

The Board is pleased to present the annual report and audited consolidated financial statements for the year ended 31 December 2006.

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\$14.95 and HK\$7.9 respectively for the year 2006. The trading volume and closing price as at 29 December 2006 were 20,500 H Shares and HK\$8.25, respectively.

ACCOUNTS

Results of the Group for the year ended 31 December 2006 are set out in page 43 of the consolidated income statement.

Financial positions of the Group as at 31 December 2006 are set out in page 44 and 45 of the consolidated balance sheet.

Cash flows of the Group for the year ended 31 December 2006 is set out in page 48 of consolidated cash flow statement.

The Directors proposed a final dividend of RMB0.20 per ordinary share to the shareholders on the register of members on 22 May 2007, amounting to approximately RMB39,462,000.

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 18 to the consolidated financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2006, the total purchase by the Group from its five largest suppliers amounted to approximately RMB115,427,000 (2005: RMB250,962,000), representing 22.0% of its total purchase for the year (2005: 32.9%). Purchase from the largest supplier amounted to approximately RMB36,945,000 (2005: RMB65,769,000), representing 7.0% of its total purchase for the year (2005: 8.6%).

For the year ended 31 December 2006, the total sales by the Group to its five largest customers amounted to approximately RMB124,705,000 (2005: RMB231,288,000), representing 15.8% of its total sales for the year (2005: 27.0%). Sales to the largest customer amounted to approximately RMB34,371,000 (2005: 73,268,000), representing 4.4% of its total sales for the year (2005: 8.5%).

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 2006, the Company had four subsidiaries, namely Beijing Youth Daily Logistics Company Limited, Shanghai Beiqing Printing Machinery Limited, Beijing Leisure Trend Advertising Co., Ltd. and Hebei Heqing Media Corporation Limited and a jointly controlled entity, namely China Open Promotion Company Limited.

For details of principal subsidiaries and jointly controlled entity of the Company, please refer to note 17 and 18 to the consolidated financial statements in this annual report.

PROFIT DISTRIBUTION

For details of profit distribution, please refer to note 30 to the consolidated financial statements in this annual report.

RESERVES

The movements in reserves during the year are set out in note 30 to the consolidated financial statements in this annual report.

DISTRIBUTABLE RESERVES

For details of the distributable reserves, please refer to note 30 to the consolidated financial statements in this annual report.

PROPERTIES AND EQUIPMENT

The movements in properties and equipment are set out in note 14 to the consolidated financial statements in this annual report.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBER OF SHAREHOLDERS

As at 31 December 2006, the total number of shares issued by the Company was 197,310,000 Shares. The shareholders of the Company include BYDA, Beijing Zhijin Science and Technology Investment Company Limited, China Telecommunication Broadcast Satellite Corporation, Beijing Development Area Limited, Sino Television Company Limited and public shareholders of H Shares, holding 124,839,974 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%	486
Total	197,310,000	100%	491

* The above percentage figures are based on the records in the Company's register of shareholders as at 31 December 2006.

Changes of the Company's share capital for the year are set out in note 29 to the consolidated financial statements.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2006, 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
BYDA	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

BYDA is the ultimate controlling company of the Company. As at 31 December 2006, BYDA is interested in 63.27% of the Company's equity.

DIRECTORS

Details of the names of Directors and their respective information are set out in the section headed "Corporate Governance Report – 5. The Board" of this annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the Directors and Supervisors has entered into service contracts with the Company. 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 2006, 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 Issuers.

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 consolidated financial statements.

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 Memorandum and 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 28 to the consolidated financial statements in this annual report.

CONNECTED TRANSACTIONS

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

Transactions

1. *Varnishes Supply Agreement and Paper Supply Agreement*

On 1 January 2006, Beijing Youth Daily Logistics ("BYD Logistics") and Shanghai Shenglian Printing Machinery Limited ("Shanghai Shenglian"), a substantial shareholder of a subsidiary of the Company, Shanghai Beiqing Printing Machinery Limited ("Shanghai Beiqing"), entered into an agreement and pursuant to which Shanghai Shenglian agreed to supply to BYD Logistics varnishes for pressing.

On 1 January 2006, Shanghai Beiqing and Shanghai Shenglian entered into Varnishes Supply Agreement and the Paper Supply Agreement and pursuant to which, Shanghai Shenglian supplies varnishes and paper to Shanghai Beiqing.

For the year ended 31 December 2006, the aggregate annual consideration paid by BYD Logistics and Shanghai Beiqing to Shanghai Shenglian was approximately RMB1,128,000 (2005: RMB924,000).

2. *Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beiqing Advertising Agreement*

Today YangGuang Advertising Agreement

On 8 December 2004, the Company and Today YangGuang Advertising Co., Ltd ("Today YangGuang") entered into an advertising sales agreement and 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. The advertising fees charged by the Company were calculated on the basis of the unit price agreed between the parties from time to time pursuant to the terms of the agreement, with reference to the actual volume, size and pages of the advertisements to be published. Today YangGuang Advertising Agreement expired on 31 December 2006.

