



Beijing Media Corporation Limited

Stock Code: 1000

2006 INTERIM REPORT

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

Chairman's Statement

On behalf of Beijing Media Corporation Limited (the "Company", together with its subsidiaries, the "Group"), I am pleased to report the interim results for the six months ended 30 June 2006 (the "First Half of 2006").

Business Review

The Group is principally engaged in three business operations: (1) advertising sales which contribute the largest portion of the Group's turnover; (2) turnover from printing, which includes revenue generated from the printing of publications arranged by Beijing Youth Daily Logistics Co., Ltd. ("BYD Logistics"); and (3) trading of print-related materials, which involves the supply and trading of, among other things, newsprint, ink, lubricants, films, PS boards and rubber sheets to third parties, including commercial printers.

For the First Half of 2006, total turnover of the Group was approximately RMB366,629,000, representing a decline of approximately 6.0% from the corresponding period of 2005. Profit attributable to shareholders was approximately RMB5,662,000, representing an increase of approximately 3,231.0% from the corresponding period of 2005.

The total turnover of the Group for the First Half of 2006 experienced a decline, primarily due to a decrease in advertising revenue, particularly those related to the real estate sector, as a result of the austerity measures and relevant policies and regulations implemented by the PRC government and the new media's diversifying the advertising shares of newspaper and magazine. Profit attributable to shareholders experienced an increase, primarily due to the decrease in the cost of sales and operating expenses, as a result of the Group's active control on the costs, and the increase in bank deposits interests income.

Industry Review

For the First Half of 2006, PRC government imposed further austerity measures on real estate sector. The Regulation of the People's Republic of China on the Administration of Surveying and Mapping Achievements (Revised Draft) (the "Regulations") was approved by the State Council on 17 May 2006 to restructure the housing structure and strengthen the guidance and control in real estate market. According to the 2006's Land Supply Plan newly revealed by the Beijing Municipal Administration of Land, Resources and Real Estate, the residential land supply is expected to decrease by approximately 10% in 2006 from 2005. The promulgation of the Regulations further restricted the project planning and slowed down the launch of new real estate projects. Also, these policies have greatly declined the scale and the frequency of advertising from this sector. At the same time, the automotive manufacturers launched new models frequently in the domestic market and the competition in this sector is increasingly furious. As such, the advertising in automotive sector rallied slightly. However, new media such as outdoor advertising and the internet diversified the advertising shares of newspaper and magazine. According to 北京慧聰國際資訊有限公司("Beijing Hui Cong International Information Co., Ltd.") ("HC"), the overall growth of advertising sales in newspapers and magazines continued to slow down in 2006.

Industry Review *(Continued)*

In the second half of 2006, the Group will continue to focus on its core business of providing newspaper advertising services. In addition, the Group will also be committed to multi-media platform operations, which include seeking to engage in the business of topic-focused magazines and the development of outdoor advertising business. Moreover, the Group will continue to take full advantage of its established media connections in Beijing to organize large-scale events such as the China Open.

Advertising Business

For the First Half of 2006, approximately RMB235,072,000, or approximately 64.1%, of the total turnover of the Group was derived from advertising sales, representing a decline of approximately 7.8% from the corresponding period of 2005.

The Group's revenue generated from advertising was mainly attributable to Beijing Youth Daily. For the First Half of 2006, revenue from real estate advertising generated by Beijing Youth Daily decreased by approximately 18.3% from the corresponding period of 2005 to approximately RMB75,997,000 as a result of the austerity measures and relevant policies and regulations implemented by the PRC government and the new media's diversifying the advertising shares of newspaper and magazine.

According to HC, during the First Half of 2006, 414 real estate projects have placed advertisements in Beijing's major newspapers, representing a drop of approximately 5.0% from 436 of the corresponding period of 2005. At the same time, the automotive manufacturers launched new models frequently in the domestic market and the competition in this sector is increasingly furious. As such, the advertising sales in automotive sector rallied slightly. The Company has achieved a positive result in restructuring its advertising portfolio as the advertising from certain weak industries such as leisure and entertainment, watch and optical and finance and insurance sectors recorded growth.

Apart from Beijing Youth Daily, the Group also publishes other newspapers and magazines, including "Beijing Today", "Beijing Children's Weekly", "Middle School Times", "Leisure Trend" direct mail magazine, "39.2 Degree" youth magazine and "Hebei Youth Daily".

Printing Business and Trading of Print-related Materials

The Group engages in the printing business and trading of print-related materials through BYD Logistics. For the First Half of 2006, turnover from the printing business amounted to approximately RMB45,794,000, representing an increase of approximately 8.3% and trading of print-related materials amounted to approximately RMB85,763,000, representing a decline of approximately 7.5% from the corresponding period of 2005.

Organization of Large-scale Events

China Open Promotion Company Limited ("COL"), a jointly controlled joint venture established by the Company, has organized the first and the second China Open tournaments in 2004 and 2005 in Beijing, and will continue to hold the third tournament in September 2006 in Beijing. Leveraging the experience gained from organizing the first and second tournaments, COL expects and believes that the Third China Open tournament will attain a higher degree of success. At present, COL is co-ordinating with the relevant government departments and other co-operative associations for the preparation of the third tournament.

On 18 March 2006, Media Serv Limited ("MSL"), Media Serv Asia Pacific Limited ("MSAP"), Tom Group Limited ("TOM"), the Company and COL entered into a termination deed (the "Termination Deed") to terminate all previous agreements and arrangements relating to the organisation of the China Open. On the same date of the Termination Deed, the Company, COL, TOM, Champion Will International Limited ("Champion"), Swidon Enterprises Limited ("Swidon") and Tennis Tournaments Holdings Limited ("TTHL") entered into an authorization agreement (the "Authorization Agreement") regarding the organization of future China Open events. Under the Authorization Agreement, COL is entitled to all the commercial rights pertaining to the organisation of the China Open, including the right to receive sponsorships, broadcasting fees, ticket sales and related products sales. In consideration, COL is responsible for the payment of an aggregate ATP Tour, Inc ("ATP") and WTA Tour, Inc ("WTA") licence fee of US\$1,200,000 per year to Champion and Swidon.

