



HK Stock Code: 1000

2017

INTERIM

REPORT

Beijing Media Corporation Limited

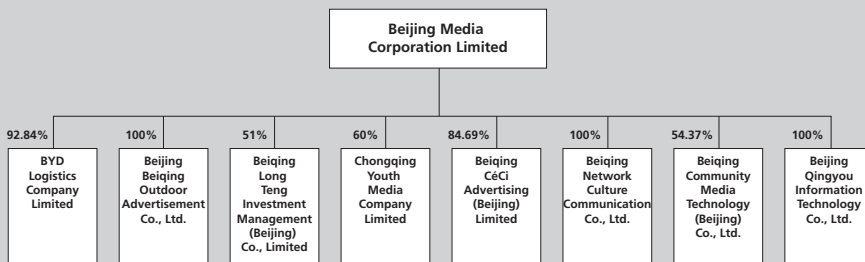
A joint stock company incorporated
in the People's Republic of China with limited liability

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COMPANY PROFILE

Beijing Media Corporation Limited (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 2017)



COMPANY WEBSITE

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 30 June 2017): 197,310,000
- Market Capitalisation (as at 30 June 2017): HK\$0.78529 billion
- Financial Year End: 31 December
- Bloomberg’s Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

AS AT 30 JUNE 2017

EXECUTIVE DIRECTORS

Zhang Yanping (*Chairman*)
 Yu Haibo (*Vice Chairman and President*)
 He Xiaona (*Executive Vice President*)
 Yang Wenjian (*Vice President*) ^{Note 1}
 Peng Liang (*Executive Vice President and
 Chief Financial Officer*) ^{Note 2}
 Shang Da (*Vice President*)

NON-EXECUTIVE DIRECTORS

Zang Furong ^{Note 1}
 Wu Bin ^{Note 1}
 Xu Xun
 Liu Hong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Wu Tak Lung
 Cui Enqing
 Chen Ji
 Wu Changqi
 Chow Bing Chuen

JOINT COMPANY SECRETARIES

Shang Da
 Yu Leung Fai

AUDIT COMMITTEE

Wu Tak Lung (*Chairman*)
 Chow Bing Chuen
 Wu Changqi ^{Note 3}

REMUNERATION COMMITTEE

Cui Enqing (*Chairman*)
 Chen Ji
 Wu Changqi

NOMINATION COMMITTEE

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

WUYIGE Certified Public Accountants LLP ^{Note 4}
 Room 1504,
 Institute International Building,
 No. 1 Zhichun Road,
 Haidain District,
 Beijing, 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 convened on 30 June 2017, Ms. Yang Wenjian was appointed as the executive director of the 6th session of the board of directors of the Company and Ms. Zang Furong and Mr. Wu Bin were appointed as the non-executive directors of the 6th session of the board of directors of the Company. Please refer to the announcement of the Company dated 30 June 2017 for details.

2. On 31 March 2017, Mr. Duan Gang resigned from the positions as the executive directors of the 6th session of the board of directors and executive vice president of the Company. Upon the approval at the 7th meeting of the 6th session of the board of directors of the Company convened on 31 March 2017, Mr. Peng Liang was appointed as the executive vice president of the Company. Please refer to the announcement of the Company dated 31 March 2017 for details.
3. Upon the approval at the 7th meeting of the 6th session of the board of directors of the Company convened on 31 March 2017, Mr. Wu Changqi, an independent non-executive director, was appointed as a member of the audit committee of the 6th session of the board of directors. Please refer to the announcement of the Company dated 31 March 2017 for details.
4. Upon the approval at the annual general meeting of the Company convened on 30 June 2017, WUYIGE Certified Public Accountants LLP (大信會計師事務所(特殊普通合夥)) was appointed as the Company's auditor for the year 2017. Please refer to the announcement of the Company dated 30 June 2017.



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 2017 (the "First Half of 2017").

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, mainly including sale of advertising spaces on newspapers and magazines and sale of outdoor billboards advertisement; (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, etc. to customers including commercial printers.

BUSINESS REVIEW OF THE GROUP *(Continued)*

In the First Half of 2017, the total operating revenue of the Group was RMB197,925 thousand (corresponding period of 2016: RMB208,262 thousand), representing a decrease of 4.96% as compared with that for the corresponding period of 2016. Net Loss attributable to shareholders of the Company was RMB39,513 thousand (net loss attributable to shareholders of the Company in the corresponding period of 2016: RMB16,162 thousand).

In the First Half of 2017, the macro-economy has grown gradually steady. As the Internet economy has developed rapidly, the impact on print media has been increasing and the business performance of the Company has been under such influence. In the First Half of 2017, operating revenue of the Group showed an improvement in decreasing rate as compared with the same period last year, with a clear trend of reaching its bottom. In the First Half of 2017, revenue from advertising business of the Group decreased by RMB8,909 thousand, and operating revenues and results of subsidiaries slightly decreased. There was no material change in the Group's related costs as compared with the same period last year. Given the relatively low elasticity of the Group's printing and related costs, the decrease in revenue from advertising business directly aggravated decrease in the Group's result.

In 2017, the Group strengthened its competitiveness by developing and enriching new media products, reducing original products, consolidating resources and creating synergy.

In the First Half of 2017, the Group developed an App, "Beijing Headline" and Chongqing Youth Media Company Limited ("Chongqing Media") developed an App, "Chongqing Headline", which established a diversified new media platform. Meanwhile, in the First Half of 2017, the Company disposed of 20% equity interests in Beijing Lingshi Technology Co. Ltd. at premium through public listing-for-sale, through which the Company recovered a capital of RMB2,100 thousand. By taking the aforesaid action as an opportunity, the Company has advanced resources sharing, established connection and achieved mutual promotion and mutual advancement between the new and old business models and new and old products, and ultimately strengthened the Group's competitiveness.

Advertisement Business

In the First Half of 2017, revenue from advertising business of the Group was RMB82,527 thousand, representing a decrease of 9.74% as compared with the same period last year (corresponding period of 2016: RMB91,436 thousand).

In the First Half of 2017, the decrease rate in revenue from advertising business improved as compared with the same period last year.

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

Real estate advertising industry is 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. According to the market monitoring data provided by third parties, in the First Half of 2017, the total advertising placement volume of real estate industry and automobile industry in the print media of Beijing metropolitan newspapers represented a year-on-year decrease. As a result, the advertising revenue of the Company from real estate industry and automobile industry also recorded a decrease as compared with the same period last year.

In addition, according to the market monitoring data provided by third parties, advertising placement volume in other industries including finance and insurance and cosmetics and hygiene items also kept in the leading position compared with other print media of Beijing metropolitan newspapers.

In the First Half of 2017, the decrease in the advertising revenue of the Company has slowed down. Advertisement placing volume from certain industries ceased to decline and experienced an upward trend, including finance, sports, 3C and food.

In face of changes in circumstances, the Group actively responded and implemented two strategies:

1. By using new product development as an opportunity to integrate new and old businesses.
2. By using multi-level marketing strategy as the starting point to promote the integration of new and old businesses and new and old products.

1. *Developing and enriching product structure and consolidating the Group's overall resources*

Developing "Beijing Headline" App

In the First Half of 2017, focusing on the demand of users in Beijing, the Company designed and developed an App called "Beijing Headline". As at June 2017, the App "Beijing Headline" has completed the work of client-end going online and upgrading to 2.0 version.

With regards to its functions, the App "Beijing Headline" has been equipped with mainstream functions including reading images, articles and information, intelligent information distribution and recommendation, videos live broadcasting and UGC social media interaction, and has connected to a variety of Beijing's city services terminals, which enable good cooperation with vast number of client-ends in various aspects of city life, including city convenience, car owner services, health management, job seeking and recruitment, learning and improvement and ticket purchase in order to provide a "one-stop" quick and convenient service to users.

BUSINESS REVIEW OF THE GROUP (Continued)**Advertisement Business (Continued)****1. Developing and enriching product structure and consolidating the Group's overall resources (Continued)****Developing "Beijing Headline" App (Continued)**

As for the contents, the App "Beijing Headline" has developed a combined model consisting of the Group's own quality contents sources + quality contents sources from local cooperating parties + contents uploaded from UGC users. Over 10,000 articles were updated every day, which covered all mainstream third party distribution platforms (Jinri Toutiao, Yidianzixun, Baidubaijia etc.). Meanwhile, the App "Beijing Headline" organized plentiful online and offline activities 3 to 5 times a week, with good cooperation with local institutions, enterprises and organizations. It deeply and strategically cooperated with China Mobile in terms of data technology application.

With regards to promotion, "Beijing Headline" App has been launched on mainstream application markets, including App store, 360, SnapPea, Tencent Application Center, Baidu, Huawei, Samsung and Xiaomi. Also, it actively commenced promotion discussion and trial operation with communities, shopping malls, schools, cinemas and exhibition centers.

As at 30 June 2017, the total download of "Beijing Headline" App exceeded 300,000.

In the second half of 2017, "Beijing Headline" App plans to increase the number of client-end product users to millions, in order to build an interesting, useful and humane client-end brand image, foster an online and offline interactive promotion and establish and perfect a new media client resources base. Also, it establishes a grading system for clients by granting privileges and implementing temporary benefit and packaging policies to facilitate the overall sales of print media and effectively increase advertising revenue.

