BEIJING 北青传媒 MEDIA

HK Stock Code: 1000

2010 ANNUAL REPORT

Beijing Media Corporation Limited

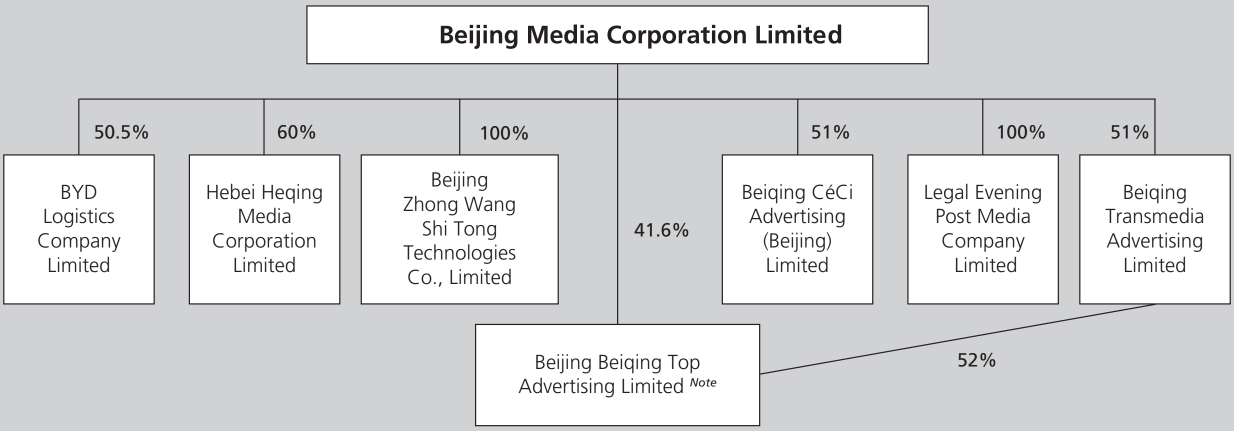
A joint stock company incorporated
in the People's Republic of China with limited liability

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 and trading of print-related materials. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 22 December 2004.

CORPORATE STRUCTURE



Note: Upon the injection of additional capital solely made by BQTM to Beiqing Top, the relevant procedures of change in registration with Beijing Administration for Industry and Commerce were completed on 31 December 2010. Upon the completion in capital increase, Beiqing Top was owned as to 41.6%,52% and 6.4%, respectively by the Company, BQTM and Trans-media.

COMPANY WEBSITE:

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2010): 197,310,000
- Market Capitalisation (as at 31 December 2010): HK$1,203.59 million
- Financial Year End: 31 December
- Bloomberg's Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

EXECUTIVE DIRECTORS[1]

Zhang Yanping *(Chairman)*
Zhang Yabin *(Vice Chairman)*
Sun Wei *(President)*

NON-EXECUTIVE DIRECTORS[2]

Liu Han
Xu Xun
Li Yigeng
Li Shiheng
Wu Peihua

INDEPENDENT NON-EXECUTIVE DIRECTORS

Tsang Hing Lun
Wu Changqi
Liao Li

COMPANY SECRETARY

Yu Leung Fai[3]

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

Sun Wei
Zhang Yanping[4]

ALTERNATIVE AUTHORISED REPRESENTATIVES[5]

Yu Leung Fai
Shang Da

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG[6]

7/F, Hong Kong Trade Center,
161-167 Des Voeux Road Central, Hong Kong

LEGAL ADVISER

(as for Hong Kong Law)
DLA Piper Hong Kong
17/F, Edinburgh Tower,
15 Queen's Road, Central,
Hong Kong

INTERNATIONAL AUDITORS

SHINEWING (HK) CPA Limited
43/F, Lee Gardens,
33 Hysan Avenue
Causeway Bay
Hong Kong

DOMESTIC AUDITORS

ShineWing Certified Public Accountants Co., Ltd.
9/F, Block A, Fu Hua Mansion,
No. 8 Chaoyangmen Beidajie,
Dongcheng District,
Beijing, the PRC

HONG KONG SHARE REGISTRAR

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

Notes

1. Mr. He Pingping and Mr. Du Min ceased to be executive Directors of the Company with effect from 7 June 2010, please refer to the announcement of the Company dated 9 April 2010 for details.

2. Mr. Li Shiheng and Ms. Wu Peihua were appointed as non-executive Directors of the Company with effect from 7 June 2010, please refer to the announcement of the Company dated 9 April 2010 for details.

3. Mr. Yu Leung Fai was appointed as company secretary of the Company to replace Mr. Edmund Sit with effect from 15 March 2010, please refer to the announcement of the Company dated 15 March 2010 for details.

4. Mr. Zhang Yanping was appointed as the authorized representative of the Company to replace Mr. Du Min with effect from 7 June 2010, please refer to the announcement of the Company dated 10 June 2010 for details.

5. Mr. Yu Leung Fai was also appointed as the alternative authorized representative of the Company to replace Mr. Edmund Sit with effect from 15 March 2010, please refer to the announcement of the Company dated 15 March 2010 for details. Mr. Shang Da was appointed as the alternative authorized representative of the Company to replace Mr. Tsang Hing Lun with effect from 7 June 2010, please refer to the announcement of the Company dated 10 June 2010 for details.

6. 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.

DEAR SHAREHOLDERS,

On behalf of the Group, I am pleased to present the report on results of the Group for the year 2010.

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

With a commitment to innovations, our management team employed a variety of marketing tactics based on customer-focused concept and enhanced service consciousness, while strengthening fundamental operations to address the challenges proactively in 2010. As such, the Group maintained its cutting edge in the industry and cemented its leading market share of advertising business for Beijing's metropolitan newspapers. Despite the unfavourable environment due to the strengthened Chinese government's macro control on domestic real estate market in 2010, the Company still captured a wealth of opportunities by capitalising on its dominance as a mainstream media. According to the ranking published by the Newspaper and Periodical Sub-Committee under the China Association of Advertising (中國廣告協會報刊分會) with respect to value for placement of advertisement in newspapers and periodicals of the PRC 2009-2010, Beijing Youth Daily ranked No.7 amongst the top 30 metropolitan newspapers in the PRC and No.1 in Beijing, and was also rated as the best valuable media for placement of real estate advertisements in Beijing. Beijing Youth Daily became the only metropolitan newspaper in Beijing that ranked within the top 10 nationwide for three consecutive years.

In 2010, certain subsidiaries of the Company developed on the right track with better performance, a number of which recorded satisfactory growths both in operating revenue and profit. During the reporting period, by integrating the LED business at Terminal 3 of Beijing Capital Airport with the business of the Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》), the Company established BQTM, an operating entity engaging in brand new aviation media segment, based on which the Group will forge ahead with LED simulcast network at airports across the country, aviation print media and aviation outdoor media businesses.

Turnover of the Group for 2010 was RMB759,473,000 (2009: RMB829,459,000), representing a decrease of 8.44% as compared with 2009. Profit attributable to owners of the Company for 2010 was RMB101,644,000 (2009: RMB150,619,000), representing a decrease of 32.52% as compared with 2009. Earnings per share for 2010 was RMB0.52 (2009: RMB0.76). The Board of the Company proposed to distribute a final dividend of RMB0.50 per share (2009: RMB0.40 per share) to the Shareholders.

On marketing and promotion front, the Company once again held a successful large-scale promotion exhibition during the session of 2010 Shanghai Expo following its first advertising promotion exhibition in Shanghai in 2009, which demonstrated the influence and resources of the Group and laid a solid ground for promotion in the industry for the year of 2011.

Leveraging on the dominant media platform of Beijing Youth Daily which enjoys a broad readership base, generous support from 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 Group will continue to focus on its current advertising business as its core operations, whilst considering selective acquisitions and cooperation to diversify its media business, and to sustain as well as utilise the ongoing relationship between the Group and BYDA, in order to further develop the Group into a leading media group with cross-media platform in the PRC.

The performance of the Group in 2010 was the result of the concerted efforts and contributions of the management team and staff of each of the business units. The acute perception of market opportunities and excellent quality of our management and staff are key reasons for our success. On behalf of our 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

18 March 2011
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 customers, including commercial printers.

Total turnover of the Group for 2010 was RMB759,473,000 (2009: RMB829,459,000), representing a decrease of 8.44% as compared with 2009. Profit attributable to owners of the Company for 2010 was RMB101,644,000 (2009: RMB150,619,000), representing a decrease of 32.52% as compared with 2009.

In 2010, the Company's revenue from advertising sales was affected due to the strengthened Chinese government's macro control on domestic real estate market. With a commitment to innovations, our management team employed a variety of marketing tactics, incorporated new techniques and initiatives into market promotion to seek a new business model, and thus maintained the leading position in the advertising market of Beijing's metropolitan newspapers in the year. As a dominating mainstream media in Beijing, the Company still captured a wealth of opportunities in the unfavourable environment and maintained stable market share in terms of revenue from advertising sales, the source of the Company's principal operations, in print media sector in Beijing. Meanwhile, the results of the Company's subsidiaries achieved significant growths and grabbed a spotlight in the Group's development. Revenue of the Group from advertising sales for 2010 was RMB472,566,000 (2009: RMB469,031,000), representing an increase of 0.75% as compared with 2009.

In 2010, Heqing Media, a subsidiary of the Company, had made great strides in operating status and profitability, and witnessed a leap in business results, which was driven by the ever-increasing brand influence and significant improvement in content and media competitiveness of Hebei Youth Daily operated by Heiqing Media. With a turnaround in 2010, its revenue from advertising sales recorded a growth of 48.90% as compared with 2009, and the profit for the year reached nearly RMB5 million.

BUSINESS REVIEW *(Continued)*

Under its tactics of attracting subscriptions through organising social events, Hebei Youth Daily staged a series of activities including "Reader's Skiing Festival" (讀者滑雪節), "Reader's Fairly Tale Festival" (讀者童話節), "Happy Planting Festival" (開心植樹節) and "Heqing Happy Farm" (河青開心農場), it has led to an advantageous regional coverage in the urban area of capital of Hebei province and a full-scale coverage of high-quality readership. Subscription channel was also broadened and reader base was optimised. In 2010, Hebei Youth Daily established its unique subscription advantage, ranking absolute No.1 in terms of retail volume in urban area of capital of Hebei province for three consecutive years. It has built up an apparent exclusive strength compared with other local mainstream newspapers, with the percentage of exclusive readership exceeding 60% and the percentage of the loyalty of readers at 89.7%. As a result, Hebei Youth Daily boasted a more cost efficient media platform with high value, a more creative advertisement team with strong promotion ability and a full spectrum of advertisement products. In particular, Heqing Group Sales (河青團購) has become a shining brand name in capital of Hebei province and a classic role model for Shijiazhuang city media sector to cooperate with merchants on market promotion.

In 2010, Heqing Media and Hebei Publishing Group (河北出版集團) entered into a strategic agreement, pursuant to which the parties agreed to pool their advantageous resources to explore on market opportunities in Hebei. The entering into the agreement is expected to further strengthen the leading marketing position of Heqing Media in Hebei province.

Beiqing CéCi, a subsidiary of the Company, focused on providing advertising agency service for CéCi (《CéCi姐妹科學》) magazine, a premium women's magazine for fashion mavens. In 2010, CéCi magazine generated considerable growth in the results of its advertising sales as compared with 2009. As a new fashion icon in Asia, CéCi magazine has been striving to promote the creative Asian cultural development. In July 2010, in order to better promote the Chinese ceramic culture, CéCi magazine integrated various resources and successfully introduced the "Chinese Ceramic T-shirt" (中國陶瓷T恤) series. To fulfill the objective of "Shaping Ceramic Arts into Chic Culture" (將陶瓷藝術時尚化), CéCi spared effort to establish effective promotion platforms during the session of Shanghai Expo, aiming to convey the richness of Chinese culture through ceramic arts to the world. Through series of marketing activities, CéCi magazine managed to establish a marvelous brand image.

In 2010, the Group further consolidated its internal resources, expanded investment channels and diversified investment portfolio. In particular, the Group established BQTM, an operating entity primarily engaging in brand new aviation media segment, and ZWST, a wholly-owned subsidiary primarily engaging in the operation of cybercafes chain nationwide, as well as participated in the restructuring of Keyin Media and invested in Suzhou Huaying Culture Industry Investment Enterprise (蘇州華映文化產業投資企業).

BUSINESS REVIEW *(Continued)*

In 2010, by consolidating the LED business at Terminal 3 of Beijing Capital Airport and the business of the Civil Aviation Administration of China News (Inflight Edition) (《中國民航報TOP時空》), the Group established BQTM, an operating entity engaging in brand new aviation media segment. The Group will forge ahead with LED simulcast network at airports across the country, aviation print media and aviation outdoor media businesses through BQTM. Through which, our Group will become a leading cross-media aviation media group in the PRC.

As a strategic investor, Beijing Media participated in the restructuring of Keyin Media, a subsidiary of China Printing Group (中國印刷集團). Keyin Media is principally engaged in the business of printing professional journals and books, as well as internet, E-commerce of printing materials. The investment in Keyin Media will enable the Group to expand its industrial chain to printing media, printing industry exhibitions, E-commerce of printing materials and character database based on the existing business of BYD Logistics, thereby strengthening the print-related segments of the Group.

In light of the policies of the Chinese government on supporting and encouraging the chain operation, expansion, professionalizing and branding of cybercafes, and in response to the trend and policies to support and guide individual cybercafes into chain operations, Beijing Media established a wholly-owned subsidiary, ZWST, to perform national chain operation of cybercafes in the PRC through merger and acquisition nationwide.

In addition, in 2010, Beijing Media successfully invested in Suzhou Huaying Culture Industry Investment Enterprise (蘇州華映文化產業投資企業). The entity was jointly established by Suzhou High-Tech Venture Capital Group (蘇州高新創業投資集團) and Meridian Capital (SG) Ltd. with an expected total investment amount of RMB800 million, focusing on investment in media, film and television, culture and internet.

All of the investment initiatives above enabled the Group to diversify investment portfolio and set up extensive media platforms with comprehensive audience group, covering newspapers, magazines, internet and aviation broadcast. Meanwhile, the Group managed to provide all-round sophisticated media marketing platforms for advertisers to place advertisements, which enabled advertisers to maximize return by selecting diversified cross-channel, cross-media and cross-region advertising portfolios.

INDUSTRY REVIEW

In 2010, Beijing Media maintained its leading position in the industry with competitive advantages in key advertising sectors such as real estate, automobile, etc.. The Group further strengthened its cooperation with companies in real estate and automobile sectors through adoption of new technologies and new measures in advertising and marketing to proactively seek a new business model, enhancement of the placement of advertisements in relevant sectors through brand promotional campaigns and organization of seminars and exhibitions. By adopting these new technologies and initiatives in turn reinforced absolute competitive strength in the brand of Beijing Media in key advertising placement sectors such as automobile and real estate.