Prospects and Future Plans

The Group came across many challenges arising from newspaper and magazine advertising segments in the First Half of 2006 as the PRC government imposed further austerity measures and issued relevant policies and regulations, and the new media diversified the advertising shares of newspaper and magazine. Looking forward into the second half of 2006, we are of the belief that the PRC advertising industry will maintain a healthy growth. In light of the 2008 Olympic Games in Beijing, we expect that opportunities for the advertising business will arise from the anticipated growing demand for advertising services during the preparation and holding period of the 2008 Olympic Games. Adhering to its objective of developing into a successful cross-media enterprise, the Group will continue to diversify its income stream, such as through expansion into operations of new newspapers, topic-focused magazines, outdoor billboards and large-scale events.

In respect of the development of topic-focused magazines, the Group acquired the operating right of "39.2 Degree", a youth magazine, in January 2006. The Company also plans to continue the research on the launch of other topic-focused magazines with market and profit potential.

Prospects and Future Plans *(Continued)*

As for the newspaper segment, the Company entered into an agreement with 河北青年報社 (Hebei Youth Daily Newspaper Agency) on 13 February 2006 in respect of the establishment of 河北河青傳媒有限責任公司 (Hebei Heqing Media Corporation Limited, ("Heqing Media"), which principally involved in the advertising, printing and distribution business of 河北青年報 ("Hebei Youth Daily"). The Company will consider to acquire the advertising businesses of "Legal Evening Post" and other publications of Beijing Youth Daily Newspaper Agency ("BYD") at proper time according to its objective and expansion plans.

The Company is seeking to acquire businesses of billboard companies, striving for penetrating into billboard business segment before 2008 Olympic Games, so as to further increase its income stream. The Company is currently considering and preparing for the development of direct-mail advertising business. Backed by its experience in the organization of large-scale events, the Group will also explore the potential of this business segment.

In addition, the Company has been paying close attention to emerging media such as the internet and mobile phones, and is studying the feasibility of fusing the contents and technologies of the traditional and new media, so as to further expand its advertising market.

The Company is seeking to establish a more extensive and diversified media platform by the above development plans. Under the support of the Beijing municipal government, the Group and its staff as a whole will continue their effort to develop and establish more diversified income stream and build up a cross-media platform for the Group, so as to establish the Group as a leading cross-media corporation in the PRC and maximize the return to shareholders.

Internal Review

The Company made announcements on 3, 12 and 17 October 2005 in respect of the detention of, and allegations of bribery or corruption against, six employees of the Company by the Prosecution Office of the Beijing Dongcheng District and the Second Prosecution Branch Office of the Beijing City, the PRC. An independent financial advisor has been engaged by the Company to conduct an internal investigation on the possible financial impact of this incident on the Company's financial situation. The investigation report of the independent financial advisor was issued on 18 April 2006 and, upon review by the Audit Committee and approval by the Board of the Company, the investigation findings are expected to be announced by the Company shortly. The Company believes that the allegations against the six employees do not have any significant effect on the overall financial situation of the Company.

By Order of the Board

ZHANG Yanping

Chairman of the Board of Directors

25 August 2006

Beijing, China

Management Discussion and Analysis

Financial Position and Business Results

1. Turnover

For the six months ended 30 June 2006, turnover of the Group was approximately RMB366,629,000 (corresponding period of 2005: RMB389,932,000), representing a decrease of approximately 6.0% from the corresponding period of 2005. Revenue from advertising decreased by approximately RMB 19,843,000, representing a decrease of approximately 7.8% from the corresponding period of 2005, mainly due to the austerity measures and relevant policies and regulations implemented by the PRC government and the new media's diversifying the advertising shares of newspaper and magazine. As a result, the Company's advertising revenue, especially the revenue from real estate sector, recorded a decline from the corresponding period of 2005. Revenue from printing business increased by approximately RMB3,519,000, representing an increase of approximately 8.3% from the corresponding period of 2005, while revenue from the trading of print-related materials decreased by approximately RMB6,979,000 representing a decrease of approximately 7.5% from the corresponding period of 2005.

2. Cost of Sales and Operating Expenses

For the six months ended 30 June 2006, the Group's cost of sales was approximately RMB346,947,000 (corresponding period of 2005: RMB358,535,000), representing a decline of approximately 3.2% from the corresponding period of 2005. Operating expenses were approximately RMB23,068,000 (corresponding period of 2005: RMB24,037,000), representing a decline of approximately 4.0% from the corresponding period of 2005. Operating expenses represented approximately 6.3% (corresponding period of 2005: 6.2%) of the Group's turnover for the First Half of 2006, comprising mainly sales and distribution expenses and administrative expenses.

In view of the decrease in advertising revenue resulting from adverse market conditions, the Company has implemented active cost control and savings policies and measures. Costs and expenses relating to advertising revenue for the First Half of 2006 decreased by approximately RMB11,339,000, representing a decline of approximately 4.3% from the corresponding period of 2005. Due to the growth of printing business, costs and expenses relating to printing revenue increased by approximately RMB1,527,000, representing an increase of approximately 4.1% from the corresponding period of 2005. Due to the decrease in the trading volume, costs and expenses relating to the trading of print-related materials decreased by approximately RMB2,745,000, representing a decline of approximately 3.3% from the corresponding period of 2005.

3. Gross Profit

For the six months ended 30 June 2006, the Group's gross profit amounted to approximately RMB19,682,000 (corresponding period of 2005: RMB31,397,000), representing a decline of approximately 37.3% from the corresponding period of 2005. Gross profit margin decreased to 5.4% (corresponding period of 2005: 8.1%).

Management Discussion and Analysis (Continued)

Financial Position and Business Results (Continued)

4. *Other Gains – Net*

For the six months ended 30 June 2006, the other gains - net of the Group was approximately RMB21,872,000 (corresponding period of 2005: RMB12,737,000), representing an increase of approximately 71.7% from the corresponding period of 2005, mainly due to the increase in interest income received from bank deposits.

5. *Finance Expenses*

For the six months ended 30 June 2006, the finance expenses of the Group was approximately RMB10,244,000 (finance income for the corresponding period of 2005: RMB1,287,000), representing an increase in cost of approximately 896.0% from the corresponding period of 2005. The finance expenses mainly comprised of the Group's exchange loss of approximately RMB9,680,000 in First Half of 2006 arising from the Hong Kong Dollar deposits (exchange gain for the corresponding period of 2005: RMB1,569,000) as a result of Renminbi appreciations.

