BEIJING 北青传媒 MEDIA

HK Stock Code: 1000

2019 INTERIM REPORT

Beijing Media Corporation Limited

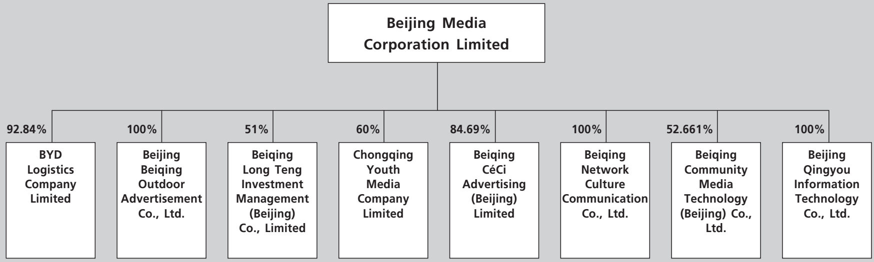
A joint stock company incorporated
in the People's Republic of China with limited liability

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 2019)



Note: Beiqing Long Teng completed the procedures of registration of change with the industrial and commercial administration authorities on 19 November 2013 with a registered capital of RMB50,000 thousand. The shareholding of the Company is 51%. As of the end of the reporting period, the paid-up capital of Beiqing Long Teng was RMB26,100 thousand, of which the paid-up capital from the Company accounts for 80.84%.

COMPANY WEBSITE

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 30 June 2019): 197,310,000
- Market Capitalisation (as at 30 June 2019): HK$0.32556 billion
- Financial Year End: 31 December
- Bloomberg's Stock Machine Search Code: 1000HKEquity
- Reuters Stock Machine Search Code: 1000.HK

AS AT 30 JUNE 2019

EXECUTIVE DIRECTORS

Ji Chuanpai *(Chairman)* Note 1
Li Xiaobing *(President)*
Yang Wenjian *(Executive Vice President)*
Shang Da *(Vice President)*
Liu Jia Note 2

NON-EXECUTIVE DIRECTORS

Peng Liang Note 3
Zang Furong
Wu Bin
Sun Fang
Yang Qing Note 4

INDEPENDENT NON-EXECUTIVE DIRECTORS

Wu Tak Lung
Cui Enqing
Chen Ji
Wu Changqi
Shi Hongying Note 5

JOINT COMPANY SECRETARIES

Shang Da
Yu Leung Fai

AUDIT COMMITTEE Note 6

Wu Tak Lung *(Chairman)*
Wu Changqi
Cui Enqing

REMUNERATION COMMITTEE Note 7

Cui Enqing *(Chairman)*
Chen Ji
Wu Changqi

NOMINATION COMMITTEE Note 8

Ji Chuanpai *(Chairman)*
Chen Ji
Wu Changqi

AUTHORISED REPRESENTATIVES

Ji Chuanpai
Li Xiaobing

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

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, the PRC

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Rooms 1712–1716,
17/F, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

Notes:

1. Upon the approval at the first meeting of the seventh session of the board (the "Board") of directors ("Directors") of the Company convened on 21 June 2019, Mr. Ji Chuanpai was appointed as the chairman of the seventh session of the Board of the Company. Please refer to the announcement of the Company dated 21 June 2019 for details.

2. Upon the approval at the annual general meeting of the Company convened on 21 June 2019, Ms. Liu Jia was appointed as the executive Director of the seventh session of the Board of the Company. Please refer to the announcement of the Company dated 21 June 2019 for details.

3. Upon the approval at the annual general meeting of the Company convened on 21 June 2019, Mr. Peng Liang was appointed as the non-executive Director of the seventh session of the Board of the Company. Please refer to the announcement of the Company dated 21 June 2019 for details.

4. Upon the approval at the annual general meeting of the Company convened on 21 June 2019, Ms. Yang Qing was appointed as the non-executive Director of the seventh session of the Board of the Company. Please refer to the announcement of the Company dated 21 June 2019 for details.

5. Upon the approval at the annual general meeting of the Company convened on 21 June 2019, Ms. Shi Hongying was appointed as the independent non-executive Director of the seventh session of the Board of the Company. Please refer to the announcement of the Company dated 21 June 2019 for details.

6. Upon the approval at the first meeting of the seventh session of the Board of the Company convened on 21 June 2019, the audit committee of the seventh session of the Board of the Company comprised Mr. Wu Tak Lung, Mr. Wu Changqi and Mr. Cui Enqing, and was chaired by Mr. Wu Tak Lung. Please refer to the announcement of the Company dated 21 June 2019 for details.

7. Upon the approval at the first meeting of the seventh session of the Board of the Company convened on 21 June 2019, the remuneration committee of the seventh session of the Board of the Company comprised Mr. Cui Enqing, Mr. Chen Ji and Mr. Wu Changqi, and was chaired by Mr. Cui Enqing. Please refer to the announcement of the Company dated 21 June 2019 for details.

8. Upon the approval at the first meeting of the seventh session of the Board of the Company convened on 21 June 2019, the nomination committee of the seventh session of the Board of the Company comprised Mr. Ji Chuanpai, Mr. Chen Ji and Mr. Wu Changqi, and was chaired by Mr. Ji Chuanpai. Please refer to the announcement of the Company dated 21 June 2019 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 2019 (the "First Half of 2019").

BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, which contributes to part of the Group's turnover; (2) printing, whose turnover includes revenue from printing 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 sheets to customers including commercial printers.

In the First Half of 2019, the total operating revenue of the Group was RMB112,729 thousand (corresponding period of 2018: RMB162,637 thousand), representing a decrease of 30.69% as compared with that for the corresponding period of 2018. Net loss attributable to shareholders of the Company was RMB88,453 thousand (net loss attributable to shareholders of the Company for the corresponding period of 2018: RMB224,806 thousand), representing a period-on-period decrease of approximately 60.65%.

In the First Half of 2019, judging on the macro business environment, the Group introduced new measures as follows:

1. Revenue growth: Regarding the advertising operation, a business division system model was adopted, under which four business divisions, namely finance, automobile, real estate and Internet, have been established to improve the business ecology, and at the same time, integration of multimedia resources was implemented to enhance the advertising revenue from key industries. In the First Half of 2019, revenue from advertising business increased by 10.09% as compared with the same period in 2018.

2. Cost reduction

   — Actively stocking up the paper in face of floating prices in the paper market to ensure the stability of the printing paper prices of the Group and reduce printing costs.

   — Streamlining and optimizing the quantity of employees, improving allocation of office resources and human resource, and reducing administrative costs.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Advertisement Business

In the First Half of 2019, revenue from advertising business of the Group was RMB44,434 thousand (corresponding period of 2018: RMB40,362 thousand), representing an increase of 10.09% as compared with the same period of last year.

In the First Half of 2019, the Company experienced an increase in its revenue from advertising business. Amid the effects of policy and market competition, the Company further enhanced the integration of superior resources based on the transformation of the multimedia. Furthermore, on the basis of advancing the direct-to-customer marketing, the Company adopted the innovative management model of business division system to cater for different customers and market demands of sub-sectors. Therefore, an integrated multimedia marketing platform consisting of newspaper, website, APP, WeChat, Weibo, etc. has been built up. The main measures are taken as follows:

— Establishing four business divisions including finance, automobile, real estate and Internet, and re-electing the persons in charge who are entitled to choose the staff of the divisions respectively.

— Determining the operating indicators of four business divisions and implementing strict appraisal.

— Further developing a reward and punishment mechanism targeted at the operating indicators of the four business divisions.

In the First Half of 2019, our advertising business operation focused on key industries and introduced measures in personnel, accountability, appraisal, rewards and punishments, with a view to making breakthroughs in primary aspects to boost the whole segment: we planned and launched themed coverages with high popularity, like the "Fight in Youth" of the May 4 Youth Day jointly with financial institutions, the "July 8 Insurance Day" jointly with the Beijing Insurance Association, and the "Report on the Achievements of the Financial Industry in the 70th Anniversary of the National Day" which drove our marketing performance.

BUSINESS REVIEW OF THE GROUP *(Continued)*

Film and Television Business

In the First Half of 2019, the Company fully optimized its copyright resources and focused on the development of high-quality film and television projects, thus achieving satisfactory social and economic benefits. In particular, the TV series "Setting Sail" (《啟航》) presented by the Company as the lead-presenter with the theme of urban reform and development was aired at the evening prime time through CCTV-1, Heilongjiang Satellite TV and Anhui Satellite TV in January, March and July 2019 respectively. The TV series was highly ranked in terms of viewership and was widely received. Meanwhile, as approved by the President's Office, the Company transferred the copyright of the TV series "The Story of Zheng Yang Gate" (《正陽門下》) to Daqianmen (Beijing) Media Co., Ltd. at the consideration of RMB2 million in January 2019. The Company will continue to give full play to its advantages in content, focus on the early planning and development of projects, and further enrich the branded content for the media culture of Beijing Media.

Results of Major Subsidiaries of the Group

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 2019, in face of the shrinking traditional advertising business and the expiration of the operation rights of previously operated single column billboards, Beiqing Outdoor continued to establish a good agency relationship with the cooperating parties, with an aim to increase source of revenue without increasing costs, and to seek new business opportunities.

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 integrated communication means of print media + government procurement services + online and offline mobile platform. With nearly six years of endeavor, it established an innovative communication and service platform with the model of "newspapers of Beiqing Community Daily + Community Media WeChat Matrix + government services".

BUSINESS REVIEW OF THE GROUP *(Continued)*

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

Beiqing Community Media has established a multi-integrated sustainable business model based on the several major business segments, namely Beiqing Community Daily, WeChat Matrix, government procurement services, and community activities. Up to now, Beiqing Community Media has a total of 10 newspapers of Beiqing Community Daily across the whole urban area of Beijing, including CBD, Shunyi, and Beijing Administrative Sub-centers, reaching nearly 3 million readers, thus effectively promoting daily management of community residents through relevant reports. At the same time, the branches and marketing departments of Beiqing Community Media operated a total of 32 certified WeChat public accounts, and assisted relevant government authorities in operating 29 public accounts. It operated a total of 61 public accounts, and currently, the number of WeChat public accounts fans reaches nearly 1.03 million, with the monthly views reaching nearly 70,000.

In the First Half of 2019, Beiqing Community Media continued to promote cooperation in government service procurement, and provided the government with a variety of offline activities and media publicity services, while helping build information communication platforms and service platforms for governmental services, based on its experience accumulated over the years in operation in the community as well as ten millions of subscribers in the WeChat public accounts, headlines accounts, and self-operated media accounts of major portal news APPs. In particular, Beiqing Community Media undertook the cooperation with the government departments and social organizations to publish newspapers, establishing a total of 5 magazines, including "Shichahai Culture Monthly" (《什剎海文化月刊》), "《Beixinqiao News》" (《北新橋建聞》), "Social Security Magazine"(《社保雜誌》), "Doudian Community News"(《竇店社區報》) and "Ju Kuan" (《聚寬》). In addition, it was commissioned to organize various government and social organization events, including "FAW Toyota Community Campaign" (一汽豐田社區行), "Beijing Record Challenging Competition" (北京記錄挑戰賽), "Jimei Environmental Protection Charity Walking" (集美環保公益行), "Shared Study Marathon" (共享書房馬拉松), "Community Home Expo" (社區家博會). It also continued to cooperate with the Beijing Chaoyang District Government, and was commissioned for the development of the official news APP project of Chaoyang District. Meanwhile, based on the operating experience of existing government service projects, it continued to expand related businesses. For example, on the basis of the public opinion service project with Chaoyang District Government, it established public opinion studio through collaboration with the Network Information Office of CPC Beijing Xicheng District Committee to provide comprehensive services such as monitoring of public opinion.

