BEIJING 北青传媒 MEDIA

Stock Code: 1000

2007 ANNUAL REPORT

Beijing Media Corporation Limited

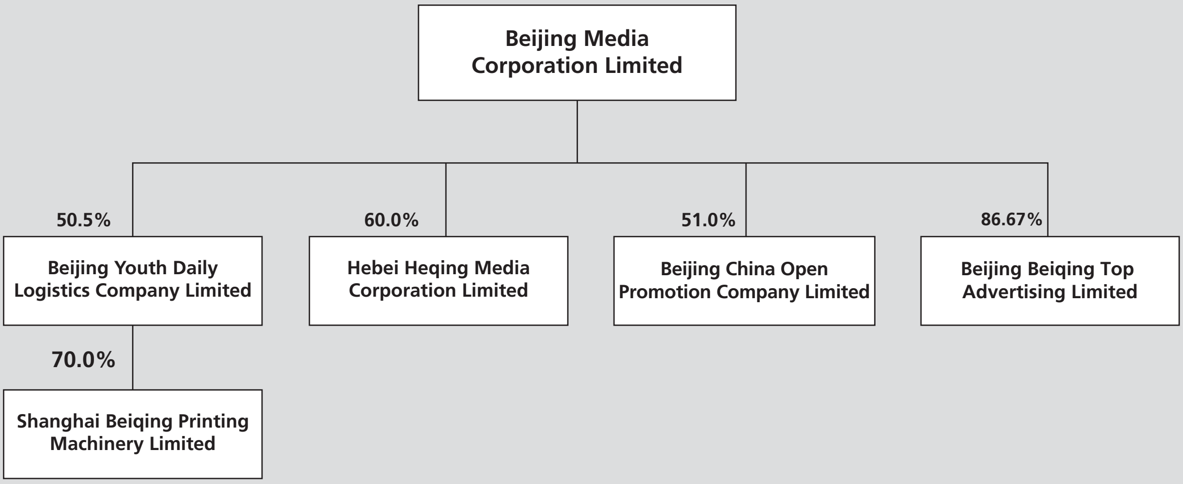
A joint stock company incorporated
in the People's Republic of China with limited liability

CONTENTS

COMPANY PROFILE

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

COMPANY STRUCTURE



COMPANY WEBSITE:

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2007): 197,310,000
- Market Value (as at 31 December 2007): HK$0.99 billion
- Financial Year End: 31 December
- Bloomberg's Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

COMPANY INFORMATION

EXECUTIVE DIRECTORS
Zhang Yanping *(Chairman)*
Zhang Yabin
Sun Wei *(President)*
He Pingping
Du Min

NON-EXECUTIVE DIRECTORS
Liu Han
Xu Xun
Li Wenqing (Appointed on 23 August 2007)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Tsang Hing Lun
Wu Changqi
Liao Li

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY
Edmund Sit (Appointed on 14 March 2007)

AUDIT COMMITTEE
Tsang Hing Lun
Wu Changqi
Liu Han

AUTHORISED REPRESENTATIVES
Sun Wei
Du Min

ALTERNATIVE AUTHORISED REPRESENTATIVES
Edmund Sit (Appointed on 14 March 2007)
Tsang Hing Lun

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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Admiralty, Hong Kong

LEGAL ADVISERS
On Hong Kong Law
Herbert Smith
23rd Floor, Gloucester Tower,
15 Queen's Road Central,
Central, Hong Kong

INTERNATIONAL AUDITORS
Shinewing (HK) CPA Limited
16/F, United Centre,
95 Queensway, Hong Kong

PRC AUDITORS
Zhongrui Yuehua Certified Public Accountants Co., Ltd.
8/F, Block A, Corporate Square,
No. 35, Jinrong Street,
Xicheng District, Beijing, PRC

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

DEAR SHAREHOLDERS,

On behalf of Beijing Media Corporation Limited ("Beijing Media" or the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the report on results of the Group for the year 2007.

2007 was a difficult and challenging year for the Group. During the year, the advertisement sector of the PRC paper media recorded an overall slowdown in growth as a result of the emergence of new media like the internet and mobile phone, as well as the diversification of advertising volume by alternatives like outdoor and building advertisements. In particular, intensified competition within the Beijing newspaper market, together with enhanced macroeconomic adjustments on real estate market by the Chinese government resulted in a drop in advertising revenue which is the primary income stream of Beijing Media's core business. Advertising revenue of the Group for 2007 was approximately RMB455,955,000 (2006: RMB509,076,000), representing a decrease of approximately 10.4% as compared with 2006.

The Group is principally engaged in sales of advertising space, printing and production of newspapers and trading of print related materials. The Group's principal advertising medium is the Beijing Youth Daily Agency ("BYDA") Papers, including "Beijing Youth Daily".

Turnover of the Group for 2007 was approximately RMB837,676,000 (2006: RMB792,492,000), representing an increase of approximately 5.7% as compared with 2006. Profit attributable to equity holders of the Company for the year was approximately RMB10,639,000 (2006: RMB21,917,000), representing a decrease of approximately 51.5% as compared with 2006. Earnings per share was RMB0.05 (2006: RMB0.11). The Board of the Company recommended a final dividend of RMB0.07 per share (2006: RMB0.20).

In September 2007, the Group organised the forth China Open Tennis Tournament (the "China Open") in Beijing, which attracted world-renowned tennis players such as Rafael Nadal, Marat Safin, David Ferrer, Nikolay Davydenko, Maria Sharapova, the Williams sisters, Lindsay Davenport, Svetlana Kuznetsova, Martina Hingis, Amelie Mauresmo and Maria Kirilenko. The 14-day tournament attracted an audience of approximately 1,000,000. In an announcement of the Group dated 10 April 2007, detailed information was given on the acquisition of 100% interests in Swidon Enterprises Limited ("Swidon") and Champion Will International Limited ("Champion"), both of them are members of ATP and WTA, by our jointly controlled entity, Beijing China Open Promotion Company Limited ("COL"). Thus enhanced the possibility of China Open being held by COL. We believe, such upgraded China Open may become one of the leading tournaments in the world and bring better income for the Group. Given its four years of experience in organising the tournament, the Group is confident in the more successful organisation of the China Open 2008. Spectator sports are attracting an increasing amount of attention in the PRC advertising market, and we are confident that the China Open will establish itself as a new major revenue source for the Group.

In November 2007, the Company invested RMB26,000,000 to establish a joint equity company, Beijing Beiqing Top Advertising Limited ("Beiqing Top"), in which the Company holds 86.67% interests. The company has been specialized in aviation advertising activities, by entering into agreements with Civil Aviation Administration of China Newspaper, the company secured 20 years' advertising operating rights of Civil Aviation Administration of China Newspaper (Airplane Version).

In October 2007, the Company cooperated with Beijing Terminal Media Advertising Co., Ltd. and acquired three years' operating rights for 3 LED advertising screens of a total of 80 square meters of T3 terminal at the Capital Airport.

Leveraging on the Beijing Youth Daily platform, which enjoys a broad readership base, generous support of the Beijing Municipal Government, our ATP and WTA membership, the right to host the China Open, as well as an experienced and dedicated management team, the Group has grown into one of the major media companies in the PRC. The Company will continue to focus on its current businesses as its core operations, whilst considering selective acquisitions and cooperation to diversify its media business, and to sustain as well as utilise the ongoing relationship between the Group and BYDA, in order to further develop the Company into a leading cross-media company in the PRC.

The performance of the Group in 2007 was the result of the concerted efforts and contributions of the management and staff of each of the business units. The quality of the management team and staff is key to our success in seizing favourable market opportunities. On behalf of the Group's shareholders and other members of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of each of the business units.

Zhang Yanping
Chairman

22 April 2008
Beijing, the PRC

BUSINESS REVIEW

The Group is principally engaged in three core businesses: (1) advertising sales, which contribute the largest portion of the 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.

Turnover of the Group for 2007 was approximately RMB837,676,000 (2006: RMB792,492,000), representing an increase of approximately 5.7% as compared with 2006. Profit attributable to equity holders of the Company for the year was approximately RMB10,639,000 (2006: RMB21,917,000), representing a decrease of approximately 51.5% as compared with 2006.

2007 was a difficult and challenging year for the Group. During the year, the advertisement sector of the PRC paper media recorded an overall slowdown in growth as a result of the emergence of new media like the internet and mobile phone, as well as the diversification of advertising volume by alternatives like outdoor and building advertisements. In particular, intensified competition within the Beijing newspaper market, together with enhanced macroeconomic adjustments on real estate market by the Chinese government resulted in a drop in advertising revenue which is the primary income stream of Beijing Media's core business. Advertising revenue of the Group for 2007 was approximately RMB455,955,000 (2006: RMB509,076,000), representing a decrease of approximately 10.4% as compared with 2006.

INDUSTRY REVIEW

In 2007, PRC government continued in implementation of austerity financial policies and enhanced macroeconomic adjustments on the real estate market, with 5 increases in interest rate and 10 increases in deposit reserve rate, together with various measures to combat the growth in real estate loans. Such policies significantly affected the scale and frequency of real estate advertisements. In accordance with data from HC International Information Co., Ltd., advertising on four major newspapers in Beijing slowed down in 2007, Real estate advertisements in Beijing continued to shrink, as it has been a major sector in plane advertising, thus casued more difficulties for advertising operation of the Group in 2007. However, we remained top ranked in real estate, automobile, financial and other areas of advertisements, with significant increase in advertisements of financial, insurance and luxurious products, thus optimized our internal advertising structure. Furthermore, we experienced increases in other businesses of the Group.

Due to the continuous decrease in the number of advertisements placed by major clients in the real estate sector in Beijing, the advertising business of the Group encountered serious challenges in 2007. Turnover of the advertising businesses of "Beijing Youth Daily" recorded a year-on-year drop of 18.9% for 2007.

In 2008, the Group will continue to focus on its core business of providing newspaper advertising services. In addition, the Group will also be committed to cross-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 2007, turnover from advertising sales of the Group amounted to approximately RMB455,955,000 (2006: RMB509,076,000, accounting for 64.2% of the total turnover), accounting for 54.4% of the total turnover and representing a decrease of 10.4% from 2006.

The Group's revenue generated from advertising was mainly attributable to Beijing Youth Daily. For 2007, revenue from real estate advertising generated by Beijing Youth Daily decreased by 29.5% from 2006 to approximately RMB122,777,000 (2006: RMB174,076,000) as a result of the continued enhancement of macroeconomic adjustments and promulgation of related policies by the PRC government and the new media's diversifying the advertising shares of newspaper and magazine. However, in the previous year, with the rapid development of capital markets in China, together with the robust securities market, advertisements from finance and insurance industries increased significantly. At the same time, through expanding the Company's exploration in other advertising industries, together with its privilege at providing multi-media platform, the revised incentives and control system in management and adjustment of its advertising structure, the Group achieved a satisfactory result. The downward trend of revenue from advertisement in 2007 has been slower over the previous year.

In 2007, the average daily publication volume of Hebei Youth Daily remained above 90,000 (2006: above 50,000), with more than 100,000 in peak seasons. For the retail market, full coverage has been achieved for Shijiazhuang area, and brought substantial increase in sales volume over 2006 at newspaper stands and mobile distributors.

Beiqing Top operated Civil Aviation Administration of China Newspaper (Airplane Version), the only plane media in the civil aviation market in China covering airplanes of all aviation companies and civil airports in major cities. The reformed version of the newspaper has developed rapidly since 2007, and become one of the major aviation media.

Moreover, the Company has been successful in the bidding of 3 LED screens at No. 3 terminal of the Capital Airport, the most valuable advertising carrier at the Airport.

Therewith, the Company achieved major breakthroughs in areas of airplane plane media, new vision media and outdoor media, so as to enjoy the high speed growth in both volume and value of the aviation media market in China.

Apart from Beijing Youth Daily and Hebei Youth Daily, the Group also publishes other newspapers and magazines, including "Beijing Today", "Middle School Times", "Beijing Youth Times", "Leisure Trend" direct mail magazine.

Through newly established and established media, the Group provides advertising clients with a more comprehensive and sophisticated platform for an integrated advertisement portfolio, so that clients may choose, among internal media of the Group, multi-channel, multi-media, multi-territory portfolio, and gain more than value worth rewards.

PRINTING BUSINESS AND TRADING OF PRINT-RELATED MATERIALS

The Group is engaged in the printing business and trading of print-related materials through BYD Logistics. For 2007, turnover from the printing business and trading of print related materials amounted to approximately RMB134,437,000 and RMB242,928,000 (2006: RMB96,030,000 and RMB186,205,000) respectively, representing an increase of approximately 40% and 30.5% respectively from 2006.


BEIJING TODAY
A festive tour of folk museums

ORGANISATION OF LARGE-SCALE EVENTS

COL, a jointly controlled entity of the Company, successfully organized the fourth China Open tournament in 2007, which attracted world-renowned tennis players such as Rafael Nadal, Marat Safin, David Ferrer, Nikolay Davydenko, Maria Sharapova, the Williams sisters, Lindsay Davenport, Svetlana Kuznetsova, Martina Hingis, Amelie Mauresmo and Maria Kirilenko. The 14-day tournament attracted an audience of approximately 1,000,000 and was broadcasted via CCTV sports channel to approximately 20 countries and regions.

After the successful third China Open tournament in 2006, COL entered into an agreement with TOM Group Limited ("TOM") and Tennis Management Limited ("TML") on 11 May 2007, thereupon, COL acquired 100% interests in Swidon and Champion, both of them are members of ATP and WTA. Thus enhanced the possibility of China Open being held by COL. We believe, such upgraded China Open may become one of the leading tournaments in the world and bring better income for the Group. The agreement has been effective upon the approval of independent shareholders on 23 August 2007. For details, please refer to our announcement dated 10 April 2007 and our announcement on resolutions of Extraordinary General Meeting ("EGM") dated 14 July 2007.

The financial results of China Open in the year 2004 to 2007 have been unsatisfactory. The Company believes, upon the successful acquisition of 100% interests in Champion and Swidon, COL may pay less tournament license fees to third parties, and enhance the possibility of China Open being held by COL in the future. The Company is also of the opinion that through the successfully upgraded ATP and WTA, such ATP and WTA tennis tournaments operated by COL in China may well become one of the leading tournaments in the world.

PROSPECTS AND FUTURE PLANS

The Group experienced one of its most difficult periods in 2007 as a result of the diversification of advertising volume with evolvement of new media such as internet and outdoor advertisements. Looking forward into 2008, we expect that the PRC advertising industry will maintain a healthy growth. In light of the impending 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 strengthen its cooperation with media of outdoor advertisements and internet, and at the same time endeavor to diversify its income streams, such as through expansion into operations of new newspapers, topic focused magazines, outdoor billboards, large-scale events and outdoor advertisements.

In 2008, the Group will extend, through Beiqing Top, coverage of Civil Aviation Administration of China Newspaper (Airplane Version) among airplanes and airports, and take advantage of Beijing Olympic and other market opportunities to improve media standard, establish the newspaper as one of the leading newspapers in the aviation media market, and make further developments in the aviation media area.

In the first quarter of 2008, the No. 3 terminal of the Capital Airport has officially commenced operation, the 3 LED screens located in the arrival hall of the terminal started broadcasting at the same time. Nevertheless, the Group will continue to attend to outdoor media at other airports and other LED screen media opportunities in the market.

In 2007, upon the approval of the Board, the Company jointed JoongAng M&B of Korea to establish a joint equity advertising company, the company is expected to be officially established in 2008, to engage in advertising dealership for international trendy magazines in China.

In 2007, related government authorities in Beijing conducted strict reorganization of outdoor advertisements and resulted in even fewer opportunities for the development of outdoor advertisement market. In 2008, the government will gradually commence tendering process for operation of outdoor advertisements in compliance with laws and regulations. The Group will provide ample fund for such tendering, breakthroughs are expected in 2008 for road plate advertisements.

Leveraging our experience in organizing large scale activities, the Group will also explore our potential thereof.

PROSPECTS AND FUTURE PLANS *(Continued)*

With the commencement of commercial application of 3G technology, new operation models have also been explored by the Company for new media with mobile phone as their platform and studied the feasibility of fusing the contents and technologies of the traditional and new media, so as to further expand our advertising market into new arenas.

Capitalizing on the staunch support of the Beijing Municipal Government and the concerted efforts of the staff, the Group will further expand its multi-media platform, so as to form an extensive media platform through the above mentioned development plans. Though the Group experienced a setback in results in 2007 as compared with the previous year, the Group and all our staff at various levels will strive to develop more income sources, build a multimedia platform of the Group, so as to become a leading cross-media corporation in the PRC, and optimize returns for Shareholders.

FINANCIAL POSITION AND BUSINESS RESULTS

1. **Turnover**

   Turnover of the Group for 2007 was approximately RMB837,676,000 (2006: RMB792,492,000), representing an increase of approximately 5.7% from 2006. Revenue from advertising dropped by approximately RMB53,121,000 or approximately 10.4%, mainly due to a drop in advertising income of the Group, real estate advertisements in particular, arising from the diversification of advertising volume of newspaper and magazine advertisements with evolvement of new media such as internet, the intensified competition within the Beijing newspaper market, and the reinforced macroeconomic adjustments of the PRC government. Revenue from printing business increased by about RMB38,407,000, representing an increase of 40% from 2006, while revenue from the trading of print-related materials increased by about RMB56,723,000, representing an increase of 30.5% from 2006.

2. **Cost of Sales and Operating Expenses**

   The Group's cost of sales for 2007 was approximately RMB762,706,000 (2006: RMB730,968,000), representing an increase of 4.3% from 2006. Operating expenses were approximately RMB54,664,000 (2006: RMB69,904,000), representing a decrease of 21.8% from 2006. Operating expenses represented 6.5% (2006: 8.8%) of the Group's turnover for 2007, comprising mainly selling and distribution expenses as well as administrative expenses.

   In view of the decrease in advertising revenue resulting primarily from adverse market condition, the Company has implemented active cost control and savings policies and measures. Costs and expenses relating to advertising revenue for 2007 decreased by approximately RMB94,971,000, representing a decrease of approximately 22% from 2006. Costs and expenses relating to printing revenue decreased by approximately RMB41,946,000, representing a decrease of 11.6% from 2006. Due to the increase in volume of trading of print-related materials activities, costs and expenses relating to the trading of print-related materials increased by approximately RMB71,329,000, representing an increase of 45.5% from 2006.