6. *Profit Attributable to Shareholders*

For the six months ended 30 June 2006, the profit attributable to shareholders of the Group was approximately RMB5,662,000 (corresponding period of 2005: RMB170,000), representing an increase of approximately 3,231.0% from the corresponding period of 2005.

7. *Interim Dividend*

The board of directors of the Company ("the Board") did not recommend the distribution of any interim dividend for the six months ended 30 June 2006.

8. *Non-current Assets*

As at 30 June 2006, the non-current assets of the Group amounted to approximately RMB10,006,000 (31 December 2005: negative RMB14,016,000) which mainly comprised of fixed assets, prepayment for land use rights and intangible assets of approximately RMB17,010,000 (31 December 2005: RMB16,836,000), RMB32,759,000 (31 December 2005: RMB33,202,000) and RMB25,912,000 (31 December 2005: RMB5,387,000) respectively. Share of net liabilities of a jointly controlled entity amounted to approximately RMB67,744,000 (31 December 2005: RMB71,510,000) and available-for-sale financial assets amounted to approximately RMB2,069,000 (31 December 2005: RMB2,069,000).

Management Discussion and Analysis *(Continued)*

Financial Position and Business Results *(Continued)*

9. *Net Current Assets*

As at 30 June 2006, the Group's net current assets amounted to approximately RMB1,287,612,000 (31 December 2005: RMB1,347,194,000). Current assets mainly comprised of cash and cash equivalents of approximately RMB315,079,000 (31 December 2005: RMB284,733,000), short-term bank deposits of approximately RMB946,962,000 (31 December 2005: RMB1,073,933,000), restricted bank deposits of approximately RMB151,736,000 (31 December 2005: RMB56,000,000), inventory of approximately RMB50,146,000 (31 December 2005: RMB59,998,000) as well as trade receivables and other receivables, prepayments and deposits of approximately RMB159,225,000 (31 December 2005: RMB129,117,000). Current liabilities mainly comprised of unsecured short-term bank loan of approximately RMB20,000,000 (31 December 2005: RMB20,000,000), trade payables, other payables and accruals of approximately RMB75,955,000 (31 December 2005: RMB65,525,000) and RMB227,065,000 (31 December 2005: RMB157,919,000) respectively, and taxation payable of approximately RMB7,516,000 (31 December 2005: RMB5,123,000).

Liquidity and Financial Resources

As at 30 June 2006, the Group's cash and cash equivalents and short-term bank deposits were totaling approximately RMB1,262,041,000 (31 December 2005: RMB1,358,666,000). The debt-to-equity ratio, defined as a percentage of net interest-bearing borrowings over capital and reserves attributable to the Company's equity holders, was approximately 1.6% (31 December 2005: 1.5%) as at 30 June 2006.

Development of Business Segments for the First Half of 2006

In January 2006, the Company has been granted the operating right of "39.2 Degree", a youth magazine targeting teenager readers between 13 and 19. 39.2 Degree's advertisers mainly comprise electronic, sports goods and fast moving consumer goods.

The Company entered into an agreement with河北青年報(Hebei Youth Daily Newspaper Agency) on 13 February 2006 in respect of the establishment of河北河青傳媒有限公司(Hebei Heqing Media Corporation Limited ("Heqing Media"), which principally involved in the advertising, printing and distribution business of河北青年報("Hebei Youth Daily"), a daily newspaper mainly issued in Shi Jia Zhuang, HeBei Province, China, targeting middle classer between 20 and 40. 河北青年報("Hebei Youth Daily")'s advertisers mainly comprise real estate, automobile, pharmaceutical, business and communication.

Capital Structure

	<u>Number of Shares</u>	<u>Percentage</u>
Total Share Capital	197,310,000	
Holders of Domestic Shares	142,409,000	72.18%
BYD	124,839,974	63.27%
Beijing Zhijin Science and Technology Investment Co., Ltd.	7,367,000	3.73%
China Telecommunication Broadcast Satellite Corp.	4,263,117	2.16%
Beijing Development Area Ltd.	2,986,109	1.52%
Sino Television Co., Ltd.	2,952,800	1.50%
Current H Shares	54,901,000	27.82%
Including: MIH Print Media Holdings Limited	19,533,000	9.9%

Use of Proceeds from Listing

The Company raised a total net proceeds of about HK\$889,086,000 from the Global Offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the Prospectus of the Company and the actual use of proceeds as at 30 June 2006:

Proposed Use of Proceeds	Amounts Proposed to be Used HK\$	Actual Amounts Used HK\$
Developing weekend newspapers	Approximately 100 million	not used
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 80 million	Approximately 8.6 million
Investing in the television industry in Beijing	Approximately 250 million	not used
Acquisition of other media businesses	Approximately 275 million	Approximately 17.5 million
General working capital	Approximately 73 million	not used

As at 30 June 2006, a substantial part of the proceeds of the Company had not been utilized, which was mainly due to the following reasons:

- The preparation period for developing weekend newspapers and topic-focused magazines is longer than expected. In addition, the Company adopts a prudent investment strategy, and will not make hasty investment without the support of sufficient market conditions;
- The PRC government has tightened the limitation on the participation of foreign enterprises in the television broadcasting industry, and our development in such industry has been slower than expected accordingly;
- The Company has spent considerable time on negotiation concerning a number of acquisitions because media industries, particularly newspapers and other media are subject to relatively more restrictions imposed by the relevant government authorities in the PRC.

Nevertheless, during the First Half of 2006, the Company strived to seek opportunities to fulfill the objectives set forth in its Prospectus. The Company believes that the proceeds will be utilized continually for business development in the later half of 2006 and in subsequent years.

Capital Expenditures

Capital expenditures of the Group for the six months ended 30 June 2006 mainly including the costs incurred by Heqing Media on acquiring the advertising, printing and distribution exclusive operating rights of Hebei Youth Daily and expenditures on office equipment were approximately RMB22,095,000. The Group expects the capital expenditures for the second half of 2006 will mainly comprise expenditures consistent with our business strategy.

