1. GENERAL INFORMATION

The Company was incorporated in the People's Republic of China ("PRC") on 28th May 2001 as a joint stock company with limited liability under the PRC Company Law. 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.

The Company is listed on The Stock Exchange of Hong Kong Limited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The adoption of new/revised HKFRS

In 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combinations
HKFRS 4	Insurance Contracts

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 31, 33 and 38 and HKFRS 4 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interests, share of net after-tax results of a jointly controlled entity and associates and other disclosures.

– HKASs 2, 7, 8, 10, 16, 23, 27, 28, 31, 33 and 38 and HKFRS 4 had no material effect on the Group's policies.

– HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities use Renminbi ("RMB") as their functional currency as well as presentation currency for respective entity's financial statements.

– HKAS 24 has affected the identification of related parties and some other related party disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights from fixed assets to operating leases. The up-front prepayments made for land use rights are expensed in the income statement on a straight line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, the land use rights were accounted at cost less accumulated depreciation.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

The adoption of HKFRS 3 and HKAS 36 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

– Amortized on a straight line basis over a period of 10 years; and

– Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3 (Note 2.7):

– The Group ceased amortization of goodwill from 1 January 2005;

– Accumulated amortization as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;

– From the year ended 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

– HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of property, plant and equipment is accounted at fair value prospectively;

– HKAS 39 – prospectively after 1 January 2005;

– HKFRS 3 – prospectively after 1 January 2005; and

– HKFRS 4 – prospective application of the disclosure requirements of this standard except for disclosure required about accounting policies, recognized liabilities and expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

The adoption of revised HKAS 17 resulted in:

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Decrease in property, plant and equipment	**33,202**	34,087
Increase in prepayment for land use rights	**33,202**	34,087

The adoption of HKFRS 3 resulted in:

	As at 31 December 2005
	RMB'000
Increase in intangible assets	**827**

	For the year ended 31 December 2005
	RMB'000
Decrease in administrative expenses	**827**
Increase in basic earnings per share	**0.004**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

New accounting standard pronouncements

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs and HKFRS Interpretations ("HKFRS-Ints"), and HKAS and HKAS Interpretations ("HKAS-Ints") as set out below which are effective for accounting periods beginning on or after 1 January 2006.

– HKFRS 7 – Financial Instruments: Disclosure

– HKAS 1 (amendment) – Capital Disclosure

– HKAS 39 (amendment) – The Fair Value Option

– HKAS 39 (amendment) and HKFRS 4 (amendment) – Financial Guarantee Contracts

– HKAS-Ints 4 – Determining whether an Arrangement Contains A Lease

The Group has not early adopted these new and revised standards and interpretations in the financial statements for the year ended 31 December 2005. The Group has commenced an assessment of the impact of these new and revised standards and interpretations, but is not yet in a position to state whether these new and revised standards and interpretations would have a significant impact on its results of operations and financial positions.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half the voting rights.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated for the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (Note 2.7). If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Consolidation *(Continued)*

(a) Subsidiaries (Continued)

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

The consolidated income statement includes the Group's share of the results of the jointly controlled entity for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entity and goodwill/negative goodwill on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in the jointly controlled entity reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the jointly controlled entity.

In the Company's balance sheet, the investment in the jointly controlled entity is stated at cost less provision for impairment losses. The result of the jointly controlled entity is accounted for by the Company on the basis of dividends received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.4 Foreign currency translation *(Continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

2.5 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight line method to write off their cost to their residual values over their estimated useful lives as follows:

– Buildings	20 years
– Office equipment	5-6 years
– Motor vehicles	5-6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the consolidated income statement.

2.6 Prepayment for land use rights

The prepayments for land use right are stated at cost initially and expensed on a straight line basis over the period of lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/jointly controlled entity at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(b) Computer software

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

2.8 Impairment of assets

Assets that have an indefinite useful life are not subject to amortization, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.9 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are initially recognized at fair value plus transaction costs and are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available for-sale financial assets are subsequently carried at fair value. Changes in the fair value of monetary securities classified as available-for-sale and non-monetary securities classified as available-for-sale are recognized in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in the income statement as gains or losses from investment securities. Dividends on available-for-sale equity instruments are recognized in the income statement when the Group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Available-for-sale financial assets *(Continued)*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative losses – measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset previously recognized in the income statement – is removed from equity and recognized in the income statement. Impairment losses recognized in the income statement on equity instruments are not reversed through the income statement.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises the actual purchase price plus any prescribed taxes, transportation, handling, insurance incurred in the acquisition of inventories. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2.11 Trade and other receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the income statement.

2.12 Short-term bank deposits

Short-term bank deposits comprise cash invested in fixed-term deposits with original maturities ranging from more than 3 months to one year. Short-term bank deposits are classified as held-to-maturity investments and are carried at amortized cost.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposit held at call with banks, other short term highly liquid investment with original maturities of three months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.14 Employee benefits

(a) *Pension obligations*

The Group contributes on a monthly basis to various defined contribution retirement benefit plans organized by relevant municipal governments in the PRC. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees payable under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred.

(b) *Social security*

In addition to pension benefits, the full-time employees of the companies within the Group are also entitled to staff welfare benefits, including housing benefits, medical care, welfare subsidies and unemployment insurance, and etc. The Group is required to accrue for these benefits based on certain percentage of the employees' salaries in accordance with the relevant regulations. The Group's liability in respect of these employee benefits is limited to the contributions payable in each period.

2.15 Revenue recognition

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

(a) Revenue from advertising contracts is generally recognized rateably over the period in which the advertisement is displayed.

(b) Revenue from trading of print-related materials, net of value-added tax is recognized on 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.

(c) Revenue from printing, net of value-added tax is recognized when the service is provided.

(d) Interest income is recognized on a time proportion basis, using the effective interest method.

(e) Revenue from operating lease is recognized on a straight line basis over the period of the lease.

2.16 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight line basis over the period of the lease.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Financial guarantee contracts

(a) *Classification*

The Company issues financial guarantee contracts that transfer significant insurance risk.