Through strengthened management of the fashion magazine Sunshine (《尚色》), the Group expanded its competitive advantages into high-end luxury products sector. In addition, other businesses of the Group also gained sound momentum in development and external printing business maintained attractive growth as well.

In 2011, the Group will continue to put emphasis on its core business, namely newspaper advertising sales, and to make efforts to develop multi-media business, consolidate the Group's resources and optimize corporate structure, with an aim to place a sound foundation for future operations.

ADVERTISING BUSINESS

Turnover from advertising sales of the Group for 2010 was RMB472,566,000, accounting for 62.22% of the total turnover (2009: RMB469,031,000, accounting for 56.55% of the total turnover), and representing an increase of 0.75% as compared with 2009.

ADVERTISING BUSINESS *(Continued)*

The Group attached great importance to innovation and took the initiative to explore new models of advertising operations. Brand promotional campaigns effectively boosted the placement of advertisement in relevant sectors and enabled the Group to tap into a new sector, namely the exhibition industry. The Group organized automobile exhibitions and real estate seminars and exhibitions, which reinforced the absolute competitive advantages of the brand of Beijing Media in key advertising placement sectors such as automobiles and real estate in 2010 and thus brought the surge in turnover arising from placement of advertisements in automobile industry.

Moreover, the Group proactively capitalized on new technologies and new measures in advertising and marketing. Leveraging on widely applied 3D technology, Beijing Youth Daily introduced the first special edition featuring real estate exhibition in Beijing in September 2010 with vivid three-dimensional effects. The edition was well reputated by the customers and recorded significant revenue from advertising sales. This practice boosted the placement of advertisements and further cemented the market share.

In terms of marketing tactics, the Group further emphasized the importance of delivering customer-oriented services, proactively developed new customers and cultivated new selling points for its business. Instead of merely offering lower price to win customers yet at the expense of affecting the overall advertisement pricing system, the Group prepared tailor-made marketing plans for customers with no advertisement placed, set up an integrated communication platform for marketing and utilized the Group's various resources for customer services in a bid to make the best use of the Group's resources and explore additional sources of revenue, The Group attached more importance to the process management and team building in the internal management of advertisement operation. The Group also created a standardized working environment, improved operating efficiency and thus prevented and mitigated potential loopholes and risks. On top of the traditional communication method by personal visits and telephone calls, the Group launched a customer relations SMS platform to cater for market needs, providing customer service staff from the advertising department with alternative approach in offering services to advertisers.

PRINTING BUSINESS AND TRADING OF PRINT-RELATED MATERIALS

The Group engaged in printing business and trading of print-related materials through its subsidiary BYD Logistics. In 2010, turnover from printing business and trading of print-related materials of the Group was RMB56,080,000 and RMB219,337,000, respectively, representing an increase of 11.60% and a decrease of 27.28% as compared with 2009 (2009: RMB50,252,000 and RMB301,614,000, respectively).

On 11 December 2010, BYD Logistics established Beijing Youth Daily Digital Printing Centre (北京青年報數碼印刷中心), which made BYD Logistics become the first printing house producing photograph and digital prints in Beijing. The establishment aimed to build a one-stop industrial chain covering commercial photograph, placement prior to the output of graphic design, digital printing output and on-site finished products binding. This will further facilitate the development of the Group's printing business.

EVENTS ORGANIZED DURING THE YEAR

In 2010, the Company hosted again the 2010 Beijing Automobile Show, co-organized by Beijing Four Seasons Real Estate Trade Fair, participated in Beijing International Automotive Exhibition as the exclusive designated strategic newspaper partner and held Public Rating Activity on the Best Racing Car (賽道風雲評選) in the automobile industry.

With "Create Happy Auto Life, Welcome Greener Auto Society" (創造快樂汽車生活、迎接綠色汽車社會) as its theme, the 2010 Beijing Automobile Exhibition was held at National Conference Centre of Olympic Park from 12 to 15 August 2010. The four-day exhibition called up over 30 major first-tier brands with over 150 major models in the automobile market and attracted over 100,000 visitors. 2,014 cars were sold in total during the exhibition. This exhibition occupied larger areas with more brands participating as compared with previous ones. A number of brands chose to show their products in more spacious areas. Nissan March, Hyundai Verna and Mitsubishi ASX targeted this show as their debut of distribution in Beijing. Beijing Automobile Exhibition is well positioned itself as a platform for auto makers to launch new models in Beijing. The increasing number of new cars and stricter participation standards enabled Beijing Automobile Exhibition which our Group is devoted to step forward to a higher level, namely Grade B auto exhibition. It also organized a series of humanistic and public charity events similar to those held during the previous exhibitions. The 2010 Beijing Automobile Model Contest was sponsored by the Shanghai auto brand Roewe. Other activities also gained wide recognition and support from participants. The 2010 Beijing Automobile Exhibition has become a platform for car manufacturers, distributors and the general public in Beijing to interact and exchange information and ideas.

EVENTS ORGANIZED DURING THE YEAR *(Continued)*

Since August 2010, Beijing Media has planned and organized the "Charm of the Suburban Beijing– the Best Holiday Residence for Readers" (魅力京郊榜－讀者最滿意的假日棲居地) contest. Activities covered substantially all aspects of leisure trips, such as resorts, rural trips, hot spa, fruit picking, skiing and golf. Hundreds of tourist attractions and projects in suburban of Beijing participated in the contest, providing the public with a channel to know more about the rich tourist resources in suburban of Beijing and boosting the placement of tourist advertisements.

On 5 June 2010, the World Environment Day, Beijing Media organized "Greener World, Greener Life" (綠行天下　綠動生活) healthy walk activity, conveying the concept of low carbon and environmental friendly lifestyle to the community and raising the public's awareness of environment protection and healthcare. In addition, the Company also assisted New Balance in holding "New Balance 6 Km Race City Series" (新百倫愛跑6公里城市系列賽) – Beijing Stop in the Olympics Forest Park. These social events with public hot issues generated desirable advertising revenue and gained good publicity.

PROSPECTS AND FUTURE PLANS

In 2011, Sunshine, the fashion magazine invested and operated by the Group, will forge its alliance with Beijing Women Union by launching a brand new magazine, SUNSHINE Career Women. As a career fashion magazine focusing on the needs and life quality of the office ladies, SUNSHINE Career Women will further center on its targeted readers to provide a wealth of fabulous articles featuring skincare, arts and entertainment, social care, healthy emotions for female readers, becoming a companion full of wisdom and energy for office ladies to live a fabulous life. The big layout version of SUNSHINE Career Women and CéCi magazine, being core periodicals of our fashion magazine business, will strengthen the position of the Group in the luxury products industries, such as beauty and jewelry.

Meanwhile, the Group will expand and strengthen its aviation media business, printing media and related chain business based on the existing business operating by its members. Focusing on transformation of print media into digital media as well as the realization of cross-media placement of advertisement in advantageous sectors, the Group will take the initiative to seek breakthroughs in the fields of internet, mobile phone and electronic readers, and share the opportunities arising from the rapid development of new media markets. The Group will further expand professional media businesses on the basis of high-end education and tourism sectors, etc..

With the great support from the Beijing Municipal Government and the concerted efforts of the staff, the Group will establish an extensive media platform through the above-mentioned development plans and position itself as a leading cross-media corporation in the PRC to optimize maximum returns for its Shareholders.

FINANCIAL POSITION AND OPERATIONAL RESULTS

1. **Turnover**

   Turnover of the Group for 2010 was RMB759,473,000 (2009: RMB829,459,000), representing a decrease of 8.44% as compared with 2009. Revenue from advertising sales was RMB472,566,000 (2009: RMB469,031,000), representing an increase of 0.75% as compared with 2009. Revenue from printing was RMB56,080,000 (2009: RMB50,252,000), representing an increase of 11.60% as compared with 2009. Revenue from trading of print-related materials was RMB219,337,000 (2009: RMB301,614,000), representing a decrease of 27.28% as compared with 2009.

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

   Cost of sales of the Group for 2010 was RMB662,229,000 (2009: RMB725,139,000), representing a decrease of 8.68% as compared with 2009. Operating expenses of the Group for 2010 was RMB65,302,000 (2009: RMB56,615,000), representing an increase of 15.34% as compared with 2009. Operating expenses accounted for 8.60% (2009: 6.83%) of the Group's turnover for 2010, comprising mainly selling and distribution expenses as well as administrative expenses.

3. **Gross Profit**

   Gross profit of the Group for 2010 was RMB97,244,000 (2009: RMB104,320,000), representing a decrease of 6.78% as compared with 2009. Gross profit margin of the Group for 2010 was 12.80% (2009: 12.58%).

FINANCIAL POSITION AND OPERATIONAL RESULTS *(Continued)*

4. Profit Attributable to owners of the Company

Profit attributable to owners of the Company for 2010 was RMB101,644,000 (2009: RMB150,619,000), representing a decrease of 32.52% as compared with 2009.

5. Final Dividend

The Board recommends the distribution of a final dividend of RMB0.50 per share (2009: RMB0.40 per share).

6. Non-current Assets

As at 31 December 2010, the non-current assets of the Group was RMB252,260,000 (31 December 2009: RMB199,674,000) which mainly comprised of property, plant and equipment, prepayments for land use rights, investment properties and intangible assets of RMB15,631,000 (31 December 2009: RMB13,621,000), RMB27,900,000 (31 December 2009: RMB28,789,000), RMB13,642,000 (31 December 2009: RMB8,372,000), and RMB22,747,000 (31 December 2009: RMB23,842,000) respectively; interests in jointly-controlled entities was RMB117,328,000 (31 December 2009: RMBnil) and interests in associates was RMB1,135,000 (31 December 2009: RMB1,000,000); available-for-sale financial assets was RMB4,500,000 (31 December 2009: RMBnil); trade receivables was RMB1,868,000 (31 December 2009: RMB3,564,000), other receivables, prepayments and deposits was RMB21,475,000 (31 December 2009: RMB34,596,000), restricted bank deposits was RMB25,000,000 (31 December 2009: RMB85,000,000) and deferred tax assets was RMB1,034,000 (31 December 2009: RMB890,000).

7. Net Current Assets

As at 31 December 2010, net current assets of the Group was RMB1,154,046,000 (31 December 2009: RMB1,250,117,000). Current assets mainly comprised of bank balances and cash of RMB198,963,000 (31 December 2009: RMB153,763,000), short-term bank deposits of RMB944,565,000 (31 December 2009: RMB943,587,000), restricted bank deposits of RMB99,648,000 (31 December 2009: RMB77,494,000), inventories of RMB66,847,000 (31 December 2009: RMB69,580,000) as well as trade receivables of RMB132,754,000 (31 December 2009: RMB249,277,000), other receivables, prepayments and deposits of RMB66,520,000 (31 December 2009: RMB91,641,000), held-to-maturity financial assets of RMB5,000,000 (31 December 2009: RMB10,000,000), investments at fair value through profit or loss of RMBnil (31 December 2009: RMB2,000,000) and prepayments for land use rights of RMB889,000 (31 December 2009: RMB889,000). Current liabilities mainly comprised of bank loans of RMB60,000,000 (31 December 2009: RMBnil), trade payables of RMB137,299,000 (31 December 2009: RMB177,958,000), other payables and accruals of RMB151,648,000 (31 December 2009: RMB129,552,000), deferred revenues of RMB8,600,000 (31 December 2009: RMB19,329,000), dividend payables to non-controlling shareholders of RMB2,717,000 (31 December 2009: RMB2,934,000), income tax payables of RMB876,000 (31 December 2009: RMB1,857,000), and financial guarantee liability of RMBnil (31 December 2009: RMB16,484,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2010, the Group has maintained a stable cash flow. Bank balances and cash and short-term bank deposits of the Group was RMB1,143,528,000 (31 December 2009: RMB1,097,350,000). As at 31 December 2010, equity-to-borrowing ratio (defined as a percentage of net interest-bearing borrowings over equity attributable to owners of the Company) of the Group was 4.34% (31 December 2009: 4.79%).

EQUITY-TO-DEBT RATIO

As at 31 December 2010, equity-to-debt ratio of the Group was 389.17% (31 December 2009: 335.21%). (Ratio derived from dividing the Group's total equity by its total liabilities).

TAXATION

For the year ended 31 December 2010, taxation expenses of the Group were RMB3,002,000 (2009: RMB5,857,000), representing a decrease of 48.75% as compared with 2009. The effective tax rate applicable to the Group decreased from 3.78% in 2009 to 2.81% in 2010. The taxation authority in the PRC has granted the Company a tax exemption of five years from 1 January 2009 to 31 December 2013.

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2010, bank loans of the Group was RMB60,000,000 (31 December 2009: RMB65,000,000); such bank loans bear interest of 4.86% p.a. (2009: 4.86% p.a.).

FINANCE COST

Finance cost of the Group for 2010 was RMB3,080,000 (2009: RMB4,828,000).

FIVE-YEAR RESULTS HIGHLIGHTS

	For the year ended 31 December				
	2010	**2009**	**2008**	**2007**	**2006**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover	**759,473**	829,459	1,081,116	837,676	792,492
Profit for the year	**103,682**	149,152	37,463	10,885	21,975
Profit attributable to owners of the Company	**101,644**	150,619	40,309	10,639	21,917
Earnings per share – basic and diluted (RMB)	**0.52**	0.76	0.20	0.05	0.11

	As at 31 December				
	2010	**2009**	**2008**	**2007**	**2006**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(Restated)	(Restated)	(Restated)
Total assets	**1,767,446**	1,797,905	1,680,887	1,610,906	1,593,709
Total liabilities	**361,313**	413,114	402,073	351,565	305,509
Equity attributable to owners of the Company	**1,382,051**	1,357,442	1,246,285	1,219,782	1,248,605
Shareholders' equity per share as at the end of the year (RMB)	**7.00**	6.88	6.32	6.18	6.33

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 2010:

	Proposed amount to be used *HK$*	Actual amount used *HK$*
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

As at 31 December 2010, 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 Chinese government has not yet released 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 2010, 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 2011.

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 equipments, intangible assets and investment properties) of the Group for 2010 was RMB9,900,000 (2009: RMB9,890,000). Capital expenditures of the Group for 2010 mainly comprised expenditure consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2010, the Company entered into an entrusted loan agreement with China Everbright Bank, pursuant to which the Company would provide a loan of no more than RMB25,000,000 in total to Beiqing CéCi.

As at 31 December 2010, the Company entered into an entrusted loan agreement with China CITIC Bank, pursuant to which the Company would provide a loan of no more than RMB5,000,000 in total to Beiqing CéCi.

As at 31 December 2010, the Company entered into an entrusted loan agreement with China Everbright Bank, pursuant to which the Company would provide a loan of no more than RMB60,000,000 in total to Heqing Media.

As at 31 December 2010, the Company entered into an entrusted loan agreement with Guangdong Development Bank, pursuant to which the Company would provide a loan of no more than RMB3,600,000 in total to Beiqing Top.

