of the Company.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, so far as the directors of the Company (the “Directors”), the supervisors of the Company (the “Supervisors”) and chief executive of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the Securities and Futures Ordinance (the “SFO”), the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

Name	Class of Shares	Nature of Interest	Number of Shares Held	% of Class Share Capital (%)	% of Total Share Capital (%)
Beijing Youth Daily Agency	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Co., Ltd.	Domestic	N/A	7,367,000	5.17	3.73
Jia Yueting	H	Long	19,533,000	35.58	9.90
Leshi Internet Information & Technology Corp., Beijing	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).

Save as disclosed above, to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at 30 June 2016, there was no other person with interests and/or short positions in shares or underlying shares of the Company which would fall to be recorded under Section 336 of Part XV of the SFO.

CAPITAL EXPENDITURES

Capital expenditures (mainly including expenditures on office equipment) of the Group for the First Half of 2016 was RMB3,553 thousand (corresponding period of 2015: RMB3,930 thousand). The Group expects that capital expenditures for the second half of 2016 will mainly comprise expenditures in consistent with business strategies of the Group.

CONTINGENT LIABILITIES

For the six months ended 30 June 2016, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

PLEDGE OF ASSETS

On 26 June 2014, Beiqing Outdoor, a subsidiary of the Company, entered into a loan agreement with the Beijing Dongdan Sub-Branch of Bank of Communications, pursuant to which Beijing Dongdan Sub-Branch of 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 (from 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 with a premium of 20% and pledge the investment properties held by Beiqing Outdoor as the security.

Save as disclosed above, the Group had no other arrangements regarding pledge of assets during the six months ended 30 June 2016.

FOREIGN EXCHANGE RISKS

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

EMPLOYEES

As at 30 June 2016, the Group had a total of 633 employees (as at 30 June 2015: 647 employees), and the decrease in the number of employees as compared with the same period of last year was mainly due to the normal business needs of the Company. During the six months ended 30 June 2016, the total employees remuneration paid by the Group was approximately RMB47,724 thousand. The remuneration and benefits of the employees of the Group are determined in accordance with market rates, state policies and individual performance. The Group actively encouraged self-development of the employees, and carried out extensive staff training activities. In the First Half of 2016, the Group conducted various staff trainings in respect of sales and marketing, financial system and administrative management system etc..

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

As at 30 June 2016, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), to be notified to the Company and the Hong Kong Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2016, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

For the six months ended 30 June 2016, the Group had no material investment, nor any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

On 11 April 2016, the Company and Beijing Trans-media Co., Ltd ("Trans-media") entered into an equity transfer agreement, pursuant to which the Company has agreed to sell and Trans-media has agreed to purchase the Company's 36.12% equity interest in Beijing Transmedia Co., Ltd. ("BQTM") for cash consideration of RMB168,000 thousand. The above-mentioned equity transfer agreement was approved on the annual general meeting of the Company held on 30 June 2016. Upon completion of the above-mentioned transfer of equity interests, BQTM will cease to be an associate company of the Company and the Company will cease to hold any equity interest in BQTM. For details, please refer to the announcements dated 11 April 2016, 30 June 2016 and the circular dated 13 May 2016 of the Company.

Save as disclosed above, for the six months ended on 30 June 2016, the Group did not have other material acquisitions or disposals of assets.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2016, the Company was not involved in any material litigation or arbitration and there was no legal action or claim pending or threatened to be made against the Company.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2015

Save as disclosed above, the industry segments and the developments within the segments of the Group has not changed materially from the information disclosed in the most recent published annual report of the Group, and did not lay significant effect on the performance of each industry segment of the Group.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

For the six months ended 30 June 2016, the Company had fully complied with all code provisions set out in the Corporate Governance Code and Corporate Governance Report under Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiries of all Directors and Supervisors of the Company, all Directors and Supervisors confirmed that they had fully complied with the standards under the Model Code for the six months ended 30 June 2016.

AUDIT COMMITTEE

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

The audit committee and the management team of the Company have reviewed the accounting principles and practices adopted by the Group. In addition, the audit committee has also discussed with the Directors on matters concerning the internal control and financial reporting of the Company, including the review of the financial statements of the Group for the First Half of 2016 with no dissenting opinions.

CONNECTED TRANSACTIONS MANAGEMENT

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

DISTRIBUTABLE RESERVE

As at 30 June 2016, the Company's undistributed profits amounted to RMB-27,162 thousand and the Company's surplus reserve amounted to RMB130,931 thousand.

According to the Articles of Association of the Company, the Company's surplus reserve can be used to recover its losses after being approved at the general meeting of the Company.

INTERIM DIVIDEND

The Board did not recommend the distribution of any interim dividend for the six months ended 30 June 2016.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On the Company's first extraordinary general meeting of 2016 held on 26 January 2016, Mr. Liu Hong was appointed as a non-executive Director of the 5th session of the Board of the Company. For details, please refer to the announcement dated 26 January 2016 published by the Company on the websites of Hong Kong Stock Exchange and the Company.

Ms. Yan Mengmeng and Ms. Li Xin were democratically re-elected as the employee representative Supervisors of the 6th session of the supervisory committee of the Company on the meeting of employee representatives of the Company. For details, please refer to the announcement dated 31 March 2016 published by the Company on the websites of Hong Kong Stock Exchange and the Company.

On 30 June 2016, as the term of office of the 5th session of the Board of the Company expired, Mr. Li Shiheng, Mr. Liu Han, Ms. Wu Peihua, Mr. Song Jianwu and Mr. Cui Baoguo retired from their positions as Directors of the Company. For details, please refer to the announcement dated 31 March 2016 published by the Company on the websites of Hong Kong Stock Exchange and the Company.

On the annual general meeting of the Company held on 30 June 2016, (i) Mr. Peng Liang, Mr. Duan Gang and Mr. Shang Da were appointed as the executive Directors of the 6th session of the Board of the Company; and Mr. Wu Changqi and Mr. Chow Bing Chuen were appointed as the independent non-executive Directors of the 6th session of the Board of the Company; (ii) Mr. Zhang Yanping, Mr. Yu Haibo and Ms. He Xiaona were re-elected as the executive Directors of the 6th session of the Board of the Company; Mr. Li Xiaobing, Mr. Wang Lin, Mr. Xu Xun and Mr. Liu Hong were re-elected as the non-executive Directors of the 6th session of the Board of the Company; Mr. Wu Tak Lung, Mr. Cui Enqing and Mr. Chen Ji were re-elected as the independent non-executive Directors of the 6th session of the Board of the Company; (iii) Mr. Tian Kewu, Mr. Zhang Chuanshui, and Mr. Zhao Meng were re-elected as the shareholder representative Supervisors of the 6th session of the supervisory committee of the Company. For details, please refer to the announcement dated 30 June 2016 published by the Company on the websites of Hong Kong Stock Exchange and the Company.

On 1 July 2016, Mr. Chow Bing Chuen resigned from his position as the chief financial officer of Shanghai Taolue Media Co., Ltd. (上海濤略廣告有限公司) and was appointed as a director of such company on the same day.

		<i>RMB'000</i>	
Item	<i>Notes</i>	As at 30 June 2016	As at 31 December 2015
Current assets:			
Bank balances and cash		249,716	349,953
Notes receivable		60	–
Accounts receivable	<i>VIII.1</i>	406,031	409,792
Prepayments	<i>VIII.2</i>	81,205	59,869
Interest receivable		762	1,212
Other receivables	<i>VIII.3</i>	307,969	134,274
Inventories		33,177	35,963
Non-current assets due within one year		4,408	1,760
Other current assets	<i>VIII.4</i>	23,231	23,040
Total current assets		1,106,559	1,015,863
Non-current assets:			
Financial assets available-for-sale	<i>VIII.5</i>	165,746	165,746
Long-term equity investment	<i>VIII.6</i>	4,986	145,953
Investment properties		56,664	56,466
Fixed assets	<i>VIII.7</i>	9,971	10,473
Intangible assets	<i>VIII.8</i>	35,795	36,320
Goodwill	<i>VIII.9</i>	47,377	47,377
Long-term prepaid expenses		936	1,446
Deferred income tax assets		16,217	15,687
Other non-current assets	<i>VIII.10</i>	26,090	59,090
Total non-current assets		363,782	538,558
Total assets		1,470,341	1,554,421

