BEIJING 北青传媒 MEDIA

HK Stock Code: 1000

2009 ANNUAL REPORT

Beijing Media Corporation Limited

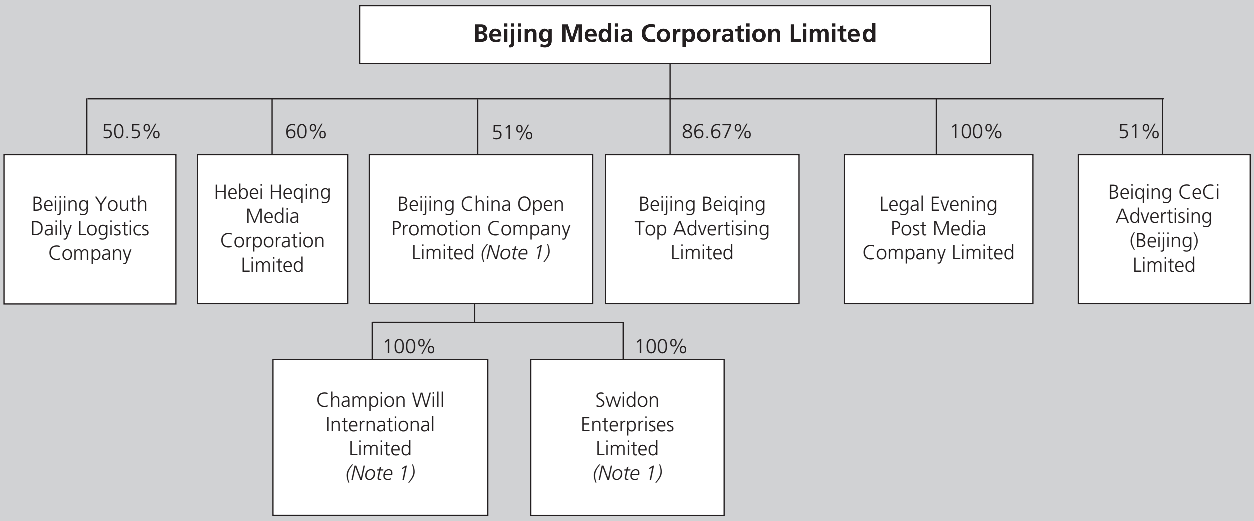
A joint stock company incorporated
in the People's Republic of China with limited liability

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. Other core businesses of the Group include the production of newspapers, printing, trading of print-related materials and organisation of large-scale events. The Company was listed on the Main Board of 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 2009): 197,310,000
- Market Capitalisation (as at 31 December 2009): HK$986.55 million
- Financial Year End: 31 December
- Bloomberg's Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

Note 1: The Company transferred its 51% equity interest in COL to the Parent on 15 October 2009. The changes of company registration has been completed on 21 December 2009 at Industry and Commerce Administration. Since then, COL, together with its subsidiaries Champion and Swidon, were no longer the subsidiaries of the Company.

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

NON-EXECUTIVE DIRECTORS
Liu Han
Xu Xun
Li Yigeng

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

COMPANY SECRETARY
Edmund Sit *(Note 2)*

AUDIT COMMITTEE
Tsang Hing Lun *(Chairman)*
Wu Changqi
Liu Han

REMUNERATION COMMITTEE
Wu Changqi *(Chairman)*
Tsang Hing Lun
Liao Li

AUTHORISED REPRESENTATIVES
Sun Wei
Du Min

ALTERNATIVE AUTHORISED REPRESENTATIVES
Edmund Sit *(Note 3)*
Tsang Hing Lun

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG *(Note 4)*
28/F, Three Pacific Place,
1 Queen's Road East,
Admiralty, Hong Kong

LEGAL ADVISER
On Hong Kong Law
Herbert Smith *(Note 5)*
23rd Floor, Gloucester Tower,
15 Queen's Road,
Central, Hong Kong

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

PRC AUDITORS
ShineWing Certified Public Accountants Co., Ltd.
9/F, Block A, Fu Hua Mansion,
No. 8 Chao Yang Men Bei da jie,
Dong Cheng District,
Beijing, PRC

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

Note 2: On 15 March 2010, Mr. Yu Leung Fai was newly appointed by the Company as the company secretary of the Company.

Note 3: On 15 March 2010, Mr. Yu Leung Fai was newly appointed by the Company as the alternative authorised representative of the Company.

Note 4: The principal place of business in Hong Kong of the Company was relocated to 7th Floor, Hong Kong Trade Center, 161-167 Des Voeux Road Central, Hong Kong with effect from 15 March 2010.

Note 5: DLA Piper Hong Kong became the Company's legal adviser as to Hong Kong law with effect from 1 January 2010.

DEAR SHAREHOLDERS,

On behalf of the Group, I am pleased to present the report on results of the Group for the year 2009.

Despite the devastating impact brought by the financial crisis to the plane media in 2009, Beijing Youth Daily's market share in advertising ranked No. 1 amongst Beijing's major metropolitan newspapers as a result of its strongly rooted foundation. In the meantime, the branding effect and reputation continued to enhance. In the ranking as published by the Periodical Sub-Committee under the China Association of Advertising with respect to value for placement of advertisement in periodicals of the PRC 2008-2009, Beijing Youth Daily was the only newspaper media that ranked top ten in Beijing region. This further demonstrated the position and strength of Beijing Youth Daily in the media industry.

The Company maintained its leading position in the industry through insisting on a number of initiatives. Creativity was applied to drive sales with the support of many different sales and marketing efforts. Service awareness was strengthened with a focus on fulfilling customers' satisfaction. Measures were proactively adopted to tackle the challenges. Fundamental operational activities were consolidated. It was well poised in the leading position in Beijing's metropolitan newspaper advertising market. Notwithstanding the stringent position brought by the financial crisis, as a dominating popular media, Beijing Media still captured a lot of opportunities and market share in the adverse environment. Beijing Media successfully held a large-scale road show in Shanghai in 2009. By capitalising on the relationship of the Group, the representatives from numerous 4A advertising companies and well-known brand corporations invited by Beijing Media were all presented in the road show. From the presentation of edge enjoyed by Beijing Youth Daily, Hebei Youth Daily, The Civil Aviation Administration of China Newspaper (Inflight Edition) and Sunshine, Beijing Media demonstrated a revamped image from the new development, new features and new visions in its media resources. The society became more confident towards the overall competence of Beijing Media through the endeavours as referred to above, Beijing Media mitigated effect to the Group caused by the financial crisis to a certain extent. There was a turnaround in the advertising revenue of Beijing Media, which was recovered in the latter part of the year. With the devotion of all staff, the results gradually improved month by month and laid a foundation for the hard work in the following year. The Company achieved excellent operating results in 2009, and brought positive contribution to the shareholders of the Company.

The Group is principally engaged in sales of advertising space, printing and production of newspapers and trading of print-related materials. The Company's principal advertising media is the Beijing Youth Daily Agency Papers, including Beijing Youth Daily.

Turnover of the Group for 2009 was RMB829,459,000 (2008: RMB1,081,116,000), representing a decrease of 23.28% as compared with 2008. Profit attributable to owners of the Company for the year was RMB150,619,000 in 2009 (2008: RMB40,309,000), representing an increase of 273.66% as compared with 2008. Earnings per share was RMB0.76 (2008: RMB0.20). The Board of the Company recommended a final dividend of RMB0.40 per share (2008: RMB0.20).

Since the Company was listed, the loss of COL, being a 51% jointly controlled entity of the Company, was relatively significant to the profit of the Group and became a material factor affecting the profit of the Group for the year. After a few years of development, the influence of China Open Tennis Tournament organized by COL gradually increased. The experiences in organizing China Open Tennis Tournament and its own operations were improved. From 2009 onwards, China Open Tennis Tournament was upgraded to WTA Crown Jewel and one of the ATP500 tournaments. However, with the accumulated losses from previous years and the additional operating cost arising from the upgrade of the tournaments, the greatest challenges remained to be further funding requirements and huge financial cost. The disposal by the Company of its equity interest in COL will allow the Company to better focus on its existing principal business operations. Based on the reasons set out above, on 15 October 2009, the Company disposed its entire 51% equity interest in COL to its Parent, BYDA, for a cash consideration of RMB765,000. Upon completion of the equity transfer, COL will become a wholly-owned subsidiary of the Parent. The disposal was approved in the extraordinary general meeting held on 18 December 2009. The change in company registration at Industry and Commerce Administration was completed on 21 December 2009. Since then, COL was officially excluded from the Company.

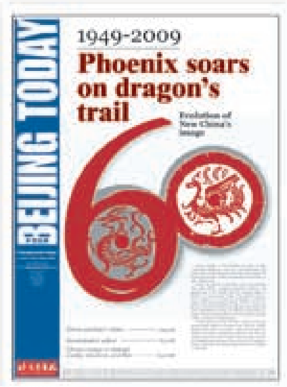
In May 2009, the Company participated again in the tender on outdoor advertising facilities organized by the Beijing Municipal Administration Commission and successfully acquired the operation right of advertisement on seven billboards on stand-alone pillars in West Fourth Ring Road, South Fourth Ring Road and North Fifth Ring Road in Beijing for three years after officially entering into the outdoor billboards advertising market in 2008. With a total of eleven billboards on stand-alone pillars of outdoor billboards in Beijing area, Beijing Media advanced to a leading position in the outdoor advertising industry in Beijing.

Leveraging on the Beijing Youth Daily platform, which enjoys a broad readership base, generous support of the Beijing Municipal Government, 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 the Parent, in order to further develop the Company into a leading cross-media company in the PRC.

The performance of the Group in 2009 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 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

9 April 2010
Beijing, the PRC



BUSINESS REVIEW

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

Total turnover of the Group for 2009 was RMB829,459,000 (2008: RMB1,081,116,000), representing a decrease of 23.28% as compared with 2008. Profit attributable to owners of the Company for 2009 was RMB150,619,000 (2008: RMB40,309,000), representing an increase of 273.66% as compared with 2008.

During the year of 2009, the global economy was overcastted by the financial crisis. The advertising revenue of Beijing Media was also affected. The Company maintained its leading position in the industry through insisting on a number of initiatives. Creativity was applied to drive sales with the support of many different sales and marketing efforts. Service awareness was strengthened with a focus on fulfilling customers' satisfaction. Measures were proactively adopted to tackle the challenges. Fundamental operational activities were consolidated. It was well poised in the leading position in Beijing's metropolitan newspaper advertising market. Notwithstanding the stringent position brought by the financial crisis, as a dominating popular media, Beijing Media still captured a lot of opportunities and market share in the adverse environment. The market share for the source of the Company's principal operation, namely advertising revenue from plane media in Beijing increased as compared to the previous year, although the absolute value in the revenue fell. Advertising revenue of the Group for 2009 was RMB469,031,000 (2008: RMB536,700,000), representing a decrease of 12.61% as compared with 2008.

In 2009, the average daily circulation of Hebei Youth Daily remained above 100,000. For the retail market, full coverage has been achieved for Shijiazhuang area, and brought substantial increase in sales volume at newspaper stands and mobile distributors. As the new leading media in Shijiazhuang, Hebei Youth Daily devoted much effort to improve the layout image and content. Its reputation in the periodical market of Shijiazhuang became increasingly enhanced. With respect to operations, development in operations and services were made on an ongoing basis. Management will also be strengthened on the other hand. The operation revenue from Hebei Youth Daily for 2009 increased by 30.59% as compared with 2008. Of which, advertising revenue increased by 38.10% and operational revenue from publishing increased by 7.62%. The upward moving trend was worth to be congratulated.

BUSINESS REVIEW *(Continued)*

In 2009, the Company achieved breakthroughs in the three business areas, namely the traditional billboard advertising, new vision media and outdoor advertising, aviation media and trendy magazines advertising. Leveraging on the investment strategy of "channel + industry + media", the three business divisions of outdoor, aviation and trendy magazine has established a foundation for sustainable development.

In May 2008, the Company and JoongAng m&b Limited, the largest plane media group in Korea established a joint venture with registered capital of RMB25,000,000 named Beiqing CeCi, of which the Company holds 51% and JoongAng m&b Limited holds 49% of equity interest. Beiqing CeCi is primarily engaged in the operation of advertising of female trendy magazines "CeCi". The advertising operational results of "CeCi" for 2009 improved substantially as compared with that in 2008. Feedback from the market was positive and "CeCi" has established an excellent brand image.

The Civil Aviation Administration of China Newspaper (Inflight Edition) operated by Beiqing Top grew rapidly during the past year. Apart from the existing airlines of various domestic aviation companies, the current coverage includes more than 20 waiting rooms in airports of major and second-tier cities nationwide, achieving full coverage in the air and land which further enhanced its position as one of the major aviation media 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" and "Civil Aviation Administration of China Newspaper (Inflight Edition)" magazine.

Through newly-established and existing 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, cross-channel, cross-media, cross-territory portfolio, and gain more than value worth rewards.

INDUSTRY REVIEW

By leveraging on the edges of its own brand, Beijing Media successfully listed on the Stock Exchange five years ago, and began in-depth cooperation with the real estate industry before the era dominated by the investment in real estate emerged. Through integrating advantages of its own resources, Beijing Media first introduced new ways of cooperating with the concerns of capital operation in the real estate industry. This offered Beijing Media a proactive position to capture the opportunities arising from the market. During the year of 2009, the Company maintained its leading position in the industry. With the leading position occupying in the placement of advertisement in real estate and automobiles industries, the Company entended its advantages into the luxurious product industry. According to the monitoring statistics of HC International, as at December 2009, the advertising revenue and

INDUSTRY REVIEW *(Continued)*

market share of Beijing Youth Daily ranked No. 1 in the plane media advertising market in Beijing and was the top ten single newspaper in the PRC. In addition, other businesses of the Group also progressed well. Revenue from the printing business and trading of print-related materials made sound growth during the year. By reinforcing the management and optimizing the structure, balances of trade receivables fell significantly.

The market share of real estate advertising, being the major industry advertising of the Company, recorded substantial growth in 2009, representing an increase of 11.35% as compared with 2008.

In 2010, the Group will continue to focus on its core business of providing newspaper advertising services. In the meantime, the Group will also be committed to cross-media platform operations, integration of various resources, optimization of structure and consolidation of strengths.

ADVERTISING BUSINESS

Turnover from advertising sales of the Group for 2009 was RMB469,031,000 (2008: RMB536,700,000, accounting for 49.64% of the total turnover), accounting for 56.55% of the total turnover and representing a decrease of 12.61% as compared with 2008.

The Group's revenue generated from advertising sales was mainly attributable to Beijing Youth Daily. The actual revenue from advertising for 2009 was RMB414,876,000, representing a decrease of 13.68% as compared with 2008.

In 2009, the sales of the Company were driven from creativity. Initiatives were proactively pursued for new model of advertising operations. Through brand promotion activities, the Company tapped into a new section, namely the exhibition industry that is related to placement of advertisement. Automobile exhibitions, real estate seminars and exhibitions were held, which consolidated the absolute advantages of Beijing Media brand in the placement of advertisement with respect to automobiles and real estate industries. Awareness in services were enhanced so as to fulfill customers' satisfaction. New customers were targeted and new profit centres were set up. In order to proactively land new customers, the Company prepared specific sales and marketing plans for customers that have never placed advertisement on newspapers. Integrated sales and marketing were conducted with the support of other resources for customer service purpose. This avoided price war for attraction of customers that might have affected the pricing system of advertisement as a whole. On the other hand, resources were integrated to generate additional revenue. Emphases were placed on the management of workflow and strengthened the team building. As to the improvement in the establishment of workflow system, standardised working environment were created on the one hand so as to enhance the efficiencies of various operating activities. On the other hand, financial exposures and risks were effectively prevented and controlled. Existing resources were integrated with promoted through departmental meetings and established an integrated platform for sales and marketing. Components were then selected according to the customers' requirements.

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. Turnover from the printing business and trading of print related materials for 2009 was RMB50,252,000 and RMB301,614,000 (2008: RMB139,544,000 and RMB396,912,000), representing a decrease of 63.99% and 24.01% respectively as compared with 2008.

ORGANISATION OF LARGE-SCALE EVENTS

In 2009, the Company began to tap into the exhibition and conference industry. Large-scale automobile exhibitions, road shows for promoting images of certain cities at other places and real estate exhibitions were held. This business provided a platform for the customers that place advertisement to set up their brand promotion and sales platform, which also consolidated the edge of Beijing Media's brand in the placement of advertisement with respect to automobiles and real estate industries.

ORGANISATION OF LARGE-SCALE EVENTS *(Continued)*

In May and November 2009, BYDA and Beijing Media jointly held the Beijing Automobile Exhibitions. The exhibitions were targeted at marketing and sales in the form of an exhibition, which was supported by new model launched, model competition, lucky draw of gold bars and participants' survey. About 30 automobile brands participated in the exhibitions. Almost 1,000 automobile vehicles being traded on-the-spot and over 100,000 visits were recorded, Accordingly, Beijing Media has significantly strengthened its position in the automobile industry. Both exhibitions were covered by over 100 news media to report on the site, including CCTV, Xinhua Agency, NHK TV of Japan, fashion TV of France, Beijing Cable TV, Sina, NetEase, the impact of which were brought out within and outside the PRC.

BYDA and Beijing Media jointly organized a road show to promote the city image of Qiong Hai City in Hainan Province and an exhibition about the tourism and real estate industries of Qiong Hai City in April 2009. The features of Qiong Hai City were comprehensively presented from different aspects including the overall city image of Qiong Hai City, present condition for the development of tourism and real estate industries, ecological environment ideal for living, historical and cultural heritage building as well as specific projects presenting in the exhibition. The value of the region was enhanced. Through government interviews, high level forums, presentation of certain municipal real estate project and press conferences, the image of the city and the local government was enhanced. These events received support from the local government as well as real estate associations. As such, many developers in Hainan Province strongly wished to extend in-depth cooperation with Beijing Media, and expanded their efforts of promotion in Beijing.

As an icon of new fashion in Asia, "CeCi" has devoted a lot of efforts to continuously promote the development of Asian culture that renovates on an ongoing basis, and specifically launched a series of activities to experience the "Undeniable attraction in Korean culture". In 2009, "CeCi" cooperated with the Korea National Tourism Organization, and invited Ms. Li Bing Bing, the ambassador of cultural exchange between China and Korea to visit Korea. The cooperation between China and Korea in terms of cultural exchange, environmental protection and community affairs were strengthened. The remarkable feedback enhanced the influence of "CeCi" in the market.