3. **Gross Profit**

   For 2007, the Group's gross profit amounted to approximately RMB74,970,000 (2006: RMB61,524,000), representing an increase of 21.9% from 2006. Gross profit margin raise to 8.9% (2006: 7.8%).

4. **Profit Attributable to Shareholders**

   For 2007, the profit attributable to shareholders was about RMB10,639,000 (2006: RMB21,917,000), representing a decrease of 51.5% from 2006.

5. **Final Dividend**

   The Board of Directors of the Company (the "Board") recommends the distribution of a final dividend of RMB0.07 per share (2006: RMB0.20 per share).

FINANCIAL POSITION AND BUSINESS RESULTS *(Continued)*

6. Non-current Assets

As at 31 December 2007, the non-current assets of the Group amounted to approximately negative RMB636,000 (31 December 2006: RMB11,984,000) which mainly comprised of property, plant and equipment, prepayments for land use rights, and intangible assets of approximately RMB17,467,000 (31 December 2006: RMB20,737,000), RMB31,455,000 (31 December 2006: RMB32,317,000), and RMB25,844,000 (31 December 2006: RMB25,463,000) respectively. Share of net liabilities of a jointly controlled entity amounted to approximately RMB87,082,000 (31 December 2006: RMB82,453,000) and share of net assets of an associate entity amounted to approximately RMB341,000 (31 December 2006: Nil). Available-for-sale financial assets amounted to approximately RMB757,000 (31 December 2006: RMB2,069,000). Long-term receivables amounted to approximately RMB10,582,000 (31 December 2006: RMB13,851,000).

7. Net Current Assets

As at 31 December 2007, the Group's net current assets amounted to approximately RMB1,283,504,000 (31 December 2006: RMB1,299,743,000). Current assets mainly comprised of cash and cash equivalents of approximately RMB174,726,000 (31 December 2006: RMB286,923,000), short-term bank deposits of approximately RMB820,893,000 (31 December 2006: RMB890,606,000), restricted bank deposits of approximately RMB333,053,000 (31 December 2006: RMB217,953,000), inventory of approximately RMB41,804,000 (31 December 2006: RMB38,602,000) as well as trade receivables and other receivables, prepayments and deposits of approximately RMB238,111,000 (31 December 2006: RMB147,641,000). Current liabilities mainly comprised of short-term bank loans of RMB46,500,000 (31 December 2006: RMB28,000,000), trade payables, other payables and accruals and taxation payable of approximately RMB119,787,000 (31 December 2006: RMB74,463,000), RMB157,366,000 (31 December 2006: RMB180,165,000) and RMB1,430,000 (31 December 2006: negative RMB646,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group has maintained a stable cash flow. The Group's cash and cash equivalents and short term bank deposits were totaling approximately RMB995,619,000 (31 December 2006: RMB1,177,529,000). 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 3.7% as at 31 December 2007 (31 December 2006: 2.2%).

EQUITY-TO-DEBT RATIO

As at 31 December 2007, the Group's equity-to-debt ratio was 394.6% (31 December 2006: 465.2%). (Ratio derived from dividing the Group's total equity by its total liabilities).

TAXATION

For the year ended 31 December 2007, the Group's taxation expenses were approximately RMB6,732,000 (2006: RMB8,504,000), representing a decrease of approximately 20.8% from 2006. However, due to the decrease in profit before tax of the Group, the effective tax rate applicable to the Group increased from 27.9% in 2006 to 38.2% in 2007. The taxation authority in the PRC has granted the Company a tax exemption of five years effective from 1 January 2004 to 31 December 2008.

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2007, short-term bank loans amounted to RMB46,500,000 (31 December 2006: RMB28,000,000), of which unsecured loans amounted to RMB6,500,000 (31 December 2006: RMB28,000,000) and secured loans amounted to RMB40,000,000 (31 December 2006: nil). Such bank loans bear interest of 5.27% to 6.56% p.a. (2006: 5.42% p.a.) and is repayable within one year.

FINANCE COSTS

Finance costs of the Group for 2007 were approximately RMB48,259,000 (2006: RMB32,619,000), including exchange losses of approximately RMB46,161,000 (2006: RMB31,431,000).

RECENT DEVELOPMENTS IN NEW BUSINESSES IN 2007

On 6 November 2007, the Company invested and established a joint equity company, Beiqing Top, in which the Company holds 86.67% interests, to operate advertising business for Civil Aviation Administration of China Newspaper (Airplane Version). The establishment of Beiqing Top marked an important step of the Group into aviation, other valuable quality and monopoly media channels, with steady growth in advertising business of Civil Aviation Administration of China Newspaper (Airplane Version).

In October 2007, the Company acquired three years' operating rights for 3 LED advertising screens of No. 3 terminal of the Capital Airport. The Company commenced a series of promotion activities, with positive responses from advertising clients. Business is expected to grow steadily upon official commencement in the first quarter of 2008.

USE OF PROCEEDS FROM LISTING

The Company raised 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 31 December 2007:

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 9.24 million
Investing in the television industry in Beijing	Approximately 250 million	not used
Acquisition of other media businesses	Approximately 360 million	Approximately 44.44 million
General working capital	Approximately 80 million	Approximately 80 million

As at 31 December 2007, a substantial part of the proceeds of the Company had not been utilized 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 slowed down the development of the Company in such industry;
- The Company has spent considerable time on negotiation concerning a number of acquisitions because media industries, particularly newspapers and other media, are sensitive industries and are subject to more limitations imposed by the relevant authorities in the PRC.

As Renminbi continued to appreciate against Hong Kong dollar in 2007, in order to avoid devaluation of the raised fund, the Company exchanged part of the remaining fund amounting to HK$387,041,000 in to RMB374,635,000 in 2007. Meanwhile, during 2007, the Company strived to seek opportunities to fulfill the objectives set forth in its Prospectus. The Company believes that the proceeds will be utilized for business development in 2008.

CAPITAL STRUCTURE

	Number of Shares	Percentage of total share capital (%)
Holders of Domestic Shares		
– BYDA	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%
	142,409,000	72.18%
H Shares in issue (Note)	54,901,000	27.82%
Total share capital	197,310,000	100%

Note: Including 19,533,000 H Shares in issue held by MIH Print Media Holdings Limited, representing 9.90% of the total share capital.

CAPITAL EXPENDITURES

Capital expenditures of the Group for 2007 included expenditures mainly on office equipment and intangible assets of approximately RMB3,582,000 (2006: RMB28,126,000). The Group expects capital expenditures for 2008 mainly comprise expenditure consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	The Group As at 31 December	
	2007 RMB'000	2006 RMB'000
Guarantees for bank loans of a jointly controlled entity	**293,053**	167,468

	The Company As at 31 December	
	2007 RMB'000	2006 RMB'000
Guarantees for bank loans of a jointly-controlled entity	**293,053**	167,468
Guarantees for bank loans of subsidiaries	**40,000**	28,000
Guarantees for credit line facilities of a subsidiary	**40,000**	30,000

For the year ended 31 December 2007, the Company entered into a pledge agreement with China Minsheng Banking Corporation Limited ("Minsheng Banking") to pledge its fixed deposits in sum of RMB233,053,000 as security over the loan facilities of RMB154,610,000 granted to COL by Minsheng Banking.

For the year ended 31 December 2007, the Company entered into a pledge agreement with Hua Xia Bank Co., Ltd. ("Hua Xia Bank") to pledge its fixed deposits in sum of RMB60,000,000 as security over the loan facilities of RMB60,000,000 granted to COL by Hua Xia Bank.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS *(Continued)*

For the year ended 31 December 2007, the Company entered into a authorized loan agreement with China Everbright Bank ("Everbright Bank") to provide a loan guarantee in the amount of RMB20,000,000, in favour of the Everbright Bank on a bank loan to BYD Logistics.

For the year ended 31 December 2007, the Company provided a guarantee in the amount of RMB40,000,000 to provide promisory notes credit line facility to BYD Logistics.

For the year ended 31 December 2007, the Company entered into a authorized loan agreement with Everbright Bank to provide a loan guarantee in the amount of RMB20,000,000, in favour of the Everbright Bank on a bank loan to Hebei Heqing Media Co., Ltd. ("Heqing Media").

It is not anticipated by the management teams that any material liabilities will arise from the above guarantees provided in the normal course of business.

FOREIGN EXCHANGE RISKS

Substantially all of the Group's revenues and operating costs were denominated in Renminbi. As the proceeds from the new issue of shares in December 2004 were received in Hong Kong dollars, the Group has exposed to foreign currency risk as a substantial portion of cash and cash equivalents are denominated in Hong Kong dollars. As at 31 December 2007, the Group had exchange loss of approximately RMB46,161,000 (2006: RMB31,431,000). 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 up to 31 December 2007.

The Company will closely monitor its exposure arising from changes in exchange rate.

STAFF

As at 31 December 2007, the Group had a total of 756 staff (31 December 2006: 502), whose remuneration and benefits are determined based on market rates, State policies and individual performance. The increase was mainly attributable to the incorporation of distribution staff of Heqing Media.

DISCLOSURE OF SHAREHOLDING INTEREST OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE OFFICER

After thorough enquiries of the Directors of the Company, the Company believes that, as at 31 December 2007, none of the Directors, Supervisors, the Chief Executive Officer and Senior Management of the Company had any shareholding interest and short positions in the shares, underlying shares and debentures in the Company or its 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 annual report, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH THE "MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS"

The Company has adopted the Model Code regarding securities transactions by Directors and Supervisors ("Model Code") as set out in Appendix 10 to the Listing Rules. Having made sufficient enquiry of all Directors and Supervisors, all Directors and Supervisors confirmed they have complied with the required standards under the Model Code.

CHANGE OF MEMBERS OF THE BOARD AND THE SUPERVISORY COMMITTEE

Resolutions have been passed at the Annual General Meeting as at 23 August 2007, in relation to:

1. Zhang Yanping, Zhang Yabin, Sun Wei, He Pingping, Du Min, Liu Han, Xu Xun, Tsang Hing Lun, Wu Changqi, Liao Li and Dr. Li Wen Qing have been elected as members of the third board of directors of the Company, with Tsang Hing Lun, Wu Changqi, and Liao Li as independent directors.

2. Tian Kewu, He Daguang, Zhou Fumin, Gao Zhiyong and Liu Yanfeng have been elected members of the third board of supervisors of the Company.

EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES

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

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, the Company has set up an Audit Committee to review, supervise and adjust the financial reporting process and internal controls of the Group. The Audit Committee comprises two independent non-executive Directors and one non-executive Director.

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 on matters concerning the internal controls and financial reporting of the Company, including a review of the annual consolidated financial statements of the Group for 2007 without dissenting opinions.

EXECUTIVE DIRECTORS

Mr. ZHANG Yanping, 50, is the Chairman and an executive Director. He graduated in 1988 from the Renmin University of China with a bachelor's degree in journalism and achieved a MBA degree from the School of Economics and Management of Tsinghua University in 2006. Mr. Zhang completed his military service with Division No. 4 of Beijing Garrison Command from December 1976 to June 1980. He then joined Beijing People's Radio as a trainee from June 1980 to April 1981. He joined BYDA in November 1981 and has gained nearly 27 years of experience in the media business and has acted in a number of different positions such as a reporter, director, editing committee member, deputy chief editor, standing deputy chief editor and chief editor of BYDA. Mr. Zhang is currently the president of the BYDA. Mr. Zhang was appointed as a Director on 16 May 2001.

Mr. ZHANG Yabin, 51, is the Vice Chairman and an executive Director. Mr. Zhang is currently the chief editor of BYDA. He graduated in 1982 from the Peking University with a bachelor's degree in journalism and graduated in 2005 from EMBA Programme at Cheung Kong Graduate School of Business. He was a reporter and an editor of the political and legal department of Beijing Daily News Press from February 1982 to June 1992. He became the deputy director of the chief editorial department of Beijing Daily News Press from July 1992 and then became the director of the external relationship department of Beijing Daily News Press starting from March 1996. In April 1999, Mr. Zhang started to serve as the chief editor of Morning Post Press. He joined BYDA in April 2002 as the chief editor. Mr. Zhang was appointed as a Director on 30 December 2002.

Mr. SUN Wei, 54, is the President of the Company and an executive Director. He graduated in 1994 from the China Communist Party Central School in economics and administration and studied in a course leading to a postgraduate degree in journalism in Remin University of China from 1996 to 1998. He joined BYDA in October 1983 and has gained experience as a reporter, editor, deputy director, director, editing committee member and deputy chief editor. Mr. Sun was the executive deputy chief editor of BYDA. He is currently the vice president of Beijing Youth Fictionist Association. Mr. Sun was appointed as a Director on 23 August 2004.

Mr. HE Pingping, 53, is an executive Director. Mr. He graduated in 1987 from the Capital Normal Academy in politics and education. He was in charge of the Youth Communist League Committee of Beijing Cotton Textile Dyeing Company Limited from October 1983 to January 1985. Starting from March 1987, he has been the vice president and president of the Propaganda Division of the Beijing Municipal Committee of China Communist Youth League. From January 1990 to February 1991, he served as the vice president of the Beijing Youth Service Center. He then became the deputy chief editor and vice president of Beijing Youth Audio-visual Press in February 1991 before joining BYDA as deputy chief editor from March 1993 to June 2005. He then served as the chief director of Youth Weekend in March 2006. Mr. He was appointed as a Director on 16 May 2001.

Mr. DU Min, 40, is an executive Director and the executive vice president of the Company. He graduated in 1991 from Renmin University of China with a bachelor's degree in law. Mr. Du has acted in a number of different positions such as editor, reporter and department head of China Business Times from July 1991 to July 1995. He became the vice president and the deputy chief editor of China Business starting from August 1995. In September 1998, he joined the America International Data Group's branch in China as a vice president. He then served as the vice president of Shanghai Meining Computer Software Company Limited from July 2000 to September 2002 before becoming the general manager of our Company in December 2002. Mr. Du was appointed as a Director on 30 December 2002.

NON-EXECUTIVE DIRECTORS

Mr. LIU Han, 49, is a non-executive Director. Mr. Liu is currently the vice president of BYDA. He graduated in 1982 from Capital Normal Academy in Chinese literature and was awarded an EMBA in 2004 by China Europe International Business School. He became a teacher of the No. 1 Secondary School of Fengtai, Beijing from September 1982 to December 1985. Mr. Liu served as an officer of Beijing Fengtai Bureau of Education from December 1985 to June 1986. He joined BYDA in July 1986 as reporter, and subsequently, deputy head of the editorial department. He had also been the editor-in-chief, assistant to the president and the president of Middle School Times. Mr. Liu was appointed as a Director on 16 May 2001.

Mr. XU Xun, 52, is a non-executive Director. He graduated in 1998 from the Postgraduate School of the Chinese Academy of Social Sciences with a master's degree in finance. Mr. Xu served as an editor and reporter of Capital Economic Information Daily from 1990 to 1993. He was the general manager of Beijing Hua Ren Advertising Company Limited in 1993. He became the deputy general manager of Chinese Securities Daily from November 1994 to February 2000. Thereafter, he worked in Beijing Zhijin Science and Technology Investment Co., Ltd. as the deputy general manager from March 2000 to March 2002. He worked with Beijing Management Department of Yongjin Group as General Manager from March 2002 to 2006, and is now the vice president of Yongjin Group. Mr. Xu was appointed as a Director on 16 May 2001.

Dr. LI Wen Qing, 40, is a non-executive Director. She graduated from Qinghua University with double bachelors' degree in engineering in 1991, awarded a master's degree in seismic engineering from New York State University in 1992, became a doctor in construction engineering at University of Columbia in 1995 and graduated from Harvard Business School with MBA degree. Dr. Li served as tender analyst and project engineer at Turner Construction Company from 1995 to 1997. She joined JP Morgan Chase Securities, Inc. as a consultant from 1999 to 2001, and worked for Microsoft from 2001 to June 2007 as the head of the department of corporate business development. In July 2007, Dr. Li became president of MIH group, in charge of business in China. Dr. Li was appointed as a Director on 23 August 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSANG Hing Lun, 59, is an independent non-executive Director. Mr. Tsang is the chief executive officer of Influential Consultants Ltd.. He is also fellows of Hong Kong Institute of Directors, the Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Tsang graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration (1st Class Hons.) in 1973. Mr. Tsang has served in the senior management capacity in several reputable publicly listed companies operating in Hong Kong and Singapore. Mr. Tsang joined the Hang Seng Bank Group in 1973 and had served in the group for 17 years, was promoted to the assistant general manager. He joined the UOB Group in Singapore in 1990 as Vice President. Mr. Tsang has also acted as an executive vice president of the Stock Exchange of Hong Kong in 1993 and the executive director of China Champ Group in 1994, as an alternate chief executive and deputy general manager of the China Construction Bank, Hong Kong Branch from 1995 to 1998. Mr. Tsang is now an independent non-executive director of Sino-Ocean Land Holdings Limited, Sinotrans Shipping Limited and International Financial Network Holdings Ltd., all of them are listed companies of the Hong Kong Stock Exchange. Mr. Tsang was appointed as a Director on 12 November 2004.

Mr. WU Changqi, 53, is an independent non-executive Director. He graduated in 1982 from Shandong University with a bachelor's degree in economics. He obtained MBA degree and a doctoral degree in applied economics from Katholieke Universiteit Leuven in Belgium in 1986 and 1990, respectively. He has also been a lecturer and an assistant professor in Economics of The Hong Kong University of Science and Technology respectively in 1991 and 1997. He has been the professor and the president of the Faculty of Strategic Management of the Guanghua School of Management of Peking University since 2001, the president of the EMBA Centre of the Guanghua School of Management of Peking University from 2002 and the associate dean of the Guanghua School of Management of Peking University from 2003. Mr. Wu was appointed as a Director on 23 August 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. LIAO Li, 42, is an independent non-executive Director. He is currently the deputy president and the professor in finance of the School of Economics and Management of Tsinghua University. Mr. Liao graduated in 1989 from the Department of Electrical Engineering of Tsinghua University with a bachelor's degree in mechanical engineering and automation profession. He obtained a doctoral degree in technical economics from the School of Economics and Management of Tsinghua University in 1995. In 1999, he graduated from the Sloan School of Management of Massachusetts Institute of Technology with a MBA degree. Mr. Liao was a lecturer of the School of Economics and Management of Tsinghua University from 1995 to 1997. Starting from 2001, Mr. Liao became the deputy president and the deputy professor in finance of the School of Economics and Management of Tsinghua University and became a professor in 2004. Mr. Liao was appointed as a Director on 23 August 2004.

