BEIJING 北青传媒 MEDIA

HK Stock Code: 1000

2018 INTERIM REPORT

Beijing Media Corporation Limited

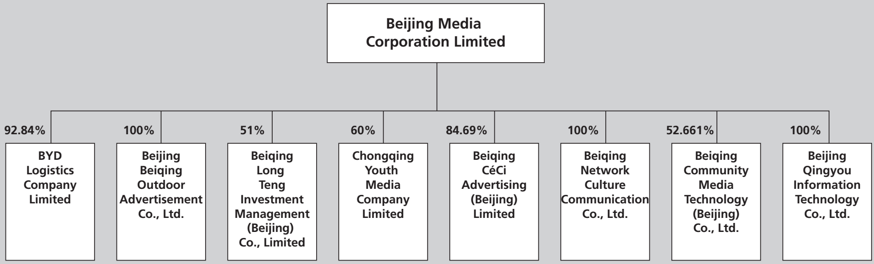
A joint stock company incorporated in the People's Republic of China with limited liability

CONTENT

COMPANY PROFILE

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

Corporate Structure (as at 30 June 2018)



COMPANY WEBSITE

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 30 June 2018): 197,310,000
- Market Capitalisation (as at 30 June 2018): HK$0.59193 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 2018

EXECUTIVE DIRECTORS

Ji Chuanpai *(Chairman)* *Note 1*
Li Xiaobing *(President)* *Note 2*
Yang Wenjian *(Executive Vice President)*
Peng Liang *(Executive Vice President)* *Note 3*
Shang Da *(Vice President)*
Li Xin *(Chief Financial Officer)* *Note 4*

NON-EXECUTIVE DIRECTORS

Zang Furong
Wu Bin
Liu Hong
Sun Fang *Note 5*

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

REMUNERATION COMMITTEE

Cui Enqing *(Chairman)*
Chen Ji
Wu Changqi

NOMINATION COMMITTEE

Ji Chuanpai *(Chairman)* *Note 1*
Chen Ji
Wu Changqi

AUTHORISED REPRESENTATIVES

Ji Chuanpai *Note 1*
Li Xiaobing *Note 2*

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

10/F., Guangdong Investment Tower,
148 Connaught Road Central,
Hong Kong *Note 6*

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
Room 1504,
Institute International Building,
No. 1 Zhichun Road,
Haidian 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

Notes:

1. Upon the approval at the annual general meeting of the Company convened on 28 June 2018, Mr. Ji Chuanpai was appointed as the executive director of the 6th session of the board of directors of the Company, and was appointed as chairman of the board of directors and chairman of the nomination committee and the authorised representative of the Company at the 19th meeting of the 6th session of the board of directors convened on the same day. Previously, Mr. Zhang Yanping has resigned from the positions of the chairman of the board of directors, chairman of the nomination committee, executive director and authorised representative of the Company due to the reach at the retirement age. Please refer to the announcement of the Company dated 28 June 2018 for details.

2. Upon the approval at the 15th meeting of the 6th session of the board of directors convened on 17 January 2018 and the annual general meeting of the Company convened on 28 June 2018, Mr. Li Xiaobing was appointed as the president and the executive director of the 6th session of the board of directors of the Company, respectively, and succeeded Mr. Peng Liang as the authorised representative of the Company. Please refer to the announcements of the Company dated 17 January 2018, 29 March 2018 and 28 June 2018 for details.

3. Mr. Peng Liang resigned as the executive vice president on 17 August 2018 due to work adjustment. Please refer to the announcement of the Company dated 17 August 2018 for details.

4. Upon the approval at the annual general meeting of the Company convened on 28 June 2018, Ms. Li Xin was appointed as the executive director of the 6th session of the board of directors of the Company. Please refer to the announcements of the Company dated 29 March 2018 and 28 June 2018 for details.

5. Upon the approval at the annual general meeting of the Company convened on 28 June 2018, Mr. Sun Fang was appointed as the non-executive director of the 6th session of the board of directors of the Company. Please refer to the announcements of the Company dated 11 June 2018 and 28 June 2018 for details.

6. The Company's principal place of business in Hong Kong was changed to 10/F., Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong on 16 April 2018. Please refer to the announcement of the Company dated 16 April 2018 for details.

Dear Shareholders,

On behalf of the Group, I hereby present the report on interim results of the Group for the six months ended 30 June 2018 (the "First Half of 2018").

BUSINESS REVIEW OF THE GROUP

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

In the First Half of 2018, the total operating revenue of the Group was RMB162,637 thousand (corresponding period of 2017: RMB197,925 thousand), representing a decrease of 17.83% as compared with that for the corresponding period of 2017. Net loss attributable to shareholders of the Company was RMB224,806 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2017: RMB39,513 thousand), representing a period-on-period increase of approximately 468.94%, which was primarily attributable to the provision to be further made for the other receivables of Beiqing Transmedia Co., Ltd and Beijing Trans-media Co., Ltd. and the goodwill of Beiqing CéCi Advertising (Beijing) Limited ("Beiqing CéCi") for the six months ended 30 June 2018 in a total amount of RMB184,948 thousand.

In the First Half of 2018, the Company introduced measures to "control risk and reduce cost":

– The Group conducted comprehensive audit and investigation, reassessed the potential risks and addressed correspondingly. At the same time, we enhanced regular audit measures, strengthened risk management and control to lay a solid foundation for future operations.

On the basis of the above:

– The Group reinforced its management, strengthened the management functions of the president's office, formulated a more detailed business plan, further improved its business indicators, set targets for individuals, and expanded management team of its subsidiaries with an aim to increase revenue through its management.

– The Group surveyed and integrated the office space of its headquarters and subsidiaries to effectively reduce the rent of subsidiaries and optimize resources allocation; reorganized the staffing of its headquarters and subsidiaries to move out of excess positions and fill the vacancy with aims to optimize the allocation of human resources and control staff costs.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Advertisement Business

In the First Half of 2018, revenue from advertising business of the Group was RMB40,362 thousand (corresponding period of 2017: RMB82,527 thousand), representing a decrease of 51.09% as compared with the same period last year.

The advertising revenue of the Company declined, mainly due to the impacts from the overall macro economy, new media and the expiration of leases of 12 outdoor single column billboards.

In the First Half of 2018, the Company's advertising operations were a process of further integration of new media and traditional media in advertising marketing.

Consolidating our APP's new media platform and launching new products of new media

In the First Half of 2018, the Company continued to improve its new media platform and boosted the upgrading and development of APP-related products. The Company conducted various media events and offline events, organized, co-organized and cooperated with 52 in-city events, conducted 13 times of cooperation for brands and media and 23 times of cooperation for entertainment celebrities and films and television dramas. The total number of downloads of Beijing Headline APP reached 1.53 million. At the same time, it developed new products, including the provincial and municipal-level APP matrix. In the first half of the year, a total of 38 national regional headline client-based APPs have been launched. In addition to product iteration and R&D, the development of PC version website, H5 communication initiative and WeChat applet have been completed. Among them, for H5 and applet initiative, the page views of single initiative reached over one million.

Further integrating the advertising marketing of new media and traditional media through the continuous implementation of direct-to-customer system

In the First Half of 2018, in order to be conducive to reducing intermediate costs, developing new media customers and offering personalized services to its customers, the Company continued to implement its direct-to-customer system on the basis of last year. It expanded the scope of the industry covered by its direct-to-customer system, established more direct relationships with its customers in key industries such as real estate, automobile, finance and healthcare to formulate an all-round three-dimensional advertising marketing plan that caters to customer needs.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Film and Television Business

In the First Half of 2018, the Company integrated its original resources and jointly established a professional platform for the capital operation of film and television and business development with its business partners. Up to now, it has completed team formation, governance structure construction and amendment of comprehensive management rules and regulations including risk control; in the meantime, it embarked on formulating platform development plans and conducting preliminary assessment on specific projects with an aim to promote the more comprehensive development of film and television business through capital operation. In the First Half of 2018, the Company fully utilized the media's advantages in content planning and actively participated in the preliminary planning and development of film and television projects. The joint-planned TV drama series *Setting Sail* (《啟航》) has been selected as one of "Key Projects of Beijing 2017 Cultural Boutique Program". It is currently in the production stage. In addition, the online drama of *Cover the Sky* (《素手遮天》) which the Company co-produced has been exclusively broadcast on Tencent Video on 2 July during the summer holiday.

Results of Major Subsidiaries of the Group

Beiqing CéCi is a 84.69%-owned subsidiary of the Company. Beiqing CéCi focuses 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 10 years' operation, *CéCi* is a favourite magazine of urban white-collar women. In the First Half of 2018, against the backdrop that China-ROK relations have not improved significantly, Beiqing CéCi put efforts to explore and create an "Asian style" that is more suitable for the needs of the market, and launched a section with local cover and content at the core to satisfy the needs of mainstream women in the PRC. It accurately located the cover characters, and maintained the original brand customers by using its own new media to offer value-added services and set up the multi-layer sales model of magazine. In the First Half of 2018, Beiqing CéCi reduced printing costs and stabilized the distribution channels. It opened new WeChat and Weibo public accounts to post some highlights of the magazine and promote pre-sales in advance, which were added Taobao shop links to facilitate readers to buy and read magazines; with hot-selling cover characters, online sales accounted for up to 15%. In the First Half of 2018, Beiqing CéCi achieved a loss reduction while selling its old inventories.

Beijing Beiqing Outdoor Advertisement Co., Ltd. ("Beiqing Outdoor") is a wholly-owned subsidiary of the Company which principally engages in the operation of urban outdoor single column billboards. In the First Half of 2018, Beiqing Outdoor continued to operate a total of four single column billboards which it has acquired their concession rights in prime locations such as West 5th Ring Road in Beijing and Beijing-Chengde Expressway. In the light of severe market conditions, through its efforts, it has entered into short-term and transpositional advertising cooperation with its customers, and at the same time established sound agency relationships with its business partners. Currently, the Group is in the process of expanding the management team of Beiqing Outdoor.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Results of Major Subsidiaries of the Group *(Continued)*

Beiqing Community Media Technology (Beijing) Co. Ltd. ("Beiqing Community Media") is a 52.661%-owned subsidiary of the Company. Relying on its brand advantages and marketing methods, Beiqing Community Media uses mobile internet technology to integrate online and offline resources of the community, and pursues the Beiqing's strategy of "going down to grassroots" through the multi-channel joint communication means of paper media + ground service + mobile platform. With nearly 5 years of endeavor, it established an innovative communication and service platform with the model of "19 newspapers of Beiqing Community Daily + Community Station + Community Media WeChat Matrix".

Beiqing Community Media built a three-in-one business model based on the three business segments of Beiqing Community Daily, Community Station and WeChat Matrix to get access to the last 100 meters of the community to achieve seamless connections with residents through different online and offline media. Up to now, Beiqing Community Media has a total of 19 newspapers of Beiqing Community Daily across the whole urban area of Beijing, including CBD, Shunyi, Tongzhou, Daxing and Fangshan. Beiqing Community Media operated a total of 32 certified WeChat public accounts in different living areas of Beijing, assisted Beijing government departments to operate 18 public accounts. There were 50 public accounts in total. It cooperated with the Chaoyang District Government of Beijing to operate and develop the "Beijing Chaoyang", an official news App of Chaoyang District. The WeChat platform of Community Daily developed based on the WeChat interface pushes relevant information and events. The WeChat public account platform pushes information for residents in specific areas, presenting the latest community news and life service information on the mobile App. The content of WeChat public account platform consists of the hot news of the region + recent events + advertisements. The articles with over 100,000+ readings are not uncommon. The total number of followers of WeChat public accounts of Beiqing Community Media in different areas of Beijing has exceeded 700,000. Beiqing Community Media not only publishes newspapers independently compiled and distributed, but also distributes publications by cooperating with various regions and cultural organizations, such as the *Shichahai Culture Monthly* (《什刹海文化月刊》), which is co-published with the Xicheng District Government and Shichahai Sub-district Office, the *Beixinqiao Style* (《北新橋風采》), which is co-published with the Beixinqiao Works Committee and Beixinqiao Sub-district Office, and the *National Gateway Life* (《國門生活》), which is co-published with the Airport Sub-district Office. In the First Half of 2018, Beiqing Community Media's net loss decreased as compared with the same period last year.

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, NEEQ or merger and acquisition by listed companies etc. As of the First Half of 2018, among the companies invested by the Fund, following the backdoor listing of Beijing Tianshenhudong Technology Co., Ltd in 2015, there are two companies applying for listing and submitting relevant materials to CSRC. According to the latest news, one of the companies, Nanjing Well Pharmaceutical Co., Ltd. has been approved by CSRC's IPO review on 21 August 2018.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Results of Major Subsidiaries of the Group *(Continued)*

Beijing Qingyou Information Technology Co., Ltd. ("Qingyou Information") is a wholly-owned subsidiary of the Company. In the First Half of 2018, Qingyou Information was in the process of full improvement of the mobile game platform to facilitate the agency promotion cooperation of mobile games and applications.

Chongqing Youth Media Company Limited ("Chongqing Media") is a 60%-owned subsidiary of the Company. In the First Half of 2018, the operating revenue of Chongqing Media was RMB4,202 thousand, representing an increase of 20.99% as compared with prior period. In the First Half of 2018, Chongqing Media carried out the overall transformation of new media. In Chongqing's official media, it took the lead in opening the Tik Tok account, which have rapidly accumulated over 180,000 followers during two months and posted 77 entries. In the First Half of 2018, the net loss of Chongqing Media decreased as compared with the same period last year.

BYD Logistics Company Limited ("BYD Logistics") is a 92.84%-owned subsidiary of the Company, principally engages in printing and trading business of printing-related materials. In the First Half of 2018, the supply of paper in the market remains tight and its prices continued to rise. BYD Logistics actively stock up, which ensured the stable cost of the Group's self-use printing paper. In the First Half of 2018, BYD Logistics remained profitable with an operating revenue of RMB110,206 thousand, representing a decrease of 0.23% as compared with the same period last year.

