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**BEIJING MEDIA CORPORATION LIMITED****北青傳媒股份有限公司**

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

(Stock Code: 1000)

**MAJOR TRANSACTION
ACQUISITION OF 42.342% EQUITY INTEREST IN BYD LOGISTICS**

A letter from the Board is set out on pages 3 to 14 of this circular.

A notice convening the EGM to be held at 2:00 p.m. on Friday, 18 November 2011 at 21st Floor, Beijing Youth Daily Agency, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC is set out on pages 82 to 84 of this circular.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H shares registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so desire.

29 September 2011

CONTENTS

	<i>Page</i>
DEFINITION	1
LETTER FROM THE BOARD	3
I. INTRODUCTION	3
II. PRINCIPAL TERMS OF ETAS (SOE) AND ETAS (NON-SOE).....	4
III. MANAGEMENT DISCUSSION AND ANALYSIS OF BYD LOGISTICS GROUP	9
IV. FINANCIAL EFFECT ON THE GROUP AFTER THE ACQUISITION	12
V. GROUP'S FINANCIAL AND TRADING PROSPECTS	13
VI. EGM.....	14
VII. RECOMMENDATION.....	14
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	15
APPENDIX II – FINANCIAL INFORMATION OF BYD LOGISTICS GROUP	17
APPENDIX III – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP	70
APPENDIX IV – SUMMARY OF THE VALUATION REPORT OF BYD LOGISTICS GROUP	76
APPENDIX V – GENERAL INFORMATION	78
NOTICE OF THE EGM	82

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of the 22.875% equity interest of BYD Logistics from the SOE Vendors and of the 19.467% equity interest of BYD Logistics from the Non-SOE Vendors
“Bidding Offer”	the public bidding for the disposal of the 22.875% equity interest in total of BYD Logistics held by China Beijing Equity Exchange
“Board”	the board of Directors
“BYD Logistics”	BYD Logistics Co., Ltd., a 50.5%-owned subsidiary of the Company as at the date of this circular
“BYD Logistics Group”	BYD Logistics and its subsidiaries
“Company”	Beijing Media Corporation Limited (北青傳媒股份有限公司), a joint stock limited company incorporated under the laws of the PRC and the H shares of which are listed and traded on the Stock Exchange
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve the Acquisition
“Enlarged Group”	the Group immediately after the completion of the Acquisition
“ETAs (Non-SOE)”	the equity transfer agreements entered into between the Company and each of the Non-SOE Vendors on 14 September 2011
“ETAs (SOE)”	the equity transfer agreements entered into between the Company and each of the SOE Vendors on 14 September 2011
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Valuer” or “Zhongwei Zhengxin”	Beijing Zhongwei Zhengxin Assets Appraisal Co., Ltd. (中威正信(北京)資產評估有限公司), a firm of qualified valuers

DEFINITIONS

“Latest Practicable Date”	26 September 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-SOE Vendors”	being Beijing Beiqing Sunshine Petrochemical Co., Ltd. and 5 natural persons
“Parent”	Beijing Youth Daily Agency (北京青年報社), a wholly state-owned enterprise incorporated under the laws of the PRC, the controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purposes of this circular only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Accounting Standards”	the accounting standards adopted in the PRC
“Public Bidding Process”	has the meaning ascribed thereto under the section headed PRINCIPAL TERMS OF ETAS (SOE) AND ETAS (NON-SOE) in this circular
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Beiqing”	Shanghai Beiqing Printing Machinery Limited
“Shareholders(s)”	the shareholder(s) of the Company
“ShineWing”	ShineWing Certified Public Accountants Co., Ltd.
“SOE Vendors”	being Workers Daily Agency, Beijing Keyin Modern Printing Technology Co., Ltd., Xinhua News Agency Printing and Today Sunshine
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Today Sunshine”	Beijing Today Sunshine Advertising Co., Ltd. (北京今日陽光廣告有限責任公司), a limited liability company incorporated under the laws of the PRC, and a 55%-owned subsidiary of the Parent as at the date of this circular
“Valuation Date”	31 December 2010
“Valuation Report”	the valuation report issued by the Independent Valuer for the purpose of appraising the assets of BYD Logistics

LETTER FROM THE BOARD



BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock Code: 1000)

Executive Directors:

Zhang Yanping
Zhang Yabin
Sun Wei

Registered Office:

Building A, No.23 Baijiazhuang Dongli
Chaoyang District
Beijing 100026
PRC

Non-executive Directors:

Li Shiheng
Wu Peihua
Liu Han
Xu Xun
Li Yigeng

Independent non-executive Directors:

Tsang Hing Lun
Wu Changqi
Liao Li

29 September 2011

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION ACQUISITION OF 42.342% EQUITY INTEREST IN BYD LOGISTICS

I. INTRODUCTION

Reference is made to the announcement of the Company dated 14 September 2011 in relation to the entering into the ETAs (SOE) and ETAs (Non-SOE) for the purpose of the acquisition of a 42.342% equity interest in BYD Logistics for a total cash consideration of RMB29,664,542.

Upon completion of the Acquisition, BYD Logistics will become a 92.842%-owned subsidiary of the Company.

LETTER FROM THE BOARD

II. PRINCIPAL TERMS OF ETAS (SOE) AND ETAS (NON-SOE)

ETAs (SOE)

Date: 14 September 2011

Parties: i) Company
ii) each of the SOE Vendors

Transaction: Acquisition of 22.875% equity interest in BYD Logistics held by the SOE Vendors

Consideration: approximately RMB2.3353 per equity interest

According to the relevant PRC laws and regulations, the proposed transfer should be conducted by a public bidding and listing transfer process on the Beijing Property Rights Exchange (the “**Public Bidding Process**”), and the state-owned shareholders of BYD Logistics shall appoint independent valuer to appraise the net assets of BYD Logistics.

The consideration for the acquisition of 22.875% equity interest in BYD Logistics held by the SOE Vendors in the amount of RMB16,026,300 was set by the SOE Vendors according to the appraised net asset value of BYD Logistics in the Public Bidding Process.

The Company participated in the Public Bidding Process, by taking into account, among other matters, i) the audited net assets of BYD Logistics in the amount approximately RMB69,084,000 as at 30 June 2011; ii) the appraised net asset value of BYD Logistics in the amount of RMB70,059,700 as at the Valuation Date; and iii) the business prospects of BYD Logistics.

The Company is the only successful bidder for the Bidding Offer.

Payment terms: As deposit, a total amount of RMB4,807,700 has been paid by the Company for the Bidding Offer and will be used as part of the consideration for the acquisition of all of the equity interest held by the SOE Vendors after satisfaction of conditions precedent for the Acquisition.

The remaining consideration payable to each of the SOE Vendors will be settled by the Company with proceed raised in the year of 2004 from the global offering of the Company in full within 10 working days after the fulfillment of all the conditions precedent under the ETAs (SOE).

Each of the ETAs (SOE) is not inter-conditional to each other.

LETTER FROM THE BOARD

ETAs (Non-SOE)

Date: 14 September 2011

Parties: i) Company
ii) each of Non-SOE Vendors

Transaction: Acquisition of 19.467% equity interest in BYD Logistics held by the Non-SOE Vendors

Consideration: approximately RMB2.3353 per equity interest

The consideration for the acquisition of 19.467% equity interest in BYD Logistics held by the Non-SOE Vendors in the amount of RMB13,638,242 is determined, by taking into account, among other matters, i) based on the principle of same share for same right and by reference to the sale price of each equity interest for the SOE Vendors; ii) the audited net assets of BYD Logistics in the amount of approximately RMB69,084,000 as at 30 June 2011; iii) the appraised net asset value of BYD Logistics based on cost method in the amount of RMB70,059,700 as at the Valuation Date; and iv) the business prospects of BYD Logistics.

The appraised net asset value of BYD Logistics was prepared by the Independent Valuer. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, such Independent Valuer is a third party independent from the Group and its connected persons.

The state-owned shareholders of BYD Logistics appointed the Independent Valuer to appraise the assets of BYD Logistics for the purpose of the Acquisition as required by the relevant PRC laws and regulations at the beginning of 2011 and the Independent Valuer issued the Valuation Report on 18 February 2011. The valuation results contained in the Valuation Report is valid for one year from the date of the Valuation Date which is in line with the relevant PRC rules on valuation of assets.

The Directors consider that it is fair and reasonable to rely on the Valuation Report of which the Valuation Date is 31 December 2010. The Directors also consider that there is no material change in the conditions or valuation assumptions of BYD Logistics after the Valuation Date which would affect its value since there is no material difference between the appraised net assets of BYD Logistics as at 31 December 2010 and the audited net assets of BYD Logistics as at 30 June 2011.

LETTER FROM THE BOARD

Payment terms: The consideration payable to each of the Non-SOE Vendors will be settled by the Company with proceed raised in the year of 2004 from the global offering of the Company in full within 10 working days after the filing of the registration with the Industrial and Commerce Bureau.

Conditions Precedent of the Acquisition

The completion of the Acquisition will be conditional upon the fulfilment of, among other things, the following conditions:

- (a) approval from the State-owned Assets Supervision and Administration Authorities regarding the acquisition from the SOE Vendors;
- (b) approval of the ETAs (SOE) and ETAs (Non-SOE) by the Board and compliance with the announcement and shareholders approval requirements under the Listing Rules; and
- (c) internal approval from each of the SOE Vendors and the Non-SOE Vendors.

Financial Information of BYD Logistics

Under the PRC Accounting Standards, the audited net assets of BYD Logistics was approximately RMB69,084,000 as at 30 June 2011.

Under the PRC Accounting Standards, the audited profit before and after taxation and extraordinary items of BYD Logistics for the two years ended 31 December 2009 and 2010, were as follows:

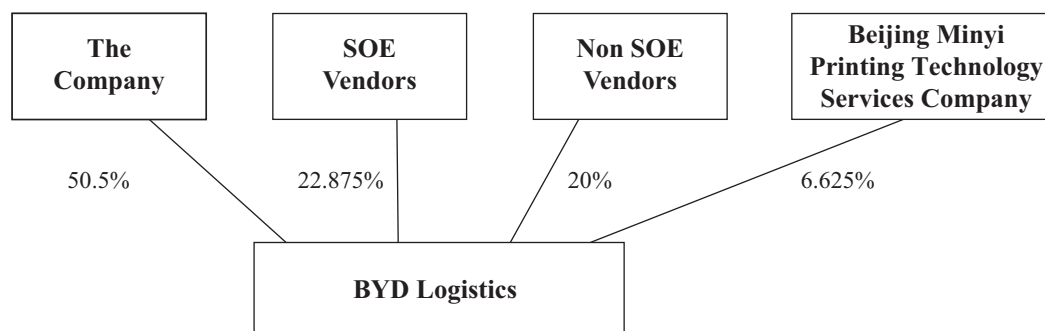
	For the year ended 31 December	
	2009	2010
Profit before taxation and extraordinary items	RMB11,149,978.39	RMB1,394,410.36
Profit after taxation and extraordinary items	RMB8,183,994.13	RMB764,013.12

Shareholding Structure of BYD Logistics

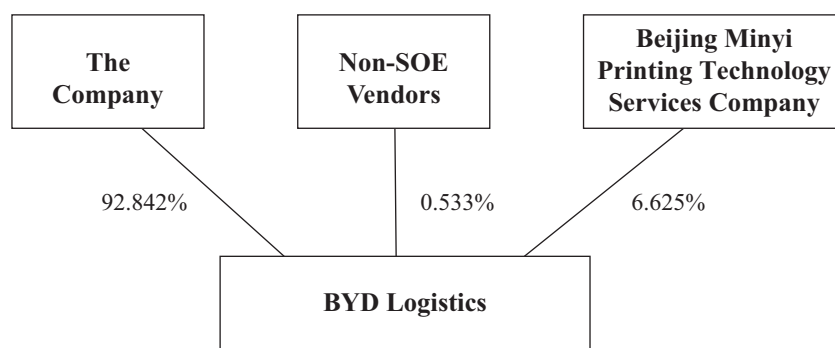
The shareholding structure of BYD Logistics before and upon the completion of the Acquisition is set out below:

LETTER FROM THE BOARD

Before Completion



After Completion



Reasons for the Acquisition

The Company is of the view that the Acquisition will (i) enhance the control of the Group on the BYD Logistics; and (ii) generate higher returns to the Group in future, should the BYD Logistics become more profitable in future.

Listing Rules Implications

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Acquisition as a whole exceed 25% but are below 75%, the Acquisition constitute a major transaction of the Company under Chapter 14 of the Listing Rules.

To the best of the Directors knowledge, information and belief, having made all reasonable enquiry, as at the date of this circular, the SOE Vendors (other than Today Sunshine) and the Non-SOE Vendors and their respective ultimate beneficial owner(s), are third parties independent of the Group and its connected persons (as defined in the Listing Rules).

Today Sunshine, being a non-wholly owned subsidiary of the Parent as at the date of this circular, is a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the transaction under one of the ETAs (SOE) entered into between the Company and Today Sunshine constitute a connected transaction under Chapter 14A of the Listing Rules. As one of more of the applicable percentage ratios (as defined under Rule 14.09(9) of the Listing Rules) in relation to such connected transaction exceed 0.1% but are below 5%, such

LETTER FROM THE BOARD

connected transaction is subject to the reporting and announcement requirements but is exempt from shareholders' approval requirement under Chapter 14A of the Listing Rules. Mr. Zhang Yanping, Mr. Zhang Yabin, Mr. Li Shiheng, Ms. Wu Peihua and Mr. Liu Han, also members of the decision-making body of the Parent, have material interests in the transactions under the ETA (SOE) with Today Sunshine and have abstained from voting on the relevant Board resolution. Other than those Directors mentioned above, none of the other Directors has a material interest in the transactions under the ETA (SOE) with Today Sunshine.

The Company and the Parent entered into an equity transfer agreement on 24 August 2011, whereby the Company has agreed to acquire a 55% equity interest in Today Sunshine from the Parent. Upon completion of such equity transfer agreement, Today Sunshine will be a 55%-owned subsidiary of the Company and will not be a connected person of the Company. The completion is expected to take place before 30 October 2011.

The Company confirms that there is no other transaction entered into between each of the SOE Vendors and its ultimate beneficial owners or each of Non-SOE Vendors and its ultimate beneficial owners within a 12-month period, which should be, together with the Acquisition, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 of the Listing Rules.

The Directors are of the view that the terms of the ETAs (SOE) and ETAs (Non-SOE) are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

General Information of the Parties

The Company

The Company is a leading media company in the PRC principally engaged in production of newspapers and magazines, printing and trading of print-related materials.

BYD Logistics

As at the date of this circular, BYD Logistics is owned as to 50.5% by the Company, and is involved in the business of providing storage, transportation, logistics and printing services and the trading of print-related material.

SOE Vendors

Workers Daily Agency is mainly engaged in publishing of newspaper, retail of books, newspaper and periodicals, and printing of publishing books etc. and holds 6.625% equity interest in BYD Logistics.