PROSPECTS AND FUTURE PLANS

It is expected that the economy will recover in 2010. In terms of advertising operation, the Group will continue with the visions and thoughts in 2009. Intra-group resources will be further integrated so as to pursue for more and better models for advertising operation. The Group will devote its best endeavours to bring better return. In the meantime, there will be more innovations to secure the market share in different segments of advertising industry. Different kinds of promotion activities will commence extensively, which will continue to preserve the forerunner position of the Group in the major plane media market of Beijing.

The Company will promote the Group's transformation from plane media to digital media and the placement of cross-media in the advanced advertising industry as core, so as to actively pursue for breakthrough development in the internet, mobile phone media and electronic reading device markets, and share the opportunities arising from the rapid development of the new media market.

Capitalizing on the staunch support of the Beijing Municipal Government and the concerted efforts of the staff, the Group will further expand its cross-media platform, so as to form an extensive media platform through the above-mentioned development plans and become a leading cross-media corporation in the PRC, as well as optimizing returns for its Shareholders.

FINANCIAL POSITION AND OPERATIONAL RESULTS

Highlights

	31 December 2009 *RMB'000*	31 December 2008 *RMB'000* (Restated)	31 December 2007 *RMB'000* (Restated)	31 December 2006 *RMB'000* (Restated)	31 December 2005 *RMB'000* (Restated)
Turnover	**829,459**	1,081,116	837,676	792,492	857,607
Profit for the year	**149,152**	37,463	10,885	21,975	16,343
Profit attributable to owners of the Company	**150,619**	40,309	10,639	21,917	10,087
Total assets	**1,797,905**	1,680,887	1,610,906	1,593,709	1,589,765
Total liabilities	**413,114**	402,073	351,565	305,509	280,114
Equity attributable to owners of the Company	**1,357,442**	1,246,285	1,219,782	1,248,605	1,276,016
Earnings per share – basic and diluted (RMB)	**0.76**	0.20	0.05	0.11	0.05
Shareholders' equity per share as at the end of the year (RMB)	**6.88**	6.32	6.18	6.33	6.47

1. **Turnover**

   Turnover of the Group for 2009 was RMB829,459,000 (2008: RMB1,081,116,000), representing a decrease of 23.28% as compared with 2008. Revenue from advertising sales was RMB469,031,000 (2008: RMB536,700,000) representing a decrease of 12.61%. Revenue from printing was RMB50,252,000 (2008: RMB139,544,000), representing a decrease of 63.99% as compared with 2008. Revenue from trading of print-related materials was RMB301,614,000 (2008: RMB396,912,000), representing a decrease of 24.01% as compared with 2008.

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

   Cost of sales of the Group for 2009 was RMB725,139,000 (2008: RMB1,001,829,000), representing a decrease of 27.62% as compared with 2008. Operating expenses of the Group for 2009 were RMB56,615,000 (2008: RMB71,048,000), representing a decrease of 20.31% as compared with 2008. Operating expenses accounted for 6.83% (2008: 6.57%) of the Group's turnover for 2009, comprising mainly selling and distribution expenses as well as administrative expenses.

3. **Gross Profit**

   Gross profit of the Group for 2009 was RMB104,320,000 (2008: RMB79,287,000), representing an increase of 31.57% as compared with 2008. Gross profit margin of the Group for 2009 was 12.58% (2008: 7.33%).

4. **Profit Attributable to owners of the Company**

   Profit attributable to owners of the Company for 2009 was RMB150,619,000 (2008: RMB40,309,000), representing an increase of 273.66% as compared with 2008.

5. **Final Dividend**

   The Board recommends the distribution of a final dividend of RMB0.40 per share (2008: RMB0.20 per share).

FINANCIAL POSITION AND OPERATIONAL RESULTS *(Continued)*

6. Non-current Assets

As at 31 December 2009, the non-current assets of the Group was RMB199,674,000 (31 December 2008: negative RMB16,006,000) which mainly comprised of property, plant and equipment, prepayments for land use rights, investment properties and intangible assets of RMB13,621,000 (31 December 2008: RMB18,116,000), RMB28,789,000 (31 December 2008: RMB29,678,000), RMB8,372,000 (31 December 2008: RMBnil), and RMB23,842,000 (31 December 2008: RMB24,854,000) respectively; share of net liabilities of interests in jointly controlled entities was RMBnil (31 December 2008: RMB96,748,000) and share of interests in associates was RMB1,000,000 (31 December 2008: RMBnil); available-for-sale financial assets was RMBnil (31 December 2008: RMB136,000); non-current trade receivables was RMB3,564,000 (31 December 2008: RMB6,579,000); non-current other receivables, prepayments and deposits was RMB34,596,000 (31 December 2008: RMB247,000); restricted bank deposits was RMB85,000,000 (31 December 2008: RMBnil); and deferred tax assets was RMB890,000 (31 December 2008: RMB1,132,000).

7. Net Current Assets

As at 31 December 2009, net current assets of the Group was RMB1,250,117,000 (31 December 2008: RMB1,294,820,000). Current assets mainly comprised of bank balances and cash of RMB153,763,000 (31 December 2008: RMB225,640,000), short-term bank deposits of RMB943,587,000 (31 December 2008: RMB998,945,000), restricted bank deposits of RMB77,494,000 (31 December 2008: RMB61,489,000), inventories of RMB69,580,000 (31 December 2008: RMB50,992,000) as well as trade receivables and other receivables, prepayments and deposits of RMB340,918,000 (31 December 2008: RMB302,888,000), held-to-maturity financial assets of RMB10,000,000 (31 December 2008: RMB56,050,000), investments at FVTPL of RMB2,000,000 (31 December 2008: RMB nil), prepayments for land use rights of RMB889,000 (31 December 2008: RMB889,000). Current liabilities mainly comprised of short-term bank loans of RMBnil (31 December 2008: RMB105,000,000), trade payables, other payables and accruals, deferred revenue, dividends payable, income tax payables and financial guarantee liability of RMB177,958,000 (31 December 2008: RMB146,934,000), RMB129,552,000 (31 December 2008: RMB121,455,000), RMB19,329,000 (31 December 2008: RMB24,587,000), RMB2,934,000 (31 December 2008: RMB2,213,000), RMB1,857,000 (31 December 2008: RMB1,884,000), and RMB16,484,000 (31 December 2008: RMBnil) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group has maintained a stable cash flow. Bank balances and cash and short term bank deposits of the Group was RMB1,097,350,000 (31 December 2008: RMB1,224,585,000). As at 31 December 2009, equity-to-borrowing ratio, (defined as a percentage of net interest-bearing borrowings over capital and reserves attributable to the Company's equity holders) of the Group was 4.79% (31 December 2008: 8.43%).

EQUITY-TO-DEBT RATIO

As at 31 December 2009, equity-to-debt ratio of the Group was 335.21% (31 December 2008: 318.06%). (Ratio derived from dividing the Group's total equity by its total liabilities).

TAXATION

For the year ended 31 December 2009, taxation expenses of the Group were RMB5,857,000 (2008: RMB4,407,000), representing an increase of 32.90% as compared with 2008. However, due to the increase in profit before tax of the Group, the effective tax rate applicable to the Group decreased from 10.53% in 2008 to 3.78% in 2009. The taxation authority in the PRC has granted the Company a tax exemption of five years effective from 1 January 2009 to 31 December 2013.

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2009, bank loans of the Group was RMB65,000,000 (31 December 2008: RMB105,000,000); such bank loans bear interest of 4.86% p.a. (2008: 6.318% to 8.217% p.a.) and is repayable within one year.

FINANCE COST

Finance cost of the Group for 2009 were RMB4,828,000 (2008: RMB2,600,000).

RECENT DEVELOPMENTS IN NEW BUSINESSES IN 2009

"CeCi", a female fashion magazine operated by Beiqing CeCi started its first publication on 16 May 2008. International Federation of the Periodical Press (FIPP) highly appraised the first publication of "CeCi" and considered that it marked a milestone for the magazine market in the PRC for the year of 2008. "CeCi" interprets the eastern fashion style for the female professionals in China and advocates a modern culture combining innovation and pragmatism in Asia. Since its launch, the magazine has reached more than 40 cities in the PRC and Hong Kong and rapidly became one of the top-tier female fashion magazines. As the first official monthly magazine operated by Beijing Media to enter into the PRC market, "CeCi" perfected the advertising structure of Beijing Media, representing its capture of the advertising market of top grade female luxuries.

In May 2009, the Company participated again in the tender on outdoor advertising facilities organized by the Beijing Municipal Administration Commission and successfully acquired the operation rights of advertisement on seven billboards on stand-alone pillars located in West Fourth Ring Road, South Fourth Ring Road and North Fifth Ring Road in Beijing for three years after officially entering into the outdoor billboards advertising market in 2008. With a total of eleven billboards on stand-alone pillars of outdoor billboards in Beijing area, Beijing Media advanced to a leading position in the outdoor advertising industry in Beijing.

The 3 Light Emitting Diode (LED) advertising screens located at Terminal 3 of the Capital Airport invested by the Company and Beijing Transmedia Co., Ltd. commenced operation in March 2008, marking a breakthrough for the three areas of aviation, outdoor and vision media of Beijing Media. During the Beijing Olympic Games, the screens became the major channel for domestic and foreign travelers passing Terminal 3 of the Capital Airport for updates of the Games.

USE OF PROCEEDS FROM THE LISTING

The Company raised net proceeds of about HK$889,086,000 from its 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 2009:

	Amounts Proposed *HK$*	**Proposed use of Proceeds to be Used** *HK$*
Developing weekend newspapers	Approximately 100 million	Unutilized
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 80 million	Approximately 23.59 million
Investing in the television industry in Beijing	Approximately 250 million	Unutilized
Acquisition of other media businesses	Approximately 360 million	Approximately 360 million
General working capital	Approximately 80 million	Approximately 80 million

USE OF PROCEEDS FROM THE LISTING *(Continued)*

As at 31 December 2009, 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.

During the year of 2009, the Company strived to seek opportunities to fulfill the objectives set forth in its prospectus. The Company believes that the proceeds will be utilized as set out in its prospectus for business development in 2010.

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 of the Company.

CAPITAL EXPENDITURES

Capital expenditures (including expenditures on office equipment, intangible assets and investment properties) of the Group for 2009 was RMB9,890,000 (2008: RMB5,030,000). Capital expenditures of the Group for 2009 mainly comprises expenditure consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Guarantees for bank loans of a connected party *(note)*	**209,100**	–
Guarantees for bank loans of a jointly controlled entity	**–**	173,000
Guarantees for bank loans of subsidiaries	**–**	50,000
Guarantees for credit line facilities of subsidiaries	**–**	40,000

Note: Since 21 December 2009, COL became a connected person of the Company and was no longer a jointly controlled entity of the Company any more.

As at 31 December 2009, the Company entered into a credit guarantee agreement with Bank of Beijing to secure a loan of RMB153,000,000 granted to COL by Bank of Beijing.

As at 31 December 2009, the Company entered into a pledge agreement with China CITIC Bank, pursuant to which, the Company pledged a fixed deposit in the amount of RMB16,400,000 so as to secure a loan of RMB16,100,000 granted to COL by China CITIC Bank.

As at 31 December 2009, the Company entered into a pledge agreement with Bank of Beijing, pursuant to which, the Company pledged time deposits with an amount of RMB50,000,000 so as to secure a loan of RMB40,000,000 granted to COL by Bank of Beijing.

As at 31 December 2009, the Company entered into an entrusted loan agreement with China Everbright Bank to provide a loan of not more than RMB20,000,000 to Beiqing CeCi.

As at 31 December 2009, the Company entered into an entrusted loan agreement with China Everbright Bank to provide a loan of not more than RMB65,000,000 to Heqing Media.

It is anticipated by the management teams that no material liabilities will arise from the above guarantees provided in the normal course of business.

MATERIAL INVESTMENTS

During the reporting period, no material investments were made by the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

During the reporting period, the Company disposed its entire 51% equity interest in COL to its Parent, BYDA, for a cash consideration of RMB765,000. Upon completion of the equity transfer, COL will become a wholly-owned subsidiary of the Parent. The disposal was approved in the extraordinary general meeting held on 18 December 2009. The change in company registration at Industry and Commerce Administration was completed on 21 December 2009. Since then, COL was officially excluded from the Company.

FOREIGN EXCHANGE RISKS

Renminbi is the functional currency of the Company. The Company's operations conducted in the PRC are mainly settled in Renminbi. However, certain account payables are settled in foreign currency (mainly Hong Kong dollars). Therefore, the Company is exposed to fluctuations in foreign exchange rate to a certain extent. Operating cash flow or liquidity of the Group is not subject to any exchange rate fluctuations.

Mr. ZHANG Yanping, 52, 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 29 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, 53, 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 Arts and graduated in 2005 from Cheung Kong Graduate School of Business with a master's degree in EMBA. 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, 56, is the president 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 Renmin 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 and the committee member of China Association for International Friendly Contact. Mr. Sun was appointed as a Director on 23 August 2004.

Mr. HE Pingping, 55, 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, 42, 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 studied a master of journalism course at Renmin University of China from 1993 to 1995 and is currently a Ph.D. student at Wuhan University and a part time professor at Hunan Institute of Science and Technology. 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, 51, 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, 54, 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.

Mr. Li Yigeng, 47, graduated in foreign languages studies from East China Normal University in 1988. Mr. Li also obtained his MBA degree from Rutgers, the State University of New Jersey in 1999. Mr. Li served as translator at Diplomatic Services Bureau of Ministry of Foreign Affairs of the People's Republic of China from 1988 to 1994 and also served at Claydon Gescher Associates which is a company engaging in consulting services for the sectors of media and telecommunication from 1994 to 1999. During the period from 2000 to 2008, Mr. Li served as the vice president of MIH plane media of China Region for the business development in China, Mr. Li spent 2 years to serve at the headquarter of MIH Group in South Africa from 2000 to 2001, subsequently, Mr. Li served in the pay TV and plane media sectors of MIH Group in its office in China from 2002 to 2008. Mr. Li. has served as the president of China Region of MIH Print Media Holdings Limited since 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSANG Hing Lun, 61, 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 senior vice president. Mr. Tsang has also acted as an executive vice president of the Stock Exchange in 1993 and the executive director of China Champ Group in 1994, as an alternate chief executive, general manager and chief operating officer 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 First China Financial Holdings Ltd., all of them are companies listed on the Stock Exchange. Mr. Tsang was appointed as a Director on 12 November 2004.

Mr. WU Changqi, 55, 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, 44, 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 1996. 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, 40. 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 since May 2005. Mr. Tian has been the standing deputy chief editor of BYDA since June 2005.

Mr. HE Daguang, 52. 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, 47. 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 Accountants, for both management consulting and tax divisions.

Mr. LIU Yanfeng, 38. 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, 39. 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 Co. Ltd.

SENIOR MANAGEMENT, QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Ms. HE Xiaona, 47, 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 as vice president in February 2008 and executive vice president of the Company in July 2008.

Mr. SHANG Da, 48, 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.

Mr. Edmund SIT, 47, 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 has been appointed as chief financial officer and Company Secretary of the Company from 14 March 2007 and since 1 April 2009, Mr. Sit ceased to be the chief financial officer of the Company.

Ms. YAN Mengmeng, 46, 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, 49, 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 2008.

The Board is pleased to present the annual report and audited consolidated financial statements for the year ended 31 December 2009.

ISSUE AND LISTING OF SHARES

The Company's H Shares were listed on the 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$5.25 and HK$2.10 respectively for the year ended 31 December 2009. The trading volume and closing price as at 31 December 2009 were 15,000 H Shares and HK$5.00, respectively.

ACCOUNTS

Results of the Group for the year ended 31 December 2009 are set out in page 52 of the consolidated statement of comprehensive income.

Financial positions of the Group as at 31 December 2009 are set out in pages 53 to 54 of the consolidated statement of financial position.

Cash flow of the Group for the year ended 31 December 2009 is set out in pages 56 to 57 of consolidated statement of cash flows.

Changes in equity of the Group for the year ended 31 December 2009 are set out in page 55 of the consolidated statement of changes in equity.

The Board proposed a final dividend of RMB0.40 per ordinary share to the shareholders on the register of members on Saturday, 8 May 2010, amounting to RMB78,924,000.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of advertising space, production of newspapers, printing, trading of print-related materials and organizing large-scale events. Details of activities of the Company's principal subsidiaries are set out in note 45 to the financial statements.

RESULTS AND DIVIDEND

Turnover of the Group for the year of 2009 was approximately RMB829,459,000. Profit before tax was approximately RMB155,009,000. Profit attributable to shareholders was approximately RMB150,619,000. Pursuant to the prospectus of the Company issued on 13 December 2004, the Directors may determine with discretion whether to declare any dividend the amount, if any. The Company held its annual Board meeting on Friday, 9 April 2010 to propose a resolution recommending distribution of final dividend of RMB0.40 per share (before tax) in an aggregate amount of approximate RMB78,924,000 for the year ended 31 December 2009. If the profit distribution proposal is approved by the Shareholders in the annual general meeting of 2009 by way of an ordinary resolution, the final dividend will be paid to the holders of H Shares whose names appear on the H Share register of members of the Company on Saturday, 8 May 2010.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008 and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H Shares register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2009, the amount of the total purchase by the Group from its five largest suppliers was RMB290,572,000 (2008: RMB391,187,000), representing 40.24% of its total purchase for the year (2008: 40.50%); and the amount of the purchase from the largest supplier was RMB68,342,000 (2008: RMB110,029,000), representing 9.47% of its total purchase for the year (2008: 11.39%).

For the year ended 31 December 2009, the amount of the total sales by the Group to its five largest customers was RMB134,832,000 (2008: RMB200,361,000), representing 16.26% of its total sales for the year (2008: 18.47%); and the amount of sales to the largest customer was RMB31,395,000 (2008: RMB81,204,000), representing 3.79% of its total sales for the year (2008: 7.49%).

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

SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY

As at 31 December 2009, the subsidiaries of the Company include BYD Logistics, Heqing Media, Beiqing Top and LEP Media, and the jointly controlled entity, Beiqing CeCi.

For details of principal subsidiaries and jointly controlled entity of the Company, please refer to note 45 and 21 to the financial statements in this annual report.

PROFIT DISTRIBUTION

For details of profit distribution, please refer to note 14 to the financial statements in this annual report.

RESERVES

The movements in reserves during the year are set out in page 55 of the consolidated statement of changes in equity in this annual report.

PROPERTIES, PLANT AND EQUIPMENT

The movements in properties and equipment are set out in note 16 to the financial statements in this annual report.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBERS OF SHAREHOLDERS

As at 31 December 2009, 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.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBERS OF SHAREHOLDERS *(Continued)*

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%	418
Total	197,310,000	100%	423

* The above percentage figures are based on the records in the Company's register of members as at 31 December 2009.

Changes in Company's share capital for the year are set out in note 37 to the financial statements.