PROSPECTS AND FUTURE PLANS

In the second half of 2018, the Group will continue to improve its cost control measures;

In the second half of 2018, the Group will continue to optimize resources allocation, make rational use of resources and improve the efficiency of resources utilization;

In the second half of 2018, the Group will continue to strengthen its operations and management, improve the quality of its operations and enhance the competitiveness of the Group;

In the second half of 2018, 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.

PROSPECTS AND FUTURE PLANS *(Continued)*

The structural optimization measures of the Group will make a significant and profound impact on its favorable stable, and long-term development of the Group. The Group's performance in the First Half of 2018 was heavily dependent on the concerted efforts of the management and staff in each of our business units. Their insight to market opportunities and excellent quality are the keys to our success. On behalf of the shareholders and other members of the Board, I would like to express my sincere gratitude to them all.

Ji Chuanpai
Chairman

28 August 2018
Beijing, the PRC

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2018, total operating revenue of the Group was RMB162,637 thousand (corresponding period of 2017: RMB197,925 thousand), representing a decrease of 17.83% as compared with that for the corresponding period of 2017. Of which, revenue from advertising sales decreased by RMB42,165 thousand, representing a decrease of 51.09% as compared with that for the corresponding period of 2017; revenue from printing decreased by RMB2,109 thousand, representing a decrease of 33.96% as compared with that for the corresponding period of 2017; and revenue from the trading of print-related materials increased by RMB4,548 thousand, representing an increase of 5.40% as compared with that for the corresponding period of 2017.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2018, operating costs of the Group were RMB150,622 thousand (corresponding period of 2017: RMB183,336 thousand), representing a decrease of 17.84% as compared with that for the corresponding period of 2017. Of which, costs of advertising sales decreased by RMB31,827 thousand, representing a decrease of 42.19% as compared with that for the corresponding period of 2017; costs of printing decreased by RMB1,840 thousand, representing a decrease of 34.77% as compared with that for the corresponding period of 2017; and costs of the trading of print-related materials increased by RMB3,929 thousand, representing an increase of 5.07% as compared with that for the corresponding period of 2017. Tax and surcharges was RMB2,981 thousand (corresponding period of 2017: RMB3,203 thousand), representing a decrease of 6.93% as compared with that for the corresponding period of 2017.

3. Selling Expenses

For the six months ended 30 June 2018, selling expenses of the Group were RMB11,410 thousand (corresponding period of 2017: RMB25,654 thousand), representing a decrease of 55.52% as compared with that for the corresponding period of 2017.

4. Administrative Expenses

For the six months ended 30 June 2018, administrative expenses of the Group were RMB21,279 thousand (corresponding period of 2017: RMB24,012 thousand), representing a decrease of 11.38% as compared with that for the corresponding period of 2017.

FINANCIAL REVIEW *(Continued)*

5. Financial Expenses

For the six months ended 30 June 2018, financial expenses of the Group were RMB-794 thousand (corresponding period of 2017: RMB-1,144 thousand), representing a decrease of 30.59% as compared with the net value for the corresponding period of 2017. Of which, interest income was RMB1,328 thousand (corresponding period of 2017: RMB1,469 thousand), representing a decrease of 9.60% as compared with that for the corresponding period of 2017; and foreign exchange gain was RMB1 thousand (corresponding period of 2017: foreign exchange loss of RMB7 thousand).

6. Share of Loss of Associates

For the six months ended 30 June 2018, share of the loss of associates of the Group was RMB7,774 thousand (corresponding period of 2017: RMB1,116 thousand), representing an increase of 596.59% as compared with that for the corresponding period of 2017.

7. Operating Profit

For the six months ended 30 June 2018, operating profit of the Group was RMB-227,815 thousand (corresponding period of 2017: RMB-41,789 thousand), representing a decrease of 445.16% as compared with that for the corresponding period of 2017.

8. Income Tax Expenses

For the six months ended 30 June 2018, income tax expenses of the Group for the current period were RMB1,172 thousand (corresponding period of 2017: RMB3,824 thousand), representing a decrease of 69.35% as compared with that for the corresponding period of 2017.

9. Net Profit/ Loss Attributable to Shareholders of the Company

For the six months ended 30 June 2018, net loss attributable to shareholders of the Company was RMB224,806 thousand (corresponding period of 2017: net loss of RMB39,513 thousand), representing a decrease of 468.94% as compared with that for the corresponding period of 2017.

FINANCIAL REVIEW *(Continued)*

10. Financial Resources and Liquidity

As at 30 June 2018, current assets of the Group were RMB709,344 thousand (31 December 2017: RMB927,556 thousand), including bank balances and cash of RMB221,086 thousand (31 December 2017: RMB363,820 thousand). Non-current assets of the Group were RMB423,166 thousand (31 December 2017: RMB467,828 thousand).

As at 30 June 2018, current liabilities of the Group were RMB142,357 thousand (31 December 2017: RMB156,460 thousand) and non-current liabilities were RMB19,317 thousand (31 December 2017: RMB38,350 thousand).

As at 30 June 2018, shareholders' equity of the Group was RMB970,836 thousand (31 December 2017: RMB1,200,574 thousand).

11. Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2018, the bank borrowings of the Group were RMB10,967 thousand (31 December 2017: RMB30,000 thousand). The borrowings and cash and bank balances of the Group were all denominated in Renminbi.

12. Gearing Ratio

As at 30 June 2018, gearing ratio of the Group was 16.65% (31 December 2017: 16.23%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

SHARE STRUCTURE (AS AT 30 JUNE 2018)

	Number of Shares	% of Total Share Capital *(%)*
Holders of domestic shares		
– Beijing Youth Daily Agency	124,839,974	63.27
– Beijing Chengshang Cultural Communication Co., Ltd. *Note 1*	7,367,000	3.73
– China Telecommunication Broadcast Satellite Co. Ltd.	4,263,117	2.16
– Beijing Development Area Ltd.	2,986,109	1.52
– Sino Television Co., Ltd.	2,952,800	1.50
Domestic shares (sub-total)	142,409,000	72.18
H shares *Note 2*	54,901,000	27.82
Total share capital	197,310,000	100

Notes:

1. Beijing Zhijin Science and Technology Investment Co., Ltd., a domestic shareholder of the Company, entered into an equity transfer agreement with Beijing Chengshang Cultural Communication Co., Ltd. ("Chengshang Cultural") on 15 May 2018 to transfer the entire domestic shares (a total of 7,367,000 shares) of the Company to Chengshang Cultural, and completed the equity transfer registration on 28 May 2018.

2. 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 2018, so far as the Directors, Supervisors and chief executive of the Company are aware, according to the register of interests and/or short positions in shares required to be kept pursuant to Section 336 of Part XV of the SFO, the persons in the following table had an interest and/or short position in the shares or underlying shares of the Company:

Name	Capacity	Class of Shares	Nature of Interest	Number of Shares Held	% of Class Share Capital (%)	% of Total Share Capital (%)
Beijing Youth Daily Agency	Beneficial owner	Domestic	N/A	124,839,974	87.66	63.27
Beijing Chengshang Cultural Communication Co., Ltd. Note 1	Beneficial owner	Domestic	N/A	7,367,000	5.17	3.73
Leshi Internet Information & Technology Corp., Beijing Note 2	Beneficial owner	H	Long	19,533,000	35.58	9.90
Jia Yueting Note 2	Interest of controlled corporation	H	Long	19,533,000	35.58	9.90
Founder Investment (HK) Ltd. Note 3 & Note 4	Beneficial owner	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd. Note 3	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Beijing Beida Founder Group Corporation Note 3	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation Note 3	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Beijing University Note 3	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd. Note 4	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Xia Jie Note 4	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited Note 5	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Cao Yawen Note 5	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

1. Beijing Chengshang Cultural Communication Co., Ltd. owns 7,367,000 domestic shares of the Company, approximately amounting to 3.73% of the total issued share capital (5.17% of the total issued domestic shares) of the Company. Beijing Chengshang Cultural Communication Co., Ltd. is 100% directly owned by Beijing Shouhua Asset Management Co., Ltd., which is 50% directly owned by Beijing Bailixing Investment Consulting Co., Ltd. and Puxu (Beijing) Investment Co., Ltd. respectively, among which Puxu (Beijing) Investment Co., Ltd. is 50% directly owned by Sun Shengguang and Sun Yuexian respectively, and Beijing Bailixing Investment Consulting Co., Ltd. is 50% directly owned by Quzhou Hairuiteng Information Consulting Co., Ltd. and Quzhou Zhuoqun Innovation and Cultural Co., Ltd. respectively, among which, Quzhou Hairuiteng Information Consulting Co., Ltd. is 50% directly owned by He Kangmin and Zhang Yang, and Quzhou Zhuoqun Innovation and Cultural Co., Ltd. is 50% directly owned by Zhang Yang and Zhang Yiping. Therefore Zhang Yang, Zhang Yiping, He Kangmin, Quzhou Hairuiteng Information Consulting Co., Ltd., Quzhou Zhuoqun Innovation and Cultural Co., Ltd., Sun Shengguang, Sun Yue, Beijing Bailixing Investment Consulting Co., Ltd. and Puxu (Beijing) Investment Co., Ltd. are deemed under the SFO to be interested in the 7,367,000 domestic shares registered in the name of Beijing Chengshang Cultural Communication Co., Ltd.

2. Leshi Internet Information & Technology Corp., Beijing owns 19,533,000 H shares of the Company, approximately amounting to 9.9% of the total issued share capital (35.58% of the total issued H shares) of the Company. Jia Yueting owns 44% of the capital in Leshi Internet Information & Technology Corp., Beijing. Therefore Jia Yueting is deemed under the SFO to be interested in the 19,533,000 H shares registered in the name of Leshi Internet Information & Technology Corp., Beijing.

3. Founder Investment (HK) Ltd. owns 4,939,000 H shares of the Company, approximately amounting to 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Beijing University directly owns 100% of Beijing University New Technology Corporation, which directly owns 100% of Beijing Beida Founder Group, which directly owns 80% of Beijing University Founder Investment Co. Ltd., which in turn owns 51% of Founder Investment (HK) Ltd. Therefore Beijing University, Beijing University New Technology Corporation, Beijing Beida Founder Group and Beijing University Founder Investment Co. Ltd. are deemed under the SFO to be interested in the 4,939,000 H shares registered in the name of Founder Investment (HK) Ltd.

4. Founder Investment (HK) Ltd. owns 4,939,000 H shares of the Company, approximately amounting to 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Xia Jie indirectly owns 49% of Founder Investment (HK) Ltd. through CITICITI Ltd., which is wholly owned by Xia Jie. Therefore Xia Jie is deemed under the SFO to be interested in the 4,939,000 H shares registered in the name of Founder Investment (HK) Ltd.

5. Yue Shan International Limited, as beneficiary of a trust, is interested in 4,939,000 H shares of the Company, approximately amounting to 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Cao Yawen directly owns 100% of Yue Shan International Limited and is therefore deemed under the SFO to be interested in the 4,939,000 H shares registered in the name of Founder Investment (HK) Ltd.

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 2018, 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 requirements of Section 336 of Part XV of the SFO.

CAPITAL EXPENDITURES

Capital expenditures, including expenditures on office equipment and intangible assets, of the Group for the First Half of 2018 were RMB427 thousand (corresponding period of 2017: RMB3,772 thousand). The Group expects that capital expenditures for the second half of 2018 will mainly comprise expenditures consistent with business strategies of the Group.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

Beiqing Outdoor, a subsidiary of the Company, has entered into a loan agreement with Huaxia Bank, Beijing Shouti Sub-branch on 27 May 2017, pursuant to which Huaxia Bank, Beijing Shouti Sub-branch will provide RMB30,000 thousand to Beiqing Outdoor for payment of utilization fee of advertising facilities, and the loan is repayable within 36 months (from 27 May 2017 to 27 May 2020) with an interest rate of 20% on top of the People's Bank of China 3-year benchmark rate and to be guaranteed by the Company.

Save as disclosed above, as of 30 June 2018, the Group did not have any other contingent liabilities, nor any 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 any substantial effect from exchange rate fluctuations.

EMPLOYEES

As at 30 June 2018, the Group had a total of 365 employees (as at 30 June 2017: a total of 493 employees), and the decrease in the number of employees as compared with the same period last year was mainly due to the reasonable adjustment of the normal business needs of the Company and its subsidiaries. During the six months ended 30 June 2018, the total employees remuneration paid by the Group was approximately RMB29,326 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 2018, the Group conducted various staff trainings including but not limited to sales and marketing of staff, 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 2018, 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 2018, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL INVESTMENTS

During the six months ended 30 June 2018, the Group had no material investment, or any plan relating to material investment or acquisition of assets.

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

During the six months ended on 30 June 2018, 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 2018, 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 28 June 2018, certain amendments to the Company's Articles of Association were approved to reflect the change of business scopes. Please refer to the announcements dated 27 April 2018 and 28 June 2018 published by the Company for details.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2017

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

During the six months ended 30 June 2018, 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 during the six months ended 30 June 2018.

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 2018 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 of the Company 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 2018, the Company's accumulated loss amounted to RMB311,463 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 does not recommend the distribution of any interim dividend for the six months ended 30 June 2018.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 17 January 2018, Mr. Yu Haibo resigned as the president, the executive director of the 6th session of the board of directors and vice chairman of the board of directors of the Company due to adjustment of work arrangement. Upon the approval at the 15th meeting of the 6th session of the board of directors convened on the same day, Mr. Li Xiaobing was appointed as the president of the Company. Please refer to the announcement of the Company dated 17 January 2018 for details.

On 29 March 2018, Ms. He Xiaona resigned from the positions of executive vice president and executive director of the Company due to the reach at the retirement age. At the 16th meeting of the 6th session of the board of directors of the Company convened on the same day, Mr. Peng Liang was appointed, in replacement of Mr. Yu Haibo, as the authorised representative of the Company. Please refer to the announcement of the Company dated 29 March 2018 for details.

