北青传媒 BEIJING MEDIA

HK Stock Code: 1000

2008 ANNUAL REPORT

Beijing Media Corporation Limited

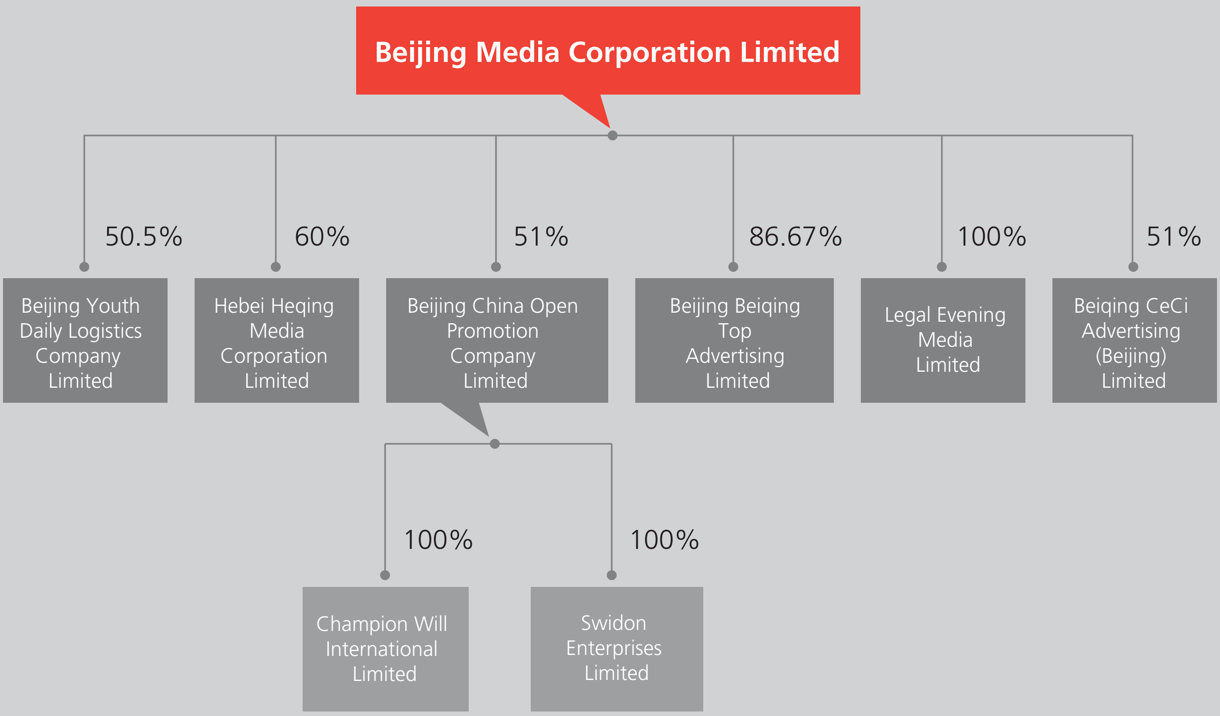
A joint stock company incorporated
in the People's Republic of China with limited liability

CONTENTS

COMPANY PROFILE

Beijing Media Corporation Limited (the "**Beijing Media**" or "**Company**", together with its subsidiaries, collectively the "**Group**") is one of the leading media companies in the PRC. The Company's main advertising medium is Beijing Youth Daily ("**BYD**"). Other core businesses of the Group include the production of newspapers, printing, trading of print-related materials and organisation of large-scale events. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 22 December 2004.

COMPANY STRUCTURE



COMPANY WEBSITE:

www.bjmedia.com.cn

STOCK INFORMATION

- Stock Code: 1000
- Board Lot: 500 shares
- Number of Shares Issued (as at 31 December 2008): 197,310,000
- Market Capitalisation (as at 31 December 2008): HK$505 million
- Financial Year End: 31 December
- Bloomberg's Stock Machine Search Code: 1000 HK Equity
- Reuters Stock Machine Search Code: 1000. HK

EXECUTIVE DIRECTORS
Zhang Yanping *(Chairman)*
Zhang Yabin
Sun Wei *(President)*
He Pingping
Du Min

NON-EXECUTIVE DIRECTORS
Liu Han
Xu Xun
Li Wenqing (Resigned on 29 October 2008)

INDEPENDENT NON-EXECUTIVE DIRECTORS
Tsang Hing Lun
Wu Changqi
Liao Li

QUALIFIED ACCOUNTANT AND COMPANY SECRETARY
Edmund Sit

AUDIT COMMITTEE
Tsang Hing Lun *(Chairman)*
Wu Changqi
Liu Han

REMUNERATION COMMITTEE
Wu Changqi *(Chairman)*
Tsang Hing Lun
Liao Li

AUTHORISED REPRESENTATIVES
Sun Wei
Du Min

ALTERNATIVE AUTHORISED REPRESENTATIVES
Edmund Sit
Tsang Hing Lun

REGISTERED OFFICE
Building A, No. 23 Baijiazhuang Dongli,
Chaoyang District, Beijing, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
28/F, Three Pacific Place,
1 Queen's Road East,
Admiralty, Hong Kong

LEGAL ADVISERS
On Hong Kong Law
Herbert Smith
23rd Floor, Gloucester Tower,
15 Queen's Road,
Central, Hong Kong

INTERNATIONAL AUDITORS
ShineWing (HK) CPA Limited
16/F, United Centre,
95 Queensway, Hong Kong

PRC AUDITORS
Zhongrui Yuehua Certified Public Accountants Co., Ltd.
8/F, Block A, Corporate Square,
No. 35, Jinrong Street,
Xicheng District, Beijing, PRC

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

DEAR SHAREHOLDERS,

On behalf of the Group, I am pleased to present the report on results of the Group for the year 2008.

During 2008, under the combined impact of the snow storm in southern China, Wenchuan earthquake, the Sanlu Scandal, traffic control measures taken for the Olympic Games and the financial crisis, the advertisement sector of the PRC paper media continued to record an overall slowdown in growth. Nevertheless, the Company adjusted its management team at the beginning of the year to make its best efforts despite a challenging and sluggish environment in the advertising market, resulting in a significant growth in advertising revenue, the primary income stream of the Company's core business, over the previous year and the highest growth among other plane media companies in Beijing. Advertising revenue of the Group for 2008 was RMB536,700,000 (2007: RMB455,955,000), representing an increase of 17.71% as compared with 2007.

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 2008 was RMB1,081,116,000 (2007: RMB837,676,000), representing an increase of 29.06% as compared with 2007. Profit attributable to equity holders of the Company for the year was RMB40,309,000 (2007: RMB10,639,000), representing an increase of 278.88% as compared with 2007. Earnings per share was RMB0.20 (2007: RMB0.05). The Board of the Company recommended a final dividend of RMB0.20 per share (2007: RMB0.07).

In September 2008, the Group organised the fifth China Open Tennis Tournament (the "**China Open**") in Beijing, which attracted world-renowned tennis players such as Andy Roddick, Fernando Gonzalez, David Ferrer, Tommy Robredo, Richard Gasquet, Jelena Jankovic, Ana Ivanovic, Svetlana Kuznetsova, Amelie Mauresmo, Daniela Hantuchova and Anna Chakvetadze. The 9-days tournament attracted an audience of approximately 130,000 persons. From 2009 onwards, China Open will be upgraded to hold women's WTA tournament and the ATP500 Series for men's tournament, by then it will become one of the eight highest world-class tournaments (including the four Grand Slams) and will surely bring more encouraging revenue for the Group.

In 2008, the Company achieved breakthroughs in the four business areas, namely the traditional road plate advertising, new vision media and outdoor advertising, aviation media and trendy magazines advertising. Leveraging on the investment strategy of "channel+industry+media", the three business divisions of outdoor, aviation and trendy magazine has established a foundation for sustainable development.

In May 2008, the Company and JoongAng m&b Limited, the largest plane media group in Korea established a joint venture with registered capital of RMB25,000,000 named Beiqing CeCi Advertising (Beijing) Limited, of which the Company holds 51% and JoongAng m&b Limited holds 49% of equity interest. Beiqing CeCi Advertising (Beijing) Limited is primarily engaged in the operation of advertising of female trendy magazines.

In May 2008, the Company participated in the tender on outdoor advertising facilities organized by the Beijing Municipal Administration Commission and successfully acquired the operation right of advertisement in the four single columns in East Fifth Ring Road and West Fourth Ring Road in Beijing. The successful bidding in the initial participation in the outdoor advertising tender held in Beijing established a professional, rational and trustworthy image in outdoor advertising for Beijing Media, and at the same time marked a milestone for Beijing Media to enter into the outdoor road plate advertising market.

Leveraging on the Beijing Youth Daily platform, which enjoys a broad readership base, generous support of the Beijing Municipal Government, 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 2008 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 2009
Beijing, the PRC

BUSINESS REVIEW

The Group is principally engaged in three core businesses: (1) advertising sales, which contribute the largest portion of the turnover; (2) turnover from printing, which includes revenue generated from the printing of publications arranged by Beijing Youth Daily Logistics Co., Ltd. ("**BYD Logistics**"); and (3) trading of print related materials, which involves the supply and trading of, among other things, newsprint, ink, lubricants, films, PS boards and rubber sheets to third parties, including commercial printers.

Turnover of the Group for 2008 was RMB1,081,116,000 (2007: RMB837,676,000), representing an increase of 29.06% as compared with 2007. Profit attributable to equity holders of the Company for the year was RMB40,309,000 (2007: RMB10,639,000), representing an increase of 278.88% as compared with 2007.

During 2008, under the combined impact of the snow storm in southern China, Wenchuan earthquake, traffic control measures taken for the Olympic Games, the Sanlu milk scandal and the financial crisis, the advertisement sector of the PRC paper media continued to record an overall slowdown in growth. Nevertheless, at the beginning of last year, the Company rationalized its sales team, motivated its staff, integrated internal resources, implemented various strategies and adjusted the operation mode according to market changes, resulting in a significant growth in advertising revenue, the primary income stream of the Company's core business, over last year. Advertising revenue of the Group for 2008 was RMB536,700,000 (2007: RMB455,955,000), representing an increase of 17.71% as compared with 2007.

The price of paper rose sharply worldwide in 2008. In response to the possible cost pressure, the Group placed orders for paper before the price rise through its subsidiary Beijing Youth Daily Logistics Company Limited to limit the use of paper and achieve cost reduction, minimizing the impact of price surge of paper in 2008 on the cost of the Group.

In 2008, the average daily publication volume of Hebei Youth Daily remained above 100,000 (2007: above 90,000), with more than 150,000 in peak seasons. For the retail market, full coverage has been achieved for Shijiazhuang area, and brought substantial increase in sales volume over 2007 at newspaper stands and mobile distributors, becoming the first in retail sales in Shijiazhuang.

In 2008, the Company achieved breakthroughs in the three business areas, namely the traditional road plate advertising, new vision media and outdoor advertising, aviation media and trendy magazines advertising. Leveraging on the investment strategy of "channel+industry+media", the three business divisions of outdoor, aviation and trendy magazine has established a foundation for sustainable development.

In May 2008, the Company and JoongAng m&b Limited, the largest plane media group in Korea established a joint venture with registered capital of RMB25,000,000 named Beiqing CeCi Advertising (Beijing) Limited, of which the Company holds 51% and JoongAng m&b Limited holds 49% of equity interest. Beiqing CeCi Advertising (Beijing) Limited is primarily engaged in the operation of advertising of female trendy magazines.

The Civil Aviation Administration of China Newspaper (Inflight Edition) operated by Beijing Beiqing Top Advertising Limited grew rapidly during the year 2008. Apart from existing airlines of various domestic aviation companies, the current coverage includes more than 20 waiting rooms in airports of major and second tier cities across the mainland, achieving full coverage in the air and land which further enhanced its position as one of the major aviation media in China.

Apart from Beijing Youth Daily and Hebei Youth Daily, the Group also publishes other newspapers and magazines, including "Beijing Today", "Middle School Times", "Beijing Youth Times" and "Ceci" magazine.

Through newly established and established media, the Group provides advertising clients with a more comprehensive and sophisticated platform for an integrated advertisement portfolio, so that clients may choose, among internal media of the Group, multi-channel, multi-media, multi-territory portfolio, and gain more than value worth rewards.

INDUSTRY REVIEW

During 2008, under the combined impact of the snow storm in southern China, Wenchuan earthquake, traffic control measures taken for the Olympic Games, the Sanlu milk scandal and the financial crisis, the overall economy of China slackened and the advertisement sector of the PRC paper media recorded an overall slowdown in growth. Nevertheless, the Group strengthened its management team, adjusted the team leader and adopted various operating modes despite the challenging environment, resulting in a significant growth in advertising revenue amid the financial downturn. Besides, other business of the Group also progressed well. Revenue from the printing business and trading of print-related materials rose by 3.80% and 63.39% respectively on a year-on-year basis. By reinforcing the management and optimizing the structure, trade receivables from advertising business fell significantly.

Real estate advertising, the major industry advertising of the Company, recorded substantial growth in 2008 with 28.55% increase in turnover.

In 2009, the Group will continue to focus on its core business of providing newspaper advertising services. In addition, the Group will also be committed to cross-media platform operations, integration of various resources, optimization of structure and consolidation of strengths. Moreover, the Group will continue to take full advantage of its established media connections in Beijing to organize large-scale events such as the China Open Tennis Tournament.

ADVERTISING BUSINESS

For 2008, turnover from advertising sales of the Group amounted to RMB536,700,000 (2007: RMB455,955,000, accounting for 54.4% of the total turnover), accounting for 49.64% of the total turnover and representing an increase of 17.71% as compared with 2007.

The Group's revenue generated from advertising was mainly attributable to Beijing Youth Daily. The actual revenue from advertising in 2008 was RMB480,633,000, representing an increase of RMB63,901,000 or 15.33% as compared with 2007. Balance of trade receivables from advertising was RMB45,078,000, representing a decrease of 17.61% as compared with 2007.

In 2008, the Company changed the operating mode for its advertising business to adopt a direct sales system for face-to-face and without obstacles' communication with clients. The Group strengthened its integration in its internal resources and provided different distribution platforms and quality value-added services for clients by newspaper alliance and interaction with news sites. The Group also provided all-round planning and crisis solution for advertising clients. Furthermore, by focusing on data monitoring and market research, the Group was able to formulate rightly aimed policies and initiatives, resulting in the highest year-on-year growth rate in actual advertising revenue among other comparable Beijing media companies in 2008. Advertising revenue from 16 industries recorded different growth among the total of 22 industries on a year-on-year basis.

PRINTING BUSINESS AND TRADING OF PRINT-RELATED MATERIALS

The Group is engaged in the printing business and trading of print-related materials through BYD Logistics. For 2008, turnover from the printing business and trading of print related materials amounted to RMB139,544,000 and RMB396,912,000 (2007: RMB134,437,000 and RMB242,928,000), representing an increase of 3.80% and 63.39% respectively as compared with 2007.