		<i>RMB'000</i>	
Item	<i>Notes</i>	As at 30 June 2016	As at 31 December 2015
Current liabilities:			
Notes payable		29,303	35,114
Accounts payable	<i>VIII. 12</i>	50,551	75,333
Receipts in advance		38,699	37,524
Employee benefit payables		7,993	6,776
Tax payables		(20,284)	(9,019)
Interest payables		13	25
Dividend payable		-	-
Other payables	<i>VIII. 13</i>	55,647	67,077
Non-current liabilities due within one year		6,500	6,500
Other current liabilities	<i>VIII. 14</i>	2,432	2,432
Total current liabilities		170,854	221,762
Non-current liabilities:			
Long-term loans	<i>VIII. 15</i>	-	5,500
Deferred income tax liabilities		4,514	4,514
Total non-current liabilities		4,514	10,014
Total liabilities		175,368	231,776
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		914,781	936,475
Other comprehensive income	<i>VIII. 26</i>	44	31
Surplus reserves		130,931	130,931
Undistributed profits		6,130	598
Total equity attributable to shareholders of the Company		1,249,196	1,265,345
Non-controlling interests		45,777	57,300
Total shareholders' equity		1,294,973	1,322,645
Total liabilities and shareholders' equity		1,470,341	1,554,421
Net current assets		935,705	794,101
Total assets less current liabilities		1,299,487	1,332,659

RMB'000

For the six months ended 30 June

Item	Notes	2016	2015
Total operating revenue	VIII.16	208,262	277,387
Total operating costs		262,964	280,750
Operating costs	VIII.16	190,525	209,351
Sales tax and surcharges	VIII.17	4,309	4,249
Selling expenses		34,971	34,354
Administrative expenses		32,120	29,491
Financial expenses	VIII.18	(2,101)	(1,938)
Impairment loss of assets	VIII.19	3,140	5,243
Gain on the changes in fair value	VIII.20	197	8,258
Share of loss of associates	VIII.21	(24,178)	(3,534)
Other investment gains	VIII.21	48,237	1,229
Operating profit		(30,446)	2,590
Add: non-operating income	VIII.22	194	19
Less: non-operating expenses	VIII.23	31	69
Total profit		(30,283)	2,540
Less: Income tax expenses	VIII.24	(2,589)	2,341
Net profit		(27,694)	199
Net profit attributable to:			
Shareholders of the Company		(16,162)	6,462
Non-controlling shareholders		(11,532)	(6,263)
Other net comprehensive income after tax		22	–
Other net comprehensive income after tax attributable to Shareholders of the Company		13	–
Including: other comprehensive income subsequently reclassified into profit or loss:		13	–
Including: exchange differences from retranslation of financial statements		13	–
Other net comprehensive income after tax attributable to Non-controlling shareholders		9	–
Total comprehensive income		(27,672)	199
Total comprehensive income attributable to Shareholders of the Company		(16,149)	6,462
Total comprehensive income attributable to Non-controlling shareholders		(11,523)	(6,263)
Earnings per share			
Basic earnings per share (RMB per share)	XVII.1	(0.08)	0.03
Diluted earnings per share (RMB per share)	XVII.1	(0.08)	0.03
Dividends	VIII.25	–	19,731

		<i>RMB'000</i>	
		For the six months ended 30 June	
Item	<i>Notes</i>	2016	2015
I. Cash flows from operating activities:			
Cash received from the sales of goods and the rendering of services		158,976	245,379
Refund of taxes		-	-
Other cash receipts relating to operating activities		10,263	39,776
Sub-total of cash inflows from operating activities		169,239	285,155
Cash paid for goods purchased and services received		191,696	208,403
Cash paid to and on behalf of employees		47,724	44,626
Payments of taxes and surcharges		18,717	8,983
Other cash payments relating to operating activities		31,915	38,978
Sub-total of cash outflows from operating activities		290,052	300,990
Net cash flows from operating activities		(120,813)	(15,835)
II. Cash flows from investing activities:			
Cash received from investments		-	1,142
Cash received from returns on investment		-	1,162
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		16	6
Other cash receipts relating to investing activities		75,635	25,003
Sub-total of cash inflows from investing activities		75,651	27,313
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,372	2,555
Cash paid on investment		3,420	25,000
Other cash payments relating to investing activities		49,031	100,155
Sub-total of cash outflows from investing activities		53,823	127,710
Net cash flows from investing activities		21,828	(100,397)

Item	Notes	RMB'000	
		For the six months ended 30 June	
		2016	2015
III. Cash flows from financing activities:			
Cash received from investments		-	30,000
Including: cash received from non-controlling interests by subsidiaries		-	30,000
Cash received from borrowings obtained		-	14,390
Other cash receipts relating to financing activities		27	8,340
Sub-total of cash inflows from financing activities		27	52,730
Cash payments for borrowings repayment		5,500	6,500
Cash payments for distribution of dividends or profits or interest expense		451	1,179
Including: Dividends or profits paid to non-controlling interests by subsidiaries		-	-
Other cash payment relating to financing activities		818	20
Sub-total of cash outflows from financing activities		6,769	7,699
Net cash flows from financing activities		(6,742)	45,031
IV. Effect of exchange rate changes on cash and cash equivalents		48	-
V. Net decrease in cash and cash equivalents		(105,679)	(71,201)
Add: balance of cash and cash equivalents at the beginning of the period		234,758	228,526
VI. Balance of cash and cash equivalents at the end of the period	VIII.27	129,079	157,325

RMB'000

Items	For the six months ended 30 June 2016							Non-controlling interests	Total shareholders' equity
	Total equity attributable to shareholders of the Company								
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (Note)	Undistributed profits	Subtotal			
Balance as at 1 January 2016	197,310	936,475	31	130,931	598	1,265,345	57,300	1,322,645	
Net profits	-	-	-	-	(16,162)	(16,162)	(11,532)	(27,694)	
Other comprehensive income	-	-	13	-	-	13	9	22	
Shareholder's investment	-	-	-	-	-	-	-	-	
Disposal of interests in subsidiaries	-	-	-	-	-	-	-	-	
Impact due to change in fair value	-	-	-	-	-	-	-	-	
Appropriation to shareholders	-	-	-	-	-	-	-	-	
Other – other directly adjusted retained profit	-	(21,694)	-	-	21,694	-	-	-	
Sub-total of the changes for the period	-	(21,694)	13	-	5,532	(16,149)	(11,523)	(27,672)	
Balance as at 30 June 2016	197,310	914,781	44	130,931	6,130	1,249,196	45,777	1,294,973	

Items	For the six months ended 30 June 2015							Non-controlling interests	Total shareholders' equity
	Total equity attributable to shareholders of the Company								
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (Note)	Undistributed profits	Subtotal			
Balance as at 1 January 2015	197,310	887,794	(4)	130,931	65,701	1,281,732	29,236	1,310,968	
Net profits	-	-	-	-	6,462	6,462	(6,263)	199	
Other comprehensive income	-	-	-	-	-	-	-	-	
Shareholder's investment	-	15,273	-	-	-	15,273	14,727	30,000	
Disposal of interests in subsidiaries	-	5,145	-	-	-	5,145	(5,145)	-	
Impact due to change in fair value	-	(227)	-	-	-	(227)	-	(227)	
Appropriation to shareholders	-	-	-	-	(19,731)	(19,731)	-	(19,731)	
Sub-total of the changes for the period	-	20,191	-	-	(13,269)	6,922	3,319	10,241	
Balance as at 30 June 2015	197,310	907,985	(4)	130,931	52,432	1,288,654	32,555	1,321,209	

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

I. GENERAL INFORMATION

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

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

The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section in the annual report. The consolidated financial statements are presented in Renminbi (“RMB”) which is the functional currency of the Company as well.

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

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The subsidiaries which are included in the scope of consolidated financial statements for the year ended 30 June 2016 of the Group are as follows:

Name of entity	Shareholding percentage (%)	
	Direct	Indirect
Beijing Beijing Outdoor Advertisement Co., Ltd. (Beijing 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	–
Beijing CéCi Advertising (Beijing) Limited (Beijing CéCi)	84.69	–
Beijing Long Teng Investment Management (Beijing) Co., Limited (Beijing Long Teng)	80.84	–
Beijing Community Media Technology (Beijing) Co. Ltd. (Beijing Community Media) (Note 1)	54.37	–
Chongqing Youth Media Company Limited (Chongqing Media)	60.00	–
Chongqing Pu Lantian Western Food Co. (Chongqing Pu Lantian) (Note 2)	–	60.00
CHONGQING YOUTH (AMERICA) LLC. (Chong Qing America) (Note 2)	–	60.00

Note 1: On 9 March 2016, Beijing Community Media completed the shareholding system reform and was renamed as “Beijing Community Media Technology (Beijing) Co. Ltd.”.

Note 2: The Group indirectly hold 60% equity interest of Chongqing PU Lantian and Chongqing America, which are 100% holding by the Group’s 60% direct holding subsidiary Chongqing Media.

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. BASIS FOR PREPARATION

The Group's financial statements for the six months ended 30 June 2016 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 ("MOF"), 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 "Significant accounting policies and accounting estimates and basis of preparation of consolidated financial statements".

2. GOING CONCERN

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

IV. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's consolidated financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the consolidated financial position as at 30 June 2016 and their consolidated operating results, consolidated cash flows and other relevant information for the six months ended 30 June 2016.