On 11 June 2018, Mr. Xu Xun resigned from the position of non-executive director of the 6th session of the board of directors of the Company. Please refer to the announcement of the Company dated 11 June 2018 for details.

On 28 June 2018, Mr. Zhang Yanping resigned from the positions of the chairman of the board of directors, chairman of the nomination committee, executive director and authorised representative of the Company due to the reach at the retirement age. Upon the approval at the annual general meeting of the Company convened on the same day, Mr. Li Xiaobing was appointed as the executive director of the 6th session of the board of directors of the Company, and succeeded Mr. Peng Liang as the authorised representative of the Company; Ms. Li Xin was appointed as the executive director of the 6th session of the board of directors of the Company; Mr. Sun Fang was appointed as the non-executive director of the 6th session of the board of directors of the Company; Mr. Ji Chuanpai was appointed as the executive director of the 6th session of the board of directors of the Company, and was appointed as chairman of the board of directors and chairman of the nomination committee and the authorised representative of the Company at the 19th meeting of the 6th session of the board of directors convened on the same day. Please refer to the announcement of the Company dated 28 June 2018 for details.

On 17 August 2018, Mr. Peng Liang resigned as the executive vice president of the Company due to work adjustment. Please refer to the announcement of the Company dated 17 August 2018 for details.

As at 30 June 2018

RMB'000

Item	*Notes*	**As at 30 June 2018**	As at 31 December 2017
Current assets:			
Bank balances and cash		**221,086**	363,820
Notes and accounts receivable	*VIII.1*	**290,864**	302,898
Prepayments	*VIII.2*	**19,001**	8,886
Other receivables	*VIII.3*	**105,537**	173,368
Inventories		**25,669**	36,288
Contractual assets		**–**	–
Other current assets	*VIII.4*	**47,187**	42,296
Total current assets		**709,344**	927,556
Non-current assets:			
Long-term equity investment	*VIII.5*	**26,853**	34,596
Investment in other equity instruments	*VIII.6*	**155,896**	160,896
Investment properties		**157,035**	156,909
Fixed assets	*VIII.7*	**4,884**	5,859
Intangible assets	*VIII.8*	**31,524**	32,280
Goodwill	*VIII.9*	**–**	30,430
Long-term prepaid expenses		**132**	141
Deferred income tax assets		**17,852**	17,727
Other non-current assets	*VIII.10*	**28,990**	28,990
Total non-current assets		**423,166**	467,828
Total assets		**1,132,510**	1,395,384

RMB'000

Item	*Notes*	**As at 30 June 2018**	As at 31 December 2017
Current liabilities:			
Notes and accounts payable	*VIII.12*	**48,376**	62,079
Receipts in advance		**–**	–
Contractual liabilities		**34,051**	31,143
Employee benefit payables		**6,976**	8,060
Tax payables		**3,034**	5,049
Other payables	*VIII.13*	**49,920**	50,129
Total current liabilities		**142,357**	156,460
Non-current liabilities:			
Long-term loans	*VIII.14*	**10,967**	30,000
Deferred income tax liabilities		**8,350**	8,350
Total non-current liabilities		**19,317**	38,350
Total liabilities		**161,674**	194,810
Shareholders' equity:			
Share capital		**197,310**	197,310
Capital reserves		**934,421**	934,421
Other comprehensive income	*VIII.15*	**(4,886)**	(4,922)
Surplus reserves		**130,931**	130,931
Undistributed profits		**(341,682)**	(116,876)
Total equity attributable to shareholders of the Company		**916,094**	1,140,864
Non-controlling interest		**54,742**	59,710
Total shareholders' equity		**970,836**	1,200,574
Total liabilities and shareholders' equity		**1,132,510**	1,395,384
Net current assets		**566,987**	771,096
Total assets less current liabilities		**990,153**	1,238,924

RMB'000

Item	*Notes*	For the six months ended 30 June **2018**	2017
Total operating revenue	*VIII.16*	**162,637**	197,925
Total operating costs		**383,316**	242,607
Operating costs	*VIII.16*	**150,622**	183,336
Tax and surcharges	*VIII.17*	**2,981**	3,203
Selling expenses		**11,410**	25,654
Administrative expenses		**21,279**	24,012
Financial expenses	*VIII.18*	**(794)**	(1,144)
Including: Interest expenses		**446**	251
Interest income		**1,328**	1,469
Impairment loss of assets	*VIII.19*	**30,430**	495
Impairment loss of credit	*VIII.20*	**167,388**	7,051
Add: Other income		**108**	17
Investment income	*VIII.21*	**(7,410)**	(23,040)
Including: Gain from investments in associates		**(7,774)**	(1,116)
Gain on the changes in fair value	*VIII.22*	**125**	25,864
Gain on disposal of asset		**41**	52
Operating profit		**(227,815)**	(41,789)
Add: Non-operating income	*VIII.23*	**30**	81
Less: Non-operating expenses	*VIII.24*	**821**	723
Total profit		**(228,606)**	(42,431)
Less: Income tax expenses	*VIII.25*	**1,172**	3,824
Net profit		**(229,778)**	(46,255)
Net profit attributable to:			
Shareholders of the Company		**(224,806)**	(39,513)
Non-controlling shareholders		**(4,972)**	(6,742)
Net profit from continuing operations		**(229,778)**	(46,255)
Net profit from discontinued operations		**–**	–

RMB'000

Item	*Notes*	For the six months ended 30 June **2018**	2017
Other net comprehensive income after tax		**40**	(21)
Other net comprehensive income after tax attributable to shareholders of the Company	*VIII.15*	**36**	(13)
Including: Other comprehensive income subsequently reclassified into profit or loss		**36**	(13)
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss		**31**	–
Exchange differences from retranslation of financial statements		**5**	(13)
Other net comprehensive income after tax attributable to non-controlling shareholders		**4**	(8)
Total comprehensive income		**(229,738)**	(46,276)
Total comprehensive income attributable to shareholders of the Company		**(224,770)**	(39,526)
Total comprehensive income attributable to non-controlling shareholders		**(4,968)**	(6,750)
Earnings per share:			
Basic earnings per share (RMB)	*XVII.1*	**(1.14)**	(0.20)
Diluted earnings per share (RMB)	*XVII.1*	**(1.14)**	(0.20)
Dividends	*VIII.26*	**–**	–

RMB'000

Item	For the six months ended 30 June 2018	2017
I. Cash flows from operating activities:		
Cash flows from operating activities:	**171,154**	226,393
Tax refund received	**–**	–
Other cash receipt relating to operating activities	**6,731**	8,331
Sub-total of cash inflows from operating activities	**177,885**	234,724
Cash paid for goods purchased and services received	**171,605**	196,938
Cash paid to and on behalf of employees	**29,326**	41,085
Payments of taxes and surcharges	**7,074**	9,447
Other cash payments relating to operating activities	**91,647**	101,587
Sub-total of cash outflows from operating activities	**299,652**	349,057
Net cash flows from operating activities	**(121,767)**	(114,333)
II. Cash flows from investing activities:		
Cash received from sales of investments	**5,000**	88,280
Cash received from returns on investment	**378**	162
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**356**	173
Other cash receipt relating to investing activities	**12,046**	59,621
Sub-total of cash inflows from investing activities	**17,780**	148,236
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**109**	678
Cash paid on investment	**8,000**	–
Other cash payments related to investing activities	**11,415**	12,888
Sub-total of cash outflows from investing activities	**19,524**	13,566
Net cash flows from investing activities	**(1,744)**	134,670

RMB'000

Item		Note	For the six months ended 30 June 2018	2017
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		**613**	3,176
	Sub-total of cash inflows from financing activities		**613**	33,176
	Cash payments for borrowings repayment		**19,033**	5,500
	Cash payments for distribution of dividends or profits or interest expense		**446**	228
	Including: dividends or profits paid to non-controlling shareholders of subsidiaries			
	Other cash payment relating to financing activities		**–**	–
	Sub-total of cash outflows from financing activities		**19,479**	5,728
	Net cash flows from financing activities		**(18,866)**	27,448
IV.	**Effect of exchange rate changes on cash and cash equivalents**		**6**	(12)
V.	**Net increase in cash and cash equivalents**		**(142,371)**	47,773
	Add: balance of cash and cash equivalents at the beginning of the period		**325,612**	132,953
VI.	**Balance of cash and cash equivalents at the end of the period**	*VIII.27*	**183,241**	180,726

RMB'000

Item	For the six months ended 30 June 2018 Total equity attributable to shareholders of the Company							
	Share capital	Capital reserves	Other comprehensive income	Surplus reserves (Note)	Undistributed profits	Subtotal	Non-controlling interests	Total shareholders' equity
Balance as at 31 December 2017	197,310	934,421	(1)	130,931	(121,797)	1,140,864	59,710	1,200,574
Effect of the changes in accounting policies	–	–	(4,921)	–	4,921	–	–	–
Balance as at 1 January 2018	197,310	934,421	(4,922)	130,931	(116,876)	1,140,864	59,710	1,200,574
Net profit	–	–	–	–	(224,806)	(224,806)	(4,972)	(229,778)
Other comprehensive income	–	–	36	–	–	36	4	40
Sub-total of the changes for the period	–	–	36	–	(224,806)	(224,770)	(4,968)	(229,738)
Balance as at 30 June 2018	197,310	934,421	(4,886)	130,931	(341,682)	916,094	54,742	970,836

Item	For the six months ended 30 June 2017 Total equity attributable to shareholders of the Company							
	Share Capital	Capital reserves	Other comprehensive income	Surplus reserves (Note)	Undistributed profits	Subtotal	Non-controlling interests	Total shareholders' equity
Balance as at 1 January 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)
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

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.

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

I. GENERAL INFORMATION

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

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

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

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

The Company and its subsidiaries (hereinafter referred to as the Group ("Group") are principally engaged in the provision of newspaper, magazine and outdoor advertising services, printing and trading of print-related materials, issuance and technical services 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 2018 of the Group are as follows:

	Shareholding (%)	
Name of units	**Direct**	**Indirect**
Beijing Beiqing Outdoor Advertisement Co., Ltd. (Beiqing Outdoor)	100.00	–
Beiqing Network Culture Communication Co., Ltd. (Beiqing Network)	100.00	–
Beijing Qingyou Information Technology Co., Ltd. (Qingyou Information)	100.00	–
BYD Logistics Company Limited (BYD Logistics)	92.84	–
Beiqing CéCi Advertising (Beijing) Limited (Beiqing Céci)	84.69	–
Beiqing Long Teng Investment Management (Beijing) Co., Limited (Beiqing Long Teng)	80.84	–
Beiqing Community Media Technology (Beijing) Co. Ltd (Beiqing Community Media)	52.661	–
Chongqing Youth Media Company Limited (Chongqing Media)	60.00	–
CHONG QING YOUTH (AMERICA) LLC (Chong Qing America) (Note 1)	–	60.00
Beiqing Community Travelling (Beijing) Limited (Community Travelling) (Note 2)	–	52.661
Beiqing Community Business Limited (Community Business) (Note 3)	–	52.661

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

Note 1: The Group indirectly hold 60% equity interest of Chang Qing America, which is 100% holding by the Group's 60% direct holding subsidiary Chongqing Media.

Note 2: The Group indirectly hold 52.661% equity interest of Community Travelling, which is 100% holding by the Group's 52.661% direct holding subsidiary Beiqing Community Media.

Note 3: The Group indirectly hold 52.661% equity interest of Community Business, which is 100% holding by the Group's 52.661% direct holding subsidiary Beiqing Community Media.

III. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The Group's financial statements for the six months ended 30 June 2018 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 ("PRC Accounting Standard") issued by the Ministry of Finance of the People's Republic of China (the "Ministry of Finance"). And disclosed in accordance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and the 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" in the interim report of the Company.

2. Going concern

The Company is able to continue as a going concern for at least the next 12 months from the date of this report, and there is no existence of a material uncertainty affecting the ability of on-going operation.

IV. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's consolidated financial statements have been prepared in conformity with the "PRC Accounting Standards", and present truly and completely the consolidated financial position as at 30 June 2018 and their consolidated operating results, consolidated cash flows and other relevant information for the six months ended 30 June 2018.

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 2018 to 30 June 2018.

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, investment in other equity instruments and investment properties which are measured at fair value, the financial statements are prepared under the historical cost convention.

4. Business Combination

(1) Business combination involving entities under common control

In a business combination involving enterprises under common control, if the acquirer pays for the business combination in cash, by transferring of non-cash assets or assuming liabilities, net assets in the ultimate controlling party's consolidated financial statements are measured at their carrying amounts of the acquiree at the acquisition date. If the acquirer issues equity instruments for the business combination, the acquirer measures the share capital by the par value of the shares issued. The difference between the original investment costs and the carrying amounts (or the total par value of shares issued) will be adjusted to the capital reserves. If the capital reserves is insufficient to absorb the difference, the remaining amount shall be deducted from retained earnings.

(2) Business combination involving entities not under common control

In a business combination involving enterprises not under common control, the combination costs are the aggregate of the fair values of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control over the acquiree at the acquisition date. At the acquisition date, the acquired assets, liabilities and contingent liabilities of the acquiree that meet the recognition criteria are measured at their fair value. The Company shall recognize the difference of the combination costs in excess of its interest portion in the fair value of the net identifiable assets acquired from the acquiree as goodwill. The Company shall recognize the difference of the combination costs less than its interest portion in the fair value of the net identifiable assets acquired from the acquiree in the non-operating income for current period after reassessment.

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

5. Preparation of consolidated financial statement

(1) Determination of the scope of consolidation

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) Uniform accounting policies, balance sheet date and accounting period

If the subsidiaries adopt different accounting policies or accounting period compared with those of the Company, the Company shall make necessary adjustments on the subsidiaries' financial statements according to its accounting policies or accounting period when the consolidated financial statements are prepared.