PUBLIC FLOAT

Based on the 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 Rule 8.08 of the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2009, 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 share capital	% of total share capital
BYDA	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Company Limited	Domestic	N/A	7,367,000	5.17	3.73
MIH (BVI) Limited	H	Long	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long	19,533,000	35.58	9.90
MIH Print Media Holdings Limited	H	Long	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long	19,533,000	35.58	9.90
Naspers Limited	H	Long	19,533,000	35.58	9.90
Beijing Beida Founder Group Corporation	H	Long	4,939,000	8.99	2.50
Beijing University	H	Long	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long	4,939,000	8.99	2.50
Xia Jie	H	Long	4,939,000	8.99	2.50
Cao Ya Wen	H	Long	4,939,000	8.99	2.50

Note: Information disclosed above is extracted from the website of the Stock Exchange (www.hkex.com.hk).

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

Save as disclosed above, to the knowledge of the Directors, Supervisors and chief executives of the Company, as at 31 December 2009, 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 shareholder of the Company. As at 31 December 2009, BYDA is interested in 63.27% of the Company's equity interest.

DIRECTORS

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

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into a service contract with the Company for a term of up to 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' INTEREST IN CONTRACTS

Neither the Company nor any of its subsidiaries has entered into any contract 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.

MANAGEMENT CONTRACT

During the reporting period, the Company has not entered into nor there was any contract which was related to the overall business of the Company or the material part of the business management.

DIRECTORS' AND SUPERVISORS' RIGHT IN THE SUBSCRIPTION OF SHARES AND DEBENTURES

During the reporting period, none of the Directors, Supervisors and chief executive of the Company or their spouses or children under the age of 18, had been granted any right by the Company to subscribe shares or debentures of the Company or any of its associated corporations, or had exercised any such right to subscribe for shares or debentures above.

EMOLUMENTS OF DIRECTORS AND SUPERVISORS

Details of the emoluments of Directors and Supervisors are set out in note 12 to the financial statements.

During the reporting period, no Directors or Supervisors of the Company waived to receive the remuneration from the Company.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2009, no Director, Supervisor or chief executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

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

During the year ended 31 December 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CHANGE OF MEMBERS OF THE BOARD AND THE SUPERVISORY COMMITTEE

It was resolved in the general meeting held on 15 June 2009 that Mr. Li Yi Geng was approved to be a non-executive Director of the Company, and the Remuneration Committee was authorized to determine his remuneration (if any).

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 reviewing of the annual consolidated financial statements of the Group for 2009 without dissenting opinions.

PRE-EMPTIVE RIGHT

There is no provision for pre-emptive rights under the PRC law or the 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 35 to the financial statements in this annual report.

CONNECTED TRANSACTIONS

During the reporting period, connected transactions of the Group took place in 2009 are set out follows:

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempt Connected Transactions

1. ***Non-competition Agreement***

   The Company entered into a non-competition agreement with BYDA on 8 December 2004, pursuant to which BYDA agreed and procured that its subsidiaries and associates not to engage, invest, involve, participate in or own any business which would compete with the business of the Company and an option and pre-emptive right was granted to BYDA by the Company to acquire the retained business and certain future business.

   For the year ended 31 December 2009, no decision was made by the Directors of the Company (including the independent non-executive Directors) to exercise the option and/or pre-emptive right.

2. ***Equity Transfer Agreement***

   On 15 October 2009, the Company entered into an equity transfer agreement with BYDA, pursuant to which the Company agreed to disposed its 51% equity interest in COL to BYDA, for a cash consideration of RMB765,000. Upon completion of the equity transfer, COL will no longer be a subsidiary of the Company and become a wholly owned subsidiary of BYDA.

   The cash consideration for the equity transfer agreement was determined by the Company and BYDA after arm's-length negotiations taking into account, among other factors, (i) the unaudited net liabilities value of COL of RMB212,634,000 (equivalent to approximately HK$241,218,378) as at 30 June 2009; (ii) the business prospects of COL; and (iii) the appraised value of COL in the amount of RMB1,100,000 as at its valuation date.

   Moreover, on the same date, BYDA and the Company entered into a counter-guarantee agreement, pursuant to which, BYDA has agreed to provide a counter-guarantee arrangement for the guarantee provided by the Company to COL for the term loans granted to COL by various banks for a maximum outstanding balance of RMB224,700,000 (comprising a maximum principal amount of RMB209,100,000 and estimated accrued interest of RMB15,600,000) for a period from 25 September 2009 to 30 September 2010 without any security over the assets of the Company). The details are set out in the Company's announcement dated 15 October 2009.

   BYDA is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

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

3. ***Tenancy Agreement***

   On 10 August 2006 and on 29 November 2006, the Company and BYDA entered into a tenancy agreement and a supplemental agreement, respectively, 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 31 December 2009. Upon expiry of the tenancy agreement and the supplemental 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. The details are set out in the Company's announcements dated 10 August 2006 and 4 December 2006.

   BYDA is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

   During the reporting period, the annual cap for income under the tenancy agreement was RMB3,843,450, and the actual income was RMB3,843,450.00.

CONNECTED TRANSACTIONS *(Continued)*

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

3. Tenancy Agreement *(Continued)*

On 15 October 2009, the Company and BYDA renewed the tenancy agreement, and also set the annual caps for the three years ending 31 December 2012, pursuant to which, the valid period of the tenancy agreement will be revised for the period from 1 January 2010 to 31 December 2012 with other terms remain unchanged. The details are set out in the Company's announcement dated 15 October 2009.

4. New Tenancy Agreement

On 10 August 2006 and 29 November 2006, the Company and BYDA entered into a new tenancy agreement and a supplemental agreement respectively, 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 31 December 2009. Upon expiry of the new tenancy agreement and the supplemental 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. The details are set out in the Company's announcement dated 10 August 2006 and 4 December 2006.

BYDA is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for expense under the new tenancy agreement was RMB1,363,275, and the actual expense was RMB1,363,275.00.

On 15 October 2009, the Company and BYDA renewed the new tenancy agreement, and also set the annual caps for the three years ending 31 December 2012, pursuant to which, the valid period of the new tenancy agreement will be revised for the period from 1 January 2010 to 31 December 2012 with other terms remain unchanged. The details are set out in the Company's announcement dated 15 October 2009.

5. XHM Advertising Service Agreement

On 27 June 2007, the Company and XHM entered into a Beijing Youth Daily advertisement service agreement, which was renewed on 28 March 2008 and 20 January 2009, pursuant to which, XHM will distribute, transport and deliver Beijing Youth Daily advertisement on behalf of the Company for a delivery fee of RMB0.08 per advertisement. The above mentioned pricing mechanism is similar to service fees of public post services in the PRC. Such agreement expired on 31 December 2009. The details are set out in the Company's announcement dated 27 June 2007, 28 March 2008 and 20 January 2009, respectively.

XHM is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for delivery fee paid to XHM was RMB5,000,000, and the actual fee was RMB2,660,213.60.

6. Logistics Service Agreement

On 27 June 2007, BYD Logistics, a subsidiary of the Company, entered into a logistics services agreement with XHM Logistics, which was renewed on 2 July 2009, pursuant to which XHM Logistics agreed to provide logistics services in respect of paper and printing materials to BYD Logistics and BYD Logistics agreed to lease a warehouse with an area of 3,700 square metres from XHM Logistics. BYD Logistics had to pay logistics service fee and rent of the warehouse to XHM Logistics. Such agreement will expire on 31 December 2010. The details are set out in the Company's announcements dated 27 June 2007 and 2 July 2009.

CONNECTED TRANSACTIONS *(Continued)*

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

6. ***Logistics Service Agreement*** *(Continued)*

XHM Logistics is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for logistics service fee paid by BYD Logistics to XHM Logistics was RMB2,000,000, and the actual logistics service fee paid was RMB1,443,379.40.

7. ***Outdoor Advertising Agreement***

On 30 May 2008, the Company entered into an advertising agreement with Today Sunshine, pursuant to which Today Sunshine will act as an advertising agent of the Company to sell commercial advertisements can be posted on the four billboards for a period of two years commencing from 1 June 2008 to 18 August 2010 (excluding the period from 1 July 2008 to 17 September 2008). Under the terms of the outdoor advertising agreement, the Company sells the advertisement spaces of the four billboards to Today Sunshine at a fixed price of RMB5,429,800 each year and Today Sunshine is entitled to resell the advertisement spaces to its end-customers. Today Sunshine is responsible for the sales, production, installation, cleaning and regularly supervision of all the advertisements on the four billboards. The annual consideration of RMB5,429,800 for each year is payable to the Company in two equal instalments on or before 1 October in that year and on or before 1 April of the following year. The annual consideration of RMB5,429,800 payable by Today Sunshine to the Company under the outdoor advertising agreement was determined after arm's length negotiations between the Company and Today Sunshine. The details are set out in the Company's announcement dated 30 May 2008.

Today Sunshine is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for selling price of the advertisement spaces paid by Today Sunshine to the Company under the outdoor advertising agreement was RMB5,429,800, and the actual fee was RMB5,429,800.00.

8. ***Services Agreement***

The Company and XHM entered into a services agreement on 4 July 2008. Under the terms of the services agreement, XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of Beijing Youth Daily. The level of distribution fee will be determined according to market conditions, but in any event shall fall within the range of RMB0.08 and RMB0.20 per page for advertisement to be distributed.

Under the services agreement, a distribution fee is payable by the Company to XHM on a monthly basis. The Company believes that the pricing under the services agreement is comparable to the fees charged by the PRC public postal services. The services agreement will terminate on 31 December 2010 and be extended automatically for a further one-year unless the parties agree in writing to the contrary. The details are set out in the Company's announcement dated 4 July 2008.

On 20 January 2009, the Company revised the annual cap for transactions contemplated under the services agreement. The details are set out in the Company's announcement dated 20 January 2009.

XHM is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for distribution fee paid by the Company to XHM under the services agreement was RMB4,000,000, and the actual fee was RMB1,799,889.50.

CONNECTED TRANSACTIONS *(Continued)*

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

9. COL Services Agreement

On 11 September 2008, COL and XHM Logistics entered into a COL services agreement, pursuant to which XHM Logistics has agreed to provide logistics services in respect of tennis tournament related products to COL from 11 September 2008 to and 31 July 2010 and COL has agreed to lease from XHM Logistics a 400 square-meter warehouse for storage. The logistics services fee will be based on the actual volume of tennis tournament related product, and the storage fee will be in the range of RMB15 and RMB18 per month per square-meter. COL will settle the logistics service fees and storage fees with XHM Logistics on a monthly basis. The Company is of the view that the applicable pricing mechanism is in line with market standards for the logistics industry and comparable to the fees charged by other service providers. The details are set out in the Company's announcement dated 11 September 2008.

XHM Logistics is an indirect subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for logistics service fees and storage fees paid by COL to XHM Logistics under the COL services agreement was RMB250,000, and the actual fee was RMB120,944.00.

10. Outdoor Supporting Service Agreement

On 24 November 2009, the Company and Today Sunshine entered into an outdoor supporting service agreement, pursuant to which Today Sunshine will provide certain supporting services for all commercial advertisements on seven specific billboards from 24 November 2009 until 14 October 2012.

On 24 September 2009, the Company entered into seven authorization agreements (the "**Authorization Agreements**") respectively with Beijing Municipal Administration Commission, pursuant to which the Company was granted exclusive rights to produce and publish commercial advertisements (including public service advertisements) on seven specific billboards in Beijing for the period from 15 October 2009 to 14 October 2012. Accordingly, the Company will enter into advertising agreements (the "**Advertising Agreements**") with independent advertisers which entitle such advertisers to place advertisements on respective billboards. In order to better facilitate the arrangements between the advertisers and the Company in respect of the billboards, the Company and Today Sunshine entered into the outdoor supporting service agreement, pursuant to which Today Sunshine will provide certain supporting services for the advertisements on the billboards for the period commencing on 24 November 2009 to 14 October 2012, and also set the annual cap for the transactions contemplated under the outdoor supporting service agreement for the years ending 14 October 2012.

The fee for the services to be provided by Today Sunshine was determined after arm's-length negotiations between the Company and Today Sunshine and will be equal to 70% of the difference between the contract value of the respective Advertising Agreements and the contract price of the corresponding Authorization Agreements.

The Company will settle the service fee to Today Sunshine in cash within 2 working days after the consideration under the respective Advertising Agreements is settled by the respective advertiser. The details are set out in the Company's announcement dated 24 November 2009.

Today Sunshine is a subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for service fee to be paid to Today Sunshine under the outdoor supporting service agreement was RMB4,660,000, and the actual fee was RMB2,923,620.00.

CONNECTED TRANSACTIONS *(Continued)*

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

11. Printing, Distribution and Advertising Business Agreement

On 25 April 2006, Heqing Media, entered into an agreement with HYDA which is a substantial shareholder of Heqing Media, for a term of 30 years. Under the terms of the agreement, Heqing Media, has the sole and exclusive right to place advertisements in, and to distribute, Hebei Youth Daily and is entitled to retain all income derived from these activities. Heqing Media is responsible for the reimbursement of costs incurred by HYDA for preparing the editorial content of the Hebei Youth Daily as well as printing cost. The details are set out in the Company's announcement dated 14 February 2006.

On 20 January 2009, Heqing Media and HYDA renewed the annual caps for the transactions contemplated under the agreement for the three years ending 31 December 2011. The details are set out in the announcement of the Company dated 20 January 2009.

HYDA is the substantial shareholder of the Company's subsidiary, Heqing Media, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for the reimbursement of costs by Heqing Media to HYDA was RMB9,200,000, and the actual fee was RMB6,426,527.45.

Transactions – Non-exempted Continued Connected Transactions

12. Today Sunshine Advertising Agreement, Gehua Sunshine Advertising Agreement and Beiqing Advertising Agreement

12.1 Today Sunshine Advertising Agreement

On 8 December 2004 and 29 November 2006, the Company and Today Sunshine entered into an advertising agreement and a supplementary agreement respectively, pursuant to which, the Company agreed to sell certain advertising space in the Beijing Youth Daily to Today Sunshine.

Pursuant to the Today Sunshine advertising agreement, the Company or any of its subsidiaries may receive booking fees for advertising space from Today Sunshine on the basis that the booking fees are settled on normal commercial terms 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 and adjusted on the basis of the unit price agreed by the parties from time to time pursuant to the terms of the agreement, and by reference to the actual volume, size and pages of the advertisements to be published. Today Sunshine advertising agreement expired on 31 December 2009. The details are set out in the Company's prospectus dated 13 December 2004 and the Company's announcement dated 4 December 2006.

On 15 October 2009, the Company and Today Sunshine entered into a supplementary agreement to renew the agreement for another term of three years and renewed the annual caps for the transactions contemplated under the agreement for the three years ending 31 December 2012, while other terms thereunder shall remain unchanged. The details are set out in the announcement of the Company dated 15 October 2009.

12.2 Gehua Sunshine Advertising Agreement

On 8 December 2004 and 29 November 2006, the Company and Gehua Sunshine entered into an advertising agreement and a supplementary agreement respectively, pursuant to which, the Company agreed to sell certain advertising space in the Beijing Youth Daily to Gehua Sunshine.

CONNECTED TRANSACTIONS *(Continued)*

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

12. Today Sunshine Advertising Agreement, Gehua Sunshine Advertising Agreement and Beiqing Advertising Agreement *(Continued)*

12.2 Gehua Sunshine Advertising Agreement *(Continued)*

Pursuant to the Gehua Sunshine advertising agreement, the Company or any of its subsidiaries may receive booking fees for advertising space from Gehua Sunshine on the basis that the booking fees are settled on normal commercial terms 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 and adjusted on the basis of the unit price agreed by the parties from time to time pursuant to the terms of the agreement, and by reference to the actual volume, size and pages of the advertisements to be published. Gehua Sunshine advertising agreement expired on 31 December 2009. The details are set out in the Company's prospectus dated 13 December 2004 and the Company's announcement dated 4 December 2006.

As Gehua Sunshine had ceased its business operation in 2009, no sales of advertising space in the Beijing Youth Daily was made to Gehua Sunshine during the reporting period. Hence, there was no fee incurred to be paid to the Company.

12.3 Beiqing Advertising Agreement

On 1 January 2006 and 29 November 2006, the Company and Beiqing Advertising entered into an advertising agreement and a supplementary agreement respectively. Under the terms of the Beiqing advertising agreement, Beiqing Advertising is engaged by the Company to act as one of the advertising agents to arrange for placement of advertisements in the Beijing Youth Daily for 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 and spaces of the advertisements to 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 2009. The details are set out in the Company's announcements dated 25 April 2006 and 4 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 by the volume of advertisements arranged by Beiqing Advertising throughout the year and is comparable with that allocated to independent advertising agents engaged by the Company.

On 15 October 2009, the Company and Beiqing Advertising entered into a supplementary agreement to renew the agreement for another term of three years and renewed the annual caps for the transactions contemplated under the Beiqing advertising agreement for the three years ending 31 December 2012, while other terms thereunder shall remain unchanged. The details are set out in the announcement of the Company dated 15 October 2009.

Today Sunshine, Gehua Sunshine and Beiqing Advertising are all subsidiaries of BYDA, the controlling shareholder of the Company, and therefore are connected persons of the Company under the Listing Rules.

During the reporting period, the annual cap for aggregated sales fees from Today Sunshine, Gehua Sunshine and Beiqing Advertising to the Company was RMB32,100,000, and the actual fee was RMB15,837,170.96.

CONNECTED TRANSACTIONS *(Continued)*

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

13. 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 and other certain BYDA papers.

Under the Advertising Business Agreement, the Company was granted the exclusive right to operate the advertising business in respect of certain 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 certain BYDA papers, 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 certain BYDA papers; (b) pay BYDA a fee representing 16.5% of the total advertising revenue generated from certain BYDA papers or such figure or formula as agreed by parties in future and (c) allocate to BYDA with up to 360 pages per year of advertising space in certain BYDA papers for advertisements and notices for public services (provided that the advertising space allocated will not exceed 9% of the total advertising space of each paper in each issuance), for which no fee will be payable by BYDA.

On 4 December 2006 and 15 October 2009, the Company renewed the annual caps for the three years ended 31 December 2009 and the three years ending 31 December 2012, respectively. The details are set out in the Company's announcement dated 4 December 2006 and 15 October 2009.

BYDA is the controlling shareholder of the Company, therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for fees payable by the Company to BYDA was RMB145,200,000, and the actual fee was RMB66,849,117.01.