Financial guarantee contracts are those contracts that require the issuer to make specified payments to reimburse the holders for losses they incur because specified debtors fail to make payments when due in accordance with the original or modified terms of debt instruments.

(b) *Liability adequacy test*

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities. In performing these tests, current best estimates of future contractual cash flows and related administrative expenses are used. Any deficiency is immediately charged to income statement.

2.18 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

2.19 Contingent liabilities and contingent assets

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resource embodying economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognized as a provision.

Contingent assets are not recognized in the financial statements but disclosed when an inflow of economic benefit is probable.

2.20 Related parties

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group is exposed to market risk arising from changes in foreign exchange rates and credit risk. The Group does not use any derivative financial instruments to manage those risks.

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk as significant portion of its cash balances are denominated in Hong Kong dollars ("HKD"). Fluctuation of the exchange rates of RMB against foreign currencies could effect the Group's results of operations. Under the current foreign exchange system in the PRC, the Group is not able to hedge effectively against currency risks.

(b) Credit risk

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products and services provided are made to customers with an appropriate credit history.

3.2 Insurance risk

The risk relates to the financial guarantees provided to banks or other parties by the Company on the borrowings and liabilities of a subsidiary and a jointly controlled entity. The risk under the financial guarantee contract is the possibility that the insured event (default of a specified debtor) occurs and the uncertainty of the amount of the resulting claims. By the nature of a financial guarantee contract, this risk is predictable.

Experience shows credit risks from specified debtors are relatively remote. The Company maintain a close watch on the financial position and liquidity of the subsidiary and the jointly controlled entity for which financial guarantees have been granted in order to mitigate such risks. The Company take all reasonable steps to ensure that they have appropriate information regarding any claim exposures.

3.3 Fair value estimation

The fair value of financial instruments traded in active market is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price.

In assessing the fair value of financial instruments that are not traded in an active markets, the Group uses a variety of methods and makes assumption that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long-term debts. Other techniques, such as estimated discounted cash flows, are used to determine fair values for the remaining financial instruments.

The nominal values less estimated credit adjustments of trade receivable and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

3. FINANCIAL RISK MANAGEMENT *(Continued)*

3.3 Fair value estimation *(Continued)*

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Provision for doubtful debts

The Group makes estimates of the uncollectibility of the trade receivables. The Group specifically analyzes trade receivable, historical bad debts, customer credit-worthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. If the financial condition of its customers were to deteriorate, actual write-offs might be higher than expected, and the Group would be required to revise the basis of making the allowance and its future results would be affected.

(b) Useful lives of property, plant and equipment

The management of the Group determine the estimated useful lives and related depreciation changes of its property, plant and equipment. This estimate is based on expected usage of the assets and physical wear and tear. The depreciation expense in the future periods will change if there are significant changes from previous estimates.

(c) Intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. Intangible assets other than goodwill that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, in accordance with the accounting policy stated in Note 2.7. 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 applicable tax rates, foreign exchange rates and interest 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 unites.

5. SEGMENT INFORMATION

(a) Primary reporting format – business segments

For the year end 31 December 2005, the Group is organised into three main business segments:

Advertising:	Sales of the advertising spaces in the newspapers published by Beijing Youth Daily Newspaper Agency (the "Ultimate Holding Company").
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.

The following business segments have been disposed of in August 2004:

Distribution:	Distribution of newspapers and magazines mainly published by the Ultimate Holding Company.
Others:	Provision of information and web transmission technology services.

The Group's inter-segment transactions mainly consist of provision of printing services. These transactions were entered into on similar terms as those contracted with third parties.

5. SEGMENT INFORMATION *(Continued)*

(b) Segment results

The segment results for the year ended 31 December 2005 are as follows:

	Advertising	Printing	Trading of print-related materials	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover (including inter- segment)	590,203	388,779	176,910	–	1,155,892
Less: Inter-segment sales	–	(298,285)	–	–	(298,285)
Turnover to external customers	590,203	90,494	176,910	–	857,607
Segment results	25,119	11,974	10,026	–	47,119
Unallocated other gains, net					31,264
Finance costs					(21,021)
Share of losses of a jointly controlled entity	–	–	–	(33,767)	(33,767)
Profit before income tax					23,595
Income tax expenses					(7,252)
Profit for the year					16,343
Capital expenditure	1,005	–	419	–	1,424
Depreciation	2,077	–	661	–	2,738
Amortization charges	966	–	–	–	966
Other non-cash expenses	8,439	–	3	–	8,442
As at 31 December 2005					
Segment assets	1,524,741	47,295	87,170	–	1,659,206
Interests in a jointly controlled entity	–	–	–	(71,510)	(71,510)
Available-for-sale financial assets	–	–	2,069	–	2,069
Total assets					1,589,765
Segment liabilities	152,791	46,611	57,185	–	256,587

5. SEGMENT INFORMATION *(Continued)*

(b) Segment results *(Continued)*

The segment results for the year ended 31 December 2004 are as follows:

	Advertising	Printing	Distribution	Trading of print-related materials	Others	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Turnover (including inter- segment) *(Note 37)*	898,843	403,814	84,840	153,988	27,961	1,569,446
Less: Inter-segment sales	–	(367,122)	(12,018)	–	–	(379,140)
Turnover to external customers	898,843	36,692	72,822	153,988	27,961	1,190,306
Segment results	185,517	18,940	21,093	9,988	4,587	240,125
Government grant	–	–	–	–	21,500	21,500
Unallocated other gains, net *(Note 37)*						7,015
Loss on sale of discontinued operations						(3,210)
Finance costs						(2,894)
Share of losses of a jointly controlled entity	–	–	–	–	(40,293)	(40,293)
Share of profits and losses of associated companies	–	–	–	–	39	39
Profit before income tax						222,282
Income tax expenses						(16,734)
Profit for the year						205,548
Capital expenditure	996	69	229	34	474	1,802
Depreciation *(Note 37)*	1,986	467	1,726	230	328	4,737
Amortization charges *(Note 37)*	2,940	–	–	–	–	2,940
Other non-cash (income)/expenses	(10)	–	46	–	–	36
As at 31 December 2004						
Segment assets	1,595,524	53,251	–	40,749	–	1,689,524
Interests in a jointly controlled entity	–	–	–	–	(37,743)	(37,743)
Available-for-sale financial assets	–	–	–	2,069	–	2,069
Total assets						1,653,850
Segment liabilities	184,799	51,940	–	23,620	–	260,359

5. SEGMENT INFORMATION *(Continued)*

The Group operates within one geographical segment because its revenues are primarily generated in the PRC and its assets are located in the PRC. Accordingly, no geographical segment data is presented.