(3) The elimination in the preparation of consolidated financial statements

The consolidated financial statements are prepared based on the individual financial statements of the Company and its subsidiaries, after elimination of the transactions incurred among the Company and the subsidiaries. The portion of a subsidiary's equity that is not attributable to the Company is treated as minority interests and presented in the consolidated balance sheet within equity. The equity investment of the Company held by one subsidiary shall be treated as the Company's treasury shares and a deduction of the shareholder's equity which is presented as "less: treasury shares" in the consolidated balance sheet within equity.

(4) The accounting treatment for obtaining subsidiaries through a business combination

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the obtained subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their assets, liabilities, operating results and cash flows are included in the consolidated financial statements from the beginning of the accounting period in which the acquisition occurred. Where a subsidiary or business has been acquired through a business combination not involving enterprises under common control, their individual financial statements are adjusted based on the fair value of identifiable net assets at the acquisition date when preparing the consolidated financial statements.

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

6. Joint arrangement classification and accounting treatments

(1) The classification of joint arrangement

Joint arrangements are classified as joint operations or joint ventures. A joint arrangement will be classified as joint operation when the joint arrangement achieves not through an individual entity. Individual entity is an entity with individual identifiable finance structure, including single legal entity and entity unqualified as legal entity but qualified as lawful entity. A joint arrangement is usually be classified as joint venture when the joint arrangement achieves through incorporating an individual entity. When changes arising from relevant events or environment cause changes of the cooperative parties' rights and obligations in the joint arrangements, the cooperative parties shall reassess the classification of the joint arrangements.

(2) The accounting treatment of joint operations

The party participating in joint operations shall recognize the following items relating to its interests in the joint operations and account for them in accordance with related requirements of Accounting Standards for Business Enterprises: Its solely-held assets and solely-assumed liabilities, and its share of any assets and liabilities held jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; its own expenses; and its share of any expenses incurred jointly.

The other parties involving in joint operations without common control power shall account for their investments referring to the treatment method of joint operation participants if they are entitled to relevant assets and undertake relevant liabilities of the joint operations, otherwise, they shall account for their investments according to related requirements of Accounting Standards for Business Enterprises.

(3) The accounting treatment of joint ventures

The parties participating in a joint venture account for its investment in accordance with Accounting Standards for Business Enterprises No.2 – Long-term equity investment. And the other parties involving in joint ventures without common control power shall account for their investments according to their influence extent on the joint ventures.

7. Cash and cash equivalents

The cash in the Company's statement of cash flows in cash on hand and deposits that can be readily drawn on demand. Cash equivalents in the cash flow statement represent short-term (3 months or less) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

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

8. Foreign currency

(1) Translation of foreign currency transactions

The Group records foreign currency transactions in RMB for accounting purpose using the spot exchange rate prevailing on the date when the transactions occurs. As at the balance sheet date, monetary items denominated in foreign currency are translated to RMB by adopting the prevailing exchange rate on that date. Foreign exchange difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial recognition or on the previous balance sheet date are recognized in profit or loss for the current period, except the foreign exchange arising from specific loan denominated in foreign currency qualified as capital expenditure and included in the cost of related assets. Non-monetary items denominated in foreign currency that are measured at historical cost are still translated at amount in functional currency exchanged at the prevailing exchange rate at the transaction date. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rate at the date when fair value was determined and the difference between the translated functional currency amount and the prior translated amount on initial recognition or on the previous balance sheet date are recorded in profit or loss for the current period or other comprehensive income.

(2) The translation of financial statements denominated in foreign currency

If the Company's controlled subsidiaries, joint ventures and associates etc. adopt different reporting currency, their financial statements denominated in foreign currency shall be translated to financial statements in RMB when preparing consolidated financial statements. The assets and liabilities are translated to RMB amounts using the spot exchange rate at the balance sheet date. Items of the equity, except for "undistributable profits", are translated at the spot exchange rate at the dates on which such items occurred. The revenue and expenditures in the statement of income are translated using the spot exchange rate at the transaction date. The difference arising from foreign currency financial statements translation is presented in other comprehensive income at the consolidated balance sheet within equity. Items of the statement of cash flows are determined by systemic method and translated using the spot exchange rate when they incurred. Effect arising from changes of exchange rates on cash and cash equivalents is presented separately in the statement of cash flows. When disposing of foreign operations, exchange differences of foreign currency financial statements attributable to the foreign operations are transferred to profit or loss for the current period entirely or in proportion with the disposal portion of the foreign operations.

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

9. Financial Instruments

(1) Classification and reclassification of financial instruments

Financial instruments are classified into financial assets or financial liabilities and equity instruments. When the Company becomes a party to a financial instrument contract, it is recognised as a financial asset or a financial liability, or an equity instrument.

Where the Company's business model for managing financial assets is aimed at collecting contractual cash flows, and the contractual terms of the financial assets stipulate that the cash flow generated on a specific date is only the payment of the principal and the interest based on the outstanding principal amount. The Company classifies as financial assets at amortised cost.

Where the Company's business model for managing financial assets is aimed at both collecting contractual cash flows and selling the financial assets, and the contractual terms of the financial assets stipulate that the cash flows generated on a specific date are only the payment of the principal and interest based on the outstanding principal amount, the Company classifies as financial assets at fair value through other comprehensive income. For investments in non-trading equity instruments, the Company may, at the time of initial recognition, irrevocably designate it as a financial asset at fair value through other comprehensive income. The designation is based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

For those financial assets other than financial assets measured at amortised cost and financial assets at fair value through other comprehensive income, the Company classifies it as financial assets at fair value through profit or loss.

Unless the Company changes the business model for managing financial assets, in this case, all relevant financial assets as affected are reclassified on the first day of the first reporting period after the business model changes, the financial assets shall not be reclassified after its initial recognition.

On initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss; financial liabilities formed when transfer of financial assets does not meet the conditions of derecognition or continues to be involved in the transferred financial assets; financial liabilities at amortised cost. All financial liabilities are not reclassified.

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

9. Financial Instruments *(Continued)*

(2) Measurement of financial instruments

On initial recognition, the Company's financial instruments are measured at fair value. Subsequent measurement of financial instruments depends on their classifications.

1) Financial Assets

(i) Financial assets at amortised cost

After initial recognition, such financial assets are measured at amortised cost using the effective interest method. Gains or losses arising from financial assets at amortised cost and that are not parts of any hedging relationships are included in profit or loss in the period which they incurred when derecognised, amortised or recognised the impairment under the effective interest method.

(ii) Financial assets at fair value through profit or loss

After initial recognition, gain or loss (including interest and dividend income) arisen from subsequent measurement of the financial assets at fair value is included in profit and loss in the period which they incurred, unless the financial assets are parts of the hedging relationships.

(iii) Debts investment at fair value through other comprehensive income

After initial recognition, such financial assets are subsequently measured at fair value. Interest, impairment loss or gain and exchange gain and loss calculated using the effective interest method is included in profit or loss in the period which they incurred, and other gains or losses are recognised in other comprehensive income. When derecognised, the accumulated gains or losses previously recognised in other comprehensive income are transferred out from other comprehensive income and included in profit or loss in the period which they incurred.

(iv) Investment in equity instruments at fair value through other comprehensive income

After initial recognition, such financial assets are subsequently measured at fair value. Dividend income is included in profit or loss, and other gains or losses are included in other comprehensive income. When derecognised, the accumulated gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and included in retained earnings.

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

9. Financial Instruments *(Continued)*

(2) Measurement of financial instruments (Continued)

2) Financial Liabilities

(i) Financial liabilities at fair value through profit or loss

Such financial liabilities include financial liabilities for trading purpose (including derivatives that are financial liabilities) and financial liabilities designated as at fair value through profit or loss. After initial recognition, the financial liabilities are subsequently measured at fair value. Except for those involving the hedge accounting, the gains or losses (including interest expenses) are included in profit or loss in the period which they incurred.

(ii) Financial liabilities at amortised cost

After initial recognition, such financial liabilities are measured at amortised cost by using the effective interest method.

(3) The Company's method for recognition of fair value of financial instruments

If there is an active market for the financial instruments, the quoted prices in the active market shall be used to determine their fair values; If there is no active market for the financial instruments, valuation techniques would be adopted to determine their fair values. Valuation techniques mainly include market method, income method and cost method.

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

9. Financial Instruments *(Continued)*

(4) Basis and measurement method for determining transfer of financial assets and financial liabilities

Where the Company transfers almost all the risks and rewards for ownership of financial assets, it shall derecognise the financial assets and the rights and obligations arising or retained in the transfer shall be separately recognised as assets or liabilities. If the Company retains almost all the risks and rewards for ownership of financial assets, it shall continue to recognise the financial assets. Where the Company has neither transferred nor retained almost all the risks and rewards for ownership of financial assets, depending on whether the control of financial assets is retained or not, it will determine based on the following situations:

1) where the Company does not retain control over the financial assets, it shall derecognise the financial assets and the rights and obligations arising or retained in the transfer are separately recognised as assets or liabilities.

2) where the Company retains control of the financial assets, it shall continue to confirm the relevant financial assets to the extent that they continue to be involved in the transferred financial assets, and recognise the relevant liabilities accordingly. The extent of continuing involvement in the transferred financial assets refers to the extent of which the Company assumes the risk or reward of changes in the value of the transferred financial assets.

If the financial assets meet the conditions of derecognition, the difference between the carrying amount of the transferred financial assets at the date of derecognition and the sum of the consideration received as a result of the transfer and the corresponding derecognised portions in the accumulative amount of the changes in fair value directly included in other comprehensive income, was included in profit or loss in the period which they incurred. If the Company transfers a part of the financial assets and the transferred part meet generally the conditions of derecognition, the overall carrying amount of the transferred financial assets is allocated between the derecognised part and the non-derecognised part based on to the respective corresponding fair value as at the transfer date, and sum of the carrying amount of the derecognised part as at the derecognition date and the consideration received for the derecognition part, and the amount of the corresponding derecognition part in the accumulative amount of changes in fair value included the other comprehensive income.

If all or parts of current obligations of a financial liability have been released, the Company derecognises the released portion of such financial liability or obligation.

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

9. Financial Instruments *(Continued)*

(5) Impairment of financial assets

Based on the expected credit loss, the Company made the impairment accounting for financial assets at amortised cost, debt investments at fair value through other comprehensive income, rental receivable and contractual assets, and recognised the provision for such losses.

The Company measures the expected credit loss based on the probability-weighted average.

For purchase or origination of the credit-impaired financial assets, the Company only recognises the accumulative changes in overdue credit losses in the lifetime after initial recognition as loss provision on the balance sheet date. For financial instruments that are not subject to purchase or origination of credit-impaired financial assets and trade receivables and contractual assets, the Company generally measures its loss provision based on the amount of expected credit loss for the financial instrument in the next 12 months unless the financial instrument's credit risk increases significantly after the initial recognition, in which case the loss provision is measured at the amount equivalent to the expected credit loss in lifetime of the financial instrument.

For accounts receivable and contractual assets, the Company always measures the loss provision based on the expected credit loss in lifetime.

Based on the nature of financial instruments, the Company assesses whether the credit risk has increased significantly on the basis of a single financial instrument or a group of financial instruments. When conducting an assessment based on a group of financial instruments, the Company classifies financial instruments based on common characteristics of credit risk (such as ageing group).

In order to reflect the changes in the credit risk of financial instruments since its initial recognition, the Company re-measures the expected credit loss on each balance sheet date, and the increase or reversal of the loss provision resulting therefrom shall be deemed as impairment loss or gain to be included in profit and loss in the current period. For financial assets at amortised cost, the loss provision is offset against the carrying amount of the financial asset shown on the balance sheet; for debt investments at fair value through other comprehensive income, the Company recognises its loss provision in other comprehensive income and does not offset against the carrying amount of financial assets.

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

10. Inventory

Inventories mainly include goods in stock.

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

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

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

11. Long-term equity investment

(1) Determination of initial investment cost

Long-term equity investment acquired through a business combination: For a business combination involving enterprises under common control, the initial investment cost of a long-term equity investment is the acquirer's share of the carrying amount of the owners' equity in the acquiree at the acquisition date. For a business combination not involving enterprises under common control, the initial investment cost of a long-term equity investment is the cost of acquisition determined at the date of acquisition. For a long-term equity investment acquired in cash, the initial investment cost is the amount of cash paid. For a long-term equity investment acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued. For a long-term equity investment acquired by debt restructuring, the initial investment cost is determined according to related requirements of Accounting Standards for Business Enterprises No.12 – Debt Restructuring. For a long-term equity investment acquired by exchange of non-cash assets, the initial investment cost shall be determined according to related accounting standards.

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

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

(2) Subsequent measurement and method for recognition of profit or loss

Where the Company is able to exercise control over an investee, the long-term equity investment is accounted for using the cost method. Where the Company has investment in associates and joint ventures, the long-term equity investment is accounted for using the equity method. Where portion of the long-term equity investment in an associate is indirectly held through venture capital organizations, mutual funds, trust companies or similar entities including investment-linked insurance funds, regardless whether these entities can exercise significant influence on the investments, the Company shall measure the indirectly held portion at fair value through profit or loss and accounted for the remaining portion using the equity method according to Accounting Standards for Business Enterprises No. 22 – Financial Instrument Recognition and Measurement.

(3) Basis for recognition of joint control or significant influence over an investee

Joint control of an investee is that the decision of activities that can significantly affect the arrangement's return must require the unanimous consent of the parties sharing control, including sale and purchase of goods or services, financial assets management, purchase and disposal of assets, research and development activity and financing activities etc. The Company holding of 20%-50% voting capital of the investee presents it can exercise significant influence over the investee. The Company usually can exercise significant influence over the investee even its voting capital less than 20% if it can meet one of the following situations: a) Appointing representatives in the board of directors or similar governing body of the investee; b) Participating in the strategy and policy decision process; c) Delegating management personnel; d) The investee relying on the Company's technique or technical material; e) Significant transactions occur between the Company and the investee.