SUPERVISORS

Mr. TIAN Kewu, 38, is a supervisor of the Company. He graduated from China Youth Political Academy in 1991 with bachelor's degree in political education, and was awarded a master's degree in law in 2003 from Beijing University after three years' research. In July 1991, he joined Beijing Municipality Committee of the Chinese Communist Youth League, and served as officer, administration officer, deputy chief and chief of the research office and was appointed the head of the publicity department of the Committee. Mr. Tian has been the standing deputy chief editor of BYDA since June 2005.

Mr. HE Daguang, 50, is a supervisor of the Company. He graduated from Shanxi College of Finance and Economy in 1983 specialising in financial management for industrial enterprises. From 1983 to 2001, Mr. He had, amongst other positions, served as a deputy head of a division, head of a division, vice chief accountant, deputy chief accountant and executive director of China International Water and Electric Corporation. Mr. He served as the PRC chief financial officer of Phoenix Satellite Television Company Limited from 2001 to November 2006, and has been the vice president of Phoenix Satellite Television Company Limited since December 2006.

Mr. GAO Zhiyong, 45, is a supervisor of the Company. He graduated from the College of Finance and Economics of Hunan Province in 1983 with a bachelor's degree in Economics, majoring in Industrial Accounting. Mr. Gao has obtained the following professional technical titles to date, i.e. the Certificate of Certified Public Accountant in 1986, the Certificate of Senior Accountant in 1996 and the Certificate of Certified Tax Agent in 1997. He served as the President of UFIDA Science & Technology Co., from August 2001 to September 2003. Mr. Gao served as the Vice General Manager of Yuehua Certified Public Accountants Co., Ltd. from 2004 to January 2008. He is currently the partner of Carea Schinda Certified Public Accounts, for both management consulting and tax divisions.

Mr. LIU Yanfeng, 36, is a supervisor of the Company. He graduated from the Central Communist Party School in December 2003 specialising in economics and management. Mr. Liu had, amongst other positions, served as the deputy director of the laser phototypesetting office of BYDA from September 1991 to April 2001. Mr. Liu currently serves as the deputy director of the laser phototypesetting centre of our Company since May 2001.

Mr. ZHOU Fumin, 37, is a supervisor of the Company. He graduated from the department of materials science and engineering of Tsinghua University in 1995 with a bachelor's degree in engineering and graduated from School of Law of Tsinghua University in 1998 with a master's degree in civil and commercial law. Mr. Zhou is currently the vice president of Yunan International Trust and Investment Corporation.

SENIOR MANAGEMENT, QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Ms. HE Xiaona, 45, is a vice president of the Company. Ms. He graduated from Qinghua University with a major in publishing. She joined BYDA in 1989 and served as research editor, editor and deputy chief of reading office, chief of film department, chief of editorial department of Beijing Youth Weekend, chief of economy and livelihood department, chief of editorial department of life magazine, administrative officer, assistant to principal, and deputy principal of BYDA. She was appointed an executive vice president since February 2008.

Mr. Edmund SIT, 45, is fellows of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. In addition, Mr. Sit is also an associate member of Hong Kong Institute of Human Resources Management and a senior member of Institute of Print-Media Professional. He has over 20 years' experience in auditing, finance, management accounting, personnel management, corporate finance and listing. Mr. Sit graduated from Hong Kong Baptist University and holds a bachelor's degree (merit) and master's degree of business administration. He has worked for Peat, Marwick, Mitchel & Co., Ernst & Young, System Pro Uarco Business Forms Ltd, Logo S.A., Xiang Lu Industries Ltd, Chubb Hong Kong Ltd, Johnson Controls Hong Kong Ltd, C & C Joint Printing Co., (HK) Ltd and Tianneng Power International Ltd.. Mr. Sit is a qualified accountant in compliance with the requirements under Rules 3.24 of the Listing Rules, and has been appointed as Chief Financial Officer and Company Secretary of the Group since 14 March 2007.

Mr. SHANG Da, 46, is a secretary to the Board. Mr. Shang graduated from Capital Economic and Trade University. He joined BYDA in 1999 and served as the secretary to the Board of the Company since 28 May 2001.

Ms. YAN Mengmeng, 44, is a director of the laser phototypesetting centre of the Company. She was awarded a postgraduate certificate in business management from the Capital Economic and Trade University. From June 1983 to June 1991, she worked as a secretary of the Office of the China Electronic Press Association and became a secretary of the Office of the Exhibition and Design Association under the China Electronic Press Association. Starting from June 1991, she joined BYDA as a coordinator of its laser phototypesetting office and was promoted to deputy director and then director of the laser phototypesetting office of BYDA in June 1992 and March 1993 respectively. She was transferred from BYDA to the Company as the head of laser phototypesetting centre in May 2001.

Mr. LIU Xiaofei, 47, head of the advertising division of the Company. Mr. Liu served as a reporter for the overseas edition of People's Daily from 1985 to 1987. He worked for BYDA from 1987 to 2002 and assumed various positions, including reporter of the news department, deputy head of the external affairs department, officer of Social and Education Department, deputy chief editor of weekly magazine Beijing Youth, deputy director of the News Research Institute, head of Beijing Art Institution and general manager of Bei Yi Advertising Company. From October 2002 to October 2004, Mr. Liu served the Company as deputy head of advertising department. He rejoined BYDA from November 2004 to September 2005 as deputy office director. In October 2005, he returned to the Company and was assigned to the advertising division by the Company. He was officially appointed as head of the advertising division of the Company in January 2007.

The Board is pleased to present the annual report and audited consolidated financial statements for the year ended 31 December 2007.

ISSUE AND LISTING OF SHARES

The Company's H Shares were listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 22 December 2004. Under the Hong Kong Public Offering and International Placing, 54,901,000 shares (including 7,161,000 over allotment shares) were issued at an offer price of HK$18.95 per share.

The highest and lowest trading prices of the Company's H shares were HK$9.18 and HK$4.91 respectively for the year 2007. The trading volume and closing price as at 31 December 2007 were 86,000 H Shares and HK$5.00, respectively.

ACCOUNTS

Results of the Group for the year ended 31 December 2007 are set out in page 45 of the consolidated income statement.

Financial positions of the Group as at 31 December 2007 are set out in page 46 of the consolidated balance sheet.

Changes in equity of the Group for the year ended 31 December 2007 are set out in page 47 of the consolidated statement of changes in equity.

Cash flows of the Group for the year ended 31 December 2007 is set out in page 48 and 49 of consolidated cash flow statement.

The Directors proposed a final dividend of RMB0.07 per ordinary share to the shareholders on the register of members on 21 May 2008, amounting to approximately RMB13,812,000.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of advertising space, production of newspapers and trading of print-related materials and recently expanded into hosting of sports events. Details of activities of the Company's principal subsidiaries are set out in note 37 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2007, the total purchase by the Group from its five largest suppliers amounted to approximately RMB227,378,000 (2006: RMB115,427,000), representing 59.7% of its total purchase for the year (2006: 22.0%). Purchase from the largest supplier amounted to approximately RMB83,078,000 (2006: RMB36,945,000), representing 21.8% of its total purchase for the year (2006: 7.0%).

For the year ended 31 December 2007, the total sales by the Group to its five largest customers amounted to approximately RMB177,573,000 (2006: RMB124,705,000), representing 21.2% of its total sales for the year (2006: 15.8%). Sales to the largest customer amounted to approximately RMB93,622,000 (2006: 34,371,000), representing 11.2% of its total sales for the year (2006: 4.4%).

As far as the Directors are aware, none of the Directors, their associates and shareholders who are interested in more than 5% of the Group's share capital has any interest in the Group's five largest suppliers.

SUBSIDIARY AND JOINTLY CONTROLLED ENTITY

As at 31 December 2007, the Company had four subsidiaries, namely Beijing Youth Daily Logistics Company Limited, Shanghai Beiqing Printing Machinery Limited, Beijing Beiqing Top Advertising Limited and Hebei Heqing Media Corporation Limited and a jointly controlled entity, namely Beijing China Open Promotion Company Limited.

For details of principal subsidiaries and jointly controlled entity of the Company, please refer to note 37 and 18 to the consolidated financial statements in this annual report.

PROFIT DISTRIBUTION

For details of consolidated profit distribution, please refer to consolidated statement of changes in equity in the consolidated financial statements in this annual report and note 31.

RESERVES

The movements in reserves during the year are set out in note 31 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

For details of the distributable reserves, please refer to note 31 to the consolidated financial statements in this annual report.

PROPERTIES AND EQUIPMENT

The movements in properties and equipment are set out in note 14 to the consolidated financial statements in this annual report.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBER OF SHAREHOLDERS

As at 31 December 2007, the total number of shares issued by the Company was 197,310,000 Shares. The shareholders of the Company include BYDA, Beijing Zhijin Science and Technology Investment Company Limited, China Telecommunication Broadcast Satellite Corporation, Beijing Development Area Limited, Sino Television Company Limited and public shareholders of H Shares, holding 124,839,974 shares, 7,367,000 shares, 4,263,117 shares, 2,986,109 shares, 2,952,800 shares and 54,901,000 H shares respectively, representing 63.27%, 3.73%, 2.16%, 1.52%, 1.50% and 27.82%, respectively, of the Company's entire share capital.

Class of shares held	Number of issued shares	Percentage	Number of shareholders*
Domestic shares	142,409,000	72.18%	5
Foreign shares (comprising H Shares)	54,901,000	27.82%	420
Total	197,310,000	100%	425

* The above percentage figures are based on the records in the Company's register of shareholders as at 31 December 2007.

Changes of the Company's share capital for the year are set out in note 30 to the consolidated financial statements.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2007, shareholders holding 5% or more of the issued share capital of the Company, as recorded in the register of shareholder's interest in shares required to be maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance ("SFO"), are set forth below:

Name	Class of shares	Nature of interest	Number of shares held	% of class of share capital	% of total share capital
BYDA	Domestic	Long	124,839,974 (L)	87.66%	63.27%
MIH (BVI) Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH Holdings Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH Investments (PTY) Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH Print Media Holdings Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH QQ (BVI) Limited	H	Long	19,533,000 (L)	35.58%	9.90%
Naspers Limited	H	Long	19,533,000 (L)	35.58%	9.90%
Beijing Beida Founder Group Corporation	H	Long	4,939,000 (L)	8.99%	2.50%
Beijing University	H	Long	4,939,000 (L)	8.99%	2.50%
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000 (L)	8.99%	2.50%
Beijing University New Technology Corporation	H	Long	4,939,000 (L)	8.99%	2.50%
CITICITI Ltd.	H	Long	4,939,000 (L)	8.99%	2.50%
Founder Investment (HK) Ltd.	H	Long	4,939,000 (L)	8.99%	2.50%
Yue Shan International Limited	H	Long	4,939,000 (L)	8.99%	2.50%
Xia Jie	H	Long	4,939,000 (L)	8.99%	2.50%
Cao Yawen	H	Long	4,939,000 (L)	8.99%	2.50%
Arisaig Greater China Fund Limited	H	Long	3,241,500 (L)	5.90%	1.64%
Arisaig Partners (Mauritius) Limited	H	Long	3,241,500 (L)	5.90%	1.64%
Cooper Lindsay Williams Ernest	H	Long	3,241,500 (L)	5.90%	1.64%

Save as disclosed above, no person has registered to hold interests or short positions of our Shares or Underlying Shares which would fall to be recorded in the register under Section 336 of the SFO.

ULTIMATE CONTROLLING SHAREHOLDER

BYDA is the ultimate controlling company of the Company. As at 31 December 2007, BYDA is interested in 63.27% of the Company's equity.

DIRECTORS

Details of the names of Directors and their respective information are set out in the section headed "Corporate Governance Report – 5. The Board" of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into service contracts with the Company. The agreements were entered into on 23 August 2007 for a term of three years.

None of the Directors or Supervisors has entered into any service contract with the Company which cannot be terminated by the Company within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2007, none of the Directors, Supervisors or their respective associates had any interest in the shares or debts securities of the Company or any associated corporations which would fall to be notified to the Company and the Stock Exchange under Section 352 of SFO or be recorded in the register required under the Section, or fall to be disclosed to the Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACTS

The Company and its subsidiaries have not entered into any contracts of significance to the business of the Company in which any Director or Supervisor had material interests as at the balance sheet date or at any time during the year.

DIRECTORS' AND SUPERVISORS' BENEFITS IN ACQUIRING SHARES OR DEBTS

As at the balance sheet date or any time during the year, neither the Company nor its subsidiaries was a party to any arrangement through which Directors or Supervisors may acquire shares or debentures of the Company or any other companies.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of Directors and Supervisors are set out in note 13 of the consolidated financial statements.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the year ended on 31 December 2007, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

PRE-EMPTIVE RIGHT

There is no provision for pre-emptive rights under the PRC law and the Company's Memorandum and Articles of Association, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

Details of the borrowings of the Company and its subsidiaries are set out in note 29 to the consolidated financial statements in this annual report.

CONNECTED TRANSACTIONS

Connected transactions of the Group during the year are listed as follows:

Transactions – Continued Connected Transactions only Exempted for the Approval of Independent Shareholders

1. *Tenancy Agreement*

   On 10 August 2006, the Company and BYDA (the controlling shareholder of the Company) entered into the Tenancy Agreement and pursuant to which, BYDA leased from the Company floors 8, 19 and 23 of the Beijing Youth Daily Agency Building amounting to a total floor area of 2,340 square meters for a rent of RMB4.5 per sq. m. per day, with a term ended on 9 August 2009. Upon expiry of the Tenancy Agreement, BYDA has the right to extend the tenancy of the office premises by giving two months' written notice to the Company before the expiry date. Details of the Tenancy Agreement have been disclosed in the Company's announcements dated 10 August 2006.

   On 29 November 2006, the Company entered into the Supplemental Agreement under the Tenancy Agreement with BYDA to extend the term of the tenancy to 31 December 2009, while other terms of the agreement shall remain unchanged. Details of the Supplemental Agreement have been disclosed in the Company's announcements dated 29 November 2006.

   According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

   During the reporting period, the 2007 cap for income generated from lease of BYDA to the Company was RMB3,843,450, and the actual income was RMB3,843,450.

2. *New Tenancy Agreement*

   On 10 August 2006, the Company, as tenant and BYDA, as landlord, entered into a New Tenancy Agreement, pursuant to which, the Company leased from BYDA whole of the 7th floor of the Beijing Youth Daily Agency Building. The total floor area of the office premises to be leased to the Company amounts to 830 square metres and the rent is RMB4.5 per sq. m. per day, with a term ended on 9 August 2009. Upon expiry of the New Tenancy Agreement, the Company has the right to extend the tenancy of the office premises by giving two months' written notice to BYDA before the expiry date. Details of the New Tenancy Agreement have been disclosed in the Company's announcements dated 10 August 2006.

   On 29 November 2006, the Company entered into the Supplemental Agreement under the New Tenancy Agreement with BYDA to extend the term of the tenancy to 31 December 2009, while other terms of the agreement shall remain unchanged. Details of the Supplemental Agreement have been disclosed in the Company's announcements dated 29 November 2006.

   According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

   During the reporting period, the 2007 cap for expense for lease of the Company to BYDA was RMB1,363,275, and the actual expense was RMB1,363,275.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continued Connected Transactions only Exempted for the Approval of Independent Shareholders *(Continued)*

3. *Shanghai Beiqing Varnishes Supply Agreement and Paper Supply Agreement*

3.1 Shanghai Beiqing Varnishes Supply Agreement

On 1 January 2006, Shanghai Beiqing Printing Machinery Limited ("Shanghai Beiqing") (a subsidiary of the Company) and Shanghai Shenglian Printing Machinery Limited ("Shanghai Shenglian"), a substantial shareholder of Shanghai Beiqing, entered into Varnishes Supply Agreement and pursuant to which, Shanghai Shenglian supplies varnishes to Shanghai Beiqing at a unit price of RMB29.7 per kg, for a term of two years from 1 January 2006, and will be automatically extended upon expiry except for the opposition from both parties.

3.2 Paper Supply Agreement

On 1 January 2006, Shanghai Beiqing and Shanghai Shenglian entered into Paper Supply Agreement and pursuant to which, Shanghai Shenglian supplies printing paper to Shanghai Beiqing at a unit price of RMB5,050 per tonne, for a term from 1 January 2006 to 11 April 2007.

According to the Listing Rules, Shanghai Shenglian is a substantial shareholder of a subsidiary of the Company, Shanghai Beiqing, thus a connected person of the Company.

During the reporting period, the 2007 cap for expense for supply of varnishes from Shanghai Shenglian to Shanghai Beiqing was RMB1,000,000, and the actual expense was Nil; the 2007 cap for expense for supply of printing paper from Shanghai Shenglian to Shanghai Beiqing was RMB200,000, and the actual expense was Nil.

4. *Delivery Service Agreement*

4.1 BYD Delivery Service Agreement

On 27 June 2007, the Company and Xiao Hong Mao Corporation ("XHM") entered into a BYD insert advertisement delivery agreement, pursuant to which, XHM will distribute, transport and deliver BYD insert advertisement on behalf of the Company for a delivery fee of RMB0.08 per insert advertisement, and for a term expired on 31 December 2007. Pursuant to the BYD Delivery Service Agreement, the Company pays XHM a delivery fee every month. The above mentioned pricing mechanism is similar to service fees of public post services in China.

According to the Listing Rules, XHM is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2007 cap for delivery fee of the Company to XHM was RMB9,000,000, and the actual fee was RMB3,843,550.

4.2 Leisure Trend Delivery Service Agreement

On 27 June 2007, an associate of the Company, Beijing Leisure Trend Advertising Limited ("Leisure Trend"), and XHM entered into a Leisure Trend delivery agreement, pursuant to which, XHM will distribute "Leisure Trend-Health" magazine to 40,000 office subscribers of BYD on behalf of Leisure Trend for a delivery fee of RMB44,800, and for a term expired on 31 December 2007. Pursuant to the Leisure Trend Delivery Service Agreement, Leisure Trend will pay a lump sum fee to XHM as the above mentioned delivery fee. The above mentioned pricing mechanism is similar to service fees of public post services in China.