In the First Half of 2019, Beiqing Community Media recorded a turnaround to profit.

BUSINESS REVIEW OF THE GROUP *(Continued)*

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

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. At present, the fund has invested in a total of 21 projects and has already exited from 3 projects. 4 projects have been listed or acquired by listed companies, and the exit with high return from the remaining investment projects is expected to be realized via listing, mergers and acquisitions and restructuring, and backdoor listing. The fund was originally scheduled to expire on 25 November 2019. As a number of invested companies have filed or are preparing to file for IPO during the year, for the purpose of safeguarding the interests of investors and maximizing the exit benefits of the projects, the fund will extend the exit to 25 November 2021.

Chongqing Youth Media Company Limited ("Chongqing Media") is a 60%-owned subsidiary of the Company. In the First Half of 2019, Chongqing Media focused on brand building and further expanded its media influence. In particular, Chongqing Media offered topic-specific coverage on high-end and significant competitions and events, such as the national "Two Sessions", the Chongqing "Two Sessions", the 2019 SCO leaders meeting, the second West China International Fair for Investment and Trade, "the Belt and Road" International Skills Competition, "the Belt and Road" Sea and Land Linkage Forum, etc. More than 300 articles were published on the platform, with a total viewership of more than 5 million. The total views for the multi-matrix and multi-accounts of Chongqing Media, such as Today Headlines Account (今日頭條號), the Qi'E Account (企鵝號) and the Qutoutiao Account (趣頭條號) has reached more than 100 million in half year. In addition, Chongqing Media successfully obtained the license for Internet news information service, which provided a strong guarantee for the influence of its new media platform. As a next step, Chongqing Media will focus on the exploration of applications for news in the 5G field.

BYD Logistics Company Limited ("BYD Logistics") is a 92.84%-owned subsidiary of the Company and is principally engaged in printing and trading business of printing-related materials. In the First Half of 2019, BYD Logistics's revenue from sales of paper was affected by the shrinking printing market, the decline in paper market demand and the expected fall in paper price. It is estimated that the current paper price is close to the bottom level, and the market demand is expected to improve in the second half of 2019. BYD Logistics is actively stocking up in order to increase revenue after the stabilization of market price of paper.

PROSPECTS AND FUTURE PLANS

In the second half of 2019, the Group will further improve its internal control, and improve the institutional construction system and management regulations starting from the system construction.

In the second half of 2019, the Group will fully accumulate and improve its experience and apply such experience to other industries on the basis of the four business divisions to strengthen performance appraisal.

In the second half of 2019, the Group will conduct capital operations where appropriate.

PROSPECTS AND FUTURE PLANS *(Continued)*

In the second half of 2019, with the existing businesses remains as the core, the Group will actively expand into new businesses, cultivate new profit growth point, and persistently consolidate and leverage on the relationship with Beijing Youth Daily Agency ("BYDA") to promote the development of the Group's business, and stand out among peers as a leading media group with cross-media platforms in the PRC.

The Group's structural optimization initiatives mentioned above will have significant and profound impact on the Group's long-term, stable and positive development in the future. The Group's business in the First Half of 2019 was based on the concerted efforts of the entire management teams and staff in each of our business units. The Group's key success factors were the keen insight to market opportunities and the excellent quality of our management teams and staff. On behalf of the shareholders of the Company and other members of the Board, I would like to express my heartfelt and sincere gratitude to the entire management teams and staff in each of our business units.

Ji Chuanpai
Chairman

30 August 2019
Beijing, the PRC

FINANCIAL REVIEW

1. Total Operating Revenue

For the six months ended 30 June 2019, total operating revenue of the Group was RMB112,729 thousand (corresponding period of 2018: RMB162,637 thousand), representing a decrease of 30.69% as compared with that for the corresponding period of 2018. Of which, revenue from advertising sales increased by RMB4,072 thousand, representing an increase of 10.09% as compared with that for the corresponding period of 2018; revenue from printing decreased by RMB1,664 thousand, representing a decrease of 40.57% as compared with that for the corresponding period of 2018; and revenue from the trading of print-related materials decreased by RMB35,765 thousand, representing a decrease of 40.30% as compared with that for the corresponding period of 2018.

2. Operating Costs and Tax and Surcharges

For the six months ended 30 June 2019, operating costs of the Group were RMB95,074 thousand (corresponding period of 2018: RMB150,622 thousand), representing a decrease of 36.88% as compared with that for the corresponding period of 2018. Of which, costs of advertising sales decreased by RMB3,259 thousand, representing a decrease of 7.47% as compared with that for the corresponding period of 2018; costs of printing decreased by RMB1,424 thousand, representing a decrease of 41.25% as compared with that for the corresponding period of 2018; and costs of the trading of print-related materials decreased by RMB31,247 thousand, representing a decrease of 38.40% as compared with that for the corresponding period of 2018. Tax and surcharges were RMB2,832 thousand (corresponding period of 2018: RMB2,981 thousand), representing a decrease of 5.00% as compared with that for the corresponding period of 2018.

3. Selling Expenses

For the six months ended 30 June 2019, selling expenses of the Group were RMB10,080 thousand (corresponding period of 2018: RMB11,410 thousand), representing a decrease of 11.66% as compared with that for the corresponding period of 2018.

4. Administrative Expenses

For the six months ended 30 June 2019, administrative expenses of the Group were RMB14,537 thousand (corresponding period of 2018: RMB21,279 thousand), representing a decrease of 31.68% as compared with that for the corresponding period of 2018.

FINANCIAL REVIEW *(Continued)*

5. Financial Expenses

For the six months ended 30 June 2019, financial expenses of the Group were RMB54 thousand (corresponding period of 2018: RMB-794 thousand), representing a decrease of 106.80% as compared with the net value for the corresponding period of 2018. Of which, interest income was RMB658 thousand (corresponding period of 2018: RMB1,328 thousand), representing a decrease of 50.45% as compared with that for the corresponding period of 2018; and foreign exchange gain was RMB0 thousand (corresponding period of 2018: foreign exchange loss of RMB1 thousand).

6. Share of Loss of Associates

For the six months ended 30 June 2019, share of the loss of associates of the Group was RMB5,163 thousand (corresponding period of 2018: RMB7,774 thousand), representing a decrease of 33.59% as compared with that for the corresponding period of 2018.

7. Operating Profit

For the six months ended 30 June 2019, operating profit of the Group was RMB-95,286 thousand (corresponding period of 2018: RMB-227,815 thousand), representing an increase of 58.17% as compared with that for the corresponding period of 2018.

8. Income Tax Expenses

For the six months ended 30 June 2019, income tax expenses of the Group for the current period were RMB-247 thousand (corresponding period of 2018: RMB1,172 thousand), representing a decrease of 121.08% as compared with that for the corresponding period of 2018.

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

For the six months ended 30 June 2019, net loss attributable to shareholders of the Company was RMB88,453 thousand (corresponding period of 2018: net loss of RMB224,806 thousand), representing a decrease of 60.65% as compared with that for the corresponding period of 2018.

10. Financial Resources and Liquidity

For the six months ended 30 June 2019, the Group's funds are mainly derived from the cash generated from operating business and deposits balance. The Group's funds are mainly used as the working capital and general recurrent expenses of the Group.

As at 30 June 2019, current assets of the Group were RMB543,127 thousand (31 December 2018: RMB633,478 thousand), including bank balances and cash of RMB265,928 thousand (31 December 2018: RMB199,925 thousand). Non-current assets of the Group were RMB511,535 thousand (31 December 2018: RMB525,808 thousand).

As at 30 June 2019, current liabilities of the Group were RMB123,317 thousand (31 December 2018: RMB132,531 thousand) and non-current liabilities were RMB14,593 thousand (31 December 2018: RMB16,163 thousand).

As at 30 June 2019, shareholders' equity of the Group was RMB916,752 thousand (31 December 2018: RMB1,010,592 thousand).

FINANCIAL REVIEW *(Continued)*

11. Bank Borrowings, Overdrafts and Other Borrowings

As at 30 June 2019, the bank borrowings of the Group were RMB3,000 thousand (31 December 2018: RMB6,927 thousand). The currency unit of cash and cash equivalent held by the Group was Renminbi. During the reporting period, the Group has repaid borrowings due on time as agreed, and there was no overdue payment and default.

12. Gearing Ratio

As at 30 June 2019, gearing ratio of the Group was 15.04% (31 December 2018: 14.71%) (the gearing ratio is derived from dividing the Group's total liabilities by its total equity).

SHARE STRUCTURE (AS AT 30 JUNE 2019)

	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.	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 1*	54,901,000	27.82
Total share capital	197,310,000	100

Note:

1. Including 19,533,000 H shares held by 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 2019, so far as the Directors, supervisors ("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
Founder Investment (HK) Ltd. Note 3	Trustee (other than bare trustee)	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 3	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Xia Jie Note 3	Interest of controlled corporation	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited Note 3	Beneficiary of a trust (other than discretionary interests)	H	Long	4,939,000	8.99	2.50
Cao Yawen Note 3	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 Shengxian 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 respectively, and Quzhou Zhuoqun Innovation and Cultural Co., Ltd. is 50% directly owned by Zhang Yang and Zhang Yiping respectively. Therefore, Zhang Yang, Zhang Yiping, He Kangmin, Quzhou Hairuiteng Information Consulting Co., Ltd., Quzhou Zhuoqun Innovation and Cultural Co., Ltd., Sun Shengxian, Sun Yuexian, 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.

3. Founder Investment (HK) Ltd. as a trustee, and Yue Shan International Limited as a beneficiary of the trust, have interest in 4,939,000 H shares of the Company, representing approximately 2.5% of the total issued share capital (8.99% of the total issued H shares) of the Company. Beijing University directly owns 100% shares of Beijing University New Technology Corporation, which in turn directly owns 100% shares of Beijing Beida Founder Group Corporation; Beijing Beida Founder Group Corporation directly owns 80% shares of Beijing University Founder Investment Co., Ltd., which in turn directly owns 51% shares of Founder Investment (HK) Ltd.. CITICITI Ltd. directly owns 49% shares of Founder Investment (HK) Ltd., and Xia Jie directly owns 100% shares of CITICITI Ltd.. Therefore, Beijing University, Beijing University New Technology Corporation, Beijing Beida Founder Group Corporation, Beijing University Founder Investment Co., Ltd., CITICITI Ltd. and Xia Jie were deemed under the SFO to be interested in the 4,939,000 H shares held in the name of Founder Investment (HK) Ltd.. At the same time, Cao Yawen directly owns 100% shares of Yue Shan International Limited, therefore Cao Yawen was deemed to be interested in the 4,939,000 H shares held in the name of Yue Shan International Limited.

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 2019, 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 electronic equipment, of the Group for the First Half of 2019 were RMB52 thousand (corresponding period of 2018: RMB427 thousand). The Group expects that capital expenditures for the second half of 2019 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 2019, 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. The Company does not have any foreign currency hedging policy at present.