V. SIGNIFICANT 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. The period of this interim financial report is 1 January 2016 to 30 June 2016.

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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND 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 recognized 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 recognized in profit or loss for the period after reassessment.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***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 date on which the Group obtains or loses the controlling right over its subsidiaries.

(2) Accounting method for consolidated financial statements

The consolidated financial statements are prepared in accordance with the ASBE No. 33 – Consolidated financial statements and relevant requirements. On consolidation, all the significant intra-group transactions, balances and unrealized profits are eliminated in the preparation of the consolidated financial statements. The shareholders' equity of the subsidiaries, which is not attributable to the parent company, is separately presented as non-controlling interests in the shareholders' equity in the consolidated financial statements. Current net profits or loss, other comprehensive income and share belonging to non-controlling interests in the total comprehensive incomes are respectively listed in the "Non-controlling interests, profit and loss of non-controlling interests, other comprehensive income attributable to non-controlling interests and total comprehensive income attributable to non-controlling interests".

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

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Preparation of consolidated financial statement (Continued)

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

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 joint operation.

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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***6. Classification for joint venture arrangement and accounting methods for joint operation** *(Continued)*

Joint operation 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.

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

8. Foreign currency *(Continued)*

(2) Translation of foreign currency financial statement

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

9. Financial Assets and Financial Liabilities

(1) Financial Assets

- 1) Classification, recognition basis and measurement methods for the financial assets

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

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

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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***9. Financial Assets and Financial Liabilities** *(Continued)***(1) Financial Assets** *(Continued)*

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

Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable recoverable amounts that the management intends and is able to hold to maturity. It adopts effective interest rate method to subsequently measure it at amortized cost and the amortization or impairment and profit or loss after de-recognition are all charged into profit or loss in which period it occurred.

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

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Financial Assets and Financial Liabilities (Continued)

(1) Financial Assets (Continued)

- 2) Recognition basis and measurement methods for transferring financial assets

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

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

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

Partial transfer in financial assets meets derecognition conditions, the carrying amount of entire financial assets transferred are apportioned between derecognition and untermiated recognition 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 financial assets, if there is objective evidence indicating that financial assets are impaired, then provision for impairment is made. 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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

(2) Financial Liabilities

- 1) Classification, recognition 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 amortized cost using the effective interest method.

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

- 2) Derecognition conditions for financial liability

A financial liability is derecognized when the underlying present obligations (or part of it) are discharged. The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized 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 categorized 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:

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. Financial Assets and Financial Liabilities (Continued)

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

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

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

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

10. Provision for bad debts on receivables

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

Provision for bad debts is made using allowance account method. At the end of the period, receivables are assessed for impairment on individual or group basis and the provision for bad debts is recognized 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) Receivables that are individually significant and are provided for bad debts on individual basis

Judgement basis or value standard of individually significant receivable	Receivables of more than RMB5 million are regarded as individually significant receivable
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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
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V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND 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

Basis for determination of groups

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

Method of provision for bad debts on group basis

Aged group	Provision is made for bad debts according to aging analysis
Related party group	No provision is made in general
Non-risk group	No provision is made in general

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

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

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

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

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

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

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

Reason for providing bad debts individually	Receivables with individually insignificant amount and provision for bad debts made on group basis cannot reflect its credit risk characteristics
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Method of provision for bad debts	Provision for bad debts is made for the excess of its carrying
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11. Inventories

Inventories mainly include raw materials and low-value consumables.

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

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

11. Inventories *(Continued)*

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

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

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% 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.

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

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

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

Under the cost method, long-term equity investments are measured at its investment cost, and its cost is adjusted by the amount of additional investment or the amount recovered. Under the equity method, investment gain or loss represents the Group's share of the net profits or losses made by the invested company for the current period. The share of the net profits or losses of the invested company is recognized 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.

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

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 recognized 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 recognized directly in profit or loss for the current period.

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

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

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

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

14. Fixed assets

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

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

Subsequent expenditures incurred for a fixed asset, such as maintenance expenses and renovation and improvement expenses, are included in the cost of fixed asset when they meet the recognition criteria of a fixed asset, and the carrying amount of the replaced parts is derecognized. The subsequent expenditures incurred for a fixed asset are recognized 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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND 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 derecognized 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 recognized 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 recognized 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 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 for more than 3 months during acquisition, construction or production, the capitalization of borrowing costs shall be suspended until the acquisition, construction or production of such assets resume.

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

16. Intangible assets

Intangible assets of the Group, including land use rights operation rights and software, are recognized 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 recognized as an impairment loss. Once an impairment loss on the assets is recognized, 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.

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

The signs of impairment are as follows:

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***19. Long-term prepaid expenses**

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

20. Employee benefits

The Group recognises employee remuneration as liabilities during the accounting period in which employees render their services and allocates it to related cost of assets and expenses based on the beneficiaries. Compensation for termination of employment with any employee is recognized 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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND 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 technical 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 recognized as revenue at the time of the commencement of the sale transaction, but is deferred and recognized 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 recognized 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 recognized 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 recognized when the services are provided.

(5) Revenue from technical service

Revenue from technical service is recognized when the services are provided.

(6) Revenue from rental income

Rental income is recognized in accordance with the Group's accounting policy for operating lease (see Note V.24).

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

22. Government grants

A government grant is recognized 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 recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized directly in profit or loss for the current period.

23. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities of the Group are recognized 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 recognized. 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 recognized 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, recognized 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 unrecognized finance lease charge.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***24. Lease** *(Continued)*

Operating leases are leases other than finance leases. The Group, as a lessee, recognized 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, recognized 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 recognized 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 recognized using the balance sheet liabilities approach at the end of the period and their balances originally recognized.

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.

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

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 recognized 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 followings 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. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***27. Key accounting estimates and judgements** *(Continued)***(4) Allowance for bad debts of accounts receivable and other receivables**

The policy for allowance of bad debts of accounts receivable and other receivables of the Group is based on the evaluation of collectability and aging analysis of accounts receivable and the management's judgment. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and past collection history of each customer. If the financial condition of debtors of the Group is 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.

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

27. Key accounting estimates and judgements *(Continued)*

(8) Impairment loss for inventories

The management of the Group reviews the aging of the inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use or saleable in the market. The management estimates the net realizable 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 POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS OF PRIOR PERIODS

1. Changes in accounting policies and their effect

There were no changes in accounting policies during the period.

2. 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.

VII. TAX (Continued)

2. Value added tax ("VAT")

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

Since 1 May 2016, the Group's revenue from venue leases and property leases are subject to value-added tax at a rate of 11%, and its interest income on entrusted loans is subject to VAT at 6% of the amount of loans.

VAT credited in form of purchase of raw materials, rental expenses and advertising fees by the companies of the Group which are general VAT taxpayers can offset sales tax, tax rates are 17%, 11% and 6% respectively.

The value-added tax 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 prior to 1 May 2016.

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%
Educational surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%

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

1. Accounts receivable

Item	As at 30 June 2016	As at 31 December 2015
Accounts receivable	451,341	452,642
Less: Provision for bad debts	45,310	42,850
Net accounts receivable	406,031	409,792

- (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 30 June 2016	As at 31 December 2015
0-90 days	59,353	112,802
91-180 days	22,613	36,193
181-365 days	93,458	53,962
1-2 years	129,083	93,260
Over 2 years	101,524	113,575
Total	406,031	409,792

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).

The top five accounts receivable as at 30 June 2016 represented 44.03% of the total accounts receivable.

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

2. Prepayments

Item	As at 30 June 2016	As at 31 December 2015
Prepayments	81,205	59,869
Less: Provision for bad debts	-	-
Prepayments	81,205	59,869

(1) The following is an aging analysis of prepayments:

Item	As at 30 June 2016	As at 31 December 2015
Within 1 year	63,502	23,690
1-2 years	5,254	21,156
2-3 years	11,614	13,976
Over 3 years	835	1,047
Total	81,205	59,869

The top five prepayments as at 30 June 2016 represented 78.46% of the total repayments.

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

3. Other receivables

Item	As at 30 June 2016	As at 31 December 2015
Other receivables	311,494	137,565
Less: Provision for bad debts	3,525	3,291
Net other receivables	307,969	134,274

- (1) The following is an aging analysis of other receivables (net of provision for bad debts):

Item	As at 30 June 2016	As at 31 December 2015
Within 1 year	231,298	91,267
1-2 years	39,639	17,885
2-3 years	14,929	23,993
Over 3 years	22,103	1,129
Total	307,969	134,274

- (2) Other receivables by nature analysis

Nature	As at 30 June 2016	As at 31 December 2015
Consideration of equity transfer	168,000	–
Related party current account	114,608	110,710
Deposit and margin	16,722	6,505
External unit current	6,859	14,311
Reserve funds	4,394	4,472
Others	911	1,567
Total	311,494	137,565

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

3. Other receivables *(Continued)*

- (3) The top five other receivables as at 30 June 2016 represented 93.16% of the total other receivables.