According to the Listing Rules, XHM is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2007 cap for delivery fee of Leisure Trend to XHM was RMB44,800, and the actual fee was RMB44,800.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continued Connected Transactions only Exempted for the Approval of Independent Shareholders *(Continued)*

5. *Logistics Service Agreement*

   On 27 June 2007, BYD Logistics, a subsidiary of the Company, and Xiao Hong Mao Logistics Co., Ltd. ("XHM Logistics"), a subsidiary of XHM, entered into a logistics service agreement, pursuant to which, XHM Logistics will provide paper and printing material logistics service for BYD Logistics, and BYD Logistics will rent from XHM Logistics a cargo area of 3,700 square meters. BYD Logistics will pay a service fee to XHM Logistics every month, for a term from 1 July 2007 to 30 June 2009.

   According to the Listing Rules, XHM Logistics is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

   During the reporting period, the 2007 cap for service fee of BYD Logistics to XHM Logistics was RMB1,000,000, and the actual fee was RMB752,311.

6. *Cooperation Agreement between Leisure Trend and Legal Evening Post Agency ("LEPA")*

   Leisure Trend entered into a cooperation agreement on 28 December 2006 with LEPA, a wholly owned subsidiary of BYDA. Pursuant to the agreement, Leisure Trend shall obtain an exclusive right as an advertising agent for certain advertising spaces in the commerce and tourism sectors of Legal Evening Post for one year, commencing from 1 January 2007, for an amount of RMB10,000,000 of total advertising agency entitlement undertaken under the contract. Such amount was determined after arm's length negotiation between LEPA and Leisure Trend. For details, please refer to the announcement of the Company dated 28 December 2006.

   According to the Listing Rules, LEPA is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

   During the reporting period, the 2007 cap for such expense of Leisure Trend to LEPA was RMB10,000,000, and the actual expense was RMB10,000,000.

Transactions – Non-exempted Continued Connected Transactions

7. *Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beiqing Advertising Agreement*

   7.1 Today YangGuang Advertising Agreement

   On 8 December 2004, the Company and Beijing Today YangGuang Advertising Co., Ltd ("Today YangGuang") entered into an advertising sales agreement and pursuant to which, the Company agreed to sell advertising space in the Beijing Youth Daily to Today YangGuang.

   Pursuant to the Today YangGuang Advertising Agreement, the Company or any of its subsidiaries may only accept the booking of advertising space by Today YangGuang on the basis that the fees payable under the Today YangGuang advertising agreement are settled on normal commercial terms, which represent terms available to a party on an arm's length basis or terms no less favourable to the Company than those available to or from independent third parties. The advertising fees charged by the Company were calculated on the basis of the unit price agreed between the parties from time to time pursuant to the terms of the agreement, with reference to the actual volume, size and pages of the advertisements to be published. Today YangGuang Advertising Agreement expired on 31 December 2006.

   On 29 November 2006, the Company and Today YangGuang entered into a supplementary agreement to renew the agreement for another term of three years till 31 December 2009, while other terms of the agreement shall remain unchanged. Details of the supplementary agreement were set forth in the announcement of the Company dated 29 November 2006.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempted Continued Connected Transactions *(Continued)*

7. *Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beiqing Advertising Agreement (Continued)*

7.2 Gehua YangGuang Advertising Agreement

On 8 December 2004, the Company and Beijing Gehua YangGuang Advertising Co., Ltd. ("Gehua YangGuang") entered into an advertising sales agreement and pursuant to which, the Company agreed to sell advertising space in the Beijing Youth Daily to Gehua YangGuang.

Pursuant to the Gehua YangGuang Advertising Agreement, the Company or any of its subsidiaries may only accept the booking of advertising space by Gehua YangGuang on the basis that the fees payable under the Gehua YangGuang Advertising Agreement are settled on normal commercial terms, which represent terms available to a party on an arm's length basis or terms no less favourable to the Company than those available to or from independent third parties. The advertising fees charged by the Company were calculated on the basis of the unit price agreed between the parties from time to time pursuant to the terms of the agreement, with reference to the actual volume, size and pages of the advertisements to be published. Gehua YangGuang Advertising Agreement expired on 31 December 2006.

On 29 November 2006, the Company and Gehua YangGuang entered into a supplementary agreement to renew the agreement for another term of three years till 31 December 2009, while the other terms of the agreement shall remain unchanged. Details of the supplementary agreement were set forth in the announcement of the Company dated 29 November 2006.

7.3 Beiqing Advertising Agreement

On 1 January 2006, the Company and Beijing Beiqing Advertising Limited ("Beiqing Advertising") entered into the Beiqing Advertising Agreement. Under the terms of the agreement, Beiqing Advertising is engaged by the Company to act as one of the advertising agents. Pursuant to which, Beiqing Advertising is required to arrange for placement of advertisements in the Beijing Youth Daily with the Company. The advertising fee charged by the Company is calculated based on the unit price set out in the standard advertising price list issued to the relevant customers of the Company, subject to applicable discount. Different prices will be applicable depending on the size of the advertisements and the pages on which the advertisements will be published. Payment of the advertising fees will be settled on the date of the relevant booking of the advertising space. Beiqing Advertising Agreement expired on 31 December 2006.

In consideration for the agency services provided, Beiqing Advertising is allocated complementary advertising space in the Beijing Youth Daily, the volume of which is determined based on the amount of advertising fee arranged by Beiqing Advertising throughout the year. The volume of the complementary advertising space in Beijing Youth Daily is comparable with that allocated to independent third party advertising agents engaged by the Company.

On 29 November 2006, the Company and Beiqing Advertising entered into a supplementary agreement to renew the agreement for another term of three years till 31 December 2009, while other terms of the agreement shall remain unchanged. Details of the supplementary agreement were set forth in the announcement of the Company dated 29 November 2006.

According to the Listing Rules, Today YangGuang, Gehua YangGuang and Beiqing Advertising are subsidiaries or associates of BYDA, the controlling shareholder of the Company, thus connected persons of the Company.

During the reporting period, the 2007 cap for aggregated sales fees from Today YangGuang, Gehua YangGuang and Beiqing Advertising to the Company was RMB28,000,000, and the actual fee was RMB9,782,819.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempted Continued Connected Transactions *(Continued)*

8. *Advertising Business Agreement*

On 7 December 2004, an advertisement business and call option agreement (the "Advertising Business Agreement") was entered into between the Company and BYDA, pursuant to which, BYDA has agreed to grant an exclusive right to the Company to operate the advertising business in respect of the Beijing Youth Daily, including editions on other media.

Under the Advertising Business Agreement, the Company was granted the exclusive right to operate the advertising business in respect of the BYDA Papers for a duration of 30 years from 1 October 2004 to 30 September 2033, which duration will automatically be renewable upon expiry. The right granted includes the right to sell all of the advertising space in the Beijing Youth Daily, and the Company is entitled to all revenue derived from such sales. In consideration, the Company will (a) be responsible for the printing, including printing costs and the choice of newsprint, of the Beijing Youth Daily; (b) pay BYDA a fee representing 16.5% of the total advertising revenue generated from the Beijing Youth Daily or such figure or formula as the parties may agree in future and (c) allocate up to 360 pages per year of advertising space in respect of each of the BYDA Papers to BYDA for publicity announcements and notices (provided that the advertising space allocated will not exceed 9% of the total advertising space of each paper per issue), for which no fee will be payable.

The Company has applied for the annual caps for the years from 2007 to 2009, with details disclosed in the announcement of the Company dated 29 November 2006.

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2007 cap for fee from the Company to BYDA was RMB127,050,000, and the actual fee was RMB68,093,705.

9. *Printing Agreement in respect of Beijing Sci-Tech Report, Middle School Science Post, Beijing Youth Weekend, Beijing Children Arts and Legal Evening Post*

On 7 December 2004, BYDA and BYD Logistics entered into a printing agreement, pursuant to which, BYD Logistics agreed to provide printing services in respect of Beijing Sci-Tech Report, Middle School Science Post, Beijing Youth Weekend, Beijing Children Arts, Legal Evening Post and other newspaper and magazines of BYDA which may be introduced by BYDA. However, the terms of the printing agreement shall not be applicable to the Beijing Youth Daily. Under this agreement, BYD Logistics is responsible for the printing of the three newspapers and the provision of paper for the printing. The printing fee charged by the Company will be based on the actual volume of the newsprint printed and the quality of the printing and the paper. The quality of printing and paper will be pre-agreed between the parties. The agreement is due to expire on 31 December 2006. Pursuant to the Printing Agreement, BYD Logistics or any of its subsidiaries may only provide printing services on the basis that the fees payable under the Printing Agreement are settled on normal commercial terms, which represent terms available to a party on an arm's length basis or terms no less favourable to BYD Logistics than those available to or from independent third parties.

Independent Shareholders have approved the proposed extension of the Printing Agreement for another term of three years till 31 December 2009 and the proposed annual cap for the years of 2006, 2007 and 2008 at the general meeting of the Company held on 20 June 2006, with details disclosed in the announcement of the Company dated 25 April 2006.

The Company has applied for the annual caps for the year 2009, with details disclosed in the announcement of the Company dated 29 November 2006.

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2007 cap for printing fee from BYDA to BYD Logistics was RMB150,000,000, and the actual fee was RMB125,792,378.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempted Continued Connected Transactions *(Continued)*

10. *Guarantee Agreement*

On 10 April 2007, the Company and COL entered into a guarantee agreement, pursuant to which, the Company will, upon request of COL, provide total guarantee in an amount not exceeding RMB307,230,000 for bank loans to COL. Such loan guarantee shall be mainly used for the renewal of existing loans before 18 March 2007, the expenses occurred in hosting COL sport events in 2007, the acquisition consideration of 100% of interests in Champion and Swidon and the fees paid for application for upgrading to ATP and WTA, and with a term from the completion day of the equity transfer agreement to 30 March 2008. The Company provided such guarantee in accordance with its equity proportion in COL, with details disclosed in the announcement of the Company dated 10 April 2007.

According to the Listing Rules, COL is a 49% held associate of BYDA, a controlling shareholder of the Company, thus a connected person of the Company.

For the period from the date of the Guarantee Agreement to 31 December 2007, the 2007 cap for loan guarantee of the Company for COL was RMB307,230,000, and the actual loan guarantee was RMB214,610,000.

Transactions – Connected Transactions only Exempted for the Approval of Independent Shareholders

11. *Not to exercise the Right of First Refusal*

The Company issued an announcement on 28 September 2007 and decided not to exercise the right of first refusal granted by BYDA under the Advertising Business Agreement in respect of a dilution in the BYDA's equity interest in XHM, one of its subsidiaries, with a transaction value of RMB26,500,000 of exercise consideration for 15% of equity in XHM, such price was the exercise consideration offered to the Company by XHM, which was equivalent to such consideration offered by XHM to new investors, with details disclosed in the announcement of the Company dated 28 September 2007.

According to the Listing Rules, XHM is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

12. *Debt Settlement Agreement*

On 29 November 2007, the Company, Today YangGuang and Beijing Heng Yuan Sheng Shi Advertising Co., Ltd. ("HYSS") entered into the Debt Settlement Agreement under which Today YangGuang agreed to pay RMB3,726,043.12 to the Company as settlement of the Debt, such amount to be paid in 24 installments from December 2007 to November 2009. In consideration of such payment, Today YangGuang obtained a market entry right to replace HYSS as an advertising agent of the Company in relation to the sale of recruitment classified advertisement space in the Beijing Youth Daily and its supplement, Information Industrial Post. The above consideration was arrived after negotiations between the parties thereto in accordance with the general market practice, with details disclosed in the announcement of the Company dated 29 November 2007.

According to the Listing Rules, Today YangGuang is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

13. *Termination Agreement*

On 11 May 2007, the Company, COL, TOM, TTHL, Champion and Swidon entered into the Termination Agreement to terminate the Authorisation Agreement, pursuant to which, the parties agreed to terminate the Authorisation Agreement they entered into on 18 March 2006, and to terminate the annual payment of a total amount of US$1.2 million to Champion and Swidon as ATP and WTA license fee, such Termination Agreement was reached after arm's length negotiation among various parties and no consideration shall be paid by the Company pursuant to the Termination Agreement, with details disclosed in the announcement of the Company dated 10 April 2007.

According to the Listing Rules, TTHL is a substantial shareholder of COL, and TOM, Champion and Swidon are controlling shareholders and its subsidiaries of TTHL, thus TTHL, TOM, Champion and Swidon are all connected persons of the Company.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Connected Transactions only Exempted for the Approval of Independent Shareholders *(Continued)*

14. *Joint Venture Arrangement between the Company and BYDA*

Under the Equity Transfer Agreement dated 18 March 2007 entered into between BYDA and TTHL, BYDA agreed to acquire the 49% equity interest in COL from TTHL. Upon the completion of the Equity Transfer Agreement, COL will become a joint venture between the Company and BYDA in which they hold 51% and 49% equity interest, respectively, undertaking such rights and obligations under the original joint venture agreement entered into by TTHL and the Company, with details disclosed in the announcement of the Company dated 10 April 2007.

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

Transactions – Non-exempted Connected Transactions

15. *Supplementary Agreement*

On 11 May 2007, COL entered into the Champion Supplementary Agreement and the Swidon Supplementary Agreement, respectively, with BYDA, TOM and TML in connection with the proposed acquisitions by COL of TML's 100% interest in Champion and Swidon, respectively, pursuant to which, COL should pay TML considerations of US$6,201,550 and US$9,302,325. Such consideration was determined on (1) such historical data of authorization license fee paid by Champion and Swidon for membership qualification of ATP and WTA; and (2) such market price of final ownership of ATP and WTA membership. Upon the completion of such Supplementary Agreements, COL will hold 100% interest in Champion and Swidon respectively, with details disclosed in the announcement of the Company dated 10 April 2007.

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

The independent non-executive Directors have reviewed and confirmed that the connected transactions under items 1-15 above were:

(1) entered into during the usual and ordinary course of business of the Group;

(2) entered into on normal commercial terms (if comparable transactions are available), or, if there were no comparable transactions to determine whether such transactions were on normal commercial terms, on terms not less favourable to the terms provided by independent third parties to the Company or by the Company to independent third parties (if applicable); and

(3) on arrangements regulating transactions and on terms fair and reasonable and in the interests of the independent shareholders of the Company as a whole and has not exceeded the relevant cap amount for each transaction.

The Company's auditors have reviewed the above transactions and confirmed to the Board in writing that the above transactions:

(1) were approved by the Board;

(2) were entered into on terms of the relevant governing agreements of such transactions;

(3) complied with the pricing policy as set out in the accounts of the Company; and

(4) did not exceed the respective caps applicable to each transaction.

During the report period, save from the above, there was no other discloseable connected transaction under the Listing Rules which is not disclosed.

MATERIAL LITIGATION

To the best knowledge of the Board, up to 31 December 2007, the Company is not involved in any material litigation or arbitration and there is no legal action or claim made against the Company.

RETIREMENT SCHEME

To comply with applicable laws, the Company joined various retirement schemes organised by local government authorities. Details of the retirement scheme are set out in note 13 to the consolidated financial statements in this annual report.

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, the Company has set up an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises of two independent non-executive Directors and one non-executive Director. The Group's results for the year ended 31 December 2007 have been reviewed by the Audit Committee.

PUBLIC FLOAT

Based on public information that is available to the Company and to the knowledge of the Board, up to the date of this report, the public float of the Company's shares maintained above the prescribed level of 25% of the Company's issued shares as required under the Rule 8.08 of Listing Rules.

CORPORATE GOVERNANCE

Since its listing on the Stock Exchange, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules.

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed they complied with the required standard set out in the Model Code and the code of conduct by the Company regarding the securities transaction by Directors of the Company.

The Company has received from each of the independent non-executive Directors an annual written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

AUDITORS

The Company has appointed Shinewing (HK) CPA Limited and Zhongrui Yuehua Certified Public Accountants Co., Ltd. as the international and PRC auditors respectively for the year ended 31 December 2007. The consolidated financial statements of the Company for the year 2007 prepared in accordance with accounting principles generally accepted in Hong Kong were audited by Shinewing (HK) CPA Limited, the Company's international auditor. Shinewing (HK) CPA Limited and Zhongrui Yuehua Certified Public Accountants Co., Ltd. have been appointed by the Company since 2007 and 2001 respectively, and a resolution will be presented at the Annual General Meeting ("AGM")of the Shareholders to re-appoint Shinewing (HK) CPA Limited and Zhongrui Yuehua Certified Public Accountants Co., Ltd. as the international and PRC auditors of the Company respectively.

TAXATION

For the year ended 31 December 2007, shareholders of non-PRC residents are not subject to any individual or corporate income tax, capital gain tax, stamp duty or estate duty of the PRC in respect of their holdings of shares in the Company. Shareholders are advised to consult their tax advisers for any potential PRC or Hong Kong or other tax implications arising from their holding or disposal of H Shares if necessary.

By order of the Board
ZHANG Yanping
Chairman of the Board

22 April 2008 Beijing, the PRC

1. OVERVIEW OF CORPORATE GOVERNANCE

The Company places a lot of importance to establish a comprehensive, stable and reasonable corporate governance framework. At present, the Company's corporate governance documents includes but not limited to the following documents:

(1) Memorandum and Articles of Association of Beijing Media Corporation Limited; and

(2) Rules of Procedure of the Shareholders' General Meeting;

(3) Rules of Procedure of the Board of Directors;

(4) Rules of Procedure of the Board of Supervisors;

(5) Rules of Procedure of the President;

(6) Internal Control Handbook of Beijing Media Corporation Limited, including but not limited to the following policies and procedures:

- Procedures of Disclosure and Inspection of Connected Transactions;
- Management Procedures against Internal Corruption;
- Investors Relation Management Procedures.

The Board has reviewed the corporate governance documents adopted by the Company and considers that such documents complied with all code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained of the Hong Kong Stock Exchange.

2. CODE ON CORPORATE GOVERNANCE PRACTICES

Except for those set forth herein, the Company has complied with the code provisions set out under the CG Code contained for the year ended 31 December 2007.

3. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Listing Rules regarding securities transactions by Directors and Supervisors. Upon specific enquiries by the Company, all Directors and Supervisors confirmed that they have fully complied with the Model Code.

4. SHAREHOLDING INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at 31 December 2007, none of the Directors, Supervisors or other senior management members had any interests or short positions in the shares or underlying shares in the Company or as referred to under Part XV of the Securities and Futures Ordinance (the "SFO"), Cap. 571 of the Laws of Hong Kong (pursuant to Section 352 of the SFO, these interests and short positions are required to be registered in the register maintained or notified by the Directors or Supervisors to the Company and the Hong Kong Stock Exchange under the Model Code).

