

The Directors are pleased to present the annual report and audited financial statements for the year ended 31 December 2004.

Issue and Listing of Shares

The Company's H Shares were listed on The Stock Exchange of Hong Kong Limited 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 price of the Company's H Shares were HK\$23.75 and HK\$19.35 respectively up to 31 December 2004. The trading volume and closing price as at 31 December 2004 were 635,000 H Shares and HK\$22.25, respectively.

Accounts

Results of the Group for the year ended 31 December 2004 are set out in page 28 of consolidated profit and loss accounts.

Financial positions of the Group as at 31 December 2004 are set out in page 29 of the consolidated balance sheet.

Cash flows of the Group for the year ended 31 December 2004 is set out in page 32 of consolidated cash flow statement.

The Directors proposed a final dividend of RMB0.39 per ordinary share to the shareholders on the register of members on 17 May 2005, amounting to approximately RMB76,950,900.

Principal Activities

The Group is principally engaged in the selling of advertising space, production of newspapers and trading of print-related materials, and we have recently expanded in event organizing. Details of activities of the Company's principal subsidiaries are set out in note 15 to the financial statements.

Major Suppliers and Customers

For the year ended 31 December 2004, the total amount of purchases of the Group from our five largest suppliers accounted for RMB238,163,000 or 59.7% of our total purchases for the year. The amount of purchases from our largest supplier accounted for RMB398,764,000 or 19% of our purchases for the year.

For the year ended 31 December 2004, the total amount of sales of the Group to our five largest customers accounted for RMB52,822,000 or 4.8% of our total sales for the year. The amount of sales to our largest customer accounted for RMB23,075,000 or 2.1% of our total sales for the year.

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

REPORT OF THE BOARD OF DIRECTORS

Subsidiary and jointly controlled entity

As at 31 December 2004, the Company had a subsidiary, namely Beijing Youth Daily Logistics Company Limited and a jointly controlled entity, namely China Open Promotion Company Limited.

For details of principal subsidiaries and jointly controlled entity of the Company, please refer to note 15 to financial statements in this annual report.

Profit Distributions

For details of the profit distribution, please refer to note 26 to the financial statements in this annual report.

Reserves

The movements in reserves during the year are set out in note 26 to the financial statements for the year.

Distributable Reserves

For details of the distributable reserves, please refer to note 26 of the financial statements in this annual report.

Properties and Equipment

The movements in properties and equipment are set out in note 14 to the financial statements for the year.

Share Capital, Share Capital Structure and Number of Shareholders

As at 31 December 2004, the total number of shares issued by the Company was 197,310,000 Shares. The shareholders of the Company include BYD, Beijing Zhijin Science and Technology Investment Company Limited, China Telecommunication Broadcast Satellite Corporation, Beijing Development Area Limited, Sino Television Company Limited and public shareholder of H Shares, holding 124,839,974 Shares, 7,367,000 Shares, 4,263,117 Shares, 2,986,109 Shares, 2,952,800 Shares and 54,901,000 H Shares respectively, representing 63.27%, 3.73%, 2.16%, 1.52%, 1.50%, and 27.82%, respectively, of the Company's entire share capital.

Class of Shares Held	Number of issued Shares	Percentage	Number of shareholders*
Domestic Shares	142,409,000	72.18%	5
Foreign Shares (comprising H Shares)	54,901,000	27.82%	702
Total	197,310,000	100%	707

* According to the records in our Register of shareholders as at 31 December 2004.

The movements of the Company's share capital are set out in note 25 to the financial statements for the year.

Interests of Principal Shareholders in Shares and Underlying Shares

As at 31 December 2004, shareholders holding 5% or more of our issued Share Capital, 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 listed as follows:

Name	Number of Shares	Percentage of Share Capital
BYD	124,839,974 (Domestic Shares)	63.27%
MIH Print Media Holdings Limited	19,533,000 (H Shares)	9.9%

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

Ultimate Holding Shareholder

BYD is the Ultimate Holdings Limited of the Company, following the completion of the Global offering, taking into account of exercise of the Over-allotment, BYD is interested in 63.27% of the Company's equity.