4. Other current assets

Item	As at 30 June 2016	As at 31 December 2015
Investment of film projects (Note 1)	16,231	13,040
External loans (Note 2)	7,000	10,000
Total	23,231	23,040

Note 1: As at 30 June 2016, investment on film projects matured within one year including:

The Company had entered into an investment agreement in accordance with the proportion of investment with Beijing Forest Movies Culture Media Co., Ltd., pursuant to which the Company will invest RMB12,040 thousand (representing 20% of total investment cost of the TV series) for the production of TV series "Billow". The Company will enjoy the benefits in accordance with the proportion of investment based on the "Earnings Settlement Report" and will not participate in the production process. As at 30 June 2016, the Company had received revenue from distribution of the TV series of RMB6,784 thousand, and the remaining balance of the investment in the TV series amounted to RMB5,256 thousand.

The Company had entered into an investment agreement in accordance with the proportion of investment with Beijing Jiaren Culture Media Co., Ltd., pursuant to which the Company will invest RMB30,000 thousand (representing 44.12% of total investment cost of the TV series) for the production of TV series "38th Parallel". The Company will enjoy the benefits in accordance with the proportion of investment based on the "Earnings Settlement Report" and will not participate in the production process. As at 30 June 2016, the Company had received revenue from distribution of the TV series of RMB25,000 thousand, and the remaining balance of the investment in the TV series amounted to RMB5,000 thousand.

VIII. EXPLANATORY NOTES TO MAJOR ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***4. Other current assets** *(Continued)**Note 1: (Continued)*

The Company had entered into an investment agreement in accordance with the proportion of investment with Beijing Forest Movies Culture Media Co., Ltd., pursuant to which the Company will invest RMB975 thousand (representing 15% of total investment cost of the TV series) for the production of internet TV series "Witch in Chang'an". The Company will enjoy the benefits in accordance with the proportion of investment based on the "Earnings Settlement Report" and will not participate in the production process. As at 30 June 2016, the Company's balance of the investment in the TV series amounted to RMB975 thousand.

The Company entered into a fixed income investment agreement with Sichuan Bajun Union Entertainment Co., Ltd., with Sichuan Rongtou Assets Management Co., Ltd. providing guarantee for the income of the Company on a basis of joint and several liability. The Company will invest RMB5,000 thousand in the production of TV series "Grain Field under the Sun" for a term of one year at a fixed annual return of 15%. The Company will not participate in the operation of the TV series. It will not bear any risk or loss and will not participate in the sharing of any income of the TV series. As at 30 June 2016, the Company's remaining balance of the investment in the TV series amounted to RMB5,000 thousand.

Note 2: As at 30 June 2016, BYD Logistics, a subsidiary of the Company, provide a short-term loan of RMB3,000 thousand and an entrusted bank loan of RMB4,000 thousand to Beijing Beiqing Top Advertising Limited, an associate of the Company. The terms of the loans are from 11 March 2016 to 11 March 2017 and from 4 February 2016 to 4 February 2017, and both bear interest at 4.35% per annum, respectively.

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

5. Available-for-sale financial assets

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

Item	As at 30 June 2016			As at 31 December 2015		
	Carrying amount	Provision for impairment	Carrying Value	Carrying amount	Provision for impairment	Carrying Value
Available-for-sale equity instruments	170,815	5,069	165,746	170,815	5,069	165,746
Measured at fair value	-	-	-	-	-	-
Measured at cost	170,815	5,069	165,746	170,815	5,069	165,746
Total	170,815	5,069	165,746	170,815	5,069	165,746

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

Type	As at 30 June 2016	As at 31 December 2015
Unlisted equity investments, China	170,815	170,815
Provision for impairment of unlisted equity investments	5,069	5,069
Total	165,746	165,746

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.

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

5. Available-for-sale financial assets (Continued)

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

Investee	As at 1 January 2016	Carrying amount		As at 30 June 2016
		Increase in this period	Decrease in this period	
Suzhou Huaying Culture Industry Investment Enterprise	3,678	-	-	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)	47,008	-	-	47,008
Beijing 3D Investment Fund Management Ltd.	5,000	-	-	5,000
Total	170,815	-	-	170,815

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

For the six months ended 30 June 2016

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

5. Available-for-sale financial assets (Continued)

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

Investee	Provision for impairment			As at 30 June 2016	Shareholding percentage (%)	Cash bonus for the six months ended 30 June 2016
	As at 1 January 2016	Increase in this period	Decrease in this period			
Suzhou Huaying Culture Industry Investment Enterprise	-	-	-	-	2.25	-
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	-
Beijing 3D Investment Fund Management Ltd.	-	-	-	-	14.29	-
Total	5,069	-	-	5,069		-

(4) Provision for impairment of available-for-sale financial assets

Classification of available-for-sale financial assets	Available-for-sale equity instruments	Total
Provided for impairment as at 1 January 2016	5,069	5,069
Provision made for the period	-	-
Including: transferred from other comprehensive income	-	-
Decrease in this period	-	-
Including: subsequent reversal arising from increase in fair value	-	-
Provided for impairment as at 30 June 2016	5,069	5,069

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

6. Long-term equity investments

(1) Types for long-term equity investments

Type	As at 30 June 2016	As at 31 December 2015
Investments in associates – under equity method	5,432	171,574
Less: provision for impairment for investments in associates	446	25,621
Total	4,986	145,953

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

6. Long-term equity investments (Continued)

(1) Types for long-term equity investments (Continued)

Investee	Changes in the current period							Balance as at 30 June 2016	Balance of impairment provision as at 30 June 2016	
	Balance as at 1 January 2016		Investment gain or loss recognized using equity method	Other comprehensive income adjustment	Declaration of cash dividend in equity	Provision for impairment	Others			
	Additional investment	Decrease in investment								
Beijing Leisure Trend Advertising Company Limited ("Leisure Trend")	-	-	-	-	-	-	-	-	-	
Beijing Beijing Shengda Automobile Service Company Limited ("Beijing Shengda")	-	-	-	-	-	-	-	-	-	
Beijing Beisheng United Insurance Agency Co. Limited ("Beisheng United")	367	-	-	191	-	-	-	-	558	
BY Time Consulting Co., Ltd.	97	-	-	(55)	-	-	-	-	42	
Beijing Transmedia Co. Limited ("BQTM") (Note)	143,307	-	(119,762)	(23,545)	-	-	-	-	-	
Beijing Beijing Top Advertising Limited ("Beijing Top")	-	-	-	-	-	-	-	-	-	
Hebei Jujingcai E-commerce Company Limited ("Jujingcai")	-	-	-	-	-	-	-	-	-	
Beijing Lingshi Technology Co., Ltd. ("Beijing Lingshi")	1,179	-	-	(698)	-	-	-	-	481	
Chongqing Soyang Internet Technology Co., Ltd. ("Chongqing Soyang")	1,003	-	-	(55)	-	-	(446)	-	502	
Beijing Shangyou Network Technology Co., Ltd.	-	3,420	-	(17)	-	-	-	-	3,403	
Total	145,953	3,420	(119,762)	(24,179)	-	-	(446)	-	4,986	446

Note: On 11 April 2016, the Company entered into an equity transfer agreement with Beijing Trans-media Co., Ltd. ("Trans-media") that the Company has agreed to sell and Trans-media has agreed to purchase the Company's 36.12% equity interest in BQTM for cash consideration of RMB168,000 thousand. The aforesaid agreement was approved on the annual general meeting of the Company held on 30 June 2016. Upon the completion of the aforesaid equity transfer, the Company will cease to hold any equity interest in BQTM.

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

6. Long-term equity investments (Continued)

(2) Investments in associates

Item	As at 30 June 2016	As at 31 December 2015
Unlisted investments, at cost	47,487	192,532
Share of post-acquisition profit	(42,055)	(21,283)
Share of capital reserves of associates	–	325
Total	5,432	171,574

For details of the Group's associates as at 30 June 2016, please see the Note "X. Disclosure of interests in other entities".

7. Fixed assets

For the six months ended 30 June 2016, the fixed assets of the Group increased by RMB1,355 thousand (same period of 2015: RMB1,035 thousand).

For the six months ended 30 June 2016, the Group disposed of fixed assets with net carrying amount of RMB25 thousand (same period of 2015: RMB67 thousand), resulting in net gain on disposal of fixed assets of RMB106 thousand (same period of 2015: net loss of RMB62 thousand).

For the six months ended 30 June 2016, the depreciation of fixed assets recognized in the income statement is RMB1,831 thousand (same period of 2015: RMB1,719 thousand).

8. Intangible assets

For the six months ended 30 June 2016, the intangible assets of the Group increased by RMB242 thousand (same period of 2015: nil).

For the six months ended 30 June 2016, the amortization of intangible assets recognized in the income statement is RMB766 thousand (same period of 2015: RMB736 thousand).