5. THE BOARD

Set forth below are the composition and selected information of the Board of the Company:

Name	Sex	Age	Other positions in the Company	Term of Directorship	Remunerated by the Company
Executive Directors					
Zhang Yanping	M	50	Chairman	23 August 2007 to the fourth annual general meeting of the Company	Yes
Zhang Yabin	M	51	Vice-chairman	23 August 2007 to the fourth annual general meeting of the Company	Yes
Sun Wei	M	54	President	23 August 2007 to the fourth annual general meeting of the Company	Yes
He Pingping	M	53		23 August 2007 to the fourth annual general meeting of the Company	Yes
Du Min	M	40		23 August 2007 to the fourth annual general meeting of the Company	Yes
Non-executive Directors					
Xu Xun	M	52		23 August 2007 to the fourth annual general meeting of the Company	Yes
Liu Han	M	49		23 August 2007 to the fourth annual general meeting of the Company	Yes
Abraham Van Zyl	M	52		20 June 2006 to 23 August 2007	No
Li Wen Qing	F	40		23 August 2007 to the fourth annual general meeting of the Company	No
Independent Non-executive Directors					
Tsang Hing Lun	M	59		23 August 2007 to the fourth annual general meeting of the Company	Yes
Wu Changqi	M	53		23 August 2007 to the fourth annual general meeting of the Company	Yes
Liao Li	M	42		23 August 2007 to the fourth annual general meeting of the Company	Yes

The Board is a permanent decision-making entity of the Company, responsible for steering and supervising the operations of the Company in an accountable and efficiency-oriented manner. All Directors are obliged to act in the best interests of the Company. All members of the Board acknowledged that they are jointly and severally accountable to the shareholders for the management, supervision and operations of the Company.

5. THE BOARD *(Continued)*

The Company confirms that the Board is primarily responsible for making decisions for the purposes of:

- formulation of the operating plan and investment proposals of the Company;
- formulation of the annual budgets and financial reports of the Company;
- formulation of proposals of profit distribution and recovery of losses of the Company;
- formulation of proposals for the addition or reduction of registered share capital and issue of bonds of the Company;
- formulation of proposals for the mergers, spin-off or winding up of the Company;
- determination on the internal management structure of the Company;
- appointment and removal of the President and Executive Vice President of the Company, appointment and removal of the Vice President and other senior management (including the Chief Financial Officer) as recommended by the President, and determination of their respective remuneration;
- determination on the basic management systems of the Company;
- determination on amendments to the Memorandum and Articles of Association of the Company;
- formulation of proposals for material acquisitions or disposals of the Company

The Company confirms that the management is primarily responsible for making decisions and performing daily management for the purposes of:

- formulation of proposal for the internal management structure of the Company;
- setting up the basic management system of the Company;
- formulation of the basic regulations of the Company;
- recommendation for the appointment or removal of other senior management members (including the Chief Financial Officer) of the Company;
- appointment or removal of management personnel other than those subject to the appointment and removal by the Board;
- formulation of and determination on the branch structure of the Company;
- appointment and replacement of and recommendation on the shareholder’s representative, Director or Supervisor to its subsidiaries or associated companies.

5. THE BOARD *(Continued)*

Attendance of Individual Directors at Board Meetings in 2007

	Attendance	Number of meetings: 15 Attendance by proxy
Executive Directors		
Zhang Yanping	11	–
Zhang Yabin	11	–
Sun Wei	15	–
He Pingping	15	–
Du Min	15	–
Non-executive Directors		
Xu Xun	15	–
Liu Han	11	–
Abraham Van Zyl	11	–
Li Wen Qing	4	–
Independent Non-executive Directors		
Tsang Hing Lun	14	1
Wu Changqi	14	1
Liao Li	14	1

Note: Mr. Abraham Van Zyl duly resigned as Director of the Company on 23 August 2007 and is replaced by Dr. Li Wen Qing.

Since the listing of the Company, the composition of the Board has been in compliance with Rule 3.10(1) of the Listing Rules, which requires a minimum of 3 independent non-executive directors on board, and with Rule 3.10(2) of the Listing Rules, which requires that at least one of the independent non-executive directors must possess appropriate professional qualification or accounting or relevant financial management expertise.

The Company has received the annual confirmation from each independent non-executive Directors confirming their compliance with the independence requirements set out under Rule 3.13 of the Listing Rules of the Hong Kong Stock Exchange. The Company considers that all independent non-executive Directors to be independent.

During the reporting period, none of the independent non-executive directors of the company has expressed any different opinion on resolutions of the Board of Directors or any other resolutions in the year.

Members of the Board, Supervisory Committee and senior management do not have any financial, business, family or other material relationship with each other save for working relationship.

6. CHAIRMAN AND PRESIDENT

The posts of Chairman and President of the Company are assumed by Mr. Zhang Yanping and Mr. Sun Wei respectively.

The two posts are separate and distinct. The Chairman cannot assume the post of President of the Company simultaneously. Distinct written terms of reference have been adopted for these two posts. The Chairman shall be responsible for overseeing the operation of the Board, while the President shall oversee the business operations of the Company. The roles of the Chairman and President are set out in detail in the Memorandum and Articles of Association of the Company.

The Chairman and President do not have any financial, business, family or other material relationship with each other save for working relationship.

7. NON-EXECUTIVE DIRECTORS

Pursuant to the Memorandum and Articles of Association of the Company, non-executive Directors of the Company are appointed for a term of three years.

Independent non-executive Directors are appointed for a term of three years which is renewable upon re-election. Independent non-executive Directors may not be removed without legitimate cause before expiry of their terms. Where an independent non-executive Director was removed from office before expiry of his term, the matter shall be disclosed by the Company as a special issue.

8. REMUNERATION OF DIRECTORS

The Board has set up a Remuneration Committee comprising three independent non-executive Directors. The Remuneration Committee was chaired by Mr. Wu Changqi with Mr. Tsang Hing Lun and Mr. Liao Li as members.

The Remuneration Committee consults the Chairman and/or President on the remuneration to other executive Directors and will seek assistance and/or advice from external professional advisor when considered necessary.

For details on the Company's current remuneration policy, long-term incentive scheme and basis for remuneration to Directors, please refer to note 13 to the consolidated financial statements.

Set forth below are the principal duties of the Remuneration Committee:

- to advise the Board on setting up formal and transparent procedures in respect of the determination of remuneration policy and structure for the Directors and senior management personnel of the Company;
- to determine the remuneration packages of all executive Directors and senior management personnel and advise the Board on the remuneration to non-executive Directors;
- to review and approve the performance-linked remuneration to the Directors with reference to the operating goals of the Company as approved by the Board from time to time;
- to review and approve compensation to the executive Directors and senior management personnel for loss or termination of offices or appointment;
- to review and approve the compensation arrangement in relation to the removal of Directors involving misconduct;
- to ensure that the Directors or any of their associates are not involved in the determination of the Directors' remuneration of their own.

Compensation and annual salaries to the Directors and senior management personnel have been considered and approved by the fourth meeting of the second session of the Board held on 4 December 2004. The three independent non-executive Directors being members of the existing Remuneration Committee attended the Board meeting and approved the relevant resolution.

The increase of the emolument of each of the independent non-executive directors from RMB50,000 to RMB100,000 per annum (before tax) was approved at the EGM of the Company held on 29 December 2006. Apart from this, the Remuneration Committee of the Board of the Company did not hold any meeting to consider the compensation and annual salaries to other Directors and senior management personnel of the Company.

9. NOMINATION OF DIRECTORS

The Board has not set up any nomination committee. Instead, the Company appoints new directors through formally regulated, carefully considered and transparent procedures. Generally, a candidate for directorship will be nominated by the Board according to the recommended principles and standards by the shareholders and the nomination will take the form of a proposed resolution to be approved by the Company's general meeting.

The intention for nomination of a directorship candidate and a written notice of the candidate stating acceptance of such nomination shall be lodged with Shareholders of the Company no earlier than the date of dispatch of notice convening the general meeting and no later than 7 days prior to the date of the general meeting. The open period for submitting and accepting nomination shall not be less than 7 days.

At the thirty-eighth meeting of the second Board held on 27 June 2007, a resolution in respect of the re-election of Director was considered and approved. The nomination was approved by the 2007 second extraordinary general meeting held on 23 August 2007. Attendance of Directors at that Board meeting is as follows:

	Attendance	**Attendance by proxy**
Executive Directors		
Zhang Yanping	Yes	–
Zhang Yabin	Yes	–
Sun Wei	Yes	–
He Pingping	Yes	–
Du Min	Yes	–
Non-executive Directors		
Xu Xun	Yes	–
Liu Han	Yes	–
Abraham Van Zyl	Yes	–
Independent Non-executive Directors		
Tsang Hing Lun	Yes	–
Wu Changqi	Yes	–
Liao Li	Yes	–

Save as disclosed herein, the Board did not make any other nomination for directorship nor formulate any policy in respect of directorship nomination during the year ended 31 December 2007.

10. REMUNERATION OF THE AUDITORS

The Company has appointed Shinewing (HK) CPA Limited and Zhongrui Yuehua Certified Public Accountants Co., Ltd. as the international and PRC auditors respectively for the year 2007. For the year ended 31 December 2007, audit fees incurred by the Company amounted to approximately RMB1,700,000.

Shinewing (HK) CPA Limited has provided audit service for the Company since 2007, with the first audit service appointment letter entered into on 27 August 2007. Zhongrui Yuehua Certified Public Accountants Co., Ltd. has provided audit service for the Company since 2001 for a consecutive seven years of service, with the first audit service appointment letter entered into on 4 June 2002.

11. AUDITING AND AUDIT COMMITTEE

The Board of the Company has set up an Audit Committee comprising three non-executive Directors, which includes two independent non-executive Directors. The Audit Committee was chaired by Mr. Tsang Hing Lun with Mr. Wu Changqi and Mr. Liu Han as members.

The principal duties of the Audit Committee are to review and inspect the independence of the external auditors and effectiveness of the auditing procedures; to formulate and enforce policies in respect of the provision of non-audit services provided by the external auditors; to advise the Board on the appointment, re-appointment and removal of the external auditors, review and approve the remuneration and terms of engagement of the external auditors, and handle the resignation and removal of the auditors; to review the internal audit plans of the Company during the year; to supervise the quality of internal audit and financial disclosure of the Company and review the interim and annual financial statements before their submission to the Board; to supervise and advise on the appointment and removal of the head of the Company's internal audit function; to review and receive complaints on the effectiveness of the Company's internal control procedures; and to inspect the integrity of the Company's financial statements, annual reports and interim reports and review material opinions in respect of financial reporting contained in the financial statements and reports.

The Committee will seek assistance and/or opinion from external professional advisor when considered necessary.

Set forth below are the work details of the Audit Committee during the year:

- reviewed and considered the results of the Group for the year 2006;
- reviewed and considered the results of the Group for the first half of 2007;
- reviewed and evaluated the internal control systems of the Group;
- reviewed connected transactions.

Attendance of Individual Members at Meetings of the Audit Committee in 2007

Name	Attendance	Number of meetings: 2 Attendance by proxy
Tsang Hing Lun	1	–
Wu Changqi	1	–
Liu Han	2	–

The Company has been in full compliance with requirements of Rule 3.21 of the Listing Rules throughout the period from its listing on the Hong Kong Stock Exchange to 31 December 2007.

The Board is responsible for overseeing the preparation of financial statements for each financial period, so that the financial statements reflect a true and fair view of the operating position, results and cash flow of the Company during the period. In preparing the financial statements for the year ended 31 December 2007, the Board (1) selected and consistently applied appropriate accounting policies; (2) approved the adoption of all standards in line with the Hong Kong Financial Reporting Standards ("HKFRS"); and (3) made appropriate judgments and assessments in a prudent manner and adopted an ongoing concern basis for preparation of financial statements. For the statement of reporting responsibility issued by Shinewing (HK) CPA Limited, the auditors of the Company, please refer to the auditors' report set out in the consolidated financial statements.

12. RIGHTS OF SHAREHOLDERS

The Board and senior management members of the Company understand that they represent the interests of the shareholders as a whole. As such, they take important priority in safeguarding the value for shares, maintaining the steady level and sustained growth of the return to investment and enhancing the competitiveness of the operations.

Pursuant to the Memorandum and Articles of Association of the Company, an extraordinary general meeting shall be convened within two months upon request in writing by shareholders holding independently or jointly 10% or above of the outstanding shares of the Company conferring a right to vote, where shareholdings of the shareholders shall be determined as on the date of submission of the relevant written request.

The relevant documents must state the objective of the general meeting and be served to all Shareholders.

The shareholders may raise questions to the Board and the Company shall provide sufficient contact information so as to enable the shareholders to properly direct their enquiries. The shareholders may raise their opinions directly at the general meeting.

13. INVESTORS RELATION

(1) Material amendments to the Memorandum and Articles of Association of the Company

On 23 August 2007, the following amendments to the Memorandum and Articles of Association of the Company were effected upon approval by the general meeting:

The term "executive vice president" in Article 98, 103 and 109 of the Memorandum and Articles of Association of the Company be deleted and replaced by "president".

(2) Classes of shareholders and total shareholding

Capital structure

	Number of Shares	Percentage of total share capital (%)
Holders of Domestic Shares		
– BYDA	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%
	142,409,000	72.18%
H Shares in issue *(Note)*	54,901,000	27.82%
Total Share Capital	197,310,000	100%

Note: Including the 19,533,000 H shares in issue held by MIH Print Media Holdings Limited, representing 9.90% of the total share capital.

13. INVESTORS RELATION *(Continued)*

(3) General meeting held on 20 June 2007

The 2006 AGM was held at 2:00 p.m. on 20 June 2007 at Meeting Room, 10th Floor, Beijing Youth Daily Agency Building, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC.

All major items discussed at the AGM include:

1. To consider and, if thought fit, to approve the report of the Board of the Company for the year ended 31 December 2006.

2. To consider and, if thought fit, to approve the report of the supervisory committee of the Company for the year ended 31 December 2006.

3. To consider and, if thought fit, to approve the audited financial statements and consolidated financial statements of the Company for the year ended 31 December 2006.

4. To consider and, if thought fit, to approve the profit distribution proposal of the Company for the year ended 31 December 2006 and the distribution of final dividends.

5. To consider and, if thought fit, to approve the proposal on the budget of the Company for the year 2007.

6. To consider and, if thought fit, to approve the payment of remuneration for the 2006 financial auditing of the PRC auditor and international auditor.

Each of the following resolutions has been considered and approved by voting as ordinary resolutions at the AGM:

- the report of the Board of the Company for the year ended 31 December 2006.

- the report of the supervisory committee of the Company for the year ended 31 December 2006.

- the audited financial statements and consolidated financial statements of the Company for the year ended 31 December 2006.

- the profit distribution proposal of the Company for the year ended 31 December 2006 and the distribution of final dividends.

- the proposal on the budget of the Company for the year 2007.

- the payment of remuneration for the 2006 financial auditing of the PRC auditor and international auditor of the Company.

13. INVESTORS RELATION *(Continued)*

(4) Extraordinary General Meeting held on 16 July 2007

The EGM was held at the Meeting Room of 10th Floor, Beijing Youth Daily Agency Building, Building A, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC at 2:00 p.m. on 16 July 2006.

All major items discussed at the EGM include:

1. To consider and, if thought fit, to approve the Champion Supplemental Agreement;
2. To consider and, if thought fit, to approve the Swidon Supplemental Agreement;
3. To consider and, if thought fit, to approve the Guarantee Agreement.

Each of the following resolutions has been considered and approved as ordinary resolutions at the EGM:

- to approve the Champion Supplemental Agreement;
- to approve the Swidon Supplemental Agreement;
- to approve the Guarantee Agreement.

(5) Extraordinary General Meeting held on 23 August 2007

The EGM was held at the Meeting Room of 10th Floor, Beijing Youth Daily Agency Building, Building A, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC at 2:00 p.m. on 23 August 2007.

All major items discussed at the AGM include:

1. To consider and, if thought fit, to approve the termination of PricewaterhouseCoopers and the appointment of Shinewing (HK) CPA Limited as the international auditors of the Company for the year 2007 and authorize the Board to determine the remuneration for the auditor;
2. To consider and, if thought fit, to approve the appointment of Zhongrui Yuehua Certified Public Accountants Co., Ltd. as the PRC auditor of the Company for the year 2007 and authorize the Board to determine the remuneration for the auditor;
3. To consider and, if thought fit, to re-elect Directors of the Company;
4. To consider and, if thought fit, to re-elect Supervisors of the Company;
5. A special resolution to amend the Articles of Association of the Company.

Each of the following resolutions has been considered and approved as ordinary resolutions at the EGM:

- to approve the termination of PricewaterhouseCoopers and the appointment of Shinewing (HK) CPA Limited as the international auditors of the Company for the year 2007 and authorize the Board to determine the remuneration for the auditor;
- to approve the appointment of Zhongrui Yuehua Certified Public Accountants Co., Ltd. as the PRC auditor of the Company for the year 2007 and authorize the Board to determine the remuneration for the auditor;
- to re-elect Directors of the Company;
- to re-elect Supervisors of the Company;

The following resolution has been considered and approved as a special resolution at the EGM:

- to amend the Articles of Association of the Company.

13. INVESTORS RELATION *(Continued)*

(6) Important matters for shareholders for the 2007 financial year

The 2007 AGM will be held at 2:00 p.m. on 20 June 2008 at the Meeting Room, 10th Floor, Beijing Youth Daily Agency Building, Building A, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC.

(7) Market value of public shareholding

The highest and lowest trading prices of the Company's H shares during 2007 were HK$9.18 and HK$4.91 per share respectively. The trading volume and closing price as at 31 December 2007 were 86,000 shares and HK$5.00 per share respectively.

14. INTERNAL CONTROL

The Board is ultimately responsible for the internal control systems of the Company and has reviewed the efficiency of such systems through the Audit Committee during the year.

The Company has established a comprehensive internal control system, with a comparatively scientific internal structure and proper system design, and has set up a scientific decision-making mechanisms, implementation mechanisms and supervision mechanisms. The Company has continued to make efforts to establish and improve its internal control systems, enhance the control procedures and operating efficiencies and reduce operating risks.