Developing "Chongqing Headline" App

In the First Half of 2017, Chongqing Media designed and developed an App called "Chongqing Headline". With rich contents, diversified styles and large data-carrying capacity, such product built a promotion and distribution platform in a brand new pattern for news reporting, brand promotion and advertising businesses. Chongqing Media and the Chongqing Committee of Communist Youth League have reached a good cooperation intention. Live broadcast was adopted for various activities and events through the platform of "Chongqing Headline" App with accumulative number of live audience exceeding 1 million, which created hugely positive impact among youth groups.

As at 30 June 2017, the total download of "Chongqing Headline" App reached 400,000.

BUSINESS REVIEW OF THE GROUP (Continued)**Advertisement Business** (Continued)**1. Developing and enriching product structure and consolidating the Group's overall resources** (Continued)**Developing full-packaged online and offline integrated advertising service via "OK Home" App**

"OK Home" App is a mobile application software for small communities living services developed by Beijing Community Media Technology (Beijing) Co. Ltd. ("Beiqing Community Media") based on the mobile phone terminal and connected to physical stores. Connecting with 29 community papers across all districts in Beijing and 104 communities relay stations which cover 60 living circles in Beijing and serve 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 sales and promotion 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. "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 activities, "OK Home" online activities and promotion, "OK Home" physical stores sales and sharing of articles through WeChat public accounts, which effectively increased advertising placement volume from different industries.

2. Adopting multi-layer marketing strategy and actively exploring diversified operation

In the First Half of 2017, the Company cooperated with factories in Northern China of BiYaDi Company to organize online and offline activities called "Jingchenghuanlesong", and provided comprehensive online and offline solution for second-hand car market in Huaxiang. Also, the Company participated in 2017 World Mobile Internet & New Media Gateway Conference in Beijing International Convention Centre as a media organizer. The Company also organized a financial award ceremony, the 9th "Beijing Media Financial Stars", which was an authoritative and professional activity for mainstream financial institutions, including banks, insurance companies, Internet financial companies, Internet+ institutions. In April, the Company participated in "Beijing Spring Property Sales Conference" and gave a live broadcast and exclusive interview through "Beijing Media Conference Platform". Meanwhile, the travel and property activity named "Ten Miles Spring Breeze, Accompany Like Shadow", a Beiqing 2017 travel and residential landscape review, planned and organized by the Company was highly recognized by customers.

Film and Television Business

In the First Half of 2017, with the direction of refined development of video projects which foster mainstream value in society, the Company continued to make diversified investment in film and television business while actively participating in online video projects, a hot growing point of film and television industry through cooperation with various mainstream online platforms in order to develop film and television products which are suitable to be broadcasted on online platform. In addition, by virtue of our advantage in content construction, the Company engaged in the content creation of film and television projects in various subjects, including industry, justice and urban development. "Heart of Ice" (《破冰》) (working title), a television program is expected to be filmed at the end of the year. In May 2017, the president office of the Company approved the investment in "Cover the Sky" (《素手遮天》), an online drama, which is currently under production and is scheduled to be shown on Tencent Video at the end of the year.

RESULTS OF SUBSIDIARIES AND ASSOCIATES OF THE GROUP

Beiqing CéCi Advertising (Beijing) Limited ("Beiqing CéCi") is a 84.69%-owned subsidiary of the Company. In the First Half of 2017, the operating revenue of Beiqing CéCi was RMB8,081 thousand, representing an increase of 15.51% as compared with the same period last year. Beiqing CéCi focused on the agency of advertising business in CéCi (《茜茜姐妹CéCi》) magazine, a premium women's magazine for fashion mavens distributed across more than 40 major cities in China including Hong Kong. Through over 9 years' operation, CéCi is a favourite magazine of urban white-collar women with a sound track record in sales since its launching.

In the First Half of 2017, Beiqing CéCi, with the impact of popular celebrities and fashion trends, effectively enhanced the brand image and corporate influence. Its advertising placement volume increased owing to its continuous efforts in new feature reports and offline activities. Also, Beiqing CéCi has proactively developed the service model of online media (website, Weibo and WeChat) with effective increase in number of its subscribers through website and WeChat subscription. In March 2017, Beiqing CéCi held an exclusive interview with Dilreba Dilmurat, a well-known celebrity, and took photo of magazine cover, which captured the fans' enthusiastic attention. Related contents were simultaneously reported through online media, including Weibo and WeChat, with extremely high hit rate and sharing rate. In June 2017, Beiqing CéCi produced a feature report for its 9th anniversary, which was titled "They made impact for the 5th Quarter in Asia", an exclusive interview of leading innovative designers in various industries, including cosmetics, clothes, watches and luxury goods, and "The rising stars", an exclusive interview of model groups. With simultaneous promotion and report on online media, Beiqing CéCi effectively enhanced its brand influence. In the second half of 2017, Beiqing CéCi strived to continue to offer three-dimensional service model combining online media (Weibo and WeChat public accounts) 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 2017, Beiqing Outdoor operates a total of sixteen single column billboards in prime locations 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. In the First Half of 2017, operating revenue of Beiqing Community Media was RMB21,482 thousand, representing an increase of 13.56% as compared with the same period last year. Beiqing Community Media is dedicated to developing the largest comprehensive community service platform integrating online and offline resources in the PRC. At present, Beiqing Community Media has 29 Beiqing Community Daily, 32 WeChat public accounts, an "OK Home" App and 104 community relay stations by building a three-in-one business model, it realizes direct contact with residents both online and offline. Beiqing Community Media operated 32 WeChat public accounts as ancillary channels for "OK Home" App, through which information and activities were delivered and promoted. Total number of fans of the official accounts has exceeded 700,000, which effectively increased the advertising placement volume. In addition, other than operating its own WeChat platform, Beiqing Community Media assisted governmental departments in operating 18 WeChat public accounts which enhanced brand influence with effective use of governmental resources.

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 Network Culture Communication Co., Ltd. ("Beiqing Network Culture") is a wholly-owned subsidiary of the Company. Beiqing Network Culture, as a limited partner, formed Beijing Runxin Dingtai Investment Centre (limited partnership) (the "Fund") in 2013. Currently, the Fund also actively promoted the remaining investment projects to realize exits via listing, backdoor listing, the so-called "New Third Board" or merger and acquisition by listed companies etc, it is hoped that they will bring higher investment return.

Beijing Qingyou Information Technology Co., Ltd. ("Qingyou Information") is a wholly-owned subsidiary of the Company. In the First Half of 2017, with the mobile internet advertisement technical platform that it had built and the qualifications of the secondary advertisers of mobile internet of Tencent Company, Qingyou Information actively explored the mobile internet advertisement business.

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

Beiqing Long Teng Investment Management (Beijing) Co., Limited ("Beiqing Long Teng") is a 51%-owned subsidiary of the Company. In the First Half of 2017, Beiqing Long Teng continued to focus on the Internet and film and television business as well as actively explore investment management, financial consulting and value-added services. Beiqing Long Teng, which was under the rearing period is consolidating its basis, and is determined to explore businesses in order to realize profits as soon as possible.

Chongqing Media is a 60%-owned subsidiary of the Company. In the First Half of 2017, Chongqing Media speeded up the transformation of its media. As a result, a new media product, "Chongqing Headline" App was officially launched within a short time. With various contents, diversified styles and large data-carrying capacity, "Chongqing Headline" App built a promotion and distribution platform in a brand new pattern for news reporting, brand promotion and advertising businesses. Chongqing Media was trying to shorten the cultivation period so as to realize 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. In 2017, the market of printing industry showed a descending trend generally. BYD Logistics grasped the opportunity arising from the impact of various factors such as supply shortage of paper market. Prior to the surge in paper price, the Company increased paper inventory via numerous channels to ensure the stable cost of its own printing paper while achieving an effective growth of the sales of printing materials business. In the First Half of 2017, operating revenue of BYD Logistics from related trading business of printing materials was RMB84,191 thousand, representing an increase of 36.13% as compared with the same period last year.

PROSPECTS AND FUTURE PLANS

In the second half of 2017, the Company will endeavor to expand new media businesses and continue to develop and promote its new media products such as App, so as to create additional profit growth points with its growth in such business.

In the second half of 2017, 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. On 24 August 2017, the Company and Chongqing Huilin Equity Fund (Limited Partnership) ("Chongqing Huilin"), respectively made capital injection in Beiqing Community Media by cash in the amount of RMB20 million and RMB40 million. Upon completion of the increase of capital, the Company's shareholding in Beiqing Community Media decreased from 54.37% to 52.661%.

In the second half of 2017, 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 2017, the Company will continue to invest in film and television business and target markets demand to explore diversified film and television investment model.

In the second half of 2017, 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 2017, 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 media group with cross-media platforms in the PRC.

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 2017
Beijing, the PRC

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2017, total operating revenue of the Group was RMB197,925 thousand (corresponding period of 2016: RMB208,262 thousand), representing a decrease of 4.96% as compared with that for the corresponding period of 2016. Of which, revenue from advertising sales decreased by RMB8,909 thousand, representing a decrease of 9.74% as compared with that for the corresponding period of 2016; revenue from printing increased by RMB996 thousand, representing an increase of 19.10% as compared with that for the corresponding period of 2016; and revenue from the trading of print-related materials increased by RMB22,345 thousand, representing an increase of 36.13% as compared with that for the corresponding period of 2016.