Beijing Keyin Modern Printing Technology Co., Ltd. is mainly engaged in printing of new crafts, new equipment and new material technologies etc. and holds 6.625% equity interest in BYD Logistics.

Xinhua News Agency Printing is mainly engaged in printing, typesetting, platemaking and binding etc. and holds 6.625% equity interest in BYD Logistics.

Today Sunshine is mainly engaged in design, production, agency and advertisement distribution etc. and holds 3% equity interest in BYD Logistics.

LETTER FROM THE BOARD

Non-SOE Vendors

Beijing Beiqing Sunshine Petrochemical Co., Ltd. is mainly engaged in retail of petrol, diesel, kerosene, and sales of packaging foods etc. and holds 9% equity interest in BYD Logistics.

Jiang Ying holds 1.7% equity interest in BYD Logistics.

Dong Jiangning holds 1.4% equity interest in BYD Logistics.

Zhu Weijing holds 1.93% equity interest in BYD Logistics.

Liu Guiyun holds 2.33% equity interest in BYD Logistics.

Liu Sujing holds 3.64% equity interest in BYD Logistics.

III. MANAGEMENT DISCUSSION AND ANALYSIS OF BYD LOGISTICS GROUP

The management discussion and analysis of the BYD Logistics Group as at 31 December 2008, 2009 and 2010 and 30 June 2011 are set out below.

Business Overview

BYD Logistics Group is principally engaged in the following two segments: (1) printing, which involve the printing of newspapers, magazines, books and digital periodicals; and (2) 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 third parties, including commercial printers. Since 2008, the major revenue generators of BYD Logistics shifted from revenue from intra-group printing and trading business of the Group to revenue from third-party printing and trading business. Notable success was achieved in building up a diversified non-intra-group third-party customer portfolio.

During the first half of 2011, business income of BYD Logistics Group for printing and trading of print-related materials was approximately RMB120,450 thousand and RMB121,737 thousand, respectively, to the Group in relation to printing and trading of print-related materials, representing an increase of 6.01% and 9.78%, respectively, as compared with approximately RMB113,616 thousand and RMB 110,895 thousand, respectively, in the corresponding period in 2010.

After many years' market development by BYD Logistics Group, at present, BYD Logistics is responsible for the printing of more than 30 newspapers and magazines such as Beijing Youth Daily, CBN Daily, Beijing Youth Weekly and Ceci; and is also honoured to undertake the printing of the print-related materials for a number of institutions, such as SOHO China, Huayu Fashion Shopping Mall, Airbus and China Open Tennis Tournament etc.. BYD Logistics Group have market advantages.

LETTER FROM THE BOARD

The categories of paper operated by BYD Logistics Group includes newsprint, LWC paper, coated paper and other paper used for news print. As maintaining a good cooperating relationship with more than ten domestic large and medium-sized paper factories, BYD Logistics has cost advantages.

On 11 December 2010, BYD Logistics Group established Beijing Youth Daily Digital Printing Centre (北京青年報數碼印刷中心), which made BYD Logistics become the first printing house producing photograph and digital prints in Beijing. Such establishment aimed to build a one-stop industrial chain covering commercial photograph, placement prior to the output of graphic design, digital printing output and on-site finished products binding. This move will further facilitate the development of the Group's printing business. Save as disclosed above, there was no other material investment for the other discloseable accounting periods.

Digital printing is now a new business for BYD Logistics, the Company foresees that such digital printing business can be well developed in the near future and will generate considerable returns for BYD Logistics Group.

Financial Review

Operating revenue

For each of the years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011, operating revenue of BYD Logistics Group was approximately RMB773,908 thousand, RMB529,417 thousand, RMB464,476 thousand and RMB242,736 thousand respectively. The operating revenue reached a higher level in 2008 due to various special reasons arising from the Olympic Games and gradually returned to normal level in 2009.

Gross profit margin

For each of the years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011, gross profit margin of BYD Logistics Group was 4.14%, 5.34%, 4.16% and 3.80% respectively. The variation in gross profit margin was mainly attributable to the fluctuation of the market price of paper which constituted the major cost of BYD Logistics Group.

Expenses and costs

For each of the years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011, selling expenses were approximately RMB4,347 thousand, RMB2,676 thousand, RMB3,619 thousand and RMB2,477 thousand respectively; administrative expenses were approximately RMB10,791 thousand, RMB10,018 thousand, RMB10,804 thousand and RMB6,198 thousand respectively; operating costs were approximately RMB741,873 thousand, RMB501,146 thousand, RMB445,150 thousand and RMB233,522 thousand respectively.

Equity attributable to owners

As at 31 December 2008, 2009 and 2010 and 30 June 2011, the equity attributable to owners of BYD Logistics Group was approximately RMB73,425 thousand, RMB74,109 thousand, RMB68,873 thousand and RMB69,084 thousand respectively.

LETTER FROM THE BOARD

Liquidity and Financial Resources

As at 31 December 2008, 2009 and 2010 and 30 June 2011, non-current assets of BYD Logistics Group, including long-term equity investments, fixed assets, intangible assets, long-term prepayments and deferred income tax assets, were approximately RMB3,181 thousand, RMB1,888 thousand, RMB5,674 thousand and RMB5,871 thousand respectively. The decrease in non-current assets in 2009 was due to the change in the accounting policy applicable to depreciation of fixed assets, while the increase in non-current assets in 2010 was mainly due to the purchase of digital printing equipment.

As at 31 December 2008, 2009 and 2010 and 30 June 2011, current assets of BYD Logistics Group, including bank balances and cash, account receivables, prepayments, dividend receivables, other receivables and inventories, were approximately RMB316,226 thousand, RMB275,842 thousand, RMB262,623 thousand and RMB215,077 thousand respectively.

As at 31 December 2008, 2009 and 2010 and 30 June 2011, current liabilities of BYD Logistics Group, including short-term borrowings, bills payables, accounts payables, receipts in advance, staff remuneration payables, tax payables, dividend payables and other payables, were approximately RMB245,982 thousand, RMB203,621 thousand, RMB199,424 thousand and RMB151,864 thousand respectively.

Key Financial Ratio of BYD Logistics Group

As at 31 December 2008, 2009 and 2010 and 30 June 2011, gearing ratio (being calculated as total liabilities divided by total assets) of BYD Logistics Group was 335.01%, 274.76%, 289.55% and 219.83% respectively.

Foreign Exchange Risk

All assets, liabilities, income, costs and expenses of BYD Logistics Group are presented in RMB. As none of the material assets or liabilities is denominated in foreign currency, the management considers that there are no material foreign exchange risks and does not have any hedging arrangement.

Information on Employees

As at 31 December 2008, 2009 and 2010 and 30 June 2011, the number of employees of BYD Logistics Group was 37, 38, 40 and 57 in total, respectively.

As at 31 December 2008, 2009 and 2010 and 30 June 2011, employee remuneration of BYD Logistics Group was approximately RMB5,192 thousand, RMB5,189 thousand, RMB5,945 thousand and RMB3,556 thousand respectively. The basic remuneration packages of BYD Logistics Group included basic salary, position-based salary, performance bonus and benefits. Meanwhile, BYD Logistics has participated in various social insurance schemes, such as insurance for pensions, medical treatment, unemployment, work-related injury and maternity as well as housing fund for its employees in accordance with related policies and regulations. Furthermore, BYD Logistics Group has implemented a system of paid annual leave.

LETTER FROM THE BOARD

BYD Logistics Group has provided regular training for its employees to continuously enhance their professional skills and abilities.

Material Investments and Future Plans

On 11 December 2010, BYD Logistics established Beijing Youth Daily Digital Printing Centre (北京青年報數碼印刷中心), which made BYD Logistics become the first printing house producing photograph and digital prints in Beijing. The establishment aimed to build a one-stop industrial chain covering commercial photograph, placement prior to the output of graphic design, digital printing output and on-site finished products binding. This move will further facilitate the development of the Group's printing business. Save as disclosed above, there was no other material investment for the other disclosable accounting periods.

Particulars of Material Acquisitions and Disposals of Subsidiaries

BYD Logistics owns 70% equity interests in Shanghai Beiqing. BYD Logistics entered into an agreement with the minority shareholders of Shanghai Beiqing, pursuant to which, the minority shareholders obtained the control of the operations of Shanghai Beiqing at an aggregate consideration of approximately RMB286 thousand. Since 1 July 2008, BYD Logistics no longer had control over Shanghai Beiqing.

Contingent Liabilities

As at 31 December 2008, 2009 and 2010 and 30 June 2011, BYD Logistics Group did not have any contingent liabilities.

Pledge and Charge

As at 31 December 2008, 2009 and 2010 and 30 June 2011, BYD Logistics Group did not have any pledge, charge, guarantee or other incumbrances.

IV. FINANCIAL EFFECT ON THE GROUP AFTER THE ACQUISITION

As at the date of this circular, BYD Logistics is owned as to 50.5% by the Company, and is a subsidiary of the Company under the Listing Rules. Upon completion of the Acquisition, BYD Logistics will be a 92.842%-owned subsidiary of the Company. As a result, the financial results of BYD Logistics will still be consolidated to the Group's results.

Effect on assets/liabilities

As extracted from the unaudited pro forma financial information of the Enlarged Group as contained in Appendix III to this circular, the unaudited consolidated total assets and total liabilities of the Group were approximately RMB1,640,835 thousand and RMB298,876 thousand, respectively as at 30 June 2011. Upon completion of the Acquisition, the Enlarged Group's total assets and total liabilities would be approximately RMB1,611,170 thousand and RMB298,876 thousand, respectively.

LETTER FROM THE BOARD

Effect on earnings

In light of the potential future prospects of the BYD Logistics Group, the Directors are of the view that the Acquisition would likely to have a positive impact on the future earnings of the Enlarged Group.

Effect on gearing ratio and working capital

According to the unaudited pro forma financial information of the Enlarged Group as contained in Appendix III to this circular, the Group's gearing ratio (being calculated as total liabilities divided by total assets) was approximately 22.27% as at 30 June 2011. Upon completion of the Acquisition, the total liabilities of the Enlarged Group would still be approximately RMB298,876 thousand while the Enlarged Group's total assets would be adjusted to approximately RMB1,312,294 thousand. The Enlarged Group's gearing ratio would thus be approximately 22.78% upon completion of the Acquisition.

V. GROUP'S FINANCIAL AND TRADING PROSPECTS

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

Total operating revenue of the Group for the first half of 2011 was approximately RMB354,878 thousand. Net profit attributable to shareholders of the Company was approximately RMB27,238 thousand.

Upon completion of the Acquisition, the financial results of BYD Logistics will continue to be consolidated into the accounts of the Company.

Looking into its advertising operations in the second half of 2011 and the near future, the Group will continue to uphold its operating philosophy adopted in the first half of 2011, and pursue higher profitability by increasing consolidation of internal resources, advancing innovative solutions and introducing fresh approach to diversify advertising operations. In the meantime, to secure the number one market position of Beijing Youth Daily in cosmopolis mainstream newspaper media in Beijing, the Group will continue to enhance innovation for operational team in advertising department and to roll out various promotional activities. The Group will increase investment in cities' outdoor websites and vertically-established industry websites, mobile internet, and education, and will further support the expansion of the existing business segments of aviation media and fashion magazine.

While maintaining its existing core businesses in the second half of 2011 and the near future, the Group intends to further diversify its media business through acquisitions and cooperation. Aiming at further development of the Group's business, the Group will bolster its ongoing relationship with the Parent, in order to stand out from its peers as a leading cross-media group in the PRC.

LETTER FROM THE BOARD

As at the latest Practicable Date, the Directors were not aware at any material change in the finance or trading position of the Group since 31 December 2010, being the date of the latest published audited financial statements of the Group.

VI. EGM

A notice convening the EGM is set out on pages 82 to 84 of this circular. The EGM will be held at 2:00 p.m. on Friday, 18 November 2011 at 21st Floor, Beijing Youth Daily Agency, Building A, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC, at which resolution will be proposed to approve the Acquisitions and the relevant ETAs (SOE) and ETAs (Non-SOE).

Votes on the resolution to be considered at the EGM shall be taken by way of poll.

To the best of the Directors knowledge, information and belief, having made all reasonable enquires, no connected person of the Company, Shareholder and their respective associates with a material interest in the transaction contemplated under the Acquisition is required to abstain from voting for such resolution at the EGM.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H shares registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

VII. RECOMMENDATION

The Directors are of the view that the terms of the ETAs (SOE) and the ETAs (Non-SOE) (a) have been negotiated on an arm's length basis; (b) will be conducted on normal commercial terms; and (c) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to approve the Acquisition and the relevant ETAs (SOE) and ETAs (Non-SOE) to be proposed at the EGM.

By order of the Board
Beijing Media Corporation Limited
Zhang Yanping
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.bjmedia.com.cn>):

- interim report of the Group for the six months ended 30 June 2011 published on 12 September 2011 (pages 15-68);
- annual report of the Group for the year ended 31 December 2010 published on 27 March 2011 (pages 54-118);
- annual report of the Group for the year ended 31 December 2009 published on 19 April 2010 (pages 52-114);
- annual report of the Group for the year ended 31 December 2008 published on 24 April 2009 (pages 44-98);

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2011, the Group and the Enlarged Group had no outstanding borrowings.

Operating Lease Commitment

As at the close of business on 31 August 2011, the Group and the Enlarged Group had total future minimum lease payments under non-cancelable operating leases (with the leasing terms listed below) in respect of rented premises were as follows:

	<i>RMB</i>
Within 1 year	4,239,641
Over 1 year and within 5 years	2,607,235
Total	<u>6,846,876</u>

Save as aforesaid, the Group and the Enlarged Group did not have outstanding as at the close of business on 31 August 2011 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (exclude common trading bills) or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

The Directors had confirmed there were no significant adverse changes in liabilities or contingent liabilities of the Enlarged Group since 31 August 2011.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account its internal resources and the existing available credit facilities of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. SIGNIFICANT ADVERSE CHANGES

As at the latest Practicable Date, the Directors were not aware of any significant adverse changes in the finance or trading position of the Group since 31 December 2010, being the date of the latest published audited financial statements of the Group.



信永中和会计师事务所

ShineWing
certified public accountants*The Directors*

Beijing Media Corporation Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to BYD Logistics Company Limited (“BYD Logistics”) and its subsidiary (collectively referred as “BYD Logistics Group”) comprises the consolidated balance sheets of BYD Logistics Group and balance sheets of BYD Logistics as at 31 December 2008, 2009 and 2010 and 30 June 2011 and the consolidated income statements, consolidated cash flow statements, consolidated statements of changes in owners’ equity of BYD Logistics Group for each of the years ended 31 December 2008, 2009 and 2010 and the six months ended 30 June 2011 (the “Relevant Period”), and the explanatory notes thereto (the “Financial Information”) regarding for inclusion in the circular of Beijing Media Corporation Limited (the “Company”/“Beiqing Media”) dated 29 September 2011 (the “Circular”) in connection with the proposed acquisition of additional equity interests of 42.342% BYD Logistics Group.