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

9. Goodwill

Item	As at 30 June 2016	As at 31 December 2015
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 30 June 2016.

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.

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

10. Other non-current assets

Item	As at 30 June 2016	As at 31 December 2015
Entrusted loan (Note 1)	–	3,000
Film project prepaid expenses (Note 2)	26,090	56,090
Total	26,090	59,090

Note 1: As at 30 June 2016, the Company provided entrusted loan in aggregate of RMB3,000 thousand to Chongqing Youth Industrial Co., Ltd. (one of the shareholders of Chongqing Media) on 29 December 2014 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》) and "Heart of Ice" (《破冰》) which matured within more than 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"; 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 30 June 2016, the balances of prepaid expenses related to the remaining television projects "Oriental King of Soccer" and "Heart of Ice" were RMB21,600 thousand and RMB4,490 thousand respectively.

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

For the six months ended 30 June 2016

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

11. Breakdown of impairment provision of assets

Item	As at 1 January 2016	Increase in this period		Decrease in this period		As at 30 June 2016
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	46,141	2,694	-	-	-	48,835
Provision for impairment of inventories	3,495	-	-	-	-	3,495
Provision for impairment of financial assets available-for-sale	5,069	-	-	-	-	5,069
provision for impairment for investments in associates (Note)	25,621	446	-	-	25,621	446
Total	80,326	3,140	-	-	25,621	57,845

Note: On 11 April 2016, the Company entered into an equity transfer agreement with Beijing Trans-media Co., Ltd. ("Trans-media") that the Company has agreed to sell and Trans-media has agreed to purchase the Company's 36.12% equity interest in BQTM for cash consideration of RMB168,000 thousand. The aforesaid agreement was approved on the annual general meeting of the Company held on 30 June 2016. As a result, provision of impairment for RMB25,621 thousand made to BQTM in previous year has been transferred and recognized in profit or loss for the current period.

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

12. Accounts payable

The following is an aging analysis of accounts payable as at 30 June 2016 presented based on the invoice date:

Item	As at 30 June 2016	As at 31 December 2015
0-90 days	27,587	11,849
91-180 days	6,258	17,212
181-365 days	8,658	4,061
Over one year	8,048	42,211
Total	50,551	75,333

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

13. Other payables

Item	As at 30 June 2016	As at 31 December 2015
Other payables	55,647	67,077
Total	55,647	67,077

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

14. Other current liabilities

Item	As at 30 June 2016	As at 31 December 2015
Deferred income of customer loyalty program (advertising incentives)	2,432	2,432
Total	2,432	2,432

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

15. Long-term loans

(1) Borrowings classification

Type	As at 30 June 2016	As at 31 December 2015
Pledged borrowings	6,500	12,000
Less: Borrowings due within one year	6,500	6,500
Total	–	5,500

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

15. Long-term loans (Continued)

(1) Borrowings classification (Continued)

On 26 June 2014, Beiqing Outdoor, a subsidiary of the Company, has 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 30 June 2016	As at 31 December 2015
1-2 years	–	5,500
2-5 years	–	–
Total	–	5,500

16. Total operating revenue and operating costs

Item	For the six months ended 30 June	
	2016	2015
Principal operating revenue	166,455	269,949
Other operating revenue	41,807	7,438
Total operating revenue	208,262	277,387
Principal operating costs	153,989	206,346
Other operating costs	36,536	3,005
Total operating costs	190,525	209,351
Gross profit	17,737	68,036

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

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

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

(1) Principal operations – by business segment

Item	2016		2015	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Advertising	91,436	77,496	143,093	85,008
Printing	5,215	6,950	7,858	8,690
Trading of print-related materials	61,846	56,987	114,446	108,262
Distribution	1,049	1,712	2,204	2,618
Technical services	6,909	10,844	–	605
Consultation services	–	–	2,348	1,163
Total	166,455	153,989	269,949	206,346

(2) The sum of operating revenue from the top five customers is RMB31,452 thousand representing 15.10% of principal operating revenue for the six months ended 30 June 2016.

(3) Other operating revenue mainly includes revenue from film investment project of RMB32,784 thousand, property rental income of RMB4,949 thousand and venue rental income of RMB2,892 thousand.

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

17. Business taxes and surcharges

Item	For the six months ended 30 June	
	2016	2015
Business Tax	244	202
Cultural construction fee	3,694	3,772
Urban maintenance and construction tax	204	142
Educational surcharge	87	61
Local education surcharge	58	41
Others	22	31
Total	4,309	4,249

18. Financial expenses

Item	For the six months ended 30 June	
	2016	2015
Interest expenses – on bank loans wholly repayable within 5 years	743	1,179
Less: Interest income	2,909	3,729
Add: Exchange loss (gains)	(35)	–
Add: Other expenses	100	612
Total	(2,101)	(1,938)

19. Impairment loss of assets

Item	For the six months ended 30 June	
	2016	2015
Provision for bad debts	2,694	5,243
provision for impairment for investments in associates	446	–
Total	3,140	5,243

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

For the six months ended 30 June 2016

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

20. Gain and loss on the changes in fair value

Item	For the six months ended 30 June	
	2016	2015
Gain on changes in fair value of investment properties	197	8,258
Total	197	8,258

21. Investment income

Item	For the six months ended 30 June	
	2016	2015
Share of loss of associates	(24,178)	(3,534)
Other investment income:		
Gain on disposal of interests in an associate (Note)	48,237	–
Other investment income	–	1,229
Sub-total of other investment income	48,237	1,229
Total	24,059	(2,305)

Note: On 11 April 2016, the Company entered into an equity transfer agreement with Beijing Trans-media Co., Ltd. (“Trans-media”) that the Company has agreed to sell and Trans-media has agreed to purchase the Company’s 36.12% equity interest in Beijing Transmedia Co., Ltd. (“BQTM”) for cash consideration of RMB168,000 thousand. The aforesaid agreement was approved on the annual general meeting of the Company held on 30 June 2016. Upon the completion of the aforesaid equity transfer, the Company will cease to hold any equity interest in BQTM. Consequently, the Company has made a gain on disposal of interest in an associate for RMB48,237 thousand arising from the aforesaid equity transfer.

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

22. Non-operating income

Item	For the six months ended 30 June	
	2016	2015
Gain on disposal of fixed assets	115	–
Government grants	29	5
Compensation benefit	34	3
Others	16	11
Total	194	19

23. Non-operating expenses

Item	For the six months ended 30 June	
	2016	2015
Loss on disposal of fixed assets	9	62
Compensation and late payment charges	22	–
Others	–	7
Total	31	69

24. Income tax expenses

(1) Income tax expenses

Item	For the six months ended 30 June	
	2016	2015
Current income tax expenses	(2,059)	281
Deferred income tax expenses	(530)	2,060
Total	(2,589)	2,341

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

24. Income tax expenses *(Continued)*

(2) Current income tax expenses

Item	For the six months ended 30 June	
	2016	2015
Current income tax – PRC	3	–
Under-provision in prior years – PRC	(2,062)	281
Total	(2,059)	281

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

25. Dividends

- (1) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2016 (2015: nil).
- (2) For the period, the Company recognized the profits distributed as dividends as follows:

Item	For the six months ended 30 June	
	2016	2015
Final dividend for the financial year ended 31 December 2015 (2015: 2014 final dividend of RMB0.10 per share) (Note)	–	19,731
Total	–	19,731

Note: H share individual shareholders on the register of shareholders of the Company 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.

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

26. Other comprehensive income

Item	As at 31 December 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	As at 30 June 2016
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 Including: Exchange differences from retranslation of financial statement	31	-	-	-	13	44
Total other comprehensive income	31	-	-	-	13	44

27. Cash and cash equivalents

Item	As at 30 June 2016	As at 31 December 2015
Bank balances and cash	249,716	349,953
Less: bank deposits with maturity more than 3 months	116,306	111,683
Less: Restricted bank deposits	4,331	3,511
Cash and cash equivalents at the end of the period	129,079	234,759

28. Major non-cash transactions

During the period, certain advertising customers settled the obligation payable to the Group of RMB2,259 thousand through transferring other inventory at fair value of RMB2,259 thousand.

IX. CHANGES IN CONSOLIDATED SCOPE

1. Business combination

During the period, the Group had no changes in consolidated scope as a result of business combination.

2. Disposal of subsidiaries

During the period, the Group had no changes in consolidated scope as a result of disposal of subsidiaries.

3. Changes in consolidated scope for other reasons.

During the period, the Group had no changes in consolidated scope as a result of other reasons.