6. OTHER GAINS – NET

	Year ended 31 December	
	2005	2004
		Note 37
	RMB'000	*RMB'000*
Government grant [(1)]	–	21,500
Interest income	**26,264**	6,211
Rental income	**1,865**	764
Others	**3,135**	40
	31,264	28,515

Note (1): The amount represented the government grant to the Company in connection with the 2004 China Open Tennis Tournament.

7. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analyzed as follows:

	Year ended 31 December	
	2005	2004
		Restated
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment *(Note 14)*	**2,738**	4,737
Amortization charges	**966**	2,940
Provision for doubtful debts	**9,613**	–
Loss of disposal of property, plant and equipment	**10**	36
Employee benefit expenses *(Note 13)*	**28,440**	46,628
Printing costs	**155,378**	169,002
Cost of inventories		
– printing	**216,080**	206,675
– trading	**161,160**	138,932
Operating leases rental in respect of buildings	**1,793**	3,794
Auditors' remuneration	**5,059**	2,539

8. FINANCE COSTS

	Year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Interest expenses on bank loans	**749**	543
Exchange losses	**20,272**	–
Others	**–**	2,351
	21,021	2,894

9. TAXATION

(a) Enterprise income tax ("EIT")

The Group is not subject to Hong Kong profits tax since it has no assessable profit arising in or derived from Hong Kong for the year ended 31 December 2005 (2004: Nil).

In accordance with relevant income tax laws and regulations in the PRC, the companies in the Group are generally subject to EIT at the rate of 33%.

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

Beijing Youth Daily Logistics Co., Ltd. ("BYD Logistics") is an enterprise engaged in printing and trading business. BYD Logistics is subject to EIT at the rate of 33% for the year ended 31 December 2005.

Shanghai Beiqing Printing Machinery Limited ("SHBQ") is an enterprise engaged in printing and trading business and located in Shanghai Zhabei District. SHBQ is subject to EIT at the rate of 33% for the year ended 31 December 2005.

Beijing Leisure Trend Advertising Company ("Leisure Trend") is an enterprise engaged in providing advertising services in the PRC. Leisure Trend is subject to EIT at the rate of 33%.

9. TAXATION *(Continued)*

(a) Enterprise income tax ("EIT") *(Continued)*

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

	Year ended 31 December	
	2005	2004 Restated
	RMB'000	*RMB'000*
Current taxation – PRC EIT	**7,252**	12,236
Deferred taxation relating to the reversal of temporary differences	**–**	4,498
	7,252	16,734

The taxation of the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of the home country of the Group as follows:

	Year ended 31 December	
	2005	2004 Restated
	RMB'000	*RMB'000*
Profit before income tax	**23,595**	222,282
Calculated at the statutory rate of 33%	**7,786**	73,353
Effect of EIT exemption applicable to the Company	**(12,490)**	(74,576)
Effect of non-taxable investment income	**–**	(13)
Effect of tax losses not recognized	**11,814**	13,297
Expenses not deductible for taxation purposes	**142**	4,673
Income tax expenses	**7,252**	16,734
Effective EIT rate	**30.7%**	7.5%

(b) Business tax ("BT")

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

(c) Value Added Tax ("VAT")

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

10. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of RMB 37,846,000 (2004: RMB 225,309,000).

11. DIVIDEND

In the annual general meeting held on 15 June 2005, the shareholders approved the final dividend of RMB 0.39 per ordinary share amounting to a total of RMB 76,951,000 in respect of the year ended 31 December 2004. The amount was accounted for as an appropriation of retained earnings for the year ended 31 December 2005.

At a board meeting held on 23 April 2006, the directors proposed a final dividend of RMB 0.25 per ordinary share amounting to a total of RMB 49,328,000. This proposed dividend is subject to shareholders' approval in their next general meeting. Therefore, the amount is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2006.

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	For the year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company		
– Profit of continuing operations	**10,087**	195,944
– Loss of discontinuing operations	**–**	(1,764)
	10,087	194,180
Weighted average number of ordinary shares in issue (thousands)	**197,310**	148,627
Basic earnings per share (RMB per share)		
– Earnings per share of continuing operations	**0.05**	1.32
– Loss per share of discontinuing operations	**–**	(0.01)
	0.05	1.31

For the year ended 31 December 2005, as there were no potentially dilutive shares outstanding, there is no difference between basic and diluted earnings per share.

13. EMPLOYEE BENEFIT EXPENSES

	Group Year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Wages and salaries	**20,801**	29,390
Pension costs – defined contribution plans	**2,172**	7,860
Others	**5,467**	9,378
	28,440	46,628

(a) Pensions – defined contribution plans

All the full time employees of the Group are covered by a state-sponsored pension scheme under which the employees are entitled to an annual pension equal to their basic salaries at their retirement dates. 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 2005 (2004: 20%) of the employees' basic salaries. Under this scheme, the Group has no obligation for post-retirement benefit beyond the annual contributions.