Contingent Liabilities and Pledge of Assets

	As at 30 June 2006 RMB'000	As at 31 December 2005 RMB'000
Guarantees for bank loans of a jointly controlled entity	151,736	56,000

On 11 August 2005 and 11 August 2006, the Company entered into extended pledge agreements with China Minsheng Banking Corporation Limited ("Minsheng Banking"), pursuant to which the Company pledged fixed-term deposits in the sum of RMB56,000,000 as a security over a loan facility of US\$6,000,000, or RMB equivalent, granted to COL by Minsheng Banking.

On 21 March 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK\$79,000,000 as a security over a loan facility of RMB71,000,000 granted to COL by Minsheng Banking.

On 1 June 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK\$14,000,000 as a security over a loan facility of RMB12,500,000 granted to COL by Minsheng Banking.

On 11 August 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK\$8,950,000 as a security over a loan facility of RMB8,050,000 granted to COL by Minsheng Banking.

On 18 August 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK\$9,000,000 as a security over a loan facility of RMB8,200,000 granted to COL by Minsheng Banking.

The Company has agreed to provide financial assistance to COL for the financing of the payment of the ATP and WTA licence fee. In relation to other operating costs of COL for the organisation of the China Open tennis tournaments, in the event that COL requires financing for such costs, the Company and TTHL have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL.

The management anticipates that no material liability will arise from the above guarantees and financial assistance arising in the ordinary course of business.

Contingent Liabilities and Pledge of Assets *(Continued)*

As at 30 June 2006, the amount of financial assistance given to, and guarantees given for facilities granted to, COL by the Company in aggregate exceeded 8% of the total assets of the Company. In accordance with the requirement under Rule 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), COL's balance sheet, including significant balance sheet classifications, as at 30 June 2006 and the attributable interest of the Company in COL are disclosed in note 8 to the unaudited condensed consolidated interim financial information in this interim report.

Foreign Exchange Risks

Most of the Group's revenues and operating costs were denominated in RMB. As the proceeds from the issue of new shares in December 2004 were received in Hong Kong dollars, the Group is exposed to foreign exchange risks as a substantial portion of short-term bank deposits and restricted bank deposits are denominated in Hong Kong dollars. For the six months ended 30 June 2006, the Group had an exchange loss of approximately RMB9,680,000 (exchange gain for the corresponding period of 2005: RMB1,569,000). The Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 30 June 2006.

Staff

As at 30 June 2006, the Group had a total of 368 staff (as at 31 December 2005: 159 staff), whose remuneration and benefits are determined based on market rates, State policies and individual performance. The increase in number of staff was mainly due to the addition of staff from "39.2 Degree" youth magazine and Heqing Media.

Disclosure of Shareholding Interests of Directors, Supervisors and Executive President

After thorough enquiries of the Directors of the Company, the Company believes that, as at 30 June 2006, none of the Directors, Supervisors, Executive President or senior management of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance).

Purchase, Sale or Redemption of Listed Securities of the Company

During the period from 22 December 2004, the listing date, to the date of this interim report, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

Code on Corporate Governance Practices

The Board of the Company believes that the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the First Half of 2006.

Compliance with “Model Code for Securities Transactions by Directors and Supervisors”

The Company has adopted the Standard Code set out in Appendix 10 of the Listing Rules (“Standard Code”) regarding securities transactions of Directors and Supervisors. The Company has made throughout enquiry of the Directors and Supervisors and all Directors and Supervisors have confirmed with the Company that they have complied with the Standard Code.

Material Litigation and Arbitration

So far as the Directors are aware, the Company was not involved in any material litigation or arbitration and no litigation or claim was pending or threatened against the Company as at 30 June 2006.

Changes in the Board of Directors and the Supervisory Committee

The following resolutions have been considered and approved as ordinary resolutions at the General Meeting of the Company on 20 June 2006:

1. The granting of consent to the resignation of Mr. Johanne Louw Malherbe as a non-executive director of the Company and the election of Mr. Abraham van Zyl as a non-executive director of the Company.
2. The granting of consent to the resignation of Mr. Zhu Yaoting as a supervisor of the Company and the election of Mr. Gao Zhiyong as a supervisor of the Company.

Exemption from Compliance with Listing Rules

Save as disclosed in the Prospectus, the Company has not been granted any exemption from compliance with the Listing Rules.

Review by Audit Committee

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group with the management of the Company. In addition, the Audit Committee has discussed with the Directors matters concerning the internal controls and financial reporting of the Company, including a review of the unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2006 and the interim report with no disagreement.

Condensed consolidated interim balance sheet (Unaudited)

As at 30 June 2006

	Note	As at 30 June 2006 Unaudited RMB'000	As at 31 December 2005 Audited RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	17,010	16,836
Prepayment for land use rights		32,759	33,202
Intangible assets	7	25,912	5,387
Investment in a jointly controlled entity	8	(67,744)	(71,510)
Available-for-sale financial assets		2,069	2,069
		10,006	(14,016)
Current assets			
Inventories		50,146	59,998
Trade receivables	9	136,969	117,015
Other receivables, prepayment and deposits		22,256	12,102
Restricted bank deposits	17(c)	151,736	56,000
Short-term bank deposits		946,962	1,073,933
Cash and cash equivalents		315,079	284,733
		1,623,148	1,603,781
Total assets		1,633,154	1,589,765
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		197,310	197,310
Reserves	10	1,024,031	1,024,031
Retained earnings			
– Proposed final dividend		—	49,328
– Others		34,536	28,874
		1,255,877	1,299,543
Minority interest		41,741	33,635
Total equity		1,297,618	1,333,178

Condensed consolidated interim balance sheet (Unaudited) (Continued)

As at 30 June 2006

	Note	As at 30 June 2006 Unaudited RMB'000	As at 31 December 2005 Audited RMB'000
LIABILITIES			
Current liabilities			
Trade payables	11	75,955	65,525
Other payables and accruals		227,065	157,919
Taxation payable		7,516	5,123
Short-term bank loan		20,000	20,000
Current portion of long-term liabilities		5,000	8,020
		335,536	256,587
Total liabilities		335,536	256,587
Total equity and liabilities		1,633,154	1,589,765
Net current assets		1,287,612	1,347,194
Total assets less current liabilities		1,297,618	1,333,178

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial information.