CONNECTED TRANSACTIONS *(Continued)*

Transactions *(Continued)*

2. *Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beijing Advertising Agreement (Continued)*

Today YangGuang Advertising Agreement *(Continued)*

On 29 November 2006, the Company and Today YangGuang entered into a supplementary agreement to renew the agreement for another term of three years till 31 December 2009, while other terms of the agreement shall remain unchanged.

For the year ended 31 December 2006, the aggregate sales fees paid by Today YangGuang to the Company were approximately RMB1,098,000 (2005: RMB109,000).

Gehua YangGuang Advertising Agreement

On 8 December 2004, the Company and Beijing Gehua YangGuang Advertising Co., Ltd. ("Gehua YangGuang") entered into an advertising sales agreement and 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. The advertising fees charged by the Company were calculated on the basis of the unit price agreed between the parties from time to time pursuant to the terms of the agreement, with reference to the actual volume, size and pages of the advertisements to be published. Gehua YangGuang Advertising Agreement expired on 31 December 2006.

On 29 November 2006, the Company and Gehua YangGuang entered into a supplementary agreement to renew the agreement for another term of three years till 31 December 2009, while the other terms of the agreement shall remain unchanged.

For the year ended 31 December 2006, the aggregate sales fees paid by Gehua YangGuang to the Company were approximately RMB2,789,000 (2005: RMB8,043,000).

Beijing Advertising Agreement

On 1 January 2006, the Company and Beijing Beijing Advertising Limited ("Beijing Advertising") entered into the Beijing Advertising Agreement. Under the terms of the agreement, Beijing Advertising is engaged by the Company to act as one of the advertising agents. Pursuant to which, Beijing Advertising is required to arrange for placement of advertisements in the Beijing Youth Daily with the Company. The advertising fee charged by the Company is calculated based on the unit price set out in the standard advertising price list issued to the relevant customers of the Company, subject to applicable discount. Different prices will be applicable depending on the size of the advertisements and the pages on which the advertisements will be published. Payment of the advertising fees will be settled on the date of the relevant booking of the advertising space. Beijing Advertising Agreement expired on 31 December 2006.

In consideration for the agency services provided, Beijing Advertising is allocated complementary advertising space in the Beijing Youth Daily, the volume of which is determined based on the amount of advertising fee arranged by Beijing Advertising throughout the year. The volume of the complementary advertising space in Beijing Youth Daily is comparable with that allocated to independent third party advertising agents engaged by the Company.

On 29 November 2006, the Company and Beijing Advertising entered into a supplementary agreement to renew the agreement for another term of three years till 31 December 2009, while other terms of the agreement shall remain unchanged.

CONNECTED TRANSACTIONS *(Continued)*

Transactions *(Continued)*

2. *Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beijing Advertising Agreement (Continued)*

Beiqing Advertising Agreement *(Continued)*

For the year ended 31 December 2006, the total amount of advertisements arranged by Beiqing Advertising on Beijing Youth Daily was approximately RMB14,850,000 (bonus payable to Beijing Advertising was excluded). An equivalent of approximately 12.25 full pages (2005: 26 full pages) of complementary advertising space were allocated to Beiqing Advertising during the year.

3. *Tenancy Agreement*

On 1 August 2004, the Company and BYDA entered into a tenancy agreement (the "Tenancy Agreement") and pursuant to which BYDA leased from the Company various office premises in the Beijing Youth Daily Agency Building amounting to a total floor area of 2,086 sq. m. with a term of three years ended on 31 July 2007. Upon expiry of the Tenancy Agreement, BYDA has the right to extend the tenancy of the office premises by giving two months' written notice to the Company before the expiry date. The annual rental payable by BYDA under the Tenancy Agreement throughout the tenancy will be RMB3,426,255, based on RMB4.50 per sq. m. per day.

On 10 August 2006, the Company, as landlord and BYDA, as tenant, entered into the Supplemental Agreement under which the Original Tenancy Agreement will be supplemented to the effect that BYDA will lease from the Company alternative parts of the Beijing Youth Daily Agency Building which are owned by the Company. This will result in BYDA leasing additional office premises from the Company. All other terms, including the rent per unit, of the Original Tenancy Agreement will remain unchanged. The total floor area of office premises to be leased to BYDA amounts to 2,340 sq. metres and the total rent payable by BYDA per annum is RMB3,843,450. The term of the Original Tenancy Agreement has been extended for a period of three years commencing from 10 August 2006 to 9 August 2009. On 29 November 2006, the Company entered into a secondary supplemental agreement with BYDA to extend the term of the tenancy to 31 December 2009, while other terms of the agreement shall remain unchanged.

On 10 August 2006, the Company, as tenant and BYDA, as landlord, entered into a new tenancy agreement, pursuant to which the Company leased from BYDA whole of the 7th floor of the Beijing Youth Daily Agency Building. Apart from the status of the parties and the commencing and expiry dates of relevant leased premises, the terms of the New Tenancy Agreement is the same as the Original Tenancy Agreement. The total floor area of the office premises to be leased to the Company amounts to 830 square metres and the total rent payable per annum is RMB1,363,275. The tenancy is of a term of three years, commencing from 10 August 2006 to 9 August 2009. On 29 November 2006, the Company entered into a secondary supplemental agreement with BYDA to extend the term of the tenancy to 31 December 2009, while other terms of the agreement shall remain unchanged.