ORGANISATION OF LARGE-SCALE EVENTS

Beijing China Open Promotion Company Limited ("**COL**"), a jointly controlled entity of the Company, successfully organized the fifth China Open Tennis Tournament in 2008, which attracted world-renowned tennis players such as Andy Roddick, Fernando Gonzalez, David Ferrer, Tommy Robredo, Richard Gasquet, Jelena Jankovic, Ana Ivanovic, Svetlana Kuznetsova, Amelie Mauresmo, Daniela Hantuchova and Anna Chakvetadze. The 9-days tournament of China Open Tennis attracted an audience of approximately 130,000 persons and was broadcasted for more than 113 hours and 260 hours in the PRC and worldwide respectively, covering 30 countries and regions and reaching 960 million audiences globally. For the whole year, the tournament accounted for 30,169 minutes of coverage in TV news, 69,480 seconds in radio broadcast, 1,925 pages of plane media coverage and 860,000 internet articles, adding over 10 million click rates on the official websites, which formed an enormous promotion through the media. Together with the promotion of advertisements placed in outdoor, plane media, internet, TV, radio, other channels and print materials, the aggregate value for the tournament of China Open Tennis in the year amounted to over RMB1.8 billion.

PROSPECTS AND FUTURE PLANS

It is expected that the economy will slacken in 2009 and the advertising industry will be inevitably affected. Nevertheless, the Group will continue to adopt the operating strategy in 2008 for its advertising business, as well as integrating internal resources and seeking for better operating modes to bring more profit for the Group. At the same time, the Group will continue to enhance market innovation for advertisers from different industries and actively roll out various promotional activities to reinforce its number one position in the established media market.

The Group plans to take an active role in exploring tender offers on outdoor advertising and opportunities to merge with or acquire outdoor advertising companies in 2009. By focusing on core channels of public transportation, civil aviation and building and core technology of Light Emitting Diode (LED) screens, the Group seeks to expand its outdoor advertising business across the nation with the solid foundation in Beijing and become the leader of the outdoor advertising market in the coming two to three years.

Besides, the Company will promote the transformation from plane media to digital media and focus on cross-media advertising for different industries, as well as looking for development and opportunities in the internet and handy phone media market.

Capitalizing on the staunch support of the Beijing Municipal Government and the concerted efforts of the staff, the Group will further expand its multi-media platform, so as to form an extensive media platform through the above mentioned development plans and become a leading cross-media corporation in the PRC, as well as optimizing returns for Shareholders.

FINANCIAL POSITION AND BUSINESS RESULTS

1. Turnover

Turnover of the Group for 2008 was RMB1,081,116,000 (2007: RMB837,676,000), representing an increase of 29.06% as compared with 2007. Revenue from advertising increased by RMB80,745,000 or 17.71% as compared with 2007. Revenue from printing business increased by RMB5,107,000, representing an increase of 3.80% as compared with 2007, while revenue from the trading of print-related materials increased by RMB153,984,000, representing an increase of 63.39% as compared with 2007.

2. Cost of Sales and Operating Expenses

The Group's cost of sales for 2008 was RMB1,001,829,000 (2007: RMB762,706,000), representing an increase of 31.35% on a year-on-year basis 2007. Operating expenses were RMB71,048,000 (2007: RMB100,825,000), representing a decrease of 29.53% on a year-on-year basis 2007. Operating expenses represented 6.57% (2007: 12.04%) of the Group's turnover for 2008, comprising mainly selling and distribution expenses as well as administrative expenses.

The price of paper rose sharply worldwide in 2008. To ease the cost pressure due to surge of paper price, the Group placed orders for paper before the price rise through its subsidiary BYD Logistics, minimizing the impact of price surge of paper on the cost of the Group.

3. Gross Profit

For 2008, the Group's gross profit amounted to RMB79,287,000 (2007: RMB74,970,000), representing an increase of 5.76% as compared with 2007. Gross profit margin was 7.33% (2007: 8.95%).

4. Profit Attributable to Shareholders

For 2008, the profit attributable to shareholders of the Group was RMB40,309,000 (2007: RMB10,639,000), representing an increase of 278.88% as compared with 2007.

5. Final Dividend

The Board recommends the distribution of a final dividend of RMB0.20 per share (2007: RMB0.07 per share).

6. Non-current Assets

As at 31 December 2008, the non-current assets of the Group amounted to negative RMB15,117,000 (31 December 2007: negative RMB636,000) which mainly comprised of property, plant and equipment, prepayments for land use rights, and intangible assets of RMB18,116,000 (31 December 2007: RMB17,467,000), RMB30,567,000 (31 December 2007: RMB31,455,000), and RMB24,854,000 (31 December 2007: RMB25,844,000) respectively. Share of net liabilities of investment in jointly controlled entities amounted to RMB96,748,000 (31 December 2007: RMB87,082,000) and share of investment in an associate amounted to RMB0 (31 December 2007: RMB341,000). Available-for-sale financial assets amounted to RMB136,000 (31 December 2007: RMB757,000). Non-current trade receivables amounted to RMB6,579,000 (31 December 2007: RMB10,582,000). Non-current other receivables amounted to RMB247,000 (31 December 2007: RMB0). Deferred income tax assets amounted to RMB1,132,000 (31 December 2007: RMB0).

7. Net Current Assets

As at 31 December 2008, the Group's net current assets amounted to RMB1,317,458,000 (31 December 2007: RMB1,283,504,000). Current assets mainly comprised of cash and cash equivalents of RMB225,640,000 (31 December 2007: RMB174,726,000), short-term bank deposits of RMB998,945,000 (31 December 2007: RMB820,893,000), restricted bank deposits of RMB61,489,000 (31 December 2007: RMB333,053,000), held-to-maturity financial assets of RMB56,050,000 (31 December 2007: RMB0), inventories of RMB50,992,000 (31 December 2007: RMB41,804,000) as well as trade receivables and other receivables, prepayments and deposits of RMB299,853,000 (31 December 2007: RMB238,111,000). Current liabilities mainly comprised of short-term bank loans of RMB105,000,000 (31 December 2007: RMB46,500,000), trade payables, other payables and accruals, dividends payable and taxation payable of RMB146,934,000 (31 December 2007: RMB119,787,000), RMB118,506,000 (31 December 2007: RMB154,160,000), RMB2,213,000 (31 December 2007: RMB3,206,000) and RMB2,858,000 (31 December 2007: RMB1,430,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2008, the Group has maintained a stable cash flow. The Group's cash and cash equivalents and short term bank deposits were totaling RMB1,224,585,000 (31 December 2007: RMB995,619,000). The debt-to-equity ratio, (defined as a percentage of net interest-bearing borrowings over capital and reserves attributable to the Company's equity holders) was 8.27% as at 31 December 2008 (31 December 2007: 3.74%).

EQUITY-TO-DEBT RATIO

As at 31 December 2008, the Group's equity-to-debt ratio was 346.82% (31 December 2007: 394.63%). (Ratio derived from dividing the Group's total equity by its total liabilities).

TAXATION

For the year ended 31 December 2008, the Group's taxation expenses were RMB 4,407,000 (2007: RMB6,732,000), representing a decrease of 34.54% on a year-on-year basis 2007. However, due to the decrease in profit before tax of the Group and PRC enterprise income tax rate decreased from 33% in 2007 to 25% in 2008, the effective tax rate applicable to the Group decreased from 38.21% in 2007 to 10.53% in 2008. The taxation authority in the PRC has granted the Company a tax exemption of five years effective from 1 January 2004 to 31 December 2008.

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2008, short-term bank loans amounted to RMB105,000,000 (31 December 2007: RMB46,500,000). Such bank loans bear interest of 6.318% to 8.217% p.a. (2007: 5.265% to 6.561% p.a.) and is repayable within one year.

FINANCE COSTS

Finance costs of the Group for 2008 were RMB2,600,000 (2007: RMB2,098,000), excluding exchange losses of RMB8,147,000 (2007: RMB46,161,000).

RECENT DEVELOPMENTS IN NEW BUSINESSES IN 2008

"Ceci China", a female fashion magazine operated by Beiqing CeCi Advertising (Beijing) Limited started its first publication on 16 May 2008. International Federation of the Periodical Press (FIPP) highly appraised the first publication of "Ceci China" and considered that it marked a milestone for the magazine market in China. "Ceci China" interprets the eastern fashion style for the female working class in China and advocates a modern culture combining innovation and pragmatism in Asia. Since its launch, the magazine has reached more than 40 cities across the nation including Hong Kong SAR and rapidly became one of the top female fashion magazines. As the first monthly magazine operated by Beijing Media to enter into the entire PRC market, "Ceci China" perfected the advertising structure of Beijing Media, representing its capture of the advertising market of female luxury goods.

In May 2008, the Company participated in the tender on outdoor advertising facilities organized by the Beijing Municipal Administration Commission and successfully acquired the operation right of advertisement in the four single columns in East Fifth Ring Road and West Fourth Ring Road in Beijing. The successful bidding in the initial participation in the outdoor advertising tender held in Beijing established a professional, rational and trustworthy image in outdoor advertising for Beijing Media, and at the same time marked a milestone for Beijing Media to enter into the outdoor road plate advertising market.

The 3 Light Emitting Diode (LED) advertising screens of No. 3 terminal of the Capital Airport invested by the Company and Beijing Transmedia Co., Ltd. commenced operation in March 2008, marking a breakthrough for the three areas of aviation, outdoor and vision media of Beijing Media. During the Beijing Olympic Games, the screens became the major channel for domestic and foreign travelers passing No. 3 terminal for updates of the Games.

USE OF PROCEEDS FROM THE LISTING

The Company raised net proceeds of about HK$889,086,000 from its global offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the prospectus of the Company and the actual use of proceeds as at 31 December 2008:

Proposed use of Proceeds	Amounts Proposed to be Used *HK$*	Actual Amounts Used *HK$*
Developing weekend newspapers	Approximately 100 million	unutilized
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 80 million	Approximately 23.59 million
Investing in the television industry in Beijing	Approximately 250 million	unutilized
Acquisition of other media businesses	Approximately 360 million	Approximately 360 million
General working capital	Approximately 80 million	Approximately 80 million

As at 31 December 2008, a substantial part of the proceeds of the Company had not been utilized due to the following reasons:

- The preparation period for developing weekend newspapers and topic-focused magazines is longer than expected. In addition, the Company adopts a prudent investment strategy, and will not make hasty investment without the support of sufficient market conditions;
- The PRC government has tightened the limitation on the participation of foreign enterprises in the television broadcasting industry, and slowed down the development of the Company in such industry;
- The Company has spent considerable time on negotiation concerning a number of acquisitions because media industries, particularly newspapers and other media, are sensitive industries and are subject to more limitations imposed by the relevant authorities in the PRC.

As Renminbi continued to appreciate against Hong Kong dollar in 2007 to 2008, in order to avoid devaluation of the raised fund, the Company exchanged part of the remaining fund amounting to HK$387,041,000 into RMB374,635,000 in 2007 and exchanged the remaining fund amounting to HK$560,966,000 into RMB512,423,000 in 2008. During 2008, the Company strived to seek opportunities to fulfill the objectives set forth in its prospectus. The Company believes that the proceeds will be utilized as set out in the prospectus of the Company for business development in 2009.

CAPITAL STRUCTURE

	Number of Shares	Percentage of total share capital *(%)*
Holders of Domestic Shares		
– BYDA	124,839,974	63.27%
– Beijing Zhijin Science and Technology Investment Co., Ltd.	7,367,000	3.73%
– China Telecommunication Broadcast Satellite Corp.	4,263,117	2.16%
– Beijing Development Area Ltd.	2,986,109	1.52%
– Sino Television Co., Ltd.	2,952,800	1.50%
	142,409,000	72.18%
H Shares in issue	54,901,000	27.82%
Total share capital	197,310,000	100%

Note: Including 19,533,000 H Shares in issue held by MIH Print Media Holdings Limited, representing 9.90% of the total share capital.

CAPITAL EXPENDITURES

Capital expenditures of the Group for 2008 included expenditures on office equipment and intangible assets of RMB5,030,000 (2007: RMB3,582,000). The Group expects capital expenditures for 2008 mainly comprise expenditure consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	As at 31 December	
	2008	2007
	RMB'000	*RMB'000*
Guarantees for bank loans of jointly controlled entities	**173,000**	293,053
Guarantees for bank loans of subsidiaries	**50,000**	40,000
Guarantees for credit line facilities of subsidiaries	**40,000**	40,000

For the year ended 31 December 2008, the Company entered into a credit guarantee agreement with Bank of Beijing to secure a loan of RMB153,000,000 granted to COL by Bank of Beijing.

For the year ended 31 December 2008, the Company entered into a credit guarantee agreement with Shenzhen Development Bank to secure a loan of RMB20,000,000 granted to COL by Shenzhen Development Bank.

For the year ended 31 December 2008, the Company entered into a credit guarantee agreement with Hua Xia Bank to secure a loan of RMB30,000,000 granted to Beijing Youth Daily Logistics Company Limited ("**BYD Logistics**") by Hua Xia Bank.

For the year ended 31 December 2008, the Company entered into a credit guarantee agreement with China Everbright Bank ("**Everbright Bank**") to provide a guarantee of not more than RMB20,000,000 on a bank loan to Hebei Heqing Media Co., Ltd ("**Heqing Media**").

For the year ended 31 December 2008, the Company provided a guarantee in the amount of RMB40,000,000 to provide promissory notes credit line facility to BYD Logistics.

For the year ended 31 December 2008, the Company entered into an entrusted loan agreement with China CITIC Bank to provide a loan of not more than RMB20,000,000 to BYD Logistics.

For the year ended 31 December 2008, the Company entered into an entrusted loan agreement with Everbright Bank to provide a loan of not more than RMB35,000,000 to BYD Logistics.

It is not anticipated by the management teams that any material liabilities will arise from the above guarantees provided in the normal course of business.

As at 31 December 2008, the aggregate amount of financial assistance and guarantees for financing provided to COL by the Company had exceeded 8% of total assets of the Company. According to Rule 13.22 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("the Stock Exchange") ("Listing Rules"), the balance sheet of COL as at 31 December 2008 (including major items of the balance sheet) and interests in COL attributable to the Company have been disclosed in the notes 16 to the financial information in this Annual Report.

FOREIGN EXCHANGE RISKS

Substantially all of the Group's revenues and operating costs were denominated in Renminbi. As the proceeds from the new issue of shares in December 2004 were received in Hong Kong dollars, the Group has exposed to foreign currency risk as a substantial portion of cash and cash equivalents are denominated in Hong Kong dollars. As at 31 December 2008, the Group had exchange loss of RMB8,147,000 (2007: RMB46,161,000). The Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations.

STAFF

As at 31 December 2008, the Group had a total of 664 staff (31 December 2007: 756), whose remuneration and benefits are determined based on market rates, State policies and individual performance. The decrease was mainly attributable to the reduction of temporary distribution staff in Heqing Media.