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Constitutions for enterprise group

Name of subsidiaries	Principal place of business	Place of registration	Business nature	Shareholding percentage (%)		Acquisition method
				Direct	Indirect	
BYD Logistics Company Limited	Beijing, the PRC	Beijing, the PRC	Logistics and warehousing	92.84	-	Establishment
Beijing C&C Advertising (Beijing) Limited	Beijing, the PRC	Beijing, the PRC	Advertising services	84.69	-	Business combination not under common control
Beijing Beijing Outdoor Advertisement Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Advertising services	100.00	-	Business combination under common control
Legal Evening Post Media Company Limited	Beijing, the PRC	Beijing, the PRC	Advertising services	100.00	-	Establishment
Beijing Long Teng Investment Management (Beijing) Co., Limited (Note 1)	Beijing, the PRC	Beijing, the PRC	Investment management	80.84	-	Establishment
Chongqing Youth Media Company Limited	Chongqing, the PRC	Chongqing, the PRC	Newspaper distribution, advertising services	60.00	-	Establishment
Beijing Qingyou Information Technology Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Game development	100.00	-	Establishment

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

Name of subsidiaries	Principal place of business	Place of registration	Business nature	Shareholding percentage (%)		Acquisition method
				Direct	Indirect	
Beiqing Community Media Technology (Beijing) Co., Ltd. (formerly Beiqing Community Culture Media (Beijing) Limited)	Beijing, the PRC	Beijing, the PRC	Advertising services	54.37	-	Establishment
Chong Qing Youth (America) LLC	California, the United States	California, the United States	Travel rental	-	60.00	Establishment
Chongqing Pu Lantian Western Food Co.	Chongqing, the PRC	Chongqing, the PRC	Catering services	-	60.00	Establishment

Note 1: According to the Capital Injection Agreement entered into between the Company and Beijing Longteng Ruixiang Culture Development Co., Ltd ("Longteng Ruixiang"), pursuant to which Beiqing Long Teng change the subscribed registered capital to RMB50,000 thousand. Beiqing Long Teng completed the procedures of registration of change with the industrial and commercial administration authorities on 19 November 2013. The subscribing shareholding of capital by the Company was 51%. At the end of the reporting period, the paid-up capital of Beiqing Long Teng was RMB26,100 thousand, among which the Company paid up RMB21,100 thousand with the shareholding being 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 30 June 2016.

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(2) Significant non-wholly-owned subsidiaries

Name of subsidiary	Percentage of minority interest	Profits and loss attributable to minority interests for the period	Dividends declared to minority interests for the period	Balance of minority interest as at 30 June 2016
BYD Logistics Company Limited	7.16%	(31)	-	5,251
Beijing C&C Advertising (Beijing) Limited	15.31%	(891)	-	13,450
Beijing Long Teng Investment Management (Beijing) Co., Limited	19.16%	(66)	-	2,186
Chongqing Youth Media Company Limited	40.00%	(346)	-	4,571
Beijing Community Media Technology (Beijing) Co., Ltd.	45.63%	(10,198)	-	20,318

(3) Major financial information of significant non-wholly-owned subsidiaries

Name of subsidiaries	As at 30 June 2016						As at 31 December 2015					
	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	147,286	4,554	151,840	78,477	-	78,477	188,617	4,469	193,086	119,297	-	119,297
Beijing C&C Advertising (Beijing) Limited	48,455	172	48,627	8,166	-	8,166	52,078	109	52,187	5,904	-	5,904
Beijing Long Teng Investment Management (Beijing) Co., Limited	10,389	5,123	15,512	8,064	-	8,064	10,591	5,206	15,797	8,002	-	8,002
Chongqing Youth Media Company Limited	6,997	10,771	17,768	6,340	-	6,340	7,710	11,273	18,983	6,713	-	6,713
Beijing Community Media Technology (Beijing) Co., Ltd.	52,083	18,305	70,388	25,860	-	25,860	86,397	15,121	101,518	34,641	-	34,641

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)**1. Interests in subsidiaries (Continued)****(3) Major financial information of significant non-wholly-owned subsidiaries (Continued)**

Name of subsidiaries	For the six months ended 30 June 2016				For the six months ended 30 June 2015			
	Operating revenue	Net profit	Total comprehensive income	Net Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Net Cash flows from operating activities
BYD Logistics Company Limited	88,628	(427)	(427)	(11,294)	149,734	(1,605)	(1,605)	(5,065)
Beijing C&CI Advertising (Beijing) Limited	6,996	(5,823)	(5,823)	(280)	15,179	272	272	(5,040)
Beijing Long Teng Investment Management (Beijing) Co., Limited	-	(347)	(347)	(241)	2,348	(778)	(778)	(2,676)
Chongqing Youth Media Company Limited	5,131	(865)	(865)	(459)	6,524	(2,666)	(2,666)	(1,120)
Beijing Community Media Technology (Beijing) Co., Ltd.	18,917	(22,348)	(22,348)	(26,993)	9,246	(18,839)	(18,839)	(21,705)

2. Interests in associates**(1) Significant associates**

Name of associates	Place of registration	Primary operation place	Business nature	Shareholding percentage (%)		Percentage of voting right (%)	Business structure
				Direct	Indirect		
Beijing Leisure Trend Advertising Company Limited	China	Beijing	Design, production, agency advertising	49.00	—	49.00	Limited liability company
Beijing Beijing Shengda Automobile Service Company Limited	Beijing	Beijing	Car decoration services, market research, marketing planning	20.00	—	20.00	Limited liability company
Beijing Beisheng United Insurance Agency Co. Limited	Beijing	Beijing	Car insurance agency services	20.00	—	20.00	Limited liability company
BY Time Consulting Co., Ltd.	Beijing	Beijing	Economic information consulting, organizing cultural activities	30.00	—	30.00	Limited liability company
Beijing Transmedia Co. Limited	Beijing	Beijing	Provide advertising, design, production, publish and related agency services	36.12	—	36.12	Limited liability company
Beijing Beijing Top Advertising Limited	Beijing	Beijing	Design, production, agency advertising	41.60	18.06	41.60	Limited liability company

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in associates (Continued)

(1) Significant associates (Continued)

Name of Joint ventures associates	Place of registration	Primary operation place	Business nature	Shareholding percentage (%)		Percentage of voting right (%)	Business structure
				Direct	Indirect		
Hebei Jujingcai E-commerce Company Limited	Shijiazhuang	Beijing	Sale of primary agricultural products and other goods	44.50	-	44.50	Limited liability company
Beijing Lingshi Technology Co., Ltd.	Beijing	Beijing	Sale of primary agricultural products and other goods	20.00	8.90	20.00	Limited liability company
Chongqing Soyang Internet Technology Co., Ltd.	Chongqing	Chongqing	Network E-Commerce	-	21.00	21.00	Limited liability company
Beijing Shangyou Network Technology Co., Ltd.	Beijing	Beijing	Network E-Commerce	-	16.31	16.31	Limited liability company

The accounting method for associates adopted by the Group is equity method.

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

Beijing Shangyou Network Technology Co., Ltd. is 30% owned as to Beijing Community Culture Media (Beijing) Limited, as subsidiary of Beijing Media.

(2) Major financial information on insignificant associates

None

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES *(Continued)***2. Interests in associates** *(Continued)***(3) Aggregated financial information on insignificant associates**

Item	As at 30 June 2016/ For the six months ended 30 June 2016	As at 31 December 2015/ For the six months ended 30 June 2015
Associates:		
Total book value in investment	4,986	2,645
Aggregated amounts per shareholding percentage for the followings:		
– net profit	(24,178)	(6,838)
– other comprehensive income	–	–
– total comprehensive income	(24,178)	(6,838)

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

For the six months ended 30 June 2016

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

2. Interests in associates *(Continued)*

(4) Excess losses incurred by associates

Name of associate	Accumulated and unrecognized loss for the previous years as at 31 December 2015	Unrecognized losses for the period (or net profit shared in the period)	Accumulated and unrecognized loss as at 30 June 2016
Beijing Leisure Trend Advertising Company Limited	(3,701)	(392)	(4,093)
Beijing Beijing Shengda Automobile Service Company Limited	(456)	(55)	(511)
Beijing Beijing Top Advertising Limited	(4,757)	(2,545)	(7,302)
Hebei Jujingcai E-commerce Company Limited	(335)	(27)	(362)
Total	(9,249)	(3,019)	(12,268)

(5) Unrecognized commitments relating to investment in associates

None

(6) Contingent liabilities relating to investment in associates

None

XI. DISCLOSURE OF FAIR VALUES**1. Fair value of assets and liabilities at the end of period and fair value measurement level**

Item	Fair value as at 30 June 2016			Total
	Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	
Fair value measurement on a recurred basis				
Investment properties – leased buildings	56,664	–	–	56,664
Total assets measured at fair value on a recurred basis	56,664	–	–	56,664

The Group's fair value of investment property as at 30 June 2016 is achieved by reference to the recent market price of a similar property in the same location and condition.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Relationships with related parties

Related parties that had transactions with the Group during the period are as follows:

Relationship	Name of related party
Parent company and ultimate controlling company	BYDA
Subsidiary of BYDA	Beijing International Investment Consultancy (Beijing) Co., Limited
Subsidiary of BYDA	Beijing Beijing 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 Beijing 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	Beijing Transmedia Co. Limited
Associate of the Company	Beijing Beijing 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 Beijing Shengda Automobile Service Company Limited
Associate of the Company	Hebei Jujingcai E-commerce Company Limited
Associate of the Company	BY Time Consulting Co., Ltd.
Associate of the Company	Beijing Lingshi Technology Co., Ltd.
Associate of the Company	Chongqing Soyang Internet Technology Co., Ltd.
Associate of the Company	Beijing Shangyou Network Technology Co., Ltd.
Other related party	Shanghai China Business News Company Limited (Note 1)
Other related party	Chongqing Youth Industrial Co., Ltd. (Note 2)
Other related party	Chongqing Youth Daily
Other related party	Korea Central M&B Publishing Group
Other related party	XiaoHongMao Corporation
Other related party	Beijing XiaoHongMao Logistics Co. Ltd.