Details of the terms of the supplemental agreements and the New Tenancy Agreement above have been disclosed in the Company's announcements dated 10 August 2006 and 4 December 2006, respectively.

For the year ended 31 December 2006, the rental payable by BYDA to the Company amounted to approximately RMB3,506,000 (2005: RMB3,426,000). For the year ended 31 December 2006, the rental payable by the Company to BYDA amounted to approximately RMB538,000 (2005: RMB0).

CONNECTED TRANSACTIONS *(Continued)*

Transactions *(Continued)*

4. Advertising Business Agreement

On 7 December 2004, an advertisement business and call option agreement (the "Advertising Business Agreement") was entered into between the Company and BYDA, pursuant to which BYDA has agreed to grant an exclusive right to the Company to operate the advertising business in respect of the Beijing Youth Daily, including editions on other media.

Under the Advertising Business Agreement, the Company was granted the exclusive right to operate the advertising business in respect of the BYDA Papers for a duration of 30 years from 1 October 2004 to 30 September 2033, which duration will automatically be renewable upon expiry. The right granted includes the right to sell all of the advertising space in 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 BYDA 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 BYDA Papers to BYDA 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 2006 were approximately RMB81,939,000 (2005: RMB96,582,000).

5. Printing Agreement in respect of 北京科技報 ("Beijing Sci-Tech Report"), 中學生科學報 ("Middle School Science Post") and 法制晚報 ("Legal Evening Post")

On 7 December 2004, BYDA 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 ("Middle School Science Post"), 法制晚報 ("Legal Evening Post") and other newspaper and magazines of BYDA which may be introduced by BYDA. 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. Pursuant to the Printing Agreement, BYD Logistics or any of its subsidiaries may only provide printing services on the basis that the fees payable under the Printing 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 BYD Logistics than those available to or from independent third parties.

Independent Shareholders have approved the proposed extension of the Printing Agreement for another term of three years till 31 December 2009 and the proposed annual cap at the general meeting of the Company held on 20 June 2006.

For the year ended 31 December 2006, the printing fees payable to the Company amounted to approximately RMB85,735,000 (2005: RMB79,795,000).

6. Printing, Distributing and Advertising Business Transfer Agreement between Heqing Media and Hebei Youth Daily Agency

Hebei Heqing Media Corporation Limited ("Heqing Media") was incorporated on 25 April 2006 pursuant to an arrangement entered into between the Company and Hebei Youth Daily Agency ("HYDA") on 13 February 2006. The Company made an equity investment of RMB18,000,000, amounting to 60% of the registered capital of Heqing Media, while HYDA contributed RMB12,000,000, amounting to 40% of the registered capital of Heqing Media.

CONNECTED TRANSACTIONS *(Continued)*

Transactions *(Continued)*

6. *Printing, Distributing and Advertising Business Transfer Agreement between Heqing Media and Hebei Youth Daily Agency (Continued)*

On 19 May 2006, Heqing Media and HYDA entered into the Printing, Distribution and Advertising Business Transfer Agreement and pursuant to which, Heqing Media shall possess the exclusive rights of printing and distributing ("wholesaling") Hebei Youth Daily as well as selling advertising space thereon and be responsible for the related costs. Heqing Media had hence paid a once-off payment of RMB20,000,000 to HYDA.

7. *Cooperation Agreement between Beijing Leisure Trend Advertising Co., Ltd. ("BLTA") and Legal Evening Post Agency ("LEPA")*

BLTA, a subsidiary of the Company, entered into a cooperation agreement on 28 December 2006 with LEPA, a wholly-owned subsidiary of BYDA. Pursuant to the agreement, BLTA shall obtain an exclusive right as an advertising agent for certain advertising spaces in the commerce and tourism sectors of Legal Evening Post for one year, commencing from 1 January 2007. The advertising agency entitlement amount undertaken under the contract shall not exceed RMB10,000,000.

The independent non-executive Directors have reviewed and confirmed that the connected transactions under items 1-7 above were:

- (1) entered into during 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.

The Company's auditors have reviewed the continuing connected transactions under items 1-5 above for the year ended 31 December 2006 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.

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 2006, 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 consolidated 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 2006 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.

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

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

AUDITORS

The Company has appointed PricewaterhouseCoopers and Yue Hua Certified Public Accountants as the international and PRC auditors respectively for the year ended 31 December 2006. The consolidated financial statements of the Company for the year 2006 prepared in accordance with accounting principles generally accepted in Hong Kong were audited by PricewaterhouseCoopers, the Company's international auditor. PricewaterhouseCoopers and Yue Hua Certified Public Accountants have been providing audit services since 2004 and 2001 respectively.

TAXATION

For the year ended 31 December 2006, 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 or other tax implications arising from their holding or disposal of H Shares if necessary.

By order of the Board
ZHANG Yanping
Chairman of the Board

20 April 2007 Beijing, the PRC