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

MATERIAL INVESTMENTS

The Company established its wholly-owned subsidiary, ZWST, on 19 August 2010, with a registered capital of RMB20 million.

On 9 August 2010, the Company and Trans-media established BQTM with a registered capital of RMB156.86 million. The Company contributed 51% of the registered capital of BQTM in the amount of RMB80 million.

Save as disclosed above, there was no other material investment made by the Company in 2010.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

During 2010, there was no material acquisition or disposal of assets made by 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.

EXECUTIVE DIRECTORS

Mr. ZHANG Yanping, 53, 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. Mr. Zhang joined BYDA in November 1981 and has gained nearly 30 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, executive 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, 54, is the vice chairman and an executive Director. Mr. Zhang is currently the chief editor of BYDA. Mr. Zhang 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. Mr. Zhang was a reporter and an editor of the political and legal department of Beijing Daily News Press from February 1982 to June 1992. Mr. Zhang 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 from March 1996. In April 1999, Mr. Zhang started to serve as the chief editor of Morning Post Press. Mr. Zhang joined BYDA in April 2002 as the chief editor. Mr. Zhang was appointed as a Director on 30 December 2002.

Mr. SUN Wei, 57, is the president and an executive Director. Mr. Sun graduated in 1994 from the Party School of the Central Committee of C.P.C. 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. Mr. Sun 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. Mr. Sun 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.

NON-EXECUTIVE DIRECTORS

Mr. LIU Han, 52, 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. Mr. Liu became a teacher at Fengtai district, 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. Mr. Liu joined BYDA in July 1986 as reporter, and subsequently, director of the editorial department. Mr. Liu 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, 55, is a non-executive Director. Mr. Xu 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. Mr. Xu became the deputy general manager of Chinese Securities Daily from November 1994 to February 2000. Thereafter, Mr. Xu worked in Beijing Zhijin Science and Technology Investment Co., Ltd. as the deputy general manager from March 2000 to March 2002. Mr. Xu worked with Beijing Management Department of Yongjin Group as head from March 2002 to 2006, and is now the vice president of Yongjin Group and the general manager of Beijing Zhijin Science and Technology Investment Co., Ltd.. Mr. Xu was appointed as the director of Qianjin Pharmaceuticals Company Limited (Stock Code: 600479) in August 2010. Mr. Xu was appointed as a Director of the Company on 16 May 2001.

NON-EXECUTIVE DIRECTORS *(Continued)*

Mr. Li Yigeng, 48, graduated from Foreign Languages School of 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, and Mr. Li spent 2 years to serve at the headquarter of MIH Group in South Africa from 2000 to 2001, subsequently, Mr. Li served at China representative office of MIH Group in the pay TV and print media sectors from 2002 to 2008. Mr. Li. has served as the president of China Region of MIH Print Media Holdings Limited since 2008. Mr. Li was appointed as a non-executive Director of the Company on 16 June 2009.

Mr. Li Shiheng, 51, is the deputy secretary to the Party Committee, executive deputy president and direct of operational management committee of BYDA. Mr. Li graduated from the Party School of the Central Committee of C.P.C. in 1997, majoring in politics and law. Mr. Li obtained his MBA master degree from Guanghua School of Management, Peking University in July 2007. From 1986 to 1990, Mr, Li served as the officer and deputy secretary to the Communist Youth League Committee of Beijing Fengtai Bureau of Education. From 1990 to 1993, Mr. Li served as the director, deputy secretary to the Youth Affairs Department of Beijing Communist Youth League Fengtai Committee. From 1993 to 1998, Mr. Li served as the deputy director of City Department and director of Middle School Department of China Communist Youth League Beijing Committee. From 1998 to the present, Mr. Li has been serving as the deputy secretary to the Party Committee, executive deputy president and director of operational management committee of BYDA. Mr. Li was appointed as a non-executive Director of the Company on 7 June 2010.

Ms. Wu Peihua, 50, is the executive deputy chief editor of BYDA and the president of Legal Evening Post Agency. Ms. Wu graduated from Department of Chinese Language and Literature of Peking University majoring in journalism and obtained a bachelor degree in literature in 1982. Ms. Wu obtained a master degree in education from Tokyo Gakugei University in 1994. Ms. Wu joined BYDA and has served as a reporter, editor, director, deputy chief editor and executive deputy chief editor of BYDA since 1982. Ms. Wu also has served as the president of Legal Evening Post Agency since September 2005. Ms. Wu was appointed as a non-executive Director of the Company on 7 June 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSANG Hing Lun, 62, 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 in several reputable listed companies of 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 managing vice president. Mr. Tsang has also acted as an operation officer of the Hong Kong Stock Exchange in 1993, the executive director of China Champ Group in 1994, and as an alternative chief executive and deputy general manager of the China Construction Bank, Hong Kong Branch from 1995 to 1998. Mr. Tsang is now an independent non-executive director of Sino-Ocean Land Holdings Limited, Sinotrans Shipping Limited and China Rongsheng Heavy Industries Group Holdings Ltd., all of which are companies listed on the Hong Kong Stock Exchange. Mr. Tsang was appointed as a Director on 12 November 2004.

Mr. WU Changqi, 56, is an independent non-executive Director. He graduated in 1982 from Shandong University with a bachelor's degree in economics. Mr. Wu obtained MBA degree and a doctoral degree in applied economics from Katholieke Universiteit Leuven in Belgium in 1986 and 1990, respectively. Mr. Wu 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. Mr. Wu has been the professor and department head of the Faculty of Strategic Management of the Guanghua School of Management of Peking University since 2001, the director 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, 45, is an independent non-executive Director. He is currently the associate dean 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, Mr. Liao 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 associate dean 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, 41. Mr. Tian 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, Mr. Tian joined China Communist Youth League Beijing Committee, and served as an officer, administration officer, deputy director and director of the research office and was appointed the head of the Propaganda Department of the China Communist Youth League Beijing Committee since May 2001. Mr. Tian has been the executive deputy chief editor of BYDA since January 2001.

Mr. HE Daguang, 53. Mr. He graduated from Shanxi Institute 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, deputy chief accountant, acting 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. ZHOU Fumin, 40. Mr. Zhou 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 Yunnan International Trust Co. Ltd.

Ms. YAN Mengmeng, 47, is a director of the laser phototypesetting centre of the Company. Ms. Yan was awarded a postgraduate certificate in business management from the Capital Economic and Trade University. From June 1983 to June 1991, Ms. Yan 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, Ms. Yan joined BYDA as a coordinator of the 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. Ms. Yan was transferred from BYDA to the Company as the head of laser phototypesetting centre in May 2001.

Mr. Zhang Chuanshui, 59. Mr. Zhang worked at No. 6 sub-factory in Li Ming Farm at Yunnan Province from May 1969 to October 1978. Mr. Zhang worked at the engineering team of Beijing Measuring Instruments Limited from November 1978 to 1985. From 1986 to April 1993, Mr. Zhang served as the chief of finance of Beijing Hardware Tools Research Center. From May 1993 to September 2006, Mr. Zhang served as the deputy manager in the planning and finance department of Beijing Economic-Technological Investment & Development Corporation. Mr. Zhang is now retired.

SENIOR MANAGEMENT

Ms. HE Xiaona, 48, is the executive vice president of the Company. Ms. He graduated from Tsinghua University with a major in publishing. Ms. He joined BYDA in 1989 and served as editor of research department, editor and deputy chief of reading office, chief of film department, chief of editorial department of Y Weekend, chief of economy and livelihood department, chief of editorial department of life magazine, office manager, assistant to the president and deputy president of BYDA. Ms. He was appointed as vice president in February 2008 and executive vice president of the Company in July 2008.

Mr. HE Pingping, 56, is the executive vice president of the Company. Mr. He graduated in 1987 from the Capital Normal Academy in politics and education. Mr. He was a head of Youth League Committee of Beijing Cotton Textile Dyeing Company Limited from October 1983 to January 1985. Starting from March 1987, Mr. He has been the vice president and president of the Propaganda Department of the China Communist Youth League Beijing Committee. From January 1990 to February 1991, Mr. He served as the vice director of the Beijing Youth Service Center. Mr. 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. Mr. He then served as the chief director of Y Weekend in March 2006. Mr. He was an executive Director of the Company between 16 May 2001 and 7 June 2010. Mr. He was appointed as the executive vice president of the Company on 7 June 2010.

Mr. DU Min, 43, is the executive vice president of the Company. Mr. Du graduated in 1991 from Renmin University of China with a bachelor's degree in law. Mr. Du studied a master course of journalism at Renmin University of China from 1993 to 1995 and is currently a Ph.D. candidate 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. Mr. Du became the vice president and the deputy chief editor of China Business starting from August 1995. In September 1998, Mr. Du joined the America International Data Group's branch in China as a vice president. Mr. Du 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 an executive Director of the Company between 30 December 2002 and 7 June 2010. Mr. Du is now the executive vice president of the Company.

Mr. SHANG Da, 49, is a secretary to the Board. Mr. Shang graduated from Capital Economic and Trade University. Mr. Shang joined BYDA in 1999 and served as the secretary to the Board of the Company since 28 May 2001.

The Board is pleased to present the annual report and audited consolidated financial statements for the year ended 31 December 2010.

ISSUE AND LISTING OF SHARES

The Company's H Shares were listed on the Main Board of Hong Kong 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$6.96 and HK$4.66 respectively for the year ended 31 December 2010. The trading volume and closing price as at 31 December 2010 were 1,000 H Shares and HK$6.10, respectively.

ACCOUNTS

Results of the Group for the year ended 31 December 2010 are set out in page 54 of the consolidated statement of comprehensive income.

Financial positions of the Group as at 31 December 2010 are set out in pages 55 to 56 of the consolidated statement of financial position.

Cash flow of the Group for the year ended 31 December 2010 is set out in pages 58 to 59 of consolidated statement of cash flows.

Changes in equity of the Group for the year ended 31 December 2010 are set out in page 57 of the consolidated statement of changes in equity.

The Board proposed a final dividend of RMB0.50 per ordinary share to the shareholders on the register of members on Tuesday, 12 April 2011, amounting to RMB98,655,000.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of advertising space, production of newspapers, printing and trading of print-related materials. Details of activities of the Company's principal subsidiaries are set out in note 44 to the financial statements.

RESULTS AND DIVIDEND

Turnover of the Group for the year of 2010 was approximately RMB759,473,000. Profit before tax was approximately RMB106,684,000. Profit attributable to owners of the Company was approximately RMB101,644,000. Pursuant to the prospectus of the Company issued on 13 December 2004, the Directors may determine with discretion whether to declare any dividend and to determine with discretion the amount, if any. The Company held its annual Board meeting on Friday, 18 March 2011 to propose a resolution recommending distribution of final dividend of RMB0.50 per share (tax inclusive) in an aggregate amount of approximately RMB98,655,000 for the year ended 31 December 2010. If the profit distribution proposal is approved by the Shareholders in the annual general meeting of 2010 by way of an ordinary resolution, the final dividend will be paid to the shareholders whose names appear on the register of members of the Company on Tuesday, 12 April 2011.

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 2010, the amount of the total purchase by the Group from its five largest suppliers was RMB274,523,000 (2009: RMB290,572,000), accounting for 44.74% of its total purchase for the year (2009: 40.24%); and the amount of the purchase from the largest supplier was RMB78,553,000 (2009: RMB68,342,000), accounting for 12.80% of its total purchase for the year (2009: 9.47%).

For the year ended 31 December 2010, the amount of the total sales by the Group to its five largest customers was RMB112,871,000 (2009: RMB134,832,000), accounting for 14.86% of its total sales for the year (2009: 16.26%); and the amount of sales to the largest customer was RMB32,406,000 (2009: RMB31,395,000), accounting for 4.27% of its total sales for the year (2009: 3.79%).

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 or customers.

SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

As at 31 December 2010, the subsidiaries of the Company include BYD Logistics, ZWST, Heqing Media and LEP Media, and the jointly-controlled entities, Beiqing CéCi, BQTM and Beiqing Top.

For details of principal subsidiaries and jointly-controlled entities of the Company, please refer to note 44 and 20 to the financial statements in this annual report.

PROFIT DISTRIBUTION

For details of profit distribution, please refer to note 13 to the financial statements in this annual report.

RESERVES

The movements in reserves during the year are set out in page 57 of the consolidated statement of changes in equity in this annual report.

PROPERTIES, PLANT AND EQUIPMENT

The movements in properties, plant and equipment are set out in note 15 to the financial statements in this annual report.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBERS OF SHAREHOLDERS

As at 31 December 2010, 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 domestic shares, 7,367,000 domestic shares, 4,263,117 domestic shares, 2,986,109 domestic shares, 2,952,800 domestic 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
H Shares	54,901,000	27.82%	405
Total	197,310,000	100%	410

* The above percentage figures are based on the records in the Company's register of members as at 31 December 2010.

Changes in Company's share capital for the year are set out in note 36 to the financial statements.

PUBLIC FLOAT

Based on the public information that is available to the Company and to the knowledge of the Directors, 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 2010, 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 Hong Kong Stock Exchange (www.hkex.com.hk).

Save as disclosed above, to the knowledge of the Directors, Supervisors and chief executives of the Company, as at 31 December 2010, 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 2010, BYDA is interested in 63.27% of the Company's equity.

DIRECTORS

Details of the names of Directors and their respective information are set out in the section headed "Corporate Governance Report" 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', SUPERVISORS' AND CHIEF EXECUTIVE'S RIGHT IN THE SUBSCRIPTION OF SHARES OR 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 11 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 2010, 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 Hong Kong 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 Hong Kong Stock Exchange.

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

During the year ended 31 December 2010, 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 7 June 2010 that the members of the Board and the Supervisory Committee for the new session were as follows:

The appointment of Mr. Zhang Yanping as an executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Zhang Yabin as an executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Sun Wei as an executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Liu Han as a non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Xu Xun as a non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Li Yigeng as a non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Li Shiheng as a non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Ms. Wu Peihua as a non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine her remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Tsang Hing Lun as an independent non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

CHANGE OF MEMBERS OF THE BOARD AND THE SUPERVISORY COMMITTEE *(Continued)*

The appointment of Mr. Wu Changqi as an independent non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Liao Li as an independent non-executive Director of the Company was approved. The Remuneration Committee of the Board was authorized to determine his remuneration, and any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Tian Kewu as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. He Daguang as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Zhou Fumin as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Ms. Yan Mengmeng as a Supervisor of the Company without receiving remuneration as a Supervisor from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Zhang Chuanshui as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

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 and the management team have reviewed the accounting principles and practices adopted by the Group. 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 2010 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 34 to the financial statements in this annual report.

CONNECTED TRANSACTIONS

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

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 the Company by BYDA to acquire the retained business and certain future business.

For the year ended 31 December 2010, 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.