EMPLOYEES

As at 30 June 2019, the Group had a total of 332 employees (as at 30 June 2018: a total of 365 employees), and the decrease in the number of employees as compared with the same period of last year was mainly due to the reasonable adjustment of the normal business needs of some subsidiaries of the Company. During the six months ended 30 June 2019, the total employees remuneration paid by the Group was approximately RMB26,230 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 2019, 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 2019, 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 2019, 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 2019, 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 30 June 2019, the Group did not have other material acquisitions or disposals of assets relating to its subsidiaries, associates or joint venture companies.

MATERIAL LEGAL MATTERS

In January 2019, the Company filed a lawsuit against Beijing Trans-media Co., Ltd. and Beijing Jihe Advertising Co., Ltd. at Beijing Dongcheng District People's Court in relation to the outstanding consideration of the equity transfer. On 1 February 2019, Beijing Dongcheng District People's Court accepted the lawsuit. On 4 June 2019, Beijing Dongcheng District People's Court ruled that the case shall be transferred to Beijing Chaoyang District People's Court. The case is currently pending. Please refer to the announcement of the Company dated 1 February 2019 for details.

In March 2019, the Company filed a lawsuit against Beiqing Transmedia Co., Ltd., its chairman Yang Jie and Centrin Data Systems Ltd. at the No. 3 Intermediate People's Court of Beijing Municipality in relation to the outstanding advertising operation right contracting fees, management fees and accrued interests. On 30 April 2019, No. 3 Intermediate People's Court of Beijing Municipality accepted the lawsuit. The Company subsequently filed a new lawsuit for the payment of liquidated damages. The case is currently pending. Please refer to the announcement of the Company dated 30 April 2019 for details.

CHANGES AND EFFECT IN THE INDUSTRY SEGMENTS OF THE GROUP SINCE 31 DECEMBER 2018

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 2019, 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 2019.

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 2019.

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 subdivision 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.

RATIFICATION OF PREVIOUS CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

On 22 April 2019, the Company signed borrowing ratification agreements with Beijing Youth Daily Agency (the "Parent") and Beijing Beiqing Top Advertising Limited ("Beijing Top Advertising"), respectively, to ratify the thirteen borrowings previously provided by the Group to the Parent and its subsidiaries (excluding the Group) (the "Parent Group") and the seven borrowings previously provided by the Group to Beiqing Top Advertising, respectively, and reached repayment arrangements in connection with the relevant outstanding principal and interest. As at 24 June 2019, the Parent Group and Beiqing Top Advertising have repaid all principal and accrued interest, and the above-mentioned two borrowing ratification agreements have been fully performed. For relevant details, please refer to the announcements of the Company dated 22 April 2019 and 24 June 2019.

INTERNAL CONTROL AND RISK MANAGEMENT

During the reporting period, the Company identified certain internal control deficiencies in the process of ratifying the above-mentioned previous transactions. In light of it, the Company engaged an internal control advisor to evaluate and make recommendations for improvement on the internal control level of the Company. The management of the Company acknowledged the internal control report issued by the internal control advisor and the internal control issues mentioned therein. The Company has or will take the following internal control rectification measures:

1. The Company has established a connected transaction and notifiable transaction management team (the "Management Team") to monitor and implement the approval and disclosure procedures for transactions and matters as required by the Listing Rules;

2. The Company has appointed a designated person as contact of departments and subsidiaries to report the latest specific transactions and major financial expenses to the Management Team on a weekly basis for following-up by the Management Team in a timely manner. The major financial expenses are reviewed and approved by the management of the Company;

INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

3. The Company's legal counsel in Hong Kong has provided compliance training to the Directors, Supervisors and senior management of the Company. The training includes disclosure of connected transactions, notifiable transactions and inside information. The Company has successively provided training to relevant responsible persons of each department and at the subsidiary level;

4. The Company has sent compliance letters to the relevant personnel of the subsidiaries on a monthly basis;

5. The Company will further strengthen and improve the written management system and make a clear division on the functions and powers of various departments in the transactions;

6. The Company will seek legal advice and other external expert advice on the transactions;

7. The Board and Management Team are responsible for implementing the relevant reward and punishment mechanism. The internal audit department and human resources department of the Company are responsible for implementing the compliance assessment and accountability mechanism of departments and subsidiaries.

DISTRIBUTABLE RESERVE

As at 30 June 2019, the Company's accumulated loss amounted to RMB385,972 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 2019.

CHANGES IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As the term of office of the sixth session of the Board of the Company expired on 21 June 2019 and Mr. Chow Bing Chuen has submitted written resignation to the Company on 12 December 2018, Mr. Liu Hong and Mr. Chow Bing Chuen retired from their current positions as Directors of the Company. For relevant details, please refer to the announcements of the Company dated 12 December 2018 and 29 March 2019 as well as the circular dated 30 April 2019.

At the AGM of the Company held on 21 June 2019, (i) Ms. Liu Jia was appointed as an executive Director of the seventh session of the Board of the Company; (ii) Mr. Peng Liang and Ms. Yang Qing were appointed as non-executive Directors of the seventh session of the Board of the Company; (iii) Ms. Shi Hongying was appointed as an independent non-executive Director of the seventh session of the Board of the Company; (iv) Mr. Ji Chuanpai, Mr. Li Xiaobing, Ms. Yang Wenjian and Mr. Shang Da were re-elected as executive Directors of the seventh session of the Board of the Company, Ms. Zang Furong, Mr. Wu Bin and Mr. Sun Fang were re-elected as non-executive Directors of the seventh session of the Board of the Company, Mr. Wu Tak Lung, Mr. Cui Enqing, Mr. Chen Ji and Mr. Wu Changqi were re-elected as independent non-executive Directors of the seventh session of the Board of the Company; and (v) Mr. Zhang Zhibing, Mr. Zhang Chuanshui and Mr. Zhao Meng were re-elected as shareholder representative Supervisors of the seventh session of the Supervisory Committee of the Company. Ms. Yan Mengmeng and Ms. Zhang Bo were democratically re-elected as the employee representative Supervisors of the seventh session of the Supervisory Committee of the Company by the meeting of the employee representatives of the Company. For relevant details, please refer to the announcement of the Company dated 21 June 2019.

As approved at the first meeting of the seventh session of the Board of the Company held on 21 June 2019, Mr. Ji Chuanpai was appointed as the chairman of the seventh session of the Board of the Company; the audit committee of the seventh session of the Board of the Company comprised Mr. Wu Tak Lung, Mr. Wu Changqi and Mr. Cui Enqing, and was chaired by Mr. Wu Tak Lung; the remuneration committee of the seventh session of the Board of the Company comprised Mr. Cui Enqing, Mr. Chen Ji and Mr. Wu Changqi, and was chaired by Mr. Cui Enqing; the nomination committee of the seventh session of the Board of the Company comprised Mr. Ji Chuanpai, Mr. Chen Ji and Mr. Wu Changqi, and was chaired by Mr. Ji Chuanpai. For relevant details, please refer to the announcement of the Company dated 21 June 2019.

CHANGES IN INFORMATION ON THE DIRECTORS AND SUPERVISORS

During the Reporting Period, there were changes in the information on the following Directors, with the updates as follows:

Mr. Sun Fang

Mr. Sun Fang, 45, is a non-executive Director. Mr. Sun obtained a bachelor degree in Law from Renmin University of China in July 1995 and an EMBA degree from School of Economics and Management of Tsinghua University in March 2010, and was qualified as practicing securities investment analyst in 2004 and fund practitioner in 2016. Mr. Sun worked for China Beijing TV Station from 1995 to 2010 and served successively as the editor and reporter of Nightly News (《晚間新聞》), editor in charge of Beijing NEWS (《北京新聞》), editor in chief of Capital Economics Report (《首都經濟報道》)and EVENING NEWS REPORT (《晚間新聞報道》), producer of Securities Infinite (《證券無限》) and World Finance and Economics (《天下財經》) for Beijing TV Finance Channel. Mr. Sun served as general manager of Shouhua Financial and Economic Media Corporation Limited (首華財經傳媒有限公司) from September 2010 to December 2012. Mr. Sun served as president of Beijing STARS Fund Investment Limited from January 2013 and director of Chang Jiang Culture Co., Ltd. (837747.OC) from 2016 and chairman of China B-TO-B Holdings Ltd. from April 2017. Mr. Sun was appointed as a Director on 28 June 2018.

Mr. Wu Tak Lung

Mr. Wu Tak Lung, 54, is an independent non-executive Director. Mr. Wu Tak Lung is a member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Hong Kong Securities and Investment Institute, the Association of Chartered Certified Accountants, the Taxation Institute of Hong Kong and the Hong Kong Institute of Chartered Secretaries. Mr. Wu Tak Lung was awarded the bachelor's degree in Accounting by the Hong Kong Baptist University and the master's degree in Finance jointly awarded by the University of Manchester and the University of Wales. Mr. Wu Tak Lung had worked in an international accounting firm namely Deloitte Touche Tohmatsu for five years, and was then employed by several listed and private companies in Hong Kong as head of corporate finance and executive director. Mr. Wu Tak Lung currently serves as an independent non-executive director of China Machinery Engineering Corporation (01829.HK), Sinomax Group Limited (01418.HK), Kam Hing Investment Holdings Limited (02307.HK) and Henan Jinma Energy Company Limited (06885.HK), which are companies listed on the Hong Kong Stock Exchange. During the last three years, Mr. Wu Tak Lung once served as the independent non-executive director of Aupu Group Holding Company Limited (delisted in September 2016, previous stock code: 00477.HK), First Tractor Company Limited (0038.HK) (601038.SH), Sinotrans Shipping Limited (delisted in January 2019, previous stock code: 00368.HK) and Huarong Investment Stock Corporation Limited (02277.HK), whose shares are listed on Hong Kong Stock Exchange, as well as Olympic Circuit Technology Co., Ltd. (603920.SH), a company listed on the Shanghai Stock Exchange. Mr. Wu Tak Lung was appointed as a Director on 15 May 2013.