BYD Logistics was incorporated in The People’s Republic of China (“The PRC”) as a limited company on 15 September 2001.

As at 31 December 2008, 2009 and 2010, and as at 30 June 2011, in the opinion of directors of BYD Logistics, the immediate parent company and the ultimate controlling party are Beiqing Media and Beijing Youth Daily Agency respectively. Beiqing Media produces financial statements for public use.

BYD Logistics Group is principally engaged in storage and provision of transportation services; information of Logistics information, printing, management consultation services for printing enterprises trading of paper, ink, papery goods, machinery and parts, raw chemical materials, ironware and electric material, and sales of timbers (Operating activities are prohibited without specific approval).

The statutory financial statements of BYD Logistics have been prepared in accordance with “Accounting Standards for Business Enterprise” issued by the China Ministry of Finance, and had been audited during the Relevant Periods by ShineWing Certified Public Accountants for the year ended 31 December 2008, 2009 and 2010.

BYD Logistics had had a subsidiary, Shanghai Beiqing Printing Machinery Limited (“Shanghai Beiqing”). Shanghai Beiqing was a company incorporated in the PRC with limited liabilities. Its registered capital was RMB500,000. It was mainly engaged in trading of printing-related material. BYD Logistics owned 70% equity interests in Shanghai Beiqing. Shanghai Beiqing had been disposed of on 1 July 2008.

For the purpose of this report, the directors of BYD Logistics have prepared the Financial Statements for the Relevant Period in accordance with Accounting Standards for Business Enterprise issued by the China Ministry of Finance (the “Underlying Financial Statements”). We have audited the Underlying Financial Statements in accordance with China CPA Auditing Standards issued by the China Ministry of Finance.

The Financial Information has been prepared by the directors of BYD Logistics based on the Underlying Financial Statements of BYD Logistics Group with no adjustments made thereon and on the basis as set out in the notes of Part B below.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND THE REPORTING ACCOUNTANTS

The directors of BYD Logistics are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with Accounting Standards for Business Enterprise, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and for such responsibilities include design, implementation and maintenance for the relevant internal control, and adopting the applicable accounting policies and making reasonable estimate for the appropriate situation to enable the presentation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an opinion on the Financial Information based on our procedures.

BASIS OF OPINION

As the basis for forming an opinion on the Financial Information, for the purpose of this report, we have examined the Underlying Financial Statements and have carried out such appropriate procedures as we considered necessary in accordance with China Auditing Standards issued by the China Ministry of Finance and the Auditing Guideline No. 3.340 “Prospectus and Reporting Accountants” issued by the Hong Kong Institute of Certified Public Accountants.

OPINION

In our opinion, for the purpose of this report, the Financial Information, in accordance with “the basis of preparation and the principal accounting policies” set out in the notes of Part B below, gives a true and fair view of the financial position of BYD Logistics Group and BYD logistics as at 31 December 2008, 2009 and 2010, and 30 June 2011 and the state of operation and cash flows of BYD Logistics Group for the Relevant Period.

COMPARATIVE FINANCIAL INFORMATION

The comparative consolidated income statements, consolidated cash flow statements and consolidated statements of changes in owners' equity of BYD Logistics Group for the six months ended 30 June 2011 together with the notes thereto (the "30 June 2010 Financial Information") have been extracted from BYD Logistics Group's unaudited financial information for the same period, which was prepared by the directors of BYD Logistics solely for the purpose of this report. We have reviewed the 30 June 2010 Financial Information in accordance with the China Standards on Review Engagements No. 2101 "Review of Financial Statements", issued by the China Ministry of Finance. Our review of the 30 June 2010 Financial Information consists principally of making enquiries of the management of BYD Logistics Group and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express any audit opinion on the 30 June 2010 Financial Information.

A. FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

					RMB'000
					As at
					30 June
Item	Notes	As at 31 December			2011
		2008	2009	2010	
Current assets					
Bank balances and cash	II.1	55,439	42,230	98,625	14,614
Accounts receivables	II.2	212,214	163,742	90,537	120,911
Prepayments	II.3	138	2,355	6,265	201
Dividend receivables		35	—	—	—
Other receivables	II.4	592	649	792	733
Inventories	II.5	47,808	66,866	66,404	78,618
Total current assets		316,226	275,842	262,623	215,077
Non-current assets					
Long-term equity					
investments	II.6	136	—	—	—
Fixed assets	II.7	1,349	752	4,103	3,987
Intangible assets	II.8	163	222	200	197
Long-term prepayments	II.9	400	24	337	560
Deferred income tax assets	II.10	1,133	890	1,034	1,127
Total non-current assets		3,181	1,888	5,674	5,871
Total assets		319,407	277,730	268,297	220,948

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

Item	Notes	As at 31 December			RMB'000 As at 30 June
		2008	2009	2010	2011
Current liabilities					
Short-term borrowings	II.12	50,000	–	–	–
Bills payables	II.13	32,436	39,790	50,223	17,322
Accounts payables	II.14	93,519	102,615	72,998	87,842
Receipts in advance	II.15	61,194	57,843	65,952	47,986
Employee benefits payables	II.16	593	482	752	645
Tax payables	II.17	1,657	(4,341)	2,810	(5,716)
Dividend payables		6,000	6,722	5,747	2,717
Other payables	II.18	583	510	942	1,068
Total current liabilities		245,982	203,621	199,424	151,864
Owners' equity					
Paid-up capital	II.19	30,000	30,000	30,000	30,000
Surplus reserves		10,026	10,844	10,921	10,921
Undistributed profits		33,399	33,265	27,952	28,163
Total owners' equity		73,425	74,109	68,873	69,084
Total liabilities and owners' equity		319,407	277,730	268,297	220,948
Net current assets		70,244	72,221	63,199	63,213
Total assets less current liabilities		73,425	74,109	68,873	69,084

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

BALANCE SHEET

Item	Notes	RMB'000			
		As at 31 December 12			As at
		2008	2009	2010	30 June 2011
Current assets					
Bank balances and cash		55,439	42,230	98,625	14,614
Accounts receivables		212,214	163,742	90,537	120,911
Prepayments		138	2,355	6,265	201
Dividend receivables		35	–	–	–
Other receivables		592	649	792	733
Inventories		47,808	66,866	66,404	78,618
Total current assets		316,226	275,842	262,623	215,077
Non-current assets					
Long-term equity investments		136	–	–	–
Fixed assets		1,349	752	4,103	3,987
Intangible assets		163	222	200	197
Long-term prepayments		400	24	337	560
Deferred income tax assets		1,133	890	1,034	1,127
Total non-current assets		3,181	1,888	5,674	5,871
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APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

Item	Notes	As at 31 December 12			RMB'000
		2008	2009	2010	As at 30 June 2011
Current liabilities					
Short-term borrowings		50,000	–	–	–
Bills payables		32,436	39,790	50,223	17,322
Accounts payables		93,519	102,615	72,998	87,842
Receipts in advance		61,194	57,843	65,952	47,986
Employee benefits payables		593	482	752	645
Tax payables		1,657	(4,341)	2,810	(5,716)
Dividend payables		6,000	6,722	5,747	2,717
Other payables		583	510	942	1,068
Total current liabilities		245,982	203,621	199,424	151,864
Owners' equity					
Paid-up capital		30,000	30,000	30,000	30,000
Surplus reserves		10,026	10,844	10,921	10,921
Undistributed profits		33,399	33,265	27,952	28,163
Total owners' equity		73,425	74,109	68,873	69,084
Total liabilities and owners' equity		319,407	277,730	268,297	220,948
Net current assets		70,244	72,221	63,199	63,213
Total assets less current liabilities		73,425	74,109	68,873	69,084

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

CONSOLIDATED INCOME STATEMENT

Item	Notes	For the year ended 31 December			For the six months ended 30 June	
		2008	2009	2010	2010 (Unaudited)	2011
Operating revenue	II.20	773,908	529,417	464,476	224,681	242,736
Operating costs	II.20	<u>741,873</u>	<u>501,146</u>	<u>445,150</u>	<u>213,484</u>	<u>233,522</u>
Gross profit		32,035	28,271	19,326	11,197	9,214
Sales tax and levies		256	373	445	2	30
Selling expenses		4,347	2,676	3,619	1,855	2,477
Administrative expenses		10,791	10,018	10,804	5,514	6,198
Finance costs	II.22	2,338	1,089	(672)	(273)	(390)
Impairment loss of assets	II.23	1,804	2,998	3,736	1,001	869
Investment loss	II.24	<u>335</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating profit		12,164	11,117	1,394	3,098	30
Add: non-operating income		20	35	—	—	—
Less: non-operating expenses		<u>6</u>	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total profit		12,178	11,150	1,394	3,098	30
Less: Income tax expenses	II.25	<u>2,435</u>	<u>2,966</u>	<u>630</u>	<u>1,087</u>	<u>(181)</u>
Net profit		9,743	8,184	764	2,011	211
Other comprehensive income		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income		<u>9,743</u>	<u>8,184</u>	<u>764</u>	<u>2,011</u>	<u>211</u>
Net profit attributed to:						
Owners of the parent company		9,615	8,184	764	2,011	211
Minority interests		<u>128</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>9,743</u>	<u>8,184</u>	<u>764</u>	<u>2,011</u>	<u>211</u>
Total comprehensive income attributable to:						
Owners of the parent company		9,615	8,184	764	2,011	211
Minority interests		<u>128</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>9,743</u>	<u>8,184</u>	<u>764</u>	<u>2,011</u>	<u>211</u>

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

CONSOLIDATED CASH FLOW STATEMENT

Item	Notes	For the year ended			For the six months	
		2008	2009	2010	2010	2011
					ended 30 June	
					(Unaudited)	
I. Cash flows from operating activities						
Cash received from sales of goods and rendering of services		727,311	539,218	519,255	271,081	247,626
Other cash receipts relating to operating activities		701	582	777	344	448
Sub-total of cash inflows from operating activities		728,012	539,800	520,032	271,425	248,074
Cash paid for goods and services		705,991	475,064	435,458	241,012	316,533
Cash paid to and on behalf of employees		3,254	4,514	5,408	3,255	3,280
Payments of taxes and levies		5,652	7,989	4,004	1,850	3,749
Other cash payments relating to operating activities		10,452	6,786	7,924	3,740	4,755
Sub-total of cash outflows from operating activities		725,349	494,353	452,794	249,857	328,317
Net cash flows from operating activities		2,663	45,447	67,238	21,568	(80,243)
II. Cash flows from investing activities						
Cash received from investments		35	—	—	—	—
Net cash received from disposal of subsidiaries and other operating units		(589)	—	—	—	—
Sub-total of cash inflows from investing activities		(554)	—	—	—	—
Cash paid to acquire fixed assets, intangible assets and other long-term assets		687	292	4,021	—	708
Sub-total of cash outflows from investing activities		687	292	4,021	—	708
Net cash flows used in investing activities		(1,241)	(292)	(4,021)	—	(708)

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

		For the year ended			For the six months	
		31 December			ended 30 June	
Item	Notes	2008	2009	2010	2010	2011
(Unaudited)						
III. Cash flows from financing activities		—				
Cash received from borrowings		50,000	12,000	—	—	—
Other cash receipts relating to financing activities		8	15	13	3,449	26,109
Sub-total of cash inflows from financing activities		50,008	12,015	13	3,449	26,109
Cash payments for settlement of borrowings		20,000	62,000	—	—	—
Cash payments for interest expenses, distribution of dividend or profits		7,462	8,379	6,835	4,793	3,060
Other cash payments relating to financing activities		6,489	4,605	19,953	—	—
Sub-total of cash outflows from financing activities		33,951	74,984	26,788	4,793	3,060
Net cash flows from financing activities		16,057	(62,969)	(26,775)	(1,344)	23,049
IV. Effect of foreign exchange rate changes on cash and cash equivalents			—	—	—	—
V. Increase (Decrease) in cash and cash equivalents		17,479	(17,814)	36,442	20,224	(57,902)
Add: Cash and cash equivalents at beginning of period		31,470	48,949	31,135	31,135	67,577
VI. Cash and cash equivalents at end of period		48,949	31,135	67,577	51,359	9,675

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY

RMB'000

Item	Attributable to owners of the parent company					Minority interests	Total owners' equity
	Paid-up capital	Capital reserves	Surplus reserves	Undistributed profits	Sub-total		
Balance at 1 January 2008	30,000	–	9,066	32,244	71,310	138	71,448
Net profit	–	–	–	9,615	9,615	128	9,743
Appropriation of surplus reserves	–	–	960	(960)	–	–	–
Appropriation to owners	–	–	–	(7,500)	(7,500)	–	(7,500)
Others	–	–	–	–	–	(266)	(266)
Sub-total of increase (decrease) for the year	–	–	960	1,155	2,115	(138)	1,977
Balance at 31 December 2008 and 1 January 2009	30,000	–	10,026	33,399	73,425	–	73,425
Net profit	–	–	–	8,184	8,184	–	8,184
Appropriation of surplus reserves	–	–	818	(818)	–	–	–
Appropriation to owners	–	–	–	(7,500)	(7,500)	–	(7,500)
Sub-total of increase (decrease) for the year	–	–	818	(134)	684	–	684
Balance at 31 December 2009 and 1 January 2010	30,000	–	10,844	33,265	74,109	–	74,109
Net profit	–	–	–	764	764	–	764
Appropriation of surplus reserves	–	–	77	(77)	–	–	–
Appropriation to owners	–	–	–	(6,000)	(6,000)	–	(6,000)
Sub-total of increase (decrease) for the year	–	–	77	(5,313)	(5,236)	–	(5,236)
Balance at 31 December 2010 and 1 January 2011	30,000	–	10,921	27,952	68,873	–	68,873
Net profit	–	–	–	211	211	–	211
Sub-total of increase (decrease) for the period	–	–	–	211	211	–	211
Balance at 30 June 2011	30,000	–	10,921	28,163	69,084	–	69,084

For the six months ended 30 June 2010 (Unaudited)

RMB'000

Item	Attributable to owners of the parent company					Minority interests	Total owners' equity
	Paid-up capital	Capital reserves	Surplus reserves	Undistributed profits	Sub-total		
Balance at 1 January 2011	30,000	–	10,844	33,265	74,109	–	74,109
Net profit	–	–	–	2,011	2,011	–	2,011
Sub-total of increase (decrease) for the period	–	–	–	2,011	2,011	–	2,011
Balance at 30 June 2010	30,000	–	10,844	35,276	76,120	–	76,120

B. NOTES TO THE FINANCIAL INFORMATION

(Expressed in Renminbi Thousand Yuan unless otherwise indicated)

I. PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**1. Basis for preparation of the Financial Information**

The Financial Information have been prepared in accordance with the “Accounting Standards for Business Enterprise” and the related regulations issued by China Ministry of Finance, and the applicable disclosures required by Hong Kong Companies Ordinance. The financial information also complies with the applicable disclosures provisions of the Rules Governing the Listing of Securities on Stock Exchange of Hong Kong. The principal accounting policies adopted by BYD Logistics Group are stated as follows.