2. Operating Costs and Sales Tax and Surcharges

For the six months ended 30 June 2017, operating costs of the Group were RMB183,336 thousand (corresponding period of 2016: RMB190,525 thousand), representing a decrease of 3.77% as compared with that for the corresponding period of 2016. Of which, costs of advertising sales decreased by RMB2,067 thousand, representing a decrease of 2.67% as compared with that for the corresponding period of 2016; costs of printing decreased by RMB1,658 thousand, representing a decrease of 23.86% as compared with that for the corresponding period of 2016; and costs of the trading of print-related materials increased by RMB20,447 thousand, representing an increase of 35.88% as compared with that for the corresponding period of 2016. Sales tax and surcharges was RMB3,203 thousand (corresponding period of 2016: RMB4,309 thousand), representing a decrease of 25.67% as compared with that for the corresponding period of 2016.

3. Selling Expenses

For the six months ended 30 June 2017, selling expenses of the Group were RMB25,654 thousand (corresponding period of 2016: RMB34,971 thousand), representing a decrease of 26.64% as compared with that for the corresponding period of 2016.

4. Administrative Expenses

For the six months ended 30 June 2017, administrative expenses of the Group were RMB24,012 thousand (corresponding period of 2016: RMB32,120 thousand), representing a decrease of 25.24% as compared with that for the corresponding period of 2016.

5. Financial Expenses

For the six months ended 30 June 2017, financial expenses of the Group were RMB-1,144 thousand (corresponding period of 2016: RMB-2,101 thousand), representing an increase of 45.55% as compared with the net value for the corresponding period of 2016. Of which, interest income was RMB1,469 thousand (corresponding period of 2016: RMB2,909 thousand), representing a decrease of 49.50% as compared with that for the corresponding period of 2016.

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

For the six months ended 30 June 2017, share of the profit of associates of the Group was RMB-1,116 thousand (corresponding period of 2016: RMB-24,178 thousand), representing an increase of 95.38% as compared with the absolute value for the corresponding period of 2016.

7. Operating Profit

For the six months ended 30 June 2017, operating profit of the Group was RMB-41,858 thousand (corresponding period of 2016: RMB-30,446 thousand), representing a decrease of 37.48% as compared with that for the corresponding period of 2016.

8. Income Tax Expenses

For the six months ended 30 June 2017, income tax expenses of the Group for the current period were RMB3,824 thousand (corresponding period of 2016: RMB-2,589 thousand), representing an increase of 247.70% as compared with that for the corresponding period of 2016.

9. Net Profit Attributable to Shareholders of the Company

For the six months ended 30 June 2017, net profit attributable to shareholders of the Company was RMB-39,513 thousand (corresponding period of 2016: RMB-16,162 thousand), representing a decrease of 144.48% as compared with that for the corresponding period of 2016.

10. Financial Resources and Liquidity

As at 30 June 2017, current assets of the Group were RMB972,885 thousand (31 December 2016: RMB1,071,457 thousand), including cash and bank balances of RMB206,746 thousand (31 December 2016: RMB214,527 thousand). Non-current assets of the Group were RMB451,877 thousand (31 December 2016: RMB429,378 thousand).

As at 30 June 2017, current liabilities of the Group were RMB172,400 thousand (31 December 2016: RMB236,072 thousand) and non-current liabilities were RMB38,389 thousand (31 December 2016: RMB4,514 thousand).

As at 30 June 2017, shareholders' equity of the Group was RMB1,213,973 thousand (31 December 2016: RMB1,260,249 thousand).

As at 30 June 2017, the bank borrowings of the Group were RMB30,000 thousand (31 December 2016: RMB5,500 thousand).

As at 30 June 2017, the borrowings and cash and bank balances of the Group were mainly denominated in Renminbi.

FINANCIAL REVIEW (Continued)

11. Gearing Ratio

As at 30 June 2017, gearing ratio of the Group was 17.36% (31 December 2016: 19.09%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

USE OF PROCEEDS FROM LISTING

The Company raised net proceeds of HK\$889.086 million in total from the global offering in 2004.

All of the proceeds were used up as at 30 June 2017.

In order to capture more business opportunities arising from emerging media businesses and other related media business, the Company believes that it will seek a variety 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 2017)

	Number of Shares	% of Total Share Capital (%)
Holders of domestic shares – Beijing Youth Daily Agency – Beijing Zhijin Science and Technology Investment Co., Ltd. – China Telecommunication Broadcast Satellite Co. Ltd. – 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 (Note)	54,901,000	27.82
Total share capital	197,310,000	100

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

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2017, 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 2017, 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 2017 were RMB3,772 thousand (corresponding period of 2016: RMB3,553 thousand). The Group expects that capital expenditures for the second half of 2017 will mainly comprise expenditures in consistent with business strategies of the Group.

CONTINGENT LIABILITIES

As at 30 June 2017, the Group did not have any contingent liabilities, nor any plans relating to contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2017, the Group does not have arrangement for pledge of assets.

FOREIGN EXCHANGE RISKS

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain account payables are settled in foreign currency (mainly 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 2017, the Group had a total of 493 employees (as at 30 June 2016: 633 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 adjustment of the Company. During the six months ended 30 June 2017, the total employees remuneration paid by the Group was approximately RMB41,085 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 2017, the Group conducted various staff trainings including but not limited to sales and marketing, financial system and administrative management system.

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

As at 30 June 2017, 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 2017, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

For the six months ended 30 June 2017, the Group had no material investment, or any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

For the six months ended on 30 June 2017, the Group did not have other material acquisitions or disposals of assets relating to its affiliates, associates or joint venture companies.

MATERIAL LEGAL MATTERS

To the best knowledge of the Board, as at 30 June 2017, 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.

AMENDMENTS TO ARTICLES OF ASSOCIATION

At the Annual General Meeting of the Company held on 30 June 2017, certain amendments to the Company's Articles of Association were approved to reflect the change of name of one of the Company's promoters and changes in the management. Please refer to the announcements dated 31 March 2017 and 30 June 2017 published by the Company for details.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2016

Save as disclosed above, the industry segments and the developments within the segments of the Group have not changed materially from the information disclosed in the most recent published annual report of the Group, and did not have 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 2017, 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 2017.

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 three independent non-executive Directors.

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 unaudited financial statements of the Group for the First Half of 2017 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 2017, the Company's accumulated loss amounted to RMB97,729 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 2017.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 31 March 2017, (i) due to adjustment of work arrangement, Mr. Duan Gang resigned from the positions as an executive director of the 6th session of the board of directors and executive vice president of the Company and Mr. Li Xiaobing and Mr. Wang Lin resigned from the positions as non-executive directors of the 6th session of the board of directors of the Company; and (ii) due to adjustment of work arrangement, Mr. Tian Kewu resigned from the position as a shareholder representative supervisor and chairman of the 6th session of the supervisory committee of the Company. Please refer to the announcement dated 31 March 2017 published by the Company for details.

Upon the approval at the 7th meeting of the 6th session of the board of directors convened on 31 March 2017, Mr. Peng Liang was appointed as the executive vice president of the Company. Please refer to the announcement dated 31 March 2017 published by the Company for details.

Upon the approval at the 7th meeting of the 6th session of the board of directors convened on 31 March 2017, Mr. Wu Changqi, an independent non-executive director of the Company, was appointed as a member of the audit committee of the 6th session of the board of directors. Please refer to the announcement dated 31 March 2017 published by the Company for details.

Upon the approval at the annual general meeting of the Company convened on 30 June 2017, Ms. Yang Wenjian was appointed as the executive director of the 6th session of the board of directors of the Company and Ms. Zang Furong and Mr. Wu Bin were appointed as the non-executive directors of the 6th session of the board of directors of the Company; and Mr. Zhang Zhibing was appointed as a shareholder representative supervisor of the 6th session of supervisory committee of the Company. Please refer to the announcement dated 30 June 2017 published by the Company for details.

Mr. Wu Tak Lung was appointed as an independent non-executive director of Olympic Circuit Technology Co., Ltd (廣東世運電路科技有限公司) on 26 May 2017, an independent non-executive director of Sinotrans Shipping Limited (中外運航運有限公司) on 5 July 2017, and an independent non-executive director of Henan Jinma Energy Company Limited on 18 September 2017. Mr. Wu Tak Lung resigned from his position as independent non-executive director of Huarong Investment Stock Corporation Limited (華融投資股份有限公司) on 13 September 2017.

Ms. Yang Wenjian was appointed as the executive vice president of the Company on 24 August 2017. Please refer to the announcement dated 24 August 2017 published by the Company for details.