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

2. *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. 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 these agreements, 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 ending on 31 December 2012. Upon expiry of the tenancy agreement, BYDA has the right to extend the tenancy of the office premises by giving two months' written notice to the Company before the expiry date. The details are set out in the Company's announcements dated 10 August 2006, 4 December 2006 and 10 October 2009.

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 of the Company under the tenancy agreement was RMB3,843,450, and the actual income was RMB3,843,450.00.

3. *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. 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 these agreements, 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 ending on 31 December 2012. Upon expiry of the new tenancy agreement, the Company has the right to extend the tenancy of the office premises by giving two months' written notice to BYDA before the expiry date. The details are set out in the Company's announcement dated 10 August 2006, 4 December 2006 and 15 October 2009.

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 of the Company under the new tenancy agreement was RMB1,363,275, and the actual expense was RMB1,363,275.00.

CONNECTED TRANSACTIONS *(Continued)*

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

4. ***Beijing Youth Daily 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, 20 January 2009 and 11 February 2010, pursuant to which, XHM was engaged to 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 2010. The details are set out in the Company's announcement dated 27 June 2007, 28 March 2008, 20 January 2009 and 11 February 2010, 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 by the Company under the Beijing Youth Daily advertising service agreement was RMB5,000,000, and the actual fee paid to XHM by the Company was RMB2,562,540.80.

   On 14 December 2010, the Company and XHM renewed the Beijing Youth Daily advertisement service agreement, and set the annual cap for the year ending 31 December 2011, pursuant to which, the validity of the Beijing Youth Daily advertisement service agreement was revised from 1 January 2011 to 31 December 2011 with other terms remained unchanged. The details of the Beijing Youth Daily advertisement service agreement are set out in the Company's announcement dated 14 December 2010.

5. ***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 1 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 1 July 2009.

   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 RMB3,000,000, and the actual logistics service fee paid was RMB1,518,551.45.

   On 14 December 2010, the Company and XHM Logistics renewed the logistics service agreement, and set the annual cap for the year ending 31 December 2011, pursuant to which, the validity of the logistics service agreement was revised from 1 January 2011 to 31 December 2011 with other terms remained unchanged. The details of the logistics service agreement are set out in the Company's announcement dated 14 December 2010.

CONNECTED TRANSACTIONS *(Continued)*

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

6. 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 RMB3,393,625.00.

7. 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 paid for distribution services was RMB2,442,929.00.

On 14 December 2010, the Company and XHM renewed the services agreement, and set the annual caps for the two years ending 31 December 2012, pursuant to which, the validity of the services agreement was revised from 1 January 2011 to 31 December 2012, and the services agreement is renewable upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules, whilst other terms remained unchanged. The details of the services agreement are set out in the Company's announcement dated 14 December 2010.

CONNECTED TRANSACTIONS *(Continued)*

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

8. 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 (the "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 caps 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 paid by the Company to Today Sunshine under the outdoor supporting service agreement was RMB6,000,000, and the actual fee paid for the service was RMB3,349,120.00.

CONNECTED TRANSACTIONS *(Continued)*

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

9. 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 paid by Heqing Media to HYDA was RMB9,200,000, and the actual fee paid for the costs was RMB5,540,578.80.

Transactions – Non-exempted Continued Connected Transactions

10. Today Sunshine Advertising Agreement and Beiqing Advertising Agreement

10.1 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. On 15 October 2009, the Company and Today Sunshine entered into the supplementary agreement, and also set the annual caps for the three years ending 31 December 2012. Pursuant to these agreements, 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 will expire on 31 December 2012. The details are set out in the Company's prospectus dated 13 December 2004 and the Company's announcement dated 25 April 2006, 4 December 2006 and 15 October 2009.

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

During the reporting period, the annual cap for sales fees from Today Sunshine to the Company was RMB500,000 and the actual fee paid to the advertisements of the Company was RMB71,750.00.

CONNECTED TRANSACTIONS *(Continued)*

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

10. Today Sunshine Advertising Agreement and Beiqing Advertising Agreement *(Continued)*

10.2 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. On 15 October 2009, the Company and Beiqing Advertising entered into the supplementary agreement, and also set the annual caps for the three years ending 31 December 2012. Pursuant to these agreements, 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 will expire on 31 December 2012. The details are set out in the Company's announcements dated 25 April 2006, 4 December 2006 and 15 October 2009.

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.

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

During the reporting period, the annual cap for sales fees from Beiqing Advertising to the Company was RMB21,500,000, and the actual fee paid to the advertisements of the Company was RMB17,378,720.13.

CONNECTED TRANSACTIONS *(Continued)*

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

11. 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.

On 9 April 2010, the Company and BYDA entered into the supplementary agreement, so as to amend certain terms in the Advertising Business Agreement. Pursuant to the supplementary agreement, the Company waived the exclusive right granted by BYDA in relation to the sales of all the advertising space in Beijing Children's Weekly, Middle School Times and Beijing Today (together, the "Three Papers") and BYDA shall be responsible for the printing, including printing cost and the choice of newsprint of the Three Papers. The consideration for the transactions under the supplementary agreement is nil. The Directors believed that there is no need to amend the annual caps as the revenue generated from the Three Papers was relatively small. The details are set out in the Company's announcement dated 9 April 2010.

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 RMB132,000,000, and the actual fee paid to BYDA was RMB62,855,386.00.

CONNECTED TRANSACTIONS *(Continued)*

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

12. 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 respectively 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.

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 RMB100,000,000, and the actual fee paid by BYDA was RMB12,454,094.82.

13. 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.

Pursuant to 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.

CONNECTED TRANSACTIONS *(Continued)*

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

13. Framework Guarantee Agreement *(Continued)*

Pursuant to the framework guarantee agreement, the Company will provide guarantees to COL in proportion to the Company's equity interest in COL, being 51% at the execution date of such agreement. BYDA, which holds the remaining 49% equity interest in COL at the execution date of such agreement, 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 100% 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.

The Directors (including the independent non-executive Directors) have confirmed to the Board that they have reviewed the above continuing connected transactions under items (2) to (13), 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 auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group above under Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to Hong Kong Stock Exchange.

Save as disclosed above, there is no related party transaction or continuing related party transaction included in note 42 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 2010, the Company was not involved in any material litigation or arbitration and there was 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 12 to the financial statements in this annual report.

STAFF

As at 31 December 2010, the Group had a total of 582 staff (31 December 2009: 472), whose remuneration and benefits are determined by reference to market rates, State policies and individual performance. The increase in the numbers of the staff as compared with 2009 was mainly attributable to the addition of two new entities, BQTM and ZWST.

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 senior management 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.

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 performance linked, 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 Chinese 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 domestic auditors, respectively, for the year ended 31 December 2010. The consolidated financial statements of the Company for the year of 2010 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.

TAXATION

In accordance with the Letter on Matters Concerning the Taxation Levied on Dividends Derived by Foreign Individuals Holding Shares of Listed Companies Incorporated in PRC (Guoshuihan [1994] No.440) 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 [2008] No.897), 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

18 March 2011
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

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 2010.

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") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by our Directors and Supervisors. Having made sufficient enquiry of all Directors and Supervisors, all Directors and Supervisors confirmed they have complied with the required standards under the Model Code for the year ended 31 December 2010.

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	53	Chairman	7 June 2010 to the fifth annual general meeting of the Company	Yes
Zhang Yabin	M	54	Vice Chairman	7 June 2010 to the fifth annual general meeting of the Company	Yes
Sun Wei	M	57	President	7 June 2010 to the fifth annual general meeting of the Company	Yes
Non-executive Directors					
Liu Han	M	52		7 June 2010 to the fifth annual general meeting of the Company	Yes
Xu Xun	M	55		7 June 2010 to the fifth annual general meeting of the Company	Yes
Li Yigeng	M	48		7 June 2010 to the fifth annual general meeting of the Company	No
Li Shiheng	M	51		7 June 2010 to the fifth annual general meeting of the Company	Yes
Wu Peihua	F	50		7 June 2010 to the fifth annual general meeting of the Company	Yes
Independent Non-executive Directors					
Tsang Hing Lun	M	62		7 June 2010 to the fifth annual general meeting of the Company	Yes
Wu Changqi	M	56		7 June 2010 to the fifth annual general meeting of the Company	Yes
Liao Li	M	45		7 June 2010 to the fifth 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.

4 THE BOARD *(Continued)*

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;
- 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;
- 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;
- formulation of proposal for 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 2010

	Attendance *(times)*	Attendance by proxy *(times)*
Number of meetings		**11**
Executive Directors		
Zhang Yanping	11	–
Zhang Yabin	10	1
Sun Wei	11	–
He Pingping	5 *note*	–
Du Min	5 *note*	–
Non-executive Directors		
Liu Han	11	–
Xu Xun	11	–
Li Yigeng	11	–
Li Shiheng	6 *note*	–
Wu Peihua	6 *note*	–
Independent Non-executive Directors		
Tsang Hing Lun	11	–
Wu Changqi	11	–
Liao Li	10	1

Note: Mr. He Pingping and Mr. Du Min duly resigned as Directors of the Company during the election held on 7 June 2010 and Mr. Li Shiheng and Ms. Wu Peihua were appointed as Directors of the Company.

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.

6 NON-EXECUTIVE DIRECTORS

Pursuant to the Articles of Association, 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 11 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.

7 REMUNERATION COMMITTEE *(Continued)*

Attendance of Individual Members at Meetings of the Remuneration Committee in 2010

Name	Number of meetings Attendance	1 Attendance by proxy
Wu Changqi	1	–
Tsang Hing Lun	1	–
Liao Li	1	–

The Remuneration Committee of the Company held a meeting on 10 June 2010. During the meeting, the remuneration for the executive Directors, non-executive Directors and independent non-executive Directors in the fourth session of the Board of the Company was discussed and passed, for which the same was submitted to the new session of the Board for review.

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 9 April 2010, the Board nominated Mr. Zhang Yanping, Mr. Zhang Yabin and Mr. Sun Wei as candidates for the executive Directors, Mr. Liu Han, Mr. Xu Xun, Mr. Li Yigeng, Mr. Li Shiheng and Ms. Wu Peihua as candidates for the non-executive Directors, Mr. Tsang Hing Lun, Mr. Wu Changqi and Mr. Liao Li as candidates for the independent non-executive Directors in the next session of the Board 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 domestic auditors respectively for the year 2010. For the year ended 31 December 2010, audit fees incurred by the Company amounted to RMB1,560,000.

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.

10 AUDIT COMMITTEE

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

The principal duties of the Audit Committee are:

- to review and inspect the independence of the external auditors and effectiveness of the auditing procedures;
- to formulate and enforce policies in respect of the provision of non-audit services provided by the external auditors;
- to advise the Board on the appointment, re-appointment and removal of the external auditors, review and approve the remuneration and terms of engagement of the external auditors, and handle the resignation and removal of the auditors;
- to review the internal audit plans of the Company during the year;
- to supervise the quality of internal audit and financial disclosure of the Company and review the interim and annual financial statements before their submission to the Board;
- to supervise and advise on the appointment and removal of the head of the Company's internal audit function;
- to review and receive complaints on the effectiveness of the Company's internal control procedures;
- 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 of 2009;
- reviewed and considered the results of the Group for the first half of 2010;
- reviewed and evaluated the internal control systems of the Group;
- reviewed connected transactions.

10 AUDIT COMMITTEE *(Continued)*

Attendance of Individual Members at Meetings of the Audit Committee in 2010

Name	Attendance	Attendance by proxy
Number of meetings		2
Tsang Hing Lun	2	–
Wu Changqi	2	–
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 Hong Kong Stock Exchange to 31 December 2010.

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 2010, 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 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, 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

Save as disclosed below, there was no material amendment to the Articles of Association for the year ended 31 December 2010.

(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.

(3) General meeting held on 7 June 2010

The annual general meeting for 2009 ("2009 AGM") was 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.

The following special resolution was considered and passed in the 2009 AGM by way of poll:

- To consider and, if thought fit, to approve the following amendment to the articles of association of the Company (the "Articles of Association") and any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the proposed amendment to the Articles of Association.

12 INVESTORS RELATION *(Continued)*

(3) General meeting held on 7 June 2010 *(Continued)*

a) the existing Articles 107 be amended as follows:

"The Company shall have one (1) president, three (3) executive vice presidents, a number of vice presidents and one (1) chief financial officer who shall be appointed or terminated by the board of directors. The president, executive vice presidents, the number of vice presidents and the chief financial officer shall serve for a term of three (3) years and may be re-appointed for consecutive terms if re-elected."

The following ordinary resolutions were considered and passed in the 2009 AGM by way of poll:

- To consider and, if thought fit, to approve the report of the Board of Beijing Media for the year ended 31 December 2009.

- To consider and, if thought fit, to approve the report of the Supervisory Committee of Beijing Media for the year ended 31 December 2009.

- 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 2009.

- To consider and, if thought fit, to approve the profit distribution proposal of the Beijing Media, namely, the proposal for distribution of a final dividend of RMB0.40 per share (tax inclusive) in an aggregate amount of approximately RMB78,924,000 for the year ended 31 December 2009, and to authorize the Board of Beijing Media to implement the aforesaid distribution.

- To consider and, if thought fit, to approve the re-appointment of SHINEWING (HK) CPA Limited as the international auditors of Beijing Media and the re-appointment of ShineWing Certified Public Accountants Co., Ltd. as the domestic auditors of Beijing Media for the year 2010 and to authorize the Audit Committee of the Board of Beijing Media, to determine their remuneration.

- To consider and, if thought fit, to approve the capital expenditure budget of Beijing Media for the year of 2010.

- To consider and, if thought fit, to approve the supplemental agreement dated 9 April 2010 (the "Supplemental Agreement") and entered into between Beijing Media and BYDA in relation to the changes of terms of the advertising business agreement dated 7 December 2004 entered into between Beijing Media and BYDA; and any one Director of Beijing Media be and is hereby authorised on behalf of Beijing Media to execute all such documents in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Supplemental Agreement and the transactions contemplated therein.

12 INVESTORS RELATION *(Continued)*

(3) General meeting held on 7 June 2010 *(Continued)*

- To consider and, if thought fit, to approve the appointment of Mr. Zhang Yanping as an executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Zhang Yabin as an executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Sun Wei as an executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Liu Han as a non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Xu Xun as a non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Li Yigeng as a non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Li Shiheng as a non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Ms. Wu Peihua as a non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine her remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

12 INVESTORS RELATION *(Continued)*

(3) General meeting held on 7 June 2010 *(Continued)*

- To consider and, if thought fit, to approve the appointment of Mr. Tsang Hing Lun as an independent non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Wu Changqi as an independent non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Liao Li as an independent non-executive Director of Beijing Media, to authorise the Remuneration Committee of the Board to determine his remuneration, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Tian Kewu as a Supervisor of Beijing Media without receiving remuneration from Beijing Media, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. He Daguang as a Supervisor of Beijing Media without receiving remuneration from Beijing Media, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Zhou Fumin as a Supervisor of Beijing Media without receiving remuneration from Beijing Media, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Ms. Yan Mengmeng as a Supervisor of Beijing Media without receiving remuneration as a Supervisor from Beijing Media, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

- To consider and, if thought fit, to approve the appointment of Mr. Zhang Chuanshui as a Supervisor of Beijing Media without receiving remuneration from Beijing Media, and to authorise any one Director of Beijing Media to execute a service contract or such other documents or supplement agreements or deeds on behalf of Beijing Media.

