

The Board is pleased to present the annual report and audited financial statements for the year ended 31 December 2005.

Issue and Listing of Shares

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

The highest and lowest trading prices of the Company's H shares were HK\$22.70 and HK\$8.9 respectively up to 31 December 2005. The trading volume and closing price as at 31 December 2005 were 93,500 H Shares and HK\$10.65, respectively.

Accounts

Results of the Group for the year ended 31 December 2005 are set out in page 47 of the consolidated profit and loss account.

Financial positions of the Group as at 31 December 2005 are set out in page 48 and 49 of the consolidated balance sheet.

Cash flows of the Group for the year ended 31 December 2005 is set out in page 52 of consolidated cash flow statement.

The Directors proposed a final dividend of RMB0.25 per ordinary share to the shareholders on the register of members on 27 May 2005, amounting to approximately RMB49,327,500.

Principal Activities

The Group is principally engaged in the sales of advertising space, production of newspapers and trading of print-related materials, and organization of large events. Details of activities of the Company's principal subsidiaries are set out in note 17 to the financial statements.

Major Suppliers and Customers

For the year ended 31 December 2005, the total purchase by the Group from its five largest suppliers amounted to RMB250,961,546, representing 32.9% of its total purchase for the year. Purchase from the largest supplier amounted to RMB65,768,926, representing 8.6% of its total purchase for the year.

For the year ended 31 December 2005, the total sales by the Group to its five largest customers amounted to RMB231,287,661, representing 27.0% of its total sales for the year. Sales to the largest customer amounted to RMB73,267,501, representing 8.5% of its 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 the Group's share capital has any interest in the Group's five largest suppliers or five largest customers.

Subsidiary and jointly controlled entity

As at 31 December 2005, the Company had three subsidiaries, namely Beijing Youth Daily Logistics Company Limited, Shanghai Beiqing Printing Machinery Limited and Beijing Leisure Trend Advertising Co., Ltd. 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 16 and 17 to financial statements in this annual report.

Profit Distribution

For details of profit distribution, please refer to note 29 to the financial statements in this annual report.

Reserves

The movements in reserves during the year are set out in note 29 to the financial statements for the year.

Distributable Reserves

For details of the distributable reserves, please refer to note 29 to 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 2005, 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 shareholders of H Shares, holding 124,839,974 shares, 7,367,000 shares, 4,263,117 shares, 2,986,109 shares, 2,952,800 shares and 54,901,000 H shares respectively, representing 63.27%, 3.73%, 2.16%, 1.52%, 1.50%, and 27.82%, respectively, of the Company's entire share capital.

Class of shares held	Number of issued shares	Percentage	Number of shareholders*
Domestic shares	142,409,000	72.18%	5
Foreign shares (comprising H shares)	54,901,000	27.82%	600
Total	197,310,000	100%	605

* The above percentage figures are based on the records in the Company's register of shareholders as at 31 December 2005.

Changes of the Company's share capital are set out in note 28 to the financial statements for the year.

Interests of Principal Shareholders in Shares and Underlying Shares

As at 31 December 2005, 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	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 Controlling Shareholder

BYD is the ultimate controlling shareholder of the Company. Following completion of the global offering, taking into account the exercise of the over-allotment option, BYD is interested in 63.27% of the Company's equity.

Directors

During the year and up to date of this report, the names of Directors and their respective dates 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
Johannes Louw MALHERBE	15 June 2005
 Independent Non-executive Directors	
TSANG Hing Lun	12 November 2004
WU Changqi	23 August 2004
LIAO Li	23 August 2004

Directors' and Supervisors' Service Contracts

Each of the Directors (other than Johannes Louw Malherbe) and Supervisors has entered into service contracts with the Company on 4 December 2004 for a term of three years. Johannes Louw Malherbe entered into a service contract with the Company on 17 June 2005 which term will expire on 22 August 2007.

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

Directors' and Supervisors' Interests in Shares and Underlying Shares

As at 31 December 2005, none of the Directors, Supervisors or their respective associates had any interest in the shares or debts securities of the Company or any associated corporations which would fall to be notified to the Company and the Stock Exchange under Section 352 of SFO or be recorded in the register required under the Section, or fall to be disclosed to the Company and the Stock Exchange under the Model Code for Securities Transactions by Directors of Listed Companies.