		<i>RMB'000</i>	
Item	<i>Notes</i>	As at 30 June 2017	As at 31 December 2016
Current assets:			
Bank balances and cash		206,746	214,527
Accounts receivable	<i>VIII.1</i>	352,748	422,045
Prepayments	<i>VIII.2</i>	24,688	54,446
Interest receivable		326	182
Other receivables	<i>VIII.3</i>	288,926	311,297
Inventories		49,581	28,117
Non-current assets realisable within one year		1,003	1,060
Other current assets	<i>VIII.4</i>	48,867	39,783
Total current assets		972,885	1,071,457
Non-current assets:			
Financial assets available-for-sale	<i>VIII.5</i>	165,146	165,746
Long-term equity investment	<i>VIII.6</i>	34,166	37,756
Investment properties		133,562	104,656
Fixed assets	<i>VIII.7</i>	7,032	8,499
Intangible assets	<i>VIII.8</i>	34,336	35,099
Goodwill	<i>VIII.9</i>	35,377	35,377
Long-term prepaid expenses		231	494
Deferred income tax assets		15,437	15,161
Other non-current assets	<i>VIII.10</i>	26,590	26,590
Total non-current assets		451,877	429,378
Total assets		1,424,762	1,500,835

		<i>RMB'000</i>	
Item	<i>Notes</i>	As at 30 June 2017	As at 31 December 2016
Current liabilities:			
Notes payable		36,697	51,188
Accounts payable	<i>VIII. 12</i>	40,011	78,916
Receipts in advance		32,970	39,031
Employee benefit payables		7,793	8,882
Tax payables		4,081	5,730
Interest payables		48	25
Other payables	<i>VIII. 13</i>	49,191	45,191
Non-current liabilities due within one year		–	5,500
Other current liabilities	<i>VIII. 14</i>	1,609	1,609
Total current liabilities		172,400	236,072
Non-current liabilities:			
Long-term loans	<i>VIII. 15</i>	30,000	–
Deferred income tax liabilities		8,389	4,514
Total non-current liabilities		38,389	4,514
Total liabilities		210,789	240,586
Shareholders' equity:			
Share capital		197,310	197,310
Capital reserves		923,193	923,193
Other comprehensive income	<i>VIII. 16</i>	58	71
Surplus reserves		130,931	130,931
Undistributed profits		(76,059)	(36,546)
Total equity attributable to shareholders of the Company		1,175,433	1,214,959
Non-controlling interest		38,540	45,290
Total shareholders' equity		1,213,973	1,260,249
Total liabilities and shareholders' equity		1,424,762	1,500,835
Net current assets		800,485	835,385
Total assets less current liabilities		1,252,362	1,264,763

RMB'000

For the six months ended 30 June

Item	Notes	2017	2016
Total operating revenue	VIII.17	197,925	208,262
Total operating costs		242,607	262,964
Operating costs	VIII.17	183,336	190,525
Tax and surcharges	VIII.18	3,203	4,309
Selling expenses		25,654	34,971
Administrative expenses		24,012	32,120
Financial expenses	VIII.19	(1,144)	(2,101)
Impairment loss of assets	VIII.20	7,546	3,140
Add: profit on the changes in fair value	VIII.21	25,864	197
Investment profit	VIII.22	(23,040)	24,059
Including: Profit from investments in associates		(1,116)	(24,178)
Operating profit		(41,858)	(30,446)
Add: non-operating income	VIII.23	150	194
Including: Gain from disposal of non-current assets		52	115
Less: non-operating expenses	VIII.24	723	31
Including: Loss from disposal of non-current assets		184	9
Total profit		(42,431)	(30,283)
Less: Income tax expenses	VIII.25	3,824	(2,589)
Net profit		(46,255)	(27,694)
Net profit attributable to:			
Shareholders of the Company		(39,513)	(16,162)
Non-controlling shareholders		(6,742)	(11,532)
Other net comprehensive income after tax		(21)	22
Other net comprehensive income after tax attributable to Shareholders of the Company	VIII.16	(13)	13
Including: subsequently reclassified into profit or loss Including: Difference in conversion of currency in financial statements		(13)	13
		(13)	13
Other net comprehensive income after tax attributable to Non-controlling shareholders		(8)	9
Total comprehensive income		(46,276)	(27,672)
Total comprehensive income attributable to Shareholders of the Company		(39,526)	(16,149)
Total comprehensive income attributable to non-controlling shareholders		(6,750)	(11,523)
Earnings per share:			RMB
Basic earnings per share	XVII.1	(0.20)	(0.08)
Diluted earnings per share	XVII.1	(0.20)	(0.08)
Dividends	VIII.26	-	-

		<i>RMB'000</i>	
		For the six months ended 30 June	
Item	<i>Notes</i>	2017	2016
I. Cash flows from operating activities:			
Cash flows from operating activities:		226,393	158,976
Tax refund received		-	-
Other cash receipt relating to operating activities		8,331	10,263
Sub-total of cash inflows from operating activities		234,724	169,239
Cash paid for goods purchased and services received		196,938	191,696
Cash paid to and on behalf of employees		41,085	47,724
Payments of taxes and surcharges		9,447	18,717
Other cash payments relating to operating activities		101,587	31,915
Sub-total of cash outflows from operating activities		349,057	290,052
Net cash flows from operating activities		(114,333)	(120,813)
II. Cash flows from investing activities:			
Cash received from investments		88,280	-
Cash received from returns on investment		162	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		173	16
Other cash receipt relating to investing activities		59,621	75,635
Sub-total of cash inflows from investing activities		148,236	75,651
Cash paid to acquire fixed assets, intangible assets and other long-term assets		678	1,372
Cash paid on investment		-	3,420
Other cash payments related to investing activities		12,888	49,031
Sub-total of cash outflows from investing activities		13,566	53,823
Net cash flows from investing activities		134,670	21,828

RMB'000

For the six months ended 30 June

Item	Note	2017	2016
III. Cash flows from financing activities:			
Cash received from investors		-	-
Including: cash received from non-controlling shareholders of subsidiaries		-	-
Cash received from borrowings obtained		30,000	-
Other cash receipts relating to financing activities		3,176	27
Sub-total of cash inflows from financing activities		33,176	27
Cash payments for borrowings repayment		5,500	5,500
Cash payments for distribution of dividends or profits or interest expense		228	451
Including: Dividends or profits paid to non-controlling shareholders of subsidiaries		-	-
Other cash payment relating to financing activities		-	818
Sub-total of cash outflows from financing activities		5,728	6,769
Net cash flows from financing activities		27,448	(6,742)
IV. Effect of exchange rate changes on cash and cash equivalents		(12)	48
V. Net increase in cash and cash equivalents		47,773	(105,679)
Add: balance of cash and cash equivalents at the beginning of the period		132,953	234,758
VI. Balance of cash and cash equivalents at the end of the period	VIII.27	180,726	129,079

RMB'000

Items	For the six months ended 30 June 2017							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 2017	197,310	923,193	71	130,931	(36,546)	1,214,959	45,290	1,260,249	
Net profit	-	-	-	-	(39,513)	(39,513)	(6,742)	(46,255)	
Other comprehensive income	-	-	(13)	-	-	(13)	(8)	(21)	
Other directly adjusted retained profit	-	-	-	-	-	-	-	-	
Impact due to change in fair value	-	-	-	-	-	-	-	-	
Sub-total of the changes for the period	-	-	(13)	-	(39,513)	(39,526)	(6,750)	(46,276)	
Balance as at 30 June 2017	197,310	923,193	58	130,931	(76,059)	1,175,433	38,540	1,213,973	

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 profit	-	-	-	-	(16,162)	(16,162)	(11,532)	(27,694)	
Other comprehensive income	-	-	13	-	-	13	9	22	
Other directly adjusted retained profit	-	(21,694)	-	-	21,694	-	-	-	
Impact due to change in fair value	-	-	-	-	-	-	-	-	
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	

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 six months ended 30 June 2017 of the Group are as follows:

Name of entity	Shareholding percentage (%)	
	Direct	Indirect
Beijing Beijing Outdoor Advertisement Co., Ltd. (Beijing Outdoor)	100.00	–
Beijing Network Culture Communication Co., Ltd. (Beijing Network)	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)	54.37	–
Chongqing Youth Media Company Limited (Chongqing Media)	60.00	–
CHONGQING YOUTH (AMERICA) LLC. (Chong Qing America) (Note 1)	–	100.00
Beijing Community Travel (Beijing) Co. Ltd. (Community Travel) (Note 2)	–	100.00

II. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Note1: The Company directly holds 60% equity interest in Chongqing Media, which holds 100% equity interest in Chong Qing America.

Note2: The Company directly holds 54.37% equity interest in Beiqing Community Media, which holds 100% equity interest in Community Travel.

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS**1. BASIS FOR PREPARATION**

The Group's financial statements for the six months ended 30 June 2017 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– Basic Standard issued by the Ministry of Finance of the People's Republic of China and requirements under specified accounting standards ("Accounting Standards for Business Enterprises") 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

These consolidated financial statements are prepared on a basis of going concern.

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 2017 and their consolidated financial performance, consolidated cash flows and other relevant information for the six months ended 30 June 2017.

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

1. Accounting period

The accounting period of the Group is from 1 January to 31 December of each calendar year. The period of this interim financial report is 1 January 2017 to 30 June 2017.

2. Reporting currency

The reporting currency of the Group is RMB. The financial statements of the Group are expressed in RMB.

3. Basis of preparation and principle of measurement

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

4. Business combination

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

(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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***4. Business combination** *(Continued)***(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.

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; 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".

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***5. Preparation of consolidated financial statement** *(Continued)***(2) Accounting method for consolidated financial statements** *(Continued)*

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

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

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

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

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***5. Preparation of consolidated financial statement** *(Continued)***(2) Accounting method for consolidated financial statements** *(Continued)*

When 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.

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 (three 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.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***8. Foreign currency****(1) Foreign currency transactions**

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

(2) Translation of foreign currency financial statement

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

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

- 1) Classification, 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.

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.

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

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

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.

- 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.

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

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

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 unterminated 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 BASIS OF 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.