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

12. 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 owneroccupied property is changed for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to an investment property at the date of the change. On conversion, the carrying amount immediate before conversion is taken as the cost of the asset.

An investment property is 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.

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

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

13. Fixed assets

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

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

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

13. 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.

14. Borrowing costs

(1) Recognition of capitalizing borrowing costs

Borrowing costs are capitalized when they are directly attributable to the acquisition, construction or production of a qualifying asset and included in the cost of related assets. Other borrowing costs are recognized as expenses and recorded in profit or loss for the current period when incurred. Qualifying assets that meet conditions for capitalization are fixed assets, investment property, inventory or other assets that take a substantial period of time for construction or production in order to get ready for their intended use or sale.

(2) Calculation of capitalization cost

Capitalization period refers to the period from commencement of capitalization of borrowing costs to its termination. The period during which capitalization is suspended is excluded. Capitalization of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months.

For designated borrowings, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing less any bank interest earned from unused funds of the designated borrowings or any investment income on the temporary investment of those funds. For funds borrowed for general purpose, the amount of interest to be capitalized on such borrowings is calculated by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of designated borrowings. Capitalization rate is determined by calculating weighted average interest rate of general borrowings. If there is any premium or discount of the borrowings, the interest cost shall be adjusted in every accounting period by the amortized amount of premium or discount calculating by effective interest method.

Effective interest method is the method to calculate the amortization amount of premium or discount or interest expenses by the effective interest rate of the borrowings. The effective interest rate is the interest rate to discount the future cash flow of the borrowing during its expected duration to the present carrying amount of the borrowing.

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

15. 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.

16. Impairment of long-term assets

At each balance sheet date, if there are impairment indications for the long-term assets including long-term equity investments, investment property subsequently measured at cost model, fixed assets, construction in progress, productive biological assets measured at cost, oil and gas assets, intangible assets, goodwill, etc., the Company shall perform impairment test. If the outcome of impairment test indicates the recoverable amount of the asset is lower than its carrying amount, the Company shall recognize the provision for impairment based on the amount of the shortfall.

The recoverable amount of an asset is determined by the higher of the net amount after deducting the disposal costs from the asset's fair value and the present value of the asset's estimated future cash flow. The provision for impairment of asset is estimated and recognized on individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Company shall determine the recoverable amount of the asset group to which the asset belongs. The asset group is the minimum portfolio of assets that could generate cash inflow independently.

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

16. Impairment of long-term assets *(Continued)*

Impairment tests are conducted for goodwill presented in the financial statements separately at least at the end of every accounting year regardless whether there are impairment indications or not. The carrying amount of goodwill arising from business combinations is allocated to relevant asset groups or asset group portfolio. The related impairment loss shall be recognized if the impairment test indicates the recoverable amount of the asset groups or asset group portfolio embodied the goodwill is lower than their carrying amounts. The amount of impairment loss shall firstly be deducted from the carrying amount of goodwill embodied in the asset groups or asset group portfolio, then be deducted from the carrying amounts of other assets' based on the proportions of their carrying amounts in the asset group or asset groups portfolio.

The impairment losses of assets will not be reversed in subsequent periods once they are recognized.

17. 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.

18. Long-term deferred 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 one long-term deferred expense can't benefit the Company in the subsequent periods the remaining balance of the long-term deferred expense shall be recognized as expense in profit or loss for the current period.

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

19. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(1) Short-time employee benefits

In the accounting period in which employees have rendered services, the Company recognizes the employee benefits as liability, and charges to profit or loss for the current period, or includes in the cost of relevant assets in accordance with other accounting standards. Welfare benefit are charged to profit or loss for the current period or included in the cost of relevant assets when incurred. Welfare benefit in non-monetary forms is measured at fair value. In the accounting period in which employees have rendered services, the Company recognizes the social security contributions as liability according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds, and charges to profit or loss for the current period or includes in the cost of relevant assets.

(2) Post-employment benefits

During the accounting period in which employees provide the service, the Company calculates the defined contribution plans payable according to the basis and percentage required by local government, recognized as the liability and charges to profit and loss for current period or includes in the cost of related assets. The Company attributes the obligation incurred by defined benefits plans using the projected accumulated benefit unit credit method to periods in which the employees rendered services and charges the obligation to profit and loss for the current period or includes in the cost of related assets.

(3) Termination benefits

Termination benefits provided by the Company to employees are recognized as an employee benefit liability and charged to profit or loss for the current period at the earlier of the following dates: a) The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; and b) When the Company recognizes costs or expenses related to the restructuring that involves the payment of termination benefits.

(4) Other long-term employee benefits

If other long-term employee benefits provided by the Company to the employees meet the conditions for classifying as a defined contributions plan, those benefits are accounted for in accordance with the above requirements relating to defined contribution plan. Besides, net obligations or net assets of other long-term employee benefits are recognized and measured in accordance with the above requirements relating to defined benefits plan.

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

20. Recognition of revenue

The Group uses the transfer of control as the criteria for the time of revenue recognition: The Group recognises revenue after it performed the performance obligations in contract, namely when the customer obtains the control over relevant commodities or services. When it meets certain conditions, the Company judges it as the performance obligation being satisfied over time. Otherwise, it is the performance obligation being satisfied at certain time. Where there are two or more performance obligations in the contract, the Company allocates the trading price to each performance unit based on the relative proportion of the individual selling price of commodities or services committed on each individual performance obligation and the revenue is measured at the trading price allocated to each individual performance obligation. The trading price refers to the amount of consideration expected to be entitled to for the transfer of commodities of services to the customer by the Company, excluding the amount charged for third parties. The trading price recognised by the Company shall not exceed the amount of the total revenue recognised unlikely to see significant reversals after the elimination of relevant uncertainties. Where there are significant financing elements, the Company determines the trading price based on the payable amount to be paid in cash when the customer obtains the control over commodities or services. The difference between the trading price and the contractual consideration is amortized with the actual interest rate method during the term of the contract.

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

(1) Revenue from sale of advertising spaces

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

(2) Revenue from printing

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

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

20. Recognition of revenue *(Continued)*

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

Revenue from trading of print-related materials and distribution of newspapers and magazines, net of VAT, is recognised upon the customer obtaining the control over relevant commodities or services, which generally coincides with the time when the goods are delivered to customers and the title has passed.

(4) Revenue from consultation service

Consultation service income is recognised when the services are provided.

(5) Revenue from technical service

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

(6) Revenue from rental income

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

21. Contract cost

Contract cost includes the incremental cost happened for obtaining the contract and the contract performance cost. The incremental cost happened for obtaining the contract (the "contract obtaining cost") refers to the cost which will not occur of the contract is not obtained. Where the cost is expected to be recovered, the Company considers it as the contract obtaining cost and recognises it as an asset.

Where the cost happened for obtaining the contract does not fall into the scope of inventories and other accounting standards for business enterprises and meets the following conditions at the same time, the Company considers it as the contract performance cost and recognises it as an asset:

(1) The cost is directly related to a current contract or a contract expected to be obtained, including direct labor, direct materials, manufacturing fees (or similar fees), the cost set to be assumed by users and other cost arising merely from the contract;

(2) The cost increased the resources of the Company to be used for performing the performance obligations in the future;

(3) The cost is expected to be recovered.

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

21. Contract cost *(Continued)*

The assets with the contract obtaining cost recognised and the assets with the contract performance cost recognised (hereafter referred to as the "contract cost-related assets") are amortized on the same basis as the recognition of revenue on commodities related to the asset and are included in the current profit or loss. The amortization period for the assets from the incremental cost on obtaining the contract shall be no more than one year and shall be included in the current profit or loss after happened.

When the carrying value of the contract cost-related assets is higher than the difference between the following two items, the impairment provisions for the excess shall be made and shall be recognised as losses on assets impairment:

(1) The remaining consideration expected to be obtained from transfer of commodities related to the asset; and

(2) The cost estimated to be happened for the transfer of such commodities.

22. Government grants

(1) Category of government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration and be classified as government grants related to assets and government grants related to income.

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

22. Government grants *(Continued)*

(2) Accounting treatment of government grants

Government grants related to assets are recognized as deferred income which are amortized in profit and loss for each period over the asset's estimated useful period on a systematic basis. Government grants related to the Company's routine operation will be recorded in other income and government grants not related to the Company's routine operation will be recorded in non-operating income.

Government grants measured at nominal cost will be recorded in profit and loss for the current period when received.

Government grants related to income are treated as follows: a) If the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized; b) if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period. Government grants related to the Company's routine operation will be recorded in other income (or deducted from related costs or expenses) and government grants not related to the Company's routine operation will be recorded in non-operating income (or deducted from related expenses or losses).

(3) The detailed criteria to distinguish government grants related to assets and government grants related to income

Government grants obtained by the Company for purchase, construction or formation of long-term assets are recognized as the government grants related to assets. The government grants other than the government grants related to assets are classified as government grants related to income.

If there is no explicit recipient in the related government grant document, the judgement criteria to distinguish government grants related to assets and government grants related to income: 1) the government document specified the grant objective, the amount shall be proportioned by expense on capitalized asset and the expenses on profit and loss. The proportion shall be reviewed on each balance sheet date, and making necessary adjustment; 2) the government document provides general statement, and no specified project, the grant will be classified as government grants related to income.

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

22. Government grants *(Continued)*

(4) The recognition time point for government grants

The receivable government grants will be recognized when there are conclusive evidence to indicate the Company could meet all related government grants requirements and the Company expects to receive the government grants in the future. Other government grants will be recognized when the grant funds are received.

(5) Accounting treatment for concessional loan

1) When the bank receives the discount interest fund from the financial sector and then provides loan to the Company with preferential interest rate, the Company accounts for the loan at the actual received amount and related interest expenses will be calculated based on the principal and the preferential interest rate.

2) When the Company receives the discount interest fund from the financial sector directly, the discount interest fund will be deducted from related borrowing cost.

23. Deferred tax asset and deferred tax liability

Temporary differences arising from the difference between the carrying amount of an asset or liability (asset or liability not recognized in balance sheet but the tax base is ascertained by the current tax laws and regulation, the tax base is the temporary difference) and its tax base are recognized as deferred tax calculating by the effective tax rate in the expected period to receive the asset or discharge the liability.

Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized and should be recognized for deductible loss or tax reduction that could be carried forward in subsequent periods to the extent that it is probable that taxable income will be available against which deductible loss or tax reduction can be utilized. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred tax asset to be utilized, the carrying amount of the deferred tax asset is reduced.

The taxable temporary differences associated with investments in subsidiaries and associates shall be recognized deferred tax liability; except the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The deductible temporary differences associated with investments in subsidiaries, associates, the corresponding deferred tax asset is recognized when it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

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

24. Lease

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

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

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. Held-for-sale and discontinued operations

Non-current assets or disposal groups are classified as held-for-sale assets when all the following conditions are met: firstly, the asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); secondly, the sale must be highly probable, i.e. the Company has signed an irrevocable transfer agreement with the transferee and the transfer is expected to be completed within one year. If related regulations require pre-approval for the sale, the sale transaction has been approved.

When non-current asset (or disposal group) classified as held for sale is initially measured or remeasured at each balance sheet date, if the book value of the non-current asset (or disposal group) is higher than its fair value, the difference will be deducted from the book value and recognized as impairment provision of held for sale in the profit and loss for current period.

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

25. Held-for-sale and discontinued operations *(Continued)*

Non-current asset (or disposal group) classified as held-for-sale asset will be presented as held-for-sale assets and the liabilities in the disposal group will be presented as held-for-sale liabilities in the balance sheet.

A discontinued operation is a clearly distinguished component of an entity, that either has been disposed of, or is classified as held for sale, and meets any of the following criteria:

1) represents a separate major line of business or geographical area of operations;

2) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

3) is a subsidiary acquired exclusively with a view to resale.

26. 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.

27. 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)*

28. Key accounting estimates and judgements

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

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

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

(1) Building

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)*

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

(4) *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.

(5) *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 contract liabilities or other non-current assets.

(6) *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.

(7) *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

In 2017, the Ministry of Finance revised <CAS No.14 – Revenue>, <CAS No.22 – Recognition and Measurement of Financial Instruments>, <CAS No.23 –Transfer of Financial Assets>, <CAS No.24 – Hedge Accounting> and <CAS No.37 – Presentation and Reporting of Financial Instrument>. The above revised standards were in effect since 1 January 2018.

The Ministry of Finance released <Notice for amendments of financial statements format of industrial and commercial enterprises for 2018> (Cai Kuai [2018] No.15) on 15 June 2018 and the enterprises who adopt <Accounting Standards for Business Enterprises> should prepare the financial statements for year 2018 and the following financial periods in according to <Accounting Standards for Business Enterprises> and the Notice.

The Group has applied the above amendments in accounting standards and Cai Kuai [2018] No.15. However, the above changes will not have any significant impact on the operating results, and financial position of the Group for the six months ended 30 June 2018.