The effective implementation of the internal system ensured the orderly operational management of the Company and effective risk control, thereby safeguarding the safety and integrity of the Company's properties, filing properly of meeting records and ensuring each transaction shall be conducted pursuant to authorization of the management, so as to attain the Company's operating goals.

The President represents the highest authority of contact for all departments, reports to the Board in respect of all departmental operations and promotes proper decisions within the Company to cater and to coordinate the various requests of the departments. As such, any matter discovered by the staff which is of a material nature (e.g. discloseable matters) may be reported to the decision-making management of the Company in a prompt, accurate and efficient manner. On the other hand, decisions of the Company's management are also implemented and supervised in an accurate, prompt and consistent manner.

Our internal audit department will conduct independent review on the sufficiency and effectiveness of the internal control system, the review plan and risk evaluation shall be discussed and determined by the audit committee annually. Besides arranging annual works, the internal audit department will conduct other special reviews as required. The Board and the audit committee will actively supervise such report results presented by the internal audit department, as well as such remedy measures taken by various departments.

Accordingly, the Board takes the view that: The internal control system of the Company is complete, rational and effective, able to ensure the proper discharge of obligations by the Company and its Directors under the Listing Rules and applicable laws and regulations in Hong Kong, and is able to ensure that the Directors assess the financial positions and prospect of the Company and its subsidiaries in a proper manner.

Building on our increasing practical experience and feedback from shareholders, with the aim of achieving continued development, we will persistently review and improve our corporate governance practices with reference to the domestic and international development trends, changes in internal and external risks and the Listing Rules.

The current session of the Supervisory Committee has worked with the Board and the management in accordance with the resolutions passed in the AGM, so as to maximize shareholders' interests and achieve a steady and sustainable growth of the Company, and to safeguard the assets and financial position of the Company, to protect and enhance the interest of the Company and the shareholders as a whole.

(1) CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE IN 2007

On 23 August 2007, Tian Kewu, He Daguang, Liu Yanfeng, Zhou Fumin and Gao Zhiyong have been elected members of the third board of supervisors of the Company by a shareholders' general meeting.

(2) INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2007

Over the past year, the current session of Supervisory Committee continued its effort to improve the corporate governance structure, operational transparency as well as the level of compliance of the Company. It ensured that the management of the Company had endeavoured to establish a positive corporate image in the capital market. In addition, measures were implemented to safeguard the interests of investors, especially those small and medium investors.

a. Financial Position of the Company

The Supervisory Committee reviewed the financial system, financial reports and internal audit of the Company. The Supervisory Committee considers that the contents of financial report, audited financial statements and the annual report are true and reliable, and the audit opinion from the Company's international accountant is objective and fair.

b. Operation of the Company

The Supervisory Committee supervised the Company's operating activities. The Supervisory Committee takes the view that the Company has established a relatively comprehensive internal control system, and is committed to improve its internal control to manage various risks in the Company's operations. The Supervisory Committee is of view that the Company operates in compliance with the laws and regulations of the PRC, and the Memorandum and Articles of Association and working procedures of the Company.

c. Directors and Senior Management of the Company

The Supervisory Committee supervised the performance of duties by the Directors and the management, as well as the enforcement of resolutions of the AGM. The Supervisory Committee considers that the Directors and controlling shareholders have acted according to the resolutions of the AGM and faithfully discharged their duties to achieve the operational targets. The Supervisory Committee is not aware of any violation of laws, regulations, the Memorandum and Articles of Association of the Company or impairment to the interests of shareholders by the Directors or other senior management in performing their duties.

d. Use of Proceeds from Listing

The Supervisory Committee has reviewed the projects funded by the listing proceeds of the Company after its listing. The Supervisory Committee considers that, up to the latest practicable date, the extent of the use of listing proceeds has been reasonable and consistent taking into account of the market conditions with prospectus of the Company dated 13 December 2004.

e. Transactions of Merger & Acquisition or Disposal of Assets by the Company

The Supervisory Committee has reviewed the operating activities such as mergers and acquisitions and disposal of assets of the Company. The Supervisory Committee considers that transaction amounts of the mergers and acquisitions as well as the disposals of assets of the Company were fair and reasonable, and is not aware of any insider dealings or acts detrimental to the interests of the shareholders, especially the independent shareholders.

(2) INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2007 *(Continued)*

f. Fairness of Connected Transactions

The Supervisory Committee has supervised the connected transactions of the Company. The Supervisory Committee considers that terms on which the connected transactions were conducted were fair and reasonable, and is not aware of any acts detrimental to the interests of the Company or its shareholders.

As a whole, the current session of the Board established and implemented the Company's development strategy, actively incorporated the opinions and suggestions of the Supervisory Committee to safeguard the interest of the Company and its shareholders according to the business targets as decided at the AGM. In the coming year, the Supervisory Committee will continue to discharge its obligations faithfully to maximise the interests of the Company and its shareholders.

Beijing Media Corporation Limited
Supervisory Committee

22 April 2008

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

To the shareholders of Beijing Media Corporation Limited
(A joint stock company incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Beijing Media Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 45 to 90, which comprise the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising Certificate Number: P03289

Hong Kong, 22 April 2008

CONSOLIDATED INCOME STATEMENT

(All amounts in thousands of Renminbi ("RMB") unless otherwise stated)

	Notes	2007 RMB'000	2006 RMB'000
		Year ended 31 December	
Turnover	6	**837,676**	792,492
Cost of sales		**(762,706)**	(730,968)
Gross profit		**74,970**	61,524
Other income	7	**50,049**	82,421
Selling and distribution expenses		**(13,615)**	(11,359)
Administrative expenses		**(41,049)**	(58,545)
Gain on deemed disposal of a subsidiary		**90**	–
Share of loss of a jointly controlled entity		**(4,629)**	(10,943)
Share of result of an associate		**60**	–
Finance costs	8	**(48,259)**	(32,619)
Profit before income tax	9	**17,617**	30,479
Income tax expense	10	**(6,732)**	(8,504)
Profit for the year		**10,885**	21,975
Attributable to:			
Equity holders of the Company		**10,639**	21,917
Minority interests		**246**	58
		10,885	21,975
Dividends	11	**39,462**	49,328
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share), basic	12	**0.05**	0.11

(All amounts in thousands of Renminbi ("RMB") unless otherwise stated)

	Notes	As at 31 December 2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment	14	**17,467**	20,737
Prepayments for land use rights	15	**31,455**	32,317
Intangible assets	16	**25,844**	25,463
Investment in a jointly controlled entity	17	**(87,082)**	(82,453)
Investment in an associate	18	**341**	–
Available-for-sale financial asset	19	**757**	2,069
Trade receivables	21	**10,582**	13,851
		(636)	11,984
Current assets			
Inventories	20	**41,804**	38,602
Trade receivables	21	**194,663**	126,282
Other receivables, prepayments and deposits	22	**43,448**	21,359
Restricted bank deposits	23	**333,053**	217,953
Short-term bank deposits	24	**820,893**	890,606
Cash and cash equivalents	25	**174,726**	286,923
		1,608,587	1,581,725
Current liabilities			
Trade payables	26	**119,787**	74,463
Other payables and accruals	27	**157,366**	180,165
Taxation payables	28	**1,430**	(646)
Short-term bank loans	29	**46,500**	28,000
		325,083	281,982
Net current assets		**1,283,504**	1,299,743
Total net assets		**1,282,868**	1,311,727
Capital and reserves			
Share capital	30	**197,310**	197,310
Reserves	31	**1,045,999**	1,074,822
Equity attributable to equity holders of the Company		**1,243,309**	1,272,132
Minority interests		**39,559**	39,595
Total equity		**1,282,868**	1,311,727

The consolidated financial statements on pages 45 to 90 were approved and authorised for issue by the Board of Directors on 22 April 2008 and are signed on its behalf by:

Zhang Yanping
Chairman

Sun Wei
Director

(All amounts in thousands of Renminbi ("RMB") unless otherwise stated)

	Note	Attributable to equity holders of the Company							
		Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000	Statutory public welfare fund RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
Balance at 1 January 2006		197,310	896,163	64,491	63,377	78,202	1,299,543	33,635	1,333,178
Capital injection from a minority shareholder of a subsidiary		–	–	–	–	–	–	12,000	12,000
Profit for the year		–	–	–	–	21,917	21,917	58	21,975
Dividend relating to 2005	*11*	–	–	–	–	(49,328)	(49,328)	–	(49,328)
Dividend paid to minority interests		–	–	–	–	–	–	(6,098)	(6,098)
Transfer to statutory surplus reserve fund	*30*	–	–	63,377	(63,377)	–	–	–	–
Appropriation to statutory reserve fund		–	–	4,481	–	(4,481)	–	–	–
Balance at 31 December 2006 and 1 January 2007		197,310	896,163	132,349	–	46,310	1,272,132	39,595	1,311,727
Disposal of a subsidiary		–	–	–	–	–	–	(182)	(182)
Capital injection from a minority shareholder of a subsidiary		–	–	–	–	–	–	3,999	3,999
Profit for the year		–	–	–	–	10,639	10,639	246	10,885
Dividend relating to 2006	*11*	–	–	–	–	(39,462)	(39,462)	–	(39,462)
Dividend paid to minority interests		–	–	–	–	–	–	(4,099)	(4,099)
Appropriation to statutory reserve fund		–	–	2,729	–	(2,729)	–	–	–
Balance at 31 December 2007		**197,310**	**896,163**	**135,078**	**–**	**14,758**	**1,243,309**	**39,559**	**1,282,868**

(All amounts in thousands of Renminbi ("RMB") unless otherwise stated)

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
OPERATING ACTIVITIES		
Profit before income tax	**17,617**	30,479
Adjustments for:		
Depreciation	**4,368**	3,393
Amortisation charges	**1,992**	1,538
Gain on disposal of property, plant and equipment	**(304)**	(155)
Impairment on trade receivables	**1,087**	11,197
Gain on deemed disposal of a subsidiary	**(90)**	–
Interest income	**(43,863)**	(42,288)
Interest expense	**2,098**	1,188
Share of loss of a jointly controlled entity	**4,629**	10,943
Share of result of an associate	**(60)**	–
Impairment on available-for-sale financial asset	**1,312**	–
Exchange losses	**58,767**	34,643
Operating cash flows before movements in working capital	**47,553**	50,938
Increase (decrease) in inventories	**(3,202)**	21,396
Increase in trade receivables	**(65,859)**	(34,315)
Increase in other receivables, prepayments and deposits	**(4,930)**	(6,509)
Increase in trade payables	**45,324**	8,938
Increase (decrease) in taxation payables	**5,822**	(5,845)
(Decrease) increase in other payables and accruals	**(8,765)**	10,847
Cash generated from operations	**15,943**	45,450
Income tax paid	**(10,343)**	(8,428)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**5,600**	37,022
INVESTING ACTIVITIES		
Disposal of a subsidiary, net of cash disposed	**(9,264)**	–
Purchase of property, plant and equipment and intangible assets	**(3,582)**	(28,126)
Proceeds from disposal of property, plant and equipment	**640**	258
Increase in restricted bank deposits	**(125,403)**	(166,383)
Decrease in short-term bank deposits	**24,422**	153,774
Interest received	**21,723**	39,540
NET CASH USED IN INVESTING ACTIVITIES	**(91,464)**	(937)

(All amounts in thousands of Renminbi ("RMB") unless otherwise stated)

	Year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
FINANCING ACTIVITIES		
Repayment of bank loans	**(28,000)**	–
Proceeds from new loans	**46,500**	8,000
Interest paid	**(2,098)**	(1,188)
Dividends paid to the Company's shareholders	**(39,462)**	(49,328)
Exchange gain on dividends paid to the Company's shareholders	**–**	54
Dividends paid to minority shareholders of subsidiaries	**(4,099)**	(2,719)
Capital injection from a minority shareholder of a subsidiary	**3,999**	12,000
NET CASH USED IN FINANCING ACTIVITIES	**(23,160)**	(33,181)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(109,024)**	2,904
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**286,923**	284,733
EFFECT OF EXCHANGE RATE CHANGES	**(3,173)**	(714)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**174,726**	286,923

1. GENERAL

The Company was incorporated in the People's Republic of China (the "PRC") on 28 May 2001 as a joint stock company with limited liability under the PRC Company Law. The Company is listed on The Stock Exchange of Hong Kong Limited.

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

The addresses of the registered office and principal place of business of the Company are disclosed in the company information to the annual report.

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

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are either effective for accounting periods beginning on or after 1st January 2007. The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective as at 31st December 2007. The directors of the Company anticipate that the application of these standard, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
HKFRS 2 (amendment)	Share-based payment vesting conditions and concallation[1]
HKFRS 3 (Revised)	Business Combination[5]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC)-INT 12	Service Concession Arrangements[3]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[4]
HK(IFRIC)-INT 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction[3]

1 Effective for annual periods beginning on or after 1st January 2009.
2 Effective for annual periods beginning on or after 1st March 2007.
3 Effective for annual periods beginning on or after 1st January 2008.
4 Effective for annual periods beginning on or after 1st July 2008.
5 Effective for annual periods beginning on or after 1st July 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill

Goodwill arising on the acquisition of a business or subsidiary represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the business or subsidiary at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business or subsidiary is presented as an intangible assets.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the profit or loss on disposal.

Jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of the jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substances, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Where a group entity transacts with a jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. When the Group's share of losses of the associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of value-added tax if any, rebates and discounts and after eliminating sales within the Group. The fair value is determined by discounting all future receipts using an imputed rate of interest. Revenue is recognised as follows:

Revenue from advertising contracts is generally recognised rateably over the period in which the advertisement is displayed.

Revenue from trading of print-related materials and distribution of newspapers and magazines, net of value-added tax 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.

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

A government grant is recognised when there is a reasonable assurance that the Group has complied with the conditions attaching with it and that the grant will be received.

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and using the effective interest method.

Revenue from operating lease is recognised on a straight-line basis over the period of the lease.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Land use rights

Payment for obtaining land use right is considered as operating lease payment. Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, amortisation is charged to consolidated income statement over the period of the right using the straight-line method.

Foreign currencies

Transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Government grants

Government grants are recognised as income over the periods necessary to match them with the related costs. Grants related to depreciable assets are presented as deferred income and are released to income over the useful lives of the assets. Grants related to expense items are recognised in the same period as those expenses are charged in the consolidated income statement and deducted in reporting the related expense/are reported separately as "other income".

Retirement benefit costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associate and jointly controlled entity except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Operating right

Acquired operating rights are shown at historical cost. The operating rights have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the operating right over its estimated useful lives of 30 years. The amortisation period and the amortisation method are reviewed, and adjusted if applicable, at each balance sheet date.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 years.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including available-for-sale financial assets, loans and receivables and held-to-maturity financial assets.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. All regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured as cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments with fixed maturity that the Group's management has positive intention and ability to hold to maturity. Held-to-maturity financial assets (being short term bank deposits) are stated at amortised cost.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impaired.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of three months, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectiable, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investment, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are classified as other financial liabilities. The accounting policies adopted in respect of other financial liabilities and equity instruments are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade payables, other payables and accruals, and bank loans are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments or reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of (i) the amount determined in accordance with HKAS 37 Provision, Contingent Liabilities and Contingent Assets; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 Revenue.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Provision

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

Impairment losses on tangible assets and intangible assets (other than goodwill, see the accounting policies in respect of goodwill above)

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to makes judgements, estimate 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 on an ongoing basis. Revisions to accounting estimates are recognised in the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Impairment of intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the Group's accounting policy. Intangible assets other than goodwill that are subject to amortisation 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 foreign exchange 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 units.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Impairment of trade and other receivables

The Group performs ongoing credit evaluations of its customers and adjust credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

5. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, which includes the bank borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings as disclosed in consolidated statements of changes in equity. The management reviews the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged throughout the year.

Categories of financial instruments

	2007 ***RMB'000***	2006 *RMB'000*
Financial assets		
Available-for-sale financial asset	**757**	2,069
Loans and receivables (including cash and bank deposits)		
– Trade receivables	**205,245**	140,133
– Other receivables	**29,267**	15,167
– Restricted bank deposits	**333,053**	217,953
– Cash and bank balances	**174,726**	286,923
Held-to-maturity financial assets		
– Short term bank deposits	**820,893**	890,606
Financial liabilities		
Amortised cost		
– Trade payables	**119,787**	74,463
– Other payables	**105,783**	110,427
– Short term bank loans	**46,500**	28,000

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies

The Group's major financial instruments include equity investments, deposits, bank balances, bank borrowings, trade receivables and trade payables. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Certain bank balances of the Group are denominated in foreign currencies. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

The carrying amount of the group's foreign carrying denominated bank balances at the balance sheet date was HK$541,900,000 (2006:HK$923,729,000).

The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of each foreign currency against RMB while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at each balance sheet date for a 5% change in foreign currency rates.

	2007	2006
	RMB'000	*RMB'000*
Increase (decrease) in profit for the year		
– if RMB weakens against foreign currencies	**25,386**	46,186
– if RMB strengthens against foreign currencies	**(25,386)**	(46,186)

A change of 5% in exchange rate of each foreign currency against RMB does not affect other components of equity.

Interest rate risk

The Group exposed to fair value interest rate risk through the fixed interest rate bank loans.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

At 31 December 2007, it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit after taxation and total equity by approximately RMB1,345,00 (2006: RMB2,209,000) so far as the effect on variable interest-bearing financial instruments is concerned.

Credit risk

The maximum exposure of the Group to credit risk in the event of the counterparties failure to perform their obligations as at the balance sheet dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheets.

In order to minimise the credit risk, the Group's management continuously monitor the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

5. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk (Continued)

The credit risk on liquid funds is limited because majority of the counterparties are state-owned banks with good reputation.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. The difference between the "Total undiscounted cash flows" column and the "Carrying amount at balance sheet date" column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liabilities on the consolidated balance sheet.

	Total undiscounted cash flow payable on demand or less than 1 year		**Carrying amount at 31 December**	
	2007	2006	**2007**	2006
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**119,787**	74,463	**119,787**	74,463
Other payables and accruals	**157,366**	180,165	**157,366**	180,165
Short-term bank loans	**46,500**	28,000	**46,500**	28,000
	323,653	282,628	**323,653**	282,628

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices from observable current market transactions as input.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximate their fair values.

6. TURNOVER AND SEGMENT INFORMATION

Turnover represents invoiced value of sales of advertising space and print-related material, net of discounts allowed and sales taxes where applicable and providing printing and distribution services.