Directors' and Supervisors' Interest in Contracts

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

Directors' and Supervisors' Benefits in Acquiring Shares or Debts

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

Emoluments of Directors and Supervisors

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

None of the Directors and Supervisors has waived emoluments during the year ended 31 December 2005.

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

During the year, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

Pre-emptive Right

There is no provision for pre-emptive rights under the PRC law and the Company's 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 27 and 30 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 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 as a proportion of the total floor area of the Beijing Youth Daily Agency Mansion. For the year ended 31 December 2005, the annual aggregate amount of the above administration transactions was approximately RMB466,060.

2 Varnishes Supply Agreement

On 22 March 2002, BYD Logistics and Shanghai Shenglin Printing Machinery Limited, a substantial shareholder of a subsidiary of the Company, 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 Beijing and for the printing houses of the Beijing Youth Daily.

For the year ended 31 December 2005, the aggregate annual consideration paid by BYD Logistics to Shanghai Shenglin Printing Machinery Limited was approximately RMB924,000.

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, which represent terms available to a party on an arm's length basis or terms no less favourable to the Company than those available to or from independent third parties.

For the year ended 31 December 2005, sales fees paid by Today YangGuang to the Company were approximately RMB108,800.

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 2,086 sq. m. The duration of the Tenancy Agreement is three years ending on 31 July 2007. Upon 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 sq. m. per day. The rental paid by BYD to the Company for the year ended 31 December 2005 was approximately RMB3,426,255.

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, the Company was 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 renewable upon expiry. The right granted includes the right to sell all of the advertising space in the Beijing Youth Daily, and the Company is entitled to all revenue derived from such sales. In consideration, the Company will (a) be responsible for the printing, including printing costs and the choice of newsprint, of the Beijing Youth Daily; (b) pay 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 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 2005 were approximately RMB96,582,000.

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, which represent terms available to a party on an arm's length basis or terms no less favourable to the Company than those available to or from independent third parties.

During the year ended on 31 December 2005, sales fees paid by Gehua YangGuang to the Company were approximately RMB8,043,000.

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.

8 Beiqing Advertising Real Estate Advertising Agreement

On 1 January 2005, the Company and Beijing Beiqing Advertising Limited ("Beiqing Advertising") entered into a real estate advertising agreement, pursuant to which Beiqing Advertising was appointed as an advertising agency of the Company. Under the agreement, Beiqing Advertising shall arrange with the Company the placement of advertisement on Beijing Youth Daily. The advertising fee to be charged by the Company shall be based on the standard unit fee set out in the rate card issued by the Company to other customers each year, subject to a certain discount under the real estate advertising agreement. The advertising fee shall be determined with reference to the area and page on which the advertisement is published. Beiqing Advertising was entitled to a commission calculated by a fixed percentage of the value of advertisement placed through Beiqing Advertising. The real estate advertising agreement expired on 31 December 2005.

Beiqing Advertising is a subsidiary of BYD, the controlling shareholder of the Company, and is thus a connected person of the Company. Pursuant to Rule 14A.14 of the Listing Rules, transactions contemplated under the real estate advertising agreement constitute continuing connected transactions of the Company.

For the year ended 31 December 2005, the total value of advertisements placed through Beiqing Advertising, net of the commission payable to Beiqing Advertising, amounted to approximately RMB23,610,000 (after commission payable).

9 Xiaohongmao Distribution Service Agreement

On 15 October 2005, the Company and 小紅帽發行股份有限公司 ("Xiaohongmao") entered into a distribution service agreement, pursuant to which Xiaohongmao was appointed by the Company to distribute direct mail advertisement to readers of Beijing Youth Daily as inside pages of Beijing Youth Daily. Pursuant to the agreement, the Company shall pay Xiaohongmao a distribution fee of RMB0.08 per advertisement mailer for an aggregate number of advertisement mailers of 80 million or below. For an aggregate number of advertisement mailers exceeding 80 million, the distribution fee will be reduced to RMB0.06 per advertisement mailer. The distribution service agreement expired on 31 December 2005.

Xiaohongmao is a subsidiary of BYD, the controlling shareholder of the Company, and is thus a connected person of the Company. Pursuant to Rule 14A.14 of the Listing Rules, transactions contemplated under the distribution service agreement constitute continuing connected transactions of the Company.