Condensed consolidated interim income statement (Unaudited)

For the six months ended 30 June 2006

		Six months ended 30 June	
	Note	2006 Unaudited RMB'000	2005 Unaudited RMB'000
Turnover	5	366,629	389,932
Cost of sales		(346,947)	(358,535)
Gross profit		19,682	31,397
Other gains – net		21,872	12,737
Selling and distribution expenses		(3,918)	(2,471)
Administrative expenses		(19,150)	(21,566)
Finance (costs)/income		(10,244)	1,287
Share of profit/(loss) of a jointly controlled entity		3,766	(11,916)
Profit before income tax	12	12,008	9,468
Income tax expenses	13	(4,142)	(4,632)
Profit for the period		7,866	4,836
Attributable to :			
Equity holders of the Company		5,662	170
Minority interest		2,204	4,666
		7,866	4,836
Earnings per share for profit attributable to the equity holders of the Company during the period (RMB per share), basic	14	0.029	0.001
Dividends	15	49,328	76,951

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial information.

Condensed consolidated interim statement of changes in equity (Unaudited)

For the six months ended 30 June 2006

	Unaudited						
	Attributable to equity holders of the Company						
	Share capital	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Retained earnings	Minority Interest	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2005, as previously reported as equity	197,310	896,313	56,968	56,245	159,701	—	1,366,557
Balance at 1 January 2005, as previously separately reported as minority interests	—	—	—	—	—	26,934	26,934
Balance at 1 January 2005, as restated	197,310	896,313	56,988	56,245	159,701	26,934	1,393,491
Capital held by minority shareholders of the acquired subsidiary	—	—	—	—	—	2,107	2,107
Others	—	(193)	—	—	—	—	(193)
Dividend relating to 2004	—	—	—	—	(76,951)	—	(76,951)
Profit for the period	—	—	—	—	170	4,666	4,836
Balance at 30 June 2005	197,310	896,120	56,988	56,245	82,920	33,707	1,323,290

	Unaudited							
	Attributable to equity holders of the Company							
	Share capital	Capital reserve	Statutory surplus reserve	Statutory public welfare fund	Discretionary surplus reserve fund	Retained earnings	Minority Interest	Total
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2006	197,310	896,163	64,491	63,377	—	78,202	33,635	1,333,178
Capital held by minority shareholders of the acquired subsidiary	—	—	—	—	—	—	12,000	12,000
Transfer to discretionary surplus reserve fund (Note 10)	—	—	—	(63,377)	63,377	—	—	—
Dividend relating to 2005	—	—	—	—	—	(49,328)	(6,098)	(55,426)
Profit for the period	—	—	—	—	—	5,662	2,204	7,866
Balance at 30 June 2006	197,310	896,163	64,491	—	63,377	34,536	41,741	1,297,618

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial information.

Condensed consolidated interim cash flow statement (Unaudited)

For the six months ended 30 June 2006

	Six months ended 30 June	
	2006 Unaudited RMB'000	2005 Unaudited RMB'000
Net cash outflow from operating activities	(2,229)	(48,130)
Net cash inflow/(outflow) from investing activities	44,086	(1,058,330)
Net cash (outflow)/inflow from financing activities	(1,819)	33,693
Net increase/(decrease) in cash and cash equivalents	40,038	(1,072,767)
Cash and cash equivalents at beginning of the period	284,733	1,308,107
Effect of exchange rate changes	(9,692)	1,569
Cash and cash equivalents at end of the period	315,079	236,909

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information (Unaudited)

For the six months ended 30 June 2006

1. Company organization and principal activities

The Company was incorporated in the People's Republic of China ("PRC") on 28 May 2001 as a joint stock company with limited liability under the PRC Company Law. The Company and its subsidiaries are hereinafter referred to as the "Group". The Group is principally engaged in the provision of newspaper advertising services, printing and trading of print-related materials in the PRC.

The Company is listed on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial information was approved for issue on 25 August 2006.

2. Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2006 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34, 'Interim financial reporting'. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2005.

3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2005, as described in the annual financial statements for the year ended 31 December 2005.

The following new amendments to standards and interpretations are mandatory for financial year with annual period beginning on or after 1 January 2006.

- Amendment to HKAS 39 and Hong Kong Financial Reporting Standards ("HKFRS") 4, Amendment "Financial guarantee contracts", effective for annual periods beginning on or after 1 January 2006. These amendments had no material impact to the accounting policies of the Group; and
- HKAS – Interpretation 4, "Determining whether an arrangement contains a lease", effective for annual periods beginning on or after 1 January 2006. This interpretation had no material impact to the accounting policies of the Group. Management will continue to assess the impact of this HKAS Interpretation to the accounting policies of the Group for any further arrangements.

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

4. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next six months are discussed below:

(a) *Provision for doubtful debts*

The Group makes estimates of the uncollectibility of the trade receivables. The Group specifically analyses trade receivable, historical bad debts, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of its customers were to deteriorate, actual write-offs might be higher than expected, and the Group would be required to revise the basis of making the allowance and its future results would be affected.

(b) *Useful lives of property, plant and equipment*

The management of the Group determine the estimated useful lives and related depreciation charges of its property, plant and equipment. This estimated is based on expected usage of the assets and physical wear and tear. The depreciation expense in the future periods will change if there are significant changes from previous estimates.

(c) *Intangible assets*

The Group tests annually whether goodwill has suffered any impairment. Intangible assets other than goodwill that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on value-in-use calculation. These calculations require the use of estimates and judgements including estimating future cash flows, determining appropriate discount rates, estimating the applicable tax rates, foreign exchange rates and interest rates, projecting the future industry trends and market conditions, and making other assumptions. Changes in these estimates and assumptions could affect the determination of the recoverable amount of cash-generating unites.

5. Segment Information

(a) *Primary reporting format – business segments*

For the six months ended 30 June 2006, the Group is organised into three main business segments:

Advertising: Sales of the advertising spaces in the newspapers, mainly published by Beijing Youth Daily Newspaper Agency (the "Ultimate Holding Company").

Printing: Provision of printing services.

Trading of print-related materials: Sales of paper, ink, lubricants, films, PS boards and rubber sheets for printing and other print-related materials.

The Group's inter-segment transactions mainly consist of provision of printing services. These transactions were entered into on similar terms as those contracted with third parties.