Business segments

The Group is currently organised into the following four main business segments. These divisions are the basis on which the Group reports its primary segment information.

Advertising:	Sales of the advertising spaces in the newspapers published by BYDA and Hebei Youth Daily Agency ("HYDA").
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.
Distribution:	Distribution of newspapers mainly published by HYDA.
Others:	It represents the China Open Tennis Tournaments event organised by Beijing China Open Promotion Co., Ltd. ("COL").

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.

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

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

The segmental information for the year ended 31 December 2007 is as follows:

	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Distribution *RMB'000*	Others *RMB'000*	Total *RMB'000*
Turnover (including inter–segment)	457,249	338,709	242,928	4,356	–	1,043,242
Less: inter–segment sales	(1,294)	(204,272)	–	–	–	(205,566)
Turnover to external customers	455,955	134,437	242,928	4,356	–	837,676
Segment results	30,262	11,070	5,261	(26,287)	–	20,306
Unallocated other income, net						50,049
Finance costs						(48,259)
Gain on deemed disposal of a subsidiary						90
Share of loss of a jointly controlled entity					(4,629)	(4,629)
Share of result of an associate						60
Profit before income tax						17,617
Income tax expense						(6,732)
Profit for the year						10,885
Capital expenditure	882	–	981	1,719	–	3,582
Depreciation	2,872	–	990	506	–	4,368
Amortisation charges	1,221	–	58	713	–	1,992
Impairment loss on available-for-sale financial assets	1,312	–	–	–	–	1,312
Impairment losses on trade receivables	(154)	1,241	–	–	–	1,087
As at 31 December 2007						
Segment assets	1,091,886	94,154	147,016	27,826	–	1,360,882
Interest in an associate						341
Interest in a jointly controlled entity	–	–	–	–	(87,082)	(87,082)
Available–for–sale financial asset	–	–	757	–	–	757
Restricted bank deposits					333,053	333,053
Total assets						1,607,951
Segment liabilities	166,158	105,220	–	7,205	–	278,583
Short term bank loans						46,500
Total liabilities						325,083

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

The segmental information for the year ended 31 December 2006 is as follows:

	Advertising	Printing	Trading of print-related materials	Distribution	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover (including inter-segment)	509,076	369,284	186,205	1,181	–	1,065,746
Less: inter-segment sales	–	(273,254)	–	–	–	(273,254)
Turnover to external customers	509,076	96,030	186,205	1,181	–	792,492
Segment results	(30,194)	16,155	10,036	(4,377)	–	(8,380)
Government grant	–	–	–	–	35,000	35,000
Unallocated other income						47,421
Finance costs						(32,619)
Share of loss of a jointly controlled entity	–	–	–	–	(10,943)	(10,943)
Profit before income tax						30,479
Income tax expense						(8,504)
Profit for the year						21,975
Capital expenditure	26,081	–	2,045	–	–	28,126
Depreciation	2,773	–	615	5	–	3,393
Amortisation charges	1,528	–	3	7	–	1,538
Impairment loss on trade receivables	9,313	1,884	–	–	–	11,197
As at 31 December 2006						
Segment assets	1,293,124	88,707	67,675	6,634	–	1,456,140
Interest in a jointly controlled entity	–	–	–	–	(82,453)	(82,453)
Available-for-sale financial assets	–	–	2,069	–	–	2,069
Restricted bank deposits	–	–	–	–	217,953	217,953
Total assets						1,593,709
Segment liabilities	163,149	72,565	42,661	3,607	–	281,982

The inter-segment sales were carried on by reference to market rates

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 information is presented.

7. OTHER INCOME

	2007 *RMB'000*	2006 *RMB'000*
Government grant (note a)	–	35,000
Gain on disposal of property, plant and equipment	304	155
Interest income	43,523	45,937
Rental income	3,843	1,080
Effective interest income from non-current trade receivables	340	–
Others	2,039	249
	50,049	82,421

Note:

(a) The amount represented the government grant to the Company in connection with the 2006 China Open tennis tournament.

8. FINANCE COSTS

	2007 *RMB'000*	2006 *RMB'000*
Interest expense on bank loans	2,098	1,188
Exchange losses	46,161	31,431
	48,259	32,619

9. PROFIT BEFORE INCOME TAX

	2007 *RMB'000*	2006 *RMB'000*
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	4,368	3,393
Amortisation charges	1,992	1,538
Impairment on trade receivables	1,087	11,197
Impairment on available-for-sale financial asset	1,312	–
Employee benefit expenses	39,797	47,109
Printing costs	119,074	154,171
Cost of inventories	550,169	360,498
Operating leases rental in respect of buildings	1,363	3,319
Auditors' remuneration	2,020	4,115

10. TAXATION

(a) Enterprise income tax ("EIT")

The Group is not subject to Hong Kong profits tax since it has no assessable profit arising in or derived from Hong Kong for the year ended 31 December 2007 (2006: Nil).

The Company is an enterprise engaged in providing newspaper advertising services in the PRC. In accordance with the approval document issued by the Beijing Local Tax Bureau, Chaoyang Branch, the Company is exempted from EIT for five years starting from 1 January 2004.

All of the subsidiaries of the Company are subject to EIT at the rate of 33%.

The amount of taxation charged to the consolidated income statement represents:

	2007 ***RMB'000***	2006 *RMB'000*
Current taxation – PRC EIT	**6,732**	8,504

The taxation of the Group for the year can be reconciled to the profit per the consolidated income statement as follows:

	2007 ***RMB'000***	2006 *RMB'000*
Profit before income tax	**17,617**	30,479
Calculated at the statutory rate of 33%	**5,813**	10,058
Effect of EIT exemption applicable to the Company	**(7,538)**	(12,584)
Expenses not deductible for taxation purposes	**2,630**	4,810
Utilisation of tax losses previously not recognised	**(842)**	–
Tax losses for which no deferred income tax asset was recognised	**6,669**	7,179
Other	**–**	(959)
Income tax expense	**6,732**	8,504

The Group did not recognise deferred income tax assets in respect of losses amounting to RMB39,413,000 (2006: RMB21,755,000) due to uncertainty surrounding its realisation. No deferred income taxes had been provided at each of the balance sheet dates as no significant temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective from 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The tax rate of the Company will change from 33% to 25% from 1 January 2008.

10. TAXATION *(Continued)*

(b) Business tax ("BT")

The applicable BT rate for advertising revenue is generally 5%.

(c) Value Added Tax

The Group's revenue of printing, trading and distribution business are subject to VAT. The applicable tax rate is 17%. Input VAT on purchases of print-related materials and printing service received can be deducted from output VAT. VAT payable is the net difference between output and deductible input VAT.

11. DIVIDENDS

	2007	2006
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
Final dividend paid RMB0.20 per shares (2006: RMB0.25)	**39,462**	49,328

The final dividend of RMB0.07 per share totalling RMB13,811,700 has been proposed by the directors. This proposed dividend is subject to shareholders' approval in the forthcoming general meeting. Therefore, the amount is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2008.

In the annual general meeting held on 20 April 2007, the shareholders approved the final dividends of RMB0.20 per ordinary share amounting to a total of RMB39,462,000 in respect of the year ended 31 December 2006. The amounts have been reflected as an appropriation of retained earnings for the year ended 31 December 2007.

12. 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 year.

	2007	2006
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**10,639**	21,917
Weighted average number of ordinary shares in issue (thousands)	**197,310**	197,310
Basic earnings per share (RMB per share)	**0.05**	0.11

For the year ended 31 December 2007 and 2006, as there were no potentially dilutive shares outstanding, there is no difference between basic and diluted earnings per share.

13. EMPLOYEE BENEFIT EXPENSES

	2007	2006
	RMB'000	*RMB'000*
Wages and salaries	**31,824**	36,617
Pension costs – defined contribution plans (a)	**6,168**	3,441
Others	**1,805**	7,051
	39,797	47,109

(a) Pension costs – defined contribution plans

All the full time employees of the Group are covered by a state-sponsored pension scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. The PRC government is responsible for the pension liability to these retired employees. The Group was required to make defined contributions to the pension scheme at the rate of 20% for the year ended 31 December 2007 (2006: 20%) of the employees' basic salaries. Under this scheme, the Group has no obligation for post-retirement benefit beyond the annual contributions.

(b) Directors' and supervisors' emoluments

The remuneration of each director and supervisor for the year ended 31 December 2007 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ZHANG Yanping	–	519	–	–	45	21	585
ZHANG Yabin	–	469	–	–	42	21	532
SUN Wei	–	419	–	–	40	21	480
DU Min	–	369	–	–	38	21	428
HE Pingping	–	369	–	–	38	21	428
TSANG Hing Lun	100	–	–	–	–	–	100
WU Changqi	100	–	–	–	–	–	100
LIAO Li	100	–	–	–	–	–	100
LIU Han	20	–	–	–	–	–	20
XU Xun	20	–	–		–	–	20
Li Wenqing (v)	–	–	–	–	–	–	–
Abraham Van Zyl (vi)	–	–	–	–	–	–	–

Name of supervisor	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LI Shiheng (vi)	–	–	–	–	–	–	–
HE Daguang	–	–	–	–	–	–	–
LIU Yanfeng	–	129	–	–	13	–	142
ZHOU Fumin	–	–	–	–	–	–	–
GAO Zhiyong	–	–	–	–	–	–	–
TIAN Kewu (v)	–	–	–	–	–	–	–

13. EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Directors' and supervisors' emoluments *(Continued)*

The remuneration of each director and supervisor for the year ended 31 December 2006 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ZHANG Yanping	–	500	–	–	61	19	580
ZHANG Yabin	–	450	–	–	28	10	488
SUN Wei	–	400	–	–	51	19	470
DU Min	–	350	–	–	46	19	415
HE Pingping	–	350	–	–	42	19	411
TSANG Hing Lun	50	–	–	–	–	–	50
WU Changqi	50	–	–	–	–	–	50
LIAO Li	50	–	–	–	–	–	50
LIU Han	20	–	–	–	–	–	20
XU Xun	20	–	–	–	–	–	20
Johannes Louw Malherbe (ii)	–	–	–	–	–	–	–
Abraham Van Zyl (iii)	–	–	–	–	–	–	–

Name of supervisor	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LI Shiheng	–	–	–	–	–	–	–
HE Daguang	–	–	–	–	–	–	–
ZHU Yaoting (iv)	–	–	–	–	–	–	–
LIU Yanfeng	–	134	–	–	24	17	175
ZHOU Fumin	–	–	–	–	–	–	–
GAO Zhiyong (iii)	–	–	–	–	–	–	–

(i) Other benefits including medical insurance, unemployment insurance and housing fund.
(ii) Resigned from the capacity of non-executive director of the Company on 20 June 2006.
(iii) Appointed on 20 June 2006.
(iv) Resigned from the capacity of supervisor of the Company on 20 June 2006.
(v) Appointed on 23 August 2007.
(vi) Retired on 23 August 2007.

In addition to directors' and supervisors' emoluments disclosed above, certain directors and supervisors of the Company receive emoluments from the BYDA, the total amount for the year ended 31 December 2007 was RMB470,805 (2006: RMB240,000), part of which is in respect of their services to the Group. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between their services rendered to the Group and their services rendered to the Ultimate Holding Company.

No directors and supervisors waived any emoluments for the two years 31 December 2007 and 2006. During the year, no emoluments have been paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

13. EMPLOYEE BENEFIT EXPENSES *(Continued)*

(c) Five highest paid individuals

The five highest individuals of the Group for the year include four (2006: three) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining one (2006: two) individuals during the year are as follows:

	2007 *RMB'000*	2006 *RMB'000*
Basis salaries, housing allowance, other allowances and benefits in kind	**762**	3,205
Contributions to retirement schemes	**–**	–
	762	3,205

The emoluments fell within the following band:

	Number of individuals	
	2007	2006
NIL – RMB1,000,000	**1**	–
RMB1,000,000 – RMB2,000,000	**–**	2

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
COST					
Balance at 1 January 2006	15,774	11,304	3,908	–	30,986
Additions	–	2,183	1,321	3,893	7,397
Disposals	–	(190)	(270)	–	(460)
Balance at 1 January 2007	15,774	13,297	4,959	3,893	37,923
Additions	–	1,140	890	41	2,071
Disposal of a subsidiary	–	(344)	(764)	–	(1,108)
Disposals	–	(4,961)	(478)	(552)	(5,991)
Balance at 31 December 2007	**15,774**	**9,132**	**4,607**	**3,382**	**32,895**
ACCUMULATED DEPRECIATION					
Balance at 1 January 2006	3,164	8,699	2,287	–	14,150
Charge for the year	757	1,285	593	758	3,393
Disposals	–	(87)	(270)	–	(357)
Balance at 1 January 2007	3,921	9,897	2,610	758	17,186
Charge for the year	757	2,168	515	928	4,368
Disposal of a subsidiary	–	(243)	(228)	–	(471)
Disposals	–	(4,650)	(454)	(551)	(5,655)
Balance at 31 December 2007	**4,678**	**7,172**	**2,443**	**1,135**	**15,428**
NET BOOK VALUE					
Balance at 31 December 2007	**11,096**	**1,960**	**2,164**	**2,247**	**17,467**
Balance at 31 December 2006	11,853	3,400	2,349	3,135	20,737

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	20 years
Office equipment	5-6 years
Motor vehicles	5-6 years
Leasehold improvements	Over the lease period

15. PREPAYMENTS FOR LAND USE RIGHTS

The Group's interests in land use rights represented prepaid operating lease payments and their net book value are analysed as follows:

	2007	2006
	RMB'000	*RMB'000*
Outside Hong Kong held on:		
Leases of between 10 to 50 years	**31,455**	32,317

16. INTANGIBLE ASSETS

	Goodwill	**Operating right**	**Computer software**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
Balance at 1 January 2006	5,306	–	163	5,469
Additions	–	20,000	729	20,729
Balance at 1 January 2007	5,306	20,000	892	26,198
Additions	–	799	712	1,511
Balance at 31 December 2007	**5,306**	**20,799**	**1,604**	**27,709**
ACCUMULATED AMORTISATION				
Balance at 1 January 2006	–	–	82	82
Charge for the year	–	445	208	653
Balance at 1 January 2007	–	445	290	735
Charge for the year	–	667	463	1,130
Balance at 31 December 2007	**–**	**1,112**	**753**	**1,865**
NET BOOK VALUE				
Balance at 31 December 2007	**5,306**	**19,687**	**851**	**25,844**
Balance at 31 December 2006	5,306	19,555	602	25,463

(a) Goodwill arose from acquisition of assets and liabilities from BYDA in 2001 and is assessed for impairment at least annually.

The recoverable amounts of these cash generating units have been determined on the basis of value in use calculations, which use cash flow projections based on financial budgets for the year of 2008 approved by management.

16. INTANGIBLE ASSETS

(b) Operating rights represents the exclusive rights of selling advertising space in Hebei Youth Daily as well as its printing and distribution acquired from HYDA by Heqing Media for a term of 30 years.

Under the acquisition agreement, Heqing Media should reserve in total of 20 advertising spaces per annum for HYDA as part of consideration for the exclusive operating right. During the year ended 31 December 2007, HYDA and Heqing Media entered into a supplementary agreement that HYDA transfer back the reserved advertising spaces to Heqing Media at the consideration of RMB 799,000.

17. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	2007 ***RMB'000***	2006 *RMB'000*
Unlisted investment, at cost	**2,550**	2,550
Share of post acquisition reserves	**2**	2
Share of post acquisition loss	**(89,634)**	(85,005)
	(87,082)	(82,453)

The following are the details of the joint controlled entities at 31 December 2007:

Name of company	**Country of operation/ incorporation**	**Registered capital RMB'000**	**Effective interests held directly**	**Form of business structure**	**Principal activities**
Beijing China Open Promotion Co., Ltd.	PRC	5,000	51%	Incorporated	Organising and promoting Chinese Open Tennis Tournaments

Note:

a) Beijing China Open Promotion Co., Ltd ("COL") is a Sino-foreign investment equity joint venture. The Company and the foreign party have joint control over the board of directors of COL and such board is responsible for determining the financial and operating policies of COL in the ordinary course of business.

b) On 18 March 2007, the foreign venturer of COL disposed 49% equity interests in COL to the Company's ultimate holding company, BYDA. However, such changes in the shareholdings of COL did not have any impact on the constituent of the board of directors of COL. In the opinion of directors, the Company still maintains joint control over the board of directors of COL and therefore COL is continued to be classified as jointly controlled entity and accounted for using equity method of accounting.

c) On 18 March 2006, the Company, COL, TOM, Group Limited ("TOM"). Champion Will International Limited ("Champion"). Swidon Enterprises Limited ("Swidon") and Tennis Tournaments Holdings Limited ("TTHL") have entered into a series of agreements (the "Agreements") regarding the organisation of future China Open tennis tournaments. Under the Agreements, COL was granted with 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 PRC, once a year from 2006 until 2013. COL will be responsible for the payments of an aggregate ATP and WTA license fees of USD1,200,000 per year to Champion and Swidon.

During the year ended 31 December 2007, COL entered into agreement to acquire 100% equity interests in Swidon and Champion from TOM and Tennis Management Limited ("TML") respectively at an aggregate consideration approximately of RMB124,031,000 (USD15,504,000). The Company, COL, TOM, TTHL, Swidon and Champion entered into a termination agreement to terminate the previously signed authorisation agreements regarding the organisation of China Open Tennis Tournaments.

The acquisition was completed on 10 January 2008.