DISCLOSURE OF SHAREHOLDING INTEREST OF DIRECTORS, SUPERVISORS, CHIEF EXECUTIVE OFFICER

After thorough enquiries of the Directors of the Company, the Company believes that, as at 31 December 2008, none of the Directors, Supervisors, the Chief Executive Officer and Senior Management of the Company had any shareholding interest and short positions in the shares, underlying shares and debentures in the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from 22 December 2004, the listing date, to the date of this annual report, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH THE "MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS"

The Company has adopted the Model Code regarding securities transactions by Directors and Supervisors ("Model Code") as set out in Appendix 10 to the Listing Rules and its amendments from time to time as its own code of conduct regarding securities transactions by Directors and Supervisors. Having made sufficient enquiry of all Directors and Supervisors, all Directors and Supervisors confirmed they have complied with the required standards under the Model Code throughout the year ended 31 December 2008.

CHANGE OF MEMBERS OF THE BOARD AND THE SUPERVISORY COMMITTEE

Dr. Li Wenqing ceased to act as the chief executive officer of the minority shareholder of the Company, therefore she resigned as the non-executive director of the Company with effect from 29 October 2008.

EXEMPTION FROM COMPLIANCE WITH THE LISTING RULES

Save as disclosed in the prospectus, the Company has not been granted any exemption from compliance with the Listing Rules.

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, the Company has set up an audit committee to review, supervise and adjust the financial reporting process and internal controls of the Group. The audit committee comprises two independent non-executive Directors and one non-executive Director.

The audit committee of the Company has reviewed the accounting principles and practices adopted by the Group with the management of the Company. In addition, the audit committee has discussed with the Directors on matters concerning the internal controls and financial reporting of the Company, including a review of the annual consolidated financial statements of the Group for 2008 without dissenting opinions.

EXECUTIVE DIRECTORS

Mr. ZHANG Yanping, 51, is the Chairman and an executive Director. He graduated in 1988 from the Renmin University of China with a bachelor's degree in journalism and achieved a MBA degree from the School of Economics and Management of Tsinghua University in 2006. Mr. Zhang completed his military service with Division No. 4 of Beijing Garrison Command from December 1976 to June 1980. He then joined Beijing People's Radio as a trainee from June 1980 to April 1981. He joined BYDA in November 1981 and has gained nearly 28 years of experience in the media business and has acted in a number of different positions such as a reporter, director, editing committee member, deputy chief editor, standing deputy chief editor and chief editor of BYDA. Mr. Zhang is currently the president of the BYDA. Mr. Zhang was appointed as a Director on 16 May 2001.

Mr. ZHANG Yabin, 52, is the Vice Chairman and an executive Director. Mr. Zhang is currently the chief editor of BYDA. He graduated in 1982 from the Peking University with a bachelor's degree in Arts and graduated in 2005 from Cheung Kong Graduate School of Business with a master's degree in EMBA. He was a reporter and an editor of the political and legal department of Beijing Daily News Press from February 1982 to June 1992. He became the deputy director of the chief editorial department of Beijing Daily News Press from July 1992 and then became the director of the external relationship department of Beijing Daily News Press starting from March 1996. In April 1999, Mr. Zhang started to serve as the chief editor of Morning Post Press. He joined BYDA in April 2002 as the chief editor. Mr. Zhang was appointed as a Director on 30 December 2002.

Mr. SUN Wei, 55, is the President of the Company and an executive Director. He graduated in 1994 from the China Communist Party Central School in economics and administration and studied in a course leading to a postgraduate degree in journalism in Remin University of China from 1996 to 1998. He joined BYDA in October 1983 and has gained experience as a reporter, editor, deputy director, director, editing committee member and deputy chief editor. Mr. Sun was the executive deputy chief editor of BYDA. He is currently the vice president of Beijing Youth Fictionist Association and the committee member of China Association for International Friendly Contact. Mr. Sun was appointed as a Director on 23 August 2004.

Mr. HE Pingping, 54, is an executive Director. Mr. He graduated in 1987 from the Capital Normal Academy in politics and education. He was in charge of the Youth Communist League Committee of Beijing Cotton Textile Dyeing Company Limited from October 1983 to January 1985. Starting from March 1987, he has been the vice president and president of the Propaganda Division of the Beijing Municipal Committee of China Communist Youth League. From January 1990 to February 1991, he served as the vice president of the Beijing Youth Service Center. He then became the deputy chief editor and vice president of Beijing Youth Audio-visual Press in February 1991 before joining BYDA as deputy chief editor from March 1993 to June 2005. He then served as the chief director of Youth Weekend in March 2006. Mr. He was appointed as a Director on 16 May 2001.

Mr. DU Min, 41, is an executive Director and the executive vice president of the Company. He graduated in 1991 from Renmin University of China with a bachelor's degree in law. Mr. Du studied a master of journalism course at Renmin University of China from 1993 to 1995 and is currently a Ph.D. student at Wuhan University and a part time professor at Hunan Institute of Science and Technology. Mr. Du has acted in a number of different positions such as editor, reporter and department head of China Business Times from July 1991 to July 1995. He became the vice president and the deputy chief editor of China Business starting from August 1995. In September 1998, he joined the America International Data Group's branch in China as a vice president. He then served as the vice president of Shanghai Meining Computer Software Company Limited from July 2000 to September 2002 before becoming the general manager of our Company in December 2002. Mr. Du was appointed as a Director on 30 December 2002.

NON-EXECUTIVE DIRECTORS

Mr. LIU Han, 50, is a non-executive Director. Mr. Liu is currently the vice president of BYDA. He graduated in 1982 from Capital Normal Academy in Chinese literature and was awarded an EMBA in 2004 by China Europe International Business School. He became a teacher of the No. 1 Secondary School of Fengtai, Beijing from September 1982 to December 1985. Mr. Liu served as an officer of Beijing Fengtai Bureau of Education from December 1985 to June 1986. He joined BYDA in July 1986 as reporter, and subsequently, deputy head of the editorial department. He had also been the editor-in-chief, assistant to the president and the president of Middle School Times. Mr. Liu was appointed as a Director on 16 May 2001.

Mr. XU Xun, 53, is a non-executive Director. He graduated in 1998 from the Postgraduate School of the Chinese Academy of Social Sciences with a master's degree in finance. Mr. Xu served as an editor and reporter of Capital Economic Information Daily from 1990 to 1993. He was the general manager of Beijing Hua Ren Advertising Company Limited in 1993. He became the deputy general manager of Chinese Securities Daily from November 1994 to February 2000. Thereafter, he worked in Beijing Zhijin Science and Technology Investment Co., Ltd. as the deputy general manager from March 2000 to March 2002. He worked with Beijing Management Department of Yongjin Group as General Manager from March 2002 to 2006, and is now the vice president of Yongjin Group. Mr. Xu was appointed as a Director on 16 May 2001.

Dr. LI Wenqing (resigned on 29 October 2008), 41, graduated from Qinghua University with double bachelors' degree in engineering in 1991 and awarded a master's degree in seismic engineering from New York State University in 1992. She became a doctor in construction engineering at University of Columbia in 1995 and graduated from Harvard Business School with MBA degree. Dr. Li served as tender analyst and project engineer at Turner Construction Company from 1995 to 1997. She joined JP Morgan Chase Securities, Inc. as a consultant from 1999 to 2001, and worked for Microsoft from 2001 to June 2008 as the head of the department of corporate business development. In July 2008, Dr. Li became president of MIH group, in charge of business in China.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSANG Hing Lun, 60, is an independent non-executive Director. Mr. Tsang is the chief executive officer of Influential Consultants Ltd.. He is also fellows of Hong Kong Institute of Directors, the Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Tsang graduated from the Chinese University of Hong Kong with a bachelor's degree in business administration (1st Class Hons.) in 1973. Mr. Tsang has served in the senior management capacity in several reputable publicly listed companies operating in Hong Kong and Singapore. Mr. Tsang joined the Hang Seng Bank Group in 1973 and had served in the group for 17 years, was promoted to the assistant general manager. He joined the UOB Group in Singapore in 1990 as Senior Vice President. Mr. Tsang has also acted as an executive vice president of the Stock Exchange of Hong Kong in 1993 and the executive director of China Champ Group in 1994, as an alternate chief executive, general manager and chief operating officer of the China Construction Bank, Hong Kong Branch from 1995 to 1998. Mr. Tsang is now an independent non-executive director of Sino-Ocean Land Holdings Limited, Sinotrans Shipping Limited and First China Financial Holdings Ltd., all of them are listed companies of the Hong Kong Stock Exchange. Mr. Tsang was appointed as a Director on 12 November 2004.

Mr. WU Changqi, 54, is an independent non-executive Director. He graduated in 1982 from Shandong University with a bachelor's degree in economics. He obtained MBA degree and a doctoral degree in applied economics from Katholieke Universiteit Leuven in Belgium in 1986 and 1990, respectively. He has also been a lecturer and an assistant professor in Economics of The Hong Kong University of Science and Technology respectively in 1991 and 1997. He has been the professor and the president of the Faculty of Strategic Management of the Guanghua School of Management of Peking University since 2001, the president of the EMBA Centre of the Guanghua School of Management of Peking University from 2002 and the associate dean of the Guanghua School of Management of Peking University from 2003. Mr. Wu was appointed as a Director on 23 August 2004.

Mr. LIAO Li, 43, is an independent non-executive Director. He is currently the deputy president and the professor in finance of the School of Economics and Management of Tsinghua University. Mr. Liao graduated in 1989 from the Department of Electrical Engineering of Tsinghua University with a bachelor's degree in mechanical engineering and automation profession. He obtained a doctoral degree in technical economics from the School of Economics and Management of Tsinghua University in 1996. In 1999, he graduated from the Sloan School of Management of Massachusetts Institute of Technology with a MBA degree. Mr. Liao was a lecturer of the School of Economics and Management of Tsinghua University from 1995 to 1997. Starting from 2001, Mr. Liao became the deputy president and the deputy professor in finance of the School of Economics and Management of Tsinghua University and became a professor in 2004. Mr. Liao was appointed as a Director on 23 August 2004.

SUPERVISORS

Mr. TIAN Kewu, 39, is a supervisor of the Company. He graduated from China Youth Political Academy in 1991 with bachelor's degree in political education, and was awarded a master's degree in law in 2003 from Beijing University after three years' research. In July 1991, he joined Beijing Municipality Committee of the Chinese Communist Youth League, and served as officer, administration officer, deputy chief and chief of the research office and was appointed the head of the publicity department of the Committee since May 2005. Mr. Tian has been the standing deputy chief editor of BYDA since June 2005.

Mr. HE Daguang, 51, is a supervisor of the Company. He graduated from Shanxi College of Finance and Economy in 1983 specialising in financial management for industrial enterprises. From 1983 to 2001, Mr. He had, amongst other positions, served as a deputy head of a division, head of a division, vice chief accountant, deputy chief accountant and executive director of China International Water and Electric Corporation. Mr. He served as the PRC chief financial officer of Phoenix Satellite Television Company Limited from 2001 to November 2006, and has been the vice president of Phoenix Satellite Television Company Limited since December 2006.

Mr. GAO Zhiyong, 46, is a supervisor of the Company. He graduated from the College of Finance and Economics of Hunan Province in 1983 with a bachelor's degree in Economics, majoring in Industrial Accounting. Mr. Gao has obtained the following professional technical titles to date, i.e. the Certificate of Certified Public Accountant in 1986, the Certificate of Senior Accountant in 1996 and the Certificate of Certified Tax Agent in 1997. He served as the President of UFIDA Science & Technology Co., from August 2001 to September 2003. Mr. Gao served as the Vice General Manager of Yuehua Certified Public Accountants Co., Ltd. from 2004 to January 2008. He is currently the partner of Carea Schinda Certified Public Accountants, for both management consulting and tax divisions.

Mr. LIU Yanfeng, 37, is a supervisor of the Company. He graduated from the Central Communist Party School in December 2003 specialising in economics and management. Mr. Liu had, amongst other positions, served as the deputy director of the laser phototypesetting office of BYDA from September 1991 to April 2001. Mr. Liu currently serves as the deputy director of the laser phototypesetting centre of our Company since May 2001.

Mr. ZHOU Fumin, 38, is a supervisor of the Company. He graduated from the department of materials science and engineering of Tsinghua University in 1995 with a bachelor's degree in engineering and graduated from School of Law of Tsinghua University in 1998 with a master's degree in civil and commercial law. Mr. Zhou is currently the vice president of Yunan International Trust Co. Ltd.

SENIOR MANAGEMENT, QUALIFIED ACCOUNTANT AND COMPANY SECRETARY

Ms. HE Xiaona, 46, is a vice president of the Company. Ms. He graduated from Qinghua University with a major in publishing. She joined BYDA in 1989 and served as research editor, editor and deputy chief of reading office, chief of film department, chief of editorial department of Beijing Youth Weekend, chief of economy and livelihood department, chief of editorial department of life magazine, administrative officer, assistant to principal, and deputy principal of BYDA. She was appointed as vice president in February 2008 and executive vice president of the Company in July 2008.

Mr. SHANG Da, 47, is a secretary to the Board. Mr. Shang graduated from Capital Economic and Trade University. He joined BYDA in 1999 and served as the secretary to the Board of the Company since 28 May 2001.

Mr. Edmund SIT, 46, is fellows of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. In addition, Mr. Sit is also an associate member of Hong Kong Institute of Human Resources Management and a senior member of Institute of Print-Media Professional. He has over 20 years' experience in auditing, finance, management accounting, personnel management, corporate finance and listing. Mr. Sit graduated from Hong Kong Baptist University and holds a bachelor's degree (merit) and master's degree of business administration. He has worked for Peat, Marwick, Mitchel & Co., Ernst & Young, System Pro Uarco Business Forms Ltd, Logo S.A., Xiang Lu Industries Ltd, Chubb Hong Kong Ltd, Johnson Controls Hong Kong Ltd, C & C Joint Printing Co., (HK) Ltd and Tianneng Power International Ltd.. Mr. Sit has been appointed as Chief Financial Officer and Company Secretary of the Group from 14 March 2007 to 31 March 2009 and became a part-time Company Secretary from 1 April 2009.

Ms. YAN Mengmeng, 45, is a director of the laser phototypesetting centre of the Company. She was awarded a postgraduate certificate in business management from the Capital Economic and Trade University. From June 1983 to June 1991, she worked as a secretary of the Office of the China Electronic Press Association and became a secretary of the Office of the Exhibition and Design Association under the China Electronic Press Association. Starting from June 1991, she joined BYDA as a coordinator of its laser phototypesetting office and was promoted to deputy director and then director of the laser phototypesetting office of BYDA in June 1992 and March 1993 respectively. She was transferred from BYDA to the Company as the head of laser phototypesetting centre in May 2001.