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

5. Segment Information (Continued)

(a) Primary reporting format – business segments (Continued)

The segment information are as follows:

For the six months ended 30 June 2006

	Advertising RMB'000	Printing RMB'000	Trading of print-related materials RMB'000	Others RMB'000	Group RMB'000
Turnover (including inter-segment)	235,072	182,635	85,763	—	503,470
Less: Inter-segment sales	—	(136,841)	—	—	(136,841)
Turnover to external customers	235,072	45,794	85,763	—	366,629
Segment results	(15,360)	7,417	4,557	—	(3,386)
Unallocated other gains, net					21,872
Finance costs					(10,244)
Share of profit of a jointly controlled entity	—	—	—	3,766	3,766
Profit before income tax					12,008
Income tax expenses					(4,142)
Profit for the period					7,866
Capital expenditure	22,037	—	58	—	22,095
Depreciation	1,002	—	270	—	1,272
Amortization charges	565	—	2	—	567
As at 30 June 2006					
Segment assets	1,541,333	85,076	72,420	—	1,698,829
Interests in a jointly controlled entity	—	—	—	(67,744)	(67,744)
Available-for-sale financial assets	—	—	2,069	—	2,069
Total assets					1,633,154
Segment liabilities	209,570	75,296	50,670	—	335,536

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

5. Segment Information (Continued)

(a) Primary reporting format – business segments (Continued)

	For the six months ended 30 June 2005				
	Advertising RMB'000	Printing RMB'000	Trading of print-related materials RMB'000	Others RMB'000	Group RMB'000
Turnover (including inter-segment) (Note 21)	254,915	185,461	92,742	—	533,118
Less: Inter-segment sales	—	(143,186)	—	—	(143,186)
Turnover to external customers (Note 21)	254,915	42,275	92,742	—	389,932
Segment results	(6,856)	5,425	8,791	—	7,360
Unallocated other gains, net					12,737
Finance income					1,287
Share of loss of a jointly controlled entity	—	—	—	(11,916)	(11,916)
Profit before income tax					9,468
Income tax expenses					(4,632)
Profit for the period					4,836
Capital expenditure	416	—	376	—	792
Depreciation (Note 21)	1,544	—	357	—	1,901
Amortization charges (Note 21)	443	—	—	—	443
Other non-cash expenses	6,110	—	—	—	6,110
As at 31 December 2005					
Segment assets	1,524,741	47,295	87,170	—	1,659,206
Interests in a jointly controlled entity	—	—	—	(71,510)	(71,510)
Available-for-sale financial assets	—	—	2,069	—	2,069
Total assets					1,589,765
Segment liabilities	152,791	46,611	57,185	—	256,587

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

5. Segment Information (Continued)

(a) Primary reporting format – business segments (Continued)

The Group operates within one geographical segment because its revenues are primarily generated in the PRC and its assets are located in the PRC. Accordingly, no geographical segment data is presented.

6. Property, plant and equipment

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Net book amounts at beginning of period/year	16,836	18,130
Acquisition*	—	200
Additions	1,446	1,261
Depreciation	(1,272)	(2,738)
Disposals	—	(17)
Net book amounts at end of period/year	17,010	16,836

* The increase of the fixed assets in 2005 was resulting from the acquisition of 51% equity interest in Beijing Leisure Trend Advertisement Company (Note 16).

The name of Company referred to as above represents management's best efforts in translating the Chinese name of the Company as no English name has been registered.

7. Intangible assets

As at 30 June 2006, included in the intangible assets is an amount of RMB20,000,000 (2005: Nil) exclusive operating rights acquired by Hebei Heqing Media Corporation Limited ("Heqing Media"), a newly set up subsidiary of the Company (Note 16).

Based on the agreement signed between Heqing Media and Hebei Youth Daily Newspaper Agency dated 19 May 2006, Hebei Youth Daily Newspaper Agency agreed to grant Heqing Media a sole and exclusive right of selling advertising space in Hebei Youth Daily as well as its printing and distribution with a term of 30 years.

The names of companies referred to as above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

Notes to the condensed consolidated interim financial information (Unaudited) *(Continued)*

For the six months ended 30 June 2006

8. Investment in a jointly controlled entity

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Share of net liabilities	(67,744)	(71,510)

Summarized financial information of the jointly controlled entity is as follows:

	Six months ended 30 June	
	2006 RMB'000	2005 RMB'000
Turnover	—	—
Other revenues	—	—
Profit/(loss) for the period	7,384	(39,882)

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Assets		
Non-current assets	51,184	402,005
Current assets	4,657	65,129
	55,841	467,134
Liabilities		
Current liabilities	138,300	260,395
Non-current liabilities	50,372	346,954
	188,672	607,349
Net liabilities	132,831	140,215

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

8. Investment in a jointly controlled entity (Continued)

On 18 March 2006, the Company, China Open Promotions Co. Ltd ("COL"), Media Serv Limited, Media Serv Asia Pacific Limited and Tom Group Limited agreed to terminate the previous arrangements relating to the organization of the China Open tennis tournaments.

On 18 March 2006, the Company, COL, TOM Group Limited, Champion Will International Limited ("Champion"), Swidon Enterprises Limited ("Swidon") and Tennis Tournaments Holdings Limited ("TTHL") entered into a series of agreements (the "Agreements") regarding the organisation of future China Open tennis tournaments. Under the Agreements, Champion and Swidon, as the relevant ATP Tour, Inc ("ATP") and WTA Tour, Inc ("WTA") memberships holders, granted to COL the exclusive right to use the ATP Tournament Class Membership and WTA Tier II Tour Membership for the organisation of the China Open tennis tournaments in Beijing, the People's Republic of China, once a year from 2006 until 2013. COL is responsible for the payment of an aggregate ATP and WTA license fees of USD 1,200,000 per year to Champion and Swidon.

The Agreements and the termination agreement were effective on 31 March 2006.

9. Trade receivables

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Trade receivables		
— Due from Ultimate Holding Company	23,731	29,806
— Due from related parties	14,756	18,398
— Due from third parties	108,396	78,781
	146,883	126,985
Less: provision for doubtful debts	(9,914)	(9,970)
Trade receivables — net	136,969	117,015

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

9. Trade receivables (Continued)

The aging analysis of trade receivables is as follows:

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Trade receivables		
Within 3 months	81,332	68,619
4 months to 6 months	11,830	14,177
7 months and 12 months	14,323	6,374
1 year to 2 years	38,781	37,238
Over 2 years	617	577
	146,883	126,985

The normal credit period granted by the Group to customers (including related parties but except for certain advertising agents of classified advertisements) ranges from 1 week to 3 months.