(b) Directors' and supervisors' emoluments

The remuneration of each director and supervisor for the year ended 31 December 2005 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ZHANG Yanping	–	458	–	–	46	15	519
ZHANG Yabin	–	413	–	–	9	15	437
SUN Wei	–	367	–	–	38	15	420
DU Min	–	321	–	–	39	15	375
HE Pingping	–	321	–	–	9	4	334
TSANG Hing Lun	50	–	–	–	–	–	50
WU Changqi	50	–	–	–	–	–	50
LIAO Li	50	–	–	–	–	–	50
LIU Han	20	–	–	–	–	–	20
XU Xun	20	–	–	–	–	–	20
Johannes Louw Malherbe (ii)	20	–	–	–	–	–	20

13. EMPLOYEE BENEFIT EXPENSE *(Continued)*

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

Name of supervisor	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LI Shiheng	–	–	–	–	–	–	–
HE Daguang	–	–	–	–	–	–	–
ZHU Yaoting	–	–	–	–	–	–	–
LIU Yanfeng	–	117	–	–	23	16	156
ZHOU Fumin	–	–	–	–	–	–	–

The remuneration of each director and supervisor for the year ended 31 December 2004 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ZHANG Yanping	–	–	–	–	–	–	–
ZHANG Yabin	–	–	–	–	–	–	–
SUN Wei	–	–	–	–	–	–	–
DU Min	–	374	–	–	8	1	383
HE Pingping	–	–	–	–	–	–	–
TSANG Hing Lun	–	–	–	–	–	–	–
WU Changqi	–	–	–	–	–	–	–
LIAO Li	–	–	–	–	–	–	–
LIU Han	–	–	–	–	–	–	–
XU Xun	–	–	–	–	–	–	–

Name of supervisor	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to pension scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
LI Shiheng	–	–	–	–	–	–	–
HE Daguang	–	–	–	–	–	–	–
ZHU Yaoting	–	–	–	–	–	–	–
LIU Yanfeng	–	125	–	–	19	14	158
ZHOU Fumin	–	–	–	–	–	–	–

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

(ii) Appointed on 15 June 2005.

13. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(b) 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 Ultimate Holding Company, the total amount for the year ended 31 December 2005 was RMB 264,000 (2004: RMB 2,011,000), part of which is in respect of their services to the Group. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between their services rendered to the Group and their services rendered to the Ultimate Holding Company.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2004: one) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2004: four) individuals during the year are as follows:

	Group	
	Year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Basic salaries, housing allowances, other allowances and benefits in kind	**1,629**	1,056
Contributions to retirement schemes	**–**	5
	1,629	1,061

The emoluments fell within the following bands:

	Number of individuals	
	2005	2004
Emolument bands		
Nil – RMB 1,000,000	**–**	4
RMB 1,000,000 – RMB 2,000,000	**1**	–

14. PROPERTY, PLANT AND EQUIPMENT

	Group			
	Buildings *RMB'000*	**Office equipment** *RMB'000*	**Motor vehicles** *RMB'000*	**Total** *RMB'000*
Cost				
Balance at 1 January 2004	56,000	24,686	7,131	87,817
Effects of adoption of HKAS 17:				
Reclassification of prepayment made for land use rights *(Note 2.6)*	(40,226)	–	–	(40,226)
Balance at 1 January 2004, as restated	15,774	24,686	7,131	47,591
Additions	–	1,802	–	1,802
Disposals	–	(1,397)	(50)	(1,447)
Sale of discontinued operation	–	(14,064)	(4,006)	(18,070)
Balance at 1 January 2005, as restated	15,774	11,027	3,075	29,876
Acquisition	–	200	–	200
Additions	–	428	833	1,261
Disposals	–	(351)	–	(351)
Balance at 31 December 2005	15,774	11,304	3,908	30,986
Accumulated depreciation				
Balance at 1 January 2004	(5,604)	(14,533)	(3,199)	(23,336)
Effects of adoption of HKAS 17:				
Reclassification of prepayment made for land use rights *(Note 2.6)*	4,026	–	–	4,026
Balance at 1 January 2004, as restated	(1,578)	(14,533)	(3,199)	(19,310)
Charge for the year	(829)	(2,880)	(1,028)	(4,737)
Disposals	–	1,355	45	1,400
Sale of discontinued operation	–	8,330	2,571	10,901
Balance at 1 January 2005, as restated	(2,407)	(7,728)	(1,611)	(11,746)
Charge for the year	(757)	(1,305)	(676)	(2,738)
Disposals	–	334	–	334
Balance at 31 December 2005	(3,164)	(8,699)	(2,287)	(14,150)
Net book value				
At end of the year 2005	12,610	2,605	1,621	16,836
At beginning of the year 2005, as restated	13,367	3,299	1,464	18,130

Depreciation expense of RMB1,608,000 (2004: RMB3,461,000) has been expensed in administrative expenses, RMB802,000 (2004: RMB949,000) in cost of goods sold, RMB328,000 (2004: RMB327,000) in other operating expenses.

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Company			
	Buildings *RMB'000*	Office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
Cost				
Balance at 1 January 2004	56,000	9,424	528	65,952
Effects of adoption of HKAS 17:				
Reclassification of prepayment made for land use rights *(Note 2.6)*	(40,226)	–	–	(40,226)
Balance at 1 January 2004, as restated	15,774	9,424	528	25,726
Additions	–	996	–	996
Balance at 1 January 2005, as restated	15,774	10,420	528	26,722
Additions	–	291	–	291
Disposals	–	(344)	–	(344)
Balance at 31 December 2005	15,774	10,367	528	26,669
Accumulated depreciation				
Balance at 1 January 2004	(5,604)	(6,447)	(26)	(12,077)
Effects of adoption of HKAS 17:				
Reclassification of prepayment made for land use rights *(Note 2.6)*	4,026	–	–	4,026
Balance at 1 January 2004, as restated	(1,578)	(6,447)	(26)	(8,051)
Charge for the year	(829)	(1,055)	(86)	(1,970)
Balance at 1 January 2005, as restated	(2,407)	(7,502)	(112)	(10,021)
Change for the year	(757)	(1,178)	(87)	(2,022)
Disposals	–	334	–	334
Balance at 31 December 2005	(3,164)	(8,346)	(199)	(11,709)
Net book value				
At end of the year 2005	12,610	2,021	329	14,960
At beginning of the year 2005, as restated	13,367	2,918	416	16,701