Mr. LIU Xiaofei, 48, head of the advertising division of the Company. Mr. Liu served as a reporter for the overseas edition of People's Daily from 1985 to 1987. He worked for BYDA from 1987 to 2002 and assumed various positions, including reporter of the news department, deputy head of the external affairs department, officer of Social and Education Department, deputy chief editor of weekly magazine Beijing Youth, deputy director of the News Research Institute, head of Beijing Art Institution and general manager of Bei Yi Advertising Company. From October 2002 to October 2004, Mr. Liu served the Company as deputy head of advertising department. He rejoined BYDA from November 2004 to September 2005 as deputy office director. In October 2005, he returned to the Company and was assigned to the advertising division by the Company. He was officially appointed as head of the advertising division of the Company in January 2008.

The Board is pleased to present the annual report and audited consolidated financial statements for the year ended 31 December 2008.

ISSUE AND LISTING OF SHARES

The Company's H Shares were listed on the 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$6.20 and HK$1.80 respectively for the year ended 31 December 2008. The trading volume and closing price as at 31 December 2008 were 53,000 H Shares and HK$2.56, respectively.

ACCOUNTS

Results of the Group for the year ended 31 December 2008 are set out in page 44 of the consolidated income statement.

Financial positions of the Group as at 31 December 2008 are set out in page 45 of the consolidated balance sheet.

Changes in equity of the Group for the year ended 31 December 2008 are set out in page 46 of the consolidated statement of changes in equity.

Cash flows of the Group for the year ended 31 December 2008 is set out in page 47 to 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 15 May 2009, amounting to RMB39,462,000.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of advertising space, production of newspapers, printing, trading of print-related materials and organisation of large-scale events and recently expanded into hosting of sports events. Details of activities of the Company's principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND DIVIDEND

In 2008, the Group realized a turnover of RMB1,081,116,000, a profit before tax of RMB41,870,000 and a profit attributable to shareholders of 40,309,000. The Directors may determine at their discretion as to the distribution of any dividend of the Company and the amount therefore as described in the prospectus of the Company despatched in December 2004.

The Company held its annual Board meeting on Monday, 20 April 2009 to propose a resolution recommending distribution of final dividend of RMB0.20 per share (before tax) in an aggregate amount of approximately RMB39,462,000 for the year ended 31 December 2008. If the profit distribution proposal is approved by the shareholders in the Annual General Meeting by way of an ordinary resolution, the final dividend will be paid to the holders of H Share whose names appear on the H Share Register of Members of the Company on Friday, 15 May 2009.

According to the Law on Corporate Income Tax of the People's Republic of China and its implementing rules which came into effect on 1 January 2008 and other relevant rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H Share register of members of the Company. Any shares registered in the name of the non-individual registered shareholders, including HKSCC Nominees Limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore their dividends receivables will be subject to the withholding of the corporate income tax.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2008, the total purchase by the Group from its five largest suppliers amounted to RMB391,187,000 (2007: RMB227,378,000), representing 40.50% of its total purchase for the year (2007: 59.70%). Purchase from the largest supplier amounted to RMB110,029,000 (2007: RMB83,078,000), representing 11.39% of its total purchase for the year (2007: 21.83%).

For the year ended 31 December 2008, the total sales by the Group to its five largest customers amounted to RMB200,361,000 (2007: RMB177,573,000), representing 18.47% of its total sales for the year (2007: 21.20%). Sales to the largest customer amounted to RMB81,204,000 (2007: 93,622,000), representing 7.49% of its total sales for the year (2007: 11.20%).

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.

SUBSIDIARY AND JOINTLY CONTROLLED ENTITY

As at 31 December 2008, the subsidiaries of the Company include BYD Logistics, Heqing Media, Beijing Beiqing Top Advertising Limited and Legal Evening Media Limited, and the jointly controlled entities, include COL, Champion Will International Limited, Swidon Enterprises Limited and Beiqing CeCi Advertising (Beijing) Limited.

For details of principal subsidiaries and jointly controlled entities of the Company, please refer to note 40 and 16 to the financial statements in this annual report.

PROFIT DISTRIBUTION

For details of profit distribution, please refer to note 10 and 32 to the financial statements in this annual report.

RESERVES

The movements in reserves during the year are set out in note 32 to the financial statements in this annual report.

DISTRIBUTABLE RESERVES

For details of the distributable reserves, please refer to note 32 to the financial statements in this annual report.

PROPERTIES AND EQUIPMENT

The movements in properties and equipment are set out in note 13 to the financial statements in this annual report.

SHARE CAPITAL, SHARE CAPITAL STRUCTURE AND NUMBER OF SHAREHOLDERS

As at 31 December 2008, 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%	419
Total	197,310,000	100%	424

* The above percentage figures are based on the records in the Company's register of members as at 31 December 2008.

Changes of the Company's share capital for the year are set out in note 31 to the financial statements.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 31 December 2008, 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	Class of Shares	Nature of Interest	Number of shares held	% of class of share capital	% of total share capital
BYDA	Domestic	Long	124,839,974	87.66%	63.27%
MIH (BVI) Limited	H	Long	19,533,000	35.58%	9.90%
MIH Holdings Limited	H	Long	19,533,000	35.58%	9.90%
MIH Investments (PTY) Limited	H	Long	19,533,000	35.58%	9.90%
MIH Print Media Holdings Limited	H	Long	19,533,000	35.58%	9.90%
MIH QQ (BVI) Limited	H	Long	19,533,000	35.58%	9.90%
Naspers Limited	H	Long	19,533,000	35.58%	9.90%
Beijing Beida Founder Group Corporation	H	Long	4,939,000	8.99%	2.50%
Beijing University	H	Long	4,939,000	8.99%	2.50%
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000	8.99%	2.50%
Beijing University New Technology Corporation	H	Long	4,939,000	8.99%	2.50%
CITICITI Ltd.	H	Long	4,939,000	8.99%	2.50%
Founder Investment (HK) Ltd.	H	Long	4,939,000	8.99%	2.50%
Yue Shan International Limited	H	Long	4,939,000	8.99%	2.50%
Xia Jie	H	Long	4,939,000	8.99%	2.50%
Cao Yawen	H	Long	4,939,000	8.99%	2.50%

Note: Information disclosed above is extracted from the website of the Stock Exchange (www.hkex.com.hk).

Save as disclosed above, to the knowledge of the Directors, Supervisors and chief executives of the Company, as at 31 December 2008, 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 2008, BYDA is interested in 63.27% of the Company's equity interest.

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. The agreements were entered into on 23 August 2007 for a term of three years.

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 2008, 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.

MANAGEMENT CONTRACT

During the year, the Company has not entered into nor there was any contract which was related to the overall business of the Company or the material part of the business management.

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 12 to the financial statements.

During the period, no Directors or Supervisors of the Company waived the remuneration from the Company.

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 or 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 30 to the financial statements in this annual report.

CONNECTED TRANSACTIONS

During the reporting period, connected transactions of the Group took place in 2008 are listed as follows:

Transactions – Non-exempt Connected Transactions

1. *Non-compete Agreement*

   The Company entered into a Non-compete Agreement with BYDA on 8 December 2004, pursuant to which BYDA agreed and procured that its subsidiaries and associates not to engage, invest, involve, participate in or own any business which would compete with the business of the Company and an option and pre-emptive right was granted to BYDA by the Company to acquire the retained business and certain future business.

Transactions – Continued Connected Transactions only Exempted for the Approval of Independent Shareholders

2. *Tenancy Agreement*

   On 10 August 2006, the Company and BYDA entered into the Tenancy Agreement and pursuant to which, BYDA leased from the Company floors 8, 19 and 23 of the Beijing Youth Daily Agency Building amounting to a total floor area of 2,340 square meters for a rent of RMB4.5 per sq. m. per day, with a term ended on 9 August 2009. 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. Details of the Tenancy Agreement have been disclosed in the Company's announcements dated 10 August 2006.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continued Connected Transactions only Exempted for the Approval of Independent Shareholders *(Continued)*

2. ***Tenancy Agreement*** *(Continued)*

On 29 November 2006, the Company entered into the Supplemental Agreement under the Tenancy 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 Supplemental Agreement have been disclosed in the Company's announcements dated 4 December 2006.

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for income generated from lease of BYDA to the Company was RMB3,843,450, and the actual income was RMB3,843,450.

3. ***New Tenancy Agreement***

On 10 August 2006, the Company and BYDA 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. The total floor area of the office premises to be leased to the Company amounts to 830 square metres and the rent is RMB4.5 per sq. m. per day, with a term ended on 9 August 2009. Upon expiry of the New Tenancy Agreement, the Company has the right to extend the tenancy of the office premises by giving two months' written notice to BYDA before the expiry date. Details of the New Tenancy Agreement have been disclosed in the Company's announcement dated 10 August 2006.

On 29 November 2006, the Company entered into the Supplemental Agreement under the New Tenancy 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 Supplemental Agreement have been disclosed in the Company's announcement dated 4 December 2006.

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for expense for lease of the Company to BYDA was RMB1,363,275, and the actual expense was RMB1,363,275.

4. ***XHM Delivery Service Agreement***

On 27 June 2007, the Company and Xiao Hong Mao Corporation ("XHM") entered into a BYD insert advertisement delivery agreement, pursuant to which, XHM will distribute, transport and deliver BYD insert advertisement on behalf of the Company for a delivery fee of RMB0.08 per insert advertisement. The above mentioned pricing mechanism is similar to service fees of public post services in China. The agreement expired on 31 December 2007.

On 28 March 2008, the Company and XHM renewed the BYD insert advertisement delivery agreement for a term from 1 January 2008 to 31 December 2008 and all the relevant terms remained unchanged. Details of the agreement have been disclosed in the Company's announcement dated 28 March 2008.

According to the Listing Rules, XHM is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for delivery fee of the Company to XHM was RMB7,000,000, and the actual fee was RMB3,477,856.40.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continued Connected Transactions only Exempted for the Approval of Independent Shareholders *(Continued)*

5. Logistics Service Agreement

On 27 June 2007, BYD Logistics, a subsidiary of the Company, entered into a Logistics Services Agreement with XHM Logistics, pursuant to which XHM Logistics agreed to provide logistics services in respect of paper and printing materials to BYD Logistics and BYD Logistics agreed to lease a warehouse with an area of 3,700 square metres from XHM Logistics. BYD Logistics had to pay a monthly service fee to XHM Logistics. The term of the agreement is from 1 July 2007 to 30 June 2009.

In view of the growth of the business of the Company and according to the increase of internal demand and the anticipation of the operation position, the Company increased the cap for the aggregate transaction values in respect of the logistics service fee and rent of the warehouse paid by BYD Logistics to XHM Logistics in 2008. Details of the agreement have been disclosed in the Company's announcement dated 11 September 2008.

According to the Listing Rules, XHM Logistics is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for service fee paid by BYD Logistics to XHM Logistics was RMB3,000,000, and the actual fee was RMB2,111,369.15.

6. Advertising Agreement

On 30 May 2008, the Company entered into the Advertising Agreement with Today Sunshine, pursuant to which Today Sunshine will act as an advertising agent of the Company to sell commercial advertisements can be posted on the Four Billboards for a period of two years commencing from 1 June 2008 (excluding the period from 1 July 2008 to 17 September 2008). Under the terms of the Advertising Agreement, the Company sells the advertisement spaces of the Four Billboards to Today Sunshine at a fixed price of RMB5,429,800 each year and Today Sunshine is entitled to resell the advertisement spaces to its end customers. Today Sunshine is responsible for the sales, production, installation, cleaning and regularly supervision of all the advertisements on the Four Billboards. Each year the annual consideration of RMB5,429,800 is payable to the Company in two equal instalments on or before 1 October in that year and on before 1 April of the following year. The annual consideration of RMB5,429,800 payable by Today Sunshine to the Company under the Advertising Agreement was determined after arm's length negotiations between the Company and Today Sunshine. Details of the agreement have been disclosed in the Company's announcement dated 30 May 2008.

According to the Listing Rules, Today Sunshine is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for selling price of the advertisement spaces paid by Today Sunshine to the Company was RMB5,429,800, and the actual fee was RMB359,000.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Continued Connected Transactions only Exempted for the Approval of Independent Shareholders *(Continued)*

7. ***Services Agreement***

The Company and XHM entered into the Services Agreement on 4 July 2008. Under the terms of the Services Agreement, XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of BYD. The level of distribution fee will be determined according to market conditions, but in any event shall fall within the range of RMB0.08 and RMB0.20 per page for advertisement to be distributed.

Under the Services Agreement, a distribution fee is payable by the Company to XHM on a monthly basis. The Company believes that the pricing under the Services Agreement is comparable to the fees charged by the PRC public postal services. The Services Agreement will terminate on 31 December 2010 and be extended automatically for a further one year unless the parties agree in writing to the contrary. Details of the agreement have been disclosed in the Company's announcement dated 4 July 2008.

According to the Listing Rules, XHM is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for distribution fee paid by the Company to XHM was RMB5,000,000, and the actual fee was RMB2,284,196.

8. ***COL Services Agreement***

On 11 September 2008, COL and XHM Logistics entered into the COL Services Agreement, pursuant to which XHM Logistics has agreed to provide logistics services in respect of tennis tournament related products to COL from 11 September 2008 to and 31 July 2010 and COL has agreed to lease from XHM Logistics a 400 square-meter warehouse for storage. The logistics services fee will be based on the actual volume of tennis tournament related product, and the storage fee will be in the range of RMB15 and RMB18 per month per square-meter. COL will settle the logistics service fees and storage fees with XHM Logistics on a monthly basis. The Company is of the view that the applicable pricing mechanism is in line with market standards for the logistics industry and comparable to the fees charged by other service providers. Details of the agreement have been disclosed in the Company's announcement dated 11 September 2008.

According to the Listing Rules, COL is a subsidiary of the Company and XHM is a subsidiary of BYDA, the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for logistics service fees and storage fees paid by COL to XHM was RMB100,000, and the actual fee was RMB47,435.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempted Continued Connected Transactions

9. Today Sunshine Advertising Agreement, Gehua Sunshine Advertising Agreement and Beiqing Advertising Agreement

9.1 Today Sunshine Advertising Agreement

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

Pursuant to the Today Sunshine Advertising Agreement, the Company or any of its subsidiaries may only accept the booking of advertising space by Today Sunshine on the basis that the fees payable under the Today Sunshine 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 Sunshine Advertising Agreement expired on 31 December 2006.

On 29 November 2006, the Company and Today Sunshine 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. Details of the supplementary agreement were set forth in the announcement of the Company dated 4 December 2006.

9.2 Gehua Sunshine Advertising Agreement

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

Pursuant to the Gehua Sunshine Advertising Agreement, the Company or any of its subsidiaries may only accept the booking of advertising space by Gehua Sunshine on the basis that the fees payable under the Gehua Sunshine 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 Sunshine Advertising Agreement expired on 31 December 2006.

On 29 November 2006, the Company and Gehua Sunshine 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. Details of the supplementary agreement were set forth in the announcement of the Company dated 4 December 2006.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempted Continued Connected Transactions *(Continued)*

9. Today Sunshine Advertising Agreement, Gehua Sunshine Advertising Agreement and Beiqing Advertising Agreement *(Continued)*

9.3 Beiqing Advertising Agreement

On 1 January 2006, the Company and Beijing Beiqing Advertising Limited ("Beiqing Advertising") entered into the Beiqing Advertising Agreement. Under the terms of the agreement, Beiqing Advertising is engaged by the Company to act as one of the advertising agents. Pursuant to which, Beiqing 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. Beiqing Advertising Agreement expired on 31 December 2006.