In 2004, the Group extended the credit terms to certain advertising agents of classified advertisements, which allow them to settle the outstanding balances by 31 December 2006.

10. Reserves

In accordance with the revised Company Law, the companies comprising the Group are no longer required to transfer portion of the profits to statutory public welfare fund starting from 1 January 2006. The balance bought forward from previous years has been transferred to discretionary surplus reserve fund during the period.

Notes to the condensed consolidated interim financial information (Unaudited) *(Continued)*

For the six months ended 30 June 2006

11. Trade payables

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Trade payables		
— Due to the Ultimate Holding Company	1,825	6,712
— Due to related parties	28,963	41,534
— Due to third parties	45,167	17,279
	75,955	65,525

The aging analysis of trade payables is as follows:

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Within 3 months	71,785	61,772
4 months to 6 months	3,263	2,969
7 months and 12 months	562	91
1 year to 2 years	2	350
Over 2 years	343	343
	75,955	65,525

Notes to the condensed consolidated interim financial information (Unaudited) *(Continued)*

For the six months ended 30 June 2006

12. Profit before income tax

Profit before income tax in the unaudited condensed consolidated interim income statement for the six months ended 30 June 2006 was determined after charging and crediting of the following items:

	For the six months ended 30 June	
	2006 RMB'000	2005 RMB'000
Charging:		
Interest expenses	564	282
Depreciation of property, plant and equipment (Note 21)	1,272	1,901
Amortization charges (Note 21)	567	443
Provision for doubtful debts	—	5,753
Printing costs	77,076	71,018
Cost of inventory		
– printing	97,627	104,319
– trading	78,668	81,350
Crediting:		
Reversal of provision for doubtful debts	56	—

13. Income tax expenses

The Group is not subject to Hong Kong profit tax since it has no estimated assessable income arising in or derived from Hong Kong for the period ended 30 June 2006 (2005: Nil).

PRC income tax has been provided on the estimated assessable profit for the period at their prevailing rates of taxation.

Notes to the condensed consolidated interim financial information (Unaudited) *(Continued)*

For the six months ended 30 June 2006

14. Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	For the six months ended 30 June	
	2006 RMB'000	2005 RMB'000
Profit attributable to equity holders of the Company	5,662	170
Weighted average number of ordinary shares in issue (thousands)	197,310	197,310
	0.029	0.001

For the period ended 30 June 2006, as there were no potentially dilutive shares outstanding, there is no difference between basic and diluted earnings per share.

15. Dividends

In the annual general meeting on 20 June 2006, the shareholders approved the final dividend of RMB0.25 per ordinary share amounting to a total of RMB49,327,500, in respect of the year ended 31 December 2005. The amounts have been reflected as an appropriation of retained earnings for the six months ended 30 June 2006.

16. Investments in subsidiaries

On 13 February 2006, the Company entered into an agreement with Hebei Youth Daily Newspaper Agency to establish a new company, namely Heqing Media. The Company has injected RMB18,000,000 cash as capital contribution and owns 60% equity interests of Heqing Media.

On 24 May 2005, the Group acquired 51% of Beijing Leisure Trend Advertising Company at a cash consideration of RMB2,550,000.

The names of companies referred to as above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

17. Related-party transactions

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

Name of related parties	Nature of relationship
Beijing Youth Daily Newspaper Agency	Ultimate Holding Company
Beijing Today Sunshine Advertising Co., Ltd	A subsidiary of the Ultimate Holding Company
Beijing Beiqing Advertising Limited	A subsidiary of the Ultimate Holding Company
Beijing Youth & Ynet Advertising Co., Ltd	A subsidiary of the Ultimate Holding Company
Beijing XiaoHongMao Newspapers and Periodicals Distribution Services Company Limited	A subsidiary of the Ultimate Holding Company
Beijing Gehua Sunshine Advertising Co., Ltd	A jointly controlled entity of the Ultimate Holding Company
China Open Promotion Company Limited	A jointly controlled entity of the Company
Xin Hua Net printery	A minority shareholder
Workers Daily	A minority shareholder
Beijing Min Yi Printing Technology Services Company	A minority shareholder
Beijing Ke Yin Printing Technology Service Company	A minority shareholder
Shanghai ShengLian Printing Technology Services Company	A minority shareholder
Hebei Youth Daily Newspaper Agency	A minority shareholder
State-owned enterprises	Related parties of the Company

The names of companies referred to as above represent management's best efforts in translating the Chinese names of these companies as no English names have been registered.

The Ultimate Holding Company itself is a state-owned enterprise controlled by the PRC government. As the Group is controlled by the Ultimate Holding Company, it is considered to be indirectly controlled by the PRC government. In accordance with HKAS 24, "Related Party Disclosure", state-owned enterprise and their subsidiaries, other than the Ultimate Holding Company, directly or indirectly controlled by the PRC government are also deemed as related parties of the Group ("Other State-Owned Enterprises"). For purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multilayered corporate structure and the ownership structures change over time as a result of transfers and privatization programmes. Due to the pervasiveness of the Group's retail transactions with the entities' employees on corporate business, their key management personnel and close family members, and other related parties, there is no feasible way to track such transactions and ensure the completeness of certain disclosure. Nevertheless, management believes that meaningful information relative to related-party transactions with these Other State-Owned Enterprises has been disclosed.

In addition to the related party information shown elsewhere in the unaudited condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the period and balances arising from related party transactions at the end of the period.

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

17. Related-party transactions (Continued)

(a) Related party balances

Included in the unaudited condensed consolidated interim balance sheet, the balances with related parties are as follows:

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
The Ultimate Holding Company		
Trade receivables	23,731	29,806
Other receivables, prepayment and deposits	327	—
Trade payables	1,825	6,712
Other payables and accruals	31,501	1,990
Subsidiaries of the Ultimate Holding Company		
Trade receivables	5,835	6,110
Trade payables	—	867
Other payables and accruals	1,092	—
Minority shareholders of subsidiaries		
Trade receivables	824	2,029
Other receivables, prepayment and deposits	10,520	20
Trade payables	36	77
Other payables and accruals	24,462	8,893
Others State-Owned Enterprises		
Trade receivables	8,097	10,259
Other receivables, prepayment and deposits	88	231
Short-term bank deposits	596,781	623,977
Cash and Cash equivalents	303,944	279,468
Trade payables	28,927	40,590
Other payables and accruals	91,485	92,451
Short-term bank loan	20,000	20,000

Except for bank balances and cash, and short-term bank loan stated above, all balances of assets and liabilities are unsecured, non-interest bearing and receivable or repayable within one year.