14. Printing Agreement in respect of Beijing Sci-Tech Report, Legal Evening Post, Beijing Youth Weekend, and Beijing Children Arts

On 7 December 2004 and 25 April 2006, BYDA and BYD Logistics entered into a printing agreement and a supplementary agreement respectively, pursuant to which, BYD Logistics agreed to provide printing services in respect of Beijing Sci-Tech Report, Legal Evening Post, Beijing Youth Weekend and Beijing Children Arts, and other BYDA newspapers and magazines introduced by BYDA. However, the terms of the printing agreement shall not be applicable to certain BYD papers. Under this agreement, BYD Logistics is responsible for the printing of the aforesaid newspapers and the provision of papers 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 was expired on 31 December 2009.

Pursuant to the printing agreement, BYD Logistics or any of its subsidiaries may only receive service fees from BYDA and provide corresponding printing services on normal commercial terms or terms no less favourable than those to or from independent third parties. The details are set out in the Company's prospectus dated 13 December 2004 and the Company's announcement dated 25 April 2006.

On 4 December 2006 and 15 October 2009, respectively, the Company renewed the annual caps of the printing agreement for the three years ended 31 December 2009 and the three years ending 31 December 2012 pursuant to the printing framework agreement entered into between BYDA and BYD Logistics. The details are set out in the Company's announcement dated 4 December 2006 and 15 October 2009, respectively.

CONNECTED TRANSACTIONS *(Continued)*

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

14. Printing Agreement in respect of Beijing Sci-Tech Report, Legal Evening Post, Beijing Youth Weekend, and Beijing Children Arts *(Continued)*

BYDA is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules.

During the reporting period, the annual cap for printing fee paid by BYDA to BYD Logistics was RMB220,000,000, and the actual fee was RMB26,639,505.25.

15. Framework Guarantee Agreement

To regulate the relationship between the Company and COL in respect of the provision of guarantees by the Company for the benefit of COL, on 22 April 2008, the Company and COL entered into a guarantee agreement ("**2008 Agreement**") pursuant to which the Company agreed to provide guarantees to banks for bank loans and facilities granted to COL in an aggregate principal amount not exceeding RMB209,100,000 together with accrued interests thereof not exceeding RMB15,600,000, for the purpose of COL's utilization of the bank loans for its operational needs for a term of 24 months.

Under the 2008 Agreement, the Company shall not enter into any other separate implementation agreement for the provision of guarantee to any other term loans being applied by COL since 30 June 2009. Upon the term loans under the 2008 Agreement becoming due, the Company shall continue to provide guarantee to the banks granting loans to COL. Therefore, the Company and COL entered into a framework guarantee agreement on 22 July 2009.

Pursuant to the framework guarantee agreement, the Company agreed to provide guarantees at the request of COL for term loans granted to COL by banks in the maximum outstanding balance of RMB224,700,000 (equivalent to approximately HK$254,935,330) (comprising a maximum principal amount of RMB209,100,000 and estimated accrued interest of RMB15,600,000). The framework guarantee agreement will become effective from the date that it is approved by the independent shareholders of the Company at an extraordinary general meeting, and will end on 30 September 2010. The Company will not receive any commission for provision of guarantees for the term loans granted to COL under the framework guarantee agreement.

Under the framework guarantee agreement, the Company will provide guarantees to COL in proportion to the Company's equity interest in COL, being 51%. BYDA, which holds the remaining 49% equity interest in COL, will provide guarantees for the term loans to be granted to COL in proportion to its equity interest in COL pursuant to a separate agreement to be entered into between BYDA and COL. As COL expects to raise funds in an amount of approximately RMB410,000,000 during the term of the framework guarantee agreement, the Company expects that the maximum principal amount for term loans to be granted to COL, guaranteed by the Company, will not exceed RMB209,100,000 during the same period. The details are set out in the Company's announcement dated 22 July 2009.

COL is owned as to 49% by BYDA, the controlling shareholder of the Company. Pursuant to Rule 14A.11(5) of the Listing Rules, COL is therefore a connected person of the Company.

During the reporting period, the maximum principal amounts for the guarantees to be provided by the Company for loans granted to COL under the framework guarantee agreement was RMB209,100,000 and the accrued interests thereto, and the actual amount was RMB209,100,000.00 and the accrued interest thereto.

CONNECTED TRANSACTIONS *(Continued)*

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

15. Framework Guarantee Agreement *(Continued)*

The Directors (including the independent non-executive Directors) have confirmed to the Board that they have reviewed the non-exempt continuing connected transactions under items (3) to (15), and confirmed that these transactions were: (A) entered into during the usual and ordinary course of business of the Group; (B) entered into on normal commercial terms, or if there were no comparable transactions to determine whether such transactions were on normal commercial terms, on terms not less favourable than those to or from independent third parties; and (C) 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 continuing connected transactions and confirmed to the Board in writing that:

– the continuing connected transactions during the year ended 31 December 2009 have received the approval of the board of directors of the Company;

– the continuing connected transactions are in accordance with the pricing policies of the Group;

– the continuing connected transactions have been entered into in accordance with the terms of the relevant agreements governing such transactions; and

– the aggregate amount of the continuing connected transactions for the year ended 31 December 2009 did not exceed the expected cap amount as disclosed in the prospectus and relevant announcements of the Company.

Save as disclosed above, there is no related party transaction or continuing related party transaction included in note 43 to the financial statements constitute a connected transaction or continuing connected transaction under the Listing Rules. The Company has complied with Chapter 14A of the Listing Rules in respect of the disclosure of its connected transactions and continuing connected transactions.

MATERIAL LITIGATION

To the best knowledge of the Board, as at 31 December 2009, the Company is not involved in any material litigation or arbitration and there is no legal action or claim made or threatened to be made against the Company.

RETIREMENT SCHEME

Details of the retirement scheme are set out in note 13 to the financial statements in this annual report.

STAFF

As at 31 December 2009, the Group had a total of 472 staff (31 December 2008: 664), whose remuneration and benefits are determined by reference to market rates, State policies and individual performance. The decrease in the numbers of the staff as compared to 2008 was mainly attributable to the reduction of temporary distribution staff in Heqing Media.

REMUNERATION POLICY

The Company has set up the Remuneration Committee under the Board, which is responsible for formulating remuneration policy and determining and administrating the emoluments of the executive Directors and chief executive of the Company. The Remuneration Committee under the Board is responsible for formulating the remuneration policy and remuneration package for the executive Directors and senior management of the Company in accordance with its written terms of reference. The remuneration of the executive Directors of the Company was determined and realized according to the directors' service contracts as approved at the general meeting and the operating results of the Company. The remuneration of non-executive Directors, independent non-executive Directors and Supervisors of the Company was determined and realized according to the service contracts of the non-executive Directors, independent non-executive Directors and Supervisors as approved at the general meeting.

REMUNERATION POLICY *(Continued)*

Position-based salary system was adopted for general management staff. Salary was determined according to the relative importance of the positions, the duties assumed in the positions and other factors. Various salary models such as piece rate and skill-based wage model were adopted for other employees based on the categories to which they belong and their job nature.

The Company stringently controlled the overall salary management of its controlling companies and wholly-owned subsidiaries in accordance with the applicable policy requirements of the PRC government. It sought to maintain an appropriate balance between salary increase and the growth in economic benefits, in order to achieve a win-win situation among shareholders, employers and employees and facilitate the harmonious development of the enterprise.

According to the state and local labour and social welfare laws and regulations, the Company has contributed to certain housing reserve and social insurance premiums for its employees on a monthly basis. Insurance premiums are paid for retirement insurance, medical insurance, unemployment insurance, maternity insurance and work injury insurance.

AUDITORS

The Company has appointed SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountants Co., Ltd as the international and PRC auditors respectively for the year ended 31 December 2009. The consolidated financial statements of the Company for the year 2009 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 ShineWing Certified Public Accountants Co., Ltd have been appointed by the Company since 2007 and 2009 respectively, and a resolution will be presented at the annual general meeting for the year 2009 to re-appoint SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountants Co., Ltd as the international and PRC auditors of the Company respectively.

TAXATION

In accordance with the Notice on Taxation of Dividends and Stock (Options) Transfer Income obtained by Foreign-invested Companies, Foreign Companies and Foreign Citizens (Guoshuifa No.045 [1993]) published by the State Administration of Taxation, foreign individuals holding H Shares are exempted from paying personal income tax for dividends obtained from companies incorporated in PRC that issue H Shares.

As stipulated by the Notice on Issues relating to Enterprise Income Tax Withholding over Dividends Distributable to Their H-Share Holders Who are Overseas Non-resident Enterprises by Chinese Resident Enterprises published by the State Administration of Taxation (Guoshuihan No.897 [2008]), when Chinese resident enterprises distribute annual dividends for the year 2008 and years thereafter to their H-Share holders who are overseas non-resident enterprises, the enterprise income tax shall be withheld at a uniform rate of 10%. Non-resident enterprises may apply for tax refund in accordance with relevant provisions including taxation agreement (arrangement) after receiving dividends. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the H shares.

By order of the Board
ZHANG Yanping
Chairman of the Board

9 April 2010
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 Code on Corporate Governance Practices includes but not limited to the following documents:

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

(2) 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;
- Administrative Procedures on Internal Corruption;
- Administrative Procedures on Investors Relation.

The Board has reviewed the corporate governance documents adopted by the Company and believes that such documents complied with all code provisions set out in the Code on Corporate Governance Practices under Appendix 14 of the Listing Rules.

2 CODE ON CORPORATE GOVERNANCE PRACTICES

Except for those set forth herein, the Company has complied with the code provisions set out under the Code on Corporate Governance Practices under Appendix 14 of the Listing Rules for the year ended 31 December 2009.

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**") under Appendix 10 of 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 THE BOARD

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

Name	Sex	Age	Other positions in the Company	Term of Directorship	Remunerated by the Company
Executive Directors					
Zhang Yanping	M	52	Chairman	23 August 2007 to the fourth annual general meeting of the Company	Yes
Zhang Yabin	M	53	Vice Chairman	23 August 2007 to the fourth annual general meeting of the Company	Yes
Sun Wei	M	56	President	23 August 2007 to the fourth annual general meeting of the Company	Yes
He Pingping	M	55		23 August 2007 to the fourth annual general meeting of the Company	Yes
Du Min	M	42		23 August 2007 to the fourth annual general meeting of the Company	Yes
Non-executive Directors					
Xu Xun	M	54		23 August 2007 to the fourth annual general meeting of the Company	Yes
Liu Han	M	51		23 August 2007 to the fourth annual general meeting of the Company	Yes
Li Yigeng	M	47		15 June 2009 to the fourth annual general meeting of the Company	No
Independent Non-executive Directors					
Tsang Hing Lun	M	61		23 August 2007 to the fourth annual general meeting of the Company	Yes
Wu Changqi	M	55		23 August 2007 to the fourth annual general meeting of the Company	Yes
Liao Li	M	44		23 August 2007 to the fourth annual general meeting of the Company	Yes

The Board is a standing decision-making body 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 shall take jointly and severally responsibility to the shareholders for the management, supervision and operations of the Company.

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

- determination of the operational 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 increasing or reducing of registered capital and issue of corporate bonds of the Company;

4 THE BOARD *(Continued)*

- 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 nominated by the president, and determination of their respective remuneration;
- setting up the basic management systems of the Company;
- formulation of proposals on amendments to 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 proposal on the branch structure and determination on the branch place of the Company;
- appointment, replacement and recommendation on the shareholder's representative, Director or Supervisor to subsidiaries or associated companies of the Company.

4 THE BOARD *(Continued)*

Attendance of Individual Directors at Board Meetings in 2009

	Number of meetings:	13
	Attendance	Attendance by proxy
Executive Directors		
Zhang Yanping	13	–
Zhang Yabin	13	–
Sun Wei	13	–
He Pingping	13	–
Du Min	13	–
Non-executive Directors		
Xu Xun	13	–
Liu Han	13	–
Li Yigeng	10	–
Independent Non-executive Directors		
Tsang Hing Lun	13	–
Wu Changqi	13	–
Liao Li	13	–

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. The Company is of the view that all independent non-executive Directors are independent.

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.

5 CHAIRMAN AND PRESIDENT

The posts of chairman and president of Beijing Media 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 Articles of Association of the Company.

6 NON-EXECUTIVE DIRECTORS

Pursuant to the 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.

7 REMUNERATION COMMITTEE

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 advisors when considered necessary.

For details on the basis of remuneration to Directors, please refer to note 12 to the 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 extraordinary general meeting of the Company held on 29 December 2006. Apart from this, the Remuneration Committee did not hold any meeting to consider the compensation and annual salaries to other Directors and senior management personnel of the Company.

8 NOMINATION OF DIRECTORS

The Board has not set up any nomination committee. 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 be submitted by way of a proposal 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 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.

On 20 April 2009, the Board nominated Mr. Li Yigeng as a candidate for the non-executive Director of the Company.

9 REMUNERATION OF THE AUDITORS

The Company has appointed SHINEWING (HK) CPA Limited and ShineWing Certified Public Accountants Co., Ltd. as the international and PRC auditors respectively for the year 2009. For the year ended 31 December 2009, audit fees incurred by the Company amounted to RMB1,500,000.

During the reporting period, the service fees of RMB180,000 were incurred in reporting on the unaudited pro forma financial information of the Group by SHINEWING (HK) CPA Limited for the major and connected transaction relating to the disposal of 51% equity interest in COL by the Company.

SHINEWING (HK) CPA Limited has provided audit service for three consecutive years for the Company since 2007, with the first audit service appointment letter entered into on 27 August 2007. ShineWing Certified Public Accountants Co., Ltd. has provided audit service for the Company since 2009 either.

10 AUDIT COMMITTEE

The Board 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;

10 AUDIT COMMITTEE *(Continued)*

- 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;
- 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 Audit Committee will provide assistance and/or advice on relevant matters from external professional advisors 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 2008;
- reviewed and considered the results of the Group for the first half of 2009;
- reviewed and evaluated the internal control systems of the Group;
- reviewed connected transactions.

Attendance of Individual Members at Meetings of the Audit Committee in 2009

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

The Company has been in full compliance with requirements of Rule 3.21 under the Listing Rules throughout the period from its listing on the Stock Exchange to 31 December 2009.

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 2009, 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.

11 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 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.

12 INVESTORS RELATION

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

For the year ended 31 December 2009, there was no material amendment to the Articles of Association of the Company.

(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.

12 INVESTORS RELATION *(Continued)*

(3) General meeting held on 15 June 2009

The annual general meeting for 2008 ("**2008 AGM**") was held at 2:00 p.m. on 15 June 2009 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

All major items discussed at the 2008 AGM include:

1. To consider and, if thought fit, to approve the report of the Board of Beijing Media for the year ended 31 December 2008.

2. To consider and, if thought fit, to approve the report of the supervisory committee of Beijing Media for the year ended 31 December 2008.

3. To consider and, if thought fit, to approve the audited financial statements and consolidated financial statements of Beijing Media for the year ended 31 December 2008.

4. To consider and, if thought fit, to approve the profit distribution proposal of Beijing Media for the year ended 31 December 2008.

5. To consider and, if thought fit, to approve the re-appointment of SHINEWING (HK) CPA Limited as the international auditors of the Company and to appoint ShineWing Certified Public Accountants Co., Ltd. as the domestic auditors of the Company for the year 2009 and to authorize the audit committee of the board of directors to determine their remuneration.

6. To consider and, if thought fit, to approve the appointment of Mr. Li Yigeng as a non-executive director of the Company, and to authorize the remuneration committee of the board of directors to determine his remuneration (if any).

7. To consider and, if thought fit, to approve the proposal on the budget for capital expenditure of Beijing Media for the year 2009.

Each of the following resolutions has been considered and approved by voting as ordinary resolutions at the 2008 AGM:

- the report of the Board of Beijing Media for the year ended 31 December 2008.

- the report of the supervisory committee of Beijing Media for the year ended 31 December 2008.

- the audited financial statements and consolidated financial statements of Beijing Media for the year ended 31 December 2008.

- the profit distribution proposal of Beijing Media for the year ended 31 December 2008.

- the re-appointment of SHINEWING (HK) CPA Limited as the international auditors of the Company and to appoint ShineWing Certified Public Accountants Co., Ltd. as the domestic auditors of the Company for the year 2009 and to authorize the audit committee of the board of directors to determine their remuneration.

12 **INVESTORS RELATION** *(Continued)*

(3) General meeting held on 15 June 2009 *(Continued)*

- the appointment of Mr. Li Yigeng as a non-executive director of the Company, and to authorize the remuneration committee of the board of directors to determine his remuneration (if any).

- the proposal on the budget for capital expenditure of Beijing Media for the year 2009.