Unit: RMB'000

Item	*Notes*	**As at 30 June 2019**	As at 31 December 2018
Current assets:			
Bank balances and cash		**265,928**	199,925
Notes receivable		**210**	7,908
Accounts receivable	*VIII.1*	**198,055**	254,059
Prepayments	*VIII.2*	**14,397**	18,528
Other receivables	*VIII.3*	**8,384**	99,649
Inventories		**21,055**	21,087
Other current assets	*VIII.4*	**35,098**	32,322
Total current assets		**543,127**	633,478
Non-current assets:			
Long-term equity investment	*VIII.5*	**16,977**	22,140
Investment in other equity instruments	*VIII.6*	**218,427**	218,427
Other non-current financial assets		**52,028**	52,028
Investment properties		**150,179**	150,161
Fixed assets	*VIII.7*	**2,904**	3,828
Construction in progress		**—**	1,953
Intangible assets	*VIII.8*	**21,481**	30,807
Goodwill	*VIII.9*	**—**	—
Right-of-use assets		**5,660**	—
Long-term prepaid expenses		**2,521**	685
Deferred income tax assets		**17,358**	16,789
Other non-current assets	*VIII.10*	**24,000**	28,990
Total non-current assets		**511,535**	525,808
Total assets		**1,054,662**	1,159,286

Unit: RMB'000

Item	*Notes*	As at 30 June 2019	As at 31 December 2018
Current liabilities:			
Notes payable		**4,935**	9,581
Accounts payable	*VIII.12*	**26,807**	14,309
Contractual liabilities		**30,381**	47,617
Employee benefit payables		**6,696**	7,726
Tax payables		**3,043**	2,233
Other payables	*VIII.13*	**48,455**	51,065
Non-current liabilities due within one year	*VIII.14*	**3,000**	—
Total current liabilities		**123,317**	132,531
Non-current liabilities:			
Long-term loans	*VIII.15*	**—**	6,927
Leased liabilities		**5,357**	—
Deferred income tax liabilities		**9,236**	9,236
Total non-current liabilities		**14,593**	16,163
Total liabilities		**137,910**	148,694
Shareholders' equity:			
Share capital		**197,310**	197,310
Capital reserves		**934,421**	934,421
Other comprehensive income	*VIII.16*	**107,356**	105,434
Surplus reserves		**130,931**	130,931
Undistributed profits		**(491,622)**	(401,551)
Total equity attributable to shareholders of the Company		**878,396**	966,545
Non-controlling interest		**38,356**	44,047
Total shareholders' equity		**916,752**	1,010,592
Total liabilities and shareholders' equity		**1,054,662**	1,159,286
Net current assets		**419,810**	500,947
Total assets less current liabilities		**931,345**	1,026,755

Unit: RMB'000

Item	*Notes*	For the six months ended 30 June **2019**	2018
Total operating revenue	*VIII.17*	**112,729**	162,637
Total operating costs		**122,577**	185,498
Operating costs	*VIII.17*	**95,074**	150,622
Tax and surcharges	*VIII.18*	**2,832**	2,981
Selling expenses		**10,080**	11,410
Administrative expenses		**14,537**	21,279
Financial expenses	*VIII.19*	**54**	(794)
Including: Interest expenses		**681**	446
Interest income		**658**	1,328
Add: Other income		**236**	108
Investment income	*VIII.20*	**(3,259)**	(7,410)
Including: Gain from investments in associates		**(5,163)**	(7,774)
Gain on the changes in fair value	*VIII.21*	**18**	125
Impairment loss of credit	*VIII.22*	**(71,417)**	(167,388)
Impairment loss of assets	*VIII.23*	**(11,070)**	(30,430)
Gain on disposal of asset		**54**	41
Operating profit		**(95,286)**	(227,815)
Add: Non-operating income	*VIII.24*	**672**	30
Less: Non-operating expenses	*VIII.25*	**14**	821
Total profit		**(94,628)**	(228,606)
Less: Income tax expenses	*VIII.26*	**(247)**	1,172
Net profit		**(94,381)**	(229,778)
Net profit attributable to:			
Net profit from continuing operations		**(94,381)**	(229,778)
Net profit from discontinued operations		**—**	—
Shareholders of the Company		**(88,453)**	(224,806)
Non-controlling shareholders		**(5,928)**	(4,972)

Unit: RMB'000

Item	Notes	For the six months ended 30 June 2019	2018
Other net comprehensive income after tax		**2,070**	40
Other net comprehensive income after tax attributable to owners of the Company	*VIII.16*	**1,922**	36
Including: Other comprehensive income unqualified for subsequent reclassification into profit or loss		**1,921**	—
Including: Change in fair value of other equity instruments investments		**1,921**	—
Including: Other comprehensive income subsequently reclassified into profit or loss		**1**	36
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss		**—**	31
Exchange differences from retranslation of financial statements		**1**	5
Other net comprehensive income after tax attributable to non-controlling shareholders		**148**	4
Total comprehensive income		**(92,311)**	(229,738)
Total comprehensive income attributable to shareholders of the Company		**(86,531)**	(224,770)
Total comprehensive income attributable to non-controlling shareholders		**(5,780)**	(4,968)
Earnings per share:			
Basic earnings per share (RMB)	*XVII.1*	**(0.44)**	(1.14)
Diluted earnings per share (RMB)	*XVII.1*	**(0.44)**	(1.14)
Dividends	*VIII.27*	**—**	—

Unit: RMB'000

	For the six months ended 30 June	
Item	**2019**	2018
I. Cash flows from operating activities:		
Cash received from sales of goods and provision of service	**81,000**	171,154
Tax refund received	**—**	—
Other cash receipt relating to operating activities	**13,786**	6,731
Sub-total of cash inflows from operating activities	**94,786**	177,885
Cash paid for goods purchased and services received	**63,306**	171,605
Cash paid to and on behalf of employees	**26,230**	29,326
Payments of taxes and surcharges	**4,349**	7,074
Other cash payments relating to operating activities	**17,415**	91,647
Sub-total of cash outflows from operating activities	**111,300**	299,652
Net cash flows from operating activities	**(16,514)**	(121,767)
II. Cash flows from investing activities:		
Cash received from sales of investments	**8,021**	5,000
Cash received from returns on investment	**3,699**	378
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**54**	356
Other cash receipt relating to investing activities	**358,349**	12,046
Sub-total of cash inflows from investing activities	**370,123**	17,780
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**147**	109
Cash paid on investment	**2,200**	8,000
Other cash payments related to investing activities	**281,200**	11,415
Sub-total of cash outflows from investing activities	**283,547**	19,524
Net cash flows from investing activities	**86,576**	(1,744)

Unit: RMB'000

Item	*Note*	For the six months ended 30 June 2019	2018
III. Cash flows from financing activities:			
Cash received from investors		**—**	—
Including: cash received from non-controlling shareholders of subsidiaries		**—**	—
Cash received from borrowings obtained		**—**	—
Other cash receipts relating to financing activities		**54,233**	613
Sub-total of cash inflows from financing activities		**54,233**	613
Cash payments for borrowings repayment		**3,927**	19,033
Cash payments for distribution of dividends or profits or interest expense		**134**	446
Including: dividends or profits paid to non-controlling shareholders of subsidiaries		**—**	—
Other cash payment relating to financing activities		**53,000**	—
Sub-total of cash outflows from financing activities		**57,061**	19,479
Net cash flows from financing activities		**(2,828)**	(18,866)
IV. Effect of exchange rate changes on cash and cash equivalents		**1**	6
V. Net increase in cash and cash equivalents		**67,235**	(142,371)
Add: balance of cash and cash equivalents at the beginning of the period		**186,519**	325,612
VI. Balance of cash and cash equivalents at the end of the period	*VIII.28*	**253,754**	183,241

Unit: RMB'000

	For the six months ended 30 June 2019 Total equity attributable to shareholders of the Company							
Item	**Share capital**	**Capital reserves**	**Other comprehensive income**	**Surplus reserves *(Note)***	**Undistributed profits**	**Subtotal**	**Non-controlling interests**	**Total shareholders' equity**
Balance as at 31 December 2018	**197,310**	**934,421**	**105,434**	**130,931**	**(401,551)**	**966,545**	**44,047**	**1,010,592**
Effect of the changes in accounting policies	**—**	**—**	**—**	**—**	**257**	**257**	**233**	**490**
Balance as at 1 January 2019	**197,310**	**934,421**	**105,434**	**130,931**	**(401,294)**	**966,802**	**44,280**	**1,011,082**
Net profit	**—**	**—**	**—**	**—**	**(88,453)**	**(88,453)**	**(5,928)**	**(94,381)**
Other comprehensive income	**—**	**—**	**1,922**	**—**	**—**	**1,922**	**148**	**2,070**
Other comprehensive income carry-forward to retained earnings	**—**	**—**	**—**	**—**	**(1,921)**	**(1,921)**	**(148)**	**(2,069)**
Others	**—**	**—**	**—**	**—**	**46**	**46**	**4**	**50**
Sub-total of the changes for the period	**—**	**—**	**1,922**	**—**	**(90,328)**	**(88,406)**	**(5,924)**	**(94,330)**
Balance as at 30 June 2019	**197,310**	**934,421**	**107,356**	**130,931**	**(491,622)**	**878,396**	**38,356**	**916,752**

	For the six months ended 30 June 2018 Total equity attributable to shareholders of the Company							
Item	Share capital	Capital reserves	Other comprehensive income	Surplus reserves *(Note)*	Undistributed profits	Subtotal	Non-controlling interests	Total shareholders' equity
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

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 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 2019 of the Group are as follows:

Name of units	Shareholding (%) 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: Chong Qing America is 100% holding by the Group's 60% direct holding subsidiary Chongqing Media.

Note 2: Community Travelling is 100% holding by the Group's 52.661% direct holding subsidiary Beijing Community Media.

Note 3: Community Business 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 2019 have been prepared on a going concern basis and based on the actual transactions and matters incurred, in accordance with requirement such as Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards ("PRC Accounting Standard") issued by the Ministry of Finance of the People's Republic of China (the "Ministry of Finance"), as well as applicable disclosure requirements under 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".

2. Going concern

The Company is able to continue as a going concern for at least the next 12 months from the end of the reporting period, and there is no material issue affecting the ability of on-going operation.

IV. STATEMENT OF COMPLIANCE OF ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

The Group's 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 2019 and its consolidated operating results, consolidated cash flows and other relevant information for the six months ended 30 June 2019.

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 from 1 January 2019 to 30 June 2019.

2. Reporting currency

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

3. Basis of preparation and principle of measurement

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

4. Business combination

(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. Basis of preparation of consolidated financial statement

(1) Determination of the scope of consolidation

All subsidiaries (including individual entities under the control of the Company) are included in the consolidated financial statements of the Group, including enterprises controlled by the Company, the divisible parts of the invested entities as well as structured entities.

(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 balance sheet 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 joint operations 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 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.

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

7. Cash and cash equivalents

The cash in the Group's statement of cash flows is 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.

8. Foreign currency

(1) 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 occur. 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.

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

8. Foreign currency *(Continued)*

(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

A financial instrument is a contract that forms the financial assets of a party and forms the financial liabilities or equity instruments of other parties.

1) Financial assets

The Company will classify its financial assets as financial assets carried at amortised cost if both of the following conditions are met: ① Where the Company's business model for managing financial assets is aimed at collecting contractual cash flows; ② 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 will classify its financial assets as financial assets at fair value through other comprehensive income if both of the following conditions are met: ① Where the Company's business model for managing financial assets is aimed at both collecting contractual cash flows and selling the financial assets; ② 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.

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. At initial recognition, if accounting mismatch can be eliminated or reduced, the Company may irrevocably designate financial assets as financial assets at fair value through other comprehensive income.

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

9. Financial instruments *(Continued)*

(1) Classification and reclassification of financial instruments (Continued)

1) Financial assets *(Continued)*

When the Company changes the business model for managing financial assets, all relevant financial assets as affected are reclassified on the first day of the first reporting period after the business model changes, and the reclassification are applied prospectively from the reclassification date. The Company does not retroactively adjust any previously recognized gains, losses (including impairment losses or gains) or interest.

2) Financial liabilities

On initial recognition, financial liabilities are classified as financial liabilities at fair value through profit or loss; financial liabilities at amortised cost. All financial liabilities are not reclassified.

(2) Measurement of financial instruments

On initial recognition, the Company's financial instruments are measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, the related transaction expense is directly recognized in profit or loss for the current period. For financial assets or financial liabilities of other classes, the related transaction expense is included in the amount of initial recognition. Accounts receivable or notes receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Company. Subsequent measurement of financial instruments depends on their classifications.

1) Financial Assets

① 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 that are not parts of any hedging relationships are included in profit or loss in the period which they incurred when derecognised, reclassified, amortised or recognised the impairment under the effective interest method.