2. Basis of preparation and principle of measurement

The Financial Information is presented in Renminbi (“RMB”) and is adjusted to the nearest thousand. It is prepared on the historical cost basis.

3. Cash and cash equivalents

Cash in the cash flow statement represents cash on hand and deposits held at call with banks. Cash equivalents 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.

4. Financial assets and financial liabilities**(1) Financial assets**

Financial assets are classified into four categories according to the purposes of investments and the economic substance of the assets:

- 1) Financial assets at fair value through profit or loss are those financial assets that have been acquired principally for the purpose of selling in the short terms. They are presented in the balance sheets as “Held for trading financial assets”.
- 2) Held-to-maturity investments are non-derivative financial assets with fixed maturity and fixed or determinable payments that the Management intends and is able to hold to maturity.
- 3) Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including bills receivables, accounts receivables, interest receivables, dividend receivables and other receivables.
- 4) Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified as financial assets of any other class upon initial recognition.

Financial assets are measured initially at fair value. Transaction costs for financial assets measured at fair value through profit or loss are directly charged to profit or loss as incurred. Transaction costs for other class of financial assets are included in the carrying amount of assets at initial recognition. A financial asset is derecognised when the rights to receive cash flows from the asset have expired; or all risks and rewards relating to the ownership of the financial asset have been transferred.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.

Changes in the fair value of financial assets at fair value through profit or loss are recorded in the income statements of the period as 'Gain or loss from fair value changes'. Interest or cash dividends received during the period in which such financial assets are held, are recorded in the income statement for the period as 'Investment income'. On disposal, the difference between fair value and initial recognised amount are recognised as 'Gain or loss on Investment' and adjust the gain or loss from changes in fair value accordingly.

Changes in fair value of available-for-sale financial assets are recorded in owners' equity. Interests calculated using the effective interest method for the period in which the assets are held, is recognised as 'Investment income'. Dividends from available-for-sale equity instruments are recognised as 'Investment income' when the dividends are declared by the investee company. On disposal, the differences between the consideration received and the carrying amount of assets after deducting the accumulated fair value adjustments previously recorded in equity are recorded as 'Investment income'.

Other than financial assets at fair value through profit or loss, BYD Logistics Group assesses the carrying amount of financial assets at each balance sheet date. Provision for impairment is made when there is objective evidence indicating that a financial asset is impaired. When there is a significant or prolonged decline in the fair value of available-for-sale financial assets, accumulated loss in fair value that previously recorded in owner's equity should be recorded as impairment loss.

(2) Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss and other financial liabilities at initial recognition.

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

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

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

5. Provision for bad debts on receivables

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

Provision for bad debts is made using allowance account method. At the balance sheet date, receivables are assessed for impairment on individually or portfolio basis. Provision for bad debts is recognised in the profit or loss for the period. When there are objective evidences indicating the receivable are considered uncollectible, it is written off against the allowance account according to the approval procedures of BYD Logistics Group.

(1) *Receivables that are individually significant and provided for bad debts on individual basis*

Recognition criteria of individually significant receivable	Receivable of more than RMB5 million is regarded as individually significant receivable
Recognition method of provision for bad debts for individually significant receivables on individual basis	Provision for bad debts is made as the excess of the carrying amount over the present value of the estimated future cash flows.

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

Basis for determination of portfolio

Aged group	The credit risk characteristics group is determined by aging of the receivables.
Related party group	The credit risk characteristics group is determined by relationships of BYD Logistics Group with the parties of transaction.
Non-risk group	The credit risk characteristics group is determined by nature of transaction.

Method of provision of bad debts on portfolio basis

Aged group	Aging analysis
Related party group	In general, no provision is made
Non-risk group	In general, no provision is made

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

Aged	Proportion to accounts receivables (%)	Proportion to other receivables (%)
Within 1 year	0.00	0.00
1-2 years	10.00	10.00
2-3 years	30.00	30.00
3-4 years	50.00	50.00
Over 4 years	<u>80.00</u>	<u>80.00</u>

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

Related party group	Provision for bad debts are generally not made for related parties of BYD Logistics Group (such as jointly controlled entities and associates) where the difference between the present value of future cash flows and their carrying amount is minimal.
Non-risk group	Provision for bad debts are generally not made for those items such as rental deposits, advanced payment for purchases, petty cash and amount subsequently recovered where the difference between the present value of the expected future cash flows and their carrying amount is minimal.

(3) *Receivables which are individually insignificant but provided for bad debts individually*

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

6. Inventories

Inventories are merchandise.

BYD Logistics Group maintains a perpetual inventory system. Inventories are recorded at cost of purchase when received. Cost is calculated using weighted average method when the inventories are issued for consumable.

At the balance sheet date, inventories are stated at the lower of costs or net realisable value. Where the inventories become damaged, partially or wholly obsolete or whose selling price is lower than its cost sold at price lower than cost, provision for inventory impairment is made for the excess of its cost and net realisable value.

Net realisable value of finished goods etc are determined by their estimated selling price less estimated selling expenses and related taxes.

7. Long-term equity investments

Long-term equity investments of BYD Logistics Group include equity investments in entity over which the BYD Logistics Group has control and entity over which BYD Logistics Group does not have control, joint control or significant influence and investments which do not have quoted price in an active market and its fair value cannot be reliably measured.

The cost of investment for the long-term equity investments is the amount of consideration paid on acquisition.

Investments in subsidiaries are accounted for by BYD Logistics Group using cost method and adjusted for by equity method when preparing consolidated financial statements. Long-term equity investments in entities that the BYD Logistics Group does not have control, joint control or significant influence and do not have quoted market price in active markets and its fair value cannot be reliably measured are accounted for using cost method.

On disposal of a long-term equity investment, the difference between the carrying value and the actual consideration received is recognised as 'Investment income' for the period.

8. Fixed assets

Fixed assets are tangible assets that are held for use in the production of goods or supply of services, for rental to others, or for administrative purposes; and have a useful life of more than one accounting year, and the unit value exceeds RMB2,000.

Fixed assets consist of plant and machinery, motor vehicles, office equipment and electronic equipment. The cost for fixed assets is initially measured at cost. The cost of fixed assets includes purchase prices, import tax, value-added tax, and other related taxes and necessary expenses incurred bringing the assets to the status of intended use.

Subsequent costs of fixed assets, such as repairing expenditures, renovation and improvements, are recognised as the cost of assets when they meet the recognition criteria of fixed assets. The carrying amount of the replaced parts is derecognised. Other subsequent expenditures not meeting the recognition criteria are all charged in the profit or loss for the period.

Except for assets that are fully depreciated but still in use, depreciation is provided for fixed assets over their estimated useful lives by using the straight-line method. Depreciation charge is included in the cost of fixed assets or expenses for the period according to the usage of the assets. The useful life, estimated residual value and annual depreciation rate of each class of fixed assets are as follows:

Classes	Useful life (years)	Estimated residual percentage (%)	Annual depreciation (%)
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 Management reviews 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 are accounted for as a change in an accounting estimate.

A fixed asset is derecognised when it is disposed or expected not bringing economic benefit through use or disposal. Proceeds from disposal, transfer, retirement or damage of the asset shall deduct the net of the carrying amount and related taxes then take in profit or loss for the period.

9. Intangible assets

The intangible assets of BYD Logistics Group are software. They are initially recognised at cost.

Intangible assets are amortised over the shortest of their estimated useful lives, contractual beneficial period and useful life specified in the law.

Amortisation charge is included in the cost of related assets and profit or loss, as appropriate, for the period according to the beneficiary of the assets.

The estimated useful lives and amortisation method of intangible assets are reviewed by the Management at the end of each financial year, and any changes are accounted for as a change in an accounting estimate.

10. Impairment of non-financial assets

The Management assesses at each balance sheet date whether there is any indication that long-term equity investments, fixed assets, and intangible assets may be impaired. If there is any indication that an asset may be impaired, the asset will be tested for impairment. The recoverable amount of the asset is estimated individually. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the asset will be determined on group or portfolio basis.

If the recoverable amount of an asset is less than its carrying amount, the difference is recognised as an impairment loss and charged to profit or loss for the period. Once an impairment loss on the assets is recognised, it is not reversed in a subsequent period. The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset.

The indicators for impairment are as follows:

- (1) The current market price of an asset declines substantially. The decline is more than that as expected caused by passage of time or normal application.
- (2) There are significant changes in the economic, technical or legal environment in which the enterprise is operating and in the market of an asset in the current or near future period resulting in adverse impacts on the enterprise;
- (3) The market interest rate or rate of return of other investment has stood high in the period. It affects the discount rate used by enterprise to calculate the present value of estimated cash flow leading to a substantial decline in the recoverable amount of the assets.
- (4) There is evidence to demonstrate that the asset has gone obsolete or damaged;
- (5) The asset has already been or will be left idle, stopped using, or disposed advance head of schedule.
- (6) There are evidence from the internal reports that economic returns of asset such as generation of net cash flows or realisation of operating profit (loss), has been or will be lowered (higher) than that as expected.
- (7) Other signs to indicate that assets value have already been impaired.

11. Long-term prepayments

Long-term prepayments are expenditures which have incurred but that shall be amortised over the period and subsequent periods of more than one year. They are amortised evenly over the estimated benefit period. If the long-term prepayment has no longer beneficial to the subsequent accounting periods, the unamortised balance is then transferred to profit or loss for the period.

12. Employee benefits

Employee benefits payables are recognised as liabilities during the accounting period when employees render services and allocates to related cost of assets and profit or loss based on the beneficiaries. Compensation for termination of relationship with employees is recognised in the profit or loss for the period.

Employee benefits include salaries, bonus, allowance and subsidy; staff benefits; social security insurance; housing fund; union fund and staff education fund and expenditure incurred in connection with the rendering of employee services.

When termination of the employment relationship with employees before the expiry of the employment contracts or compensation provided as an offer to encourage employees to accept voluntary redundancy, if during the related accounting period there is a formal plan for termination of employment relationship or an offer for voluntary redundancy, which will be implemented immediately, and cannot unilaterally withdraw from the termination plan or the redundancy offer, the estimated liabilities arising from such situation should be charged to the profit or loss for the period.

13. Recognition of revenue

The business revenues of BYD Logistics Group are generated mainly from printing service and trading of print-related material, the principles of revenue recognition are as follows:

(1) *Revenue from printing service*

Revenue from printing service, net of value-added tax ('VAT') is recognised when the service is provided.

(2) *Revenue from trading of print-related materials*

Revenue from trading of print-related materials, net of VAT is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

14. Segment information

Operating segment of BYD Logistics Group has been identified on the basis of internal organisation 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 entity that satisfies both of the following criteria: 1) it engages in business activities from which it may earn revenue and incur expenses; and 2) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The price of intra-segment transactions is determined on market rates. Expenses incurred for more than one segment, other than those which is unable to be allocated reasonable, are allocated between segments on the basis of revenue.

15. Deferred income tax assets and deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities are recognised based on the differences between tax bases of assets and liabilities and respective book value (temporary differences). For deductible tax losses or tax credit that can be brought forward in accordance with tax law requirements for deduction of taxable income in subsequent years, it is considered as temporary differences and related deferred income tax assets are recognised. On the balance sheet date, deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or liability is settled.

Deferred income tax assets are recognised by BYD Logistics Group to the extent that it is probable that taxable profit will be available to offset the deductible temporary difference. On the balance sheet date, the carrying value of the recognised deferred income tax assets is reviewed. If it is very likely that no future taxable profits will be available to deduct the gain from deferred income tax assets, the carrying value of the deferred income tax assets will be reduced. If it is very likely that sufficient taxable profits will be available, the amount reduced will be reversed.

16. Leases

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

Finance lease is a lease that substantially transfers all the risks and rewards of ownership of the assets.

Operating leases are leases other than finance leases. BYD Logistics Group, as a lesser, recognised lease payments as a cost of an assets or an expense on a straight-line basis over the terms of the relevant lease. BYD Logistics Group, as a lessor, recognised leases payments as rental income on a straight-line basis over the terms of the relevant lease.

17. 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 or matters that are directly recorded in owners' equity are dealt with in owners' equity. Deferred tax arising from business combination is adjusted to the carrying value of goodwill. All other current tax and deferred tax are recognised in the profit or loss for the period.

The tax currently payable is the amount of tax payable to taxation bureau by the enterprises in respect of the transactions and matters of the 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 tax liabilities that should be recognised using the balance sheet liabilities approach at the end of period and their balances originally recognised.

18. Business combination

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

(1) Business combination involving entities under common control

Assets and liabilities that are obtained through a business combination involving entities under common control are measured at their carrying amounts at the combination date as recorded by the party being absorbed. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid is adjusted to capital reserve and with any excess over capital reserve being adjusted against undistributed earnings.

(2) Business combination not involving entities under common control

For a business combination not involving entities under common control, the cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the period after re-assessment.

19. Preparation of consolidated financial statements**(1) Determination of consolidation scope**

The scope of consolidated financial statements of the BYD Logistics covers all subsidiaries and special purpose entities. BYD Logistics has the control where it governs the financial and operating policies of an enterprise so as to obtain benefit from its activities.

(2) Accounting method for consolidated financial statements

The consolidated financial statements are prepared in accordance with Accounting Standards for Business Enterprises No. 33 – Consolidated financial statements and relevant requirements. On consolidation, all the significant intra-group balances, transactions and unrealized profit or loss are eliminated in the preparation of the consolidated financial statements. The portion of the owners' equity and net profit or loss of the subsidiaries, which is not attributable to the parent company, is separately presented as minority interests in the owners' equity in the consolidated financial statements.

When there is any inconsistency on the accounting policies or financial period adopted between subsidiaries and the parent company, the financial statements of subsidiaries are adjusted according to the accounting policies or financial period adopted by the parent company.

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

20. Key sources of estimation uncertainty and accounting judgements

In the application of the accounting policies as mentioned above, the Management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 by the Management on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(1) Depreciation of fixed assets

Fixed assets are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The determination of the useful lives and residual values involve management's estimation. The Management assesses annually the residual value and the useful life of the fixed assets and if the expectation differs from the original estimate, such a difference may impact the depreciation in the respective related reporting periods and in the future period.

(2) Impairment of long-term assets

If there is any indication that the net carrying book value of long-term asset may not be recoverable, this asset may be considered as impaired, and an impairment loss may be recognized in accordance with "Accounting Standards for Business Enterprise No. 8 – Impairment Loss of Assets". The carrying book value of long-term assets is reviewed periodically in order to assess whether the recoverable amount is have declined below the carrying book value. The assets are tested for impairment whenever events or changes in circumstances indicate that the carrying book value may not be recoverable. When such a decline has occurred, the carrying book value is reduced to the recoverable amount. The recoverable amount is the higher of fair value less cost to sell and the value in use. In determining the value in use, the expected cash flows generated by the assets are discounted to their present value, which requires the significant judgement relating to the level operating income and operating cost. BYD Logistics Group uses all readily available information in determining an amount that is reasonable and supportable assumptions for projection of operating income.