(4) Extraordinary General Meeting held on 25 September 2009

An extraordinary general meeting ("**First EGM**") was held at 2:00 p.m. on 25 September 2009 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

All major items discussed at the First EGM include:

To approve, ratify and confirm the execution of and performance by the Company of its obligations under the framework guarantee agreement dated 22 July 2009 and entered into between the Company and COL in relation to the provision of guarantees by the Company to COL in the maximum outstanding balance amount not exceeding RMB224,700,000, which includes the maximum principal amount of RMB209,100,000 and the estimated accrued interest in the amount of RMB15,600,000, for a term commencing on the date of the First EGM and ending on 30 September 2010, and to authorize any one Director to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the framework guarantee agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

The following resolution has been considered and approved by voting as an ordinary resolution at the First EGM:

To approve, ratify and confirm the execution of and performance by the Company of its obligations under the framework guarantee agreement dated 22 July 2009 and entered into between the Company and COL in relation to the provision of guarantees by the Company to COL in the maximum outstanding balance amount not exceeding RMB224,700,000, which includes the maximum principal amount of RMB209,100,000 and the estimated accrued interest in the amount of RMB15,600,000, for a term commencing on the date of the First EGM and ending on 30 September 2010, and to authorize any one Director to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the framework guarantee agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

12 **INVESTORS RELATION** *(Continued)*

(5) Extraordinary General Meeting held on 18 December 2009

An extraordinary general meeting ("**Second EGM**") was held at 2:00 p.m. on 18 December 2009 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

All major items discussed at the Second EGM include:

- To approve, ratify and confirm the equity transfer agreement dated 15 October 2009 (the "**Equity Transfer Agreement**") and entered into between the Company and Parent in relation to the disposal of a 51% equity interest in COL by the Company to the Parent (the "**Disposal**"), and the transactions contemplated thereunder; and to authorise any one director of the Company to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Equity Transfer Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

- To approve, ratify and confirm the annual caps for the three years ending 31 December 2012 for the transactions contemplated under the advertising business agreement dated 7 December 2004 (the "**Advertising Business Agreement**") entered into between the Company and the Parent, and to authorize any one director of the Company to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Business Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

- To approve, ratify and confirm the printing framework agreement dated 15 October 2009 (the "**Printing Framework Agreement**") and entered into between Beijing Youth Daily Logistics Co., Ltd ("**BYD Logistics**") and the Parent, and the annual caps for the three years ending 31 December 2012 for the transactions contemplated thereunder and to authorize any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Printing Framework Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

- To approve, ratify and confirm the advertising agreement dated 15 October 2009 and entered into between the Company and Beijing Beiqing Advertising Limited and the advertising agreement dated 15 October 2009 and entered into between the Company and Beijing Today Sunshine Advertising Co., Ltd (the "**Advertising Agreements**"), and the annual caps for the three years ending 31 December 2012 for the transactions contemplated thereunder and to authorize any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Agreements and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

12 INVESTORS RELATION *(Continued)*

(5) Extraordinary General Meeting held on 18 December 2009 *(Continued)*

The following resolutions have been considered and approved by voting as ordinary resolutions at the Second EGM:

- To approve, ratify and confirm the equity transfer agreement dated 15 October 2009 (the "**Equity Transfer Agreement**") and entered into between the Company and Parent in relation to the disposal of a 51% equity interest in COL by the Company to the Parent (the "**Disposal**"), and the transactions contemplated thereunder; and to authorise any one director of the Company to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Equity Transfer Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

- To approve, ratify and confirm the annual caps for the three years ending 31 December 2012 for the transactions contemplated under the advertising business agreement dated 7 December 2004 (the "**Advertising Business Agreement**") entered into between the Company and the Parent, and to authorize any one director of the Company to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Business Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

- To approve, ratify and confirm the printing framework agreement dated 15 October 2009 (the "**Printing Framework Agreement**") and entered into between Beijing Youth Daily Logistics Co., Ltd ("**BYD Logistics**") and the Parent, and the annual caps for the three years ending 31 December 2012 for the transactions contemplated thereunder and to authorize any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Printing Framework Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

- To approve, ratify and confirm the advertising agreement dated 15 October 2009 and entered into between the Company and Beijing Beiqing Advertising Limited and the advertising agreement dated 15 October 2009 and entered into between the Company and Beijing Today Sunshine Advertising Co., Ltd (the "**Advertising Agreements**"), and the annual caps for the three years ending 31 December 2012 for the transactions contemplated thereunder and to authorize any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Agreements and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

12 INVESTORS RELATION *(Continued)*

(6) Important matters for shareholders for the 2009 financial year

The annual general meeting for the year 2009 will be held at 2:00 p.m. on 7 June 2010 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

(7) Market capitalization of public float

The highest and lowest trading prices of the Company's H shares during 2009 were HK$5.25 and HK$2.10 per share respectively. The trading volume and closing price as at 31 December 2009 were 15,000 shares and HK$5.00 per share respectively.

13 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 annual general meeting, 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 2009

For the year ended 31 December 2009, there was no change to the members of the Supervisory Committee.

(2) INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2009

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 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 annual general meeting. The Supervisory Committee considers that the Directors and controlling shareholders have acted according to the resolutions of the annual general meeting and faithfully discharged their duties to achieve the operational targets. The Supervisory Committee is not aware of any violation of laws, regulations, the 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 2009 *(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 annual general meeting. In the coming year, the Supervisory Committee will continue to discharge its obligations faithfully to maximize the interests of the Company and its shareholders.

Beijing Media Corporation Limited
Supervisory Committee

9 April 2010

"Articles of Association"	The Articles of Association of the Company as amended that was approved in the general meeting held on 20 June 2008
"Audit Committee"	The audit committee under the Board
"Beiqing Advertising"	Beijing Beiqing Advertising Limited, a subsidiary of the Parent
"Beiqing CeCi"	Beiqing CeCi Advertising (Beijing) Limited, a jointly controlled entity of the Company
"Beiqing Top"	Beijing Beiqing Top Advertising Limited, a subsidiary of the Company
"Board"	The board of Directors
"BYD Logistics"	BYD Logistics Company Limited, a subsidiary of the Company
"Champion"	Champion Will International Limited, a company incorporated in British Virgin Islands with limited liability
"COL"	Beijing China Open Promotion Co., Ltd., a wholly-owned subsidiary of the Parent with effect from 21 December 2009
"Company", or "us" or "Beijing Media"	Beijing Media Corporation Limited
"Company Law"	The Company Law of the PRC
"Directors"	The directors of the Company
"Domestic Share"	The ordinary shares of RMB1.00 per share in the capital of the Company
"Gehua Sunshine"	Beijing Gehua Sunshine Advertising Co., Ltd., a subsidiary of the Parent
"Group"	The Company and its subsidiaries
"H Shares"	The foreign shares listed overseas of RMB1.00 per share in the ordinary share capital of the Company
"Heqing Media"	Heqing Media Corporation Limited, a subsidiary of the Company
"HYDA"	Hebei Youth Daily Agency, the substantial shareholder of Heqing Media
"LEP Media"	Legal Evening Post Media Company Limited, a subsidiary of the Company
"Listing Rules"	The rules governing the listing of securities on the Stock Exchange
"Main Board"	The main board of the Stock Exchange

"Parent" or "BYDA"	Beijing Youth Daily Agency, the controlling shareholder of the Company
"PRC" or "China"	The People's Republic of China, not including Hong Kong, Macau Special Administration Region and Taiwan
"Remuneration Committee"	The remuneration committee under the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder"	has the meaning as ascribed under the Listing Rules
"Supervisors"	The supervisors of the Company
"Supervisory Committee"	The supervisory committee of the Company
"Swidon"	Swidon Enterprises Limited, a company incorporated in British Virgin Islands with limited liability
"Today Sunshine"	Beijing Today Sunshine Advertising Co., Ltd, a subsidiary of the Parent
"XHM"	Beijing XiaoHongMao Corporation, a subsidiary of the Parent
"XHM Logistics"	XiaoHongMao Logistics Company Limited, a subsidiary of the Parent

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 (collectively referred to as the "Group") set out on pages 52 to 114, which comprise the consolidated statement of financial position as at 31 December 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 2009 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
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong
9 April 2010

For the year ended 31 December 2009

	NOTES	**Year ended 31/12/2009 *RMB'000***	Year ended 31/12/2008 *RMB'000* Restated
Turnover	*6*	**829,459**	1,081,116
Cost of sales		**(725,139)**	(1,001,829)
Gross profit		**104,320**	79,287
Investment income	*7*	**36,636**	39,819
Other income	*8*	**4,530**	6,520
Impairment losses recognised on trade receivables		**(9,936)**	–
Reversal of impairment losses on trade receivables and other receivables		**–**	12,784
Distribution and selling expenses		**(15,319)**	(16,403)
Administrative expenses		**(41,296)**	(54,645)
Finance costs	*9*	**(4,828)**	(2,600)
Financial guarantee expense	*36*	**(16,611)**	–
Share of loss of associates	*20*	**–**	(341)
Share of loss of jointly controlled entities	*21(c)*	**(23,258)**	(22,422)
Gain on disposal of a jointly controlled entity	*21(b)*	**120,771**	–
Loss on disposal of a subsidiary	*40*	**–**	(129)
Profit before tax		**155,009**	41,870
Income tax expense	*10*	**(5,857)**	(4,407)
Profit for the year and total comprehensive income	*11*	**149,152**	37,463
Profit for the year and total comprehensive income attributable to:			
Owners of the Company		**150,619**	40,309
Minority interests		**(1,467)**	(2,846)
		149,152	37,463
EARNINGS PER SHARE – basic and diluted (RMB per share)	*15*	**0.76**	0.20

At 31 December 2009

	NOTES	31/12/2009 RMB'000	31/12/2008 RMB'000 Restated	1/1/2008 RMB'000 Restated
Non-current Assets				
Property, plant and equipment	16	**13,621**	18,116	17,467
Prepayments for land use rights	17	**28,789**	29,678	30,567
Investment properties	18	**8,372**	–	–
Intangible assets	19	**23,842**	24,854	25,844
Interests in associates	20	**1,000**	–	341
Interests in jointly controlled entities	21	**–**	(96,748)	(87,082)
Available-for-sale financial assets	22	**–**	136	757
Trade receivables	27	**3,564**	6,579	10,582
Other receivables, prepayments and deposits	28	**34,596**	247	–
Restricted bank deposits	29	**85,000**	–	–
Deferred tax assets	23	**890**	1,132	–
		199,674	(16,006)	(1,524)
Current Assets				
Prepayments for land use rights	17	**889**	889	888
Investments at fair value through profit or loss	24	**2,000**	–	–
Held-to-maturity financial assets	25	**10,000**	56,050	–
Inventories	26	**69,580**	50,992	41,804
Trade receivables	27	**249,277**	277,389	194,663
Other receivables, prepayments and deposits	28	**91,641**	25,499	46,403
Restricted bank deposits	29	**77,494**	61,489	333,053
Short-term bank deposits	30	**943,587**	998,945	820,893
Bank balances and cash	31	**153,763**	225,640	174,726
		1,598,231	1,696,893	1,612,430
Current Liabilities				
Trade payables	32	**177,958**	146,934	119,787
Other payables and accruals	33	**129,552**	121,455	156,736
Deferred revenue	34	**19,329**	24,587	25,126
Dividends payable		**2,934**	2,213	3,206
Income tax payables		**1,857**	1,884	210
Bank loans	35	**–**	105,000	46,500
Financial guarantee liability	36	**16,484**	–	–
		348,114	402,073	351,565
Net Current Assets		**1,250,117**	1,294,820	1,260,865
Total Assets less Current Liabilities		**1,449,791**	1,278,814	1,259,341

	NOTES	**31/12/2009**	31/12/2008	1/1/2008
		RMB'000	*RMB'000*	*RMB'000*
			Restated	Restated
Capital and Reserves				
Share capital	*37*	**197,310**	197,310	197,310
Reserves		**1,160,132**	1,048,975	1,022,472
Equity attributable to owners of the Company		**1,357,442**	1,246,285	1,219,782
Minority interests		**27,349**	32,529	39,559
Total Equity		**1,384,791**	1,278,814	1,259,341
Non-current liability				
Bank loans	*35*	**65,000**	–	–
		1,449,791	1,278,814	1,259,341

The consolidated financial statements on pages 52 to 114 were approved and authorised for issue by the board of directors on 9 April 2010 and are signed on its behalf by:

Zhang Yanping
Chairman

Sun Wei
Director

	Notes	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus reserve fund RMB'000 (Note)	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total RMB'000
		Attributable to owners of the Company						
At 1 January 2008 as originally stated		197,310	896,163	135,078	14,758	1,243,309	39,559	1,282,868
Effect of change in accounting policy for customer loyalty programmes	2	–	–	–	(23,527)	(23,527)	–	(23,527)
At 1 January 2008 as restated		197,310	896,163	135,078	(8,769)	1,219,782	39,559	1,259,341
Total comprehensive income for the year		–	–	–	40,309	40,309	(2,846)	37,463
Share of reserves of a joint controlled entity		–	6	–	–	6	–	6
Disposal of a subsidiary		–	–	–	–	–	(472)	(472)
Payment of dividends	14	–	–	–	(13,812)	(13,812)	–	(13,812)
Dividend paid to minority interests		–	–	–	–	–	(3,712)	(3,712)
Appropriation to statutory reserve fund		–	–	1,559	(1,559)	–	–	–
At 31 December 2008 (as restated)		197,310	896,169	136,637	16,169	1,246,285	32,529	1,278,814
Total comprehensive income for the year		–	–	–	150,619	150,619	(1,467)	149,152
Payment of dividends	14	–	–	–	(39,462)	(39,462)	–	(39,462)
Dividend paid to minority interests		–	–	–	–	–	(3,713)	(3,713)
Appropriation to statutory reserve fund		–	–	1,232	(1,232)	–	–	–
At 31 December 2009		197,310	896,169	137,869	126,094	1,357,442	27,349	1,384,791

Note:

In accordance with the People's Republic of China (the "PRC") regulations and the Articles of Association of the Company, the companies comprising the Group is required to transfer 10% of the profit after tax 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.

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000* Restated
OPERATING ACTIVITIES		
Profit before tax	**155,009**	41,870
Adjustments for:		
Finance costs	**4,828**	2,600
Interest income	**(36,262)**	(39,084)
Income from held-to-maturity financial assets	**(374)**	(735)
Share of loss of associates	**–**	341
Share of loss of jointly controlled entities	**23,258**	22,422
Depreciation of property, plant and equipment	**5,395**	3,403
Amortisation of intangible assets	**2,277**	2,278
Loss on disposal of property, plant and equipment	**118**	103
Loss on disposal of a subsidiary	**–**	129
Gain on disposal of a jointly controlled entity	**(120,771)**	–
Financial guarantee expense	**16,611**	–
Financial guarantee income	**(127)**	–
Impairment losses recognised on trade receivables	**9,936**	–
Reversal of impairment losses on trade receivables and other receivables	**–**	(12,784)
Impairment losses recognised on available-for-sale financial assets	**136**	621
(Reversed of write-down) write-down of inventories	**(1,078)**	4,297
Net foreign exchange losses	**–**	8,147
Operating cash flows before movements in working capital	**58,956**	33,608
Increase in inventories	**(17,510)**	(14,101)
Decrease (increase) in trade receivables	**13,272**	(66,437)
(Increase) decrease in other receivables, prepayments and deposits	**(102,601)**	16,166
Increase in trade payables	**31,024**	28,405
Increase (decrease) in other payables and accruals	**8,116**	(33,558)
Decrease in deferred revenue	**(5,258)**	(539)
Cash used in operations	**(14,001)**	(36,456)
Income tax paid	**(5,642)**	(3,885)
NET CASH USED IN OPERATING ACTIVITIES	**(19,643)**	(40,341)

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000* Restated
INVESTING ACTIVITIES		
Proceeds from disposal of held-to-maturity financial assets	**69,424**	–
Decrease (increase) in short-term bank deposits	**55,358**	(187,658)
Interest received	**37,919**	44,070
Proceeds from disposal of a jointly controlled entity *(Note 21)*	**765**	–
Proceeds from disposal of property, plant and equipment	**124**	243
(Increase) decrease in restricted bank deposits	**(101,005)**	271,564
Purchase of held-to-maturity financial assets	**(23,000)**	(56,050)
Purchase of investment at fair value through profit or loss	**(2,000)**	–
Purchase of property, plant and equipment and intangible assets	**(1,518)**	(5,030)
Capital injected in an associate	**(1,000)**	–
Disposal of a subsidiary *(Note 40)*	**–**	(589)
Investment in a jointly controlled entity	**–**	(12,750)
NET CASH FROM INVESTING ACTIVITIES	**35,067**	53,800
FINANCING ACTIVITIES		
Repayment of bank loans	**(142,000)**	(46,500)
Interest paid	**(4,847)**	(2,528)
Dividends paid to the Company's shareholders	**(39,462)**	(13,812)
Dividends paid to minority shareholders of subsidiaries	**(2,992)**	(4,705)
New bank loans raised	**102,000**	105,000
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(87,301)**	37,455
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(71,877)**	50,914
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**225,640**	174,726
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**153,763**	225,640

1. GENERAL INFORMATION

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

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

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

The consolidated financial statements are presented in Renminbi ("RMB") which is also 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 ("HKFRSs")

In the current year, the Group has applied the following new and revised standards, amendments to standards and interpretations ("INT") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Hong Kong Accounting Standard ("HKAS") 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosure and Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – INT 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – INT 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

In addition, the adoption of HKAS 1 (Revised 2007) has resulted in the presentation of a third consolidated statement of financial position as at 1 January 2008 as the Group has applied accounting policy retrospectively during the current year (see below).

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that has not resulted in a redesignation of the Group's reportable segments (see note 6).

Improving Disclosures about Financial Instruments

(Amendments to HKFRS 7 Financial Instruments: Disclosures)

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The amendments also expand and amend the disclosures required in relation to liquidity risk. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

New and revised HKFRSs affecting the reported results and/or financial position

HK (IFRIC) – INT 13 Customer Loyalty Programmes

The adoption of HK (IFRIC) – INT 13 has resulted in a change to the Group's accounting policy for its customer loyalty programme. The Group has a customer loyalty program for certain of its advertising customers whereby if the customers post advertising in the Group's media for certain amounts within a time period, they will be awarded with one coupon or one advertising space for free of charge. In the past, the Group did not recognise the fair value of the balance of unredeemed award credits but recognised its movement between the ends of each reporting period in profit or loss. However, HK(IFRIC) – INT 13 requires such transactions to be accounted for as "multiple element revenue transaction" and that consideration received in the initial sale transaction should be allocated between the sale of advertising space and the award credits earned by the customer in that sale transaction.

This change in accounting policy has been applied retrospectively. The impact of this change in accounting policy is that as at 1 January 2008 deferred revenue has been increased by approximately RMB23,527,000 and opening retained earnings have been decreased by approximately RMB23,527,000. There is no impact on profit or loss in 2009 and 2008. At 31 December 2009, revenue deferred in relation to the programme amounts to approximately RMB19,329,000.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised)	Related Party Disclosures[5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	HKFRS for First-time Adopters[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2009.
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate.
[3] Effective for annual periods beginning on or after 1 January 2010.
[4] Effective for annual periods beginning on or after 1 February 2010.
[5] Effective for annual periods beginning on or after 1 January 2011.
[6] Effective for annual periods beginning on or after 1 July 2010.
[7] Effective for annual periods beginning on or after 1 January 2013.

The application of HKFRS 3 (Revised) may affect the accounting for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary.

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specially, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. CHANGES OF ACCOUNTING ESTIMATES

Change of the residual value and the useful life of property, plant and equipment in the year

	Before 1/1/2009		After 1/1/2009	
	Useful life	**Residual value**	**Useful life**	**Residual value**
Buildings	20 years	3%	**20 years**	**0**
Office equipment	5-6 years	3-5%	**3-5 years**	**0**
Motor vehicles	5-6 years	3-5%	**5 years**	**0**

The Group changes its accounting estimates for depreciating property, plant and equipment because the directors of the Company consider that the expected useful lives of electronic equipments and motor vehicles should be reduced to 3 years and 5 years respectively as the development of new technology and increased utilisation. Also, the expected residual value of property, plant and equipment should be reduced to zero. This change has increased the depreciation charge for the year by approximately RMB1,858,000.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 statement of comprehensive income 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.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses, if any, and is presented as an intangible asset.

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. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. 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 profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in associates

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associates (which includes any long-term interests that, in substance, form part of the Group's net investments in associates), the Group discontinues recognising 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.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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.

Jointly controlled entities

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 statement of financial position 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 a 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 recognising 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.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from advertising contracts is generally recognised rateably over the period in which the advertisement is displayed. Sales of advertising spaces that result in award credits for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received or receivable is allocated between the advertising spaces sold and the award credits granted. The consideration allocated to the award credits is measured by reference to their fair value – the amount for which the award credits could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction – but is deferred and recognised as revenue when the award credits are redeemed and the Group's obligations have been fulfilled.