12 INVESTORS RELATION *(Continued)*

(4) Important matters for Shareholders for the 2010 financial year

The annual general meeting for the year of 2010 will be held at 2:00 p.m. on 13 May 2011 at the meeting room of 21st floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

(5) Market capitalization of public float

The highest and lowest trading prices of the Company's H Shares during 2010 were HK$6.96 and HK$4.66 per share respectively. The trading volume and closing price as at 31 December 2010 were 1,000 shares and HK$6.10 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 2010

It was resolved in the general meeting held on 7 June 2010 that the members of the Supervisory Committee for the new session were as follows:

The appointment of Mr. Tian Kewu as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. He Daguang as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Zhou Fumin as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Ms. Yan Mengmeng as a Supervisor of the Company without receiving remuneration as a Supervisor from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

The appointment of Mr. Zhang Chuanshui as a Supervisor of the Company without receiving remuneration from the Company was approved. Any one Director of the Company was authorized to execute a service contract or such other documents or supplement agreements or deeds on behalf of the Company.

2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2010

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.

(1) 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.

(2) 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.

2 INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2010 *(Continued)*

(3) 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 senior management 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 or impairment to the interests of shareholders by the Directors or other senior management in performing their duties.

(4) 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 by taking into account the market conditions and the ambit of the use of listing proceeds being consistent with prospectus of the Company dated 13 December 2004.

(5) 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.

(6) 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

18 March 2011

"Articles of Association"	The articles of association of the Company as amended from time to time
"Audit Committee"	audit committee of the Board
"Beijing Women Union"	The Women Union of Beijing
"Beiqing Advertising"	Beijing Beiqing Advertising Limited, a subsidiary of BYDA
"Beiqing CéCi"	Beiqing CéCi Advertising (Beijing) Limited, a subsidiary of the Company
"Beiqing Top"	Beijing Beiqing Top Advertising Limited, a subsidiary of the Company
"Board"	The board of Directors
"BQTM"	Beiqing Transmedia Advertising Limited, a subsidiary of the Company
"BYD Logistics"	BYD Logistics Company Limited, a subsidiary of the Company
"COL"	Beijing China Open Promotion Co., Ltd, a wholly-owned subsidiary of BYDA since 21 December 2009
"Company", or "us" or "Beijing Media"	Beijing Media Corporation Limited
"Company Law"	The Company Law of the People's Republic of China
"Directors"	The directors of the Company
"Domestic Shares"	The ordinary shares of RMB1.00 per share in the capital of the Company
"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"	Hebei Heqing Media Corporation Limited, a subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited

"HYDA"	Hebei Youth Daily Agency, the substantial shareholder of Heqing Media
"Keyin Media"	Beijing Keyin Media and Culture Co., Ltd.
"LEP Media"	Legal Evening Post Media Company Limited, a subsidiary of the Company
"Listing Rules"	The rules governing the listing of securities on the Hong Kong Stock Exchange
"Main Board"	The main board of the Hong Kong Stock Exchange
"Parent" or "BYDA"	Beijing Youth Daily Agency, the controlling shareholder of the Company
"PRC" or "China"	The People's Republic of China, excluding Hong Kong, Macau Special Administration Region and Taiwan
"Remuneration Committee"	The remuneration committee under the Board
"RMB"	Renminbi, the lawful currency of the PRC
"Shanghai Expo"	The World Expo held in Shanghai, the PRC during 2010
"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
"Today Sunshine"	Beijing Today Sunshine Advertising Co., Ltd., a subsidiary of the Parent
"Trans-media"	Beijing Trans-media Co., Ltd.
"XHM"	Beijing XiaoHongMao Corporation, a subsidiary of the Parent
"XHM Logistics"	XiaoHongMao Logistics Company Limited, a subsidiary of the Parent
"ZWST"	Beijing Zhong Wang Shi Tong Technologies Co, Ltd., a wholly-owned subsidiary of the Company

信永中和
ShineWing
SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF
BEIJING MEDIA CORPORATION LIMITED
北青傳媒股份有限公司
(A joint stock company incorporated in the People's Republic of China with limited liability)

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 54 to 118, which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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 of the consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 of the consolidated financial statements that give a true and fair view 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 2010, 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
Chong Kwok Shing
Practising Certificate Number: P05139

Hong Kong
18 March 2011

For the year ended 31 December 2010

	NOTES	Year ended 31/12/2010 RMB'000	Year ended 31/12/2009 RMB'000
Turnover	5	**759,473**	829,459
Cost of sales		**(662,229)**	(725,139)
Gross profit		**97,244**	104,320
Investment income	6	**29,631**	36,636
Other income	7	**14,984**	4,530
Distribution and selling expenses		**(18,907)**	(15,319)
Administrative expenses		**(46,395)**	(41,296)
Finance costs	8	**(3,080)**	(4,828)
Impairment losses recognised on trade and other receivables		**(3,075)**	(9,936)
Release of financial guarantee liability	35	**16,484**	–
Financial guarantee expense	35	**–**	(16,611)
Gain on deemed disposal of a subsidiary	39	**17,948**	–
Share of loss of associates	19	**(465)**	–
Share of profit (loss) of jointly-controlled entities	20(c)	**2,315**	(23,258)
Gain on disposal of a jointly-controlled entity	20(b)	**–**	120,771
Profit before tax		**106,684**	155,009
Income tax expense	9	**(3,002)**	(5,857)
Profit for the year and total comprehensive income	10	**103,682**	149,152
Profit for the year and total comprehensive income attributable to:			
Owners of the Company		**101,644**	150,619
Non-controlling interests		**2,038**	(1,467)
		103,682	149,152
EARNINGS PER SHARE – basic and diluted (RMB per share)	14	**0.52**	0.76

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2010

	NOTES	31/12/2010 RMB'000	31/12/2009 RMB'000
Non-current Assets			
Property, plant and equipment	15	**15,631**	13,621
Prepayments for land use rights	16	**27,900**	28,789
Investment properties	17	**13,642**	8,372
Intangible assets	18	**22,747**	23,842
Interests in associates	19	**1,135**	1,000
Interests in jointly-controlled entities	20	**117,328**	–
Available-for-sale financial assets	21	**4,500**	–
Trade receivables	26	**1,868**	3,564
Other receivables, prepayments and deposits	27	**21,475**	34,596
Restricted bank deposits	28	**25,000**	85,000
Deferred tax assets	22	**1,034**	890
		252,260	199,674
Current Assets			
Prepayments for land use rights	16	**889**	889
Investment at fair value through profit or loss	23	**–**	2,000
Held-to-maturity financial assets	24	**5,000**	10,000
Inventories	25	**66,847**	69,580
Trade receivables	26	**132,754**	249,277
Other receivables, prepayments and deposits	27	**66,520**	91,641
Restricted bank deposits	28	**99,648**	77,494
Short-term bank deposits	29	**944,565**	943,587
Bank balances and cash	30	**198,963**	153,763
		1,515,186	1,598,231
Current Liabilities			
Trade payables	31	**137,299**	177,958
Other payables and accruals	32	**151,648**	129,552
Deferred revenues	33	**8,600**	19,329
Dividend payables to non-controlling shareholders		**2,717**	2,934
Income tax payables		**876**	1,857
Bank loans	34	**60,000**	–
Financial guarantee liability	35	**–**	16,484
		361,140	348,114
Net Current Assets		**1,154,046**	1,250,117
Total Assets less Current Liabilities		**1,406,306**	1,449,791

	NOTES	31/12/2010 RMB'000	31/12/2009 RMB'000
Capital and Reserves			
Share capital	36	**197,310**	197,310
Reserves		**1,184,741**	1,160,132
Equity attributable to owners of the Company		**1,382,051**	1,357,442
Non-controlling interests		**24,082**	27,349
Total Equity		**1,406,133**	1,384,791
Non-current Liability			
Bank loans	34	**–**	65,000
Deferred tax liabilities	22	**173**	–
		1,406,306	1,449,791

The consolidated financial statements on pages 54 to 118 were approved and authorised for issue by the board of directors on 18 March 2011 and are signed on its behalf by:

Zhang Yanping
Chairman

Sun Wei
Director

	Notes	Attributable to owners of the Company					Non-controlling interests	Total
		Share capital	Capital reserve	Statutory surplus reserve fund	Retained earnings	Total		
		RMB'000	*RMB'000*	*RMB'000* *(Note 1)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2009		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
Dividends recognised as distribution	*13*	–	–	–	(39,462)	(39,462)	–	(39,462)
Dividends paid to non-controlling interests		–	–	–	–	–	(3,713)	(3,713)
Appropriation to statutory surplus 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
Total comprehensive income for the year		–	–	–	101,644	101,644	2,038	103,682
Deemed disposal of a subsidiary	*39*	–	–	–	–	–	(2,335)	(2,335)
Share of capital reserve of a jointly controlled entity		–	1,889	–	–	1,889	–	1,889
Dividends recognised as distribution	*13*	–	–	–	(78,924)	(78,924)	–	(78,924)
Dividend paid to non-controlling interests		–	–	–	–	–	(2,970)	(2,970)
Appropriation to statutory surplus reserve fund		–	–	699	(699)	–	–	–
At 31 December 2010		197,310	898,058	138,568	148,115	1,382,051	24,082	1,406,133

Note 1:

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 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
OPERATING ACTIVITIES		
Profit before tax	**106,684**	155,009
Adjustments for:		
Finance costs	**3,080**	4,828
Interest income	**(29,417)**	(36,262)
Income from held-to-maturity financial assets	**(93)**	(374)
Income from investment at fair value through profit or loss	**(121)**	–
Share of loss of associates	**465**	–
Share of (profit) loss of jointly controlled entities	**(2,315)**	23,258
Depreciation of property, plant and equipment	**3,639**	5,395
Amortisation charges	**2,021**	2,277
Loss on disposal of property, plant and equipment	**3**	118
Gain from changes in fair value of investment properties	**(1,063)**	–
Gain on deemed disposal of a subsidiary	**(17,948)**	–
Gain on disposal of a jointly controlled entity	–	(120,771)
Release of financial guarantee liability	**(16,484)**	–
Financial guarantee expense	**–**	16,611
Financial guarantee income	**–**	(127)
Impairment losses recognised on trade and others receivables	**3,075**	9,936
Impairment losses recognised on available-for-sale financial assets	**–**	136
Reversal of write-down of inventories	**(2,601)**	(1,078)
Operating cash flows before movements in working capital	**48,925**	58,956
Decrease (increase) in inventories	**5,334**	(17,510)
Decrease in trade receivables	**73,531**	13,272
Decrease (increase) in other receivables, prepayments and deposits	**38,381**	(102,601)
(Decrease) increase in trade payables	**(21,618)**	31,024
Increase in other payables and accruals	**22,153**	8,116
Decrease in deferred revenues	**(10,729)**	(5,258)
Cash from (used in) operations	**155,997**	(14,001)
Income tax paid	**(3,954)**	(5,642)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**152,023**	(19,643)

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
INVESTING ACTIVITIES		
Decrease (increase) in restricted bank deposits	**37,846**	(101,005)
Interest received	**33,295**	37,919
Proceeds from disposal of held-to-maturity financial assets	**28,093**	69,424
Proceeds from disposal of investments at fair value through profit or loss	**18,621**	–
Proceeds from disposal of property, plant and equipment	**3**	124
Capital injected in a jointly controlled entity	**(80,000)**	–
Purchase of held-to-maturity financial assets	**(23,000)**	(23,000)
Purchase of investment at fair value through profit or loss	**(16,500)**	(2,000)
Prepayment for acquisition of an associate	**(6,560)**	–
Purchase of property, plant and equipment and intangible assets	**(5,693)**	(1,518)
Investment in available-for-sale financial assets	**(4,500)**	–
(Increase) decrease in short-term bank deposits	**(978)**	55,358
Capital injected in an associate	**(600)**	(1,000)
Net cash outflow arising on deemed disposal (Note 39)	**(251)**	–
Proceeds from disposal of a jointly controlled entity (Note 20(b))	**–**	765
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(20,224)**	35,067
FINANCING ACTIVITIES		
Dividends paid to the Company's shareholders	**(78,924)**	(39,462)
Repayment of bank loans	**(5,000)**	(142,000)
Dividends paid to non-controlling interest shareholders of subsidiaries	**(3,187)**	(2,992)
Interest paid	**(3,088)**	(4,847)
New bank loans raised	**3,600**	102,000
NET CASH USED IN FINANCING ACTIVITIES	**(86,599)**	(87,301)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**45,200**	(71,877)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**153,763**	225,640
CASH AND CASH EQUIVALENTS AT 31 DECEMBER, represented by bank balances and cash	**198,963**	153,763

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 "Corporate 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 (the "HKICPA").

HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK INT 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HK(IFRIC) – INT 17	Distributions of Non-cash Assets to Owners

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

HKFRS 3 (as revised in 2008) Business Combinations

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised) is applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current accounting period.

Results of the Group in future periods, may be affected by future transactions for which HKFRS 3 (Revised) and the consequential amendments to the other HKFRSs are applicable.

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

HKAS 27 (as revised in 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (as revised in 2008) has resulted in changes in the term "minority interest" to "non-controlling interest" and the Group's accounting policies regarding increase or decrease in ownership interests in subsidiaries of the Group.

In prior years, in the absence of specific requirements in HKFRSs, increase in interests in existing subsidiaries was treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decrease in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (as revised in 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised standard requires the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

These changes have been applied prospectively from 1 January 2010 in accordance with the relevant transitional provisions.

The application of the revised standard has affected the accounting for the Group's deemed disposal of part of its interest in Beijing Beiqing Top Advertising Limited* （北京北青鼎力傳媒廣告有限公司）("Beiqing Top") in the current year. The change in policy has resulted in the difference of approximately RMB9,971,000 between the fair value of the retained interest in Beiqing Top of approximately RMB33,124,000 and the carrying amount of the retained interest in Beiqing Top of approximately RMB23,153,000 at the date the control is lost being recognised in profit or loss. Therefore, the change in accounting policy has resulted in an increase in the profit for the year and interests in jointly-controlled entities of approximately RMB9,971,000 and RMB9,971,000 respectively.