15. PREPAYMENT FOR LAND USE RIGHTS

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

	Group and Company As at 31 December	
	2005	2004 Restated
	RMB'000	*RMB'000*
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	**33,202**	34,087

16. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Share of net liabilities	**(71,510)**	(37,743)

	Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Unlisted shares, at cost	**2,550**	2,550

Summarized financial information of the jointly controlled entity is as follows:

	Year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Turnover	**31,702**	39,842
Other revenues	**–**	12,000
Expense	**(97,911)**	(130,848)
Loss for the year	**(66,209)**	(79,006)

16. INVESTMENT IN A JOINTLY CONTROLLED ENTITY *(Continued)*

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Assets		
Non-current assets	**402,005**	457,724
Current assets	**65,129**	66,095
	467,134	523,819
Liabilities		
Current liabilities	**260,395**	194,959
Non-current liabilities	**346,954**	402,862
	607,349	597,821
Net liabilities	**140,215**	74,002

On 18 March 2006, the Company, China Open Promotions Co., Ltd ("COL"), Media Serv Limited, Media Serv Asia Pacific Limited and Tom Group Limited have agreed to terminate the previous arrangements relating to the organization of the China Open Tennis Tournaments.

On 18 March 2006, the Company, COL, TOM Group Limited, Champion Will International Limited ("Champion"), Swidon Enterprises Limited ("Swidon") and Tennis Tournaments Holdings Limited ("TTHL") have entered into a series of agreements (the "Agreements") regarding the organisation of future China Open Tennis Tournaments. Under the Agreements, Champion and Swidon, as the relevant ATP Tour, Inc ("ATP") and WTA Tour, Inc ("WTA") memberships holders, will grant to COL the exclusive right to use the ATP Tournament Class Membership and WTA Tier II Tour Membership for the organisation of the China Open Tennis Tournaments in Beijing, PRC, once a year from 2006 until 2013. COL will be responsible for the payment of an aggregate ATP and WTA license fees of USD1,200,000 per year to Champion and Swidon.

The Agreements and the termination agreement were effective on 31 March 2006.

16. INVESTMENT IN A JOINTLY CONTROLLED ENTITY *(Continued)*

The following are the details of the joint controlled entity at 31 December 2005:

Company	Country of operation/ establishment and date of incorporation/ establishment	Registered capital *RMB'000*	Effective interests held directly	Type of legal entity	Principal activities
China Open Promotion Co., Ltd.	The PRC, 11 December 2003	5,000	51%[(1)]	Limited liability company	Organizing and promoting China tennis tournaments

The name of the company referred to above represent management's best efforts in translating the Chinese name of the company as no English name has been registered.

Note:

(1) COL is a Sino-foreign investment equity joint venture. The Company and the foreign party has joint control over the board of directors of COL and such board is responsible for determining the financial and operating policies of COL in the ordinary course of business.

In accordance with the extended contract signed on 11 August 2005, the Company pledged its fixed term deposits in the sum of RMB56,000,000 as security over a loan facility in the sum of US$6,000,000 or equivalent RMB, which is granted to COL by China Minsheng Banking Corporation Limited. As at 31 December 2005, the borrowing outstanding against the facility amounted to RMB48,600,000.

The Company entered into a guarantee agreement in favour of Media Serv Limited in respect of COL's performance of the obligations under the co-operation agreement entered into between COL and Media Serv Limited and other borrowings of COL.

17. INVESTMENTS IN SUBSIDIARIES

	Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Unlisted shares, at cost	**17,343**	15,150

The following is a list of the principal subsidiaries at 31 December 2005:

Company	Country of operation/ establishment and date of incorporation/ establishment	Registered capital *RMB'000*	Effective interests held Directly	Effective interests held Indirectly	Type of legal entity	Principal activities
Beijing Youth Daily Logistics Co., Ltd.	The PRC, 15 September 2001	30,000	50.5%	–	Limited liability company	Warehousing logistics, printing and sales of print-related materials
Shanghai Beiqing Printing Machinery Limited	The PRC, 19 October 2002	500	–	35.35%	Limited liability company	Sales of print-related materials
Beijing Leisure Trend Advertising Company	The PRC, 21 February 2002	5,000	51%	–	Limited liability company	Providing advertising service

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

18. INVENTORIES

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Raw materials	**59,998**	54,623

For the year ended 31 December 2005, the cost of inventories recognized as expenses and included in cost of sales amounted to RMB377,240,000 (2004: RMB345,607,000). As at 31 December 2005 and 2004, no inventories were stated at net realizable value.

19. TRADE RECEIVABLES

	Group As at 31 December	
	2005	2004
		Restated
	RMB'000	*RMB'000*
Trade receivables		
– Due from Ultimate Holding Company	**29,806**	5,897
– Due from related parties	**18,398**	7,103
– Due from third parties	**78,781**	71,356
	126,985	84,356
Less: provision for doubtful debts	**(9,970)**	(357)
Trade receivables – net	**117,015**	83,999

The aging analysis of trade receivables is as follows:

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Within 3 months	**68,619**	47,292
4 months to 6 months	**14,177**	30,720
7 months to 12 months	**6,374**	5,757
1 year to 2 years	**37,238**	85
Over 2 years	**577**	502
	126,985	84,356

19. TRADE RECEIVABLES *(Continued)*

	Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Trade receivables		
– Due from subsidiaries	**541**	–
– Due from related parties	**6,110**	775
– Due from third parties	**55,171**	57,278
	61,822	58,053
Less: provision for doubtful debts	**(9,951)**	(357)
Trade receivables – net	**51,871**	57,696

The aging analysis of trade receivable is as follows:

	Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Within 3 months	**13,968**	21,515
4 months to 6 months	**10,039**	30,194
7 months to 12 months	**–**	5,757
1 year to 2 years	**37,238**	85
Over 2 years	**577**	502
	61,822	58,053

The normal credit period granted by the Group and the Company to customers (including related parties but except for certain advertising agents of classified advertisements) ranges from 1 week to 3 months.