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

9. Financial Assets and Financial Liabilities (Continued)

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

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:

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

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

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

10. Provision for bad debts on receivables (Continued)

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

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

Related party group	Provision for bad debts are generally not made for related parties of the Group (such as joint ventures, associates etc.) where the difference between the present value of future cash flows and their carrying amount is expected to be minimal
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Risk-free 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 BASIS OF 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 BASIS OF 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 BASIS OF 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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Fixed assets

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

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

Subsequent expenditures incurred for a fixed asset, such as maintenance expenses and renovation and improvement expenses, are included in the cost of fixed asset when they meet the recognition criteria of a fixed asset, and the carrying amount of the replaced parts is 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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

14. Fixed assets *(Continued)*

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

A fixed asset is 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 1 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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***16. Intangible assets**

Intangible assets of the Group, including land use rights operation rights and software, are 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 BASIS OF 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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)***19. Long-term prepaid expenses**

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

20. Employee benefits

The Group recognises employee remuneration as liabilities during the accounting period in which employees render their services and allocates it to related cost of assets and expenses based on the beneficiaries. Compensation for termination of employment with any employee is 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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

21. Principles of revenue recognition

The business revenues of the Group are mainly generated from sale of advertising spaces and incomes from printing, trading of print-related materials and distribution of newspapers and magazines and 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 BASIS OF 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.

Government grant is in the form of a monetary asset, it is measured at the actually amount received or 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 or offset related costs 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 or offset related costs for the current period.

Government grants relating to assets shall be used to write down the carrying amount of relevant assets or recognized as deferred income.

For Government grants relating to assets which are recognized as deferred income shall be included in gains and losses in installments in reasonable and systematic methods over the useful life of relevant assets.

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.

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

24. Lease (Continued)

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 "Long-term payable" at the amount of minimum lease payments. Their difference is recorded as unrecognized finance lease charge.

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 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

27. Key accounting estimates and judgments

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are 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 BASIS OF 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 BASIS OF 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

The Group's financial statements for the six months ended 30 June 2017 has adopted the amendments to the related accounting and standards under the amendments to "Accounting Standards for Business Enterprises No.16-Governmental Subsidies", which had no impact on the Group's financial statements and only affected the description of the accounting policies in financial reports. The Group has made supplement to the contents of the description of related parts of accounting policies in financial reports.

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.

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

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

2. Value added tax ("VAT")

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 2017	As at 31 December 2016
Accounts receivable	446,399	508,760
Less: Provision for bad debts	93,651	86,715
Net accounts receivable	352,748	422,045

(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 2017	As at 31 December 2016
0-90 days	68,808	56,223
91-180 days	37,097	57,594
181-365 days	50,469	81,707
1-2 years	71,778	99,341
Over 2 years	124,596	127,180
Total	352,748	422,045

The Group normally granted credit period of one week to three 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 2017 represented 39.54% of the total accounts receivable.

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

2. Prepayments

Item	As at 30 June 2017	As at 31 December 2016
Prepayments	24,688	54,446
Less: Provision for bad debts	–	–
Prepayments	24,688	54,446

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

Item	As at 30 June 2017	As at 31 December 2016
Within 1 year	12,454	36,743
1-2 years	5,157	8,081
2-3 years	7,077	9,622
Over 3 years	–	–
Total	24,688	54,446

The top five prepayments as at 30 June 2017 represented 75.73% of the total Prepayments.

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

For the six months ended 30 June 2017

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

3. Other receivables

Item	As at 30 June 2017	As at 31 December 2016
Other receivables	291,776	314,032
Less: Provision for bad debts	2,850	2,735
Net other receivables	288,926	311,297

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

Item	As at 30 June 2017	As at 31 December 2016
Within 1 year	213,681	237,322
1-2 years	44,057	36,896
2-3 years	29,186	35,924
Over 3 years	2,002	1,155
Total	288,926	311,297

- (2) Other receivables by nature analysis

Nature	As at 30 June 2017	As at 31 December 2016
Consideration of equity transfer (Note)	82,320	168,000
Government grant	-	3,000
Related parties current account	74,393	7,670
Deposit and margin	6,593	14,617
External unit current	123,020	115,768
Reserve funds	5,337	4,822
Others	113	155
Total	291,776	314,032

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

3. Other receivables (Continued)

(2) Other receivables by nature analysis (Continued)

Note: The amount represents the balance receivable from disposal of interests in an associate, Beijing Transmedia Co. Limited. As at the issue date of the audit report, RMB85,680 thousand out of RMB168,000 thousand was received.

- (3) The top five other receivables as at 30 June 2017 represented 92.49% of the total other receivables.

4. Other current assets

Item	As at 30 June 2017	As at 31 December 2016
Investment of film projects (Note)	12,880	10,666
Related parties loans	–	7,000
VAT utilizable	26,187	22,105
Prepaid income tax	–	12
Others	9,800	–
Total	48,867	39,783

Note: As at 30 June 2017, 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 2017, the Company had received revenue from distribution of the TV series of RMB8,960 thousand, and the remaining balance of the investment in the TV series amounted to RMB3,080 thousand.

The Company had entered into an investment agreement in accordance with the proportion of investment with Whale Image Film and Television Culture Media Co., Ltd. pursuant to which the Company will invest RMB3,000 thousand (representing 10% of total investment cost of the TV series) for the production of internet TV series "Cover the Sky" (《素手遮天》). 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 2017, the Company's balance of the investment in the TV series amounted to RMB3,000 thousand.

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

4. Other current assets *(Continued)*

Note: *(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 RMB1,800 thousand (representing 15% of total investment cost of the TV series) for the production of internet TV series 《藍白也出CP黨》. 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 2017, the Company’s balance of the investment in the TV series amounted to RMB1,800 thousand.

The Company entered into a fixed income investment agreement with Sichuan Bajun Union Entertainment Co., Ltd., with Sichuan Rongtuo 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” at a fixed annual return of 15.00%. 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 2017, the Company’s remaining balance of the investment in the TV series amounted to RMB5,000 thousand.

5. Available-for-sale financial assets

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

Item	As at 30 June 2017			As at 31 December 2016		
	Carrying amount	Provision for impairment	Carrying Value	Carrying amount	Provision for impairment	Carrying Value
Available-for-sale equity instruments	170,215	5,069	165,146	170,815	5,069	165,746
Measured at fair value	-	-	-	-	-	-
Measured at cost	170,215	5,069	165,146	170,815	5,069	165,746
Total	170,215	5,069	165,146	170,815	5,069	165,746

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

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

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

Type	As at 30 June 2017	As at 31 December 2016
Unlisted equity investments, China	170,215	170,815
Provision for impairment of unlisted equity investments	5,069	5,069
Total	165,146	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 cannot be reliably measured, therefore, they were measured at cost.

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

Investee	Carrying amount			As at 30 June 2017
	As at 1 January 2017	Increase in this period	Decrease in this period	
Suzhou Huaying Culture Industry Investment Enterprise	3,678	–	600	3,078
Beijing Keyin Media Culture Co., Ltd.	6,560	–	–	6,560
Beiyang Publishing & Media AG	103,000	–	–	103,000
Beijing Gehua Sunshine Advertising Co., Ltd.	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	–	600	170,215

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

For the six months ended 30 June 2017

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	As at 1 January 2017	Provision for impairment		As at 30 June 2017	Shareholding percentage (%)	Cash bonus for the six months ended 30 June 2017
		Increase in this period	Decrease in this period			
Suzhou Huaying Culture Industry Investment Enterprise	-	-	-	-	2.61	-
Beijing Keyin Media Culture Co., Ltd.	-	-	-	-	16.00	-
Beiyang Publishing & Media AG	-	-	-	-	2.43	-
Beijing Gehua Sunshine Advertising Co., Ltd.	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		-

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

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

(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 2017	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 2017	5,069	5,069

6. Long-term equity investments

(1) Types for long-term equity investments

Type	As at 30 June 2017	As at 31 December 2016
Investments in associates – under equity method	34,640	37,756
Less: provision for impairment of investments in associates	474	–
Total	34,166	37,756

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 1 January 2017		Decrease in investment	Investment gain or loss using equity method	Other comprehensive income adjustment	Declaration of dividend in equity	Provision of cash dividend or profit	Provision for impairment made	Others	Balance of impairment provision as at 30 June 2017	
	Additional investment									30 June 2017	as at 30 June 2017
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")	585	-	-	200	-	-	-	-	-	785	-
BY Time Consulting Co., Ltd.	2	-	-	(2)	-	-	-	-	-	-	-
Beijing Beijing Top Advertising Limited ("Beijing Top")	-	-	-	-	-	-	-	-	-	-	-
Hebei Jujingcai E-commerce Company Limited ("Jujingcai")	-	-	-	-	-	-	-	-	-	-	-
Beijing Lingshi Technology Co., Ltd. ("Beijing Lingshi")	-	-	(2,000)	2,000	-	-	-	-	-	-	-
Beijing International Advertising Media Group Co., Limited	33,119	-	-	(3,065)	-	-	-	-	-	30,054	-
Chongqing Soyang Internet Technology Co., Ltd. ("Chongqing Soyang")	948	-	-	-	-	-	(474)	-	-	474	474
Beijing Shangyou Network Technology Co., Ltd.	3,102	-	-	(249)	-	-	-	-	-	2,853	-
Total	37,756	-	(2,000)	(1,116)	-	-	(474)	-	-	34,166	474

Note: On 22 February 2017, the Company entered into equity transfer agreement with Chen Gang for the transfer of 20% shareholding in Beijing Lingshi Technology Co., Ltd to Chen Gang at a consideration of RMB2,100 thousand. Upon the completion of the aforesaid equity transfer, the Company ceased to hold any shareholding in Beijing Lingshi Technology Co., Ltd. Beijing Lingshi completed the procedures of business registration of change on 7 April 2017.