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.

Consultation service income is recognised when the services are provided.

Interest income from a financial asset (excluding financial assets at fair value through profit or loss ("FVTPL")) is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Property, plant and equipment

Property, plant and equipment including buildings 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 profit or loss in the period in which the item is derecognised.

Land use rights

Payment for obtaining land use rights 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 statement of comprehensive income over the period of the right using the straight-line method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. 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 asset) is included in profit or loss in the period in which the item is derecognised.

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 profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense 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.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases and amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, 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 the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that 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. Exchange difference arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Borrowing costs

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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.

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 statement of comprehensive income 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 end of the reporting period.

Deferred tax is recognised on temporary 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. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those 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.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Inventories

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

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position 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 four categories, including financial assets at FVTPL, loans and receivables, held-to-maturity financial assets and available-for-sale 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 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 to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are classified as financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

Loans and receivables

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

4. 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 and fixed maturity that the Group's management has positive intention and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity financial assets (being short-term investment funds) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity financial assets.

Available-for-sale financial assets are measured at fair value at the end of each reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of 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 the end of each reporting period (see accounting policy on impairment losses on financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. 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 affected.

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 observable changes in national or local economic conditions that correlate with default on receivables.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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 and other 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 or other receivable is considered uncollectible, 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 is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investment will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve. 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.

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.

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, dividends payable and bank loans are subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

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 to 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 other comprehensive income 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.

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

At the end of each reporting period, 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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. 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.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, 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 period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the entity's accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Ownership of the investment properties

Despite the Group has paid the full purchase consideration as detailed in Note 18, formal titles of certain of the Group's rights to the use of the investment properties were not yet granted from the relevant government authorities. In the opinion of the directors, the absence of formal title to these investment properties does not impair the value of the relevant assets to the Group.

Key sources of estimation uncertainty

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

Useful lives and residual value 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 and residual value involves management's estimation. The Group assesses annually the useful life and residual value 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.

Fair value of financial guarantee contract

The Group considers information from a variety of sources for the estimation of the fair value of financial guarantee contract. The principal assumptions for the Group's estimation of the fair value include those related to the probability of default by the specified counterparty extrapolated from the market-based credit information and the amount of loss given the default.

Fair value of investment properties

Investment properties are stated at fair value as estimated by the management. In determining the fair value, the management has based on recent market prices for similar properties in the same locations and conditions. Should there be any changes in market prices due to change of market conditions, the fair value of the investment property will be adjusted accordingly.

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

Key sources of estimation uncertainty *(Continued)*

Fair value of customer loyalty programme

The Group has a customer loyalty program for certain of its advertising customers whereby if the customers post advertising in the Group's media for certain amounts within a time period, they will be awarded with one coupon or one advertising space for free of charge. A portion of customers' revenue attributable to the award credits is deferred and recognised when the coupons or advertising spaces have been redeemed or have expired. The deferment of revenue is estimated based on historical trends of redemptions, which is then used to project the expected utilisation of these benefits. Any remaining unutilised benefits are recognised as deferred revenue.

Impairment of property, plant and equipment and prepayments for land use rights

Property, plant and equipment and prepayments for land use rights are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations, taking into account latest market information and past experience. These calculations and valuations require the use of judgements and estimates.

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.

Impairment of trade and other receivables

The Group performs ongoing credit evaluations of its customers and adjusts 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. During the year, the impairment losses recognised on trade receivables is RMB9,936,000 (2008: reversal of RMB12,784,000).

Impairment loss for inventories

The management of the Group reviews the aging of the inventories at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in printing nor saleable in the market. The management estimates the net realisable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product basis at the end of each reporting period and makes allowance for obsolete items. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. TURNOVER AND SEGMENT INFORMATION

Turnover represents the amounts received and receivables for sales of the advertising space and print-related materials, net of discounts allowed and sales related taxes where applicable and providing printing and distribution services.

Segments information

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. In contrast, the predecessor standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group's operating and reportable segments under HKFRS 8 are as follows:

Advertising:	Sales of the advertising spaces in the media or events operated by the Group, 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.

Information regarding the above segments is reported below. Amounts reported for the prior year have been restated to conform to the requirements of HKFRS 8.

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segments turnover and results

The following is an analysis of the Group's turnover and results by reportable segment.

For the year ended 31 December 2009

	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Distribution *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
TURNOVER						
External sales	**469,031**	**50,252**	**301,614**	**8,562**	**–**	**829,459**
Inter-segment sales	**–**	**177,545**	**–**	**–**	**(177,545)**	**–**
Total	**469,031**	**227,797**	**301,614**	**8,562**	**(177,545)**	**829,459**
Segment profit (loss)	**42,581**	**7,774**	**4,519**	**(16,958)**		**37,916**
Investment and other income						**41,166**
Unallocated corporate expenses						**(147)**
Finance costs						**(4,828)**
Share of loss of jointly controlled entities						**(23,258)**
Gain on disposal of a jointly controlled entities						**120,771**
Financial guarantee expense						**(16,611)**
Profit before tax						**155,009**

For the year ended 31 December 2008

	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Distribution *RMB'000*	Eliminations *RMB'000*	Total *RMB'000*
TURNOVER						
External sales	536,700	139,544	396,912	7,960	–	1,081,116
Inter-segment sales	–	238,222	–	–	(238,222)	–
Total	536,700	377,766	396,912	7,960	(238,222)	1,081,116
Segment profit (loss)	39,615	3,372	11,327	(23,831)	–	30,483
Investment and other income						46,339
Unallocated corporate expenses						(9,460)
Finance costs						(2,600)
Loss on disposal of a subsidiary						(129)
Share of loss of an associate						(341)
Share of loss of jointly controlled entities						(22,422)
Profit before tax						41,870

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segments turnover and results *(Continued)*

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 4. Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of investment and other income, unallocated corporate expenses, financial costs, share of loss of an associate, share of loss of jointly controlled entities, loss on disposal of a subsidiary, gain on disposal of a jointly controlled entity, financial guarantee expense and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

At 31 December 2009

	Advertising *RMB'000*	**Printing** *RMB'000*	**Trading of print-related materials** *RMB'000*	**Distribution** *RMB'000*	**Total** *RMB'000*
Segment assets	**252,503**	**70,830**	**166,516**	**20,268**	**510,117**
Unallocated corporate assets					**1,287,788**
Consolidated assets					**1,797,905**
Segment liabilities	**171,161**	**62,843**	**83,207**	**12,562**	**329,773**
Unallocated corporate liabilities					**83,341**
Consolidated liabilities					**413,114**

At 31 December 2008

	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Distribution *RMB'000*	Total *RMB'000*
Segment assets	133,848	49,093	212,371	34,590	429,902
Unallocated corporate assets					1,250,985
Consolidated assets					1,680,887
Segment liabilities	98,250	38,227	91,832	66,880	295,189
Unallocated corporate liabilities					106,884
Consolidated liabilities					402,073

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities *(Continued)*

At 1 January 2008

	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Distribution *RMB'000*	Total *RMB'000*
Segment assets	128,789	65,851	147,016	26,562	368,218
Unallocated corporate assets					1,242,688
Consolidated assets					1,610,906
Segment liabilities	189,707	105,866	–	9,282	304,855
Unallocated corporate liabilities					46,710
Consolidated liabilities					351,565

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than deferred tax assets, investment properties, available-for-sale financial assets, investment at FVTPL, held-to-maturity financial assets, interests in associates, interests in jointly controlled entities, restricted bank deposits, short-term bank deposits, bank balances and cash and unallocated corporate assets. Assets used jointly by reportable segments are allocated on the basis of turnover earned by individual reportable segments; and

- all liabilities are allocated to reportable segments other than bank loans, financial guarantee liability and income tax payable. Liabilities for which reportable segments are jointly liable are allocated on the basis of turnover earned by individual reportable segments.

Other segment information

For the year ended 31 December 2009

Amounts included in the measure of segment profit or loss or segment assets:

	Advertising ***RMB'000***	**Printing** ***RMB'000***	**Trading of print-related materials** ***RMB'000***	**Distribution** ***RMB'000***	**Total** ***RMB'000***
Additional to non-current assets *(Note)*	**9,221**	**125**	**165**	**379**	**9,890**
Depreciation	**3,412**	**448**	**594**	**941**	**5,395**
Amortisation charges	**2,055**	**70**	**93**	**59**	**2,277**
Loss on disposal of property, plant and equipment	**46**	**–**	**–**	**72**	**118**
Impairment losses on trade receivables	**9,828**	**–**	**108**	**–**	**9,936**
Reversal of write-down of inventories	**–**	**–**	**(1,078)**	**–**	**(1,078)**

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2009

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interests in associates	–	–	–	–	1,000	1,000
Share of loss of jointly controlled entities	(1,375)	–	–	–	(21,883)	(23,258)
Interest income	24,414	238	315	15	11,280	36,262
Finance costs	(687)	(688)	(912)	(2,541)	–	(4,828)
Income tax expense	–	(1,276)	(1,690)	–	(2,891)	(5,857)

For the year ended 31 December 2008

Amounts included in the measure of segment profit or loss or segment assets:

	Advertising	Printing	Trading of print-related materials	Distribution	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Additional to non-current assets *(Note)*	4,234	354	334	108	5,030
Depreciation	2,360	435	450	158	3,403
Amortisation charges	2,250	7	7	14	2,278
Loss on disposal of property, plant and equipment	103	–	–	–	103
Reversal of impairment losses on trade receivables	(9,459)	–	(3,109)	–	(12,568)
Reversal of impairment losses on other receivables	–	–	(216)	–	(216)
Write-down of inventories	–	–	4,297	–	4,297

6. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:

	Advertising	Printing	Trading of print-related materials	Distribution	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interests in jointly controlled entities	1,375	–	–	–	(98,123)	(96,748)
Share of loss of an associate	(341)	–	–	–	–	(341)
Share of loss of jointly controlled entities	(11,381)	–	–	–	(11,041)	(22,422)
Interest income	29,877	351	367	6	8,483	39,084
Finance costs	(541)	(916)	(966)	(177)	–	(2,600)
Income tax expense	–	(1,187)	(1,248)	–	(1,972)	(4,407)

Note: Non-current assets excluded financial instruments, deferred tax assets, interests in associates, interests in jointly controlled entities, trade receivables, other receivables, prepayments and deposits and restricted bank deposits.

All of the Group's revenue are generated from the PRC market and all of the Group's assets are located in the PRC and therefore the analysis of revenue and assets by geographical location is not presented.

The Group's customer base includes a wide range of different customers. The Group had no single customer amount to 10% or more of the Group's revenue and therefore no significant concentration of source of income from particular customer.

7. INVESTMENT INCOME

	Year ended 31/12/2009	Year ended 31/12/2008
	RMB'000	*RMB'000*
Interest on bank deposits	**35,787**	38,382
Imputed interest income on non-current trade and other receivables	**475**	702
Total interest income	**36,262**	39,084
Income from held-to-maturity financial assets	**374**	735
	36,636	39,819

7. INVESTMENT INCOME *(Continued)*

Investment income earned on financial assets, analysed by category of financial assets not designed as at fair value through profit or loss, is as follows:

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Loans and receivables (including bank balances and cash)	**36,262**	39,084
Held-to-maturity financial assets	**374**	735
	36,636	39,819

8. OTHER INCOME

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Rental income *(note)*	**4,150**	3,843
Consultation service income	**105**	1,383
Financial guarantee income	**127**	–
Others	**148**	1,294
	4,530	6,520

Note: Direct outgoing in respect of rental income earned during the year ended 31 December 2009 amounted to approximately RMB702,000 (2008: RMB439,000), which has been included in administrative expenses.

9. FINANCE COSTS

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Interest expense on bank loans wholly repayable within five years	**4,764**	2,600
Discount charges on bank acceptance notes	**64**	–
	4,828	2,600

10. INCOME TAX EXPENSE

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Current taxation – PRC Enterprise Income Tax ("EIT")	**5,551**	5,539
Under provision in prior years-PRC EIT	**64**	–
Deferred tax *(Note 23)*	**242**	(1,132)
	5,857	4,407

The Company is an enterprise mainly engaged in providing newspaper advertising services in the PRC. In accordance with the approval documents issued by the Beijing Local Tax Bureau, Chaoyang Branch, the Company is exempted from EIT until 31 December 2013.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The tax charge for the year can be reconciled to the profit per the consolidated statement of comprehensive income as follows:

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Profit before tax	**155,009**	41,870
Tax at the domestic income tax rate of 25% (2008: 25%)	**38,752**	10,468
Effect of EIT exemption granted to the Company	**(13,465)**	(14,682)
Tax effect of gain on disposal of a jointly controlled entity	**(30,193)**	–
Tax effect of share of loss of jointly controlled entities	**5,815**	5,605
Tax effect of expenses not deductible for tax purpose	**297**	207
Utilisation of tax losses previously not recognised	**(437)**	–
Under provision in prior years	**64**	–
Tax effect of deductible temporary differences not recognised	**2,928**	–
Tax effect of tax losses not recognised	**2,096**	4,994
Others	**–**	(2,185)
Income tax expense	**5,857**	4,407

The Group did not recognise deferred tax assets in respect of tax losses amounting to RMB66,023,000 (2008: RMB59,389,000) and deductible temporary differences amounting to RMB11,713,000 (2008: nil) due to uncertainty surrounding its realisation. The tax losses can be carried forward for five years from the year in which the respective loss arose.

11. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000*
Depreciation of property, plant and equipment	**5,395**	3,403
Amortisation charges (included in administrative expenses)	**2,277**	2,278
Total depreciation and amortisation	**7,672**	5,681
Auditors' remuneration	**1,680**	1,438
Net foreign exchange (gains) losses	**–**	8,147
Loss on disposal of property, plant and equipment	**118**	103
Operating leases rental in respect of buildings	**4,755**	2,915
Impairment losses recognised on financial assets		
– trade receivables	**9,936**	–
– available-for-sale financial assets	**136**	621
	10,072	621
(Reversal of write-down) write-down of inventories (included in cost of sales)	**(1,078)**	4,297
Employee benefit expenses *(Note 13)*	**52,409**	54,925
Cost of inventories charged to profit or loss	**484,427**	645,762

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration paid or payable to each of the 16 (2008: 16) directors and supervisors were as follows:

For the year ended 31 December 2009:

Name of director	Fees	Salary	Other benefits(i)	Employer's contribution to retirement benefit scheme	Total 31/12/2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ZHANG Yanping	–	519	31	26	576
ZHANG Yabin	–	469	31	26	526
SUN Wei	–	419	31	26	476
DU Min	–	369	31	26	426
HE Pingping	–	369	31	26	426
TSANG Hing Lun	100	–	–	–	100
WU Changqi	100	–	–	–	100
LIAO Li	100	–	–	–	100
LIU Han	20	–	–	–	20
XU Xun	20	–	–	–	20
LI Yigeng (iii)	–	–	–	–	–
	340	2,145	155	130	2,770

Name of supervisor	Fees	Salary	Other benefits(i)	Employer's contribution to retirement benefit scheme	Total 31/12/2009
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
HE Daguang	–	–	–	–	–
LIU Yanfeng	–	152	31	26	209
ZHOU Fumin	–	–	–	–	–
GAO Zhiyong	–	–	–	–	–
TIAN Kewu	–	–	–	–	–
	–	152	31	26	209
Total	340	2,297	186	156	2,979

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

For the year ended 31 December 2008:

Name of director	Fees	Salary	Other benefits(i)	Employer's contribution to retirement benefit scheme	Total 31/12/2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ZHANG Yanping	–	519	28	23	570
ZHANG Yabin	–	469	28	23	520
SUN Wei	–	419	28	23	470
DU Min	–	369	28	23	420
HE Pingping	–	369	28	23	420
TSANG Hing Lun	100	–	–	–	100
WU Changqi	100	–	–	–	100
LIAO Li	100	–	–	–	100
LIU Han	20	–	–	–	20
XU Xun	20	–	–	–	20
LI Wenqing (ii)	–	–	–	–	–
	340	2,145	140	115	2,740

Name of supervisor	Fees	Salary	Other benefits(i)	Employer's contribution to retirement benefit scheme	Total 31/12/2008
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
HE Daguang	–	–	–	–	–
LIU Yanfeng	–	136	28	23	187
ZHOU Fumin	–	–	–	–	–
GAO Zhiyong	–	–	–	–	–
TIAN Kewu	–	–	–	–	–
	–	136	28	23	187
Total	340	2,281	168	138	2,927

(i) Other benefits including medical insurance, unemployment insurance and housing fund.

(ii) Resigned on 29 October 2008.

(iii) Appointed on 15 June 2009.

12. DIRECTORS' AND SUPERVISORS' EMOLUMENTS *(Continued)*

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 2009 was approximately RMB368,000 (2008: RMB331,000), 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 BYDA.

No directors and supervisors waived or agreed to waive any emoluments for the two years ended 31 December 2009. 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 (INCLUDING DIRECTORS' EMOLUMENT)

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000*
Salaries and wages	**40,522**	41,004
Retirement benefit scheme – defined contribution plans (a)	**4,494**	5,154
Others	**7,393**	8,767
	52,409	54,925

(a) Retirement benefit scheme – defined contribution plans

All the full time employees of the Group are covered by a state-managed retirement benefit 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 2009 (2008: 20%) of the employees' basic salaries, which is subject to certain cap as stipulated by relevant local authority. Contributions to this retirement scheme are charged to the consolidated statement of comprehensive income as and when incurred. Under this scheme, the Group has no obligation for post-retirement benefit beyond the annual contributions.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, four (2008: three) were directors of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining one (2008: two) individual was as follows:

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000*
Basis salaries, housing allowance, other allowances and benefits in kind	**404**	1,478
Contributions to retirement benefit scheme	**26**	23
	430	1,501

13. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENT) *(Continued)*

(b) Five highest paid individuals *(Continued)*

Their emoluments were within the following bands:

	Number of individuals	
	Year ended 31/12/2009	Year ended 31/12/2008
NIL – Hong Kong dollars ("HKD") 1,000,000 (equivalent to RMB881,000)	**1**	1
HKD1,000,001 (equivalent to RMB881,000) – HKD1,500,000 (equivalent to RMB1,321,000)	**–**	1

For the two years ended 31 December 2009, no emoluments have been paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

14. DIVIDENDS

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000*
Dividends recognised as distribution during the year:		
2008 Final – RMB0.20 (2008: 2007 final dividend RMB0.07) per share	**39,462**	13,812

At the annual general meeting held on 15 June 2009, 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 2008. The amounts have been reflected as an appropriation of retained earnings for the year ended 31 December 2009.