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

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

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

Name of parent company and ultimate controlling company	Type of enterprise	Place of registration	Business nature	Legal representative	Code of organisation
BYDA	State-owned enterprise	Beijing	Media and publishing	Zhang Yanping	400755568

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

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

Parent company	As at 1 January 2016	Increase in this period	Decrease in this period	As at 30 June 2016
BYDA	22,439	–	–	22,439

(3) Shares or equity held by parent company and its changes

Parent company	Shareholding amount		Shareholding percentage (%)	
	As at 30 June 2016	As at 1 January 2016	As at 30 June 2016	As at 1 January 2016
BYDA	124,840	124,840	63.27	63.27

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

3. Related party transactions

(1) Purchase of goods/receipt of services

Related parties	Pricing principle for related party transactions	For the six months ended 30 June	
		2016	2015
BYDA (Note 1)	Contracted price	7,264	13,778
Associates of the Company	Contracted price	-	210
Subsidiaries of BYDA	Contracted price	77	675
Other related parties	Contracted price	1,412	776
Total		8,753	15,439

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

(2) Sale of goods/rendering services

Related parties	Pricing principle for related party transactions	For the six months ended 30 June	
		2016	2015
BYDA	Contracted price	1,187	86
Associates of the Company	Contracted price	994	8,952
Subsidiaries of BYDA	Contracted price	8,032	11,989
Other related parties	Contracted price	1,955	3,249
Total		12,168	24,276

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**3. Related party transactions** (Continued)**(3) Leasing – The Group as lessor**

Name of lessee	Nature of assets leased	Date of commencement	Date of termination	Basis for rental income	Rental income recognized for the period
BYDA	Building	2016-1-1	2018-12-31	Contracted price	2,579

(4) Leasing – The Group as lessee

Name of lessor	Nature of assets leased	Date of commencement	Date of termination	Basis for rental fees	Rental expenses recognized for the period
BYDA	Building	2016-1-1	2018-12-31	Contracted price	915

(5) Entrusted loans

During the six months ended 30 June 2016, BYD Logistic Company Limited, a subsidiary of the Company, directly provided an entrusted loan of RMB4,000 thousand to Beijing Beiqing Top Advertising Limited, an associate of the Company at a fixed interest rate of 4.35% per annum. The term of loan commenced on 4 February 2016 and ends on 4 February 2017.

(6) Other current assets

During the six months ended 30 June 2016, BYD Logistic Company Limited, a subsidiary of the Company, provided three batches of short-term loans to Beijing Beiqing Top Advertising Limited, an associate of the Company, amounts of which were RMB10,000 thousand, RMB23,000 thousand and RMB3,000 thousand respectively. Beiqing Top repaid the first batch in full of RMB10,000 thousand to BYD Logistics on 10 June 2016 and paid interest of RMB500 thousand at an interest rate of 5.31%. BYD Logistics lent the second batch of RMB23,000 thousand to Beiqing Top on 21 March 2016 at zero interest rate with maturity date of 21 April 2016. Beiqing Top repaid such amount on 21 April 2016. BYD Logistics lent the third batch of RMB3,000 thousand to Beiqing Top on 11 March 2016 with maturity date of 11 March 2017 at an interest rate of 4.35%. As at 30 June 2016, the outstanding amount of the loans was RMB3,000 thousand.

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

For the six months ended 30 June 2016

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

3. Related party transactions *(Continued)*

(7) Remuneration for key management personnel

Item	For the six months ended 30 June	
	2016	2015
Remuneration for key management personnel	2,744	2,654

(8) Financial guarantee from related parties

As at 30 June 2016, BYDA provided guarantee to The Bank of Beijing for bank facilities granted to BYD Logistics with a maximum amount of RMB40,000 thousand. The guarantee period commenced from 25 September 2015 to 25 September 2016. As at 30 June 2016, the utilized bank credit is RMB22,301 thousand.

As at 30 June 2016, BYDA provided guarantee to The Ping An Bank for bank facilities granted to BYD Logistics with a maximum amount of RMB40,000 thousand. The guarantee period commenced from 28 June 2016 to 27 June 2017. As at 30 June 2016, the utilized bank credit is RMB7,000 thousand.

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**4. Balances with related parties****(1) Accounts receivable due from related parties**

Related parties	As at 30 June 2016		As at 31 December 2015	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
BYDA	36	–	30	–
Associates of the Company	45,561	–	45,456	–
Subsidiaries of BYDA	114,505	–	108,407	–
Other related parties	2,404	–	3,362	–
Total	162,506	–	157,255	–

(2) Other receivables due from related parties

Related parties	As at 30 June 2016		As at 31 December 2015	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
BYDA	2,703	–	–	–
Associates of the Company	106,543	–	106,194	–
Subsidiaries of BYDA	5,362	–	4,503	–
Total	114,608	–	110,697	–

(3) Accounts payable due to related parties

Related parties	As at 30 June 2016	As at 31 December 2015
BYDA	834	567
Subsidiaries of BYDA	63	763
Other related parties	979	847
Total	1,876	2,177

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

For the six months ended 30 June 2016

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

4. Balances with related parties *(Continued)*

(4) Other payables due to related parties

	As at 30 June 2016	As at 31 December 2015
Related parties		
BYDA	9,541	8,473
Associates of the Company	338	–
Subsidiaries of BYDA	586	486
Other related parties	1,007	589
Total	11,472	9,548

(5) Receipts in advance due from related parties

	As at 30 June 2016	As at 31 December 2015
Related parties		
Associates of the Company	2,198	–
Subsidiaries of BYDA	1	–
Total	2,199	–

(6) Prepayments to related parties

	As at 30 June 2016	As at 31 December 2015
Related parties		
BYDA	3,985	5,250
Other related parties	761	761
Total	4,746	6,011

XII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**4. Balances with related parties** (Continued)**(7) Entrusted loans**

Related parties	As at 30 June 2016	As at 31 December 2015
Associates of the Company	4,000	–
Other related parties	3,000	3,000
Total	7,000	3,000

The Company provided entrusted loan via bank in aggregate of RMB3,000 thousand to Chongqing Youth Industrial Co., Ltd. for a term of three years and at a fixed interest rate of 6.15% per annum. The term of loan commenced on 29 October 2013 and ends on 29 October 2016.

BYD Logistic Company Limited, a subsidiary of the Company, directly provided an entrusted loan of RMB4,000 thousand to Beijing Beijing Top Advertising Limited, an associate of the Company at a fixed interest rate of 4.35% per annum. The term of loan commenced on 4 February 2016 and ends on 4 February 2017.

XIII. COMMITMENTS

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

1. The Group as lessee

As at 30 June 2016, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 30 June 2016	As at 31 December 2015
Within 1 year	15,024	9,763
1-2 years	8,611	17,404
2-3 years	1,873	5,485
After 3 years	11	–
Total	25,519	32,652

XIII. COMMITMENTS *(Continued)*

2. The Group as lessor

As at 30 June 2016, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 30 June 2016	As at 31 December 2015
Within 1 year	8,237	9,723
1-2 years	8,138	9,039
2-3 years	4,539	8,209
After 3 years	–	457
Total	20,914	27,428

3. Use rights of advertising boards

As at 30 June 2016, 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 30 June 2016	As at 31 December 2015
Within 1 year	66,548	43,103
1-2 years	15,434	25,620
2-3 years	6,275	6,947
Total	88,257	75,670

XIV. POST-BALANCE SHEET EVENTS

The Group had no material post-balance sheet events required to be disclosed.

XV. SEGMENT INFORMATION

The price of intra-segment transactions is determined with reference to market rates. The segments are:

Business segments	Principal activities
Advertising:	Sales of advertising spaces and outdoor advertising of the media or activities operated by BYDA, Chongqing Youth Daily, Beijing Community Newspaper and CéCi magazine.
Printing:	Provision of printing services.
Trading of print-related materials:	Sales of paper, ink, lubricant, film, pre-coating photosensitive liquid plate and rubber plate used for printing and other print-related materials.
Distribution:	Distribution of newspaper that are mainly published by Chongqing Youth Daily.
Technical services:	Provision of network technical support and maintenance service for online gaming.