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)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (as revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKAS 12 (Amendment)	Deferred Tax – Recovery of Underlying Assets[6]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendment)	Classification of Rights Issues[2]
HKFRS 1 (Amendment)	Limited Exemptions from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendment)	First-time Adoption of HKFRSs – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 February 2010.
[3] Effective for annual periods beginning on or after 1 July 2010.
[4] Effective for annual periods beginning on or after 1 January 2011.
[5] Effective for annual periods beginning on or after 1 July 2011.
[6] Effective for annual periods beginning on or after 1 January 2012.
[7] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

If HKFRS 9 is adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013, the application of the new Standard will have a significant impact on amounts reported in respect of the Groups' financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled "Disclosures – Transfers of Financial Assets" add the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

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

The Directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) will affect the Group because the Group is a government-related entity. The disclosure regarding related party transactions and balances in these consolidated financial statements will be affected when the revised version of the standard is applied in the future accounting periods because some counterparties such as state-owned enterprises that did previously meet the definition of a related party may be excluded from the scope of the standard.

The amendments to HKAS 32 titled "Classification of Rights Issues" address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments. However, if the Group does enter into any rights issues within the scope of the amendments in future accounting periods, the amendments to HKAS 32 will have an impact on the classification of those right issues.

HK(IFRIC) – INT 19 provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. To date, the Group has not entered into transactions of this nature. However, if the Group does enter into any such transactions in the future, HK(IFRIC) – INT 19 will affect the required accounting. In particular, under HK(IFRIC) – INT 19, equity instruments issued under such arrangements will be measured at their fair value and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss.

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 results and the financial position of the Group.

3. 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 below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities 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 in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if the results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries after 1 January 2010

Changes in the Groups ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Changes in the Group's ownership interests in existing subsidiaries *(Continued)*

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings at the date when the control is lost). The fair value of any investment retained in the former subsidiary at the date when control is lost if regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in an associate or a jointly-controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss.

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 in the consolidated statement of financial position.

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 is expected to benefit from the synergies of the acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on 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.

3. **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.

Where a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of the interest in the associate that are not related to the Group.

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 cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly-controlled entity recognised at the date of acquisition is recognised as goodwill. Goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the jointly-controlled entity. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 ("VAT") is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and the title has passed.

Revenue from printing, net of VAT 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).

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified 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, interest in leasehold land that is accounted for as an operating lease is presented as "prepayments for land use rights" in the consolidated statement of financial position and is 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 the 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 on monetary items are recognised in profit or loss in the period in which they arise.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

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.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

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. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise bank balances and cash and short-term bank deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated 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 FVTPL) 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 FVTPL 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. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. 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 other than those financial assets classified as at FVTPL, on which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

Financial assets at FVTPL are classified as those designated as at FVTPL on initial recognition.

A financial asset is designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Financial assets at fair value through profit or loss *(Continued)*

Financial assets at FVTPL are measured at fair value, with any gains or losses arising on 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).

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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.

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 at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the 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 that investment below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contracts, such as default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

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 generally 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, dividend payables to non-controlling shareholders and bank loans are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments 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 FVTPL 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset in its entirety, 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 in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Derecognition *(Continued)*

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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 the 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.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors of the Company are required to makes judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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 17, 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 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.

Fair value of customer loyalty programme

The Group has a customer loyalty program for certain of its advertising customers. If the fee for the advertisements placed by such customers on Group's media reaches certain amount, 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 revenues.

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

Key sources of estimation uncertainty *(Continued)*

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 the higher of fair value less cost to sell and value-in-use, taking into account latest market information and past experience. These calculations and valuations require the use of judgements and estimates.

Impairment of goodwill and 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 interests in associates and jointly-controlled entities

The Group tests annually whether interests in associates and jointly-controlled entities have suffered any impairment in accordance with the Group's accounting policy. The entire carrying amount of the investment including goodwill is tested as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost to sell) with its carrying amount. The value in use 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.

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 and other receivables is approximately RMB3,075,000 (2009: RMB9,936,000).

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.

5. TURNOVER AND SEGMENT INFORMATION

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

Segment information

The Group's operating segments, based on information reported to the Board of the Company, being the chief operating decision maker, for the purpose of allocating resources to segments and assessing their performance.

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 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.

Segment turnover and results

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

For the year ended 31 December 2010

	Advertising	Printing	Trading of print-related materials	Distribution	Eliminations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TURNOVER						
External sales	**472,566**	**56,080**	**219,337**	**11,490**	**–**	**759,473**
Inter-segment sales	**–**	**188,889**	**–**	**–**	**(188,889)**	**–**
Total	**472,566**	**244,969**	**219,337**	**11,490**	**(188,889)**	**759,473**
Segment profit (loss)	**44,544**	**(4,376)**	**4,896**	**(16,142)**		**28,922**
Investment and other income						**44,615**
Unallocated corporate expenses						**(55)**
Finance costs						**(3,080)**
Release of financial guarantee liability						**16,484**
Gain on deemed disposal of a subsidiary						**17,948**
Share of loss of associates						**(465)**
Share of profit of jointly-controlled entities						**2,315**
Profit before tax						**106,684**

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment turnover and results *(Continued)*

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)
Financial guarantee expense						(16,611)
Share of loss of jointly-controlled entities						(23,258)
Gain on disposal of a jointly-controlled entities						120,771
Profit before tax						155,009

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3. 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 associates, share of profit (loss) of jointly-controlled entities, gain on deemed disposal of a subsidiary, gain on disposal of a jointly-controlled entity, release of financial guarantee liability and financial guarantee 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.

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment assets and liabilities

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

At 31 December 2010

	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Distribution *RMB'000*	Total *RMB'000*
Segment assets	**171,607**	**42,182**	**123,667**	**16,362**	**353,818**
Unallocated corporate assets					**1,413,628**
Consolidated assets					**1,767,446**
Segment liabilities	**146,790**	**53,933**	**85,929**	**13,612**	**300,264**
Unallocated corporate liabilities					**61,049**
Consolidated liabilities					**361,313**

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

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 deferred tax liabilities, bank loans, financial guarantee liability and income tax payables. Liabilities for which reportable segments are jointly liable are allocated on the basis of turnover earned by individual reportable segments.

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Other segment information

For the year ended 31 December 2010

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)*	6,027	3,834	171	931	10,963
Depreciation	2,607	186	155	691	3,639
Amortisation charges	1,920	12	11	78	2,021
Loss on disposal of property, plant and equipment	–	–	–	3	3
Impairment losses on trade and other receivables	61	–	3,014	–	3,075
Reversal of write-down of inventories	–	(1,409)	(1,192)	–	(2,601)

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	–	–	–	–	1,135	1,135
Interests in jointly-controlled entities	117,328	–	–	–	–	117,328
Share of loss of associates	–	–	–	–	(465)	(465)
Share of profit of jointly-controlled entities	2,315	–	–	–	–	2,315
Interest income	17,687	1,527	1,367	4	8,832	29,417
Finance costs	(812)	–	–	(2,268)	–	(3,080)
Income tax expense	(174)	–	(630)	–	(2,198)	(3,002)

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Other segment information *(Continued)*

For the year ended 31 December 2009

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)*	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)

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)

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.

6. INVESTMENT INCOME

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Interest on bank deposits	**26,980**	35,787
Imputed interest income on non-current trade and other receivables	**2,437**	475
Total interest income	**29,417**	36,262
Income from investment at FVTPL	**121**	–
Income from held-to-maturity financial assets	**93**	374
	29,631	36,636

Investment income earned on financial assets, analysed by category of financial assets not designed as at FVTPL, is as follows:

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Loans and receivables (including bank balances and cash)	**29,417**	36,262
Held-to-maturity financial assets	**93**	374
	29,510	36,636

7. OTHER INCOME

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Rental income *(a)*	**7,544**	4,150
Government grants *(b)*	**600**	–
Waiver of agency fee *(Note 42(b)(iv))*	**2,525**	–
Consultation service income	**330**	105
Financial guarantee income	**–**	127
Foreign exchange gains	**2,690**	–
Gain from changes in fair value of investment properties	**1,063**	–
Others	**232**	148
	14,984	4,530

(a) Direct outgoing in respect of rental income earned during the year ended 31 December 2010 amounted to approximately RMB3,164,000 (2009:RMB702,000), which has been included in administrative expenses.

(b) Government grants represented unconditional grant from the PRC government in relation to the project funds for technology of media at the provincial level Government grant was determined at the sole discretion of the relevant PRC government authorities.

8. FINANCE COSTS

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Interest expense on bank loans wholly repayable within five years	**3,080**	4,764
Discount charges on bank acceptance notes	**–**	64
	3,080	4,828

9. INCOME TAX EXPENSE

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Current taxation – PRC Enterprise Income Tax ("EIT")	**2,782**	5,551
Under provision in prior years-PRC EIT	**191**	64
Deferred tax *(Note 22)*	**29**	242
	3,002	5,857

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 Company's PRC subsidiaries is 25% for both years.

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

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Profit before tax	**106,684**	155,009
Tax at the domestic income tax rate of 25% (2009: 25%)	**26,671**	38,752
Effect of EIT exemption granted to the Company	**(18,181)**	(13,465)
Tax effect of gain on disposal of a jointly-controlled entity	**–**	(30,193)
Tax effect of gain on deemed disposal of a subsidiary	**(4,487)**	–
Tax effect of share of (profit) loss of jointly-controlled entities	**(579)**	5,815
Tax effect of share of loss of associates	**116**	–
Tax effect of expenses not deductible for tax purpose	**633**	297
Utilisation of tax losses previously not recognised	**(1,764)**	(437)
Under provision in prior years	**191**	64
Tax effect of deductible temporary differences not recognised	**274**	2,928
Tax effect of tax losses not recognised	**128**	2,096
Income tax expense	**3,002**	5,857

9. INCOME TAX EXPENSE *(Continued)*

The Group did not recognise deferred tax assets in respect of tax losses amounting to RMB58,691,000 (2009: RMB66,023,000) and deductible temporary differences amounting to RMB1,111,000 (2009: RMB11,713,000) due to uncertainty surrounding its realisation. There are approximately RMB789,000 and RMB11,698,000 for tax losses and the unrecognised deductible temporary differences respectively have been written off that related to the deemed disposal of a subsidiary for the year ended 31 December 2010. The tax losses can be carried forward for five years from the year in which the respective loss arose.

10. PROFIT FOR THE YEAR

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

	Year ended 31/12/2010 ***RMB'000***	Year ended 31/12/2009 *RMB'000*
Depreciation of property, plant and equipment	**3,639**	5,395
Amortisation charges (included in administrative expenses)	**2,021**	2,277
Total depreciation and amortisation	**5,660**	7,672
Auditors' remuneration	**1,560**	1,680
Foreign exchange gains	**2,690**	–
Loss on disposal of property, plant and equipment	**3**	118
Operating leases rental in respect of buildings	**8,427**	4,755
Impairment losses recognised on financial assets		
– trade and other receivables	**3,075**	9,936
– available-for-sale financial assets	**–**	136
	3,075	10,072
Reversal of write-down of inventories (included in cost of sales)	**(2,601)**	(1,078)
Employee benefit expenses *(Note 12)*	**53,843**	52,409
Cost of inventories charged to profit or loss	**397,299**	484,427

11. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

The remuneration paid to each of the 20 (2009: 16) directors and supervisors were as follows:

For the year ended 31 December 2010:

Name of director	Fees *RMB'000*	Salary *RMB'000*	Other benefits(i) *RMB'000*	Employer's contribution to retirement benefit scheme *RMB'000*	Total 31/12/2010 *RMB'000*
ZHANG Yanping	–	519	31	29	579
ZHANG Yabin	–	469	31	29	529
SUN Wei	–	419	31	29	479
DU Min (ii)	–	194	16	13	223
HE Pingping (ii)	–	194	16	13	223
TSANG Hing Lun	100	–	–	–	100
WU Changqi	100	–	–	–	100
LIAO Li	100	–	–	–	100
LIU Han	20	–	–	–	20
XU Xun	20		–	–	20
LI Yigeng	–	–	–	–	–
Li Shiheng (iii)	–	–	–	–	–
Wu Peihua (iii)	–	–	–	–	–
	340	1,795	125	113	2,373

Name of supervisor	Fees *RMB'000*	Salary *RMB'000*	Other benefits(i) *RMB'000*	Employer's contribution to retirement benefit scheme *RMB'000*	Total 31/12/2010 *RMB'000*
HE Daguang	–	–	–	–	–
LIU Yanfeng (ii)	–	76	16	13	105
ZHOU Fumin	–	–	–	–	–
GAO Zhiyong (ii)	–	–	–	–	–
TIAN Kewu	–	–	–	–	–
YAN Mengmeng (iii)	–	109	16	13	138
ZHANG Chuanshui (iii)	–	–	–	–	–
	–	185	32	26	243
Total	340	1,980	157	139	2,616

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

For the year ended 31 December 2009:

Name of director	Fees *RMB'000*	Salary *RMB'000*	Other benefits(i) *RMB'000*	Employer's contribution to retirement benefit scheme *RMB'000*	Total 31/12/2009 *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 (iv)	–	–	–	–	–
	340	2,145	155	130	2,770

Name of supervisor	Fees *RMB'000*	Salary *RMB'000*	Other benefits(i) *RMB'000*	Employer's contribution to retirement benefit scheme *RMB'000*	Total 31/12/2009 *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

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

(ii) Resigned on 7 June 2010.

(iii) Appointed on 7 June 2010.

(iv) Appointed on 15 June 2009.

11. 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 2010 was approximately RMB649,000 (2009: RMB368,000), 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 2010. 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.

12. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENT)

	Year ended 31/12/2010 ***RMB'000***	Year ended 31/12/2009 *RMB'000*
Salaries and wages	**42,440**	40,522
Retirement benefit scheme – defined contribution plans (a)	**4,916**	4,494
Others	**7,487**	7,393
	54,843	52,409

(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 2010 (2009: 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 (2009: four) were directors of the Company whose emoluments are included in the disclosures in Note 11 above. The emoluments of the remaining one (2009: one) individual was as follows:

	Year ended 31/12/2010 ***RMB'000***	Year ended 31/12/2009 *RMB'000*
Basis salaries, housing allowance, other allowances and benefits in kind	**399**	404
Contributions to retirement benefit scheme	**29**	26
	428	430

12. 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 31/12/2010	Year ended 31/12/2009
NIL – HK$1,000,000 (equivalent to RMB851,000)	**1**	1

For the two years ended 31 December 2010, 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.

13. DIVIDENDS

	Year ended 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Dividends recognised as distribution during the year:		
2009 Final – RMB0.40 (2009: 2008 final dividend RMB0.20) per share	**78,924**	39,462

At the annual general meeting held on 7 June 2010, the shareholders approved the final dividends of RMB0.40 per ordinary share amounting to a total of RMB78,924,000 in respect of the year ended 31 December 2009. The amounts have been reflected as an appropriation of retained earnings for the year ended 31 December 2010.