(3) Allowances for bad debts of accounts receivables and other receivables

The policy for allowance of bad debts of accounts receivables and other receivables of BYD Logistics Group is based on the evaluation of collectability and aging analysis of accounts and management's judgment. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer. If the financial conditions of debtors of BYD Logistics Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(4) *Impairment loss for inventories*

The Management 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 in printing nor saleable in the market. The Management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Management 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.

21. Tax

The applicable tax categories and tax rate for BYD Logistics Group are as follows:

(1) *Enterprise Income Tax ("EIT")*

The applied tax rate for EIT is 25%.

(2) *Value added tax ("VAT")*

BYD Logistics Group is a general VAT tax payer. The rate of VAT on sales income is 17%. The VAT paid on purchase of materials is 17% and the amount to be paid can be offset with the VAT on sales. The amount of VAT payable is the net amount of output VAT on sales less input VAT on purchases for the period.

(3) *Business Tax*

Business tax is applied to the income arising from digital printing service of BYD Logistics Group, and the applicable tax rate is 5%.

(4) *Urban maintenance and construction tax and Education surcharge*

The charge of urban maintenance and construction tax and education surcharge are based on the amount of VAT payables and business tax payable, and the tax rate are 7% and 3% respectively.

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

II. EXPLANATORY NOTES FOR MAIN ITEMS IN THE FINANCIAL INFORMATION

1. Bank balances and cash

Item	2008	As at 31 December		As at 30 June	
		2009	2010	2011	
Cash	9	10	119	33	
Bank deposits	48,940	31,125	67,458	9,642	
Other Bank balances and cash	6,490	11,095	31,048	4,939	
Total	55,439	42,230	98,625	14,614	

Other Bank balances and cash are guaranteed deposits for banker's acceptance bill.

2. Accounts receivables

Item	2008	As at 31 December		As at 30 June	
		2009	2010	2011	
Accounts receivables	212,234	163,870	93,841	124,946	
Less: Provision for bad debts	(20)	(128)	(3,304)	(4,035)	
Net accounts receivables	212,214	163,742	90,537	120,911	

(1) BYD Logistics Group generally allows a credit period of 7 to 90 days to the customers, the aging analysis of accounts receivables (net of bad debt provision) presented based on the invoice date are as follows:

Item	2008	As at 31 December		As at 30 June	
		2009	2010	2011	
0-90 days	107,227	62,678	54,294	76,615	
91-180 days	52,815	39,690	16,238	19,819	
181-365 days	45,722	20,005	7,588	13,596	
1-2 years	180	41,334	12,389	10,811	
2-3 years	–	35	13	51	
3-4 years	6,270	–	15	19	
Total	212,214	163,742	90,537	120,911	

(2) Provision for accounts receivables

Provision in respect of accounts receivables is recorded in provision for bad debts account unless BYD Logistics Group is satisfied that the recovery of the amount is remote, in which case, the impairment loss is written off against accounts receivables directly.

The movements of provision for bad debts during the Relevant Periods are as follows:

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
At beginning of the year/the period	3,134	20	128	3,304
Bad debts provided (Reversal)	<u>(3,114)</u>	<u>108</u>	<u>3,176</u>	<u>731</u>
At ending of the year/the period	<u>20</u>	<u>128</u>	<u>3,304</u>	<u>4,035</u>

(3) *Accounts receivables that are not impaired*

The aging analysis of accounts receivables that is neither individually nor collectively considered to be impaired is as follows:

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Neither past due nor provided for bad debts	107,227	62,678	54,294	76,615
Past due less than 12 months	98,537	59,695	23,826	33,513
Past due more than 12 months	<u>6,270</u>	<u>40,321</u>	<u>8,069</u>	<u>–</u>
Total	<u>212,034</u>	<u>162,694</u>	<u>86,189</u>	<u>110,128</u>

Accounts receivables that were neither past due nor provided for bad debts related to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not provided for bad debts relate to a number of customers that have a good track record. Based on past experience, Management believes that no provision for bad debts is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. BYD Logistics Group does not hold any collateral over these balances.

3. **Prepayments**

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Within 1 year	<u>138</u>	<u>2,355</u>	<u>6,265</u>	<u>201</u>
Total	<u>138</u>	<u>2,355</u>	<u>6,265</u>	<u>201</u>

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

4. Other receivables

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Other receivables	805	862	1,005	946
Less: Provision for bad debts	(213)	(213)	(213)	(213)
Net other receivables	592	649	792	733

- (1) The aging analysis of other receivables (net of bad debt provision) presented based on the incurring date are as follows:

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
0-90 days	76	94	165	123
91-180 days	–	–	–	–
181-365 days	280	–	86	17
1-2 years	10	301	17	86
2-3 years	226	254	287	252
3-4 years	–	–	237	255
Total	592	649	792	733

5. Inventories and allowance for inventories

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Merchandises				
Carrying book amount	52,105	70,085	67,022	78,877
Allowance for inventories	(4,297)	(3,219)	(618)	(259)
Carrying book value	47,808	66,866	66,404	78,618

At end of each reporting periods, allowance for inventories was made according to the lower of cost and net realisable value.

6. Long-term equity investments

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
PRC unlisted equity investment	2,069	2,069	2,069	2,069
Less: Provision for impairment loss	(1,933)	(2,069)	(2,069)	(2,069)
Carrying value of long-term equity investments	136	–	–	–

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

7. Fixed assets

(1) For the year ended 31 December 2008, the movements of fixed assets were as follows:

Item	As at 1 January 2008	Increase	Decrease	As at 31 December 2008
Cost				
Electronic equipment	525	33	44	514
Motor vehicle	2,893	615	279	3,229
Office equipment	<u>451</u>	<u>2</u>	<u>–</u>	<u>453</u>
	<u>3,869</u>	<u>650</u>	<u>323</u>	<u>4,196</u>
Accumulated depreciation				
Electronic equipment	155	119	13	261
Motor vehicle	1,991	230	80	2,141
Office equipment	<u>445</u>	<u>–</u>	<u>–</u>	<u>445</u>
	<u>2,591</u>	<u>349</u>	<u>93</u>	<u>2,847</u>
Carrying book value				
Electronic equipment	370	–	–	253
Motor vehicle	902	–	–	1,088
Office equipment	<u>6</u>	<u>–</u>	<u>–</u>	<u>8</u>
	<u>1,278</u>	<u>–</u>	<u>–</u>	<u>1,349</u>

For the year ended 31 December 2008, depreciation charge of fixed assets recognised in the income statement was RMB349,000.

(2) For the year ended 31 December 2009, the movements of fixed assets were as follows:

Item	As at 1 January 2009	Increase	Decrease	As at 31 December 2009
Cost				
Electronic equipment	514	51	20	545
Motor vehicle	3,229	–	–	3,229
Office equipment	453	–	–	453
	<u>4,196</u>	<u>51</u>	<u>20</u>	<u>4,227</u>
Accumulated depreciation				
Electronic equipment	261	273	20	514
Motor vehicle	2,141	374	–	2,515
Office equipment	445	1	–	446
	<u>2,847</u>	<u>648</u>	<u>20</u>	<u>3,475</u>
Carrying book value				
Electronic equipment	253	–	–	31
Motor vehicle	1,088	–	–	714
Office equipment	8	–	–	7
	<u>1,349</u>	<u>–</u>	<u>–</u>	<u>752</u>

For the year ended 31 December 2009, depreciation charge of fixed assets recognised in the income statement was RMB648,000.

(3) For the year ended 31 December 2010, the movements of fixed assets were as follows:

Item	As at 1 January 2010	Increase	Decrease	As at 31 December 2010
Cost				
Plant and Machinery	–	3,522	–	3,522
Electronic equipment	545	21	110	456
Motor vehicle	3,229	–	–	3,229
Office equipment	453	106	218	341
	<u>4,227</u>	<u>3,649</u>	<u>328</u>	<u>7,548</u>
Accumulated depreciation				
Plant and Machinery	–	–	–	–
Electronic equipment	514	37	110	441
Motor vehicle	2,515	259	–	2,774
Office equipment	446	2	218	230
	<u>3,475</u>	<u>298</u>	<u>328</u>	<u>3,445</u>
Carrying book value				
Plant and Machinery	–	–	–	3,522
Electronic equipment	31	–	–	15
Motor vehicle	714	–	–	455
Office equipment	7	–	–	111
	<u>752</u>	<u>–</u>	<u>–</u>	<u>4,103</u>

For the year ended 31 December 2010, depreciation charge of fixed assets recognised in the income statement was RMB298,000.

- (4) For the six months ended 30 June 2011, the movements of fixed assets were as follows:

Item	As at 1 January 2011	Increase	Decrease	As at 30 June 2011
Cost				
Plant and Machinery	3,522	218	–	3,740
Electronic equipment	456	11	–	467
Motor vehicle	3,229	51	–	3,280
Office equipment	341	114	–	455
	<u>7,548</u>	<u>394</u>	<u>–</u>	<u>7,942</u>
Accumulated depreciation				
Plant and Machinery	–	357	–	357
Electronic equipment	441	1	–	442
Motor vehicle	2,774	124	–	2,898
Office equipment	230	28	–	258
	<u>3,445</u>	<u>510</u>	<u>–</u>	<u>3,955</u>
Carrying book value				
Plant and Machinery	3,522	–	–	3,383
Electronic equipment	15	–	–	25
Motor vehicle	455	–	–	382
Office equipment	111	–	–	197
	<u>4,103</u>	<u>–</u>	<u>–</u>	<u>3,987</u>

For the six months ended 30 June 2011, depreciation charge of fixed assets recognised in the income statement was RMB510,000 (For the six months ended 30 June 2010: RMB166,000).

8. Intangible assets

- (1) For the year ended 31 December 2008, the movements of intangible assets were as follows:

Item	As at 1 January 2008	Increase	Decrease	As at 31 December 2008
Software				
Cost	198	37	4	231
Accumulated amortisation	60	10	2	68
Carrying book value	<u>138</u>	<u>–</u>	<u>–</u>	<u>163</u>

For the year ended 31 December 2008, amortisation charge of intangible assets recognised in the income statement was RMB10,000.

- (2) For the year ended 31 December 2009, the movements of intangible assets were as follows:

Item	As at 1 January 2009	Increase	Decrease	As at 31 December 2009
Software				
Cost	231	225	–	456
Accumulated amortisation	<u>68</u>	<u>166</u>	<u>–</u>	<u>234</u>
Carrying book value	<u>163</u>	<u>–</u>	<u>–</u>	<u>222</u>

For the year ended 31 December 2009, amortisation charge of intangible assets recognised in the income statement was RMB166,000.

- (3) For the year ended 31 December 2010, the movements of intangible assets were as follows:

Item	As at 1 January 2010	Increase	Decrease	As at 31 December 2010
Software				
Cost	456	–	234	222
Accumulated amortisation	<u>234</u>	<u>22</u>	<u>234</u>	<u>22</u>
Carrying book value	<u>222</u>	<u>–</u>	<u>–</u>	<u>200</u>

For the year ended 31 December 2010, amortisation charge of intangible assets recognised in the income statement was RMB22,000.

- (4) For the six months ended 30 June 2011, the movements of intangible assets were as follows:

Item	As at 1 January 2011	Increase	Decrease	As at 30 June 2011
Software				
Cost	222	8	–	230
Accumulated amortisation	<u>22</u>	<u>11</u>	<u>–</u>	<u>33</u>
Carrying book value	<u>200</u>	<u>–</u>	<u>–</u>	<u>197</u>

For the six months ended 30 June 2011, amortisation charge of intangible assets recognised in the income statement was RMB11,000 (For the six months ended 30 June 2010: RMB11,000).

9. Long-term prepayments

- (1) For the year ended 31 December 2008, the movements of long-term prepayments were as follows:

Item	As at 1 January 2008	Increase	Decrease Amortisation	Other decrease	As at 31 December 2008
Renovation cost	935	–	535	–	400

- (2) For the year ended 31 December 2009, the movements of long-term prepayments were as follows:

Item	As at 1 January 2009	Increase	Decrease Amortisation	Other decrease	As at 31 December 2009
Renovation cost	400	47	423	–	24

- (3) For the year ended 31 December 2010, the movements of long-term prepayments were as follows:

Item	As at 1 January 2010	Increase	Decrease Amortisation	Other decrease	As at 31 December 2010
Renovation cost	24	357	44	–	337

- (4) For the six months ended 30 June 2011, the movements of long-term prepayments were as follows:

Item	As at 1 January 2011	Increase	Decrease Amortisation	Other decrease	As at 31 December 2011
Renovation cost	337	310	87	–	560

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

10. Deferred income tax assets

(1) Recognised deferred income tax assets

Item	2008	As at 31 December 2009	2010	As at 30 June 2011
Provision for asset impairment loss	<u>1,133</u>	<u>890</u>	<u>1,034</u>	<u>1,127</u>

(2) Breakdown of deductible temporary difference

Item	2008	As at 31 December 2009	2010	As at 30 June 2011
Bad debts provision for accounts receivables	20	128	3,304	4,035
Bad debts provision for other receivables	213	213	213	213
Allowance for inventories	<u>4,297</u>	<u>3,219</u>	<u>618</u>	<u>259</u>
Total	<u>4,530</u>	<u>3,560</u>	<u>4,135</u>	<u>4,507</u>

11. Breakdown of assets impairment losses

(1) As at 31 December 2008, breakdown of assets impairment losses were as follows:

Item	As at 1 January 2008	Increase	Decrease Reversal	Other transfer	As at 31 December 2008
Provision for bad debts	3,564	–	3,114	217	233
Allowance for inventories	–	4,297	–	–	4,297
Provision for impairment loss of long-term equity investment	<u>1,312</u>	<u>621</u>	<u>–</u>	<u>–</u>	<u>1,933</u>
Total	<u>4,876</u>	<u>4,918</u>	<u>3,114</u>	<u>217</u>	<u>6,463</u>

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

(2) As at 31 December 2009, breakdown of assets impairment losses were as follows:

Item	As at 1 January 2009	Increase	Decrease Reversal	Other transfer	As at 31 December 2009
Provision for bad debts	233	108	—	—	341
Allowance for inventories	4,297	2,754	—	3,832	3,219
Provision for impairment loss of long-term equity investment	1,933	136	—	—	2,069
Total	6,463	2,998	—	3,832	5,629

(3) As at 31 December 2010, breakdown of assets impairment losses were as follows:

Item	As at 1 January 2010	Increase	Decrease Reversal	Other transfer	As at 31 December 2010
Provision for bad debts	341	3,176	—	—	3,517
Allowance for inventories	3,219	560	—	3,161	618
Provision for impairment loss of long-term equity investment	2,069	—	—	—	2,069
Total	5,629	3,736	—	3,161	6,204

(4) As at 30 June 2011, breakdown of assets impairment losses were as follows:

Item	As at 1 January 2011	Increase	Decrease Reversal	Other transfer	As at 31 December 2011
Provision for bad debts	3,517	731	—	—	4,248
Allowance for inventories	618	138	—	497	259
Provision for impairment loss of long-term equity investment	2,069	—	—	—	2,069
Total	6,204	869	—	497	6,576

12. Short-term borrowings

Item	2008	As at 31 December 2009	2010	As at 30 June 2011
Loan from parent company	50,000	—	—	—
Total	50,000	—	—	—

Loan from parent company represents the entrusted loan provided by the parent company, Beijing Media, through Hua Xia Bank and China Citic Bank in 2008. The loans were of one-year terms. They were fully repaid in 2009 when they were matured.