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

17. Related-party transactions (Continued)

(b) Related party transactions

		For the six months ended 30 June	
		2006	2005
		RMB'000	RMB'000
	Note		
The Ultimate Holding Company			
Exclusive advertising right expenses	(i)	37,696	41,977
Provision of printing services	(ii)	40,411	37,347
Rental income	(iii)	1,699	1,990
Sales of print-related materials	(iv)	—	5,359
Subsidiaries of the Ultimate Holding Company			
Provision of advertising services	(v)	12,009	10,949
Payment for delivery services	(vi)	769	3,657
A jointly controlled entity of the Ultimate Holding Company			
Provision of advertising services	(v)	1,382	6,468
Minority shareholders of subsidiaries			
Sales of print-related materials	(iv)	11,269	20,516
Payment for printing services	(vii)	28,092	30,434
Purchase of print-related materials	(viii)	3,847	4,351
Purchase of exclusive operating right	(ix)	20,000	—
Other State-Owned Enterprises			
Provision of advertising services		686	1,300
Provision of printing services		3,985	4,736
Sales of print-related materials		23,016	31,464
Payment of printing services		31,749	33,197
Purchase of inventory		68,375	104,173
Interest income		10,974	7,318
Interest expenses of bank loan		564	282

- (i) Pursuant to the fee agreement entered into between the Company and the Ultimate Holding Company on 7 December 2004, the Company would pay 16.5% of the advertising revenue to the Ultimate Holding Company for the period from 1 October 2004 to 30 September 2033.
- (ii) Beijing Youth Daily Logistics Co., Ltd. ("BYD Logistic"), the subsidiary of the Company provided printing services to Beijing Sec-Tech Report and Legal Evening Post which are operated by the Ultimate Holding Company.

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

17. Related-party transactions (Continued)

(b) *Related party transactions (Continued)*

- (iii) The Company rented certain offices situated in the Beijing Youth Daily Agency Building to the Ultimate Holding Company from 1 August 2004 to 31 July 2007 with annual rental fee of RMB3,426,000.
- (iv) BYD Logistics sold print-related materials to Beijing Youth Weekly which is operated by the Ultimate Holding Company and certain minority shareholders.
- (v) The Company provided advertising services to certain subsidiaries and a joint controlled entity of the Ultimate Holding Company.
- (vi) The Group received direct mail advertisement delivery services from Beijing XiaoHongMao Newspapers and Periodicals Distribution Services Company Limited.
- (vii) BYD Logistic received printing services from certain minority shareholders.
- (viii) BYD Logistic purchased print-related materials from certain minority shareholders.
- (ix) Pursuant to the agreement entered into between Heqing Media and Hebei Youth Daily Newspaper Agency dated 19 May 2006, Hebei Youth Daily Newspaper Agency agreed to grant Heqing Media a sole and exclusive right of selling advertising space in Hebei Youth Daily as well as its printing and distribution with a term of 30 years at a consideration of RMB20,000,000.

In the Directors' opinion, the related party transactions mentioned above were all conducted in the normal course of business of the Group and at terms mutually agreed between the Group and the respective related parties.

(c) *Loan guarantees*

The Company pledged its fixed term deposits in the sum of RMB151,736,000 as security over the loan facilities of US\$6,000,000 and RMB83,500,000 granted to COL by a bank (Note 19).

(d) *Key management compensation*

	Six months ended 30 June	
	2006	2005
	RMB'000	RMB'000
Salaries and other short-term employee benefits	2,171	2,157

Notes to the condensed consolidated interim financial information (Unaudited) (Continued)

For the six months ended 30 June 2006

18. Commitments

(a) *Commitments under operating leases*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at	
	30 June 2006 RMB'000	31 December 2005 RMB'000
Not later than one year	2,432	1,315
Later than one year and not later than five years	4,945	—
	7,377	1,315

(b) *Capital commitments*

The Group did not have any significant capital commitments outstanding as at 30 June 2006 (2005: Nil).

19. Contingent liabilities

In accordance with the extended contract signed on 11 August 2005, the Company pledged its fixed term deposits in the sum of RMB56,000,000 as security over a loan facility in the sum of US\$6,000,000 or equivalent RMB, which is granted to COL by China Minsheng Banking Corporation Limited ("Minsheng Banking"). As at 30 June 2006, the borrowing outstanding against the facility amounted to RMB48,600,000.

On 21 March 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of Hong Kong Dollars ("HKD") 79,000,000 as a security over a loan facility of RMB71,000,000 granted to COL by Minsheng Banking.

On 1 June 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HKD14,000,000 as a security over a loan facility of RMB12,500,000 granted to COL by Minsheng Banking.

The Company has agreed to provide financial assistance to COL for the financing of the payment of the ATP and WTA licence fee. In relation to other operating costs of COL for the organisation of the China Open tennis tournaments, in the event that COL requires financing for such costs, the Company and TTHL have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL.

The management anticipates that no material liability will arise from the above guarantees and financial assistance arising in the ordinary course of business.

Notes to the condensed consolidated interim financial information (Unaudited) *(Continued)*

For the six months ended 30 June 2006

20. Events after the balance sheet date

On 11 August 2006, the Company entered into extended pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposit in the sum of RMB56,000,000 as a security over a loan facility of US\$6,000,000 or RMB equivalent, granted to COL by Minsheng Banking.

On 11 August 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged its fixed term deposits in the sum of HKD8,950,000 as security over a credit line facility in the sum of RMB8,050,000, which is granted to COL by Minsheng Banking.

On 18 August 2006, the Company entered into a pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HKD9,000,000 as a security over a loan facility of RMB8,200,000 granted to COL by Minsheng Banking.

21. Comparative figures

Certain prior period figures have been reclassified to conform to the current period presentation.