The final dividend of RMB0.50 per share totaling RMB98,655,000 has been proposed by the directors and is subject to shareholders' approval in the forthcoming general meeting.

14. 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 31/12/2010 *RMB'000*	Year ended 31/12/2009 *RMB'000*
Profit for the year attributable to the owners of the Company	**101,644**	150,619
Weighted average number of ordinary shares in issue (thousands)	**197,310**	197,310
Basic earnings per share (RMB per share)	**0.52**	0.76

Basic earnings per share and diluted earnings per share for the two years ended 31 December 2010 are the same as there were no diluting events existed during both years.

15. 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 2009	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
Additions	–	4,149	679	828	5,656
Deemed disposal of a subsidiary	–	(3)	–	–	(3)
Disposals	–	(412)	(8)	–	(420)
At 31 December 2010	15,774	13,303	6,165	4,244	39,486
DEPRECIATION					
At 1 January 2009	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
Provided for the year	757	1,632	598	652	3,639
Deemed disposal of a subsidiary	–	(2)	–	–	(2)
Eliminated on disposals	–	(409)	(5)	–	(414)
At 31 December 2010	6,877	9,272	4,207	3,499	23,855
CARRYING VALUES					
At 31 December 2010	8,897	4,031	1,958	745	15,631
At 31 December 2009	9,654	1,518	1,880	569	13,621

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

16. 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:

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
In the PRC held on:		
Leases of between 10 to 50 years	**28,789**	29,678
Analysed for reporting purposes as:		
Current asset	**889**	889
Non-current asset	**27,900**	28,789
	28,789	29,678

17. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2009	–
Additions	8,372
At 31 December 2009	8,372
Additions	4,207
Net increase in fair value recognised in profit or loss	1,063
At 31 December 2010	13,642

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 RMB4,207,000 (2009: RMB8,372,000) in aggregate by the transfer of investment properties with fair value of approximately RMB4,207,000 (2009: 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 2010 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 with 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 2010, the carrying values of the investment properties for which the Group had not been granted formal title amounted to approximately RMB11,057,000 (2009: 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.

18. INTANGIBLE ASSETS

	Goodwill *RMB'000*	Operating right *RMB'000*	Computer software *RMB'000*	Trademarks *RMB'000*	Total *RMB'000*
COST					
At 1 January 2009	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
Additions	–	–	37	–	37
At 31 December 2010	5,306	20,799	2,410	5	28,520
AMORTISATION					
At 1 January 2009	–	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
Charge for the year	–	895	235	2	1,132
At 31 December 2010	–	3,681	2,087	5	5,773
CARRYING VALUES					
At 31 December 2010	5,306	17,118	323	–	22,747
At 31 December 2009	5,306	18,013	521	2	23,842

(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 2010, 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% (2009: 8%). In respect of budgeted sales, the management estimates an annual growth rate of 3% (2009: 3%) for the first three years and a zero (2009: 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.

18. 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.

(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.

19. INTERESTS IN ASSOCIATES

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Unlisted in the PRC		
Cost of investment in associates	**1,881**	1,281
Share of post-acquisition losses	**(746)**	(281)
	1,135	1,000

Included in the cost of investment in associates is goodwill of approximately RMB80,000 (2009: nil) arising on acquisition of an associate during the year.

The Group's associates are entities established and operated in the PRC. Details of the four associates as at 31 December 2010 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 design, production, agency and publication services
Beijing Shengda Beiqing Automobile Service Company ("Beiqing Shengda")	Limited liability company	Registered capital	20%	Provision of automobile decoration services, market investigation and marketing services
Beijing Beisheng United Insurance Agency Co., Ltd. ("Beisheng United")	Limited liability company	Registered capital	20%	Provision of automobile insurance agency services
BY Time Consulting Co., Ltd. ("BY Time")	Limited liability company	Registered capital	30%	Provision of economic information consulting and event organisation services

19. INTERESTS IN ASSOCIATES *(Continued)*

The summarised financial information in respect of the Group's associates is set out below:

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Total assets	**7,395**	6,742
Total liabilities	**(3,088)**	(3,059)
Net assets	**4,307**	3,683
Group's share of net assets of associates	**1,055**	1,000

	Year ended	Year ended
	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Turnover	**8,864**	10,672
Loss for the year	**(977)**	(129)
Group's share of losses of associates for the year	**(465)**	–

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
	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Unrecognised share of profit (loss) of an associate for the year	**621**	(63)
Accumulated unrecognised share of loss of an associate	**(24)**	(645)

20. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Unlisted investment, at cost	**125,874**	12,750
Share of post acquisition losses	**(10,435)**	(12,750)
Share of capital reserve of a jointly controlled entity	**1,889**	–
	117,328	–

Included in the cost of investment in jointly controlled entities is goodwill of approximately RMB9,971,000 (2009: nil).

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

(a) As at 31 December 2010, the Group had interests in the following significant jointly controlled entities:

Name of company	Form of business structure	Country of operation/ incorporation	Class of shares held	Effective interests held		Principal activities
				Directly	Indirectly	
Beiqing Céci Advertising (Beijing) Limited ("Beiqing CéCi") *(i)*	Incorporated	PRC	Contributed capital	51%	–	Provision of advertising services
Beiqing Transmedia Advertising Limited (北青航媒廣告有限公司) ("BQTM") *(ii)*	Incorporated	PRC	Contributed capital	51%	–	Provision of designing, production and placement of advertisements and the related agency services
Beiqing Top *(iii)*	Incorporated	PRC	Contributed capital	60.46%	15.42%	Design, production, agency and distribution of advertisement

Note:

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

(ii) During the year ended 31 December 2010, the Company and the third party entered into the joint venture agreement to establish BQTM. BQTM is a domestic company. The Company and the third party have joint control over the board of directors of BQTM and such board is responsible for determining the financial and operating policies of BQTM in the ordinary course of business. Therefore, BQTM is accounted for as a jointly controlled entity using equity method of accounting.

Pursuant to the joint venture agreement, if the performance of BQTM does not achieve the targets for the year 2010 and 2011, the venturer other than the Company shall make up the shortfall of the targets. There are the performance milestones as set out in the joint venture agreement, and further details of which were included in the announcement of the Company on 28 July 2010.

(iii) On 31 December 2010, the registered capital of Beiqing Top was increased from RMB30,000,000 to RMB62,500,000. The contribution of additional capital of RMB32,500,000 would be made up by BQTM, a jointly controlled entity of the Group. BQTM injected RMB13,000,000 as the first injection and obtained 30.23% equity interest in Beiqing Top. BQTM will inject RMB19,500,000 as second injection and obtain 21.77% (total 52%) equity interest in Beiqing Top before and on 27 December 2012. Pursuant to the agreement between shareholders of Beiqing Top, the obligation of sharing of liabilities, risks and losses is based on the percentage of registered capital that is 41.6% for the Company, the sharing of profits is based on the percentage of paid-up capital that is 60.46% for the Company during the transitional period. Following the increased in registered capital, BQTM control the composition of the board of directors under the provisions of the revised Article of Association of Beiqing Top. Beiqing Top then become a subsidiary of BQTM and was accounted for a jointly controlled entity of the Group.

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

(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 had agreed to sell and BYDA had agreed to purchase the Company's 51% equity interest in Beijing China Open Promotion Co., Ltd ("COL"), a then jointly controlled entity accounted for using equity method of accounting, for a cash consideration of RMB765,000 (the "Disposal"). The Disposal was approved by shareholders in 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

(c) The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

	Year ended 31/12/2010 ***RMB'000***	Year ended 31/12/2009 *RMB'000*
Turnover	**70,421**	82,908
Loss for the year	**(5,209)**	(54,806)
Group's share of profit (loss) of jointly controlled entities for the year	**2,315**	(23,258)

	31/12/2010 ***RMB'000***	31/12/2009 *RMB'000*
Total assets	**245,044**	12,613
Total liabilities	**(68,380)**	(21,816)
Net assets (liabilities)	**176,664**	(9,203)
Group's share of net assets	**107,357**	–

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

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

	Year ended 31/12/2010 ***RMB'000***	Year ended 31/12/2009 *RMB'000*
Unrecognised share of loss of a jointly controlled entity for the year	**(4,972)**	(4,693)
Accumulated unrecognised share of loss of a jointly controlled entity	**(9,665)**	(4,693)

21. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31/12/2010 ***RMB'000***	31/12/2009 *RMB'000*
Unlisted equity securities in the PRC, at cost	**6,569**	2,069
Less: Impairment loss	**(2,069)**	(2,069)
	4,500	–

The above unlisted investments represent investments in unlisted equity securities issued by private entities 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. Based on such review, no impairment loss has been recognised for the year ended 31 December 2010 (2009: RMB136,000).

22. DEFERRED TAX ASSETS/(LIABILITIES)

	Provision for impairment loss of assets *RMB'000*	**Fair value change on investment property** *RMB'000*	**Total** *RMB'000*
At 1 January 2009	1,132	–	1,132
Charge to profit or loss	(242)	–	(242)
At 31 December 2009	890	–	890
Credit (charge) to profit or loss	144	(173)	(29)
At 31 December 2010	1,034	(173)	861

22. DEFERRED TAX ASSETS/(LIABILITIES) *(Continued)*

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010	2009
	RMB'000	*RMB'000*
Deferred tax assets	**1,034**	890
Deferred tax liabilities	**(173)**	–
	861	890

23. INVESTMENT AT FVTPL

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Unlisted debt investment at FVTPL, at fair value	**–**	2,000

24. HELD-TO-MATURITY FINANCIAL ASSETS

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Unlisted guaranteed funds, at amortised cost	**5,000**	10,000

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

31 December 2010

Amount	**Maturity date**	**Interest rates**
RMB5,000,000	**21 January 2011**	**2.40%**

31 December 2009

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

25. INVENTORIES

	31/12/2010 *RMB'000*	31/12/2009 *RMB'000*
Raw materials	**66,847**	69,580

During the year, a part of the 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 the raw materials of approximately RMB2,601,000 (2009: RMB1,078,000) has been recognised and included in cost of sales in the current year.

26. TRADE RECEIVABLES

	31/12/2010 *RMB'000*	31/12/2009 *RMB'000*
Trade receivables		
– Due from ultimate holding company	**8,685**	46,542
– Due from other related parties	**38,261**	56,254
– Due from third parties	**93,056**	164,108
	140,002	266,904
Less: Impairment loss recognised	**(5,380)**	(14,063)
Trade receivables	**134,622**	252,841
For reporting purpose, analysed as:		
Non-current assets	**1,868**	3,564
Current assets	**132,754**	249,277
	134,622	252,841

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

	31/12/2010 *RMB'000*	31/12/2009 *RMB'000*
Within 3 months	**80,100**	100,577
4 months to 6 months	**24,139**	52,482
7 months to 12 months	**14,008**	38,783
1 year to 2 years	**15,485**	66,101
Over 2 years	**6,270**	8,961
	140,002	266,904

26. TRADE RECEIVABLES *(Continued)*

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 as at 31 December 2010 included balances of approximately RMB84,396,000 (2009: RMB133,238,000) which were neither past due nor impaired. The Group does not hold any collateral over the trade receivables that are neither past due nor impaired.

Before accepting any new customer, the Group's sales department will assess the potential customer's credit quality and fix credit limits to be granted to the customer. The credit limits attributed to customers are reviewed once a year. 60% (2009: 50%) of the trade receivables that are neither past due nor impaired have the good track record with the Group.

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 historical records 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 rate of 5.76% (2009: 5.76% to 7.47%) per annum.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB50,226,000 (2009: RMB119,603,000) 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:

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Overdue by:		
Within 3 months	**24,139**	48,552
4 months to 6 months	**7,004**	13,126
7 months to 12 months	**7,910**	24,298
1 year to 2 years	**11,098**	33,514
Over 2 years	**75**	113
	50,226	119,603

Receivables that were past due but not impaired relate to a number of independent customers that represent sales made to recognised and creditworthy independent customers. These customers who trade on credit terms are subject to credit verification procedures. 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.

26. TRADE RECEIVABLES *(Continued)*

Movement in the impairment loss on trade receivables:

	2010 ***RMB'000***	2009 *RMB'000*
1 January	**14,063**	6,281
Impairment loss recognised	**3,014**	9,936
Amount written off as uncollectible	**–**	(2,154)
Derecognised upon deemed disposal of a subsidiary	**(11,697)**	–
31 December	**5,380**	14,063

In determining the recoverability of a trade receivable, the Group considers the change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

Included in the impairment loss of trade receivables are individually impaired trade receivables with an aggregate balance of approximately RMB4,582,000 (2009: RMB13,499,000). The Group does not hold any collateral over these balances.

Age of impaired trade receivables:

	31/12/2010 ***RMB'000***	31/12/2009 *RMB'000*
Overdue by:		
Within 3 months	**–**	–
4 months to 6 months	**–**	–
7 months to 12 months	**2,965**	–
1 year to 2 years	**559**	12,182
Over 2 years	**1,856**	1,881
	5,380	14,063

27. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	31/12/2010 RMB'000	31/12/2009 RMB'000
Other receivables, prepayments and deposits		
– Due from other related parties	**42,869**	63,308
– Due from third parties	**45,400**	63,142
	88,269	126,450
Interest receivable from bank deposits	**7,665**	13,980
Prepayments	**46,607**	59,933
Other receivables and deposits	**33,997**	52,537
	88,269	126,450
Less: Impairment loss for other receivables recognised	**(274)**	(213)
	87,995	126,237
For reporting purpose, analysis as:		
Non-current assets *(Note)*	**21,475**	34,596
Current assets	**66,520**	91,641
	87,995	126,237

Note:

Included in the non-current assets, other receivables of approximately RMB217,000 (2009: RMB266,000) were measured at amortised cost using the effective interest method and carry interest rate of 7.83% (2009: 7.83%) per annum.

As at 31 December 2010, prepayment for acquisition of an associate of RMB6,560,000 (2009: nil) included in prepayment.

Movement in the impairment loss on other receivables:

	2010 RMB'000	2009 RMB'000
1 January	**213**	213
Impairment loss recognised	**61**	–
31 December	**274**	213

Included in the impairment loss of other receivables are individually impaired other receivables with an aggregate balance of RMB274,000 (31 December 2009: RMB213,000).

28. RESTRICTED BANK DEPOSITS

As at 31 December 2010 and 2009, restricted bank deposits represent deposits pledged to secure banking facilities and entrusted loans granted to the Group, Beiqing CéCi and Beiqing Top. 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 1.71% to 5.00% (2009: 0.36% to 4.86%) per annum.

29. 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 2.75% (2009: 1.98% to 2.25%) per annum.

As at 31 December 2010 and 2009, all short-term bank deposits were denominated in RMB.

30. 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 1.91% (2009: 0.36% to 1.17%) per annum.

As at 31 December 2010 and 2009, all bank balances and cash were denominated in RMB.

