



DEAR SHAREHOLDERS,

On behalf of Beijing Media Corporation Limited ("Beijing Media" or the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the report on results of the Group for the year 2006.

2006 was a difficult and challenging year for the Group. During the year, the advertisement sector of the PRC paper media recorded an overall slowdown in growth as a result of the diversification of advertising volume with evolvement of new media such as internet and outdoor advertisements. In particular, intensified competition within the Beijing newspaper market, the austerity measures on real estate, decrease in the number of project approval and delay in sales activities resulted in a drop in advertising revenue which is the primary income stream of Beijing Media's core business, with advertising revenue related to the real estate sector falling substantially. Advertising revenue of the Company for 2006 was approximately RMB509,076,000, representing a decrease of approximately 13.7% as compared with 2005.

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

Turnover of the Group for 2006 was approximately RMB 792,492,000, representing a decrease of approximately 7.6% as compared with 2005. Profit attributable to equity holders of the Company for the year was approximately RMB21,917,000, representing an increase of approximately 117.3% as compared with 2005. Earnings per share was RMB0.11, representing a surge of approximately 120% as compared with 2005. The Board of the Company recommended a final dividend of RMB0.20 per share.

The Company made announcements on 3, 12 and 17 October 2005 in respect of the detention of and allegations of bribery or corruption against six employees of the Company by the Prosecution Office of the Beijing Dongcheng District and the Second Prosecution Branch Office of the Beijing City, the PRC. An independent financial advisor has been engaged to conduct an internal investigation on the possible financial impact of this incident on the Company's financial positions. The investigation report of the independent financial advisor was issued on 18 April 2006 and, upon review by the Audit Committee and approval by the Board of the Company, the investigation findings were announced on 29 December 2006. The Company believes that the allegations against the six employees have no significant effect on the financial positions of the Company.

In September 2006, the Group organised the third China Open Tennis Tournament (the "China Open") in Beijing, which attracted world-renowned tennis players such as Marcos Baghdatis, Mario Ancic, Svetlana Kuznetsova and Amelie Mauresmo. The 16-day tournament attracted an audience of approximately 210,000. Financial performance of the 2004, 2005 and 2006 China Open was poorer than expected. An announcement was released by the Group on 11 April 2007 setting out details of the new arrangement and agreement between the Group and its partners of the China Open. We believe that the new arrangement and agreement will represent an effective and efficient platform for organising the future China Open and will provide better return to the Group. Given its three years of experience in organising the tournament, the Group is confident in the successful organisation of the China Open 2007. Spectator sports are attracting an increasing amount of attention in the PRC advertising market, and we are confident that the China Open will establish itself as a new major revenue source for the Group.

The Company entered into an agreement with Hebei Youth Daily Agency (河北青年報社) on 13 February 2006 in respect of the establishment of Hebei Heqing Media Corporation Limited, which is principally engaged in the advertising, printing and distributing ("wholesaling") business of Hebei Youth Daily (河北青年報). The establishment of Hebei Heqing Media Corporation Limited is a crucial step in the Group's strategy for cross-regional operation after its listing. Currently, the advertising business of Hebei Youth Daily is on a steady growth track.

Leveraging on the Beijing Youth Daily platform, which enjoys a broad readership base, generous support of the Beijing Municipal Government, the right to host the China Open, as well as an experienced and dedicated management team, the Group has grown into one of the major media companies in the PRC. The Company will continue to focus on its current businesses as its core operations, whilst considering selective acquisitions and cooperation to diversify its media business, and to sustain as well as utilise the ongoing relationship between the Group and BYDA, in order to further develop the Company into a leading cross-media company in the PRC.

The performance of the Group in 2006 was the result of the concerted efforts and contributions of the management and staff of each of the business units. The quality of the management team and staff is key to our success in seizing favourable market opportunities. On behalf of the Group's shareholders and other members of the Board, I would like to take this opportunity to express my sincere gratitude to the management and staff of each of the business units.

Zhang Yanping
Chairman

20 April 2007
Beijing, the PRC