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 2017	As at 31 December 2016
Unlisted investments, at cost	78,606	80,606
Share of post-acquisition profit	(43,966)	(42,850)
Total	34,640	37,756

For details of the Group's associates as at 30 June 2017, please see the Note "X. Disclosure of interests in other entities".

7. Fixed assets

For the six months ended 30 June 2017, the fixed assets of the Group increased by RMB457 thousand (same period of 2016: RMB1,355 thousand).

For the six months ended 30 June 2017, the Group disposed of fixed assets with net carrying amount of RMB284 thousand (same period of 2016: RMB25 thousand), resulting in net loss on disposal of fixed assets of RMB132 thousand (same period of 2016: net gain of RMB106 thousand).

For the six months ended 30 June 2017, the depreciation of fixed assets recognized in the income statement is RMB1,640 thousand (same period of 2016: RMB1,831 thousand).

8. Intangible assets

For the six months ended 30 June 2017, the intangible assets of the Group increased by RMB18 thousand (same period of 2016: increased RMB242 thousand).

For the six months ended 30 June 2017, the amortization of intangible assets recognized in the income statement is RMB781 thousand (same period of 2016: RMB766 thousand).

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

9. Goodwill

Item	As at 30 June 2017	As at 31 December 2016
Goodwill arising from the acquisition of Beiqing CéCi	47,377	47,377
Less: provision for impairment loss	12,000	12,000
Total	35,377	35,377

Goodwill arising from the acquisition of Beiqing CéCi in 2011 was assessed for impairment at 30 June 2017.

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. 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 2017	As at 31 December 2016
Film project prepaid expenses (Note)	26,590	26,590
Total	26,590	26,590

Note: 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 2017, the balances of prepaid expenses related to television projects, namely "Oriental King of Soccer" and "Heart of Ice", were RMB21,600 thousand and RMB4,990 thousand respectively.

11. Breakdown of impairment provision of assets

Item	As at 1 January 2017	Increase in this period		Decrease in this period		As at 30 June 2017
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	89,450	7,051	-	-	-	96,501
Provision for impairment of inventories	60	21	-	-	60	21
Provision for impairment of financial assets available-for-sale	5,069	-	-	-	-	5,069
Provision for impairment for investments in associates	-	474	-	-	-	474
Provision for impairment of goodwill	12,000	-	-	-	-	12,000
Total	106,579	7,546	-	-	60	114,065

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 2017 presented based on the invoice date:

Item	As at 30 June 2017	As at 31 December 2016
0-90 days	30,936	4,509
91-180 days	4,020	27,613
181-365 days	2,747	23,025
Over one year	2,308	23,769
Total	40,011	78,916

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 2017	As at 31 December 2016
Other payables	49,191	45,191
Total	49,191	45,191

As at 30 June 2017, no foreign currency-denominated payables in other payables.

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

14. Other current liabilities

Item	As at 30 June 2017	As at 31 December 2016
Deferred income of customer loyalty program (advertising incentives)	1,609	1,609
Total	1,609	1,609

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 2017	As at 31 December 2016
Secured loans	30,000	–
Pledged borrowings	–	5,500
Less: Borrowings due within one year	–	5,500
Total	30,000	–

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

15. Long-term loans *(Continued)*

(1) Borrowings classification *(Continued)*

On 27 May 2017, Beiqing Outdoor, a subsidiary of the Company, has entered a working capital loan agreement with Huaxia Bank, Beijing Shouti Sub-branch for financing of RMB30,000 thousand for providing additional working capital, and which the loan is repayable within 3 years (27 May 2017 to 27 May 2020), interest bearing on 3-year's Benchmark Loan Interest Rates of Financial Institutions plus 20%, and guaranteed by Beijing Media Corporation Limited.

(2) Maturity analysis for long-term loans

Maturity date	As at 30 June 2017	As at 31 December 2016
1-2 years	-	-
2-5 years	30,000	-
Total	30,000	-

For the six months ended 30 June 2017

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

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

16. Other comprehensive income

Item	As at 1 January 2017	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 2017
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	71	-	-	-	(13)	58
Including Exchange differences arising from retranslation of financial statements	71	-	-	-	(13)	58
Total other comprehensive income	71	-	-	-	(13)	58

17. Total operating revenue and operating costs

Item	For the six months ended 30 June	
	2017	2016
Principal operating revenue	189,213	166,455
Other operating revenue	8,712	41,807
Total operating revenue	197,925	208,262
Principal operating costs	179,818	153,989
Other operating costs	3,518	36,536
Total operating costs	183,336	190,525
Gross profit	14,589	17,737

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

17. 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	For the six months ended 30 June			
	2017		2016	
	Operating revenue	Operating costs	Operating revenue	Operating costs
Advertising	82,527	75,429	91,436	77,496
Printing	6,211	5,292	5,215	6,950
Trading of print-related materials	84,191	77,434	61,846	56,987
Distribution	996	1,359	1,049	1,712
Technical services	15,288	20,304	6,909	10,844
Total	189,213	179,818	166,455	153,989

(2) The sum of operating revenue from the top five customers is RMB53,437 thousand representing 28.24% of principal operating revenue for the six months ended 30 June 2017.

(3) Other operating revenue mainly includes revenue from property rental income of RMB4,298 thousand and venue rental income of RMB2,091 thousand.

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

18. Taxes and surcharges

Item	For the six months ended 30 June	
	2017	2016
Business tax	–	244
Cultural construction fee	2,080	3,694
Urban maintenance and construction tax	157	204
Educational surcharge	67	87
Local education surcharge	45	58
Property tax	679	20
Others	175	2
Total	3,203	4,309

Note: According to the notice of accounting standards of value added tax (《增值税會計處理規定》) (CaiKuai[2016]No.22) announced by the Ministry of Finance of the People's Republic of China in 2016, after a comprehensive trial of changing the business tax to value added tax, item "Business Tax and Surcharges" changed to "Tax and Surcharges", which calculate the consumption tax, city maintenance and construction tax, resource tax, education surcharge property tax, urban land utilization tax, vehicle and vessel tax stamp duty and other related tax.

19. Financial expenses

Item	For the six months ended 30 June	
	2017	2016
Interest expenses – on bank loans wholly repayable within 5 years	251	743
Less: Interest income	1,469	2,909
Less: Exchange gains	7	35
Add: Other expenses	81	100
Total	(1,144)	(2,101)

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

For the six months ended 30 June 2017

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

20. Impairment loss of assets

Item	For the six months ended 30 June	
	2017	2016
Provision for bad debts	7,051	2,694
Provision for impairment for investments in associates	474	446
Provision for impairment of inventories	21	–
Total	7,546	3,140

21. (Loss)/gain on the changes in fair value

Item	For the six months ended 30 June	
	2017	2016
(Loss)/gain on changes in fair value of investment properties	25,864	197
Total	25,864	197

For the six months ended 30 June 2017

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

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

22. Investment profit

Item	For the six months ended 30 June	
	2017	2016
Share of loss of associates	(1,116)	(24,178)
Other investment income:		
Gain on disposal of interest in an associate	100	48,237
Other investment income	(22,024)	–
Sub-total of other investment income	(21,924)	48,237
Total	(23,040)	24,059

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

For the six months ended 30 June 2017

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

23. Non-operating income

Item	For the six months ended 30 June	
	2017	2016
Gain on disposal of fixed assets	52	115
Government grants	17	29
Compensation benefit	3	34
Others	78	16
Total	150	194

24. Non-operating expenses

Item	For the six months ended 30 June	
	2017	2016
Loss on disposal of fixed assets	184	9
External donation	500	–
Compensation and late payment charges	6	22
Others	33	–
Total	723	31

25. Income tax expenses

(1) Income tax expenses

Item	For the six months ended 30 June	
	2017	2016
Current income tax expenses	225	(2,059)
Deferred income tax expenses	3,599	(530)
Total	3,824	(2,589)

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

25. Income tax expenses (Continued)

(2) Current income tax expenses

Item	For the six months ended 30 June	
	2017	2016
Current income tax – PRC	511	3
Under-provision in prior years – PRC	(286)	(2,062)
Total	225	(2,059)

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

26. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (2016: nil).

27. Cash and cash equivalents

Item	As at	As at
	30 June 2017	31 December 2016
Bank balances and cash	206,746	214,527
Less: bank deposits with maturity more than three months	21,238	73,615
Less: restricted bank deposits	4,782	7,959
Cash and cash equivalents at the end of the period	180,726	132,953

28. Major non-cash transactions

During the period, certain advertising customers settled the obligation payables to the Group of RMB4,231 thousand through transferring other inventories at fair value of RMB4,231 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.

On 20 March 2017, Beiqing Community Media Technology (Beijing) Co., Ltd., a subsidiary of the Company, established Beiqing Community Travel (Beijing) Corporation Limited and holds 100% of its equity interests. Beiqing Community Travel (Beijing) Corporation Limited is consolidated into the Group's consolidated financial statements.