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)*

1) Financial Assets *(Continued)*

② 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 (excluding the financial assets are parts of the hedging relationships) at fair value is included in profit and loss in the period which they incurred.

③ Debt instruments 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.

④ Investment in non-trading equity instruments designated at fair value through other comprehensive income

After initial recognition, such financial assets are subsequently measured at fair value. Except that dividend income received (excluding the parts recovered as investment costs) is included in profit or loss, and other relevant gains or losses are included in other comprehensive income, and would not be transferred to profit or loss in the period.

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

① 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) arising from changes in fair value of financial liabilities for trading purpose are included in profit or loss in the period which they incurred.

The changes in fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes of that financial liabilities' credit risk to be recognised in other comprehensive income, while other changes in fair value are included in profit or loss in the period. If the inclusion of the impact of changes in credit risk of such financial liabilities causes or increases the accounting mismatch of profit or loss, the Company will include all gains or losses of such financial liabilities in profit or loss in the period.

② Financial liabilities at amortised cost

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

(3) Recognition method of financial instruments' fair value

For financial assets or financial liabilities in active markets, the Company uses the quoted prices in active markets to determine their fair value. If there is no active market, the Company uses valuation techniques to determine their fair value. The valuation techniques mainly include market approach, income approach and cost approach.

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

9. Financial instruments *(Continued)*

(4) Recognition and measurement of transfer of financial assets and financial liabilities

1) Financial assets

Financial assets of the Company are derecognised where: ① the contractual rights to receive cash flows from such financial assets have suspended; ② the Company has transferred substantially all the risks and rewards associated with ownership of such financial assets; ③ the Company has neither transferred nor retained substantially all the risks and rewards associated with ownership of such financial assets, and has not retained control of such financial assets.

In the case that the Company has neither transferred nor retained substantially all the rewards associated with ownership of such financial assets and has not retained control of such financial assets, the Company will continue to recognise such financial assets according to the extent of transfer of such financial assets, and will recognise relevant liabilities accordingly.

When the transfer of financial assets as a whole qualifies for derecognition, the Company will include the difference of the following two amounts in profit or loss in the period: ① the carrying amount of the transferring financial asset on the derecognition date; ② the sum of the consideration obtained from transferring the financial asset, and the amount of derecognised part in the accumulated changed amount of fair value directly included in other comprehensive income (the related transferring financial assets are the financial assets at fair value through other comprehensive income).

When a partial transfer of financial assets qualifies for derecognition, the carrying amount of the transferring financial asset is allocated between the part that subject to and the part not subject to derecognition, in proportion to the respective fair values of those parts. The difference between: ① the carrying amount of the part derecognised; and ② the sum of the consideration obtained from the part derecognised and the cumulative changed amount of fair value for the part derecognized (the related transferring financial assets are classified as the financial assets at fair value through other comprehensive income) is included in profit or loss in the period.

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

9. Financial instruments *(Continued)*

(4) Recognition and measurement of transfer of financial assets and financial liabilities (Continued)

1) Financial assets *(Continued)*

When derecognising the investment in non-trading equity instruments at fair value through other comprehensive income designated by the Company, the accumulated gains or losses previously included in other comprehensive income are transferred out from other comprehensive income and included in retained earnings.

2) Financial liabilities

Once the present obligation of financial liabilities (or parts of them) has been lifted, financial liabilities (or parts of them) of the Group has been derecognised.

The difference between the carrying amount of financial liabilities (or parts of them) and consideration paid (including transferred non-cash assets or liabilities) is recognised in profit or loss, when financial liabilities (or parts of them) are derecognised.

10. Determination and accounting treatment methods of expected credit loss

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

The Company assesses whether the credit risk of relevant financial instruments since its initial recognition is significantly increased on each balance sheet date, and divides the process of credit impairment of financial instruments into three stages, with different accounting treatment methods for impairment of financial instruments in different stages: (1) first stage, where the credit risk of financial instruments is not significantly increased since its initial recognition, the Company measures the provision for loss based on the expected credit loss of such financial instruments in the next 12 months, and calculates the interest income based on its book balance (that is, without deduction for credit allowance) and effective interest; (2) second stage, where the credit risk of financial instruments is significantly increased since its initial recognition but no impairment of credits existed, the Company measures the provision for loss based on the expected credit loss of such financial instruments in the lifetime, and calculates the interest income based on its book balance and effective interest; (3) third stage, where impairment of credits existed since its initial recognition, the Company measures the provision for loss based on the expected credit loss of such financial instruments in the lifetime, and calculates the interest income based on its amortised cost (book balance minus provision made for impairment) and effective interest.

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

10. Determination and accounting treatment methods of expected credit loss *(Continued)*

(1) Method of measuring loss allowance for financial instruments with lower credit risk

For financial instruments with lower credit risk as at the balance sheet date, the Company assumes that its credit risk has not significantly increased since its initial recognition, and measures the loss allowance based on the expected credit loss in the next 12 months by using a simplification approach.

(2) Method of measuring loss allowance for accounts receivable, contractual assets and rental receivable

1) Accounts receivable and contractual assets without containing significant financing elements

For accounts receivable or contractual assets without containing significant financing elements arising from the transactions regulated under the Accounting Standards for Business Enterprises No. 14 — Revenue, the Company adopts a simplification approach which always measures the provision for loss based on the expected credit loss in the lifetime.

For assets receivable to be derecognised, the Company conducts risk assessment based on the credit of assets receivable and makes provision for impairment loss.

The Company conducts individual assessment for impairment of assets receivable with significant amount (that is, the book balance of accounts receivable is more than RMB5.00 million). When there is objective evidence showing that the credit risk increases significantly, the Company will make individual provision for impairment loss. The provision for the credit loss in the lifetime of the amount of bad debt provision for assets receivable is made based on the difference between the book balance of assets receivable and the future cash flow, and the future cash flow of assets receivable is measured based on the recoverable amount assessed by the Company.

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

10. Determination and accounting treatment methods of expected credit loss *(Continued)*

(2) Method of measuring loss allowance for accounts receivable, contractual assets and rental receivable (Continued)

1) Accounts receivable and contractual assets without containing significant financing elements *(Continued)*

Receivables with bad debt provision made on a collective basis using portfolios with similar credit risk features.

Individually insignificant accounts receivable, for which there is no objective evidence under individual impairment tests warranting significant increase of credit risk, are divided into different asset groups based on their credit risk characteristics, and provision for impairment loss of each group is made in accordance with the expected credit loss models.

Related party group:

Provision for accounts receivable are generally not made for related parties of the Company (such as intergroup related parties, jointly controlled entities and associates) where the difference between the present value of future cash flows and their carrying amount is expected to be minimal. However, if there is concrete evidence indicating that a related party who is a debtor of the company the registration of which is revoked, is bankrupt, insolvent, or in serious shortage of cash flows and has no intention to undergo debt restructuring in respect of such receivables or the receivables cannot be otherwise collected, provision for bad debts should be made for the part that is not expected to be collected. If the entire amount due from a related party is not expected to be recovered, bad debt provision for the entire amount may be made.

Margins, deposits and petty cash group

Including items such as rental deposits, purchase deposits, petty cash and amount subsequently received. Generally, no bad debt provision is made for such accounts receivable. However, if there is objective evidence indicating that impairment existed in such kind of accounts receivable, the Company will make individual provision for bad debts and write-down of its carrying amount to recoverable amount.

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

10. Determination and accounting treatment methods of expected credit loss *(Continued)*

(2) Method of measuring loss allowance for accounts receivable, contractual assets and rental receivable *(Continued)*

1) Accounts receivable and contractual assets without containing significant financing elements *(Continued)*

Margins, deposits and petty cash group *(Continued)*

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, and based on the types of financial instruments, offsetting against the carrying amount of the financial asset shown on the balance sheet or including in estimated liabilities (loans commitment or financial guarantee contracts) or including in other comprehensive income (investment in equity at fair value through profit or loss).

11. 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.

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

12. 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.

(2) Subsequent measurement and 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.

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

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

(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.

13. Investment properties

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

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

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

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

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

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

13. Investment properties *(Continued)*

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.

14. Fixed assets

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

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

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

(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)*

14. Fixed assets *(Continued)*

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

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

A fixed asset is derecognized on disposal or it is expected that there shall be no economic benefit arising from using or after disposal. Where the fixed assets are sold, transferred, retired or damaged, the income received after disposal after deducting the carrying amount and related taxes are recognized in profit or loss for the current period.

15. Borrowing costs

(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.

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

15. Borrowing costs *(Continued)*

(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)*

16. Intangible assets

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

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

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

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

17. Impairment of long-term 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)*

17. 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 group portfolio.

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

18. Goodwill

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

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

19. Long-term 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)*

20. 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, recognizes 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: The Company cannot unilaterally withdraw the offer of termination benefits because of an employment termination plan or a curtailment proposal; 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)*

21. Revenue

The Group has fulfilled its performance obligations of the contract that the revenue is recognised based on the transaction price of such performance obligation when the customers take control of the relevant goods or services. Obtaining the right to control the relevant goods means that it is able to dominate the use of the goods and derive almost all economic benefits therefrom. A performance obligation is a promise to deliver a good or provide a service (or a series of distinct goods or services) that are substantially the same and that have the same pattern of transfer to the customer. Transaction price means to the consideration that the Group is expected to receive a consideration due to the transfer of goods or services to the customer, but it does not include payments received on behalf of third parties and amounts that the Group expects to return to the customer.

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

(1) Revenue from sale of advertising spaces

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

(2) Revenue from printing

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

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

21. 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 recognized when the customer has obtained control of relevant goods 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 recognized when the services are provided.

(5) Revenue from technical service

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

(6) Revenue from rental income

Rental income is recognized in accordance with the Group's accounting policy for lease (see Note V.25).

22. 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 if 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)*

22. 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;

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

23. Government grants

(1) Category of government grants

Government grants are the monetary assets and non-monetary assets received from the government without consideration (excluding the capital invested by the government as the owner) and are mainly classified as government grants related to assets or government grants related to income.

(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.

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

23. Government grants *(Continued)*

(2) Accounting treatment of government grants (Continued)

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 and government grants not related to the Company's routine operation will be recorded in non-operating income.

(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.

(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 fund received.

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

23. Government grants *(Continued)*

(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.

24. 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)*

25. Lease

Lease refers to a contract in which the lessor transfers the right-of-use of the assets to the lessee for a certain period of time to obtain the consideration.

When the Group is a lessee, it recognizes right-of-use assets and lease liabilities on the lease commencement date, with exception of short-term leases and low-value asset leases which have been simplified. After the commencement date of the lease term, the right-of-use assets are subsequently measured at cost model. With reference to the depreciation regulations of the "Accounting Standards for Business Enterprises No. 4 — Fixed Assets", depreciation is provided for the right-of-use assets. The lease liabilities shall be initially measured at the present value of the lease payments that have not been paid on the commencement date of the lease term. In calculating the present value of the lease payment, the lessee should use the inherent interest rate of the lease as the discount rate; if the inherent interest rate of the lease cannot be determined, the incremental borrowing interest rate of the lessee should be used as the discount rate.

26. 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: a) 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); b) 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.

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.

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

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

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;

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

27. 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.

28. 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)*

29. 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 ownership

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)*

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

(4) Allowance for bad debts of accounts receivable and other receivables

The Group assesses expected credit loss of accounts receivable by using the probability of default of accounts receivable as the weight factor with to reasonable and supportable information of past events, current reference conditions, and forecast for future economic conditions. When determining the expected credit loss rate, the Group refers to the experience of historical credit loss, and makes adjustments considering the current situation and forward-looking information, which is measured with indicators including the risk of economic downturn, external market environment, industrial risks and customers.