For the year ended 31 December 2005, the total distribution fee paid by the Company to Xiaohongmao amounted to approximately RMB8,125,000.

Prior to its listing on the Stock Exchange, the Company has applied for and was granted pursuant to Rule 14A.42 of the Listing Rules a waiver from strict compliance with the requirements for announcement and approval by independent shareholder under Chapter 14A of the Listing Rules in respect of the continuing connected transactions under items 3 to 7 above during their respective period.

In respect of the continuing connected transaction under item 7, the aggregate printing fee received by the Company pursuant to the printing agreement for the year ended 31 December 2005 amounted to approximately RMB79,795,000, which was in excess of the aggregate waiver amount of RMB53,500,000 in respect of such connected transaction as approved and granted by the Stock Exchange. The Group has engaged an independent financial adviser to review the excessive connected transactions and to provide independent opinions to the independent shareholders. The Company will seek approval from the independent shareholders in respect of such connected transaction at the upcoming general meeting to be held in June 2006.

In respect of the continuing connected transactions under items 8 and 9, the transactions fall under Rule 14A.34 of the Listing Rules and the Company is only required to comply with the reporting and announcement requirements thereunder. Under Rule 14A.34 of the Listing Rules, the independent shareholders' approval is not required. However, the Company did not comply with the announcement requirements set out in Rule 14A.47 of the Listing Rules. Please refer to the Company's announcement on 25 April 2006.

The independent non-executive Directors have reviewed and confirmed that the continuing connected transactions under items 1-9 above were:

- (1) carried out in the usual and ordinary course of business of the Group;
- (2) entered into on normal commercial terms (if comparable transactions are available), or, if there were no comparable transactions to determine whether such transactions were on normal commercial terms, on terms 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) 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 as set out in the conditional waivers granted by the Stock Exchange (save for the cap amount in respect of item 7 has been exceeded and no cap amounts were granted by the Stock Exchange in respect of items 8 and 9).

The Company's auditors have reviewed the connected transactions from item 3 to 7 above which are included in the waiver from strict compliance with certain requirements of the Listing Rules, granted by the Stock Exchange of Hong Kong Limited on 13 December 2004 and confirmed to the Board in writing that the above transactions:

- (1) were approved by the Board;
- (2) were entered into on terms of the relevant governing agreements of such transactions;
- (3) complied with the pricing policy as set out in the accounts of the Company; and
- (4) did not exceed the respective caps applicable to each transaction, save for the continuing connected transaction under item 7 above.

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

Material Litigation

To the best knowledge of the Board, as at 31 December 2005, the Company is not involved in any material litigation or arbitration and there is no legal action or claim made against the Company.

Retirement Scheme

Details of the retirement scheme are set out in note 13 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. The Audit Committee comprises of two independent non-executive Directors and one non-executive Director. The Group's results for the year ended 31 December 2005 have been reviewed by the Audit Committee.

Public Float

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

Corporate Governance

Since its listing on the Stock Exchange, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules except that the Remuneration Committee did not hold any meeting during the year ended 31 December 2005 (Please refer to Corporate Governance Report for details).

The Company has adopted Model Code contained in Appendix 10 to the Listing Rules regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed they complied with the required standard set out in the Model Code.

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

Auditors

The Company has appointed PricewaterhouseCoopers and Yue Hua as the international and PRC auditors respectively for the year ended 31 December 2005. The financial statements of the Company for the year 2005 prepared in accordance with accounting principles generally accepted in Hong Kong were audited by PricewaterhouseCoopers, the Company's international auditors. PricewaterhouseCoopers and Yue Hua has been providing audit services since 2004 and 2001 respectively. A resolution for the re-appointment of PricewaterhouseCoopers to be the international auditors will be proposed in the annual general meeting of shareholders.

Taxation

For the year ended 31 December 2005, shareholders of non-PRC residents are not subject to any individual or corporate income tax, capital gain tax, stamp duty or estate duty of the PRC in respect of their holdings of shares in the Company. Shareholders are advised to consult their tax advisers for any potential PRC or Hong Kong tax implications arising from their holding or disposal of H Shares.

By order of the Board

ZHANG Yanping

Chairman of the Board

23 April 2006

Beijing, the PRC