31. TRADE PAYABLES

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Trade payables		
– Due to the ultimate holding company	**7,949**	8,904
– Due to other related parties	**25,470**	48,236
– Due to third parties	**103,880**	120,818
	137,299	177,958

The balance of trade payables as at 31 December 2010 includes bills payables of approximately RMB50,222,000 (2009: RMB39,790,000).

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

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Within 3 months	**120,392**	142,662
4 months to 6 months	**14,031**	13,193
7 months to 12 months	**2,103**	21,186
1 year to 2 years	**270**	597
Over 2 years	**503**	320
	137,299	177,958

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.

32. OTHER PAYABLES AND ACCRUALS

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Other payables and accruals		
– Due to other related parties	**11,191**	1,565
– Due to third parties	**140,457**	127,987
	151,648	129,552

As at 31 December 2010, included in other payables and accruals is an amount of approximately RMB75,622,000 (2009: RMB78,248,000) denominated in HKD88,870,000 (2009: 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.

33. DEFERRED REVENUES

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Arising from customer loyalty programme	**8,600**	19,329

The deferred revenues arise in respect of the Group's customer loyalty programme. The award credits are normally expired within one year.

34. BANK LOANS

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Bank loans – secured	**60,000**	65,000
Carrying amount repayable		
On demand or within one year	**60,000**	–
More than one year, but not exceeding two years	**–**	65,000
	60,000	65,000

As at 31 December 2010, the secured bank loans were entrusted loans of RMB60,000,000 (2009: RMB65,000,000) 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% (2009: 4.86%).

35. FINANCIAL GUARANTEE LIABILITY

	RMB'000
FAIR VALUE	
At 1 January 2009	–
Additions	16,611
At 31 December 2010	16,611
Released	(16,611)
At 31 December 2010	–
AMORTISATION	
At 1 January 2010	–
Provided for the year	127
At 31 December 2009	127
Released	(127)
At 31 December 2010	–
CARRYING VALUES	
At 31 December 2010	–
At 31 December 2009	16,484

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 would 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 had 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 had 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 in the year of 2009 (Note 20(b)) 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.

During the current year, the financial guarantee in the amount of RMB153,000,000 provided by the Group to a bank for securing the loan facilities of COL was cancelled and released by the bank. The financial guarantee liability of RMB16,484,000 was derecognised accordingly and included in the Company's consolidated statement of comprehensive income as income from the release of financial guarantee during the current year.

36. SHARE CAPITAL

	31/12/2010 RMB'000	31/12/2009 RMB'000
Ordinary shares of RMB1.00 each		
Registered, issued and fully paid:		
– Domestic shares	**142,409**	142,409
– H shares	**54,901**	54,901
	197,310	197,310

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

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

37. 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 as disclosed in Note 34, 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.

38. FINANCIAL INSTRUMENTS

Categories of financial instruments

	31/12/2010 RMB'000	31/12/2009 RMB'000
Financial assets		
Investment at FVTPL, at fair value	**–**	2,000
Available-for-sale financial assets	**4,500**	–
Loans and receivables (including cash and cash equivalents)	**1,437,632**	1,568,998
Held-to-maturity financial assets	**5,000**	10,000
Financial liabilities, at amortised cost	**297,757**	341,301
Financial guarantee liability	**–**	16,484

38. FINANCIAL INSTRUMENTS *(Continued)*

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 balances and cash, trade payables, other payables and accruals, dividend payables to non-controlling shareholders 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.

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
Liabilities – HKD	**75,622**	78,248

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.

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% (2009: 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 31/12/2010	Year ended 31/12/2009
	RMB'000	*RMB'000*
Increase (decrease) in profit for the year		
– if RMB weakens against foreign currencies	**(3,781)**	(3,912)
– if RMB strengthens against foreign currencies	**3,781**	3,912

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group exposed to fair value interest rate risk through the fixed interest-bearing bank deposits and bank loans (see Note 28, 29 and 34 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 30 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 (2009: 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 (2009: 25) base point higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2010 would increase/decrease by RMB455,000 (2009: RMB381,000). 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.

Credit risk

As at 31 December 2010, 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 is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

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.

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The credit risk on liquid funds is limited because majority of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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.

Collateral held as security and other credit enhancement

The Group does not hold any collateral or other credit enhancement to cover its credit risks associated with its financial assets except for certain other receivable. Credit risks associated with the amount due from an entity are mitigated because the amount is guaranteed by a third party and the entity agreed to repay the debt to the Company within 2011. The carrying amount of the amount due from the entity amounted to RMB20,000,000 (31 December 2009: RMB36,400,000).

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	
	31/12/2010 **_RMB'000_**	31/12/2009 *RMB'000*	**31/12/2010** **_RMB'000_**	31/12/2009 *RMB'000*	**31/12/2010** **_RMB'000_**	31/12/2009 *RMB'000*	**31/12/2010** **_RMB'000_**	31/12/2009 *RMB'000*
Trade payables	**137,299**	177,958	**–**	–	**137,299**	177,958	**137,299**	177,958
Other payables and accruals	**97,741**	95,409	**–**	–	**97,741**	95,409	**97,741**	95,409
Dividend payables to non-controlling shareholders	**2,717**	2,934	**–**	–	**2,717**	2,934	**2,717**	2,934
Bank loans	**61,531**	3,063	**–**	66,754	**61,531**	69,817	**60,000**	65,000
Financial guarantee liability	**–**	25,500	**–**	127,500	**–**	153,000	**–**	16,484
	299,288	304,864	**–**	194,254	**299,288**	499,118	**297,757**	357,785

The amounts included above for financial guarantee liability were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount was claimed by the counterparty to the guarantee. At the end of the reporting period, the financial guarantee liability as at 31 December 2009 has been released (Details are set out in Note 35).

38. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

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.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	31/12/2010 **Level 1** ***RMB'000***	31/12/2009 Level 1 *RMB'000*
Investment at FVTPL	–	2,000

39. DEEMED DISPOSAL OF A SUBSIDIARY

On 31 December 2010, the Group deemed disposed of Beiqing Top, which becomes a jointly controlled entity of the Group (for details please refer to Note 20(a)(iii)). The Group's equity interest in Beiqing Top was diluted from 86.67% to 75.88%.

Gain arising from this deemed disposal of partial interest in Beiqing Top amounted to approximately RMB17,948,000.

Analysis of assets and liabilities of Beiqing Top over which control was lost.

	31/12/2010 *RMB'000*
Property, plant and equipment	1
Trade receivables	39,904
Other receivables, prepayments and deposits	45
Bank balances and cash	251
Trade payables	(19,041)
Other payables and accruals	(49)
Bank loans	(3,600)
Non-controlling interests	(2,335)
Net assets disposed of	15,176
Interests in jointly controlled entities, at fair value	33,124
Net assets disposed of	(15,176)
Gain on deemed disposal of a subsidiary	17,948
Net cash outflow on deemed disposal of a subsidiary	
Bank balances and cash disposed of	251

The impact of the disposal of Beiqing Top has no material effect on the Group's results and cash flows for the year ended 31 December 2010.

40. 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 RMB4,207,000 (2009: RMB8,372,000) in aggregate by the transfer of investment properties with fair value of approximately RMB4,207,000 (2009: RMB8,372,000).

41. 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:

	31/12/2010 ***RMB'000***	31/12/2009 *RMB'000*
Within one year	**3,909**	5,936
In the second to fifth years inclusive	**3,707**	4,470
	7,616	10,406

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 does not have an option to purchase the leased asset at the expiry of the lease period.

The Group as lessor

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

	31/12/2010 ***RMB'000***	31/12/2009 *RMB'000*
Within one year	**4,058**	7,512
In the second to fifth years inclusive	**4,619**	8,450
Over five years	**353**	555
	9,030	16,517

The properties are expected to generate rental yields of 14.12% (2009:14.6%) on an ongoing basis. The properties have committed tenants for the next 1 to 7 years (2009: 1 to 8 years).

42. 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
Beiqing CéCi	A jointly controlled entity of the Company
BQTM	A jointly controlled entity of the Company
Beiqing Top	A jointly controlled entity of the Company
Leisure Trends	An associate of the Company
Beiqing Shengda	An associate of the Company
Beisheng United	An associate of the Company
BY Time	An associate of the Company
Xin Hua Net Printery	A non-controlling interest shareholder
Workers Daily	A non-controlling interest shareholder
Beijing Min Yi Printing Technology Services Company	A non-controlling interest shareholder
Beijing Ke Yin Printing Technology Services Company	A non-controlling interest shareholder
HYDA	A non-controlling interest 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.

42. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Related party balances

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

	31/12/2010	31/12/2009
	RMB'000	*RMB'000*
BYDA		
Trade receivables	**8,685**	46,542
Trade payables	**7,949**	8,904
Subsidiaries of BYDA		
Trade receivables	**4,531**	11,167
Trade payables	**5,005**	8,328
Other payables and accruals	**3,955**	150
A joint controlled entity of the Company		
Trade receivables	**435**	–
Other receivables, prepayments and deposits	**24**	–
Associate of the Company		
Trade receivables	**196**	2,075
Other payables and accruals	**728**	50
Non-controlling interest shareholders		
Trade receivables	**3,602**	1,976
Trade payables	**74**	499
Other payables and accruals	**206**	89
Dividend payables	**2,087**	2,438
Other state-owned enterprises		
Trade receivables	**29,497**	41,036
Other receivables, prepayments and deposits	**42,845**	63,308
Trade payables	**20,391**	39,409
Other payables and accruals	**6,302**	1,276

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

42. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

During the year, the Group entered into the following transactions with related parties:

	Notes	**Year ended 31/12/2010 RMB'000**	Year ended 31/12/2009 *RMB'000*
BYDA			
Exclusive advertising right expenses	*(i)*	**62,855**	66,849
Provision of printing services		**12,454**	26,640
Rental income	*(ii)*	**3,843**	3,843
Rental expense	*(iii)*	**1,363**	1,363
Subsidiaries of BYDA			
Provision of advertising services		**20,844**	21,267
Payment of delivery and logistics services		**6,524**	5,856
Payment of agency fee		**3,349**	3,343
Waiver of agency fee	*(iv)*	**2,525**	–
Payment of advertising commission		**756**	–
A joint controlled entity of the Company			
Provision of printing services		**371**	–
Associates of the Company			
Provision of advertising services		**2,556**	7,039
Non-controlling interest shareholders			
Sales of print-related materials		**34,508**	31,880
Payment of printing services		**631**	–
Purchase of print-related materials		**1,245**	4,404
Other state-owned enterprises			
Provision of advertising services		**20,525**	17,141
Provision of printing services		**34,008**	19,317
Sales of print-related materials		**51,491**	76,089
Provision of distribution services		**408**	715
Payment of advertising services		**379**	8,340
Payment of printing services		**72,353**	101,201
Purchase of print-related materials		**132,841**	153,628

42. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions *(Continued)*

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 1 January 2010 to 31 December 2012 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 1 January 2010 to 31 December 2012 with annual rental fee of approximately RMB1,363,000.

(iv) Beijing Today Sunshine Advertising Co., Ltd. waived to receive the agency fee of approximately RMB2,525,000 for compensating not meeting performance target.

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 as 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 ended 31 December 2010, the financial guarantee in the amount of RMB153,000,000 provided by the Group to a bank for securing the loan facilities of COL was cancelled and released. The financial guarantee liability of RMB16,484,000 was derecognised accordingly and was included in the Company's consolidated statement of comprehensive income as income from the release of financial guarantee (Details are set out in Note 35).

In addition, the Company pledged its bank deposits of RMB3,600,000 (2009: nil) and RMB30,000,000 (2009: RMB20,000,000) as securities over the loan facilities granted to Beiqing Top and Beiqing CéCi by various banks respectively. As at 31 December 2010, the utilised amount of the loan facilities was RMB3,600,000 (2009: nil) and RMB30,000,000 (2009: RMB20,000,000) respectively.

During the year ended 31 December 2010, BYDA provided guarantees for bank facilities granted to the Group by a bank to a maximum amount of RMB20,000,000 (2009: nil). As at 31 December 2010, the utilised amount of the banking facilities was approximately RMB19,175,000 (2009: nil).

(d) Key management personnel compensation

	Year ended 31/12/2010 ***RMB'000***	Year ended 31/12/2009 *RMB'000*
Salaries and other short-term employee benefits	**4,352**	4,486

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

43. THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	31/12/2010 *RMB'000*	31/12/2009 *RMB'000*
Non-current assets		
Property, plant and equipment	**10,604**	12,566
Prepayments for land use rights	**27,900**	28,789
Investment properties	**9,676**	6,247
Intangible assets	**5,366**	5,443
Interests in subsidiaries	**453,150**	459,150
Interests in jointly controlled entities	**118,750**	12,750
Interests in associates	**4,150**	3,550
Available-for-sales investments	**4,500**	–
Trade receivables	**1,868**	3,564
Other receivables, prepayments and deposits	**21,258**	34,330
Restricted bank deposits	**25,000**	85,000
	682,222	651,389
Current assets		
Prepayments for land use rights	**889**	889
Inventories	**221**	2,344
Trade receivables	**40,982**	55,430
Other receivables, prepayments and deposits	**110,026**	133,577
Restricted bank deposits	**68,600**	66,400
Short-term bank deposits	**526,242**	530,862
Bank balances and cash	**94,155**	116,169
	841,115	905,671
Current liabilities		
Trade payables	**12,954**	17,232
Other payables and accruals	**116,126**	115,187
Deferred revenues	**8,600**	19,329
Financial guarantee liability	**–**	16,484
	137,680	168,232
Net Current Assets	**703,435**	737,439
Total Assets less Current Liabilities	**1,385,657**	1,388,828
Capital and Reserves		
Share capital	**197,310**	197,310
Reserves *(Note)*	**1,188,347**	1,191,518
Total Equity	**1,385,657**	1,388,828

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

Note: The reserves movement of the Company

	Notes	**Share capital** *RMB'000*	**Capital reserve** *RMB'000*	**Statutory surplus reserve fund** *RMB'000*	**Retained earnings** *RMB'000*	**Total** *RMB'000*
At 1 January 2009		197,310	896,097	130,931	148,093	1,372,431
Total comprehensive income for the year		–	–	–	55,859	55,859
Dividends recognised as distribution	*13*	–	–	–	(39,462)	(39,462)
At 31 December 2009		197,310	896,097	130,931	164,490	1,388,828
Total comprehensive income for the year		–	–	–	75,753	75,753
Dividends recognised as distribution	*13*	–	–	–	(78,924)	(78,924)
At 31 December 2010		197,310	896,097	130,931	161,319	1,385,657

44. SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2010:

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 Company Limited	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 Zhong Wang Shi Tong Technologies Co., Ltd	the PRC	Contributed capital	20,000	100	Inactive
Legal Evening Post Media Company Limited	the PRC	Contributed capital	400,000	100	Inactive

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