(5) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash-generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(6) Fair value of customer loyalty program

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

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

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

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

The Group tests annually whether the interests in jointly controlled entities and associates have suffered any impairment in accordance with the Group's accounting policy. The entire carrying amount of the investment (including goodwill) is tested as a single asset by comparing the difference of its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. The values in use calculation requires the use of estimates and judgments including estimation of the future cash flows, determination of applicable discount rate, estimation of exchange rate and future industry trends and market condition and makes other assumptions. Changes in these estimates and assumptions could affect the determination of recoverable amount.

(8) Impairment loss for inventories

The management of the Group reviews the aging of the inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use or saleable in the market. The management estimates the net 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.

(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

1. Changes in accounting policies and their effect

The Ministry of Finance promulgated the revised Accounting Standards for Business Enterprises No. 21 — Leases on 7 December 2018, which took effect on 1 January 2019. For leases before 1 January 2019, no retrospective adjustments are required. The impact of the Company's adoption of the new leasing standards on the items of the consolidated balance sheet as at 1 January 2019 is summarized as follows:

Items under the Balance Sheet of the Group	Balance as at 31 December 2018 prior to the changes in accounting policies	Impact of new lease standards	Balance as at 1 January 2019 after the changes in accounting policies
Assets:			
Right-of-use asset	—	1,093	1,093
Liabilities:			
Lease liabilities	—	603	603
Shareholders' equity:			
Undistributed profits	(401,551)	257	(401,294)
Non-controlling interest	44,047	233	44,280

2. Change in accounting estimates and their effect

There were no changes in accounting estimates during the period.

3. Correction of errors of prior periods and their effect

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

(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%/13%, 11%, 10%/9%, 6%	17%, 16%/13%, 11%, 10%/9%, 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%

Notes:

1. According to the requirements of the "Notice of the Ministry of Finance and the State Administration of Taxation under the Ministry of Finance on Adjusting the Value-Added Tax Rate" (Cai Shui [2018] No. 32) (《財政部、稅務總局關於調整增值稅稅率的通知》(財稅[2018] 32號)), since 1 May 2018, for taxpayers engaged in VAT taxable sales activities and import of goods, the original applicable tax rates, being 17% and 11%, have been adjusted to 16% and 10%, respectively.

2. According to the requirements of the "Notice of the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs on Deepening the Policies Related to Value-Added Tax Reform" (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) (Ministry of Finance, the State Administration of Taxation, and the General Administration of Customs Announcement No. 39 of 2019), since 1 April 2019, VAT taxable sales or imported goods, the original applicable tax rates, being 16% and 10%, have been adjusted to 13% and 9%, respectively.

2. Significant tax incentives and approval documents

According to the requirements of the "Notice on the Continual Implementation of Certain Taxation Policies relating to the Transformation of Operational Culture Entities into Enterprises in the Cultural Regime Reform issued by the Ministry of Finance, the State Administration of Taxation and the Central Publicity Department" (《財政部、國家稅務總局、中央宣傳部關於繼續實施文化體制改革中經營性文化事業單位轉制為企業若干稅收政策的通知》) (Cai Shui [2019] No. 16), enterprises which completed the transformation prior to 31 December 2018 may continue to be exempted from a five-year enterprise income tax since 1 January 2019.

(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. Account receivable

Item	As at 30 June 2019	As at 31 December 2018
Accounts receivable	**424,596**	416,072
Less: Provision for bad debts	**226,541**	162,013
Net accounts receivable	**198,055**	254,059

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 2019	As at 31 December 2018
0–90 days	**22,143**	28,833
91–180 days	**10,091**	21,537
181–365 days	**27,391**	14,287
1–2 years	**41,578**	47,392
Over 2 years	**96,852**	142,010
Total	**198,055**	254,059

The top five accounts receivable as at 30 June 2019 represented 43.92% 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 2019	As at 31 December 2018
Prepayments	**14,397**	18,528
Less: Provision for bad debts	**—**	—
Net prepayments	**14,397**	18,528

The following is an aging analysis of prepayments:

Item	As at 30 June 2019	As at 31 December 2018
Within 1 year	**14,203**	18,327
1–2 years	**172**	119
2–3 years	**—**	60
Over 3 years	**22**	22
Total	**14,397**	18,528

The top five prepayments as at 30 June 2019 represented 94.63% 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 2019	As at 31 December 2018
Interest receivable	—	39
Other receivables	206,862	291,199
Less: Provision for bad debts	198,478	191,589
Net other receivables	**8,384**	99,649

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

Item	As at 30 June 2019	As at 31 December 2018
Within 1 year	2,604	83,920
1–2 years	395	8,078
2–3 years	3,920	6,402
Over 3 years	1,465	1,210
Total	**8,384**	99,610

(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

Nature	**As at 30 June 2019**	As at 31 December 2018
Related party current account	**6,833**	77,304
External unit current	**122,209**	131,880
Consideration of equity transfer	**72,320**	76,152
Deposit and margin	**2,986**	3,202
Reserve funds	**2,512**	2,660
Others	**2**	1
Total	**206,862**	291,199

(3) The top five other receivables as at 30 June 2019 represented 95.14% of the total other receivables.

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

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

4. Other current assets

Item	As at 30 June 2019	As at 31 December 2018
Investment of film projects *(Note)*	**6,544**	4,325
VAT utilizable	**28,544**	27,844
Prepaid income tax	**10**	153
Total	**35,098**	32,322

Note: Investment of 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 RMB1,800 thousand (representing 15% of total investment cost of the TV series) for the production of internet TV series "Creating Internet Celebrity" (《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 production process. As at 30 June 2019, the Company's balance of the investment in the TV series amounted to RMB1,325 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 2019, the Company's balance of the investment in the TV series amounted to RMB229 thousand.

The Company entered into an agreement with Beijing Forest Movies Culture Media Co., Ltd., pursuant to which the Company will invest RMB4,990 thousand (representing 10% of total investment cost of the TV series) in the production of internet TV series "Setting Sail" (《啟航》). As at 30 June 2019, the Company's balance of the investment in the TV series amounted to RMB4,990 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)*

5. Long-term equity investment

(1) Types for long-term equity investments

Type	**As at 30 June 2019**	As at 31 December 2018
Investments in associates — under equity method	**17,925**	23,088
Less: provision for impairment for investments in associates	**948**	948
Total	**16,977**	22,140

(2) Investments in associates

Investee	Balance as at 1 January 2019	Changes in the this period								Balance as at 30 June 2019	Balance of impairment provision as at 30 June 2019
		Additional investment	Decrease in investment	Investment gain or loss recognized under equity method	Other comprehensive income adjustment	Changes in other equity	Declaration of cash dividend or profit	Provision for impairment	Others		
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")	1,587	–	–	104	–	–	–	–	–	1,691	–
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")	17,634	–	–	(5,185)	–	–	–	–	–	12,449	–
Chongqing Soyang Internet Technology Co., Ltd. ("Chongqing Soyang")	948	–	–	–	–	–	–	–	–	948	948
Beijing Shangyou Network Technology Co., Ltd. ("Shangyou Network")	2,919	–	–	(82)	–	–	–	–	–	2,837	–
Total	**23,088**	**–**	**–**	**(5,163)**	**–**	**–**	**–**	**–**	**–**	**17,925**	**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 investment *(Continued)*

(2) Investments in associates (Continued)

Item	As at 30 June 2019	As at 31 December 2018
Unlisted investments, at cost	**74,144**	74,144
Share of post-acquisition profit	**(56,147)**	(50,984)
Share of other comprehensive income of associates	**(72)**	(72)
Provision for impairment	**(948)**	(948)
Total	**16,977**	22,140

As at 30 June 2019, 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) Investment in other equity instruments

Item	Investment cost	As at 1 January 2019	As at 30 June 2019	Dividend income recognized for the period
Beijing Keyin Media Culture Co., Ltd.	**6,560**	46,110	46,110	
Beiyang Publishing & Media AG	**103,000**	167,856	167,856	
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	**500**	4,461	4,461	
Total	**110,060**	218,427	218,427	

(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 2019	As at 31 December 2018
Unlisted equity investments, China	**218,427**	218,427
Total	**218,427**	218,427

7. Fixed assets

For the six months ended 30 June 2019, the fixed assets of the Group increased by RMB52 thousand (same period of 2018: RMB427 thousand).

For the six months ended 30 June 2019, the Group disposed of fixed assets with net carrying amount of RMB1,514 thousand (same period of 2018: RMB2,574 thousand), resulting in net gain on disposal of fixed assets of RMB0 thousand (same period of 2018: net gain of RMB41 thousand).

For the six months ended 30 June 2019, the depreciation of fixed assets recognized in the income statement is RMB977 thousand (same period of 2018: RMB1,144 thousand).

8. Intangible assets

For the six months ended 30 June 2019, the intangible assets of the Group increased by RMB0 thousand (same period of 2018: increased by RMB0 thousand).

For the six months ended 30 June 2019, the amortization of intangible assets recognized in the income statement is RMB686 thousand (same period of 2018: RMB756 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)*

9. Goodwill

Item	As at 30 June 2019	As at 31 December 2018
Goodwill arising from the acquisition of Beiqing CéCi	**47,377**	47,377
Less: provision for impairment	**47,377**	47,377
Total	**—**	—

10. Other non-current assets

Item	As at 30 June 2019	As at 31 December 2018
Film project prepaid expenses *(Note)*	**24,000**	28,990
Total	**24,000**	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》). The project settlement period exceeds one year. The Company entered into an agreement with Daqianmen (Beijing) Media Co. Ltd., pursuant to which the Company participated in the production of TV series "Oriental King of Soccer". As at 30 June 2019, the balance of prepaid expenses related to the television projects "Oriental King of Soccer" is RMB24,000 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)*

11. Breakdown of impairment provision of assets

Item	As at 1 January 2019	Increase during the period		Decrease during the period		As at 30 June 2019
		Provision	Other transfer-in	Reversal	Other transfer-out	
Provision for bad debts	353,602	71,417	—	—	—	425,019
Provision for impairment of inventories	1,925	2,430	—	—	2	4,353
Provision for impairment of investments in associates	948	—	—	—	—	948
Provision for impairment of intangible assets	—	8,640	—	—	—	8,640
Provision for impairment of goodwill	47,377	—	—	—	—	47,377
Total	403,852	82,487	—	—	2	486,337

(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. Accounts payable

Item	As at 30 June 2019	As at 31 December 2018
Accounts payable	**26,807**	14,309
Total	**26,807**	14,309

The following is an aging analysis of accounts payable as at 30 June 2019 presented based on the invoice date:

Item	As at 30 June 2019	As at 31 December 2018
0–90 days	**7,783**	7,263
91–180 days	**14,214**	1,452
181–365 days	**820**	2,297
Over one year	**3,990**	3,297
Total	**26,807**	14,309

13. Other payables

Nature	As at 30 June 2019	As at 31 December 2018
Current account	**40,424**	41,059
Margin and deposit	**5,837**	8,256
Collection and payment for other persons	**1,022**	292
Others	**1,172**	1,458
Total	**48,455**	51,065

(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. Non-current liabilities due within one year