In consideration for the agency services provided, Beiqing 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 Beiqing 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 Beiqing 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. Details of the supplementary agreement were set forth in the announcement of the Company dated 4 December 2006.

According to the Listing Rules, Today Sunshine, Gehua Sunshine and Beiqing Advertising are subsidiaries or associates of BYDA, the controlling shareholder of the Company, thus connected persons of the Company.

During the reporting period, the 2008 cap for aggregated sales fees from Today Sunshine, Gehua Sunshine and Beiqing Advertising to the Company was RMB31,000,000, and the actual fee was RMB7,024,000.

10. 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 Company has applied for the annual caps for the years from 2007 to 2009, with details disclosed in the announcement of the Company dated 4 December 2006.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempted Continued Connected Transactions *(Continued)*

10. *Advertising Business Agreement* *(Continued)*

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for fee from the Company to BYDA was RMB145,200,000, and the actual fee was RMB79,820,028.16.

11. *Printing Agreement in respect of Beijing Sci-Tech Report, Middle School Science Post, Beijing Youth Weekend, Beijing Children Arts and 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 Beijing Sci-Tech Report, Middle School Science Post, Beijing Youth Weekend, Beijing Children Arts, 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 for the years of 2006, 2007 and 2008 at the general meeting of the Company held on 20 June 2006, with details disclosed in the announcement of the Company dated 25 April 2006.

The Company has applied for the annual caps for the year 2009, with details disclosed in the announcement of the Company dated 4 December 2006.

According to the Listing Rules, BYDA is the controlling shareholder of the Company, thus a connected person of the Company.

During the reporting period, the 2008 cap for printing fee from BYDA to BYD Logistics was RMB190,000,000, and the actual fee was RMB107,144,961.81.

12. *Guarantee Agreement*

To regulate the guarantee given by the Company to COL, on 23 April 2008, the Company and COL entered into the Guarantee Agreement pursuant to which the Company agreed to provide guarantees, upon request from COL, to banks for bank loans and facilities granted to COL in an aggregate principal amount not exceeding RMB209,100,000 together with accrued interests thereof, for the purpose of COL's utilization of the bank loans and facilities for its operational needs. Details of the agreement are disclosed in the announcement of the Company dated 22 April 2008.

COL is owned by the Company and BYDA with 51% and 49% interests respectively and BYDA is a controlling shareholder of the Company, thus COL is a connected person of the Company. According to Rule 14A.11(5) to the Listing Rules, COL is connected person of the Company.

During the reporting period, the 2008 cap for loan guarantee of the Company for COL was RMB209,100,000, and the actual loan guarantee for the year ended 31 December 2008 was RMB193,000,000.

CONNECTED TRANSACTIONS *(Continued)*

Transactions – Non-exempted Continued Connected Transactions *(Continued)*

The independent non-executive Directors have reviewed and confirmed that the connected transactions under items 2-12 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 not 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 above transactions and confirmed to the Board in writing that the above transactions:

(1) were approved by the Board;

(2) were entered into on terms of the relevant governing agreements of such transactions;

(3) complied with the pricing policy as set out in the accounts of the Company; and

(4) did not exceed the respective caps applicable to each transaction.

Save from the above, there is no connected transaction or continued connected transaction included in note 38 to the financial statements constitute a connected transaction or continued connected transaction under the Listing Rules. The Company has complied with Chapter 14A of the Listing Rules in respect of the disclosure of its connected transactions or continued connected transactions.

MATERIAL LITIGATION

To the best knowledge of the Board, as at 31 December 2008, the Company is not involved in any material litigation or arbitration and there is no legal action or claim made or threatened to be made against the Company.

RETIREMENT SCHEME

Details of the retirement scheme are set out in note 12 to the financial statements in this annual report.

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, the Company has set up an Audit Committee to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee comprises of two independent non-executive Directors and one non-executive Director. The Group's annual results for the year ended 31 December 2008 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 Board, up to 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 ShineWing (HK) CPA Limited and Zhongrui Yuehua Certified Public Accountants Co., Ltd. as the international and PRC auditors respectively for the year ended 31 December 2008. The consolidated financial statements of the Company for the year 2008 prepared in accordance with accounting principles generally accepted in Hong Kong were audited by ShineWing (HK) CPA Limited, the Company's international auditor. ShineWing (HK) CPA Limited and Zhongrui Yuehua Certified Public Accountants Co., Ltd. have been appointed by the Company since 2007 and 2001 respectively, and a resolution will be presented at the Annual General Meeting ("**AGM**") of the Shareholders to re-appoint ShineWing (HK) CPA Limited and to appoint ShineWing Certified Public Accountants Co., Ltd as the international and PRC auditors of the Company respectively.

TAXATION

For the year ended 31 December 2008, shareholders of non-PRC individual 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 2009
Beijing, the PRC

1. OVERVIEW OF CORPORATE GOVERNANCE

The Company places a lot of importance to establish a comprehensive, stable and reasonable corporate governance framework. At present, the Company's Code on Corporate Governance Practices includes but not limited to the following documents:

(1) Memorandum and Articles of Association of Beijing Media Corporation Limited;

(2) Internal Control Handbook of Beijing Media Corporation Limited, including but not limited to the following policies and procedures:

- Procedures of Disclosure and Inspection of Connected Transactions;
- Management Procedures against Internal Corruption;
- Investors Relation Management Procedures.

The Board has reviewed the corporate governance documents adopted by the Company and considers that such documents complied with all code provisions set out in the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Listing Rules.

2. CODE ON CORPORATE GOVERNANCE PRACTICES

Except for those set forth herein, the Company has complied with the code provisions set out under the CG Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2008.

3. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") contained in Appendix 10 to the Listing Rules regarding securities transactions by Directors and Supervisors. Upon specific enquiries by the Company, all Directors and Supervisors confirmed that they have fully complied with the Model Code.

4. SHAREHOLDING INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at 31 December 2008, none of the Directors, Supervisors or other senior management members of the Company had any interests or short positions in the shares or underlying shares in the Company or as referred to under Part XV of the Securities and Futures Ordinance (the "**SFO**"), Chapter 571 of the Laws of Hong Kong (pursuant to Section 352 of the SFO, these interests and short positions are required to be registered in the register maintained or notified by the Directors or Supervisors to the Company and the Hong Kong Stock Exchange under the Model Code).

5. THE BOARD

Set forth below are the composition and selected information of the Board of Beijing Media:

Name	Sex	Age	Other positions in the Company	Term of Directorship	Remunerated by the Company
Executive Directors					
Zhang Yanping	M	51	Chairman	23 August 2007 to the fourth annual general meeting of the Company	Yes
Zhang Yabin	M	52	Vice Chairman	23 August 2007 to the fourth annual general meeting of the Company	Yes
Sun Wei	M	55	President	23 August 2007 to the fourth annual general meeting of the Company	Yes
He Pingping	M	54		23 August 2007 to the fourth annual general meeting of the Company	Yes
Du Min	M	41		23 August 2007 to the fourth annual general meeting of the Company	Yes
Non-executive Directors					
Xu Xun	M	53		23 August 2007 to the fourth annual general meeting of the Company	Yes
Liu Han	M	50		23 August 2007 to the fourth annual general meeting of the Company	Yes
Li Wenqing	F	41		23 August 2007 to 29 October 2008	No
Independent Non-executive Directors					
Tsang Hing Lun	M	60		23 August 2007 to the fourth annual general meeting of the Company	Yes
Wu Changqi	M	54		23 August 2007 to the fourth annual general meeting of the Company	Yes
Liao Li	M	43		23 August 2007 to the fourth annual general meeting of the Company	Yes

5. THE BOARD *(Continued)*

The Board is a permanent decision-making entity of the Company, responsible for steering and supervising the operations of the Company in an accountable and efficiency-oriented manner. All Directors are obliged to act in the best interests of the Company. All members of the Board acknowledged that they are jointly and severally accountable to the shareholders for the management, supervision and operations of the Company.

The Company confirms that the Board is primarily responsible for making decisions for the purposes of:

- formulation of the operating plan and investment proposals of the Company;
- formulation of the annual budgets and financial reports of the Company;
- formulation of proposals of profit distribution and recovery of losses of the Company;
- formulation of proposals for the addition or reduction of registered share capital and issue of bonds of the Company;
- formulation of proposals for the mergers, spin-off or winding up of the Company;
- determination on the internal management structure of the Company;
- appointment and removal of the President and Executive Vice President of the Company, appointment and removal of the Vice President and other senior management (including the Chief Financial Officer) as recommended by the President, and determination of their respective remuneration;
- determination on the basic management systems of the Company;
- determination on amendments to the Memorandum and Articles of Association of the Company;
- formulation of proposals for material acquisitions or disposals of the Company.

The Company confirms that the management is primarily responsible for making decisions and performing daily management for the purposes of:

- formulation of proposal for the internal management structure of the Company;
- setting up the basic management system of the Company;
- formulation of the basic regulations of the Company;
- recommendation for the appointment or removal of other senior management members (including the Chief Financial Officer) of the Company;
- appointment or removal of management personnel other than those subject to the appointment and removal by the Board;
- formulation of and determination on the branch structure of the Company;
- appointment and replacement of and recommendation on the shareholder's representative, Director or Supervisor to its subsidiaries or associated companies.

5. THE BOARD *(Continued)*

Attendance of Individual Directors at Board Meetings in 2008

		Number of meetings: 13
	Attendance	**Attendance by proxy**
Executive Directors		
Zhang Yanping	13	–
Zhang Yabin	13	–
Sun Wei	13	–
He Pingping	13	–
Du Min	13	–
Non-executive Directors		
Xu Xun	13	–
Liu Han	13	–
Li Wenqing	9	2
Independent Non-executive Directors		
Tsang Hing Lun	13	–
Wu Changqi	12	–
Liao Li	13	–

Note: Ms. Li Wenqing duly resigned as non-executive Director of the Company on 29 October 2008.

Since the listing of the Company, the composition of the Board has been in compliance with Rule 3.10(1) of the Listing Rules, which requires a minimum of 3 independent non-executive directors on board, and with Rule 3.10(2) of the Listing Rules, which requires that at least one of the independent non-executive directors must possess appropriate professional qualification or accounting or relevant financial management expertise.

The Company has received the annual confirmation from each independent non-executive Directors confirming their compliance with the independence requirements set out under Rule 3.13 of the Listing Rules of the Hong Kong Stock Exchange. The Company considers that all independent non-executive Directors to be independent.

Members of the Board, Supervisory Committee and senior management do not have any financial, business, family or other material relationship with each other save for working relationship.

6. CHAIRMAN AND PRESIDENT

The posts of Chairman and President of Beijing Media are assumed by Mr. Zhang Yanping and Mr. Sun Wei respectively.

The two posts are separate and distinct. The Chairman cannot assume the post of President of the Company simultaneously. Distinct written terms of reference have been adopted for these two posts. The Chairman shall be responsible for overseeing the operation of the Board, while the President shall oversee the business operations of the Company. The roles of the Chairman and President are set out in detail in the Memorandum and Articles of Association of the Company.

The Chairman and President do not have any financial, business, family or other material relationship with each other save for working relationship.

7. NON-EXECUTIVE DIRECTORS

Pursuant to the Memorandum and Articles of Association of the Company, non-executive Directors of the Company are appointed for a term of three years.

Independent non-executive Directors are appointed for a term of three years which is renewable upon re-election. Independent non-executive Directors may not be removed without legitimate cause before expiry of their terms. Where an independent non-executive Director was removed from office before expiry of his term, the matter shall be disclosed by the Company as a special issue.

8. REMUNERATION OF DIRECTORS

The Board has set up a Remuneration Committee comprising three independent non-executive Directors. The Remuneration Committee was chaired by Mr. Wu Changqi with Mr. Tsang Hing Lun and Mr. Liao Li as members.

The Remuneration Committee consults the Chairman and/or President on the remuneration to other executive Directors and will seek assistance and/or advice from external professional advisor when considered necessary.

For details on the Company's current remuneration policy, long-term incentive scheme and basis for remuneration to Directors, please refer to note 12 to the financial statements.

Set forth below are the principal duties of the Remuneration Committee:

- to advise the Board on setting up formal and transparent procedures in respect of the determination of remuneration policy and structure for the Directors and senior management personnel of the Company;
- to determine the remuneration packages of all executive Directors and senior management personnel and advise the Board on the remuneration to non-executive Directors;
- to review and approve the performance-linked remuneration to the Directors with reference to the operating goals of the Company as approved by the Board from time to time;
- to review and approve compensation to the executive Directors and senior management personnel for loss or termination of offices or appointment;
- to review and approve the compensation arrangement in relation to the removal of Directors involving misconduct;
- to ensure that the Directors or any of their associates are not involved in the determination of the Directors' remuneration of their own.

Compensation and annual salaries to the Directors and senior management personnel have been considered and approved by the fourth meeting of the second session of the Board held on 4 December 2004. The three independent non-executive Directors being members of the existing Remuneration Committee attended the Board meeting and approved the relevant resolution.

The increase of the emolument of each of the independent non-executive directors from RMB50,000 to RMB100,000 per annum (before tax) was approved at the EGM of the Company held on 29 December 2006. Apart from this, the Remuneration Committee of the Board of the Company did not hold any meeting to consider the compensation and annual salaries to other Directors and senior management personnel of the Company.

9. NOMINATION OF DIRECTORS

The Board has not set up any nomination committee. Instead, the Company appoints new directors through formally regulated, carefully considered and transparent procedures. Generally, a candidate for directorship will be nominated by the Board according to the recommended principles and standards by the shareholders and the nomination will take the form of a proposed resolution to be approved by the Company's general meeting.

The intention for nomination of a directorship candidate and a written notice of the candidate stating acceptance of such nomination shall be lodged with Shareholders of the Company no earlier than the date of dispatch of notice convening the general meeting and no later than 7 days prior to the date of the general meeting. The open period for submitting and accepting nomination shall not be less than 7 days.

The Board did not make any other nomination for directorship nor formulate any policy in respect of directorship nomination during the year ended 31 December 2008.

10. REMUNERATION OF THE AUDITORS

The Company has appointed ShineWing (HK) CPA Limited and Zhongrui Yuehua Certified Public Accountants Co., Ltd. as the international and PRC auditors respectively for the year 2008. For the year ended 31 December 2008, audit fees incurred by the Company amounted to RMB1,700,000.

ShineWing (HK) CPA Limited has provided audit service for two consecutive years for the Company since 2007, with the first audit service appointment letter entered into on 27 August 2007. Zhongrui Yuehua Certified Public Accountants Co., Ltd. has provided audit service for the Company since 2001 for a consecutive eight years of service, with the first audit service appointment letter entered into on 4 June 2002.