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

13. Bills payables

Item	2008	As at 31 December		As at 30 June	
		2009	2010	2011	
Banker's acceptance bill	32,436	39,790	50,223	17,322	

14. Accounts payables

(1) The aging analysis of accounts payables presented based on the invoice date are as follows:

Item	2008	As at 31 December		As at 30 June	
		2009	2010	2011	
0-90 days	86,396	88,596	71,501	61,486	
91-180 days	3,132	5,204	791	23,570	
181-365 days	3,761	8,309	412	2,786	
Over 1 year	230	506	294	—	
Total	93,519	102,615	72,998	87,842	

15. Receipts in advance

Item	2008	As at 31 December		As at 30 June	
		2009	2010	2011	
Within 1 year	31,194	40,000	8,662	3,754	
Over 1 year	30,000	17,843	57,290	44,232	
Total	61,194	57,843	65,952	47,986	

16. Employee benefit payables

(1) As at 31 December 2008, breakdown of employee benefit payables were as follows:

Item	As at		As at	
	1 January		31 December	
	2008	Increase	2008	Decrease
Salaries (including bonus, allowance and subsidies)	279	4,233	4,067	445
Staff welfare	348	—	348	—
Social security	—	703	703	—
Including: Medical insurance	—	222	222	—
Basic pension	—	430	430	—
Unemployment insurance	—	31	31	—
Injury insurance	—	6	6	—
Maternity insurance	—	14	14	—
Housing provident fund	—	225	225	—
Union operation cost and staff education cost	118	31	1	148
Total	745	5,192	5,344	593

(2) As at 31 December 2009, breakdown of employee benefit payables were as follows:

Item	As at 1 January 2009	Increase	Decrease	As at 31 December 2009
Salaries (including bonus, allowance and subsidies)	445	3,832	3,928	349
Staff welfare	—	86	86	—
Social security	—	838	838	—
Including: Medical insurance	—	251	251	—
Basic pension	—	534	534	—
Unemployment insurance	—	27	27	—
Injury insurance	—	8	8	—
Maternity insurance	—	18	18	—
Housing provident fund	—	301	301	—
Union operation cost and staff education cost	148	132	147	133
Total	593	5,189	5,300	482

(3) As at 31 December 2010, breakdown of employee benefit payables were as follows:

Item	As at 1 January 2010	Increase	Decrease	As at 31 December 2010
Salaries (including bonus, allowance and subsidies)	349	4,520	4,250	619
Staff welfare	—	68	68	—
Social security	—	979	979	—
Including: Medical insurance	—	308	308	—
Basic pension	—	611	611	—
Unemployment insurance	—	31	31	—
Injury insurance	—	9	9	—
Maternity insurance	—	20	20	—
Housing provident fund	—	376	376	—
Union operation cost and staff education cost	133	2	2	133
Total	482	5,945	5,675	752

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

(4) As at 30 June 2011, breakdown of employee benefit payables were as follows:

Item	As at 1 January 2011	Increase	Decrease	As at 31 December 2011
Salaries (including bonus, allowance and subsidies)	619	2,815	2,922	512
Staff welfare	–	45	45	–
Social security	–	513	513	–
Including: Medical insurance	–	321	321	–
Basic pension	–	161	161	–
Unemployment insurance	–	16	16	–
Injury insurance	–	5	5	–
Maternity insurance	–	10	10	–
Housing provident fund	–	183	183	–
Union operation cost and staff education cost	133	–	–	133
Total	752	3,556	3,663	645

17. Tax payable

Item	Applied tax rate	As at 31 December		As at 30 June	
		2008	2009	2010	2011
VAT	17%	957	(5,570)	2,330	(5,428)
Business tax	5%	1	–	–	4
EIT	25%	569	1,202	34	(331)
Individual income tax	21	27	133	39	–
Urban maintenance and construction tax	7%	77	–	219	–
Education surcharge	3%	32	–	94	–
Total		1,657	(4,341)	2,810	(5,716)

18. Other payables

The aging analysis of other payables presented based on the date of occurrence are as follows:

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Within 1 year	583	510	886	994
Over 1 year	–	–	56	74
Total	583	510	942	1,068

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

19. Paid-up capital

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Contributed capital	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>

20. Operating revenue and operating cost

Operating revenue (turnover) represents the net amounts received and receivables for sale of goods and rendering of services to outside customers, less trade discounts during the period.

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Operating revenue	773,768	529,417	464,306	224,511	242,187
Other operating revenue	<u>140</u>	<u>–</u>	<u>170</u>	<u>170</u>	<u>549</u>
Total	<u>773,908</u>	<u>529,417</u>	<u>464,476</u>	<u>224,681</u>	<u>242,736</u>
Operating cost	741,866	501,146	445,140	213,474	233,522
Other operating cost	<u>7</u>	<u>–</u>	<u>10</u>	<u>10</u>	<u>–</u>
Total	<u>741,873</u>	<u>501,146</u>	<u>445,150</u>	<u>213,484</u>	<u>233,522</u>

(1) Operating revenue and operating costs – by principal operations

Item	For the year ended 31 December					
	2008		2009		2010	
	Operating revenue	Operating cost	Operating revenue	Operating cost	Operating revenue	Operating cost
Printing service	376,856	365,026	227,803	218,426	244,969	242,889
Trading of print-related materials	<u>396,912</u>	<u>376,840</u>	<u>301,614</u>	<u>282,720</u>	<u>219,337</u>	<u>202,251</u>
Total	<u>773,768</u>	<u>741,866</u>	<u>529,417</u>	<u>501,146</u>	<u>464,306</u>	<u>445,140</u>

(Continued)

Item	For the six months ended 30 June			
	2010 (Unaudited)		2011	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Printing service	113,616	109,934	120,450	118,711
Trading of print-related materials	<u>110,895</u>	<u>103,540</u>	<u>121,737</u>	<u>114,811</u>
Total	<u>224,511</u>	<u>213,474</u>	<u>242,187</u>	<u>233,522</u>

21. Segment information

The price of intra-segment transactions is determined on market rates. Expenses incurred for more than one segment, other than those which is unable to be allocated reasonable, are allocated between segments on the basis of proportion of revenue. The segments are:

Operating segment	Principle activities
Printing:	Providing printing service.
Trading of print-related materials:	Sale of materials used for printing, such as paper, ink, lubricant, film, Pre-coating photosensitive liquid plate and rubber plate and other related materials.

(1) For the year ended 31 December 2008

Item	Printing	Trading of print-related materials	Unallocated amount	Total
Operating revenue	376,856	396,912	140	773,908
Operating expenses	373,404	385,066	2,939	761,409
Operating profit (loss)	—	—	335	335
Total assets	3,452	11,846	(3,134)	12,164
Total liabilities	121,420	141,245	56,742	319,407
Supplementary information	92,466	97,516	56,000	245,982
Depreciation and amortisation expenses				
Capital expenditures	435	459	—	894
Impairment of assets	334	353	—	687
Impairment of assets	(1,515)	2,698	621	1,804

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

(2) For the year ended 31 December 2009

Item	Printing	Trading of print-related materials	Unallocated amount	Total
Operating revenue	227,803	301,614	–	529,417
Operating expenses	<u>225,118</u>	<u>291,581</u>	<u>1,601</u>	<u>518,300</u>
Operating profit (loss)	<u>2,685</u>	<u>10,033</u>	<u>(1,601)</u>	<u>11,117</u>
Total assets	27,574	207,036	43,120	277,730
Total liabilities	<u>84,724</u>	<u>112,175</u>	<u>6,722</u>	<u>203,621</u>
Supplementary information				
Depreciation and amortisation expenses	533	704	–	1,237
Capital expenditures	139	184	–	323
Impairment of assets	<u>47</u>	<u>(1,017)</u>	<u>136</u>	<u>(834)</u>

(3) For the year ended 31 December 2010

Item	Printing	Trading of print-related materials	Unallocated amount	Total
Operating revenue	244,969	219,337	170	464,476
Operating expenses	<u>252,350</u>	<u>210,722</u>	<u>10</u>	<u>463,082</u>
Operating profit (loss)	<u>(7,381)</u>	<u>8,615</u>	<u>160</u>	<u>1,394</u>
Total assets	44,572	124,066	99,659	268,297
Total liabilities	<u>102,185</u>	<u>91,492</u>	<u>5,747</u>	<u>199,424</u>
Supplementary information				
Depreciation and amortisation expenses	192	172	–	364
Capital expenditures	2,114	1,892	–	4,006
Impairment of assets	<u>1,676</u>	<u>(1,100)</u>	<u>–</u>	<u>576</u>

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

(4) For the six months ended 30 June 2010 (Unaudited)

Item	Printing	Trading of print-related materials	Unallocated amount	Total
Operating revenue	113,616	110,895	170	224,681
Operating expenses	<u>114,033</u>	<u>107,541</u>	<u>9</u>	<u>221,583</u>
Operating profit (loss)	<u>(417)</u>	<u>3,354</u>	<u>161</u>	<u>3,098</u>
Total assets	40,936	135,846	59,861	236,643
Total liabilities	<u>80,252</u>	<u>78,330</u>	<u>1,941</u>	<u>160,523</u>
Supplementary information				
Depreciation and amortisation expenses	93	90	–	183
Capital expenditures	48	47	–	95
Impairment of assets	<u>506</u>	<u>495</u>	<u>–</u>	<u>1,001</u>

(5) For the six months ended 30 June 2011

Item	Printing	Trading of print-related materials	Unallocated amount	Total
Operating revenue	120,450	121,737	549	242,736
Operating expenses	<u>123,279</u>	<u>119,427</u>	<u>–</u>	<u>242,706</u>
Operating profit (loss)	<u>(2,829)</u>	<u>2,310</u>	<u>549</u>	<u>30</u>
Total assets	44,817	160,391	15,740	220,948
Total liabilities	<u>74,177</u>	<u>74,970</u>	<u>2,717</u>	<u>151,864</u>
Supplementary information				
Depreciation and amortisation expenses	302	306	–	608
Capital expenditures	355	358	–	713
Impairment of assets	<u>363</u>	<u>8</u>	<u>–</u>	<u>371</u>

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

22. Finance costs

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Interest expenses on the loans					
wholly repayable within 5 years	2,931	1,601	–	–	–
Less: Interest income	719	553	713	284	414
Add: Other expenditure	126	41	41	11	24
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	2,338	1,089	(672)	(273)	(390)
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

23. Assets impairment losses

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Provision (reversal) for bad debts	(3,114)	108	3,176	1,001	731
Allowance for inventories	4,297	2,754	560	–	138
Impairment loss on long-term equity investments	621	136	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	1,804	2,998	3,736	1,001	869
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

24. Investment loss

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Loss on disposal of subsidiary	335	–	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	335	–	–	–	–
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

BYD Logistics owns 70% of equity interest in Shanghai Beiqing. BYD Logistics entered into an agreement with the minority shareholders of Shanghai Beiqing (the “Agreement”). Pursuant to the Agreement, the minority shareholders obtained the control of operating right of Shanghai Beiqing at an aggregate consideration of RMB286,000. Since 1 July 2008, BYD Logistics has had no control over Shanghai Beiqing.

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

The details of the net assets of Shanghai Beiqing as at date of disposal were as follows:

	<i>RMB'000</i>
Bank balances and cash	589
Accounts receivables	973
Other receivables	88
Prepayments	43
Inventories	616
Fixed assets	230
Intangible assets	2
Accounts payables	(1,258)
Other payables	(275)
Tax payables	(121)
Minority interests	(266)
	<hr/>
Attributable to the owners of BYD Logistics	621
	<hr/>
Loss on disposal	(335)
	<hr/>
Consideration	286
Satisfied by: Other receivables	286
An analysis of the net outflow or cash and cash equivalents in respect of the disposal of subsidiary is as follows:	
Cash consideration	—
Bank balances and cash disposal of	(589)
	<hr/>
	(589)
	<hr/> <hr/>

The consideration represented the receivable from the minority shareholder of Shanghai Beiqing discounted with 7.83%, it is included in other receivables.

25. Income tax expenses

(1) Income tax expenses comprised:

Item	For the year ended			For the six months ended	
	2008	31 December 2009	2010	30 June 2010	2011
				(Unaudited)	
Current income tax expenses	3,568	2,723	774	1,005	(88)
Deferred income tax expenses	(1,133)	243	(144)	82	(93)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	2,435	2,966	630	1,087	(181)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

(2) *Current income tax*

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Current income tax – PRC	3,568	2,660	583	814	(88)
Under-provision in prior years – PRC	–	63	191	191	–
Total	3,568	2,723	774	1,005	(88)

(3) *The calculation for current income tax*

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Total profit for year/period	12,178	11,150	1,394	3,098	30
Add: Increase in amount by tax adjustments	5,410	3,320	3,540	1,487	115
Less: Decrease in amount by tax adjustments	3,316	3,832	2,601	1,328	498
Assessable income for the period	14,272	10,638	2,333	3,257	(353)
Statutory income tax rate (25%)	25%	25%	25%	25%	25%
Income tax payable for the year/period	3,568	2,660	583	814	(88)
Add: Other adjustments	–	63	191	191	–
Current income tax	3,568	2,723	774	1,005	(88)

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

26. Emoluments of Directors and Supervisors

(1) Emoluments of Directors and Supervisors

Item	For the year ended			For the six months ended	
	2008	31 December	2010	30 June	2011
		2009		2010	
(Unaudited)					
Basic salaries and allowances					
Director					
Zhang Yan Ping	—	—	—	—	—
Sun Wei	—	—	—	—	—
Duan Gang	425	423	429	315	314
He Zhi Sheng	—	—	—	—	—
Liu Han	—	—	—	—	—
Wang Qi En	—	—	—	—	—
Liu Yu Ming	—	—	—	—	—
Zhao Pei Rong	—	—	—	—	—
Zhang Yu Shan	—	—	—	—	—
Supervisor					
Zhang Ya Bin	—	—	—	—	—
Ji Xi Ming	—	—	—	—	—
Du Min	—	—	—	—	—
Zhang Li Hua	—	—	—	—	—
Total	425	423	429	315	314

In addition to directors' and supervisors' emoluments disclosed above, certain directors and supervisors of the BYD Logistics Group receive emoluments from Beijing Media and Beijing Youth Daily as follows:

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Other emoluments	2,635	2,728	2,339	1,450	1,472
Total	2,635	2,728	2,339	1,450	1,472

No apportionment has been made as the directors consider that it is impracticable to apportion this amount between their services rendered to BYD Logistics Group, and services rendered to Beijing Media and Beijing Youth Daily.

No directors or supervisors waived any emoluments during the Relevant Periods.