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

VI. CHANGE IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS OF PRIOR PERIODS *(Continued)*

1. Changes in accounting policies and their effect *(Continued)*

The influences of above relevant revisions on accounting standards and the release of the Notice (Cai Kuai [2018] No. 15) on the items in the consolidated balance sheet of the Group and the balance sheet of the Company as at 1 January 2018 are summarized as following:

Items in consolidated balance sheet	Balance as at 31 December 2017 before the changes in accounting policies	Influence of new revenue standards	Influence of new financial instruments standards	Influence of presentation adjustments on financial statements	Balance as at 1 January 2018 after the changes in accounting policies
Assets:					
Notes receivable	1,666	–	–	(1,666)	–
Accounts receivable	301,232	–	–	(301,232)	–
Notes receivable and accounts receivable	–	–	–	302,898	302,898
Interests receivable	421	–	–	(421)	–
Other receivables	172,947	–	–	421	173,368
Financial assets available-for-sale	160,896	–	(160,896)	–	–
Investment in other equity instruments	–	–	160,896	–	160,896
Liabilities:					
Notes payable	31,970	–	–	(31,970)	–
Accounts payable	30,109	–	–	(30,109)	–
Notes payable and accounts payable	–	–	–	62,079	62,079
Receipts advance	30,067	(30,067)	–	–	–
Contract liabilities	–	31,143	–	–	31,143
Other current liabilities	1,076	(1,076)	–	–	–
Shareholders' equity:					
Other comprehensive income	(1)	–	(4,921)	–	(4,922)
Undistributed profits	(121,797)	–	(4,921)	–	(116,876)

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

VI. CHANGE IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS OF PRIOR PERIODS *(Continued)*

1. Changes in accounting policies and their effect *(Continued)*

Items in the balance sheet of the Company	Balance as at 31 December 2017 before the changes in accounting policies	Influence of new revenue standards	Influence of new financial instruments standards	Influence of presentation adjustments on financial statements	Balance as at 1 January 2018 after the changes in accounting policies
Assets:					
Accounts receivable	165,167	–	–	(165,167)	–
Notes receivable and accounts receivable	–	–	–	165,167	165,167
Interests receivable	343	–	–	(343)	–
Other receivables	146,809	–	–	343	147,152
Financial assets available-for-sale	112,638	–	(112,638)	–	–
Investment in other equity instruments	–	–	112,638	–	112,638
Liabilities:					
Accounts payable	6,945	–	–	(6,945)	–
Notes payable and accounts payable	–	–	–	6,945	6,945
Receipts advance	18,948	(18,948)	–	–	–
Contract liabilities	–	20,024	–	–	20,024
Other current liabilities	1,076	(1,076)	–	–	–

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

VI. CHANGE IN ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND CORRECTION OF ERRORS OF PRIOR PERIODS *(Continued)*

1. Changes in accounting policies and their effect *(Continued)*

The influences of above relevant revisions on accounting standards and the release of the Notice (Cai Kuai [2018] No. 15) on the items in consolidated income statement of the Group and the income statement of the Company for the first half of 2017 are set out as below:

Items in consolidated income statement	Amount before adjustment	Adjusted amount	Amount after adjustment
Impairment loss of assets	7,546	(7,051)	495
Impairment loss of credits	–	7,051	7,051
Total	7,546	–	7,546

Items in income statement of the Company	Amount before adjustment	Adjusted amount	Amount after adjustment
Impairment loss of assets	4,777	(4,777)	–
Impairment loss of credits	–	4,777	4,777
Total	4,777	–	4,777

2. Changes in accounting estimates and their effect

There were no changes in accounting estimates during the current period.

3. Correction of errors of prior periods and their effect

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

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

VII. TAXES

1. Main taxes categories and tax rates

Tax category	Tax base	Tax rate
Value added tax	The VAT payable shall be the balance of the Output tax for the period after deducting the Input tax for the period, and Output VAT is calculated based on 17%, 16%, 11%, 10%, 6%	17%, 16%, 11%, 10%, 6%
Cultural construction fee	Taxable revenue from advertising	3%
Urban maintenance and construction tax	Turnover tax payable	7%
Education Surcharge	Turnover tax payable	3%
Local Education Surcharge	Turnover tax payable	2%
Enterprise income tax	Taxable income	25%

Note: Pursuant to the requirement in the <Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates> (Cai Shui [2018] No. 32), since 1 May 2018, a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable tax rates 17% and 11% will be adjusted to 16% and 10% respectively.

2. Significant tax incentives and approval documents

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.

(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

1. Notes and accounts receivable

Item	As at 30 June 2018	As at 31 December 2017
Notes receivable	**1,853**	1,666
Accounts receivable	**415,758**	415,870
Less: Provision for bad debts	**126,747**	114,638
Net accounts receivable	**289,011**	301,232
Net notes and accounts receivable	**290,864**	302,898

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 2018	As at 31 December 2017
0-90 days	**48,192**	71,154
91-180 days	**12,165**	18,686
181-365 days	**45,532**	34,889
1-2 years	**62,801**	57,625
Over 2 years	**120,321**	118,878
Total	**289,011**	301,232

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 2018 represented 42.02% of the total accounts receivable.

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

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

2. Prepayments

Item	As at 30 June 2018	As at 31 December 2017
Prepayments	**19,001**	8,886
Less: Provision for bad debts	**–**	–
Net prepayments	**19,001**	8,886

The following is an aging analysis of prepayments:

Item	As at 30 June 2018	As at 31 December 2017
Within 1 year	**17,108**	6,514
1-2 years	**1,604**	1,885
2-3 years	**267**	487
Over 3 years	**22**	–
Total	**19,001**	8,886

The top five prepayments as at 30 June 2018 represented 73.41% of the total prepayments.

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

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

3. Other receivables

Item	As at 30 June 2018	As at 31 December 2017
Interests receivable	**267**	421
Other receivables	**298,050**	210,448
Less: Provision for bad debts	**192,780**	37,501
Net other receivables	**105,537**	173,368

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

Item	As at 30 June 2018	As at 31 December 2017
Within 1 year	**94,187**	22,194
1-2 years	**6,465**	109,740
2-3 years	**2,571**	26,382
Over 3 years	**2,047**	14,631
Total	**105,270**	172,947

(2) Other receivables classified by nature

Nature	As at 30 June 2018	As at 31 December 2017
Consideration of equity transfer (Note 1)	**72,320**	72,320
Related party current account	**78,247**	6,225
Deposit and margin	**4,552**	5,808
External unit current (Note 2)	**135,018**	122,556
Reserve funds	**7,606**	3,240
Others	**307**	299
Total	**298,050**	210,448

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

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

3. Other receivables *(Continued)*

(2) Other receivables classified by nature *(Continued)*

Note 1: The above consideration of equity transfer represents the balance of RMB72,320 thousand receivable from Beijing Trans-media Co., Limited. As at 30 June 2018, the provision of impairment was made in full.

Note 2: The above external unit current includes the balance of RMB116,903 thousand receivable Beiqing Transmedia Co., Limited. As at 30 June 2018, the provision of impairment was made in full.

(3) The top five other receivables as at 30 June 2018 represented 89.94% of the total other receivables.

4. Other current assets

Item	As at 30 June 2018	As at 31 December 2017
Investment of film projects (Note)	**12,880**	12,880
VAT utilizable	**25,427**	24,280
Prepaid income tax	**180**	–
Others	**8,700**	5,136
Total	**47,187**	42,296

Note: As at 30 June 2018, investment on film projects 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" (《巨浪》). 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 2018, 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.

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

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

4. Other current assets *(Continued)*

Note: *(Continued)*

The Company entered into a fixed income investment agreement with Sichuan Bajun Union Entertainment Co., Ltd., with Sichuan Rongtou Assets Management Co., Ltd. providing guarantee for the income of the Company on a basis of joint and several liability. The Company will invest RMB5,000 thousand in the production of TV series "Grain Field under the Sun" (《天下糧田》) at a fixed annual return of 15%. The Company will not participate in the practical 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 2018, the Company's remaining balance of the investment in the TV series amounted to RMB5,000 thousand.

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 "Making of Cyberstar" (《網紅製造》). 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 practical operation. As at 30 June 2018, the Company and the remaining balance of the investment in the TV series amounted to RMB1,800 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 2018, the Company's balance of the investment in the TV series amounted to RMB3,000 thousand.

5. Long-term equity investments

(1) Types for long-term equity investments

Type	As at 30 June 2018	As at 31 December 2017
Investments in associates		
– under equity method	**27,801**	35,544
Less: Provision for impairment of investments in associates	**948**	948
Total	**26,853**	34,596

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

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

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

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

		Changes in the this period									
Investee	Balance as at 1 January 2018	Additional investment	Decrease in investment	Investment gain or loss recognized using equity method	Other comprehensive income adjustment	Other changes in equity	Declaration of cash dividend or profit	Provision for impairment made	Others	Balance as at 30 June 2018	Balance of impairment provision as at 30 June 2018
Beijing Leisure Trend Advertising Company Limited ("Leisure Trend")	-	-	-	-	-	-	-	-	-	-	-
Beijing Beiqing Shengda Automobile Service Company Limited ("Beiqing Shengda")	-	-	-	-	-	-	-	-	-	-	-
Beijing Beisheng United Insurance Agency Co. Limited ("Beisheng United")	1,194	-	-	23	-	-	-	-	-	1,217	-
BY Times Consulting Co., Ltd. ("BY Times")	-	-	-	-	-	-	-	-	-	-	-
Beijing Beiqing Top Advertising Limited ("Beiqing Top")	-	-	-	-	-	-	-	-	-	-	-
Hebei Jujingcai E-commerce Company Limited ("Hebei Jujingcai")	-	-	-	-	-	-	-	-	-	-	-
Beijing International Advertising Media Group Co., Limited ("International Advertising")	30,439	-	-	(7,772)	31	-	-	-	-	22,698	-
Chongqing Soyang Internet Technology Co., Ltd. ("Chongqing Soyang")	948	-	-	-	-	-	-	-	-	948	948
Beijing Shangyou Network Technology Co., Ltd. ("Shangyou Network")	2,963	-	-	(25)	-	-	-	-	-	2,938	-
Total	**35,544**	**-**	**-**	**(7,774)**	**31**	**-**	**-**	**-**	**-**	**27,801**	**948**

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

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

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

(2) Investments in associates

Item	**As at 30 June 2018**	As at 31 December 2017
Unlisted investments, at cost	**78,606**	78,606
Share of post-acquisition profit	**(50,805)**	(43,031)
Share of other comprehensive income of associates	**–**	(31)
Provision for impairment	**(948)**	(948)
Total	**26,853**	34,596

As at 30 June 2018, for details of the associates of the Group, please see the "X. Disclosure of Interests in Other Entities" of this note.

6. Investment in other equity instruments

(1) Information of investment in other equity instruments

Item	**As at 30 June 2018**			As at 31 December 2017		
	Balance of carrying amount	**Changes in fair value**	**Carrying value**	Balance of carrying amount	Changes in fair value	Carrying value
Equity instruments designated at fair value through other comprehensive income	**160,965**	**(5,069)**	**155,896**	165,965	(5,069)	160,896
Total	**160,965**	**(5,069)**	**155,896**	165,965	(5,069)	160,896

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

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

6. Investment in other equity instruments *(Continued)*

(2) Investment in other equity instruments is analyzed as follows:

Type	As at 30 June 2018	As at 31 December 2017
Unlisted equity investments, China	**155,896**	160,896
Total	**155,896**	160,896

(3) ***Investment in other equity instruments at fair value***

Investee	As at 1 January 2018	Balance of carrying amount Increase in this period	Decrease in this period	As at 30 June 2018
Suzhou Huaying Culture Industry Investment Enterprise	3,078	–	–	3,078
Beijing Keyin Media Culture Co., Ltd	6,560	–	–	6,560
Beiyang Publishing & Media AG	103,000	–	–	103,000
Beijing Gehua Sunshine Advertising Company	3,000	–	–	3,000
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	500	–	–	500
Flint Ink (Beijing) Co., Ltd.	2,069	–	–	2,069
Beijing Runxin Dingtai Investment Center (limited partnership)	42,758	–	–	42,758
Beijing 3D Investment Fund Management Ltd. (Note)	5,000	–	5,000	–
Total	165,965	–	5,000	160,965

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

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

6. Investment in other equity instruments *(Continued)*

(3) *Investment in other equity instruments at fair value* *(Continued)*

Investee	As at 1 January 2018	Changes in fair value: Increase in this period	Changes in fair value: Decrease in this period	As at 30 June 2018	Shareholding percentage (%)	Cash bonus for the six months ended 30 June 2018
Suzhou Huaying Culture Industry Investment Enterprise (Limited Partnership)	–	–	–	–	2.25	–
Beijing Keyin Media Culture Co., Ltd	–	–	–	–	16.00	–
Beiyang Publishing & Media AG	–	–	–	–	2.43	–
Beijing Gehua Sunshine Advertising Company	3,000	–	–	3,000	30.00	–
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	–	–	–	–	5.00	–
Flint Ink (Beijing) Co., Ltd.	2,069	–	–	2,069	5.00	–
Beijing Runxin Dingtai Investment Center (limited partnership)	–	–	–	–	11.62	–
Beijing 3D Investment Fund Management Ltd. (Note)	–	–	–	–	–	–
Total	**5,069**	–	–	**5,069**	–	**-**

Note: As at 30 June 2018, the investment in Beijing 3D Investment Fund Management Ltd held by Beiqing Long Teng, a subsidiary of Beijing Media, was disposed.

(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)*

7. Fixed assets

For the six months ended 30 June 2018, the fixed assets of the Group increased by RMB427 thousand (same period of 2017: RMB457 thousand).

For the six months ended 30 June 2018, the Group disposed of fixed assets with net carrying amount of RMB2,574 thousand (same period of 2017: RMB284 thousand), resulting in net gain on disposal of fixed assets of RMB41 thousand (same period of 2017: net loss of RMB132 thousand).

For the six months ended 30 June 2018, the depreciation of fixed assets recognized in the income statement is RMB1,144 thousand (same period of 2017: RMB1,640 thousand).

8. Intangible assets

For the six months ended 30 June 2018, the intangible assets of the Group increased by RMB0 thousand (same period of 2017: increased by RMB18 thousand).

For the six months ended 30 June 2018, the amortization of intangible assets recognized in the income statement is RMB756 thousand (same period of 2017: RMB781 thousand).

9. Goodwill

Item	As at 30 June 2018	As at 31 December 2017
Goodwill arising from the acquisition of Beiqing CéCi	**47,377**	47,377
Less: Provision for impairment	**47,377**	16,947
Total	**–**	30,430

Considering the decline of overall competitiveness of print media as a result of the continuous current and future impact by the flourishing online new media and other factors, the Board and the management of the Company decided to make full provision for the remaining goodwill of Beiqing CéCi on top of the previous partial provision.