11. AUDITING AND AUDIT COMMITTEE

The Board of the Company has set up an Audit Committee comprising three non-executive Directors, which includes two independent non-executive Directors. The Audit Committee was chaired by Mr. Tsang Hing Lun with Mr. Wu Changqi and Mr. Liu Han as members.

The principal duties of the Audit Committee are to review and inspect the independence of the external auditors and effectiveness of the auditing procedures; to formulate and enforce policies in respect of the provision of non-audit services provided by the external auditors; to advise the Board on the appointment, re-appointment and removal of the external auditors, review and approve the remuneration and terms of engagement of the external auditors, and handle the resignation and removal of the auditors; to review the internal audit plans of the Company during the year; to supervise the quality of internal audit and financial disclosure of the Company and review the interim and annual financial statements before their submission to the Board; to supervise and advise on the appointment and removal of the head of the Company's internal audit function; to review and receive complaints on the effectiveness of the Company's internal control procedures; and to inspect the integrity of the Company's financial statements, annual reports and interim reports and review material opinions in respect of financial reporting contained in the financial statements and reports.

The Committee will seek assistance and/or opinion from external professional advisor when considered necessary.

Set forth below are the work details of the Audit Committee during the year:

- reviewed and considered the results of the Group for the year 2007;
- reviewed and considered the results of the Group for the first half of 2008;

11. AUDITING AND AUDIT COMMITTEE *(Continued)*

- reviewed and evaluated the internal control systems of the Group;
- reviewed connected transactions.

Attendance of Individual Members at Meetings of the Audit Committee in 2008

		Number of meetings: 2
Name	**Attendance**	**Attendance by proxy**
Tsang Hing Lun	2	–
Wu Changqi	1	–
Liu Han	2	–

The Company has been in full compliance with requirements of Rule 3.21 of the Listing Rules throughout the period from its listing on the Hong Kong Stock Exchange to 31 December 2008.

The Board of the Company is responsible for overseeing the preparation of financial statements for each financial period, so that the financial statements reflect a true and fair view of the operating position, results and cash flow of the Company during the period. In preparing the financial statements for the year ended 31 December 2008, the Board (1) selected and consistently applied appropriate accounting policies; (2) approved the adoption of all standards in line with the Hong Kong Financial Reporting Standards ("HKFRS"); and (3) made appropriate judgments and assessments in a prudent manner and adopted an ongoing concern basis for preparation of financial statements. For the statement of reporting responsibility issued by ShineWing (HK) CPA Limited, the auditors of the Company, please refer to the auditors' report set out in the consolidated financial statements.

12. RIGHTS OF SHAREHOLDERS

The Board and senior management members of the Company understand that they represent the interests of the shareholders as a whole. As such, they take important priority in safeguarding the value for shares, maintaining the steady level and sustained growth of the return to investment and enhancing the competitiveness of the operations.

Pursuant to the Memorandum and Articles of Association of the Company, an extraordinary general meeting shall be convened within two months upon request in writing by shareholders holding independently or jointly 10% or above of the outstanding shares of the Company conferring a right to vote, where shareholdings of the shareholders shall be determined as on the date of submission of the relevant written request.

The relevant documents must state the objective of the general meeting and be served to all Shareholders.

The shareholders may raise questions to the Board and the Company shall provide sufficient contact information so as to enable the shareholders to properly direct their enquiries. The shareholders may raise their opinions directly at the general meeting.

13. INVESTORS RELATION

(1) Material amendments to the Memorandum and Articles of Association of the Company

On 20 June 2008, the following amendments to the Memorandum and Articles of Association of the Company were effected upon approval by the general meeting:

1. Article 98 of the Articles, which previously reads as: Board meetings shall be convened at least twice each year and shall be convened by the Chairman. A written notice in relation to the board meeting shall be given to all directors fifteen days prior to the meeting.

   is amended as: Regular Board meetings shall be convened at least four times each year and shall be convened by the Chairman. A written notice in relation to the regular board meetings shall be given to all directors at least 15 days prior to the regular Board meeting. For all other Board meetings, notice shall be given to all directors within a reasonable period.

2. Article 107 of the Articles, which previously read as: The Company shall have one (1) president, one (1) executive vice-president, a number of vice presidents and one (1) chief financial officer, who shall be appointed or removed by the board of directors with a term of three years and can be re-elected or re-appointed for consecutive tenures.

   is amended as: The Company shall have one (1) president, two (2) executive vice presidents, a number of vice presidents and one (1) chief financial officer, who shall be appointed or removed by the board of directors with a term of three years and can be re-elected or re-appointed for consecutive tenure.

(2) Classes of shareholders and total shareholding

Capital structure

	Number of Shares	Percentage of total share capital (%)
Holders of Domestic Shares		
– BYDA	124,839,974	63.27%
– Beijing Zhijin Science and Technology Investment Co., Ltd.	7,367,000	3.73%
– China Telecommunication Broadcast Satellite Corp.	4,263,117	2.16%
– Beijing Development Area Ltd.	2,986,109	1.52%
– Sino Television Co., Ltd.	2,952,800	1.50%
	142,409,000	72.18%
H Shares in issue *(Note)*	54,901,000	27.82%
Total Share Capital	197,310,000	100%

Note: Including the 19,533,000 H shares in issue held by MIH Print Media Holdings Limited, representing 9.90% of the total share capital.

13. INVESTORS RELATION *(Continued)*

(3) General meeting held on 20 June 2008

The 2007 AGM was held at 2:00 p.m. on 20 June 2008 at Meeting Room, 21st Floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

All major items discussed at the AGM include:

1. To consider and, if thought fit, to approve the report of the Board of Beijing Media for the year ended 31 December 2007.

2. To consider and, if thought fit, to approve the report of the supervisory committee of Beijing Media for the year ended 31 December 2007.

3. To consider and, if thought fit, to approve the audited financial statements and consolidated financial statements of Beijing Media for the year ended 31 December 2007.

4. To consider and, if thought fit, to approve the profit distribution proposal of Beijing Media for the year ended 31 December 2007 and the distribution of final dividends.

5. To consider and, if thought fit, to approve the proposal on the budget of Beijing Media for the year 2008.

6. To consider and, if thought fit, to re-appoint Zhongrui Yuehua Certified Public Accountants Co., Ltd. and ShineWing (HK) CPA Limited as the PRC auditor and international auditor and authorize the Board to determine and pay the auditor's fee;

7. To approve the special resolution regarding the amendments on the Articles of Association

Each of the following resolutions has been considered and approved by voting as ordinary resolutions at the AGM:

- the report of the Board of Beijing Media for the year ended 31 December 2007.

- the report of the supervisory committee of Beijing Media for the year ended 31 December 2007.

- the audited financial statements and consolidated financial statements of Beijing Media for the year ended 31 December 2007.

- the profit distribution proposal of Beijing Media for the year ended 31 December 2007 and the distribution of final dividends.

- the proposal on the budget of Beijing Media for the year 2008.

- the re-appointment of Zhongrui Yuehua Certified Public Accountants Co., Ltd. and ShineWing (HK) CPA Limited as the PRC auditor and international auditor and authorize the Board to determine and pay the auditor's fee.

The following special resolution has been considered and approved at the general meeting:

- The resolution regarding the amendments on the Articles of Association.

13. INVESTORS RELATION *(Continued)*

(4) Extraordinary General Meeting held on 1 July 2008

The EGM was held at the Meeting Room of 21st Floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC at 2:00 p.m. on 1 July 2008.

All major items discussed at the EGM include:

To approve the Guarantee Agreement in relation to the provision of guarantees for a period of two years commencing from the approval date of the resolution by the independent shareholders by the Company to banks for loans and facilities granted to Beijing China Open Promotion Company Limited, a subsidiary of the Company, in an aggregate amount of principal not exceeding RMB209,100,000, together with all accrued interest therein of not more than RMB15,600,000[note], for a period of two years commencing from the date of the EGM.

Each of the following resolutions has been considered and approved as ordinary resolutions at the EGM:

To approve the Guarantee Agreement in relation to the provision of guarantees for a period of two years commencing from the approval date of the resolution by the independent shareholders by the Company to banks for loans and facilities granted to Beijing China Open Promotion Company Limited, a subsidiary of the Company, in an aggregate amount of principal not exceeding RMB209,100,000, together with all accrued interest therein of not more than RMB15,600,000[note], for a period of two years commencing from the date of the EGM.

(5) Important matters for shareholders for the 2008 financial year

The 2008 AGM will be held at 2:00 p.m. on 15 June 2009 at the Meeting Room, 21st Floor, Beijing Youth Daily Agency Building, Chaoyang District, Beijing, the PRC.

(6) Market value of public shareholding

The highest and lowest trading prices of the Company's H shares during 2008 were HK$6.2 and HK$1.80 per share respectively. The trading volume and closing price as at 31 December 2008 were 53,000 shares and HK$2.56 per share respectively.

Note: The current interest rate of the existing loan is 7.47% p.a. and is subject to change according to the adjustment by the People's Bank of China from time to time.

14. INTERNAL CONTROL

The Board is ultimately responsible for the internal control systems of the Company and has reviewed the efficiency of such systems through the Audit Committee during the year.

The Company has established a comprehensive internal control system, with a comparatively scientific internal structure and proper system design, and has set up a scientific decision-making mechanisms, implementation mechanisms and supervision mechanisms. The Company has continued to make efforts to establish and improve its internal control systems, enhance the control procedures and operating efficiencies and reduce operating risks.

The effective implementation of the internal system ensured the orderly operational management of the Company and effective risk control, thereby safeguarding the safety and integrity of the Company's properties, filing properly of meeting records and ensuring each transaction shall be conducted pursuant to authorization of the management, so as to attain the Company's operating goals.

14. INTERNAL CONTROL *(Continued)*

The President represents the highest authority of contact for all departments, reports to the Board in respect of all departmental operations and promotes proper decisions within the Company to cater and to coordinate the various requests of the departments. As such, any matter discovered by the staff which is of a material nature (e.g. discloseable matters) may be reported to the decision-making management of the Company in a prompt, accurate and efficient manner. On the other hand, decisions of the Company's management are also implemented and supervised in an accurate, prompt and consistent manner.

Our internal audit department will conduct independent review on the sufficiency and effectiveness of the internal control system, the review plan and risk evaluation shall be discussed and determined by the audit committee annually. Besides arranging annual works, the internal audit department will conduct other special reviews as required. The Board and the audit committee will actively supervise such report results presented by the internal audit department, as well as such remedy measures taken by various departments.

Accordingly, the Board takes the view that: The internal control system of the Company is complete, rational and effective, able to ensure the proper discharge of obligations by the Company and its Directors under the Listing Rules and applicable laws and regulations in Hong Kong, and is able to ensure that the Directors assess the financial positions and prospect of the Company and its subsidiaries in a proper manner.

Building on our increasing practical experience and feedback from shareholders, with the aim of achieving continued development, we will persistently review and improve our corporate governance practices with reference to the domestic and international development trends, changes in internal and external risks and the Listing Rules.

The current session of the Supervisory Committee has worked with the Board and the management in accordance with the resolutions passed in the AGM, so as to maximize shareholders' interests and achieve a steady and sustainable growth of the Company, and to safeguard the assets and financial position of the Company, to protect and enhance the interest of the Company and the shareholders as a whole.

(1) CHANGES IN MEMBERS OF THE SUPERVISORY COMMITTEE IN 2008

For the year ended 31 December 2008, there was no change to the members of the Supervisory Committee.

(2) INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2008

Over the past year, the current session of Supervisory Committee continued its effort to improve the corporate governance structure, operational transparency as well as the level of compliance of the Company. It ensured that the management of the Company had endeavoured to establish a positive corporate image in the capital market. In addition, measures were implemented to safeguard the interests of investors, especially those small and medium investors.

a. Financial Position of the Company

The Supervisory Committee reviewed the financial system, financial reports and internal audit of the Company. The Supervisory Committee considers that the contents of financial report, audited financial statements and the annual report are true and reliable, and the audit opinion from the Company's international accountant is objective and fair.

b. Operation of the Company

The Supervisory Committee supervised the Company's operating activities. The Supervisory Committee takes the view that the Company has established a relatively comprehensive internal control system, and is committed to improve its internal control to manage various risks in the Company's operations. The Supervisory Committee is of view that the Company operates in compliance with the laws and regulations of the PRC, and the Memorandum and Articles of Association and working procedures of the Company.

c. Directors and Senior Management of the Company

The Supervisory Committee supervised the performance of duties by the Directors and the management, as well as the enforcement of resolutions of the AGM. The Supervisory Committee considers that the Directors and controlling shareholders have acted according to the resolutions of the AGM and faithfully discharged their duties to achieve the operational targets. The Supervisory Committee is not aware of any violation of laws, regulations, the Memorandum and Articles of Association of the Company or impairment to the interests of shareholders by the Directors or other senior management in performing their duties.

d. Use of Proceeds from Listing

The Supervisory Committee has reviewed the projects funded by the listing proceeds of the Company after its listing. The Supervisory Committee considers that, up to the latest practicable date, the extent of the use of listing proceeds has been reasonable and consistent taking into account of the market conditions with prospectus of the Company dated 13 December 2004.

e. **Transactions of Merger & Acquisition or Disposal of Assets by the Company**

The Supervisory Committee has reviewed the operating activities such as mergers and acquisitions and disposal of assets of the Company. The Supervisory Committee considers that transaction amounts of the mergers and acquisitions as well as the disposals of assets of the Company were fair and reasonable, and is not aware of any insider dealings or acts detrimental to the interests of the shareholders, especially the independent shareholders.

f. **Fairness of Connected Transactions**

The Supervisory Committee has supervised the connected transactions of the Company. The Supervisory Committee considers that terms on which the connected transactions were conducted were fair and reasonable, and is not aware of any acts detrimental to the interests of the Company or its shareholders.

As a whole, the current session of the Board established and implemented the Company's development strategy, actively incorporated the opinions and suggestions of the Supervisory Committee to safeguard the interest of the Company and its shareholders according to the business targets as decided at the AGM. In the coming year, the Supervisory Committee will continue to discharge its obligations faithfully to maximise the interests of the Company and its shareholders.