In 2004, the Group and the Company extended the credit terms to certain advertising agents of classified advertisements, which allow them to settle the outstanding balances by 31 December 2006.

20. OTHER RECEIVABLES, PREPAYMENT AND DEPOSITS

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Interest receivable	**9,015**	1,201
Global Offering proceeds	**–**	58,611
Government grant	**–**	21,500
Other receivables	**3,087**	4,930
	12,102	86,242

	Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Interest receivable	**9,015**	–
Global Offering proceeds	**–**	58,611
Government grant	**–**	21,500
Other receivables	**1,431**	4,147
	10,446	84,258

21. RESTRICTED BANK DEPOSITS

Restricted bank deposits represent fixed-term deposits in the sum of RMB56,000,000, which were pledged as security over a loan facility in the sum of US$6,000,000. The loan facility is granted to COL by China Minsheng Banking Corporation Limited.

22. SHORT-TERM BANK DEPOSITS

Short-term bank deposits consist of fixed-term deposits denominated in HKD with original maturities ranging from more than three months to one year.

The weighted average interest rate was 3.13% per annum for the year ended 31 December 2005 (2004: 1.94%).

23. CASH AND CASH EQUIVALENTS

The Group's bank balances and cash included RMB261,597,000 denominated in RMB and RMB23,136,000 denominated in HKD deposited with banks in the PRC.

The Company's bank balances and cash included RMB251,888,000 denominated in RMB and RMB23,136,000 denominated in HKD deposited with banks in the PRC.

24. TRADE PAYABLES

	Group As at 31 December	
	2005	2004
		Restated
	RMB'000	*RMB'000*
Trade payable		
– Due to the Ultimate Holding Company	**6,712**	16,906
– Due to related parties	**41,534**	35,652
– Due to third parties	**17,279**	2,275
	65,525	54,833

The balance of trade payables to related parties as at 31 December 2005 includes notes payables of RMB8,939,000 (2004: RMB12,271,000).

The aging analysis of trade payables is as follows:

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Within 3 months	**61,772**	33,584
4 months to 6 months	**2,969**	8,012
7 months and 12 months	**91**	12,893
1 year to 2 years	**350**	–
Over 2 years	**343**	344
	65,525	54,833

	Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Trade payables		
– Due to the Ultimate Holding Company	**6,711**	14,021
– Due to subsidiaries	**30,378**	32,981
– Due to related parties	**867**	–
– Due to third parties	**–**	1,731
	37,956	48,733

The trade payables of the Company are all aged within 3 months.

25. OTHER PAYABLES AND ACCRUALS – GROUP AND COMPANY

As at 31 December 2005, included in other payables and accruals is an amount of RMB92,451,000 (2004: RMB94,536,000) denominated in HKD 88,909,000 (2004: HKD 88,909,000) which represents the proceeds from the sale of shares in Global Offering by three shareholder ("Selling Shareholder") which are PRC state owned entities, such proceeds were received by the Company on behalf of the Selling Shareholder. Pursuant to the relevant PRC government requirement, such proceeds will be remitted to the national social security fund.

26. TAXATION PAYABLES

	Group	
	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
EIT	**3,745**	4,655
VAT	**(1,046)**	492
BT	**1,981**	4,225
City Construction tax	**184**	365
Individual Income tax	**259**	192
	5,123	9,929

	Company	
	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
BT	**1,806**	4,216
City Construction tax	**148**	362
Individual Income tax	**231**	164
	2,185	4,742

27. SHORT-TERM BANK LOAN

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Bank loan – unsecured	**20,000**	10,000

For the year ended 31 December 2005, the bank loan bore interests at the rate of 5.58% (2004: 5.31%) per annum and was repayable within one year. The loan was guaranteed by the Company.

28. SHARE CAPITAL

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Registered, issued and fully paid		
– Domestic Shares of RMB1.00 each	**142,409**	142,409
– H Shares of RMB1.00 each	**54,901**	54,901
	197,310	197,310

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

29. RETAINED EARNINGS AND RESERVES

In accordance with the relevant PRC regulations and the articles of association of the Company, the companies comprising the Group is required to transfer 10% of the profit after taxation determined in accordance with the PRC accounting standards ("PRC GAAP") every year to a statutory surplus reserve until the balance reaches 50% of the registered share capital. Such 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.

In accordance with the relevant PRC regulations and the articles of association of the Company, the companies comprising the Group are required to transfer between 5% to 10% of the profit after taxation determined in accordance with the PRC GAAP to a statutory public welfare fund every year. The use of this fund is restricted to capital expenditure for employees' collective welfare facilities, the ownership in respect of which belongs to the Company. The statutory public welfare fund is not available for distribution to shareholders except under liquidation. Once the capital expenditure on staff welfare facilities has been made, and equivalent amount must be transferred from the statutory public welfare fund to the discretionary surplus reserve, a reserve which can be used to reduce any losses incurred or to increase share capital.

29. RETAINED EARNINGS AND RESERVES *(Continued)*

For the year ended 31 December 2005, the Board of Directors of the Company proposed appropriations of 10% and 10% of profit after tax (2004: 10% and 10%) respectively determined under PRC GAAP of RMB6,761,000 and RMB6,761,000 (2004: RMB23,734,000 and RMB23,734,000) to the statutory surplus reserve fund and the statutory public welfare funds respectively. Moreover, the subsidiaries of the Company also proposed certain percentage of profit after tax of each company in accordance with PRC regulations and individual subsidiaries' articles of associations.

In accordance with the articles of association of the Company, retained earnings available for distribution by the Company will be deemed to be the lower of the amounts determined in accordance with the PRC GAAP and the amount determined in accordance with HKFRS. As at 31 December 2005, the amount of retained earnings available for distribution was approximately RMB138,906,000 (2004: RMB191,533,000), being the amount determined in accordance with the HKFRS.