The final dividend of RMB0.40 per share totaling RMB78,924,000 has been proposed by the directors and is subject to shareholders' approval in the forthcoming general meeting.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000*
Profit for the year attributable to the owners of the Company	**150,619**	40,309
Weighted average number of ordinary shares in issue (thousands)	**197,310**	197,310
Basic earnings per share (RMB per share)	**0.76**	0.20

Basic earnings per share and diluted earnings per share for the two years end 31 December 2009 are the same as there were no diluting events existed during both years.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At 1 January 2008	15,774	9,132	4,607	3,382	32,895
Additions	–	3,506	1,122	–	4,628
Disposal of a subsidiary	–	(44)	(279)	–	(323)
Disposals	–	(2,514)	(274)	–	(2,788)
At 31 December 2008	15,774	10,080	5,176	3,382	34,412
Additions	–	491	617	34	1,142
Disposals	–	(1,002)	(299)	–	(1,301)
At 31 December 2009	15,774	9,569	5,494	3,416	34,253
DEPRECIATION					
At 1 January 2008	4,678	7,172	2,443	1,135	15,428
Provided for the year	738	1,144	603	918	3,403
Disposal of a subsidiary	–	(14)	(79)	–	(93)
Eliminated on disposals	–	(2,430)	(12)	–	(2,442)
At 31 December 2008	5,416	5,872	2,955	2,053	16,296
Provided for the year	704	3,139	758	794	5,395
Eliminated on disposals	–	(960)	(99)	–	(1,059)
At 31 December 2009	6,120	8,051	3,614	2,847	20,632
CARRYING VALUES					
At 31 December 2009	9,654	1,518	1,880	569	13,621
At 31 December 2008	10,358	4,208	2,221	1,329	18,116
At 1 January 2008	11,096	1,960	2,164	2,247	17,467

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	3-5 years
Motor vehicles	5 years
Leasehold improvements	Over the lease period

17. PREPAYMENTS FOR LAND USE RIGHTS

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

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
In the PRC held on:			
Leases of between 10 to 50 years	**29,678**	30,567	31,455
Analysed for reporting purposes as:			
Current asset	**889**	889	888
Non-current asset	**28,789**	29,678	30,567
	29,678	30,567	31,455

18. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2009	–
Additions and at 31 December 2009	8,372

During the year, the Group entered into barter agreements with certain advertising customers and agreed with such customers to settle their debts due to the Group of approximately RMB8,372,000 in aggregate by the transfer of investment properties with fair value of approximately RMB8,372,000.

The Group's investment properties were located in the PRC under long lease. The fair value of the Group's investment properties at 31 December 2009 have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at by reference to recent market prices for similar properties in the same locations and conditions.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

As at 31 December 2009, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB7,748,000 In the opinion of the directors of the Company, the absence of formal title to these properties does not impair the value of the relevant properties to the Group. The directors of the Company also believe that formal title to these properties will be granted to the Group in due course.

19. INTANGIBLE ASSETS

	Goodwill	Operating right	Computer software	Trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At 1 January 2008	5,306	20,799	1,604	–	27,709
Additions	–	–	397	5	402
Disposal of a subsidiary	–	–	(4)	–	(4)
At 31 December 2008	5,306	20,799	1,997	5	28,107
Additions	–	–	376	–	376
At 31 December 2009	5,306	20,799	2,373	5	28,483
AMORTISATION					
At 1 January 2008	–	1,112	753	–	1,865
Charge for the year	–	779	610	1	1,390
Disposal of a subsidiary	–	–	(2)	–	(2)
At 31 December 2008	–	1,891	1,361	1	3,253
Charge for the year	–	895	491	2	1,388
At 31 December 2009	–	2,786	1,852	3	4,641
CARRYING VALUES					
At 31 December 2009	5,306	18,013	521	2	23,842
At 31 December 2008	5,306	18,908	636	4	24,854
At 1 January 2008	5,306	19,687	851	–	25,844

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

For the purpose of impairment testing, goodwill has been allocated to a cash generating unit, being the Company and a subsidiary of the Group whose assets and liabilities were acquired from BYDA in 2001 ("CGU").

During the year ended 31 December 2009, management of the Group determined that the CGU containing goodwill had not suffered any impairment. The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period and a discount rate of 8% (2008: 8%). In respect of budgeted sales, the management estimates an annual growth rate of 3% (2008: 3%) for the first three years and a zero (2008: zero) growth rate for years beyond the third year. Other key assumption for the value in use calculation relate to the estimation of cash inflows/outflows which included gross margin and operating costs, such estimation is based on the management's past performance and expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGU to fall below its carrying amount.

19. INTANGIBLE ASSETS *(Continued)*

(b) Operating rights represents the exclusive rights of selling advertising space in Hebei Youth Daily as well as its printing and distribution. They are acquired from HYDA by the Group's subsidiary, Hebei Heqing Media Corporation Limited ("Heqing Media") for a term of 30 years, so the operating rights are amortised on a straight-line basis over the terms of 30 years.

Under the acquisition agreement, Heqing Media should reserve in a total of 20 advertising spaces per annum for HYDA as part of consideration for acquiring the exclusive operating rights. HYDA and Heqing Media entered into a supplementary agreement that HYDA transferred such reserved advertising spaces back to Heqing Media at the consideration of RMB799,000 in 2007, which is amortised in accordance with the usage of the units of advertising spaces.

(c) Computer software are amortised on a straight-line basis over their estimated useful life with the range of 3 years.

(d) Trademarks are amortised on a straight-line basis over the estimated useful life of 2.5 years.

20. INTERESTS IN ASSOCIATES

	31/12/2009 ***RMB'000***	31/12/2008 *RMB'000*	1/1/2008 *RMB'000*
Unlisted in the PRC			
Cost of investment in associates	**1,281**	281	281
Share of post-acquisition profits (losses)	**(281)**	(281)	60
	1,000	–	341

The Group's associates are entities established and operated in the PRC. Details of the two associates as at 31 December 2009 are as follows:

Name of entity	**Form of business structure**	**Class of shares held**	**Proportion of registered capital held by the Group**	**Principal activity**
Beijing Leisure Trend Advertising Company ("Leisure Trends")	Limited liability company	Registered capital	49%	Provision of advertising services
Beijing Shengda Beiqing Automobile Service Company ("Beijing Shengda")	Limited liability company	Registered capital	20% *(Note)*	Inactive

Note: The Group is able to exercise significant influence over Beijing Shengda because it has the power to appoint one out of the three directors of that company under the provisions stated in the Articles of Association of that company.

20. INTERESTS IN ASSOCIATES *(Continued)*

The summarised unaudited financial information as extracted from management accounts of the associates is set out below:

	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Total assets	**6,742**	688
Total liabilities	**(3,059)**	(1,876)
Net assets (liabilities)	**3,683**	(1,188)
Group's share of net assets of associates	**1,000**	–

	Year ended	Year ended
	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Turnover	**10,672**	3,643
Loss for the year	**(129)**	(1,883)
Group's share of loss of associates for the year	**–**	(341)

The Group has discontinued recognition of its share of loss of Leisure Trends. The amounts of unrecognised share of Leisure Trends, extracted from its management accounts, both for the year and cumulatively, are as follows:

	Year ended	Year ended
	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Unrecognised share of loss of an associate for the year	**(63)**	(582)
Accumulated unrecognised share of loss of an associate	**(645)**	(582)

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investment, at cost	**12,750**	15,300	2,550
Share of post acquisition losses and other comprehensive income	**(12,750)**	(112,048)	(89,632)
	–	(96,748)	(87,082)

(a) As at 31 December 2009, the Group had interests in the following significant jointly controlled entity:

Name of company	**Form of business structure**	**Country of operation/ incorporation**	**Class of shares held**	**Effective interests held Directly**	**Effective interests held Indirectly**	**Principal activities**
Beiqing CeCi Advertising (Beijing) Limited ("Beiqing CeCi") *(Note)*	Incorporated	PRC	Contributed capital	51%	–	Provision of advertising services

Note:

During the year ended 31 December 2008, the Company established Beiqing CeCi with an independent foreign venturer. Beiqing CeCi is a Sino-foreign investment equity joint venture. The Company and the foreign venturer have joint control over the board of directors of Beiqing CeCi and such board is responsible for determining the financial and operating policies of Beiqing CeCi in the ordinary course of business. Therefore, Beiqing CeCi is accounted for as a jointly controlled entity using equity method of accounting.

(b) Disposal of a jointly controlled entity

On 15 October 2009, the Company and BYDA entered into an equity transfer agreement (the "Equity Transfer Agreement"), pursuant to which the Company has agreed to sell and BYDA has agreed to purchase the Company's 51% equity interest in Beijing China Open Promotion Company Limited ("COL"), a then jointly controlled entity accounted for using equity method of accounting, for cash consideration of RMB765,000 (the "Disposal"). The Disposal was approved by an extraordinary general meeting of the Company held on 18 December 2009. On 21 December 2009, the Disposal was completed and COL ceased to be a jointly controlled entity of the Company.

	RMB'000
Consideration	765
Carrying amount of interest in COL	(120,006)
Gain on disposal	120,771

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

(b) Disposal of a jointly controlled entity *(Continued)*

As at 31 December 2009, the Group has provided guarantees of RMB153,000,000 (2008: RMB173,000,000) to banks for the unsecured bank loans granted to COL. Pursuant to the Equity Transfer Agreement, BYDA has agreed to provide a counter-guarantee arrangement for the guarantees provided by the Company to COL upon the completion of the Disposal (more details are set out in Note 36).

(c) The summarised unaudited financial information as extracted from management accounts of the jointly controlled entities is as follows:

	Year ended 31/12/2009 *RMB'000*	Year ended 31/12/2008 *RMB'000*
Turnover	**82,908**	60,796
Loss for the year	**(54,806)**	(43,964)
Group's share of loss for the year	**(23,258)**	(22,422)

	31/12/2009 *RMB'000*	31/12/2008 *RMB'000*	1/1/2008 *RMB'000*
Total assets	**12,613**	346,106	372,200
Total liabilities	**(21,816)**	(535,803)	(542,949)
Net liabilities	**(9,203)**	(189,697)	(170,749)
Group's share of net liabilities	**–**	(96,748)	(87,082)

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

(d) The Group has discontinued recognition of its share of loss of Beiqing CeCi. The amounts of unrecognised share of loss of Beiqing CeCi, extracted from its management accounts, both for the year and cumulatively, are as follows:

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Unrecognised share of loss of a jointly controlled entity for the year	**(4,693)**	–
Accumulated unrecognised share of loss of a jointly controlled entity	**(4,693)**	–

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31/12/2009 ***RMB'000***	31/12/2008 *RMB'000*	1/1/2008 *RMB'000*
Unlisted equity security in the PRC, at cost	**2,069**	2,069	2,069
Less: Impairment loss	**(2,069)**	(1,933)	(1,312)
	–	136	757

The above unlisted investment represents investment in unlisted equity security issued by a private entity incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period 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. The directors of the Group conduct impairment review on the available-for-sale financial assets at the end of each reporting period with reference to the latest available financial information of the investee entity and the directors' expectation on the potential future income yield from the investment. Based on such review, impairment loss of approximately RMB136,000 and RMB621,000 have been recognised for the year ended 31 December 2009 and 31 December 2008 respectively.

23. DEFERRED TAX ASSETS

	Provision for impairment loss of assets *RMB'000*
At 1 January 2008	–
Credit to profit or loss	1,132
At 31 December 2008	1,132
Charge to profit or loss	(242)
At 31 December 2009	890

24. INVESTMENTS AT FVTPL

	31/12/2009 *RMB'000*	31/12/2008 *RMB'000*	1/1/2008 *RMB'000*
Unlisted investment at FVTPL, at fair value	**2,000**	–	–

25. HELD-TO-MATURITY FINANCIAL ASSETS

	31/12/2009 *RMB'000*	31/12/2008 *RMB'000*	1/1/2008 *RMB'000*
Unlisted guaranteed funds, at amortised cost	**10,000**	56,050	–

The major terms of the guaranteed funds are set out below:

31 December 2009

Amount	**Maturity date**	**Interest rates**
RMB5,000,000	**3 March 2010**	**2.10%**
RMB5,000,000	**25 January 2010**	**1.90%**

31 December 2008

Amount	Maturity date	Interest rates
RMB50,000,000	5 February 2009	2.99%
RMB5,000,000	6 February 2009	2.99%
RMB1,050,000	23 January 2009	1.47%

26. INVENTORIES

	31/12/2009 *RMB'000*	31/12/2008 *RMB'000*	1/1/2008 *RMB'000*
Raw materials	**69,580**	50,992	41,804

During current year, a significant part of raw materials which had been written down to net realisable value in prior years have been sold. As a result, a reversal of write-down of raw materials of approximately RMB1,078,000 (2008: Nil) has been recognised and included in cost of sales in the current year.

27. TRADE RECEIVABLES

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Due from ultimate holding company	**46,542**	96,285	67,742
– Due from other related parties	**56,254**	53,124	31,110
– Due from third parties	**164,108**	140,840	125,242
	266,904	290,249	224,094
Less: Impairment loss recognised	**(14,063)**	(6,281)	(18,849)
Trade receivables – net	**252,841**	283,968	205,245
For reporting purpose, analised as:			
Non-current assets	**3,564**	6,579	10,582
Current assets	**249,277**	277,389	194,663
	252,841	283,968	205,245

The following is an aged analysis of trade receivables, presented based on invoice date at the reporting date.

	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Within 3 months	**100,577**	133,350
4 months to 6 months	**52,482**	70,272
7 months to 12 months	**38,783**	57,567
1 year to 2 years	**66,101**	897
Over 2 years	**8,961**	28,163
	266,904	290,249

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). The Group's trade receivable at 31 December 2009 included balance of approximately RMB133,238,000 (2008: approximately RMB120,945,000) which were neither past due nor impaired. The Group does not hold any collateral over the trade receivables that are neither past due not impaired.

27. TRADE RECEIVABLES *(Continued)*

The Company entered into arrangements with certain of the advertising agents allowing them to settle their outstanding balances with fixed repayment schedules in the next 2 to 6 years. 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 and carry interest rates which ranges from 5.76% to 7.47% (2008: 5.76% to 7.47%) per annum.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB119,603,000 (2008: RMB163,023,000) which were past due as at the reporting date for which the Group has not provided for impairment loss.

Ageing of trade receivables which are past due but not impaired:

	31/12/2009 ***RMB'000***	31/12/2008 *RMB'000*
Within 3 months	**48,552**	72,091
4 months to 6 months	**13,126**	43,389
7 months to 12 months	**24,298**	35,976
1 year to 2 years	**33,514**	1,312
Over 2 years	**113**	10,255
	119,603	163,023

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Movement in the impairment loss on trade receivables:

	2009 ***RMB'000***	2008 *RMB'000*
1 January	**6,281**	18,849
Impairment loss recognised on receivables	**9,936**	–
Amount written off as uncollectible	**(2,154)**	–
Impairment loss reversed	**–**	(12,568)
31 December	**14,063**	6,281

Included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB13,499,000 (31 December 2008: RMB3,937,000). The Group does not hold any collateral over these balances.

28. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Other receivables, prepayments and deposits			
– Due from ultimate holding company	**–**	825	825
– Due from other related parties	**63,308**	4,006	5,871
– Due from third parties	**63,142**	21,128	40,136
	126,450	25,959	46,832
Interest receivable from bank deposits and guaranteed funds	**13,980**	16,112	21,800
Prepayments	**59,933**	1,804	14,181
Other receivables and deposits	**52,537**	8,043	10,851
	126,450	25,959	46,832
Less: Impairment loss for other receivables recognised	**(213)**	(213)	(429)
	126,237	25,746	46,403
For reporting purpose, analysis as:			
Non-current assets	**34,596**	247	–
Current assets	**91,641**	25,499	46,403
	126,237	25,746	46,403

Note:

Included in the non-current assets, other receivables of approximately RMB266,000 (2008: RMB247,000) were measured at amortised cost using the effective interest method and carry interest rate of 7.83% (2008: 7.83%) per annum.

Movement in the impairment loss on other receivables:

	2009	2008
	RMB'000	*RMB'000*
1 January	**213**	429
Impairment loss reversed	**–**	(216)
31 December	**213**	213

Included in the impairment loss of other receivables are individually impaired other receivables with an aggregate balance of RMB213,000 (31 December 2008: RMB213,000).

29. RESTRICTED BANK DEPOSITS

As at 31 December 2009 and 2008, restricted bank deposits represent deposits pledged to secure banking facilities and entrusted loans granted to the Group, Beiqing CeCi and COL. The pledged bank deposits will be released upon the settlement of relevant facilities and borrowings. The restricted bank deposits in respect of long-term entrusted loans are classified as non-current assets. All restricted deposits were denominated in RMB.

The restricted bank deposits carry fixed interest rates which ranges from 0.36% to 4.86% (2008: 0.36% to 6.723%) per annum.

30. SHORT-TERM BANK DEPOSITS

Short-term bank deposits represent fixed deposits with original maturities ranging from over three months to one year and carry fixed interest rates which ranges from 1.98% to 2.25% (2008: 2.25% to 4.14%) per annum.

As at 31 December 2009 and 2008, all short-term bank deposits were denominated in RMB.

31. BANK BALANCES AND CASH

The Group's bank balances were deposited with banks in the PRC and carry interest at market rates which ranges from 0.36% to 1.17% (2008: 0.36% to 1.98%) per annum.

As at 31 December 2009 and 2008, all bank balances and cash were denominated in RMB.

32. TRADE PAYABLES

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Due to the ultimate holding company	**8,904**	6,102	7,091
– Due to other related parties	**48,236**	66,080	43,743
– Due to third parties	**120,818**	74,752	68,953
	177,958	146,934	119,787

The balance of trade payables as at 31 December 2009 includes bills payables of approximately RMB39,790,000 (2008: RMB32,437,000).

32. TRADE PAYABLES *(Continued)*

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Within 3 months	**142,662**	124,429
4 months to 6 months	**13,193**	18,035
7 months to 12 months	**21,186**	3,853
1 year to 2 years	**597**	470
Over 2 years	**320**	147
	177,958	146,934

The average credit period for payment of purchases of goods is from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

33. OTHER PAYABLES AND ACCRUALS

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals			
– Due to the ultimate holding company	**–**	2,327	2,327
– Due to other related parties	**1,565**	2,574	6,311
– Due to third parties	**127,987**	116,554	148,098
	129,552	121,455	156,736

As at 31 December 2009, included in other payables and accruals is an amount of approximately RMB78,248,000 (2008: RMB78,374,000) denominated in HKD88,870,000 (2008: HKD88,870,000) 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.

34. DEFERRED REVENUE

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Arising from customer loyalty programme	**19,329**	24,587	25,126

The deferred revenue arises in respect of the Group's customer loyalty programme (more details are set out in Note 2).