Beijing Media Corporation Limited
Supervisory Committee

20 April 2009

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

TO THE SHAREHOLDERS OF
BEIJING MEDIA CORPORATION LIMITED
(A joint stock company incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Beijing Media Corporation Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 44 to 98, which comprise the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Tam Kwok Ming, Banny
Practising Certificate Number: P03289

Hong Kong
20 April 2009

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Turnover	5	**1,081,116**	837,676
Cost of sales		**(1,001,829)**	(762,706)
Gross profit		**79,287**	74,970
Reversal of impairment losses on trade receivables and other receivables		**12,784**	–
Other income	6	**46,339**	50,049
Selling and distribution expenses		**(16,403)**	(13,615)
Administrative expenses		**(54,645)**	(87,210)
(Loss) gain on disposal/deemed disposal of a subsidiary		**(129)**	90
Share of loss of jointly controlled entities		**(22,422)**	(4,629)
Share of result of an associate		**(341)**	60
Finance costs	7	**(2,600)**	(2,098)
Profit before income tax	8	**41,870**	17,617
Income tax expense	9	**(4,407)**	(6,732)
Profit for the year		**37,463**	10,885
Attributable to:			
Equity holders of the Company		**40,309**	10,639
Minority interests		**(2,846)**	246
		37,463	10,885
Dividends	10	**13,812**	39,462
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share), basic	11	**0.20**	0.05

As at 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Non-current assets			
Property, plant and equipment	13	**18,116**	17,467
Prepayments for land use rights	14	**30,567**	31,455
Intangible assets	15	**24,854**	25,844
Investments in jointly controlled entities	16	**(96,748)**	(87,082)
Investment in an associate	17	**–**	341
Available-for-sale financial assets	18	**136**	757
Trade receivables	22	**6,579**	10,582
Other receivables	23	**247**	–
Deferred tax assets	19	**1,132**	–
		(15,117)	(636)
Current assets			
Held-to-maturity financial assets	20	**56,050**	–
Inventories	21	**50,992**	41,804
Trade receivables	22	**277,389**	194,663
Other receivables, prepayments and deposits	23	**22,464**	43,448
Restricted bank deposits	24	**61,489**	333,053
Short-term bank deposits	25	**998,945**	820,893
Cash and cash equivalents	26	**225,640**	174,726
		1,692,969	1,608,587
Current liabilities			
Trade payables	27	**146,934**	119,787
Other payables and accruals	28	**118,506**	154,160
Dividends payable		**2,213**	3,206
Taxation payable	29	**2,858**	1,430
Short-term bank loans	30	**105,000**	46,500
		375,511	325,083
Net current assets		**1,317,458**	1,283,504
Total net assets		**1,302,341**	1,282,868
Capital and reserves			
Share capital	31	**197,310**	197,310
Reserves	32	**1,072,502**	1,045,999
Equity attributable to equity holders of the Company		**1,269,812**	1,243,309
Minority interests		**32,529**	39,559
Total equity		**1,302,341**	1,282,868

The consolidated financial statements on pages 44 to 98 were approved and authorised for issue by the Board of Directors on 20 April 2009 and are signed on its behalf by:

Zhang Yanping
Chairman

Sun Wei
Director

		Attributable to equity holders of the Company						
	Note	Share capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve fund *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*	Minority interests *RMB'000*	Total *RMB'000*
Balance at 1 January 2007		197,310	896,163	132,349	46,310	1,272,132	39,595	1,311,727
Total recognised income and expense for the year – Profit for the year		–	–	–	10,639	10,639	246	10,885
Disposal of a subsidiary		–	–	–	–	–	(182)	(182)
Capital injection from a minority shareholder of a subsidiary		–	–	–	–	–	3,999	3,999
Dividend relating to 2006	*10*	–	–	–	(39,462)	(39,462)	–	(39,462)
Dividend paid to minority interests		–	–	–	–	–	(4,099)	(4,099)
Appropriation to statutory reserve fund	*32*	–	–	2,729	(2,729)	–	–	–
Balance at 31 December 2007 and 1 January 2008		197,310	896,163	135,078	14,758	1,243,309	39,559	1,282,868
Net income recognized directly in equity – Share of share premium of a jointly controlled entity		–	6	–	–	6	–	6
Profit for the year		–	–	–	40,309	40,309	(2,846)	37,463
Total recognised income and expense for the year		–	6	–	40,309	40,315	(2,846)	37,469
Disposal of a subsidiary		–	–	–	–	–	(472)	(472)
Dividend relating to 2007	*10*	–	–	–	(13,812)	(13,812)	–	(13,812)
Dividend paid to minority interests		–	–	–	–	–	(3,712)	(3,712)
Appropriation to statutory reserve fund	*32*	–	–	1,559	(1,559)	–	–	–
Balance at 31 December 2008		197,310	896,169	136,637	39,696	1,269,812	32,529	1,302,341

For the year ended 31 December 2008

	2008 RMB'000	2007 RMB'000
OPERATING ACTIVITIES		
Profit before income tax	**41,870**	17,617
Adjustments for:		
Depreciation of property, plant and equipment	**3,403**	4,368
Amortisation charges	**2,278**	1,992
Loss (gain) on disposal of property, plant and equipment	**103**	(304)
(Reversal) recognition of impairment loss on trade receivables and other receivables	**(12,784)**	1,087
Loss (gain) on disposal/deemed disposal of a subsidiary	**129**	(90)
Interest income	**(39,084)**	(43,863)
Finance costs	**2,600**	2,098
Share of loss of a jointly controlled entity	**22,422**	4,629
Share of result of an associate	**341**	(60)
Impairment loss on available-for-sales financial assets	**621**	1,312
Impairment loss on inventories	**4,297**	–
Exchange losses	**8,147**	58,767
Operating cash flows before movements in working capital	**34,343**	47,553
Increase in inventories	**(14,101)**	(3,202)
Increase in trade receivables	**(66,437)**	(65,859)
Decrease (increase)in other receivables, prepayments and deposits	**15,431**	(4,930)
Increase in trade payables	**28,405**	45,324
(Decrease) Increase in taxation payables	**(105)**	5,822
Decrease in other payables and accruals	**(33,992)**	(8,765)
Cash (used in) generated from operations	**(36,456)**	15,943
Income tax paid	**(3,885)**	(10,343)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(40,341)**	5,600
INVESTING ACTIVITIES		
Disposal of a subsidiary, net of cash disposed	**(589)**	(9,264)
Purchase of property, plant and equipment and intangible assets	**(5,030)**	(3,582)
Proceeds from disposal of property, plant and equipment and intangible assets	**243**	640
Decrease (increase) in restricted bank deposits	**271,564**	(125,403)
(Increase) decrease in short-term bank deposits	**(187,658)**	24,422
Interest received	**44,070**	21,723
Investment in jointly controlled entities	**(12,750)**	–
Increase in held-to-maturity financial assets	**(56,050)**	–
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**53,800**	(91,464)

	2008 *RMB'000*	2007 *RMB'000*
FINANCING ACTIVITIES		
Repayment of bank loans	**(46,500)**	(28,000)
New bank loans raised	**105,000**	46,500
Interest paid	**(2,528)**	(2,098)
Dividends paid to the Company's shareholders	**(13,812)**	(39,462)
Dividends paid to minority shareholders of subsidiaries	**(4,705)**	(4,099)
Capital injection from a minority shareholder of a subsidiary	**–**	3,999
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**37,455**	(23,160)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**50,914**	(109,024)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**174,726**	286,923
EFFECT OF EXCHANGE RATE CHANGES	**–**	(3,173)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**225,640**	174,726

1. GENERAL

The Company was incorporated in the People's Republic of China (the "PRC") on 28 May 2001 as a joint stock company with limited liability under the PRC Company Law. The Company is listed on The Stock Exchange of Hong Kong Limited.

The Company's ultimate holding company is Beijing Youth Daily Agency ("BYDA") which is state-owned entity established in the PRC.

The addresses of the registered office and principal place of business of the Company are disclosed in the "Company Information" section to the annual report.

The consolidated financial statements are presented in Renminbi ("RMB") which is also the functional currency of the Company.

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.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (HKFRSs)

In the current year, the Group has applied the following amendments and interpretations ("INT") ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – INT 11	HKFRS 2: Group and Treasury Share Transactions
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The principal effects of adoption of these new and revised HKFRSs are as follows:

Amendments to HKAS 39 and HKFRS 7 – Reclassification of Financial Assets

The amendments to HKAS 39 permit an entity to reclassify a non-derivative financial asset classified as held for trading, other than a financial asset designated by an entity as at fair value through profit or loss upon initial recognition, out of the fair value through profit or loss category if the financial asset is no longer held for the purpose of selling or repurchasing it in the near term if specified criteria are met. A debt instrument classified as held for trading not classified by designation or as available-for-sale not classified by designation may be reclassified as a loan or receivable if the asset meets the definition of a loan or receivable and the entity has the intention and ability to hold it for the foreseeable future or until maturity.

Financial assets that are not eligible for classification as loans and receivables, may be transferred from held for trading to available-for-sale or to held to maturity (in the case of debt instrument), only in rare circumstances.

The financial asset shall be reclassified at its fair value on the date of reclassification and the fair value of the financial asset on the date of reclassification becomes its new cost or amortised cost, as applicable. The amendments to HKFRS 7 require extensive disclosures of any financial asset reclassified in the situations described above.

The amendments are effective from 1 July 2008. As the Group does not intend to reclassify any of its financial instruments, the amendments have had no impact on these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (HKFRSs) *(Continued)*

HK(IFRIC) – INT 11 – HKFRS 2–Group and Treasury Share Transactions

HK(IFRIC) – INT 11 requires arrangements whereby an employee is granted rights to the Group's equity instruments to be accounted for as an equity-settled scheme, even if the Group acquires the instruments from another party, or the shareholders provide the equity instruments needed. HK(IFRIC) – INT 11 also addresses the accounting for share-based payment transactions involving two or more entities within the Group. As the Group currently has no such transactions, the interpretation has had no effect on these consolidated financial statements.

HK(IFRIC) – INT 12 – Service Concession Arrangements

HK(IFRIC) – INT 12 applies to service concession operators and explains how to account for obligation undertaken and the rights received in service concession arrangements. As the Group currently has no such arrangements, the interpretation has had no effect on these consolidated financial statements.

HK(IFRIC) – INT 14 – HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction

HK(IFRIC) – INT 14 addresses how to assess the limit under HKAS 19 Employee Benefits, on the amount of a refund or a reduction in future contributions in relation to a defined benefit scheme that can be recognised as an asset, in particular, when a minimum funding requirement exists. As the Group currently has no defined benefit scheme, the interpretation has had no effect on these consolidated financial statements.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRs (Amendments)	Improvements to HKFRSs[1]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – INT 9 and HKAS 39	Embedded Derivatives[4]
HK(IFRIC) – INT 13	Customer Loyalty Programmes[5]
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – INT 17	Distribution of Non-cash Assets to Owners[3]
HK(IFRIC) – INT 18	Transfers of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, which are effective for annual periods beginning on or after 1 July 2009.
2 Effective for annual periods beginning on or after 1 January 2009.
3 Effective for annual periods beginning on or after 1 July 2009.
4 Effective for annual periods ending on or after 30 June 2009.
5 Effective for annual periods beginning on or after 1 July 2008.
6 Effective for annual periods beginning on or after 1 October 2008.
7 Effective for transfers of assets from customers received on or after 1 July 2009.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (HKFRSS) *(Continued)*

HKAS 1(Revised) is expected to materially change the presentation of the Group's financial statements. The amendments affect the presentation of owner changes in equity and introduce a statement of comprehensive income. The Group will have the option of presenting items of income and expenses and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The amendment does not affect the financial position or results of the Group but will give rise to additional disclosures.

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a change of control, which will be accounted for as equity transactions.

HKFRS 8 *Operating Segments* may result in new or amended disclosures. The directors of the Company are in the process of identifying reportable operating segments as defined in HKFRS 8.

HK(IFRIC) – INT 13 requires the accounting of the customer award credits of the Group be accounted for as a separately identifiable component of the sales transactions. The fair value of the consideration received or receivable is allocated between the award credits and the other components of the sale. The consideration allocated to the award credits is measured by reference to their fair values i.e. the amount for which the award credits could be sold separately. The Group has a customer loyalty program for certain of its advertising customers whereby if the customers post advertisement in the Group's media for certain times within a time period, they will be awarded for one advertising space free of charge. The award credits are measured at the fair value. The Group currently did not recognise the fair value of the balance of unredeemed award credits but recognised its movement between the balance sheet dates in the profit and loss. On application of HK(IFRIC) – INT 13 with effect from 1 January 2009, the Group will recognise the fair value of the balance of unredeemed award credits in the balance sheet decreasing the retained earnings as at 31 December 2008 by RMB23,527,000 and increasing other payable by the same amount.

The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material effect on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisitions of businesses are accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 Business Combinations are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Goodwill

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1 January 2005 represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisitions of net assets and operations of another entity, the Group has discontinued amortisation from 1 January 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash-generating unit to which the goodwill relates may be impaired (see the accounting policy below).

Capitalised goodwill arising on an acquisition of a business is presented as intangible assets.

For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the profit or loss on disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substances, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Where a group entity transacts with a jointly controlled entity of the Group, profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associates, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associates (which includes any long-term interests that, in substance, form part of the Group's net investments in associates), the Group discontinues recognizing its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes. Revenue is recognised as follows:

Revenue from advertising contracts is generally recognised rateably over the period in which the advertisement is displayed.

Revenue from trading of print-related materials and distribution of newspapers and magazines, net of value-¬added tax is recognised upon 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.

Revenue from printing, net of value-added tax is recognised when the service is provided.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue recognition *(Continued)*

Consultation service income is recognised when the services are rendered.

Interest income is recognised on a time proportion basis, by reference to the principal outstanding and using the effective interest method.

Revenue from operating lease is recognised on a straight-line basis over the period of the lease.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Land use rights

Payment for obtaining land use right is considered as operating lease payment. Land use rights are stated at cost less accumulated amortisation and accumulated impairment losses, amortisation is charged to consolidated income statement over the period of the right using the straight-line method.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange difference arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Leasing *(Continued)*

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Intangible assets

Operating rights

Acquired operating rights with finite useful life are carried at cost less subsequently accumulated amortisation and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Intangible assets *(Continued)*

Computer software

Acquired computer software licenses with finite useful life are carried at cost less subsequently accumulated amortisation and accumulated impairment losses.

Amortisation is charged on a straight-line basis over the useful life of the assets.

Gains or losses arising from derecognition of operating rights or computer software are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into one of the three categories, including available-for-sale financial assets, loans and receivables and held-to-maturity financial assets.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. All regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments.

3. **SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Financial assets *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity financial assets.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured as cost less any identified impairment losses at each balance sheet date subsequent to initial recognition (see accounting policy on impairment loss on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's management has positive intention and ability to hold to maturity. At each balance sheet date subsequent to initial recognition, held-to-maturity financial assets (being short-term investment funds) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impaired.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of one week to three months, observable changes in national or local economic conditions that correlate with default on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets *(Continued)*

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectiable, it is written off against the allowance account. Subsequent recoveries of amount previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment of reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investment will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investment, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are classified as other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade payables, other payables and bank loans are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial assets *(Continued)*

Equity instruments *(Continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contact at the higher of (i) the amount determined in accordance with HKAS 37 *Provision, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment losses on tangible assets and intangible assets other than goodwill (see the accounting policies in respect of goodwill above).

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to makes judgements, estimate and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation. The Group assesses annually the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

Impairment of intangible assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the Group's accounting policy. Intangible assets other than goodwill that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 foreign exchange 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 units.

Impairment of trade and other receivables

The Group performs ongoing credit evaluations of its customers and adjust credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections from customers and maintain an appropriate level of estimated credit losses.