Nature	As at 30 June 2019	As at 31 December 2018
Long-term loans due within one year	**3,000**	—
Total	**3,000**	—

15. Long-term loans

(1) Borrowings classification

Type	As at 30 June 2019	As at 31 December 2018
Secured loans	**3,000**	6,927
Less: Borrowings due within one year	**3,000**	—
Total	**—**	6,927

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 2017 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 2019, Beiqing Outdoor had repaid the borrowings of RMB27,000 thousand, and the remaining borrowings were RMB3,000 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)*

15. Long-term loans *(Continued)*

(2) Maturity analysis for long-term loans

Item	As at 30 June 2019	As at 31 December 2018
1 to 2 years	—	6,927
2 to 5 years	—	—
Total	—	6,927

16. Other comprehensive income

Item	As at 1 January 2019	Amount before income tax for the year	Less: other comprehensive income subsequently reclassified into profit or loss in current period	Less: income tax expenses	Amount after tax attributable to the parent company	As at 30 June 2019
1. Other comprehensive income subsequently unable to be reclassified into profit or loss	105,456	2,069	—	—	1,921	107,377
Including: fair value of other investments of equity instruments	105,456	2,069	—	—	1,921	107,377
2. Other comprehensive income subsequently able to be reclassified into profit or loss	(22)	1	—	—	1	(21)
Including: Items attributable to investees under equity method subsequently reclassified to profit or loss	(72)	—	—	—	—	(72)
Including: Exchange differences from retranslation of financial statement	50	1	—	—	1	51
Total other comprehensive income	105,434	2,070	—	—	1,922	107,356

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

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

17. Total operating income, operating costs

	For the six months ended 30 June	
Item	**2019**	2018
Principal operating income	**101,478**	143,597
Other operating income	**11,251**	19,040
Total operating income	**112,729**	162,637
Principal operating costs	**93,563**	144,920
Other operating costs	**1,511**	5,702
Total operating costs	**95,074**	150,622
Gross Profit	**17,655**	12,015

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

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

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

17. Total operating income, operating costs *(Continued)*

(1) Principal operations — by business segment

Item	For the six months ended 30 June			
	2019		2018	
	Operating revenue	**Operating costs**	Operating revenue	Operating costs
Advertising	**44,434**	**40,343**	40,362	43,602
Printing	**2,438**	**2,028**	4,102	3,452
Trading of print-related materials	**52,974**	**50,116**	88,739	81,363
Distribution	**268**	**542**	429	1,350
Others	**1,364**	**534**	9,965	15,153
Total	**101,478**	**93,563**	143,597	144,920

(2) The sum of operating revenue from the top five customers is RMB36,301 thousand representing 35.77% of principal operating revenue for the six months ended 30 June 2019.

(3) Other operating revenue includes revenue from property rental income of RMB5,083 thousand.

18. Sales Tax and Surcharges

Item	For the six months ended 30 June	
	2019	2018
Cultural Construction Fee	**1,919**	1,601
Urban maintenance and construction tax	**75**	88
Education surcharge	**32**	38
Local Education surcharge	**21**	25
Property tax	**657**	1,105
Others	**128**	124
Total	**2,832**	2,981

(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. Financial expenses

	For the six months ended 30 June	
Item	**2019**	2018
Interest expenses — on bank loans fully repayable within 5 years	**681**	446
Less: Interest income	**658**	1,328
Add: Exchange loss (gain)	**—**	1
Add: Other expenses	**31**	87
Total	**54**	(794)

20. Gain on investment

	For the six months ended 30 June	
Item	**2019**	2018
Share of profit of associates	**(5,163)**	(7,774)
Other investment income:		
Other investment income	**1,904**	364
Sub-total of other investment income	**1,904**	364
Total	**(3,259)**	(7,410)

(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. Gain/(loss) on the changes in fair value

	For the six months ended 30 June	
Item	**2019**	2018
Gain on changes in fair value of investment properties	**18**	125
Total	**18**	125

22. Credit impairment losses

	For the six months ended 30 June	
Item	**2019**	2018
Loss from bad debts	**(71,417)**	(167,388)
Total	**(71,417)**	(167,388)

23. Impairment loss of assets

	For the six months ended 30 June	
Item	**2019**	2018
Provision for impairment of inventories	**(2,430)**	—
Provision for impairment of goodwill	**—**	(30,430)
Provision for impairment of intangible assets	**(8,640)**	—
Total	**(11,070)**	(30,430)

(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 income

	For the six months ended 30 June	
Item	**2019**	2018
Compensation benefit	**—**	25
Others	**672**	5
Total	**672**	30

25. Non-operating expenses

	For the six months ended 30 June	
Item	**2019**	2018
Compensation and late payment charges	**14**	764
Others	**—**	57
Total	**14**	821

(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. Income tax expenses

(1) Income tax expenses

	For the six months ended 30 June	
Item	**2019**	2018
Current income tax expenses	**322**	1,297
Deferred income tax expenses	**(569)**	(125)
Total	**(247)**	1,172

(2) Current tax expenses

	For the six months ended 30 June	
Item	**2019**	2018
Current income tax — PRC	**253**	765
Under-provision in prior years — PRC	**69**	532
Total	**322**	1,297

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

27. Dividends

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2019 (2018: nil).

(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)*

28. Cash and cash equivalents

Item	As at 30 June 2019	As at 31 December 2018
Bank balances and cash	**265,928**	199,925
Less: Restricted bank deposits	**12,174**	13,406
Cash and cash equivalents at the end of the period	**253,754**	186,519

29. Major non-cash transactions

During the period, certain advertising customers settled the obligation payable to the Group of RMB398 thousand through transferring other inventory at fair value of RMB398 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	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 involving entities 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 Media Company Limited	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	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 (%)	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 2019
BYD Logistics Company Limited	7.16	(77)	—	5,117
Beiqing CéCi Advertising (Beijing) Limited	15.31	(5,150)	—	(1,161)
Beiqing Long Teng Investment Management (Beijing) Co., Limited	19.16	(68)	—	674
Chongqing Youth Media Company Limited	40.00	(986)	—	2,299
Beiqing Community Media Technology (Beijing) Co., Ltd.	47.339	354	—	30,668

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

Name of subsidiaries	As at 30 June 2019						As at 31 December 2018					
	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	138,008	5,656	143,664	72,195	—	72,195	212,419	5,291	217,710	145,219	—	145,219
Beiqing CéCi Advertising (Beijing) Limited	2,911	61	2,972	10,553	—	10,553	36,551	78	36,629	10,573	—	10,573
Beiqing Long Teng Investment Management (Beijing) Co., Limited	8,632	—	8,632	5,116	—	5,116	11,989	—	11,989	8,116	—	8,116
Chongqing Youth Media Company Limited	5,867	11,295	17,162	10,718	697	11,415	6,646	10,672	17,318	9,107	—	9,107
Beiqing Community Media Technology (Beijing) Co., Ltd.	65,501	15,974	81,475	16,445	247	16,692	65,425	15,452	80,877	17,330	—	17,330

(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 2019 Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	For the six months ended 30 June 2018 Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
BYD Logistics Company Limited	75,384	(1,073)	(1,073)	1,923	110,206	1,020	1,020	15,817
Beiqing CéCi Advertising (Beijing) Limited	29	(33,637)	(33,637)	(411)	6,833	(2,882)	(2,882)	606
Beiqing Long Teng Investment Management (Beijing) Co., Limited	–	(356)	(356)	8,600	–	(635)	(635)	(6)
Chongqing Youth Media Company Limited	2,068	(2,465)	(2,466)	(184)	4,202	(1,189)	(1,180)	(655)
Beiqing Community Media Technology (Beijing) Co., Ltd.	23,681	747	747	441	18,750	(8,463)	(8,463)	(6,551)

2. Interests in associates

(1) Significant associates

Name of associates	Place of registration	Primary operation place	Business nature	Shareholding percentage (%) Direct	Indirect	Voting percentage (%)	Business structure
Beijing Leisure Trend Advertising Company Limited	Beijing	Beijing	Design, production, agency advertising	49.04	–	49.04	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
Beijing Beiqing Top Advertising Limited	Beijing	Beijing	Design, production, agency advertising	41.60		41.60	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
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	Technical service and technology development	–	30.00	30.00	Limited liability company
Beijing International Advertising Media Group Co., Ltd.	Beijing	Beijing	Design, production, agency advertising	14.99	–	14.99	Limited liability company

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

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

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

The shareholding of Beijing International Advertising Media Group Co., Ltd. by the Company is 14.99%, and the Company has appointed the decision-making of the production and operation of such company and has significant influence over such company.

(2) Major financial information for associates

Item	**As at 30 June 2019/For the six months months ended 30 June 2019**	As at 31 December 2018/For the six months ended 30 June 2018
Associates:		
Total carrying value in investment	**16,977**	22,140
Aggregated amounts per shareholding percentage for the followings:		
— net profit	**(5,163)**	7,774
— other comprehensive income	**—**	31
— total comprehensive income	**(5,163)**	7,743

(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) Major financial information for associates

Name of associates	Accumulated and unrecognized loss for the previous years as at 31 December 2018	Unrecognized loss for this period (or net profits shared in this period)	**Accumulated and unrecognized loss as at 30 June 2019**
Beijing Leisure Trend Advertising Company Limited	(4,963)	(203)	**(5,166)**
Beijing Beiqing Shengda Automobile Service Company Limited	(1,195)	(16)	**(1,211)**
Beijing Beiqing Top Advertising Limited	(12,618)	(1)	**(12,619)**
Hebei Jujingcai E-commerce Company Limited	(856)	(13)	**(869)**
BY Time Consulting Co. Ltd.	(62)	(15)	**(77)**
Total	(19,694)	(248)	**(19,942)**

(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

	Fair value as at 30 June 2019			
Item	**Level 1 Fair value measurement**	**Level 2 Fair value measurement**	**Level 3 Fair value measurement**	**Total**
I. Fair value measurement on a recurred basis				
(I) Other non-current financial assets	—	—	52,028	52,028
1. financial assets designated at fair value and it changes through profit or loss	—	—	52,028	52,028
(1) Investment in equity instruments	—	—	52,028	52,028
(II) Investment in other equity instruments	—	—	218,427	218,427
(III) Investment properties	—	150,179	—	150,179
1. leased buildings	—	150,179	—	150,179
Total assets measured at fair value on a recurred basis	—	150,179	270,455	420,634

The Group's fair value of investment properties as at 30 June 2019 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	Beiqing M-Media (Beijing) Culture Media Co., Ltd.* (北青融媒(北京)文化傳媒有限公司)
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	Beiqing Film & Television (Beijing) Co., Ltd.* (北青影視(北京)有限公司)
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	TianKewu	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 2019	Increase in this period	Decrease in this period	As at 30 June 2019
BYDA	22,439	—	—	22,439

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

Parent company	Shareholding amount		Shareholding percentage (%)	
	As at 30 June 2019	As at 1 January 2019	**As at 30 June 2019**	As at 1 January 2019
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 2019	2018
BYDA *(Note)*	Contracted price	**3,702**	4,402
Subsidiaries of BYDA	Contracted price	**—**	774
Other related parties	Contracted price	**65**	1,246
Total		**3,767**	6,422

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 2019	2018
BYDA	Contracted price	**585**	82
Associates of the Company	Contracted price	**—**	17
Subsidiaries of BYDA	Contracted price	**1,040**	5,805
Other related parties	Contracted price	**320**	678
Total		**1,945**	6,582

(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	2019-1-1	2021-12-31	Contracted price	3,099

(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	2019-1-1	2021-12-31	Contracted price	856
Chongqing Youth Daily	Building	2016-4-22	2019-4-21	Contracted price	92

(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)*

(5) Capital transactions

Name of related party	Balance as of 31 December 2018	Lending	Borrowing	Balance as of 30 June 2019
Beijing Beiqing Top Advertising Limited	65,000.00	95,000.00	160,000.00	—
Beijing Education Media Co., Limited	5,200.00	113,000.00	118,200.00	—
Beijing Beiqing Culture and Arts Company	—	5,200.00	5,200.00	—
BYDA	—	100,000.00	100,000.00	—
Beijing Youth Travel Service Co., Ltd.	—	18,000.00	18,000.00	—
Total	70,200.00	331,200.00	401,400.00	—

Note: For the six months ended 30 June 2019, interests received from the above-mentioned related parties were RMB6,331 thousand.