The movements of retained earnings and surplus reserves of the Company are as follows:

	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Statuary public welfare fund *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
As at 1 January 2004	–	31,767	31,768	231,367	294,902
Profit attributable to shareholders	–	–	–	225,309	225,309
Dividends	–	–	–	(171,535)	(171,535)
Transfer to share capital	–	–	–	(46,140)	(46,140)
Issue of shares	896,313	–	–	–	896,313
Appropriation to statutory reserves	–	23,734	23,734	(47,468)	–
As at 31 December 2004	896,313	55,501	55,502	191,533	1,198,849
As at 1 January 2005	896,313	55,501	55,502	191,533	1,198,849
Profit attributable to shareholders	–	–	–	37,846	37,846
Dividends	–	–	–	(76,951)	(76,951)
Appropriation to statutory reserves	–	6,761	6,761	(13,522)	–
Others	(216)	–	–	–	(216)
As at 31 December 2005	**896,097**	**62,262**	**62,263**	**138,906**	**1,159,528**

30. LONG-TERM LIABILITIES

	Group and Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
One-off housing subsidies	**8,020**	8,020
Less: current portion of long-term liabilities	**(8,020)**	(2,740)
	–	5,280

The balances represent one-off housing subsidies owed to eligible employees working for the Company. Employees hired by state owned enterprises before 31 December 1996 were entitled to one-off housing subsidy plan as promulgated by the Beijing Municipal Government. In accordance with this plan, the enterprises should provide staff quarters with prescribed standard for the eligible employees. The standard varies with the employees' years of working with the enterprises. If the enterprises are unable to provide staff quarters with prescribed standard for the employees, one-off housing subsidy should be paid to the employees based on a standard formula stipulated in the relevant regulations. Upon incorporation of the Company, certain employees were transferred from the Ultimate Holding Company to the Company. The Company agreed to undertake the liability of paying one-off housing subsidy to these employees. The total amount of the liability was approximately RMB20,447,000. RMB12,427,000 among the balance has been paid in 2004 or before. The remaining balance will be paid before 31 December 2006.

31. CASH GENERATED FROM OPERATIONS

	Group Year ended 31 December	
	2005	2004 Restated
	RMB'000	*RMB'000*
Profit for the year	**16,343**	205,548
Adjustments for:		
– Tax	**7,252**	16,734
– Depreciation *(Note 14)*	**2,738**	4,737
– Amortization	**966**	2,940
– Loss on sale of property, plant and equipment	**10**	36
– Provision for doubtful debts	**9,613**	–
– Impairment of goodwill	**357**	–
– Interest income *(Note 6)*	**(23,527)**	(6,211)
– Interest expenses *(Note 8)*	**749**	543
– Share of losses of a jointly controlled entity	**33,767**	40,293
– Share of profits from associated companies	**–**	(39)
– Exchange losses *(Note 8)*	**20,272**	–
Changes in working capital (excluding the effects of acquisition):		
– Loss on disposal of discontinued operations	**–**	3,210
– Inventories	**(5,367)**	(19,904)
– Trade receivables	**(42,629)**	(62,387)
– Other receivables, prepayments and deposits	**27,884**	16,041
– Trade payables	**10,692**	598
– Taxation payables	**(3,913)**	(6,384)
– Other payables and long-term liabilities	**4,886**	(32,703)
Cash generated from operations	**60,093**	163,052

32. CONTINGENCIES

	Group As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Guarantees for bank loans of a jointly controlled entity	**56,000**	72,553

32. CONTINGENCIES *(Continued)*

	Company As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Guarantees for bank loans of a jointly controlled entity	**56,000**	72,553
Guarantee for bank loan of a subsidiary	**20,000**	10,000
Guarantee for credit line facility of a subsidiary	**30,000**	40,000

In accordance with the extended contract signed on 11 August 2005, the Company pledged its fixed term deposits in the sum of RMB56,000,000 as security over a loan facility in the sum of US$6,000,000 or equivalent RMB, which is granted to COL by China Minsheng Banking Corporation Limited. As at 31 December 2005, the borrowing outstanding against the facility amounted to RMB48,600,000.

On 26 August 2005, the Company provided a loan guarantee in the amount of RMB20,000,000, in favour of the China CITIC Bank on a bank loan to BYD Logistic.

On 26 August 2005, the Company provided a guarantee in the amount of RMB30,000,000 in favour of the provider of a RMB30,000,000 credit line facility to BYD Logistics.

Management anticipates that no material liabilities will arise from the above guarantees which arose in the ordinary course of business.

33. COMMITMENTS

Capital commitments

The Group and the Company did not have any significant commitments outstanding as at 31 December 2005 (2004: Nil).

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

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Not later than 1 year	**1,315**	525
Later than 1 year and not later than 5 years	**–**	328
	1,315	853

34. RELATED-PARTY TRANSACTIONS

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

Name of related parties	Nature of relationship
Beijing Youth Daily Newspaper Agency	Ultimate Holding Company
Beijing Today Sunshine Advertising Co., Ltd	A subsidiary of the Ultimate Holding Company
Beijing Gehua Sunshine Advertising Co., Ltd	A subsidiary of the Ultimate Holding Company
Beijing Beiqing Advertising Limited	A subsidiary of the Ultimate Holding Company
Beijing Youth & Ynet Advertising Co., Ltd	A subsidiary of the Ultimate Holding Company
Beijing XiaoHongMao Newspapers and Periodicals Distribution Services Company Limited	A subsidiary of the Ultimate Holding Company
China Open Promotion Company Limited	A jointly controlled entity of the Company
Xin Hua Net printery	A minority shareholder
Workers Daily	A minority shareholder
Beijing Min Yi Printing Technology Services Company	A minority shareholder
Beijing Ke Yin Printing Technology Service Company	A minority shareholder
ShangHai ShengLian Printing Technology Services Company	A minority shareholder
State-owned enterprises	Related parties of the Company

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

The Ultimate Holding Company itself is a state-owned enterprise controlled by the PRC government. As the Group is controlled by the Ultimate Holding Company, it is considered to be indirectly controlled by the PRC government. In accordance with HKAS 24, "Related Party Disclosure", state-owned enterprise and their subsidiaries, other than the Ultimate Holding Company, directly or indirectly controlled by the PRC government are also deemed as related parties of the Group ("Other State-Owned Enterprises"). For purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. Many state-owned enterprises have multilayered corporate structure and the ownership structures change over time as a result of transfers and privatization programmes. Due to the pervasiveness of the Group's retail transactions with the entities' employees on corporate business, their key management personnel and close family members, and other related parties, there is no feasible way to track such transactions and ensure the completeness of certain disclosure. Nevertheless, management believes that meaningful information relative to related-party transactions with these Other State-Owned Enterprises has been disclosed.