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

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

10. Other non-current assets

Item	As at 30 June 2018	As at 31 December 2017
Film project prepaid expenses (Note)	**28,990**	28,990
Total	**28,990**	28,990

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. ("Daqianmen Media"), 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 2018, the balances of prepaid expenses related to television projects, namely "Oriental King of Soccer" and "Heart of Ice", were RMB24,000 thousand and RMB4,990 thousand respectively.

11. Breakdown of impairment provision of assets

Item	As at 1 January 2018	Increase in this period		Decrease in this period		As at 30 June 2018
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	152,139	167,388	–	–	–	319,527
Provision for impairment of inventories	238	–	–	–	–	238
Provision for impairment for investments in associates	948	–	–	–	–	948
Provision for impairment of goodwill	16,947	30,430	–	–	–	47,377
Total	**170,272**	**197,818**	**–**	**–**	**–**	**368,090**

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

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

12. Notes and accounts payable

Item	As at 30 June 2018	As at 31 December 2017
Notes payable	**28,825**	31,970
Accounts payable	**19,551**	30,109
Total	**48,376**	62,079

The following is an aging analysis of accounts payable as at 30 June 2018 presented based on the invoice date:

Item	As at 30 June 2018	As at 31 December 2017
0-90 days	**10,621**	16,599
91-180 days	**1,253**	1,678
181-365 days	**1,737**	3,804
Over one year	**5,940**	8,028
Total	**19,551**	30,109

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.

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

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

13. Other payables

Nature	As at 30 June 2018	As at 31 December 2017
Current account	**42,904**	39,840
Margin and deposit	**6,183**	7,386
Collection and payment for other persons	**305**	1,020
Others	**528**	1,883
Total	**49,920**	50,129

14. Long-term loans

(1) Borrowings classification

Type	As at 30 June 2018	As at 31 December 2017
Secured loans	**10,967**	30,000
Less: Borrowings due within one year	**–**	–
Total	**10,967**	30,000

On 27 May 2017, Beiqing Outdoor, a subsidiary of the Company, has entered a working capital loan agreement with Huaxia Bank Co., Ltd., 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 2018 to 27 May 2020), interest bearing on 3-year's Benchmark Loan Interest Rates of Financial Institutions which increased by 20%, and guaranteed by Beijing Media Corporation Limited. As at 30 June 2018, Beiqing Outdoor had repaid early the borrowings of RMB19,033 thousand, and the remaining borrowings were RMB10,967 thousand.

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

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

14. Long-term loans *(Continued)*

(2) *Maturity analysis for long-term loans*

Maturity date	As at 30 June 2018	As at 31 December 2017
1-2 years	10,967	–
2-5 years	–	30,000
Total	**10,967**	30,000

15. Other comprehensive income

Item	As at 1 January 2018	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 2018
1. Other comprehensive income subsequently unable to be reclassified into profit or loss	(4,921)	–	–	–	–	(4,921)
Including: fair value of investment in other equity instruments	(4,921)	–	–	–	–	(4,921)
2. Other comprehensive income subsequently able to be reclassified into profit or loss	(1)	40	–	–	36	35
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss	(31)	31	–	–	31	–
Including: Exchange differences from retranslation of financial statements	30	9	–	–	5	35
Total other comprehensive income	**(4,922)**	**40**	**–**	**–**	**36**	**(4,886)**

(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. Total operating revenue and operating costs

	For the six months ended 30 June	
Item	**2018**	2017
Principal operating revenue	**143,597**	189,213
Other operating revenue	**19,040**	8,712
Total operating revenue	**162,637**	197,925
Principal operating costs	**144,920**	179,818
Other operating costs	**5,702**	3,518
Total operating costs	**150,622**	183,336
Gross profit	**12,015**	14,589

Total operating revenue (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 this period.

(1) Principal operations – by business segment

	For the six months ended 30 June			
	2018		2017	
Item	**Operating revenue**	**Operating costs**	Operating revenue	Operating costs
Advertising	**40,362**	**43,602**	82,527	75,429
Printing	**4,102**	**3,452**	6,211	5,292
Trading of print-related materials	**88,739**	**81,363**	84,191	77,434
Distribution	**429**	**1,350**	996	1,359
Others	**9,965**	**15,153**	15,288	20,304
Total	**143,597**	**144,920**	189,213	179,818

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

(2) The sum of operating revenue from the top five customers is RMB41,461 thousand representing 28.87% of principal operating revenue for the six months ended 30 June 2018.

(3) Other operating revenue includes revenue from property rental income of RMB5,149 thousand.

17. Taxes and surcharges

	For the six months ended 30 June	
Item	**2018**	2017
Cultural construction fee	**1,601**	2,080
Urban maintenance and construction tax	**88**	157
Educational surcharge	**38**	67
Local education surcharge	**25**	45
Property tax	**1,105**	679
Others	**124**	175
Total	**2,981**	3,203

18. Financial expenses

	For the six months ended 30 June	
Item	**2018**	2017
Interest expenses – on bank loans wholly repayable within 5 years	**446**	251
Less: Interest income	**1,328**	1,469
Add: Exchange loss (gain)	**1**	(7)
Add: Other expenses	**87**	81
Total	**(794)**	(1,144)

(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)*

19. Impairment loss of assets

	For the six months ended 30 June	
Item	**2018**	2017
Provision for impairment for investments in associates	–	474
Provision for impairment of inventories	–	21
Provision for impairment of goodwill (Note)	**30,430**	–
Total	**30,430**	495

Note: The amount represents the provision of RMB30,430 thousand for impairment of goodwill of Beiqing CéCi.

20. Impairment loss of credit

	For the six months ended 30 June	
Item	**2018**	2017
Provision for bad debts (Note)	**167,388**	7,051
Total	**167,388**	7,051

Note: The impairment loss of credit for this period includes the provision of RMB89,430 thousand for bad debts of other receivables of Beiqing Transmedia Co. Limited and the provision of RMB65,088 thousand for bad debts of other receivables of Beijing Trans-media Co., Ltd..

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

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

21. Investment income

	For the six months ended 30 June	
Item	**2018**	2017
Share of profit of associates	**(7,774)**	(1,116)
Other investment income:		
Gain on disposal of interests in an associate	**–**	100
Other investment income	**364**	(22,024)
Sub-total of other investment income	**364**	(21,924)
Total	**(7,410)**	(23,040)

22. Gain on the changes in fair value

	For the six months ended 30 June	
Item	**2018**	2017
Gain on changes in fair value of investment properties	**125**	25,864
Total	**125**	25,864

23. Non-operating income

	For the six months ended 30 June	
Item	**2018**	2017
Compensation benefit	**25**	3
Others	**5**	78
Total	**30**	81

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

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

24. Non-operating expenses

	For the six months ended 30 June	
Item	**2018**	2017
Loss on disposal of fixed assets	**–**	184
External donation	**–**	500
Compensation and late payment charges	**764**	6
Others	**57**	33
Total	**821**	723

25. Income tax expenses

(1) Income tax expenses

	For the six months ended 30 June	
Item	**2018**	2017
Current income tax expenses	**1,297**	225
Deferred income tax expenses	**(125)**	3,599
Total	**1,172**	3,824

(2) Current income tax expenses

	For the six months ended 30 June	
Item	**2018**	2017
Current income tax – PRC	**765**	511
Under-provision in prior years – PRC	**532**	(286)
Total	**1,297**	225

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

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

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

26. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: nil).

27. Cash and cash equivalents

Item	**As at 30 June 2018**	As at 31 December 2017
Bank balances and cash	**221,086**	363,820
Less: Bank deposits with maturity more than three months	**31,738**	31,488
Less: Restricted bank deposits	**6,107**	6,720
Cash and cash equivalents at the end of the period	**183,241**	325,612

28. Major non-cash transactions

During the period, certain advertising customers settled the obligation payables to the Group of RMB150 thousand through transferring inventories at fair value of RMB150 thousand.

IX. CHANGES IN CONSOLIDATED SCOPE

1. Business combination

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

2. Disposal of subsidiaries

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

3. Changes in consolidated scope for other reasons.

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

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

X. DISCLOSURE OF INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Constitutions for enterprise group

Name of subsidiaries	Principal place of business	Place of registration	Business nature	Registered capital	Shareholding percentage (%) Direct	Shareholding percentage (%) Indirect	Acquisition method
BYD Logistics Company Limited	Beijing, the PRC	Beijing, the PRC	Logistics and warehousing	30,000	92.84	–	Establishment
Beiqing CéCi Advertising (Beijing) Limited	Beijing, the PRC	Beijing, the PRC	Advertising services	80,000	84.69	–	Business combination not under common control
Beijing 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.	Beijing, the PRC	Beijing, the PRC	Advertising services	51,000	100.00	–	Establishment
Beiqing Long Teng Investment Management (Beijing) Co., Limited	Beijing, the PRC	Beijing, the PRC	Investment management	50,000	80.84	–	Establishment
Chongqing Youth (America) LLC	Chongqing, the PRC	Chongqing, the PRC	Newspaper distribution, advertising services	30,000	60.00	–	Establishment
Beijing Qingyou Information Technology Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Game development technical services	30,000	100.00	–	Establishment
Beiqing Community Media Technology (Beijing) Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Advertising services	30,025	52.661	–	Establishment
Chong Qing Youth (America) LLC	California, the United States	California, the United States	Travel rental	8,800	–	60.00	Establishment
Beiqing Community Travel (Beijing) Co. Ltd	Chongqing, the PRC	Chongqing, the PRC	Tourism	300	–	52.661	Establishment
Beijing Beiqing Community and Trading Corporation Limited	Beijing, the PRC	Beijing, the PRC	Commerce	100	–	52,661	Establishment

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

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

1. Interests in subsidiaries *(Continued)*

(2) *Significant non-wholly-owned subsidiaries*

Name of subsidiaries	Percentage of minority Interest (%)	Balance of minority interest as at 1 January 2018	Gain or loss for the period attributable to minority interest	Other comprehensive income attributable to minority interest for the period	Balance of minority interest as at 30 June 2018
BYD Logistics Company Limited	7.16	5,299	73	–	5,429
Beiqing CéCi Advertising (Beijing) Limited	15.31	13,661	(441)	–	11,898
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16	2,081	(122)	–	1,943
Chongqing Youth Media Company Limited	40.00	4,154	(476)	4	3,114
Beiqing Community Media Technology (Beijing) Co., Ltd.	47.339	13,345	(4,006)	–	32,358

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

	As at 30 June 2018						As at 31 December 2017					
Name of subsidiaries	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	224,024	4,463	228,487	152,639	-	152,639	143,452	4,435	147,887	73,058	-	73,058
Beiqing CéCi Advertising (Beijing) Limited	42,259	101	42,360	12,039	-	12,039	46,160	104	46,264	13,061	-	13,061
Beiqing Long Teng Investment Management (Beijing) Co., Limited	14,292	9	14,301	8,120	-	8,120	9,922	5,009	14,931	8,115	-	8,115
Chongqing Youth Media Company Limited	5,885	10,376	16,261	8,475	-	8,475	4,322	10,398	14,720	5,755	-	5,755
Beiqing Community Media Technology (Beijing) Co., Ltd.	68,686	17,660	86,346	17,995	-	17,995	77,284	17,796	95,080	18,266	-	18,266

(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 2018 Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	For the six months ended 30 June 2017 Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
BYD Logistics Company Limited	110,206	1,020	1,020	15,817	110,455	1,424	1,424	(10,059)
Beiqing CéCi Advertising (Beijing) Limited	6,833	(2,882)	(2,882)	606	8,081	(4,730)	(4,730)	(134)
Beiqing Long Teng Investment Management (Beijing) Co., Limited	-	(635)	(635)	(6)	-	-	-	-
Chongqing Youth Media Company Limited	4,202	(1,189)	(1,180)	(655)	3,473	(1,925)	(1,945)	(952)
Beiqing Community Media Technology (Beijing) Co., Ltd.	18,750	(8,463)	(8,463)	(6,551)	21,482	(11,724)	(11,724)	(10,957)

2. Interests in associates

(1) Significant associates

Name of associates	Place of registration	Primary operation place	Business nature	Shareholding percentage (%) Direct	Shareholding percentage (%) Indirect	Voting percentage (%)	Business structure
Beijing Leisure Trend Advertising Company Limited	Beijing	Beijing	Design, production, agency advertising	49.00	–	49.00	Limited liability company
Beijing Beiqing Shengda Automobile Service Company Limited	Beijing	Beijing	Car decoration services, market research, marketing planning	20.00	–	20.00	Limited liability company
Beijing Beisheng United Insurance Agency Co. Limited	Beijing	Beijing	Car insurance agency services	20.00	–	20.00	Limited liability company
BY Time Consulting Co., Ltd.	Beijing	Beijing	Economic information consulting, organizing cultural activities	30.00	–	30.00	Limited liability company

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

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

2. Interests in associates *(Continued)*

(1) Significant associates (Continued)

Name of associates	Place of registration	Primary operation place	Business nature	Shareholding percentage (%) Direct	Shareholding percentage (%) Indirect	Voting percentage (%)	Business structure
Beijing Beiqing 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.