(6) Remuneration for key management personnel

	For the six months ended 30 June	
Item	**2019**	2018
Remuneration for key management personnel	**1,181**	1,411

(7) Guarantee from related parties

None.

(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 2019 Carrying amount	As at 30 June 2019 Provision for bad debts	As at 31 December 2018 Carrying amount	As at 31 December 2018 Provision for bad debts
BYDA	**59**	**—**	5,433	—
Associates of the Company	**47,883**	**44,038**	47,884	40,747
Subsidiaries of BYDA	**114,815**	**6,555**	110,411	—
Other related parties	**6**	**6**	96	—
Total	**162,763**	**50,599**	163,824	40,747

(2) Other receivables due from related parties

Related parties	As at 30 June 2019 Carrying amount	As at 30 June 2019 Provision for bad debts	As at 31 December 2018 Carrying amount	As at 31 December 2018 Provision for bad debts
Associates of the Company	**39**	**39**	65,039	39
Subsidiaries of BYDA	**6,794**	**6,304**	12,231	—
Other related parties	**—**	**—**	34	—
Total	**6,833**	**6,343**	77,304	39

(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 *(Continued)*

(3) Accounts payable by related parties

Related parties	As at 30 June 2019	As at 31 December 2018
BYDA	**861**	334
Subsidiaries of BYDA	**242**	242
Other related parties	**616**	675
Total	**1,719**	1,251

(4) Other payables by related parties

Related parties	As at 30 June 2019	As at 31 December 2018
BYDA	**858**	3,816
Associates of the Company	**100**	—
Subsidiaries of BYDA	**100**	—
Other related parties	**63**	—
Total	**1,121**	3,816

(5) Prepayments by related parties

Related parties	As at 30 June 2019	As at 31 December 2018
BYDA	**—**	8,555
Total	**—**	8,555

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

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 2019, the Group had contracted for the minimum lease payments under non-cancelable leases during following periods:

Period	As at 30 June 2019	As at 31 December 2018
Within 1 year	**3,181**	3,980
1–2 years	**2,504**	2,988
2–3 years	**1,120**	2,223
After 3 years	**—**	—
Total	**6,805**	9,191

2. The Group as lessor

As at 30 June 2019, the Group had contracted with tenants for the following future minimum lease payments:

Period	As at 30 June 2019	As at 31 December 2018
Within 1 year	**8,348**	5,962
1–2 years	**6,455**	5,395
2–3 years	**3,256**	5,381
After 3 years	**—**	—
Total	**18,059**	16,738

XIII. COMMITMENTS *(Continued)*

3. Use rights of advertising boards

As at 30 June 2019, 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 2019**	As at 31 December 2018
Within 1 year	—	1,154
Total	—	1,154

XIV. POST-BALANCE SHEET EVENTS

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

XV. SEGMENT INFORMATION

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

Business segments	**Principal activities**
Advertising:	Sales of advertising spaces and outdoor advertising of the media or activities operated by BYDA, 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.

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

XV. SEGMENT INFORMATION *(Continued)*

(1) For the six months ended 30 June 2019

Item	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated amount and others	Elimination	Total
Revenue from external transactions	44,434	2,438	52,974	268	12,615	—	112,729
Revenue from intra-segment transactions	535	4,581	9,076	—	6,254	(20,446)	—
Operating revenue	44,969	7,019	62,050	268	18,869	(20,446)	112,729
Operating profit (loss)	4,091	410	2,858	(274)	(96,541)	(5,830)	(95,286)

(2) 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)

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

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

XVI. OTHER SIGNIFICANT EVENTS

1. Leasing

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

Category of assets leased out under operating leases	As at 30 June 2019	As at 31 December 2018
Investment properties and fixed assets	**150,179**	152,670
Total	**150,179**	152,670

XVII. SUPPLEMENTARY INFORMATION

1. Earnings per share

	For the six months ended 30 June	
Item	**2019**	2018
Comprehensive income for the half-year attributable to shareholders of the Company	**(86,531)**	(224,770)
Weighted average number of issued ordinary shares (thousand shares)	**197,310**	197,310
Earnings per share (RMB)	**(0.44)**	(1.14)

The basic earnings and diluted earnings per share for the six months ended 30 June 2018 and 2019 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)

Unit: RMB'000

Item	As at 30 June 2019	As at 31 December 2018
Current assets:		
Bank balances and cash	**174,366**	114,638
Accounts receivable	**111,328**	144,635
Prepayments	**53,484**	114,239
Other receivables	**2,140**	2,281
Inventories	**1,851**	2,770
Other current assets	**33,363**	30,679
Total current assets	**376,532**	409,242
Non-current assets:		
Long-term equity investment	**308,445**	313,525
Investment in other equity instruments	**213,966**	213,966
Other non-current financial assets	**2,361**	2,361
Investment properties	**100,663**	100,663
Fixed assets	**3,011**	3,536
Construction in progress	**—**	1,953
Intangible assets	**21,451**	30,761
Right-of-use assets	**4,279**	—
Long-term deferred expenses	**1,985**	—
Other non-current assets	**24,000**	28,990
Total non-current assets	**680,161**	695,755
Total assets	**1,056,693**	1,104,997

(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)*

Unit: RMB'000

Item	As at 30 June 2019	As at 31 December 2018
Current liabilities:		
Accounts payable	**2,136**	2,303
Contractual liabilities	**30,126**	23,639
Employee benefit payables	**3,703**	4,593
Tax payables	**313**	567
Other payables	**64,946**	104,449
Total current liabilities	**101,224**	135,551
Non-current liabilities:		
Leased liabilities	**4,413**	—
Total non-current liabilities	**4,413**	—
Total liabilities	**105,637**	135,551
Shareholders' equity:		
Share capital	**197,310**	197,310
Capital reserves	**904,453**	904,453
Other comprehensive income	**104,334**	104,334
Surplus reserves	**130,931**	130,931
Undistributed profits	**(385,972)**	(367,582)
Total shareholders' equity	**951,056**	969,446
Total liabilities and shareholders' equity	**1,056,693**	1,104,997

(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)

Unit: RMB'000

Item	For the six months ended 30 June 2019	2018
Operating revenue	**29,711**	36,070
Total operating costs	**37,513**	45,225
Operating costs	**27,904**	33,634
Tax and surcharges	**1,243**	1,805
Administrative expenses	**7,877**	10,597
Financial expenses	**489**	(811)
Including: Interest expenses	**595**	—
Interest income	**115**	823
Add: Other income	**199**	—
Investment income	**34,805**	(7,512)
Including: Gain from investments in associates	**(5,081)**	(7,748)
Gain on the changes in fair value	**—**	—
Impairment loss of credit	**(35,985)**	(163,795)
Impairment loss of assets	**(9,682)**	—
Operating profit	**(18,465)**	(180,462)
Add: Non-operating income	**75**	2
Less: Non-operating expenses	**—**	—
Total profit	**(18,390)**	(180,460)
Less: Income tax expenses	**—**	—
Net profit	**(18,390)**	(180,460)
Other comprehensive income	**—**	31
Total comprehensive income	**(18,390)**	(180,429)

(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)

Unit: RMB'000

Item	For the six months ended 30 June 2019	2018
I. Cash flows from operating activities:		
Cash received from the sales of goods and the rendering of services	**22,768**	16,146
Taxes refund received	**—**	—
Other cash receipts relating to operating activities	**641**	1,799
Sub-total of cash inflows from operating activities	**23,409**	17,945
Cash paid for goods purchased and services received	**20,248**	114,736
Cash paid to and on behalf of employees	**12,398**	12,380
Payments of taxes and surcharges	**1,755**	1,805
Other cash payments relating to operating activities	**12,515**	13,783
Sub-total of cash outflows from operating activities	**46,916**	142,704
Net cash flows from operating activities	**(23,507)**	(124,759)
II. Cash flows from investing activities:		
Cash received from investments	**2,771**	—
Cash received from returns on investment	**40,848**	250
Net cash received from disposal of fixed assets, intangible asset and other long-term assets	**—**	—
Net cash received from disposal of subsidiaries and other operating units	**—**	—
Other cash receipts relating to investing activities	**5,959**	631
Sub-total of cash inflows from investing activities	**49,578**	881

(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)*

Unit: RMB'000

Item	For the six months ended 30 June 2019	2018
Cash paid to acquire fixed assets, intangible assets and and other long-term assets	**143**	80
Cash paid on investment	**—**	—
Net cash paid to acquire subsidiaries and other operating units	**—**	—
Other cash payments relating to investing activities	**—**	—
Sub-total of cash outflows from investing activities	**143**	80
Net cash flows generated from investing activities	**49,435**	801
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	**258,800**	—
Sub-total of cash inflows from financing activities	**258,800**	—
Cash payments for borrowings repayment	**—**	—
Cash payments for distribution of dividends or profits or interest expense	**—**	—
Other cash payments relating to financing activities	**225,000**	—
Sub-total of cash outflows from financing activities	**225,000**	—
Net cash generated from financing activities	**33,800**	—

(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)*

Unit: RMB'000

Item	For the six months ended 30 June 2019	2018
IV. Effect of exchange rate changes on cash and cash equivalents	**—**	—
V. Net increase in cash and cash equivalents	**59,728**	(123,958)
Add: Balance of cash and cash equivalents at the beginning of the period	**114,638**	176,249
VI. Balance of cash and cash equivalents at the end of the period	**174,366**	52,291

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

Unit: RMB'000

	For the six months ended 30 June 2019					
Item	Share capital	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
Balance as at 1 January 2019	**197,310**	**904,453**	**104,334**	**130,931**	**(367,582)**	**969,446**
Net profits	—	—	—	—	**(18,390)**	**(18,390)**
Other comprehensive income	—	—	—	—	—	—
Appropriation to shareholders	—	—	—	—	—	—
Sub-total of the changes for the period	—	—	—	—	**(18,390)**	**(18,390)**
Balance as at 30 June 2019	**197,310**	**904,453**	**104,334**	**130,931**	**(385,972)**	**951,056**

(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) *(Continued)*

Unit: RMB'000

	For the six months ended 30 June 2018					
Item	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

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.

6. Distributable reserve

As of 30 June 2019, the Company's undistributed profits amounted to RMB-385,972 thousand (31 December 2018: RMB-367,582 thousand). Surplus reserve for the Company was RMB130,931 thousand (31 December 2018: 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 30 August 2019.

Beijing Media Corporation Limited
30 August 2019