In addition to the related party information shown elsewhere in the financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Company and its subsidiaries and their related parties during the year 2005 and balances arising from related party transactions at the end of the year 2005.

34. RELATED-PARTY TRANSACTIONS *(Continued)*

(a) Related party balances

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

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
The Ultimate Holding Company		
Trade receivables	**29,806**	5,897
Trade payables	**6,712**	16,906
Other payable and accruals	**1,990**	–
Subsidiaries of the Ultimate Holding Company		
Trade receivables	**6,110**	775
Trade payables	**867**	–
Associates of Ultimate Holding Company		
Trade receivables	**4,366**	–
Trade payables	**115**	–
Minority Shareholders		
Trade receivables	**2,029**	1,199
Other receivables, prepayments and deposits	**20**	34
Trade payables	**77**	12,355
Other payables and accruals	**8,893**	718
Other State-Owned Enterprises		
Trade receivables	**5,893**	5,129
Other receivables, prepayment and deposits	**231**	1,201
Restricted bank deposits	**56,000**	56,000
Short-term bank deposits	**1,073,933**	43,030
Cash and cash equivalents	**283,149**	1,308,107
Trade payables	**40,475**	23,297
Other payables and accruals	**92,451**	94,536
Short-term bank loan	**20,000**	10,000

Except for bank balances and cash, and short-term bank loan stated above, all balances of assets and liabilities are unsecured, non-interest bearing and receivable or repayable within one year.

34. RELATED-PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

	Note	For the year ended 31 December 2005 RMB'000	2004 RMB'000
The Ultimate Holding Company			
Exclusive advertising right expenses	*(i)*	**96,582**	138,116
Provision of printing services	*(ii)*	**79,795**	31,401
Rental income	*(iii)*	**3,426**	1,513
Sales of print-related materials	*(iv)*	**5,359**	–
Subsidiaries of the Ultimate Holding Company			
Provision of advertising services	*(v)*	**32,580**	29,086
Payment for delivery services	*(vi)*	**8,125**	4,124
Joint controlled entity			
Rental income	*(iii)*	**131**	–
Minority Shareholders			
Sales of print-related materials	*(vii)*	**37,479**	31,353
Payment for printing services	*(viii)*	**59,533**	76,203
Purchase of print-related materials	*(ix)*	**9,664**	10,097
Other State-Owned Enterprises			
Sales of print-related materials		**59,533**	58,684
Payment of printing services		**65,912**	62,904
Purchase of inventory		**194,149**	222,815
Interest income		**26,264**	6,211

(i) Pursuant to the fee agreement entered into between the Company and the Ultimate Holding Company on 7 December 2004, the Company would pay 16.5% of the advertising revenue to the Ultimate Holding Company from 1 October 2004 to 30 September 2033.

(ii) BYD Logistic, the subsidiary of the Company provided printing services to Beijing Sec-Tech Report, Legal Evening Post and other newspapers and magazines which are operated by the Ultimate Holding Company.

(iii) The Company rents certain offices situated in the Beijing Youth Daily Agency Building from 1 August 2004 to 31 July 2007 with an annual rental fee of RMB3,426,000. In addition, COL rents offices from 30 May 2005 to 29 May 2006 with an annual rental fee of RMB131,400.

34. RELATED-PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions *(Continued)*

(iv) BYD Logistics sold print-related materials to Beijing Youth Weekly which is operated by the Ultimate Holdings Company.

(v) The Company provided advertising services to certain subsidiaries of the Ultimate Holding Company.

(vi) The Group received direct mail advertisement delivery services from Beijing XiaoHongMao Newspapers and Periodicals Distribution Services Company Limited.

(vii) BYD Logistics sold print-related materials to certain of its minority shareholders.

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

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

In the directors' opinion, the related party transactions mentioned above were all conducted in the normal course of business of the Group and at terms mutually agreed between the Group and the respective related parties.

(c) Loan guarantee

The Company pledged fixed term deposits in the sum of RMB56,000,000 as security over a loan facility of US$6,000,000 granted to COL by a bank.

(d) Key management personal compensation

	Year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**4,172**	763

35. ACQUISITION OF A SUBSIDIARY

On 24 May 2005, the Group acquired 51% of Leisure Trend at a cash consideration of RMB2,550,000.

36. EVENTS AFTER THE BALANCE SHEET DATE

On 13 February 2006, the Company has entered into the arrangement with Hebei Youth Daily Newspaper Agency for the establishment of Heqing Media Corporation Limited ("HMCL"). The Company owns 60% equity interests of HMCL. Pursuant to the arrangement, the Company will initially make a RMB18 million equity investment into HMCL and will be responsible for procuring a further funding of up to a further RMB32 million as working capital if needed.

On 20 March 2006, the Company entered into a pledge agreement with China Minsheng Banking Corporation Limited, pursuant to which the Company pledged its fixed term deposits in the sum of RMB101,200,000 as security over a credit line facility in the sum of RMB71,000,000, which is granted to COL by China Minsheng Banking Corporation Limited.

37. COMPARATIVE FIGURES

Certain comparative figures presented in these financial statements were adjusted for the impact of the relevant new HKFRS, as set out in Note 2. Moreover, certain prior year comparative figures have been reclassified to conform to the current year's presentation.