Directors

During the year and since the date of this report, the name of Directors of the Company and their respective date of appointment are listed as follows:

Executive Directors	Date of Appointment
ZHANG Yanping	16 May 2001
ZHANG Yabin	30 December 2002
SUN Wei	23 August 2004
HE Pingping	16 May 2001
DU Min	30 December 2002

Non-executive Directors

LIU Han	16 May 2001
XU Xun	16 May 2001

Independent Non-executive Directors

TSANG Hing Lun	12 November 2004
WU Changqi	23 August 2004
LIAO Li	23 August 2004

REPORT OF THE BOARD OF DIRECTORS

Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors has entered into service contracts with the Company. Such contracts were entered into on 4 December 2004 for terms of three years.

No Director or Supervisor has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 31 December 2004, neither of the Directors, Supervisors nor their respective associates had interests in Shares or debts securities of the Company or any associated corporations which would fall to be notified to the Company and the Stock Exchange under Section 352 of SFO or shall be recorded in the register required under the Section, or interests that fall to be disclosed to the Company and the Stock Exchange under the Model Code of Securities Transactions by Directors of Listed Companies.

Directors' and Supervisors' Interest in Contracts

As at the balance sheet date of the year or any time during the year, neither the Company nor its subsidiaries was a party in any contracts of significance to the business of the Company in which Directors or Supervisors had material interests.

Directors' and Supervisors' Benefits in Acquiring Shares or Debts

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

Emoluments of Directors and Supervisors

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

Purchase, Sale and Redemption of the Listed Securities of the Company

The Company and its subsidiaries did not purchase, sell or redeem any listed securities of the Company during the year.

Pre-emptive Right

There is no provisions for pre-emptive rights under the PRC law and the Company's 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 24 and 27 to the financial statements in this annual report.

Connected Transactions

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

Transactions

1 Sharing of administrative services and offices agreement (the "Shared Services Agreement")

On 7 December 2004, the Company and BYD entered into an agreement for the sharing of administrative services, offices and human resources. Under this agreement, the Company and BYD agreed to share the costs of administrative services provided by third parties regarding the Beijing Youth Daily Agency Mansion located in Beijing, PRC, where the Company's offices are situated. The fees incurred by the Company under the Shared Services Agreement and any other agreement entered into pursuant to it shall be calculated on a cost reimbursement basis by reference to the floor area the Company owns compared to the total floor area of the Beijing Youth Daily Agency Mansion. During the year ended 31 December 2004, the annual aggregate amount of the above administration transactions was approximately RMB759,098.

2 Varnishes supply agreement

On 22 March 2002, BYD Logistics and Shanghai Shenglin Printing Machinery Limited, a substantial shareholder of one of our subsidiaries, Shanghai Beiqing Printing Machinery Limited, entered into an agreement pursuant to which Shanghai Shenglin Printing Machinery Limited agreed to supply to BYD Logistics varnishes for pressing. Under the agreement, BYD Logistics was appointed as the exclusive distributor of the varnishes in the Beijing region and for the printing houses of the Beijing Youth Daily.

For the year ended 31 December 2004, the aggregate annual consideration paid by BYD Logistics to Shanghai Shenglin Printing Machinery Limited was approximately RMB971,393.

3 Today YangGuang advertising agreement

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

Pursuant to the Today YangGuang advertising agreement, the Company or any of its subsidiaries may only accept the booking of advertising space by Today YangGuang on the basis that the fees payable under the Today YangGuang advertising agreement are settled on normal commercial terms, that being on terms which a party could obtain if the transaction were on an arm's length basis or on terms no less favourable to the Company than terms available to or from independent third parties.

During the year ended 31 December 2004, sales fees paid by Today YangGuang to the Company were approximately RMB2,243,950.

4 Tenancy agreement

On 1 August 2004, the Company and BYD entered into a tenancy agreement (the "Tenancy Agreement") pursuant to which BYD leased from the Company various office premises in the Beijing Youth Daily Agency Mansion amounting to a total floor area of 2,086m². The duration of the Tenancy Agreement is three years ending on 31 July 2007. Upon the expiry of the Tenancy Agreement, BYD 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 annual rental payable by BYD under the Tenancy Agreement throughout the tenancy will be RMB3,426,255. The annual rental is calculated based on RMB4.50 per m² per day. The rental paid by BYD to the Company for the year ended 31 December 2004 was approximately RMB1,513,000.