During the Relevant Period, no emoluments have been paid by BYD Logistics Group to the directors or supervisors as an inducement to join or upon joining BYD Logistics Group or as compensation for loss of office.

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

(2) Five individuals with highest emoluments

During the Relevant Period, for the five individuals with highest emoluments, one is the director of BYD Logistics Group, the disclosures of his emolument listed above refer to Note 25 (1), and the emoluments for remaining four individuals are as follows:

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Basic salaries and allowances	954	1,006	1,122	758	613
Retirement benefits scheme contributions	69	78	85	40	59
Total	1,023	1,084	1,207	798	672

During the Relevant Period, the emoluments for the remaining four individuals were all within the band of that from NIL to HKD1,000,000 (equivalent to RMB820,000 approximately).

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

27. Reconciliation of net profits as cash flows from operating activities

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Net profit	9,743	8,184	764	2,011	211
Add: Provision for asset impairment	1,804	2,998	3,736	1,001	869
Depreciation of fixed assets	349	648	298	166	510
Amortisation of intangible assets	10	166	22	11	11
Amortisation of long-term prepayments	535	423	44	6	87
Finance costs	2,931	1,601	–	–	–
Loss on investment	335	–	–	–	–
(Increase) decrease in deferred income tax assets	(1,133)	243	(144)	82	(93)
(Increase) decrease in inventories	(10,623)	(17,980)	3,063	5,390	(11,855)
(Increase) decrease in operating accounts receivables	(63,490)	46,089	62,677	52,635	(37,130)
Increase (decrease) in operating accounts payables	62,202	3,075	(3,222)	(39,734)	(32,853)
Net cash flow from operating activities	2,663	45,447	67,238	21,568	(80,243)

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

28. Changes in cash and cash equivalents

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Cash and cash equivalents at end of period	48,949	31,135	67,577	51,359	9,675
Cash and cash equivalents at beginning of period	<u>31,470</u>	<u>48,949</u>	<u>31,135</u>	<u>31,135</u>	<u>67,577</u>
Net increase (decrease) in cash and cash equivalents	<u>17,479</u>	<u>(17,814)</u>	<u>36,442</u>	<u>20,224</u>	<u>(57,902)</u>

29. Cash and cash equivalents

Item	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Cash on hand	9	10	119	57	33
Bank deposits readily available for payments	48,940	31,125	67,458	51,302	9,642
Other bank deposit and cash	<u>6,490</u>	<u>11,095</u>	<u>31,048</u>	<u>7,694</u>	<u>4,939</u>
Sub-total	<u>55,439</u>	<u>42,230</u>	<u>98,625</u>	<u>59,053</u>	<u>14,614</u>
Less: other bank deposit and cash restricted for use	<u>6,490</u>	<u>11,095</u>	<u>31,048</u>	<u>7,694</u>	<u>4,939</u>
Cash and cash equivalents at end of period	<u>48,949</u>	<u>31,135</u>	<u>67,577</u>	<u>51,359</u>	<u>9,675</u>

30. Relationships of related parties and related party transactions

(1) Relationships of related parties

The related parties which traded with BYD Logistics Group during the related period

Relationship	Name of related party
Ultimate controller	Beijing Youth Daily Agency (“BYDA”)
Parent company	Beiqing Media
Subsidiary of BYDA	Beijing XiaoHongMao Logistics Co., Ltd.
Subsidiary of BYDA	Beijing China Open Physical Promotion Co., Ltd.
Subsidiary of BYDA	Beijing Youth Magazine Agency
Subsidiary of BYDA	Legal Evening Post
Subsidiary of BYDA	Beijing Sci-Tech Report
Subsidiary of BYDA	Beijing Youth Weekend Media Co., Ltd.
Subsidiary of Beiqing Media	Hebei Heqing Media Corporation Limited
Subsidiary of Beiqing Media	Beiqing CeCi Advertising (Beijing) Limited (<i>Note 1</i>)
Shareholder of BYD Logistics	Xin Hua Net Printery
Shareholder of BYD Logistics	Workers’ Daily Agency
Shareholder of BYD Logistics	Beijing Min Yi Printing Technology Services Company
Shareholder of BYD Logistics	Beijing Ke Yin Printing Technology Services Company
Other related party	China Business News Agency

Note 1: Beiqing CeCi Advertising (Beijing) Limited was a jointly controlled company of Beiqing Media prior to 30 June 2011. On 30 June 2011, Beiqing Media unilaterally increased its investment in Beiqing CeCi, Beiqing CeCi therefore became a subsidiary of Beiqing Media since then.

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

(2) Related transactions

1) Purchase of goods or receiving of services

Related party	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Subsidiaries of BYDA	2,111	1,443	1,519	519	858
Total	2,111	1,443	1,519	519	858

2) Sales of goods or rendering of services

Related party	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Ultimate controlling shareholder	1,222	843	948	277	249
Beiqing Media	277,654	200,931	167,745	78,618	81,940
Subsidiaries of BYDA	110,898	15,381	11,532	5,180	4,638
Subsidiaries of Beiqing Media	–	6,796	21,144	10,068	11,854
Jointly controlled entities of Beiqing Media	–	–	371	85	634
Shareholders of BYD Logistics	46,996	38,987	34,508	17,161	18,023
Other related parties	13,240	14,989	17,335	7,228	9,032
Total	450,010	277,927	253,583	118,617	126,370

3) Short-term borrowings

Related party	Amount	Date of commencement	Date of maturity	Annual rate
Beiqing Media	30,000	28 May 2008	28 May 2009	8.22%
Beiqing Media	20,000	3 September 2008	3 September 2009	6.32%

4) *Remuneration for key management personnel*

Related party	2008	For the year ended 31 December		For the six months ended 30 June	
		2009	2010	2010 (Unaudited)	2011
Remuneration for key management personnel	425	423	429	315	314
Total	425	423	429	315	314

(3) *Current accounts balances with related parties*1) *Accounts receivable due from related parties*

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
BYDA	139	537	57	17
Subsidiaries of Beiqing Media	—	2,525	3,374	3,782
Subsidiaries of BYDA	94,477	45,684	8,660	7,814
Jointly controlled entities of Beiqing Media	—	—	435	1,177
Shareholder of BYD Logistics	5,984	4,944	3,602	1,263
Other related parties	1,670	366	—	2,067
Total	102,270	54,056	16,128	16,120

2) *Receipts in advance due to related parties*

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Beiqing Media	60,609	57,843	57,290	44,232
Shareholders of BYD Logistics	—	—	139	—
Other related parties	—	—	2,250	—
Total	60,609	57,843	59,679	44,232

APPENDIX II FINANCIAL INFORMATION OF BYD LOGISTICS GROUP

3) *Dividend payables due to related parties*

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Beiqing Media	3,788	3,788	3,030	—
Shareholders of BYD Logistics	<u>2,212</u>	<u>2,934</u>	<u>2,718</u>	<u>2,717</u>
Total	<u>6,000</u>	<u>6,722</u>	<u>5,748</u>	<u>2,717</u>

4) *Short-term borrowings due to related party*

Item	As at 31 December		As at 30 June	
	2008	2009	2010	2011
Beiqing Media	<u>50,000</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>50,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

31. Commitment of operating leases

(1) *Lease agreement contracted for or readily for executive and their financial effect*

The contracted minimum lease payments under non-cancellable operating leases in respect of office building for BYD Logistics Group are as follows:

Item	For the year ended 31 December		For the six months ended	
	2008	2009	2010	30 June 2011
Within 1 year (or 1 year)	452	973	1,318	1,318
Over 1 year and within 2 years (or 2 years)	—	973	833	345
Over 2 years and within 3 years (or 3 years)	—	488	345	345
Over 3 years	<u>—</u>	<u>—</u>	<u>518</u>	<u>345</u>
Total	<u>452</u>	<u>2,434</u>	<u>3,014</u>	<u>2,353</u>

32. Earnings or loss per share

No basis or diluted earnings per share information is presented as its inclusion, for the purpose of the Financial Information, is not considered meaningful.

33. Financial instruments and risk management

Major financial instruments of BYD Logistics Group include cash and bank balances, accounts receivables, other receivables, short-term borrowings, bills payables, accounts payables, employee benefits payables, other payables, etc. Detailed descriptions of these financial instruments are set out in the respective notes. Below are the risks associated with such financial instruments and the risk management policies adopted by BYD Logistics Group to mitigate such risks. The management of BYD Logistics Group manages and monitors such risk exposures to ensure such risks are contained within a prescribed scope.

(1) Objective and policies of risk management

BYD Logistics Group engages in risk management with the aim of achieving an appropriate balance between risk and return, where the negative effects of risks against the operating results of BYD Logistics Group are minimised, in order to maximise the benefits of shareholders and other stakeholders. Based on such objective in risk management, the underlying strategy of risk management of BYD Logistics Group is to ascertain and analyse all types of risks exposures of BYD Logistics Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus containing risk exposures within a prescribed scope.

1) Market risk**a) Foreign exchange risk**

Foreign exchange risk represents risks of loss incurred as a result of changes in exchange rate.

As at 31 December 2008, 2009 and 2010, and 30 June 2011, BYD Logistics Group had no significant assets or liabilities of foreign currency, therefore, the Management consider there is no significant foreign exchange risk.

b) Interest rate risk

The risk that changes in interest rate lead to changes in cash flow of the financial instruments of BYD Logistics Group is mainly associated with floating-rate borrowings.

As at 31 December 2008, 2009 and 2010, and 30 June 2011, BYD Logistics Group had no significant floating-rate borrowings, therefore, the Management consider there is no significant interest rate risk.

2) Credit risk

As at 31 December 2008, 2009 and 2010, and on 30 June 2011, the most significant credit risk exposure that might incur financial losses on the BYD Logistics Group was mainly attributable to a contractual failure of counterparty to perform its obligations, the effects of which could lead to losses in financial assets of BYD Logistics Group, specific sourced from the carrying amount of financial assets recognised in the balance sheet.

In order to mitigate credit risk, BYD Logistics Group established a committee to be responsible for determining credit limits, approving credit applications and carrying out other monitoring procedures to ensure necessary actions are taken to collect overdue debts. Besides, BYD Logistics Group reassesses the collectability of each amount receivable on an individual basis at each balance sheet date, in order to ensure sufficient provision is allocated for amounts that are not recoverable. As such, the management of BYD Logistics Group believes the credit risk assumed by the group has been significantly reduced.

BYD Logistics Group places its bank balances and cash in banks with relatively higher credit ratings; therefore, the credit risk with respect to liquid funds is low.

Since the risk exposures of BYD Logistics Group are distributed among various contractual parties and various customers, BYD Logistics Group has no significant concentration risk.

3) *Liquidity risk*

In managing liquidity risk, BYD Logistics Group maintains cash and cash equivalent at a level deemed sufficient by the management and carry out monitoring, in order to satisfy the operating needs of the group and lower the effects of fluctuations in cash flows. The management of BYD Logistics Group monitors the utilization of bank borrowings and makes sure the related borrowing agreements are complied with.

Maturity analysis of financial assets and financial liabilities of BYD Logistics Group at undiscounted remaining contractual obligations are set out as follows:

On 31 December 2008:

Item	Within 3 months	3-12 months	1-4 years
Financial assets			
Bank balances and cash	55,439	–	–
Accounts receivables	107,227	98,537	6,470
Other receivables	76	280	449
Total financial assets	162,742	98,817	6,919
Financial liabilities			
Short-term borrowings	–	50,000	–
Bills payables	27,511	4,925	–
Accounts payables	86,396	6,893	230
Other payables	583	–	–
Employee benefit payables	593	–	–
Total financial liabilities	115,083	61,818	230

On 31 December 2009:

Item	Within 3 months	3-12 months	1-4 years
Financial assets			
Bank balances and cash	42,230	–	–
Accounts receivables	62,678	59,695	41,497
Other receivables	94	–	768
Total financial assets	105,002	59,695	42,265
Financial liabilities			
Bills payables	36,438	3,352	–
Accounts payables	88,596	13,513	506
Other payables	510	–	–
Employee benefit payables	482	–	–
Total financial liabilities	126,026	16,865	506

On 31 December 2010:

Item	Within 3 months	3-12 months	1-4 years
Financial assets			
Bank balances and cash	98,625	–	–
Accounts receivables	54,294	23,826	15,721
Other receivables	165	86	754
Total financial assets	153,084	23,912	16,475
Financial liabilities			
Bills payables	48,001	2,222	–
Accounts payables	71,501	1,203	294
Other payables	886	–	56
Employee benefit payables	752	–	–
Total financial liabilities	121,140	3,425	350

On 30 June 2011:

Item	Within 3 months	3-12 months	1-4 years
Financial assets			
Bank balances and cash	14,614	–	–
Accounts receivables	76,615	33,415	14,916
Other receivables	123	17	806
Total financial assets	91,352	33,432	15,722
Financial liabilities			
Bills payables	17,322	–	–
Accounts payables	61,486	26,356	–
Other payables	931	63	74
Employee benefit payables	645	–	–
Total financial liabilities	80,384	26,419	74

(2) *Fair value*

The directors of BYD Logistics consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the Financial Information not materially differed from their fair values.

C. SUBSEQUENT EVENTS

There were no significant events taken place subsequent to 30 June 2011.

D. FINANCIAL STATEMENT OF POST-SETTLEMENT DATE

There had no audited financial statements been prepared by BYD Logistics Group subsequent to 30 June 2011.

Yours faithfully,

ShineWing Certified Public Accountants Co., Ltd.

Beijing, The People's Republic of China

1 September 2011

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The purpose of preparing the attached Unaudited Pro Forma Balance Sheet of The Enlarged Group (the “Statement”) (definition referred to as in this Circular), is to illustrate the effect to the financial position of the Group if the hypothetical Proposed Acquisition had been completed at 30 June 2011.

The Statement is prepared based on the unaudited consolidated balance sheet of the Group as at 30 June 2011 as set out in the interim report as for the six months ended 30 June 2011.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position relating to the Proposed Acquisition occurs as at the respective dates which it is made up to or at any future dates.