(1) For the six months ended 30 June 2016

Item	Trading of				Unallocated		Elimination	Total
	Advertising	Printing	print-related materials	Distribution	Technical services	amount and others		
Revenue from external transactions	91,439	5,216	61,846	1,045	6,909	41,807	-	208,262
Revenue from intra-segment transactions	14,230	9,418	12,106	-	-	924	(36,678)	-
Operating revenue	105,669	14,634	73,952	1,045	6,909	42,731	(36,678)	208,262
Operating profit/(loss)	(51,938)	(2,276)	(531)	(251)	(4,896)	29,446	-	(30,446)

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

For the six months ended 30 June 2016

XV. SEGMENT INFORMATION *(Continued)*

(2) For the six months ended 30 June 2015

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount and others	Elimination	Total
Revenue from external transactions	143,093	7,858	114,446	2,204	9,786	-	277,387
Revenue from intra-segment transactions	13,047	12,414	14,973	-	802	(41,236)	-
Operating revenue	156,140	20,272	129,419	2,204	10,588	(41,236)	277,387
Operating profit/(loss)	(2,464)	(572)	(721)	(1,893)	8,240	-	2,590

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

XVI. OTHER SIGNIFICANT EVENTS

1. Leasing

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

Category of assets leased out under operating leases	As at 30 June 2016	As at 31 December 2015
Investment properties and fixed assets	59,030	59,022
Total	59,030	59,022

XVII. SUPPLEMENTARY INFORMATION**1. Earnings per share**

Item	For the six months ended 30 June	
	2016	2015
Net profit for the half-year attributable to the shareholders of the Company	(16,162)	6,462
Weighted average number of ordinary shares in issue (0'000 shares)	197,310	197,310
Earnings per share (RMB)	(0.08)	0.03

The basic earnings and diluted earnings per share for the six months ended 30 June 2015 and 2016 are the same as there was no dilution incurred during the periods.

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

For the six months ended 30 June 2016

XVII. SUPPLEMENTARY INFORMATION (Continued)

2. Balance sheet of the company (unaudited)

Item	RMB'000	
	As at 30 June 2016	As at 31 December 2015
Current assets:		
Bank balances and cash	133,287	171,414
Accounts receivable	278,613	257,744
Prepayments	46,476	40,344
Interest receivable	221	954
Other receivables	279,641	109,450
Inventories	20,326	21,823
Non-current assets due within one year	3,000	–
Other current assets	26,231	33,040
Total current assets	787,795	634,769
Non-current assets:		
Financial assets available-for-sale	113,238	113,238
Investment in subsidiaries	274,304	274,304
Long-term equity investment	1,081	144,952
Investment properties	16,159	16,159
Fixed assets	5,439	6,071
Intangible assets	35,552	36,033
Other non-current assets	26,090	59,090
Total non-current assets	471,863	649,847
Total assets	1,259,658	1,284,616

XVII. SUPPLEMENTARY INFORMATION (Continued)**2. Balance sheet of the company (unaudited)** (Continued)

Item	RMB'000	
	As at 30 June 2016	As at 31 December 2015
Current liabilities:		
Accounts payable	20,489	36,758
Receipts in advance	16,203	19,832
Employee benefit payables	3,839	4,745
Tax payables	(19,172)	(19,692)
Other payables	38,747	51,250
Other current liabilities	2,432	2,432
Total current liabilities	62,538	95,325
Non-current liabilities:		
Total non-current liabilities	–	–
Total liabilities	62,538	95,325
Shareholders' equity:		
Share capital	197,310	197,310
Capital reserves	896,041	896,041
Surplus reserves	130,931	130,931
Undistributed profits	(27,162)	(34,991)
Total shareholders' equity	1,197,120	1,189,291
Total liabilities and shareholders' equity	1,259,658	1,284,616

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

For the six months ended 30 June 2016

XVII. SUPPLEMENTARY INFORMATION (Continued)

3. Income statement of the company (unaudited)

Item	RMB'000	
	For the six months ended 30 June	
	2016	2015
Operating revenue	90,732	112,554
Total operating costs	107,038	91,579
Operating costs	91,513	71,922
Sales tax and surcharges	2,576	3,292
Administrative expenses	14,511	14,756
Financial expenses	(1,430)	(2,398)
Impairment loss of assets	(132)	4,007
Share of loss of associates	(24,108)	(3,206)
Other investment gains	48,237	1,229
Operating profit	7,823	18,998
Add: non-operating income	6	–
Less: non-operating expenses	–	–
Including: Loss on disposal of non-current assets	–	–
Total profit	7,829	18,998
Less: Income tax expenses	–	–
Net profit	7,829	18,998
Other net comprehensive income	–	–
Total comprehensive income	7,829	18,998

XVII. SUPPLEMENTARY INFORMATION (Continued)

4. Cash flow statement of the company (unaudited)

Item	RMB'000	
	For the six months ended 30 June	
	2016	2015
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	31,193	88,796
Refund of taxes	-	-
Other cash receipts relating to operating activities	3,667	38,106
Sub-total of cash inflows from operating activities	34,860	126,902
Cash paid for goods purchased and services received	82,263	81,047
Cash paid to and on behalf of employees	14,641	15,438
Payments of taxes and surcharges	4,348	4,233
Other cash payments relating to operating activities	9,250	8,140
Sub-total of cash outflows from operating activities	110,502	108,858
Net cash flows from operating activities	(75,642)	18,044
II. Cash flows from investing activities:		
Cash received from investments	-	1,142
Cash received from returns on investment	-	1,162
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Net cash received from disposal of subsidiaries and other operating units	-	-
Other cash receipts relating to investing activities	53,623	1,888
Sub-total of cash inflows from investing activities	53,623	4,192
Cash paid to acquire fixed assets, intangible assets and other long-term assets	134	33
Cash paid on investment	-	-
Net cash paid to acquire subsidiaries and other operating units	-	-
Other cash payments relating to investing activities	29,331	89,154
Sub-total of cash outflows from investing activities	29,465	89,187
Net cash flows from investing activities	24,158	(84,995)

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

For the six months ended 30 June 2016

XVII. SUPPLEMENTARY INFORMATION (Continued)

4. Cash flow statement of the company (unaudited) (Continued)

RMB'000

For the six months ended 30 June

Item	2016	2015
III. Cash flows from financing activities:		
Cash received from investments	-	-
Cash received from borrowings obtained	-	-
Cash received from issue of bonds	-	-
Other cash receipts relating to financing activities	-	-
Sub-total of cash inflows from financing activities	-	-
Cash payments for borrowings repayment	-	-
Cash payments for distribution of dividends or profits or interest expense	-	-
Other cash receipts relating to financing activities	-	-
Sub-total of cash outflows from financing activities	-	-
Net cash flows from financing activities	-	-
IV. Effect of exchange rate changes on cash and cash equivalents	-	-
V. Net decrease in cash and cash equivalents	(51,484)	(66,951)
Add: balance of cash and cash equivalents at the beginning of the period	113,297	123,205
VI. Balance of cash and cash equivalents at the end of the period	61,813	56,254

XVII. SUPPLEMENTARY INFORMATION (Continued)

5. Statement of changes in shareholders' equity of the company (unaudited)

RMB'000

Item	For the six months ended 30 June 2016				Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	
Balance as at 1 January 2016	197,310	896,041	130,931	(34,991)	1,189,291
Net profits	-	-	-	7,829	7,829
Impact due to change in fair value	-	-	-	-	-
Appropriation to shareholders	-	-	-	-	-
Sub-total of the changes for the period	-	-	-	7,829	7,829
Balance as at 30 June 2016	197,310	896,041	130,931	(27,162)	1,197,120
	For the six months ended 30 June 2015				
Item	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance as at 1 January 2015	197,310	896,213	130,931	35,422	1,259,876
Net profits	-	-	-	18,997	18,997
Impact due to change in fair value	-	(227)	-	-	(227)
Appropriation to shareholders	-	-	-	(19,731)	(19,731)
Sub-total of the changes for the period	-	(227)	-	(734)	(961)
Balance as at 30 June 2015	197,310	895,986	130,931	34,688	1,258,915

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

XVII. SUPPLEMENTARY INFORMATION *(Continued)***6. Distributable reserve**

As at 30 June 2016, the Company's undistributed profits to the shareholders was RMB-27,162 thousand (31 December 2015: RMB-34,991 thousand). Surplus reserve for the Company was 130,931 thousand (31 December 2015: RMB130,931 thousand). According to the Articles of Association of the Company, the surplus reserve can be used to offset the accumulated losses through approval from the general meeting.

XVIII. APPROVAL OF INTERIM FINANCIAL REPORT

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

Beijing Media Corporation Limited

31 August 2016