5 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 BYD, pursuant to which BYD has agreed to grant an exclusive right to the Company to operate the Advertising Business in respect of the Beijing Youth Daily, including editions on other media such as the Internet.

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

The aggregate fees paid by the Company under the Advertising Business Agreement for the year ended 31 December 2004 was approximately RMB141,000,786.

6 Gehua YangGuang advertising agreement

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

Pursuant to the Gehua YangGuang advertising agreement, the Company or any of its subsidiaries may only accept the booking of advertising space by Gehua YangGuang on the basis that the fees payable under the Gehua YangGuang advertising agreement are settled on normal commercial terms, being terms which a party could obtain if the transaction were on an arm's length basis or on terms no less favourable to us than terms available to or from independent third parties.

During the year ended on 31 December 2004, sales fees paid by Gehua YangGuang to the Company were approximately RMB26,841,992.

7 Printing agreement in respect of 北京科技報 (Beijing Sci-Tech Report), 中學生科學報 (Middleschool Science Post) and 法制晚報 (Legal Evening Post)

On 7 December 2004, BYD and BYD Logistics entered into a printing agreement pursuant to which BYD Logistics agreed to provide printing services in respect of 北京科技報 (Beijing Sci-Tech Report), 中學生科學報 (Middleschool Science Post) and 法制晚報 (Legal Evening Post) and other newspaper and magazines of BYD which may be introduced by BYD. However, the terms of the printing agreement shall not be applicable to the Beijing Youth Daily. Under this agreement, BYD Logistics is responsible for the printing of the three newspapers and the provision of paper for the printing. The printing fee charged by the Company will be based on the actual volume of the newsprint printed and the quality of the printing and the paper. The quality of printing and paper will be pre-agreed between the parties. The agreement is due to expire on 31 December 2006.

The aggregate printing fees on an annual basis received by the Company under the printing agreement for the year ended on 31 December 2004, was approximately RMB31,397,000.

The Independent non-executive Directors have reviewed and confirmed that the above transactions:

- (1) were in the usual and ordinary course of business of the Group;
- (2) were entered into, if there were comparable transactions, on normal commercial terms, or, if there were no comparable transactions to determine whether such transactions were on normal commercial terms, on terms no less favourable to the terms provided by independent third parties to the Company or by the Company to independent third parties (if applicable); and
- (3) were 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 that the aggregate amount of each transaction described above has not exceeded the relevant cap amount for each transaction as set out in the conditional waivers granted by The Stock Exchange of Hong Kong Limited.

Our Auditors have reviewed the above transactions, and confirmed to the Board of Directors in writing, that the above transactions:

- (1) were approved by the Board;
- (2) were entered into on terms that regulate relevant agreements of such transactions;
- (3) complied with the pricing policy as set out in the accounts of the Company; and
- (4) did not exceed the respective caps applicable to each transaction.

Material Litigation

The Company was not involved in any material litigation during the year.

REPORT OF THE BOARD OF DIRECTORS

Retirement Scheme

Details of the retirement scheme are set out in note 11 to the financial statements in this annual report.

Audit Committee

Pursuant to the requirements of the Listing Rules, the Company has set up an audit committee to review and supervise the financial reporting process and internal control procedures of the Group and regulate the financial reporting procedures and internal controls of the Group. The Audit Committee comprises two independent non-executive Directors and one Non-executive Director. The Group's annual results for the year ended 31 December 2004 had been reviewed by the Audit Committee.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there is a public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Corporate Governance

The Company has complied since its listing on the SEHK with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules except that the independent non-executive Directors were not appointed for specific terms as required by paragraph 7 of the Code but are subject to retirement by rotation in accordance with the articles of association of the Company.

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

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

Auditors

The financial statements for the year of 2004 of the Company prepared in accordance with accounting principles generally accepted in Hong Kong were audited by PricewaterhouseCoopers, the Company's International auditor. A resolution for the continuous appointment of PricewaterhouseCoopers to be the international auditor will be proposed in the Annual General Meeting of Shareholder.

By order of the Board

ZHANG Yanping

Chairman of the Board of Director

25 April 2005

Beijing, China