Item	Unaudited consolidated balance sheet of the Group as at 30 June 2011 (Note 1) RMB'000	Pro forma adjustment (Note 3) RMB'000	Consolidated balance sheet of the Enlarged Group as at 30 June 2011 RMB'000
Current assets			
Bank balances and cash	1,006,662	(29,665)	976,997
Held for trading financial assets	2,000	–	2,000
Accounts receivables	198,599	–	198,599
Prepayments	25,744	–	25,744
Interest receivables	5,511	–	5,511
Other receivables	59,958	–	59,958
Inventories	79,260	–	79,260
Non-current assets due within one year	8,900	–	8,900
Total current assets	1,386,634	(29,665)	1,356,969

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

Item	Unaudited consolidated balance sheet of the Group as at 30 June 2011 (Note 1) RMB'000	Pro forma adjustment (Note 3) RMB'000	Consolidated balance sheet of the Enlarged Group as at 30 June 2011 RMB'000
Non-current assets			
Long-term accounts receivables	1,166	—	1,166
Investments in jointly controlled entities and associates	121,215	—	121,215
Other long-term equity investments	11,060	—	11,060
Investment properties	10,754	—	10,754
Fixed assets	13,930	—	13,930
Intangible assets	45,270	—	45,270
Goodwill	48,503	—	48,503
Long-term prepayments	1,176	—	1,176
Deferred income tax assets	1,127	—	1,127
Total non-current assets	254,201	—	254,201
Total assets	1,640,835	(29,665)	1,611,170
Liabilities and shareholders' equity			
Current liabilities			
Bills payables	17,322	—	17,322
Accounts payables	96,753	—	96,753
Receipts in advance	31,752	—	31,752
Employee benefits payables	7,266	—	7,266
Tax payables	(7,486)	—	(7,486)
Interest payables	119	—	119
Dividend payables	51,372	—	51,372
Other payables	95,090	—	95,090
Total current liabilities	292,188	—	292,188

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE ENLARGED GROUP**

Item	Unaudited consolidated balance sheet of the Group as at 30 June 2011 (Note 1) RMB'000	Pro forma adjustment (Note 3) RMB'000	Consolidated balance sheet of the Enlarged Group as at 30 June 2011 RMB'000
Non-current liabilities			
Deferred income tax liabilities	244	—	244
Other non-current liabilities	<u>6,444</u>	<u>—</u>	<u>6,444</u>
Total non-current liabilities	<u>6,688</u>	<u>—</u>	<u>6,688</u>
Total liabilities	<u>298,876</u>	<u>—</u>	<u>298,876</u>
Shareholders' equity			
Share capital	197,310	—	197,310
Capital reserves	898,058	(413)	897,645
Surplus reserves	130,931	—	130,931
Undistributed profits	79,032	79,032	
Equity attributable to shareholders of the Company	<u>1,305,331</u>	<u>(413)</u>	<u>1,304,918</u>
Minority interests	<u>36,628</u>	<u>(29,252)</u>	<u>7,376</u>
Total shareholders' equity	<u>1,341,959</u>	<u>(29,665)</u>	<u>1,312,294</u>
Total liabilities and shareholders' equity	<u>1,640,835</u>	<u>(29,665)</u>	<u>1,611,170</u>

Notes:

- (1) The figures were extracted from the unaudited consolidated balance sheet of the Group as at 30 June 2011.
- (2) On 14 September 2011, the Company entered into an equity transfer agreement, pursuant to the agreement; the Company agreed to purchase an additional interests of 42.342% equity interests in its subsidiary, BYD Logistics Company Limited ("BYD Logistics") at a consideration of approximately RMB29,665,000 by cash (the "Acquisition"). After completion of the Acquisition, the Company will increase its equity interest in BYD Logistics from 50.50% to 92.842%.
- (3) The adjustment in cash represents the consideration of the Acquisition amounting to approximately RMB29,665,000. The consideration will be settled by cash.

The adjustment in minority interests of approximately RMB29,252,000 represents the increase in the share of net assets of BYD Logistics attributable to the Company. The amount is arrived at by multiplying the owners' equity of BYD Logistics as at 30 June 2011 approximately of RMB69,084,000 as set out in Accountants Report in Appendix II of this Circular by the equity interests being acquired of 42.342%.

The adjustment approximately of RMB413,000 in capital reserve, which is attributable to shareholder of the Company, represents the difference between the consideration of approximately RMB29,665,000 and the increase in the share of net assets of BYD Logistics attributable to the Company of approximately RMB29,252,000. Such difference is debited to capital reserve in the consolidated balance sheet in accordance with the PRC Accounting Standards.

- (4) In the opinion of Directors, the transaction cost for the Acquisition is minimal, therefore, it is ignored in the Statement.

B. REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the full text of a report, prepared for the sole purpose of inclusion in this circular, received from ShineWing Certified Public Accountants, the reporting accountants, in respect of the unaudited pro forma financial information of the Enlarged Group.



29 September 2011

Dear Sirs,

We report on the Unaudited Pro Forma Financial Information of Beijing Media Corporation Limited (the “Company”) and its subsidiaries, (the “Group”) as set out in Appendix III to the Company’s circular dated 29 September 2011 (the “Circular”) in connection with the proposed acquisitions of additional equity interests of 42.342% in the Company’s subsidiary, BYD Logistics Company Limited (the “Proposed Acquisition”). For the purposes of the Unaudited Pro Forma Financial Information, the Group after the Proposed Acquisition has completed is collectively referred as the “Enlarged Group” hereunder. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Proposed Acquisition might have affected the relevant financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the section under the heading of “Unaudited Pro Forma Financial Information of the Enlarged Group” in Appendix III to the Circular.

Respective Responsibilities of Directors of the Company and the Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with “Paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Listing Rules”) and with reference to Accounting Guideline No. 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by “paragraph 29(7) of Chapter 4 of the Listing Rules” on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with “China Certified Public Accountants Standards on Related Services No. 4101” issued by the Ministry of Finance of China and with reference to Hong Kong Standard on Investment Circular Reporting Engagements No. 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustration purpose only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 30 June 2011 or at any future date.

Opinion

In our opinion:

- (a) The Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) Such basis is consistent with the accounting policies of the Group; and
- (c) The adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to Paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

ShineWing Certified Public Accountants Co., Ltd

Certified Public Accountant

Liu Jingwei

Practising Certificate Number: 100000552114

Certified Public Accountant

Ji Sheng

Practising Certificate Number: 110001570006

Beijing, the PRC

SUMMARY OF THE ASSETS VALUATION REPORT FOR THE PROPOSED EQUITY TRANSFER OF BYD LOGISTICS CO., LTD.

As appointed by the shareholders of BYD Logistics Co., Ltd., Beijing Zhongwei Zhengxin Assets Appraisal Co., Ltd. conducted an appraisal on the market value of the entire equity interest held by the shareholders of BYD Logistics Co., Ltd. as at 31 December 2010 in relation to the proposed equity transfer by the shareholders of BYD Logistics Co., Ltd. ("BYD Logistics") in accordance with relevant laws, regulations, rules on assets appraisal and assets appraisal principles by adopting both the cost method and the income approach which is in compliance with required appraisal procedures.

According to the analysis of the basic information of BYD Logistics, the appraisal on the value of the entire equity interest held by the shareholders of BYD Logistics was conducted following both the cost method and the income approach. Upon analysis of the appraisals by the two approaches, it was confirmed that the results based on the cost method were determined as the final results of the assets appraisal.

The cost method, also known as the asset-based approach, is an appraisal approach by which the value of the appraised object is determined on the basis of the reasonable evaluation of all items of the assets and liabilities of the enterprise. Based on the assumption of its ongoing operations, all items of the assets and liabilities of BYD Logistics were assessed by adopting detailed implementation and calculation methods under the principle of cost method and its net asset value is determined as the appraised assets less liabilities.

Summary Table of Results of the Assets Appraisal of BYD Logistics

Appraisal reference date: 31 December 2010

Unit: RMB10,000

Item	Bookvalue A	Appraised value B	Difference C=B-A	Difference in percentage D=C/A×100%
1 Current assets	26,262.27	26,294.75	32.48	0.12
2 Non-current assets	567.46	653.62	86.16	15.18
3 Including: Long-term equity investments	0.00	0.00	0.00	
4 Fixed assets	410.34	494.50	84.16	20.51
5 Intangible assets	20.00	22.00	2.00	9.99
6 Long-term prepayments	33.73	33.73	0.00	0.00
7 Deferred income tax assets	103.39	103.39	0.00	0.00
8 Total assets	26,829.73	26,948.37	118.64	0.44
9 Current liabilities	19,942.40	19,942.40	0.00	0.00
10 Total liabilities	19,942.40	19,942.40	0.00	0.00
11 Net assets (equity attributable to owners)	6,887.33	7,005.97	118.64	1.72

The use of the results of the valuation report will be effective for one year from 31 December 2010, being the appraisal reference date.

The issue date of the valuation report is 18 February 2011.

The aforesaid content was abstracted from the full text of the valuation report.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, the Supervisors and the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director, a Supervisor, or the chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of divisions 2 and 3 of Part XV of the SFO, or, who is directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Class of shares	Nature	Approximate		
			Number of share interest held or regarded as held	percentage of the respective class of issued shares (%)	Approximate percentage of the total issued share capital (%)
Parent ^{Note}	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Co., Ltd	Domestic	N/A	7,367,000	5.17	3.73
MIH (BVI) Limited	H	Long Position	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long Position	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long Position	19,533,000	35.58	9.90
MIH Print Media Holdings Limited	H	Long Position	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long Position	19,533,000	35.58	9.90
Naspers Limited	H	Long Position	19,533,000	35.58	9.90

Name of shareholders	Class of shares	Nature	Number of share interest held or regarded as held	Approximate percentage of the respective class of issued shares	Approximate percentage of the total share capital
				(%)	(%)
Beijing Beida Founder Group Corporation	H	Long Position	4,939,000	8.99	2.50
Beijing University	H	Long Position	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long Position	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long Position	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long Position	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long Position	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long Position	4,939,000	8.99	2.50
Xia Jie	H	Long Position	4,939,000	8.99	2.50
Cao Yawen	H	Long Position	4,939,000	8.99	2.50

Note: As at the Latest Practicable Date, Mr. Zhang Yanping, Mr. Zhang Yabin, Mr. Li Shiheng, Ms. Wu Peihua and Mr. Liu Han, being Directors, are also the president, chief editor, executive vice president, executive vice chief editor and vice president of the Parent respectively.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, the Supervisors and the chief executive of the Company, there was no other person (other than the Directors, the Supervisors or the chief executive of the Company) who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors and the Supervisor were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group was made up.

5. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and the Supervisors nor their respective associates was interested in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group which would require disclosure under the Listing Rules and none of the Directors and the Supervisors nor their respective associates was materially interested in any contract or arrangement at the Latest Practicable Date which was significant to the business of the Group taken as a whole.

6. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors nor the Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up or were proposed to be acquired or disposed of by or leased to any member of the Group. None of the Directors nor the Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

7. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors nor the Supervisors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

8. LITIGATION

As far as the Directors are aware, none of the members of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

9. EXPERT'S QUALIFICATION AND CONSENT

ShineWing and Zhongwei Zhengxin have given and have not withdrawn their written consent to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they appear.

The following are the qualifications of ShineWing and Zhongwei Zhengxin who have given their opinions or advices which are contained in this circular:

Name	Qualification
ShineWing	Qualified accountants
Zhongwei Zhengxin	Qualified valuers

10. EXPERTS' INTERESTS

As the Latest Practicable Date, neither ShineWing, nor Zhongwei Zhengxin, had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2010, the date to which the latest audited financial statements of the Group were made up; and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. METHOD OF VOTING AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to all the proposed resolution at the EGM.

12. MISCELLANEOUS

- (a) The company secretary of the Company is Mr Yu Leung Fai. Mr Yu Leung Fai is a certified public accountant (practicing) of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.
- (b) The registered office of the Company is situated at Building A, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC.
- (c) The H share registrar and transfer office of the Company in Hong Kong is at Computershare Hong Kong Investor Services Limited which is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business in Hong Kong on 7th Floor, Hong Kong Trade Center, 161-167 Des Voeux Road Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including 15 October 2011:

- (a) the articles of association of the Company;
- (b) the annual report of the Group for the three years ended 31 December 2010 and the interim report of the Group for the six months ended 30 June 2011;
- (c) the accountants' report of BYD Logistics Group;
- (d) the valuation report of BYD Logistics Group;
- (e) the written consent of ShineWing referred to in this Appendix;
- (f) the written consent of Zhongwei Zhengxin referred to in this Appendix;
- (g) each of the ETAs (SOE); and
- (h) each of the ETAs (Non-SOE).

NOTICE OF THE EGM



BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock Code: 1000)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of the shareholders of Beijing Media Corporation Limited (the “**Company**”) will be held at 2:00 p.m. on Friday, 18 November 2011 at 21st Floor, Beijing Youth Daily Agency, Building A, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the People's Republic of China (“**PRC**”), for the purpose of considering and, if thought fit, passing the following resolution:

As an Ordinary Resolution

1. To consider and, if thought fit, to approve the acquisition of BYD Logistics Co., Ltd. from the existing shareholders by the Company, and to authorize any director to enter into the relevant equity transfer agreements with the existing shareholders for the sale of shares and to take all such actions as he may consider necessary or desirable for the purpose of giving effect to the transactions under the relevant equity transfer agreements.

By Order of the Board
Beijing Media Corporation Limited
Zhang Yanping
Chairman

Beijing, 29 September 2011

As at the date of this notice, the Board comprises: the executive directors of the Company, Zhang Yanping, Zhang Yabin and Sun Wei, the non-executive directors of the Company, Li Shiheng, Wu Peihua, Liu Han, Xu Xun and Li Yigeng, and the independent non-executive directors of the Company, Tsang Hing Lun, Wu Changqi and Liao Li.

NOTICE OF THE EGM

Notes:

1. ELIGIBILITY FOR ATTENDING THE EGM

Holders of H Shares whose names appear on the register of the Company maintained by Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, at the close of business of Tuesday, 18 October 2011 shall be entitled to attend the EGM.

Holders of H Shares intending to attend and vote at the EGM to be held on Friday, 18 November 2011 shall lodge all the transfer documents for H Shares with the relevant share certificates to the H Share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Tuesday, 18 October 2011.

2. PROXY

- (1) Shareholders entitled to attend and vote at the EGM may appoint one or more proxies in writing to attend and vote at the meeting on his behalf. The proxy need not be a shareholder of the Company.
- (2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its director(s) or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.
- (3) To be valid, the notarized power of attorney or other document(s) of authorization (if any) and the form of proxy shall be delivered to (i) the registered office address of Company for holders of domestic shares; and (ii) Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, for holders of H shares, no less than 24 hours before the time fixed for convening the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.
- (4) If a shareholder appoints more than one proxy, such proxies shall only exercise their voting rights by a poll.

3. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

- (1) A shareholder or his proxy shall produce his identification document when attending the EGM. Where a shareholder is a legal person, the legal representative of that shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.
- (2) Shareholders intending to attend the EGM shall return to the Company the reply slip stating their attendance on or before Friday, 28 October 2011.
- (3) A shareholder may return the above reply slip to the Company in person, by post or by facsimile to the office of the Company or Computershare Hong Kong Investor Services Limited.

4. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 19 October 2011 to Friday, 18 November 2011 (both dates inclusive), during which time no transfer of shares will be registered.

NOTICE OF THE EGM

5. METHOD OF VOTING AT THE EGM

Pursuant to Rule 13.39 (4) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to all the proposed resolution at the EGM.

6. MISCELLANEOUS

- (1) The EGM of the Company is expected to be held for less than half a day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.
- (2) The address of the Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) The registered office and the contact details of the Company are:

Building A, No.23 Baijiazhuang Dongli,
Chaoyang District,
Beijing, 100026
PRC
Telephone: (+86) 10 6590 2630
Fax: (+86) 10 6590 2630