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

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

2. Interests in associates *(Continued)*

(2) Major financial information for associates

Item	As at 30 June 2018/ For the six months ended 30 June 2018	As at 31 December 2017/ For the six months ended 30 June 2017
Associates:		
Total carrying value in investment	**26,853**	34,596
Aggregated amounts per shareholding percentage for the followings:		
– net profit	**(7,774)**	(1,116)
– other comprehensive income	**31**	–
– total comprehensive income	**(7,743)**	(1,116)

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

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

2. Interests in associates *(Continued)*

(3) Excess losses incurred by associates

Name of associates	Accumulated and unrecognized loss for the previous years as at 1 January 2018	Unrecognized loss for this period (or net profits shared in this period)	Accumulated and unrecognized loss as at 30 June 2018
Beijing Leisure Trend Advertising Company Limited	(4,578)	(92)	**(4,670)**
Beijing Beiqing Shengda Automobile Service Company Limited	(828)	(305)	**(1,133)**
Beijing Beiqing Top Advertising Limited	(12,610)	(3)	**(12,613)**
Hebei Jujingcai E-commerce Company Limited	(699)	(28)	**(727)**
BY Time Consulting Co. Ltd	(41)	(18)	**(59)**
Total	(18,756)	(446)	**(19,202)**

(4) Unrecognized commitments relating to investments in associates

None

(5) Contingent liabilities relating to investments in associates

None

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

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 2018 Level 1 Fair value measurement	Level 2 Fair value measurement	Level 3 Fair value measurement	Total
Fair value measurement on a recurred basis				
Investment in other equity instruments – equity instruments designated at fair value and it changes through other comprehensive income	–	–	155,896	155,896
Investment properties – leased buildings	–	157,035	–	157,035
Total assets measured at fair value on a recurred basis	–	157,035	155,896	312,931

The Group's fair value of investment properties as at 30 June 2018 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	Beiqing International Investment Consultancy (Beijing) Co., Limited
Subsidiary of BYDA	Beijing Beiqing Advertising Co., Limited
Subsidiary of BYDA	Beijing Youth Journal Agency
Subsidiary of BYDA	Legal Evening Agency
Subsidiary of BYDA	Beijing Science and Technology News Agency
Subsidiary of BYDA	Beijing Education Media Co., Limited
Subsidiary of BYDA	Beijing Youth Weekend Media Co., Limited
Subsidiary of BYDA	Beijing Beiqing Culture and Arts Company
Subsidiary of BYDA	Beijing China Open Promotion Co., Ltd.
Subsidiary of BYDA	Beijing Youth Daily Network Communication Technology Co., Ltd.
Subsidiary of BYDA	Beijing Evening Education Consultancy Co., Ltd.
Associate of the Company	Beijing International Advertising Media Group Co., Ltd
Associate of the Company	Beijing Beiqing Top Advertising Limited
Associate of the Company	Beijing Leisure Trend Advertising Company Limited
Associate of the Company	Beijing Beisheng United Insurance Agency Co., Limited
Associate of the Company	Beijing Beiqing Shengda Automobile Service Company Limited
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.

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

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	Ji Chuanpai	MA008QJ53

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

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

Parent company	As at 1 January 2018	Increase in this period	Decrease in this period	As at 30 June 2018
BYDA	22,439	–	–	22,439

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

	Shareholding amount		Shareholding percentage (%)	
Parent company	**As at 30 June 2018**	As at 1 January 2018	**As at 30 June 2018**	As at 1 January 2018
BYDA	**124,840**	124,840	**63.27**	63.27

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

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

3. Related party transactions

(1) Purchase of goods/receipt of services

Related parties	Pricing principle for related party transactions	For the six months ended 30 June 2018	2017
BYDA (Note)	Contracted price	**4,402**	5,832
Subsidiaries of BYDA	Contracted price	**774**	–
Other related parties	Contracted price	**1,246**	1,460
Total		**6,422**	7,292

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

Related parties	Pricing principle for related party transactions	For the six months ended 30 June 2018	2017
BYDA	Contracted price	**82**	393
Associates of the Company	Contracted price	**17**	–
Subsidiaries of BYDA	Contracted price	**5,805**	6,399
Other related parties	Contracted price	**678**	810
Total		**6,582**	7,602

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

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 this period
BYDA	Building	2016-1-1	2018-12-31	Contracted price	2,411

(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 this period
BYDA	Building	2016-1-1	2018-12-31	Contracted price	855
Chongqing Youth Daily	Building	2016-4-22	2019-4-21	Contracted price	178

(5) Remuneration for key management personnel

	For the six months ended 30 June	
Item	**2018**	2017
Remuneration for key management personnel	**1,411**	2,360

(6) Guarantee from related parties

For the six months ended 30 June 2018, BYDA and its subsidiaries provided guarantee to the Bank of Jinzhou (Beijing branch) for bank facilities granted to BYD Logistics with a maximum amount of RMB60,000 thousand in total. The guarantee period commenced from 22 November 2017 to 21 November 2018. As at 30 June 2018, the utilized bank line of credit is RMB1,420 thousand.

For the six months ended 30 June 2018, BYDA provided guarantee to Shengjing Bank (Beijing Shijingshan branch) for bank facilities granted to BYD Logistics with a maximum amount of RMB35,000 thousand in total. The guarantee period commenced from 27 September 2017 to 26 September 2018. As at 30 June 2018, the utilized bank credit is RMB27,405 thousand.

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

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 2018 Carrying amount	As at 30 June 2018 Provision for bad debts	As at 31 December 2017 Carrying amount	As at 31 December 2017 Provision for bad debts
BYDA	**2,679**	**–**	–	–
Associates of the Company	**36,315**	**31,342**	34,668	31,342
Subsidiaries of BYDA	**101,033**	**–**	96,217	–
Other related parties	**416**	**–**	242	–
Total	**140,443**	**31,342**	131,127	31,342

(2) Other receivables due from related parties

Related parties	As at 30 June 2018 Carrying amount	As at 30 June 2018 Provision for bad debts	As at 31 December 2017 Carrying amount	As at 31 December 2017 Provision for bad debts
Associates of the Company	**65,039**	**39**	39	39
Subsidiaries of BYDA	**12,473**	**–**	6,186	–
Other related parties	**735**	**–**	–	–
Total	**78,247**	**39**	6,225	39

(3) Accounts payable by related parties

Related parties	As at 30 June 2018	As at 31 December 2017
BYDA	**1,045**	5,496
Subsidiaries of BYDA	**1,718**	944
Other related parties	**842**	2,189
Total	**3,605**	8,629

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

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

4. Balances with related parties

(4) Other payables by related parties

Related parties	As at 30 June 2018	As at 31 December 2017
BYDA	**3,620**	–
Associates of the Company	**238**	–
Subsidiaries of BYDA	**536**	988
Other related parties	**1,059**	414
Total	**5,453**	1,402

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 2018, the Group had contracted for the minimum lease payments under non-cancelable operating leases during following periods:

Period	As at 30 June 2018	As at 31 December 2017
Within 1 year	**6,690**	6,048
1-2 years	**3,549**	728
2-3 years	**1,827**	–
After 3 years	**408**	–
Total	**12,474**	6,776

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

XIII. COMMITMENTS *(Continued)*

2. The Group as lessor

As at 30 June 2018, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 30 June 2018	As at 31 December 2017
Within 1 year	**8,403**	8,318
1-2 years	**–**	457
2-3 years	**–**	–
After 3 years	**–**	–
Total	**8,403**	8,775

3. Use rights of advertising boards

As at 30 June 2018, 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 2018	As at 31 December 2017
Within 1 year	**6,533**	10,914
1-2 years	**–**	1,154
2-3 years	**–**	–
Total	**6,533**	12,068

XIV. POST-BALANCE SHEET EVENTS

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

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

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, Beijing headlines, Chongqing Youth Daily, Beiqing 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.

(1) For the six months ended 30 June 2018

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount and others	Elimination	Total
Revenue from external transactions	40,362	4,102	88,739	429	29,005	-	162,637
Revenue from intra-segment transactions	1,734	6,032	11,291	-	1,160	(20,217)	-
Operating revenue	42,096	10,134	100,030	429	30,165	(20,217)	162,637
Operating profit (loss)	(36,531)	106	1,996	(1,065)	(161,891)	(30,430)	(227,815)

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

XV. SEGMENT INFORMATION *(Continued)*

(2) For the six months ended 30 June 2017

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount and others	Elimination	Total
Revenue from external transactions	82,527	6,211	84,191	996	24,000	–	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	24,929	(33,986)	197,925
Operating profit (loss)	(39,522)	170	1,519	(1,123)	(2,833)	–	(41,789)

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 2018	As at 31 December 2017
Investment properties and fixed assets	**157,955**	159,448
Total	**157,955**	159,448

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

XVII. SUPPLEMENTARY INFORMATION

1. Earnings per share

Item	For the six months ended 30 June 2018	2017
Net profit for the half-year attributable to shareholders of the Company	**(224,806)**	(39,513)
Weighted average number of issued ordinary shares (thousand shares)	**197,310**	197,310
Earnings per share (RMB)	**(1.14)**	(0.20)

The basic earnings and diluted earnings per share for the six months ended 30 June 2017 and 2018 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)

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Balance sheet of the Company (unaudited)

RMB'000

Item	As at 30 June 2018	As at 31 December 2017
Current assets:		
Bank balances and cash	**72,614**	196,411
Notes and accounts receivable	**157,164**	165,167
Prepayments	**110,211**	17,075
Other receivables	**12,519**	147,152
Inventories	**5,165**	5,813
Contractual assets	**–**	–
Other current assets	**36,357**	34,675
Total current assets	**394,030**	566,293
Non-current assets:		
Long-term equity investment	**318,220**	325,937
Investment in other equity instruments	**112,638**	112,638
Investment properties	**100,625**	100,625
Fixed assets	**4,136**	4,335
Intangible assets	**31,452**	32,166
Other non-current assets	**28,990**	28,990
Total non-current assets	**596,061**	604,691
Total assets	**990,091**	1,170,984

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

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

2. Balance sheet of the Company (unaudited) *(Continued)*

RMB'000

Item	As at 30 June 2018	As at 31 December 2017
Current liabilities:		
Notes and accounts payable	**3,371**	6,945
Receipts in advance	**–**	–
Contractual assets	**24,321**	20,024
Employee benefit payables	**3,722**	4,501
Tax payables	**613**	1,205
Other payables	**36,833**	36,649
Total current liabilities	**68,860**	69,324
Non-current liabilities:		
Total non-current liabilities	**–**	–
Total liabilities	**68,860**	69,324
Shareholders' equity:		
Share capital	**197,310**	197,310
Capital reserves	**904,453**	904,453
Other comprehensive income	**–**	(31)
Surplus reserves	**130,931**	130,931
Undistributed profits	**(311,463)**	(131,003)
Total shareholders' equity	**921,231**	1,101,660
Total liabilities and shareholders' equity	**990,091**	1,170,984

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

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

3. Income statement of the Company (unaudited)

RMB'000

	For the six months ended 30 June	
Item	**2018**	2017
Operating revenue	**36,070**	51,505
Total operating costs	**209,020**	68,238
Operating costs	**33,634**	49,679
Tax and surcharges	**1,805**	2,151
Administrative expenses	**10,597**	12,791
Financial expenses	**(811)**	(1,160)
Including: Interest expenses	**–**	–
Interest income	**823**	1,169
Impairment loss of assets	**–**	–
Impairment loss of credit	**163,795**	4,777
Add: Investment income	**(7,512)**	(22,929)
Including: Gain from investments in associates	**(7,748)**	(868)
Gain on the changes in fair value	**–**	10,599
Operating profit	**(180,462)**	(29,063)
Add: Non-operating income	**2**	33
Less: Non-operating expenses	**–**	–
Total profit	**(180,460)**	(29,030)
Less: Income tax expenses	**–**	–
Net profit	**(180,460)**	(29,030)
Other net comprehensive income	**31**	–
Total comprehensive income	**(180,429)**	(29,030)

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

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

4. Cash flow statement of the Company (unaudited)

RMB'000

	For the six months ended 30 June	
Item	**2018**	2017
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	**16,146**	64,658
Taxes refund received	**–**	–
Other cash receipts relating to operating activities	**1,799**	1,309
Sub-total of cash inflows from operating activities	**17,945**	65,967
Cash paid for goods purchased and services received	**114,736**	127,268
Cash paid to and on behalf of employees	**12,380**	15,482
Payments of taxes and surcharges	**1,805**	2,882
Other cash payments relating to operating activities	**13,783**	25,826
Sub-total of cash outflows from operating activities	**142,704**	171,458
Net cash used in operating activities	**(124,759)**	(105,491)
II. Cash flows from investing activities:		
Cash received from investments	**–**	88,280
Cash received from returns on investment	**250**	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	**631**	64,717
Sub-total of cash inflows from investing activities	**881**	153,159

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

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

4. Cash flow statement of the Company (unaudited) *(Continued)*

RMB'000

Item	For the six months ended 30 June 2018	2017
Cash paid to acquire fixed assets, intangible assets and other long-term assets	80	24
Cash paid on investment	–	–
Net cash paid to acquire subsidiaries and other operating units	–	–
Other cash payments relating to investing activities	–	23,000
Sub-total of cash outflows from investing activities	**80**	23,024
Net cash flows generated from investing activities	**801**	130,135
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 in cash and cash equivalents	**(123,958)**	24,644
Add: Balance of cash and cash equivalents at the beginning of the period	**176,249**	46,638
VI. Balance of cash and cash equivalents at the end of the period	**52,291**	71,282

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

XVII. SUPPLEMENTARY INFORMATION *(Continued)*

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

RMB'000

Item	For the six months ended 30 June 2018 Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance as at 1 January 2018	**197,310**	**904,453**	**(31)**	**130,931**	**(131,003)**	**1,101,660**
Net profits	–	–	–	–	(180,460)	(180,460)
Other comprehensive income	–	–	31	–	–	31
Appropriation to shareholders	–	–	–	–	–	–
Sub-total of the changes for the period	**–**	**–**	**31**	**–**	**(180,460)**	**(180,429)**
Balance as at 30 June 2018	**197,310**	**904,453**	**–**	**130,931**	**(311,463)**	**921,231**

Item	For the six months ended 30 June 2017 Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance as at 1 January 2017	197,310	904,453	130,931	(68,699)	1,163,995
Net profits	–	–	–	(29,030)	(29,030)
Other comprehensive income	–	–	–	–	–
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

Note: In accordance with the People's Republic of China (the "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 of 30 June 2018, the Company's undistributed profits amounted to RMB-311,463 thousand (31 December 2017: RMB-131,003 thousand). Surplus reserve for the Company was RMB130,931 thousand (31 December 2017: 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 28 August 2018.

Beijing Media Corporation Limited
28 August 2018