17. INVESTMENT IN JOINTLY CONTROLLED ENTITIES *(Continued)*

d) The Company has agreed to provide financial assistance to COL for the 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 BYDA have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL.

e) Summarised financial information of the jointly controlled entities is as follows:

	2007 *RMB'000*	2006 *RMB'000*
Turnover	**50,440**	40,743
Other revenues	**27,585**	216
Expenses	**(87,101)**	(62,416)
Loss for the year	**(9,076)**	(21,457)
Group's share of loss for the year	**(4,629)**	(10,943)

	2007 *RMB'000*	2006 *RMB'000*
Assets		
Non-current assets	**760**	48,144
Current assets	**371,440**	14,078
	372,200	62,222
Liabilities		
Current liabilities	**542,949**	177,991
Non-current liabilities	**–**	45,904
	542,949	223,895
Net liabilities	**(170,749)**	(161,673)
Group's share of net liabilities	**(87,082)**	(82,453)

18. INVESTMENT IN AN ASSOCIATE

	2007	2006
	RMB'000	*RMB'000*
Cost of investment in an associate		
Unlisted shares in the PRC	**281**	–
Share of post-acquisition results	**60**	–
	341	–

The Group's associate is an entity established and operated in the PRC, the details as at 31 December 2007 are as follows:

Name of entity	**Form of business structure**	**Class of shares held**	**Proportion of registered capital held by the Group**	**Proportion of voting held power held**	**Principal activity**
Beijing Leisure Trend Advertising Company ("Leisure Trends")	Limited liability company	Registered capital	49%	49%	Provision of advertising services

The summarised financial information in respect of the Group's associate for the year ended 31 December 2007 is set out below:

	RMB'000
Total assets	2,781
Total liabilities	(2,086)
Net assets	695
Share of net assets of associate	341
Revenue	36,139
Profit for the year	2,676
Group's share of profit of associate for the year	60

19. AVAILIABLE-FOR-SALE FINANCIAL ASSET

	2007	2006
	RMB'000	*RMB'000*
Unlisted shares in the PRC, at cost	**2,069**	2,069
Less: Impairment loss	**(1,312)**	–
	757	2,069

The above unlisted investment are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Group are of the opinion that their fair values cannot be measured reliably.

20. INVENTORIES

	2007	2006
	RMB'000	RMB'000
Raw materials	**41,804**	38,602

21. TRADE RECEIVABLES

	2007	2006
	RMB'000	*RMB'000*
Trade receivables		
– Due from Ultimate Holding Company	**67,742**	39,282
– Due from other related parties	**31,110**	20,041
– Due from third parties	**125,242**	98,572
	224,094	157,895
Less: Impairment loss recognised	**(18,849)**	(17,762)
Trade receivables-net	**205,245**	140,133
Less: Non-current portion	**(10,582)**	(13,851)
Current portion	**194,663**	126,282

The balance of trade receivables from third parties as at 31 December 2007 includes bills receivables of RMB745,000 (2006: NIL).

21. TRADE RECEIVABLES *(Continued)*

The aging analysis of trade receivables is as follows:

	2007 RMB'000	2006 RMB'000
Within 3 months	**136,856**	84,217
4 months to 6 months	**45,757**	24,711
7 months to 12 months	**3,043**	3,834
1 year to 2 years	**520**	14,881
Over 2 years	**37,918**	30,252
	224,094	157,895

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

In 2004, the Group extended the credit terms to certain advertising agents of classified advertisements which allowed them to settle the outstanding balances by 31 December 2006. After expiry of the above credit terms, the Company entered into agreements with certain of the aforementioned agents individually in connection with fixed repayment schedules which effectively allow them to settle the outstanding balances as at 31 December 2006 in the next 2 to 5 years.

As more details disclosed in note 35(d), during the year the Company entered into a Debt Settlement Agreement under which the amount due from a trade debtor is to be repaid in 24 monthly instalments until November 2008.

The Company has assessed these customers' repayment history and ability to repay before entering into these arrangements. The Group recorded the outstanding balances with maturities greater than 12 months as non-current trade receivables, which were measured at amortised cost using the effective interest method.

Movement in the impairment for trade receivables:

	2007 RMB'000	2006 RMB'000
Balance at beginning of the year	**17,762**	9,970
Impairment loss recognised	**1,087**	7,792
Balance at end of the year	**18,849**	17,762

Trade receivables that were neither past due nor impaired related to a wide range of customers that have a good track record with the Group. Based on past experience, management believes that no impairment is necessary in respect to these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

21. TRADE RECEIVABLES *(Continued)*

At the balance sheet date, the analysis of trade receivables that were past due but not impaired are as follows:

	2007	2006
	RMB'000	*RMB'000*
0-3 months	**47,802**	37,593
4 months to 6 months	**21,734**	6,812
7 months to 12 months	**921**	1,087
1 year to 2 years	**618**	10,553
Over 2 years	**27,739**	22,654
	98,814	78,699

22. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2007	2006
	RMB'000	*RMB'000*
Interest receivable	**21,800**	12,432
Prepayment	**14,181**	6,192
Other receivables	**7,467**	2,735
	43,448	21,359

23. RESTRICTED BANK DEPOSITS

Restricted bank deposits represent deposits pledged to banks to secure the loan facilities granted to COL by Minsheng Banking and to secure entrust loans granted to the Group.

The restricted bank deposits carry interest market rates which ranges from 2.88% to 4.27% (2006: 2.07% to 4.37%) per annum.

The restricted bank deposits included RMB150,944,000 (2006: RMB161,953,000) denominated in HKD.

24. SHORT-TERM BANK DEPOSITS

As at 31 December 2007, short-term bank deposits represent fixed deposits with original maturities ranging from over three months to one year.

The short-term bank deposits included RMB336,235,000 (2006: RMB711,899,000) denominated in HKD.

The short-term bank deposits carry interest market rates which ranges from 2.34% to 4.6% (2006: 3.33% to 4.6%) per annum.

25. CASH AND CASH EQUIVALENTS

As at 31 December 2007, the Group's bank balances and cash were deposited with banks in the PRC.

The short-term bank deposits included RMB20,244,000 (2006: RMB49,877,000) denominated in HKD.

The short-term bank deposits carry interest market rates which ranges from 2.34% to 4.6% (2006: 0.8% to 3.08%) per annum.

26. TRADE PAYABLES

	2007 RMB'000	2006 RMB'000
Trade payables		
– Due to the Ultimate Holding Company	**7,091**	5,451
– Due to other related parties	**43,743**	38,952
– Due to third parties `	**68,953**	30,060
	119,787	74,463

The balance of trade payables to related parties as at 31 December 2007 includes bills payables of RMB26,903,000 (2006: RMB18,722,000).

The aging analysis of trade payables is as follows:

	2007 RMB'000	2006 RMB'000
Within 3 months	**114,775**	72,254
4 months to 6 months	**3,815**	1,474
7 months to 12 months	**845**	5
1 year to 2 years	**340**	627
Over 2 years	**12**	103
	119,787	74,463

27. OTHER PAYABLES AND ACCRUALS

As at 31 December 2007, included in other payables and accruals is an amount of RMB83,216,000 (2006: RMB89,285,000) denominated in HKD88,909,000 (2006: HKD88,909,000) which represents the proceeds from the sale of shares in Global Offering by three shareholders ("Selling Shareholders") which are PRC state-owned enterprises, such proceeds were received by the Company on behalf of the Selling Shareholders. Pursuant to the relevant PRC government requirement, such proceeds will be remitted to the national social security fund.

28. TAXATION PAYABLES

	2007 RMB'000	2006 RMB'000
EIT	**210**	3,821
VAT	**(2,955)**	(6,483)
BT	**2,265**	1,430
City construction tax	**178**	265
Individual income tax	**196**	321
Others	**1,536**	–
	1,430	(646)

29. SHORT-TERM BANK LOANS

	2007	2006
	RMB'000	*RMB'000*
Bank loans – unsecured	**6,500**	28,000
Bank loans – secured	**40,000**	–
	46,500	28,000

Included in the short-term bank loans are entrusted loans of RMB40,000,000 granted by banks which is secured by restricted bank deposits. The interest rate ranged from 6.318%-6.561%.

As at 31 December 2007, the bank loans bore interests at the rate of 5.265% to 5.589% (2006: 5.42%) per annum and were repayable within one year. The loans were guaranteed by the Company.

30. SHARE CAPITAL

	2007	2006
	RMB'000	*RMB'000*
Ordinary shares of RMB1.00 each		
Registered, issued and fully paid:		
– Domestic shares	**142,409**	142,409
– H shares	**54,901**	54,901
	197,310	197,310

All the domestic shares and H shares rank pari passu in all material respects.

There were no movements in the Company's share capital during the both years.

31. RESERVES

In accordance with the relevant PRC regulations and the Articles of Association of the Company, the companies comprising the Group is required to transfer 10% of the profit after taxation determined in accordance with the PRC accounting standards ("PRC GAAP") every year to a statutory surplus reserve until the balance reaches 50% of the registered share capital. Such a reserve can be used to reduce any losses incurred and to increase share capital. Except for the reduction of losses incurred, any other usage should not result in this reserve balance falling below 25% of the registered share capital.

For the year ended 31 December 2007, the Board of Directors of the Company proposed appropriations of profit after tax determined under PRC GAAP of RMB2,879,000 (2006:RMB3,677,000) to the statutory surplus reserve fund. Moreover, the subsidiaries of the Company also proposed certain percentages of profit after tax of each company to the above reserves in accordance with PRC regulations and individual subsidiaries' articles of associations.

32. FINANCIAL GUARANTEES

	2007	2006
	RMB'000	*RMB'000*
Guarantees for bank loans of a jointly controlled entity	**293,053**	167,468

On 10 April 2007, the Company and COL entered into the Guarantee Agreement under which the Company will provide guarantees, upon request by COL, to banks for the bank loans and facilities granted to COL in the aggregate amount not exceeding RMB307.23 million. The facilities amounting to RMB148.35 million will be utilised for the renewal of the guarantees that the Company provided to COL previously. The remaining facilities amounting to RMB158.88 million will be utilised to facilitate the operation of the China Open Tennis Tournaments in 2007, pay consideration for COL's acquisition of the 100% equity interests in Champion and Swidon and the related upgrade fees payable to the WTA. The terms of the Guarantee Agreement will commence from the date of the completion of the equity transfer of Champion and Swidon mentioned above until 30 March 2008.

As at 31 December 2007, the Company pledged its fixed deposits in sum of RMB233,053,000 (2006:RMB167,468,000) as security over the loan facilities of RMB154,610,000 (2006:RMB148,350,000) granted to COL by China Minsheng Banking Corp., Limited.

As at 31 December 2007, the Company pledged its fixed deposits in sum of RMB60,000,000 (2006: nil) as security over the loan facilities of RMB60,000,000 (2006:nil) granted to COL by Hua Xia Bank.

Based on historical experience, no claims have been made against the Company and its subsidiaries since the dates of granting the financial guarantees described above.

33. DISPOSAL OF A SUBSIDIARY

Leisure Trends was accounted for as a subsidiary as at 31 December 2006. In July 2007, the another shareholder of Leisure Trends increased his share of investment by introducing an additional capital of RMB200,000 to Leisure Trends. Thereafter the Group's share of equity interests in Leisure Trends was diluted from 51% to 49.04% and Leisure Trends was accounted for as an associate using equity method of accounting. (Note 18).

The details of the net assets of Leisure Trends as at date of disposal were as follows:

	RMB'000
Other receivables and prepayment	4,641
Cash and cash equivalent	9,264
Property, plant and equipment	637
Other payables and accruals	(14,034)
Taxation payables	(135)
Minority interests	(182)
	191
Gain on deemed disposal	90
	281
Satisfied by:	
Transfer to investments in an associate (note 18)	281
An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiary is as follows:	
Cash consideration	–
Cash and bank balances disposal of	(9,264)
	(9,264)

The impact of the disposal of Leisure Trends has no material effect on the Group's results and cash flows.

34. OPERATING LEASE COMMITMENTS

The Group as lessee

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

	2007	2006
	RMB'000	*RMB'000*
Not later than 1 year	**4,150**	3,549
Later than 1 year and not later than 5 years	**4,609**	6,243
	8,759	9,792

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 1 year and rentals are fixed for an average of 1 year.

35. 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
BYDA	Ultimate Holding Company
Beijing Beiqing Advertising Limited	A subsidiary of BYDA
Beijing Youth & Ynet Advertising Co., Ltd.	A subsidiary of BYDA
Beijing XiaoHongMao Corporation	A subsidiary of BYDA
Beijing Today Yangguang Advertising Co., Ltd	A subsidiary of BYDA
COL	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 Services Company	A minority shareholder
ShangHai ShengLian Printing Technology Services Company	A minority shareholder
Hebei Youth Daily 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 for these companies have been registered.

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-owned entities"). In addition, the BYDA itself is a state-owned enterprise controlled by the PRC government. Apart from the transactions with the above related parties, the Group also conducts business with other state-owned entities. The directors consider those state-owned entities are independent third parties so far as the Group's business transactions with them are concerned.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Company and its subsidiaries and their related parties during the year 2007 and balances arising from related party transactions at the end of the year 2007.

35. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Related party balances

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

	2007	2006
	RMB'000	*RMB'000*
The Ultimate Holding Company		
Trade receivables	**67,742**	39,282
Other receivables, prepayments and deposits	**825**	3,825
Trade payables	**7,091**	5,451
Other payables and accruals	**2,327**	2,327
Subsidiaries of the Ultimate Holding Company		
Trade receivables	**8,726**	6,340
Trade payables	**–**	91
Other payables and accruals	**2,999**	1,100
Minority Shareholders		
Trade receivables	**3,075**	2,055
Other receivables, prepayments and deposits	**1,520**	20
Trade payables	**695**	–
Other payables and accruals	**39**	11,744
Other State-Owned Enterprises		
Trade receivables	**19,309**	11,646
Other receivables, prepayments and deposits	**4,351**	61
Trade payables	**43,048**	38,861
Other payables and accruals	**3,273**	1,085

The balances are unsecured, non interest bearing and repayable on demand.

35. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

	Notes	2007 RMB'000	2006 RMB'000
The Ultimate Holding Company			
Exclusive advertising right expenses	(i)	**68,702**	81,939
Provision of printing services	(ii)	**108,049**	83,882
Rental income	(iii)	**3,843**	3,506
Rental expense	(iii)	**1,363**	538
Subsidiaries of the Ultimate Holding Company			
Provision of advertising services	(iv)	**8,591**	16,369
Payment of delivery services	(v)	**4,754**	1,018
Provision of printing services		**–**	1,853
Jointly controlled entity			
Rental income		**–**	229
Provision of printing services	(vi)	**180**	–
Minority Shareholders			
Sales of print-related materials	(vii)	**23,591**	29,146
Payment of printing services	(viii)	**74,000**	61,861
Purchase of print-related materials	(ix)	**100**	10,600
Purchase of exclusive operating right		–	20,000
Other State-Owned Enterprises			
Provision of advertising services		**3,597**	394
Provision of printing services		**–**	9,123
Sales of print-related materials		**83,399**	67,230
Provision of distribution services		**419**	–
Payment of printing services		**54,510**	70,825
Purchase of inventory		**184,903**	125,256
Interest income		**43,046**	27,091

Note

(i) Pursuant to the fee agreement entered into between the Company and BYDA 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 Logistics"), the subsidiary of the Company provided printing services to Beijing Sec-Tech Report, Legal Evening Post and other publications, which are operated by BYDA and its subsidiaries.

(iii) The Company leased out certain offices situated in the Beijing Youth Daily Agency Building to the BYDA with annual rental fee of RMB3,843,000. In addition, BYDA leased certain offices to the Company with an annual rental fee of RMB1,363,000.

35. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions *(Continued)*

(iv) The Company provided advertising services to certain subsidiaries of BYDA.

(v) The Group received direct mail advertisement delivery services from Beijing XiaoHongMao Corporation.

(vi) BYD Logistics provided printing services to COL.

(vii) BYD Logistics sold print-related materials to Beijing Youth Weekly which is operated by BYDA and certain minority shareholders.

(viii) BYD Logistics received printing services from certain of its shareholders.

(ix) BYD Logistics purchased print-related materials from certain minority shareholders.

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.

In addition, the Group has entered into various transactions, including deposits placement, borrowings and other general banking facilities, with certain banks and financial institutions which are state-owned entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

(c) Loan guarantees

The Company pledged its fixed deposits in the sum of RMB293,053,000 (2006: RMB167,468,000) as security over the loan facilities of RMB214,610,000 (2006: 148,350,000) granted to COL by banks (note 32).

(d) Loan settlement arrangement and granting of market entry right

On 29 November 2007, Today Yangguang Advertising Limited ("Today Yangguang"), the advertising agent and the Company entered into the Debt Settlement Agreement under which Today Yangguang agreed to settle the amount of approximately RMB3,726,000 owed by the advertising agent to the Company as at that day. The amount is to be paid to the Company in 24 instalments from December 2007 to November 2009. In consideration of such payment, Today Yangguang obtained a market entry right in relation to the sale of recruitment classified advertisement space in the Beijing Youth Daily and its supplements, Information Industrial Post.

(e) Key management personal compensation

	2007 **RMB'000**	2006 RMB'000
Salaries and other short-term employee benefits	**4,286**	5,136

36. FINANCIAL INFORMATION OF THE COMPANY

	2007 RMB'000	2006 RMB'000
Non-current assets		
Property, plant and equipment	**13,498**	14,823
Prepayments for land use rights	**31,455**	32,317
Intangible assets	**5,828**	5,784
Investments in subsidiaries	**59,150**	35,343
Investment in a jointly controlled entity	**2,550**	2,550
Investment in an associate	**2,193**	-
Trade receivables	**10,582**	13,851
	125,256	104,668
Current assets		
Inventories	**-**	220
Trade receivables	**44,133**	43,089
Other receivables, prepayments and deposits	**51,059**	15,502
Restricted bank deposits	**333,053**	217,953
Short-term bank deposits	**820,893**	890,606
Cash and cash equivalents	**119,847**	249,896
	1,368,985	1,417,266
Current liabilities		
Trade payables	**7,224**	31,485
Other payables and accruals	**125,918**	135,473
Taxation payables	**18,553**	1,756
	151,695	168,714
Net current assets	**1,217,290**	1,248,552
Total net assets	**1,342,546**	1,353,220
Capital and reserves		
Share capital	**197,310**	197,310
Reserves	**1,145,236**	1,155,910
Total equity	**1,342,546**	1,353,220

37. SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2007:

Company	Country of operation/ establishment and date of incorporation/ establishment	Registered capital *RMB'000*	Proportion of interest held %	Form of Business structure	Principal activities
BYD Logistics Company Limited	The PRC, 15 September 2001	30,000	50.5	Limited liability company	Warehousing logistics, printing and sales of print-related materials
Shanghai Beiqing Printing Machinery Limited	The PRC, 19 October 2002	500	70	Limited liability company	Sales of print-related materials
Hebei Heqing Media Corporation Limited	The PRC, 23 April 2006	30,000	60	Limited liability company	Providing newspaper advertising services, printing and distribution businesses
Beijing Beqing Top Advertising Limited	The PRC, 6 November 2007	30,000	86.67	Limited liability company	Design, production, agency and distribution of advertisement

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.