35. BANK LOANS

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Bank loans – unsecured	**–**	50,000	6,500
Bank loans – secured	**65,000**	55,000	40,000
	65,000	105,000	46,500
Carrying amount repayable			
On demand or within one year	**–**	105,000	46,500
More than one year, but not exceeding two years	**65,000**	–	–
	65,000	105,000	46,500

As at 31 December 2008, the unsecured short-term bank loans bore fixed interest rates at the range of 6.318% to 8.217% per annum and were repayable within one year.

As at 31 December 2009, the secured bank loans were entrusted loans of RMB65,000,000 (2008: RMB55,000,000) granted by a bank to a subsidiary of the company which is secured by the same amount of restricted bank deposits of the Company. The entrusted loans were charged at fixed interest rate of 4.86% (2008: 6.318% to 6.723%).

36. FINANCIAL GUARANTEE LIABILITY

	RMB'000
FAIR VALUE	
At 1 January 2009	–
Additions and at 31 December 2009	16,611
AMORTISATION	
At 1 January 2009	–
Provided for the year	(127)
At 31 December 2009	(127)
CARRYING VALUES	
At 31 December 2009	16,484
At 31 December 2008	–

36. FINANCIAL GUARANTEE LIABILITY *(Continued)*

On 22 July 2009, the Company and COL entered into a guarantee agreement (the "Framework Guarantee Agreement") under which the Company would provide guarantees for term loans granted to COL by various banks to a maximum outstanding balance of RMB224,700,000, comprising a maximum principle amount of RMB209,100,000 and estimated accrued interest of RMB15,600,000. The Framework Guarantee Agreement commenced from 25 September 2009 when it was approved by the independent shareholders at the extraordinary general meeting, and will end on 30 September 2010.

As at 31 December 2009, the utilised amount of the unsecured loan facilities of COL was RMB153,000,000. Pursuant to the Equity Transfer Agreement, BYDA has agreed to provide a counter-guarantee arrangement for the guarantees provided by the Company to COL upon the completion of the Disposal on 21 December 2009. The fair value of the financial guarantee liability has been determined according to a valuation report issued by Jones Lang LaSalle Sallmanns Limited, a professional valuer not connected with the Group. On 21 December 2009, the Company recognised financial guarantee expense and the financial guarantee liability at fair value of approximately RMB16,611,000.

The financial guarantee liability had not been recognised before the completion of the Disposal as the Company has recognised its attributable share of the net liabilities of COL in its interests in jointly controlled entities as included in the Group's consolidated statement of financial position, which already included the amount of bank loans covered by the guarantee agreement.

37. SHARE CAPITAL

	31/12/2009 ***RMB'000***	31/12/2008 *RMB'000*	1/1/2008 *RMB'000*
Ordinary shares of RMB 1.00 each			
Registered, issued and fully paid:			
– Domestic shares	**142,409**	142,409	142,409
– H shares	**54,901**	54,901	54,901
	197,310	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.

38. 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 Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the bank loans disclosed in Note 35, bank balances and cash and equity attributable to owners of the Company, comprising issued share capital and reserves.

The management reviews the capital structure regularly by considering the cost of capital and the risks associated. 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.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Investment at FVTPL, at fair value	**2,000**	–	–
Available-for-sale financial assets	**–**	136	757
Loans and receivables (including cash and cash equivalents)	**1,568,998**	1,590,949	1,563,184
Held-to-maturity financial assets	**10,000**	56,050	–
Financial liabilities, at amortised cost	**341,301**	354,715	272,070
Financial guarantee liability	**16,484**	–	–

Financial risk management objectives and policies

The Group's major financial instruments include equity investments, held-to-maturity financial assets, trade receivables, other receivables and deposits, bank deposits, bank balance and cash, trade payables, other payables and accruals, dividend payables and bank loans. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. 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

The Group's functional currency is RMB which most of the transactions are denominated. However, certain other payables of the Group are denominated in foreign currencies.

The following table shows the Group's exposure at the end of the reporting period to currency risk arising from liabilities denominated in a currency other than the function currency of the entity to which they relate.

	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Liabilities – HKD	**78,248**	78,374

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Currency risk *(Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of RMB against Hong Kong Dollars while all other variables are held constant. 5% (2008: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates.

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Increase (decrease) in profit for the year		
– if RMB weakens against foreign currencies	**(3,912)**	(3,919)
– if RMB strengthens against foreign currencies	**3,912**	3,919

Interest rate risk

The Group exposed to fair value interest rate risk through the fixed interest-bearing bank deposits and bank loans (see Note 29, 30 and 35 for details respectively). 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.

The Group is also exposed to cash flow interest rate risk in relation to variable interest-bearing bank balances (see Note 31 for details) due to the fluctuation of the prevailing market interest rate. The management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of base rate published by People's Bank of China arising from the Group's RMB bank balances.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For variable-rate bank balances, the analysis is prepared assuming the financial assets outstanding at the end of the reporting period were outstanding for the whole year and the stipulated change taking place at the beginning of the financial year and held constant throughout the financial year. A 25 (2008: 25) base point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 (2008: 25) base point higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2009 would increase/decrease by RMB381,000 (2008: RMB298,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

In management's opinion, the sensitivity analysis is not necessarily of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk

As at 31 December 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 36.

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 end of each reporting period 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.

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

The Group is subject to concentration risk on geographical location as it operates in the PRC market only. However, The Group has no significant concentration of credit risk as the Group's credit exposure spreads over a wide range of different counterparties and customers.

The Group is subject to credit risk arising from its financial guarantee liability. To control the Group's exposure to such risk, the management review and assess the credit standing and business viability of its guarantee before entering into a guarantee contract and keep continuous monitoring and review of the guarantee's business performance and credit quality during the period of the guarantee contract. Based on expectations at the end of the reporting period, the management considers that no amount will be payable under the arrangement.

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 management monitors the utilisation of bank loans and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has 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 table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at end of the reporting period.

Liquidity Table

	Less than 1 year		1-5 years		Total undiscounted cash flows		Carrying amount	
	31/12/2009	31/12/2008	**31/12/2009**	31/12/2008	**31/12/2009**	31/12/2008	**31/12/2009**	31/12/2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**177,958**	146,934	**–**	–	**177,958**	146,934	**177,958**	146,934
Other payables and accruals	**95,409**	100,568	**–**	–	**95,409**	100,568	**95,409**	100,568
Dividends payables	**2,934**	2,213	**–**	–	**2,934**	2,213	**2,934**	2,213
Bank loans	**3,063**	112,528	**66,754**	–	**69,817**	112,528	**65,000**	105,000
Financial guarantee liability	**25,500**	–	**127,500**	–	**153,000**	–	**16,484**	–
	304,864	362,243	**194,254**	–	**499,118**	362,243	**357,785**	354,715

39. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Liquidity risk (Continued)

The amounts included above for financial guarantee liability are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the report period, the Group considers that it is more likely than not that go amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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 in 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 is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments;

- the fair value of financial guarantee contracts is determined by professional valuer using default valuation model where the values of the liabilities associated with the guarantees are estimated based upon an analysis of the guaranteed companies' ability to repay their debts and the potential financial loss for the guarantors, assuming future defaults happen in different time periods.

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

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

	31/12/2009
	Level 1
	RMB'000
Investments at FVTPL	2,000

40. DISPOSAL OF A SUBSIDIARY

Year ended 31 December 2008

The Group owned 35.35% effective interests in Shanghai Beiqing Printing Machinery Limited ("Shanghai Beiqing") whose parent company is BYD Logistics Company Limited ("BYD Logistics"). The Group entered into an agreement with the minority shareholders of Shanghai Beiqing (the "Agreement"). Pursuant to the Agreement, the minority shareholder obtained the control in the operations of Shanghai Beiqing at an aggregate consideration of RMB286,000. In order to rationalise the management of Shanghai Beiqing, the directors of Shanghai Beiqing appointed from BYD Logistics no longer participated in the operating and financial activities of Shanghai Beiqing with effect from 1 July 2008. Since then, the Group had no control over Shanghai Beiqing.

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

	RMB'000
Inventories	616
Trade receivables	973
Other receivables and prepayment	131
Cash and cash equivalent	589
Property, plant and equipment	230
Intangible assets	2
Trade payables	(1,258)
Other payables and accruals	(275)
Taxation payables	(121)
Minority interests	(472)
	415
Loss on disposal	(129)
Consideration	286
Satisfied by:	
Other receivables	286
An analysis of the net outflow of in respect of the disposal of subsidiary is as follows:	
Cash consideration	–
Cash and bank balances disposal of	(589)
	(589)

The consideration represented the receivable from the minority shareholder of Shanghai Beiqing discounted with 7.83%. It is included in other receivable and for reporting purpose the amount receivable after twelve months of approximately RMB247,000 were classified under non-current assets in the consolidated statement of financial position (Note 28).

The impact of the disposal of Shanghai Beiqing has no material effect on the Group's results and cash flows for the year ended 31 December 2008.

41. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into barter agreements with certain advertising customers and agreed with such customers to settle their debts due to the Group of approximately RMB8,372,000 in aggregate by the transfer of investment properties with fair value of approximately RMB8,372,000.

42. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancelable operating leases which fall due as follows:

	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Within one year	**5,936**	2,556
In the second to fifth years inclusive	**4,470**	1,133
	10,406	3,689

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	31/12/2009	31/12/2008
	RMB'000	*RMB'000*
Within one year	**7,512**	3,843
In the second to fifth years inclusive	**8,450**	–
Over five years	**555**	–
	16,517	3,843

The properties are expected to generate rental yields of 14.6% (2008: 14.2%) on an ongoing basis. The properties have committed tenants for the next 1 to 8 years.

43. RELATED PARTY TRANSACTIONS

The related parties of the Group that had transactions with the Group are as follows:

Name of related parties	Nature of relationship
BYDA	Ultimate Holding Company
Beijing Beiqing Advertising Limited	A subsidiary of BYDA
Beijing XiaoHongMao Corporation	A subsidiary of BYDA
Beijing Today Sunshine Advertising Co., Ltd	A subsidiary of BYDA
COL	A subsidiary of BYDA
Beijing Gehua Sunshine Advertising Co., Ltd	A jointly controlled entity of BYDA
Beiqing CeCi	A jointly controlled entity of the Company
Leisure Trend	An associate of the Company
Beijing Shengda	An associate of the Company
Joonng Ang m&b Limited	A venturer of Beiqing CeCi
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
HYDA	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-controlled entities"). In addition, the BYDA itself is a state-controlled 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-controlled 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 Group and their related parties during the year and balances arising from related party transactions at the end of the year.

43. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Related party balances

Included in the consolidated statement of financial position, the balances with related parties are as follows:

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
BYDA			
Trade receivables	**46,542**	96,285	67,742
Other receivables, prepayments and deposits	**–**	825	825
Trade payables	**8,904**	6,102	7,091
Other payables and accruals	**–**	2,327	2,327
Subsidiaries of BYDA			
Trade receivables	**11,167**	13,899	8,726
Trade payables	**8,328**	5,022	–
Other payables and accruals	**150**	–	2,999
Associate of the Company			
Trade receivables	**2,075**	244	–
Other payables and accruals	**50**	–	–
Minority Shareholders			
Trade receivables	**1,976**	1,631	3,075
Other receivables, prepayments and deposits	**–**	–	1,520
Trade payables	**499**	431	695
Other payables and accruals	**89**	75	39
Dividend payables	**2,438**	2,213	3,206
Other state-owned enterprises			
Trade receivables	**41,036**	37,350	19,309
Other receivables, prepayments and deposits	**63,308**	4,006	4,351
Trade payables	**39,409**	60,627	43,048
Other payables and accruals	**1,276**	2,499	3,273

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

43. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

	Notes	Year ended 31/12/2009 RMB'000	Year ended 31/12/2008 RMB'000
BYDA			
Exclusive advertising right expenses	*(i)*	**66,849**	79,820
Provision of advertising services		**–**	597
Provision of printing services		**26,640**	107,145
Rental income	*(ii)*	**3,843**	3,843
Rental expense	*(iii)*	**1,363**	1,363
Subsidiaries of BYDA			
Provision of advertising services		**21,267**	7,024
Payment of delivery and logistics services		**5,856**	7,873
Payment of agency fee		**3,343**	–
A joint controlled entity of BYDA			
Provision of advertising services		**–**	540
Associates of the Company			
Provision of advertising services		**7,039**	959
Minority Shareholders			
Sales of print-related materials		**31,880**	38,433
Payment of printing services		**–**	7,365
Purchase of print-related materials		**4,404**	–
Other state-owned enterprises			
Provision of advertising services		**17,141**	31,739
Provision of printing services		**19,317**	26,279
Sales of print-related materials		**76,089**	90,683
Provision of distribution services		**715**	792
Payment of advertising services		**8,340**	–
Payment of printing services		**101,201**	160,527
Purchase of inventory		**153,628**	274,656

Notes:

(i) Pursuant to the advertising space operating rights and options subscription agreement entered into between the Company and BYDA on 7 December 2004, the Company would pay 16.5% of the advertising revenue to BYDA for the period from 1 October 2004 to 30 September 2033.

(ii) The Company rented certain offices situated in the Beijing Youth Daily Agency Building to BYDA from 10 August 2006 to 31 December 2009 with annual rental fee of approximately RMB3,843,000.

(iii) The Company rented certain offices situated in the Beijing Youth Daily Agency Building from BYDA from 10 August 2006 to 31 December 2009 with annual rental fee of approximately RMB1,363,000.

43. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions *(Continued)*

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, loans 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) Financial guarantees and security

During the year, the Company provided financial guarantee of RMB209,100,000 (2008: RMB209,100,000) to banks for securing the loan facilities of COL. During the year, the maximum amount utilised was RMB209,100,000 (2008: RMB193,000,000). As at 31 December 2009, the utilised amount of the unsecured loan facilities was RMB153,000,000 (2008: RMB173,000,000). As at 31 December 2009, the financial guarantee liability is approximately RMB16,484,000 (2008: nil) (Details are set out in Note 36).

During the year, the Company pledged its bank deposits of RMB66,400,000 and RMB20,000,000 as securities over the loan facilities granted to COL and Beiqing CeCi by various banks respectively. As at 31 December 2009, the utilised amount of the loan facilities was RMB56,100,000 (2008: nil) and RMB20,000,000 (2008: nil) respectively.

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

On 29 November 2007, Today Sunshine Advertising Limited ("Today Sunshine"), the advertising agent and the Company entered into the debt settlement agreement under which Today Sunshine agreed to settle the amount of approximately RMB3,726,000 owed by the advertising agent to the Company as at that day. The amount was to be paid to the Company in 24 instalments from December 2007 to November 2009. In consideration of such payment, Today Sunshine 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 personnel compensation

	Year ended 31/12/2009 ***RMB'000***	Year ended 31/12/2008 *RMB'000*
Salaries and other short-term employee benefits	**4,486**	5,158

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

44. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2009	31/12/2008	1/1/2008
	RMB'000	*RMB'000*	*RMB'000*
		Restated	Restated
Non-current assets			
Property, plant and equipment	**12,566**	15,081	13,498
Prepayments for land use rights	**28,789**	29,678	30,567
Investment properties	**6,247**	–	–
Intangible assets	**5,443**	5,622	5,828
Interests in subsidiaries	**459,150**	459,150	59,150
Interests in jointly controlled entities	**12,750**	15,300	2,550
Interests in associates	**3,550**	2,550	2,193
Trade receivables	**3,564**	6,579	10,582
Other receivables, prepayments and deposits	**34,330**	–	–
Restricted bank deposits	**85,000**	–	–
	651,389	533,960	124,368
Current assets			
Prepayments for land use rights	**889**	889	888
Inventories	**2,344**	1,857	–
Trade receivables	**55,430**	38,499	44,133
Other receivables, prepayments and deposits	**133,577**	80,914	51,059
Restricted bank deposits	**66,400**	55,000	333,053
Short-term bank deposits	**530,862**	692,516	820,893
Bank balances and cash	**116,169**	114,007	119,847
	905,671	983,682	1,369,873
Current liabilities			
Trade payables	**17,232**	11,123	7,224
Other payables and accruals	**115,187**	109,501	142,872
Deferred revenue	**19,329**	24,587	25,126
Financial guarantee liability	**16,484**	–	–
	168,232	145,211	175,222
Net Current Assets	**737,439**	838,471	1,194,651
Total Assets less Current Liabilities	**1,388,828**	1,372,431	1,319,019
Capital and reserves			
Share capital	**197,310**	197,310	197,310
Reserves *(Note)*	**1,191,518**	1,175,121	1,121,709
Total equity	**1,388,828**	1,372,431	1,319,019

44. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note, The reverses movement of the Company

	Note	**Share capital** *RMB'000*	**Capital reserve** *RMB'000*	**Statutory surplus reserve fund** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*
At 1 January 2008 as originally stated		197,310	896,097	130,931	118,208	1,342,546
Effect of change in accounting policy for customer loyalty programmes	*2*	–	–	–	(23,527)	(23,527)
At 1 January 2008 as restated		197,310	896,097	130,931	94,681	1,319,019
Total comprehensive income for the year		–	–	–	67,224	67,224
Payment of dividends	*14*	–	–	–	(13,812)	(13,812)
At 31 December 2008 (as restated)		197,310	896,097	130,931	148,093	1,372,431
Total comprehensive income for the year		–	–	–	55,859	55,859
Payment of dividends	*14*	–	–	–	(39,462)	(39,462)
At 31 December 2009		197,310	896,097	130,931	164,490	1,388,828

45. SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2009:

Company	Country of operation/ establishment	Class of share held	Paid up registered capital *RMB'000*	Effective proportion of interest directly held by the Company *%*	Principal activities
BYD Logistics	the PRC	Contributed capital	30,000	50.5	Warehousing logistics, printing and sales of print-related materials
Heqing Media	the PRC	Contributed capital	30,000	60	Providing newspaper advertising services, printing and distribution businesses
Beijing Beiqing Top Advertising Limited	the PRC	Contributed capital	30,000	86.67	Design, production, agency and distribution of advertisement
Legal Evening Media Limited	the PRC	Contributed capital	400,000	100	No active business

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

46. COMPARATIVE FIGURES

As a result of the application of HKAS 1 (revised 2007), Presentation of financial statements, and HK(IFRIC) – INT 13, Customer loyalty programmes, certain comparative figures have been adjusted to conform to the current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009.

In addition, reclassification of comparative figures have been made in respect of investment income to be presented separately from other income, the current portion of prepayments for land use rights from non-current assets to current assets and income tax payables to be presented separately from other types of taxes payable (which is included in other payables and accruals) to conform with the current year's presentation for better presentation.