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Constitutions for enterprise group

Name of subsidiaries	Principal place of business		Business nature	Registered capital	Shareholding percentage (%)		Acquisition method
	Place of registration	Place of business			Direct	Indirect	
BYD Logistics Company Limited	Beijing, the PRC	Beijing, the PRC	Logistics and warehousing	30,000	92.84	-	Establishment
Beiqing C&C Advertising (Beijing) Limited	Beijing, the PRC	Beijing, the PRC	Advertising services	80,000	84.69	-	Business combination not under common control
Beiqing Beiqing Outdoor Advertisement Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Advertising services	10,000	100.00	-	Business combination involving entities under common control
Beiqing Network Culture Communication Co., Ltd. (formerly named as Legal Evening Post Media Company Limited)	Beijing, the PRC	Beijing, the PRC	Advertising services	51,000	100.00	-	Establishment
Beiqing Long Teng Investment Management (Beijing) Co., Limited (Note 1)	Beijing, the PRC	Beijing, the PRC	Investment management	50,000	80.84	-	Establishment

For the six months ended 30 June 2017

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)****1. Interests in subsidiaries (Continued)****(1) Constitutions for enterprise group (Continued)**

Name of subsidiaries	Principal place of business	Place of registration	Business nature	Registered capital	Shareholding percentage (%)		Acquisition method
					Direct	Indirect	
Chong Qing Youth (America) LLC	Chongqing, PRC	Chongqing, PRC	Newspaper distribution, advertising services	30,000	60.00	-	Establishment
Beijing Qingyou Information Technology Co., Ltd.	Beijing, PRC	Beijing, PRC	Game development technical services	30,000	100.00	-	Establishment
Beijing Community Media Technology (Beijing) Co., Ltd.	Beijing, PRC	Beijing, PRC	Advertising services	27,600	54.37	-	Establishment
Chong Qing Youth (America) LLC	California, United States	California, United States	Travel rental	8,800	-	100.00	Establishment
Beijing Community Travel (Beijing) Co. Ltd	Chongqing, PRC	Chongqing, PRC	Tourism	300	-	100.00	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 Beijing Long Teng changed the subscribed registered capital to RMB50,000 thousand. Beijing 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 Beijing 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 2017.

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

For the six months ended 30 June 2017

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	Balance of minority interest as at 1 January 2017	Gains or loss for the period attributable to minority interest	Dividends declared to minority interests for the period	Balance of minority interest as at 30 June 2017
BYD Logistics Company Limited	7.16%	5,197	102	-	5,299
Beiqing C&C Advertising (Beijing) Limited	15.31%	14,385	(724)	-	13,661
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16%	2,081	-	-	2,081
Chongqing Youth Media Company Limited	40.00%	4,932	(770)	-	4,154
Beiqing Community Media Technology (Beijing) Co., Ltd.	45.63%	18,695	(5,350)	-	13,345

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

Name of subsidiaries	As at 30 June 2017						As at 31 December 2016					
	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	217,604	3,929	221,533	147,507	-	147,507	197,943	4,237	202,180	129,578	-	129,578
Beiqing C&C Advertising (Beijing) Limited	53,312	133	53,445	11,610	-	11,610	55,608	145	55,753	9,188	-	9,188
Beiqing Long Teng Investment Management (Beijing) Co., Limited	9,954	5,009	14,963	8,067	-	8,067	9,954	5,009	14,963	8,067	-	8,067
Chongqing Youth Media Company Limited	6,120	10,857	16,977	6,592	-	6,592	8,044	11,557	19,601	7,270	-	7,270
Beiqing Community Media Technology (Beijing) Co., Ltd.	52,377	16,800	69,177	39,929	-	39,929	51,525	17,487	69,012	28,040	-	28,040

For the six months ended 30 June 2017

(Amounts expressed in thousands of RMB unless otherwise stated
in the notes to the financial statements)**X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)****1. Interests in subsidiaries (Continued)****(3) Major financial information of significant non-wholly-owned subsidiaries (Continued)**

Name of subsidiaries	For the six months ended 30 June 2017				For the six months ended 30 June 2016			
	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	110,455	1,424	1,424	(10,059)	88,628	(427)	(427)	(11,294)
Beijing C&CI Advertising (Beijing) Limited	8,081	(4,730)	(4,730)	(134)	6,996	(5,823)	(5,823)	(280)
Beijing Long Teng Investment Management (Beijing) Co., Limited	-	-	-	-	-	(347)	(347)	(241)
Chongqing Youth Media Company Limited	3,473	(1,925)	(1,945)	(952)	5,131	(865)	(865)	(459)
Beijing Community Media Technology (Beijing) Co., Ltd.	21,482	(11,724)	(11,724)	(10,957)	18,917	(22,348)	(22,348)	(26,993)

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

Name of associates	Place of registration	Primary operation		Shareholding percentage (%)		Voting percentage (%)	Business structure
		place	Business nature	Direct	Indirect		
Beijing Leisure Trend Advertising Company Limited	Beijing	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

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in associates (Continued)

(1) Significant associates (Continued)

Name of associates	Place of registration	Primary operation place	Business nature	Shareholding percentage (%)		Voting percentage (%)	Business structure
				Direct	Indirect		
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 Beijing Top Advertising Limited	Beijing	Beijing	Design, production, agency advertising	41.60	-	41.60	Limited liability company
Hebei Jujingcai E-commerce Company Limited	Shijiazhuang	Beijing	Primary agricultural products and other goods	44.50	-	44.50	Limited liability company
Chongqing Soyang Internet Technology Co., Ltd.	Chongqing	Chongqing	Network E-Commerce	-	35.00	35.00	Limited liability company
Beijing Shangyou Network Technology Co., Ltd.	Beijing	Beijing	Network E-Commerce	-	30.00	30.00	Limited liability company
Beijing International Advertising Media Group Co., Ltd	Beijing	Beijing	Design, production, agency advertising	18.00	-	18.00	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 Media Technology (Beijing) Co., Ltd., a subsidiary of Beijing Media.

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES *(Continued)***2. Interests in associates** *(Continued)***(2) Major financial information for associates**

Item	As at 30 June 2017/ For the six months ended 30 June 2017	As at 31 December 2016/ For the six months ended 30 June 2016
Associates:		
Total book value in investment	34,166	37,756
Aggregated amounts per shareholding percentage for the followings:		
– net profit	(1,116)	(24,178)
– other comprehensive income	–	–
– total comprehensive income	(1,116)	(24,178)

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

2. Interests in associates *(Continued)*

(3) Excess losses incurred by associates

Name of associate	Accumulated and unrecognized loss for the previous years as at 1 January 2017	Change in the current period	Accumulated and unrecognized loss as at 30 June 2017
Beijing Leisure Trend Advertising Company Limited	(3,853)	(344)	(4,197)
Beijing Beijing Shengda Automobile Service Company Limited	(489)	(25)	(514)
Beijing Beijing Top Advertising Limited	(11,074)	(1,403)	(12,477)
Hebei Jujingcai E-commerce Company Limited	(421)	(25)	(446)
Beijing Lingshi Technology Limited	(1,863)	1,863	-
BY Time Consulting Co. Ltd	-	(30)	(30)
Total	(17,700)	36	(17,664)

(4) Unrecognized commitments relating to investments in associates

None

(5) Contingent liabilities relating to investments 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 2017			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	107,464	–	–	107,464
Total assets measured at fair value on a recurred basis	107,464	–	–	107,464

The Group's fair value of investment property as at 30 June 2017 is achieved with 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.
Subsidiary of BYDA	Beijing United Communication Media Technology (Beijing) Co., Ltd.
Subsidiary of BYDA	Media Today (Beijing) Co., Ltd.
Subsidiary of BYDA	Beijing Qian Long News Network Communication Co., Ltd.
Associate of the Company	Beijing International Advertising Media Group Co., Ltd
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	Chongqing Soyang Internet Technology Co., Ltd.
Associate of the Company	Beijing Shangyou Network Technology Co., Ltd.
Associate of the Company	Beijing Shangyou International Travel Agency Limited
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" and etc.

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

Parent company	As at 1 January 2017	Increase in this period	Decrease in this period	As at 30 June 2017
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 2017	As at 1 January 2017	As at 30 June 2017	As at 1 January 2017
BYDA	124,840	124,840	63.27	63.27

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

For the six months ended 30 June 2017

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

3. Related party transactions

(1) Purchase of goods/receipt of services

		For the six months ended 30 June	
Related parties	Pricing principle for related party transactions	2017	2016
BYDA (Note)	Contracted	5,832	7,264
Subsidiaries of BYDA	Contracted	–	77
Other related parties	Contracted	1,460	1,412
Total		7,292	8,753

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

(2) Sale of goods/rendering services

		For the six months ended 30 June	
Related parties	Pricing principle for related party transactions	2017	2016
BYDA	Contracted price	393	1,187
Associates of the Company	Contracted price	–	994
Subsidiaries of BYDA	Contracted price	6,399	8,032
Other related parties	Contracted price	810	1,955
Total		7,602	12,168

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

Lessee	Nature of assets leased	Date of commencement	Date of termination	Basis for rental income	Rental income recognized for the period
BYDA	Building	2016-1-1	2018-12-31	Contracted price	2,404
Beijing Shangyou International Travel Agency Limited	Courier Station	2016-1-23	2017-1-22	Contracted price	57
Beijing Shangyou International Travel Agency Limited	Courier Station	2016-4-1	2017-3-31	Contracted price	299

(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	853
BYDA	Building	2016-1-1	2017-9-3	Contracted price	169
Chongqing Building Youth Daily	Building	2016-4-22	2019-4-21	Contracted price	169

(5) Entrusted loans

During the six months ended 30 June 2017, Beijing Beiqing Top Advertising Limited, an associate of the Company repaid an entrusted loan of to BYD Logistic Company Limited, a subsidiary of the Company, in an amount RMB 4,000 thousand. The loan carries an interest rate of 4.35% and the interest was RMB16 thousand.

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

3. Related party transactions *(Continued)*

(6) Remuneration for key management personnel

Item	For the six months ended 30 June	
	2017	2016
Remuneration for key management personnel	2,360	2,744

(7) Financial guarantee from related parties

As at 30 June 2017, BYDA provided guarantee to The Bank of Beijing for banking facilities granted to BYD Logistics with a maximum amount of RMB40,000 thousand. The guarantee period commenced from 8 November 2016 to 2 May 2018. As at 30 June 2017, the utilized bank credit is RMB29,738 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 2017		As at 31 December 2016	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
BYDA	2,706	–	–	–
Associates of the Company	45,663	31,532	47,098	31,384
Subsidiaries of BYDA	138,130	–	116,610	–
Other related parties	501	–	1,139	–
Total	187,000	31,532	164,847	31,384

(2) Other receivables due from related parties

Related parties	As at 30 June 2017		As at 31 December 2016	
	Carrying amount	Provision for bad debts	Carrying amount	Provision for bad debts
BYDA	378	–	–	–
Associates of the Company	67,039	39	39	–
Subsidiaries of BYDA	6,092	–	6,347	–
Other related parties	884	–	1,284	–
Total	74,393	39	7,670	–

(3) Accounts payable due to related parties

Related parties	As at 30 June 2017	As at 31 December 2016
BYDA	2,771	470
Associates of the Company	190	–
Subsidiaries of BYDA	944	77
Other related parties	1,765	1,362
Total	5,670	1,909

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

4. Balances with related parties *(Continued)*

(4) Other payables due to related parties

Related parties	As at 30 June 2017	As at 31 December 2016
BYDA	65	3,307
Subsidiaries of BYDA	843	486
Other related parties	972	1,398
Total	1,880	5,191

(5) Receipts in advance due from related parties

Related parties	As at 30 June 2017	As at 31 December 2016
Subsidiaries of BYDA	14	180
Associates of the Company	–	2,041
Total	14	2,221

(6) Prepayments to related parties

Related parties	As at 30 June 2017	As at 31 December 2016
BYDA	5,043	10,703
Subsidiaries of BYDA	–	20
Total	5,043	10,723

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

Related parties	As at 30 June 2017	As at 31 December 2016
Associates of the Company	–	4,000
Total	–	4,000

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 2017, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 30 June 2017	As at 31 December 2016
Within 1 year	10,200	14,785
1-2 years	5,640	5,443
2-3 years	1,050	460
After 3 years	2,437	–
Total	19,327	20,688

XIII. COMMITMENTS *(Continued)*

2. The Group as lessor

As at 30 June 2017, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 30 June 2017	As at 31 December 2016
Within 1 year	7,221	8,216
1-2 years	3,688	8,136
2-3 years	1,467	457
After 3 years	967	–
Total	13,343	16,809

3. Use rights of advertising boards

As at 30 June 2017, 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 2017	As at 31 December 2016
Within 1 year	7,725	42,834
1-2 years	3,862	10,914
2-3 years	–	1,154
Total	11,587	54,902

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 2017

Item								Total
	Advertising	Printing	Trading of print-related materials	Distribution	Network of technical services	Unallocated amount and others	Elimination	
Revenue from external transactions	82,527	6,211	84,191	996	15,288	8,712	-	197,925
Revenue from intra-segment transactions	13,047	7,594	12,416	-	-	929	(33,986)	-
Operating revenue	95,574	13,805	96,607	996	15,288	9,641	(33,986)	197,925
Operating profit/(loss)	(39,522)	170	1,519	(1,123)	(5,612)	2,710	-	(41,858)

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

For the six months ended 30 June 2017

XV. SEGMENT INFORMATION *(Continued)*

(2) For the six months ended 30 June 2016

Item	Advertising	Printing	Trading of print-related materials	Distribution	Technical services	Unallocated amount and others	Elimination	Total
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)

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 2017	As at 31 December 2016
Investment properties and fixed assets	134,845	106,677
Total	134,845	106,677

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

Item	For the six months ended 30 June	
	2017	2016
Net profit for the half-year attributable to the shareholders of the Company	(39,513)	(16,162)
Weighted average number of issued ordinary shares (thousand shares)	197,310	197,310
Earnings per share (RMB)	(0.20)	(0.08)

The basic earnings and diluted earnings per share for the six months ended 30 June 2016 and 2017 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 2017

XVII. SUPPLEMENTARY INFORMATION (Continued)

2. Balance sheet of the company (unaudited)

Item	<i>RMB'000</i>	
	As at 30 June 2017	As at 31 December 2016
Current assets:		
Bank balances and cash	81,282	108,104
Accounts receivable	211,435	230,400
Prepayments	79,913	24,577
Interest receivable	152	172
Other receivables	192,929	280,287
Inventories	20,714	18,270
Other current assets	54,500	41,540
Total current assets	640,925	703,350
Non-current assets:		
Financial assets available-for-sale	112,637	113,238
Long-term equity investment	305,144	308,010
Investment properties	77,302	63,661
Fixed assets	4,391	4,953
Intangible assets	34,179	34,899
Other non-current assets	26,590	26,590
Total non-current assets	560,243	551,351
Total assets	1,201,168	1,254,701

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

Item	RMB'000	
	As at 30 June 2017	As at 31 December 2016
Current liabilities		
Accounts payable	5,122	32,470
Receipts in advance	16,446	17,413
Employee benefit payables	4,049	4,807
Tax payables	719	156
Other payables	38,258	34,251
Other current liabilities	1,609	1,609
Total current liabilities	66,203	90,706
Non-current liabilities		
Total non-current liabilities	–	–
Total liabilities	66,203	90,706
Shareholders' equity		
Share capital	197,310	197,310
Capital reserves	904,453	904,453
Surplus reserves	130,931	130,931
Undistributed profits	(97,729)	(68,699)
Total shareholders' equity	1,134,965	1,163,995
Total liabilities and shareholders' equity	1,201,168	1,254,701

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

For the six months ended 30 June 2017

XVII. SUPPLEMENTARY INFORMATION (Continued)

3. Income statement of the company (unaudited)

Item	RMB'000	
	For the six months ended 30 June	
	2017	2016
Operating revenue	51,505	90,732
Total operating costs	68,238	107,038
Operating costs	49,679	91,513
Sales tax and surcharges	2,151	2,576
Administrative expenses	12,791	14,511
Financial expenses	(1,160)	(1,430)
Impairment loss of assets	4,777	(132)
Profit on the changes in fair value	10,599	–
Investment profit	(22,929)	24,129
Including: Loss from investments in associates	(868)	(24,108)
Operating profit	(29,063)	7,823
Add: non-operating income	33	6
Less: non-operating expenses	–	–
Total profit	(29,030)	7,829
Less: income tax expenses	–	–
Net profit	(29,030)	7,829
Other net comprehensive income	–	–
Total comprehensive income	(29,030)	7,829

XVII. SUPPLEMENTARY INFORMATION (Continued)**4. Cash flow statement of the company (unaudited)**

Item	RMB'000	
	For the six months ended 30 June	
	2017	2016
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	64,658	31,193
Refund of taxes	-	-
Other cash receipts relating to operating activities	1,309	3,667
Sub-total of cash inflows from operating activities	65,967	34,860
Cash paid for goods purchased and services received	127,268	82,263
Cash paid to and on behalf of employees	15,482	14,641
Payments of taxes and surcharges	2,882	4,348
Other cash payments relating to operating activities	25,826	9,250
Sub-total of cash outflows from operating activities	171,458	110,502
Net cash used in operating activities	(105,491)	(75,642)
II. Cash flows from investing activities:		
Cash received from investments	88,280	-
Cash received from returns on investment	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	64,717	53,623
Sub-total of cash inflows from investing activities	153,159	53,623

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

For the six months ended 30 June 2017

XVII. SUPPLEMENTARY INFORMATION (Continued)

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

RMB'000

For the six months ended 30 June

Item	2017	2016
Cash paid to acquire fixed assets, intangible assets and other long-term assets	24	134
Cash paid on investment	-	-
Net cash paid to acquire subsidiaries and other operating units	-	-
Other cash payments relating to investing activities	23,000	29,331
Sub-total of cash outflows from investing activities	23,024	29,465
Net cash generated from investing activities	130,135	24,158
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 generated from financing activities	-	-
IV. Effect of exchange rate changes on cash and cash equivalents	-	-
V. Net increase/(decrease) in cash and cash equivalents	24,644	(51,484)
Add: balance of cash and cash equivalents at the beginning of the period	46,638	113,297
VI. Balance of cash and cash equivalents at the end of the period	71,282	61,813

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 2017				Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	
Balance as at 1 January 2017	197,310	904,453	130,931	(68,699)	1,163,995
Net profits	-	-	-	(29,030)	(29,030)
Impact due to change in fair value	-	-	-	-	-
Appropriation to shareholders	-	-	-	-	-
Sub-total of the changes for the period	-	-	-	(29,030)	(29,030)
Balance as at 30 June 2017	197,310	904,453	130,931	(97,729)	1,134,965
	For the six months ended 30 June 2016				
Item	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
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

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 2017, the Company's undistributed profits amounted to RMB-97,729 thousand (31 December 2016: RMB-68,699 thousand). Surplus reserve for the Company was RMB130,931 thousand (31 December 2016: 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 2017.

Beijing Media Corporation Limited

31 August 2017