Impairment loss for inventories

The management of the Group reviews the aging of the inventories at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in printing nor saleable in the market. The management estimates the net realizable value for such items based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review on a product-by product basis at each balance sheet date and makes allowance for obsolete items. Where the actual future cash flows are less than expected, a material impairment loss may arise.

5. TURNOVER AND SEGMENT INFORMATION

Turnover represents the amounts received and receivables for sales of advertising space and print-related material, net of discounts allowed and sales taxes where applicable and providing printing and distribution services.

Business segments

The Group is currently organised into the following four main business segments. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Advertising:	Sales of the advertising spaces in the media or events operated by the Group, BYDA and Hebei Youth Daily Agency ("HYDA") and Beiqing Ceci Advertising (Beijing) Limited ("Beiqing Ceci").
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.
Distribution:	Distribution of newspapers mainly published by HYDA.
Others:	It represents the China Open Tennis Tournaments event organised by Beijing China Open Promotion Co., Ltd. ("COL").

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

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

The segmental information for the year ended 31 December 2008 is as follows:

	Advertising RMB'000	Printing RMB'000	Trading of print-related materials RMB'000	Distribution RMB'000	Others RMB'000	Total RMB'000
Turnover (including inter-segment)	536,700	377,766	396,912	7,960	–	1,319,338
Less: inter-segment sales	–	(238,222)	–	–	–	(238,222)
Turnover to external customers	536,700	139,544	396,912	7,960	–	1,081,116
Segment results	39,615	3,372	11,327	(23,831)	–	30,483
Unallocated other income, net						46,339
Unallocated corporate expenses						(9,460)
Finance costs						(2,600)
Loss on disposal of a subsidiary						(129)
Share of result of an associate						(341)
Share of loss of jointly controlled entities	(11,381)	–	–	–	(11,041)	(22,422)
Profit before income tax						41,870
Income tax expense						(4,407)
Profit for the year						37,463
Balance Sheet as at 31 December 2008						
Segment assets	133,822	49,562	212,859	30,624	–	426,867
Unallocated corporate assets						4,341
Deferred tax assets						1,132
Available-for-sale financial assets						136
Investments in jointly controlled entities	1,375	–	–	–	(98,123)	(96,748)
Restricted bank deposits						61,489
Short-term bank deposits						998,945
Cash and cash equivalents						225,640
Held-to-maturity financial assets						56,050
Total assets						1,677,852
Segment liabilities	74,697	38,698	92,318	62,914	–	268,627
Short-term bank loans						105,000
Unallocated corporate liabilities						1,884
Total liabilities						375,511
Other information						
Capital expenditure	4,234	354	334	108	–	5,030
Depreciation	2,360	435	450	158	–	3,403
Amortisation charges	2,250	7	7	14	–	2,278
Loss on disposal of property, plant and equipment	103	–	–	–	–	103
Loss on disposal of a subsidiary	–	129	–	–	–	129
Impairment loss on available-for-sale financial assets						621
Reversal of impairment losses on trade receivables	(9,459)	–	(3,109)	–	–	(12,568)
Reversal of impairment losses on other receivables	–	–	(216)	–	–	(216)
Impairment losses on inventories	–	–	4,297	–	–	4,297

5. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

The segmental information for the year ended 31 December 2007 is as follows:

	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Distribution *RMB'000*	Others *RMB'000*	Total *RMB'000*
Turnover (including inter-segment)	457,249	338,709	242,928	4,356	–	1,043,242
Less: inter-segment sales	(1,294)	(204,272)	–	–	–	(205,566)
Turnover to external customers	455,955	134,437	242,928	4,356	–	837,676
Segment results	30,262	11,070	5,261	(26,287)	–	20,306
Unallocated other income, net						50,049
Finance costs						(48,259)
Gain on deemed disposal of a subsidiary						90
Share of loss of a jointly controlled entity	–	–	–	–	(4,629)	(4,629)
Share of result of an associate						60
Profit before income tax						17,617
Income tax expense						(6,732)
Profit for the year						10,885
Balance Sheet as at 31 December 2007						
Segment assets	128,768	64,995	147,016	24,484	–	365,263
Investment in an associate						341
Investments in a jointly controlled entity	–	–	–	–	(87,082)	(87,082)
Available-for-sale financial assets						757
Restricted bank deposits						333,053
Short-term bank deposits						820,893
Cash and cash equivalents						174,726
Total assets						1,607,951
Segment liabilities	166,158	105,010	–	7,205	–	278,373
Short-term bank loans						46,500
Unallocated corporate liabilities						210
Total liabilities						325,083
Other Information						
Capital expenditure	882	–	981	1,719	–	3,582
Depreciation	2,872	–	990	506	–	4,368
Amortisation charges	1,221	–	58	713	–	1,992
Impairment loss on available-for-sale financial assets	1,312	–	–	–	–	1,312
Impairment losses on trade receivables	(154)	1,241	–	–	–	1,087

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. The inter-segment sales were carried on by reference to market rates.

All of the Group's turnover and results were derived from the PRC. All of the identifiable assets of the Group were also located in the PRC. Accordingly, no geographical segment analysis is presented for both years.

6. OTHER INCOME

	2008 *RMB'000*	2007 *RMB'000*
Gain on disposal of property, plant and equipment	–	304
Interest income	38,382	43,523
Rental income	3,843	3,843
Effective interest income from non-current trade receivables	702	340
Consultation service income	1,383	–
Others	2,029	2,039
	46,339	50,049

7. FINANCE COSTS

	2008 *RMB'000*	2007 *RMB'000*
Interest expense on bank loans wholly repayable within five years	2,600	2,098

8. PROFIT BEFORE INCOME TAX

	2008 *RMB'000*	2007 *RMB'000*
Profit before income tax has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	3,403	4,368
Amortisation charges	2,278	1,992
Impairment loss on trade receivables	–	1,087
Impairment loss of available-for-sale financial assets	621	1,312
Impairment loss on inventories	4,297	–
Employee benefit expenses	54,925	39,797
Printing costs	136,674	119,074
Cost of inventories	645,762	550,169
Operating leases rental in respect of buildings	2,915	1,363
Auditors' remuneration	1,438	2,020
Loss on disposal of property, plant and equipment	103	–
Net foreign exchange losses	8,147	46,161

9. INCOME TAX EXPENSE

	2008 RMB'000	2007 RMB'000
Current taxation – PRC Enterprise Income Tax ("EIT")	**5,539**	6,732
Deferred tax	**(1,132)**	–
	4,407	6,732

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. No Hong Kong Profits Tax has been provided for the year because the Group's income neither arisen in, nor is derived from Hong Kong.

The Company is an enterprise mainly 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.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the Enterprise Income Tax rate of the Group's subsidiaries in the PRC was reduced from 33% to 25% from 1 January 2008 onwards.

All of the subsidiaries of the Company are subject to EIT at the rate of 25% (2007: 33%).

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

The income tax expense of the Group for the year can be reconciled to the profit per the consolidated income statement as follows:

	2008 RMB'000	2007 RMB'000
Profit before income tax	**41,870**	17,617
Calculated at the statutory rate of 25% (2007: 33%)	**10,468**	5,813
Effect of EIT exemption applicable to the Company	**(14,682)**	(7,538)
Tax effect of share of loss of jointly controlled entitles	**5,605**	1,527
Expenses not deductible for taxation purposes	**207**	1,103
Utilisation of tax losses previously not recognised	**–**	(842)
Tax effect of tax losses not recognised	**4,994**	6,669
Others	**(2,185)**	–
Income tax expense	**4,407**	6,732

The Group did not recognise deferred income tax assets in respect of tax losses amounting to RMB59,389,000 (2007: RMB39,413,000) due to uncertainty surrounding its realisation. The tax losses can be carried forward for five years from the year in which the respective loss arose.

10. DIVIDENDS

	2008 RMB'000	2007 RMB'000
Dividends recognised as distribution during the year:		
Final dividend paid RMB0.07 (2007: RMB0.20) per shares	**13,812**	39,462

In the annual general meeting held on 20 June 2008, the shareholders approved the final dividends of RMB0.07 per ordinary share amounting to a total of RMB13,812,000 in respect of the year ended 31 December 2007. The amounts have been reflected as an appropriation of retained earnings for the year ended 31 December 2008.

The final dividend of RMB0.2 per share totaling RMB39,462,000 has been proposed by the directors. This proposed dividend is subject to shareholders' approval in the forthcoming 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 2009.

11. 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.

	2008 RMB'000	2007 RMB'000
Profit attributable to equity holders of the Company	**40,309**	10,639
Weighted average number of ordinary shares in issue (thousands)	**197,310**	197,310
Basic earnings per share (RMB per share)	**0.20**	0.05

No diluted earnings per share have been presented for the two years ended 31 December 2008 and 2007 as there were no diluting events existed during both years.

12. EMPLOYEE BENEFIT EXPENSES

	2008 RMB'000	2007 RMB'000
Salaries and wages	**41,004**	31,824
Retirement benefit scheme – defined contribution plans (a)	**5,154**	6,168
Others	**8,767**	1,805
	54,925	39,797

(a) Retirement benefit scheme – defined contribution plans

All the full time employees of the Group are covered by a state-managed retirement benefit scheme under which the employees are entitled to an annual pension equal to their basic salaries upon their retirements. 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 2008 (2007: 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 2008 is set out below:

Name of director	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Inducement fees RMB'000	Other benefits (i) RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Total RMB'000
ZHANG Yanping	–	519	–	–	28	23	570
ZHANG Yabin	–	469	–	–	28	23	520
SUN Wei	–	419	–	–	28	23	470
DU Min	–	369	–	–	28	23	420
HE Pingping	–	369	–	–	28	23	420
TSANG Hing Lun	100	–	–	–	–	–	100
WU Changqi	100	–	–	–	–	–	100
LIAO Li	100	–	–	–	–	–	100
LIU Han	20	–	–	–	–	–	20
XU Xun	20	–	–	–	–	–	20
LI Wenqing (iv)	–	–	–	–	–	–	–

12. EMPLOYEE BENEFIT EXPENSES *(Continued)*

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

Name of supervisor	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to retirement benefit scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
HE Daguang	–	–	–	–	–	–	–
LIU Yanfeng	–	136	–	–	28	23	187
ZHOU Fumin	–	–	–	–	–	–	–
GAO Zhiyong	–	–	–	–	–	–	–
TIAN Kewu	–	–	–	–	–	–	–

The remuneration of each director and supervisor for the year ended 31 December 2007 is set out below:

Name of director	Fees	Salary	Discretionary bonuses	Inducement fees	Other benefits (i)	Employer's contribution to retirement benefit scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
ZHANG Yanping	–	519	–	–	45	21	585
ZHANG Yabin	–	469	–	–	42	21	532
SUN Wei	–	419	–	–	40	21	480
DU Min	–	369	–	–	38	21	428
HE Pingping	–	369	–	–	38	21	428
TSANG Hing Lun	100	–	–	–	–	–	100
WU Changqi	100	–	–	–	–	–	100
LIAO Li	100	–	–	–	–	–	100
LIU Han	20	–	–	–	–	–	20
XU Xun	20	–	–	–	–	–	20
LI Wenqing (ii)	–	–	–	–	–	–	–
Abraham Van Zyl (iii)	–	–	–	–	–	–	–

12. EMPLOYEE BENEFIT EXPENSES *(Continued)*

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

Name of supervisor	Fees *RMB'000*	Salary *RMB'000*	Discretionary bonuses *RMB'000*	Inducement fees *RMB'000*	Other benefits (i) *RMB'000*	Employer's contribution to retirement benefit scheme *RMB'000*	Total *RMB'000*
LI Shiheng (iii)	–	–	–	–	–	–	–
HE Daguang	–	–	–	–	–	–	–
LIU Yanfeng	–	129	–	–	13	–	142
ZHOU Fumin	–	–	–	–	–	–	–
GAO Zhiyong	–	–	–	–	–	–	–
TIAN Kewu (ii)	–	–	–	–	–	–	–

(i) Other benefits including medical insurance, unemployment insurance and housing fund.
(ii) Appointed on 23 August 2007.
(iii) Retired on 23 August 2007.
(iv) Resigned on 29 October 2008.

In addition to directors' and supervisors' emoluments disclosed above, certain directors and supervisors of the Company receive emoluments from the BYDA, the total amount for the year ended 31 December 2008 was approximately RMB331,000 (2007: RMB471,000), 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 BYDA.

No directors and supervisors waived or agreed to waive any emoluments for the two years ended 31 December 2008 and 2007. During the year, no emoluments have been paid by the Group to the directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss of office.

12. EMPLOYEE BENEFIT EXPENSES *(Continued)*

(c) Five highest paid individuals

The five highest individuals of the Group for the year include three (2007: four) directors whose emoluments are reflected in the analysis presented above. The emoluments of the remaining two (2007: one) individuals during the year are as follows:

	2008	2007
	RMB'000	*RMB'000*
Basis salaries, housing allowance, other allowances and benefits in kind	**1,478**	762
Contributions to retirement benefit scheme	**23**	–
	1,501	762

The emoluments fell within the following bands:

Number of individuals

	2008	2007
NIL – RMB1,000,000	**1**	1
RMB1,000,001 – RMB2,000,000	**1**	–

During the year, no emoluments have been paid by the Group to five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Office equipment	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
Balance at 1 January 2007	15,774	13,297	4,959	3,893	37,923
Additions	–	1,140	890	41	2,071
Disposal of a subsidiary	–	(344)	(764)	–	(1,108)
Disposals	–	(4,961)	(478)	(552)	(5,991)
Balance at 31 December 2007 and 1 January 2008	15,774	9,132	4,607	3,382	32,895
Additions	–	3,506	1,122	–	4,628
Disposal of a subsidiary	–	(44)	(279)	–	(323)
Disposals	–	(2,514)	(274)	–	(2,788)
Balance at 31 December 2008	15,774	10,080	5,176	3,382	34,412
ACCUMULATED DEPRECIATION					
Balance at 1 January 2007	3,921	9,897	2,610	758	17,186
Charge for the year	757	2,168	515	928	4,368
Disposal of a subsidiary	–	(243)	(228)	–	(471)
Disposals	–	(4,650)	(454)	(551)	(5,655)
Balance at 31 December 2007 and 1 January 2008	4,678	7,172	2,443	1,135	15,428
Charge for the year	738	1,144	603	918	3,403
Disposal of a subsidiary	–	(14)	(79)	–	(93)
Disposals	–	(2,430)	(12)	–	(2,442)
Balance at 31 December 2008	5,416	5,872	2,955	2,053	16,296
CARRYING VALUES					
Balance at 31 December 2008	10,358	4,208	2,221	1,329	18,116
Balance at 31 December 2007	11,096	1,960	2,164	2,247	17,467

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

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	20 years
Office equipment	5 – 6 years
Motor vehicles	5 – 6 years
Leasehold improvements	Over the lease period

14. PREPAYMENTS FOR LAND USE RIGHTS

The Group's interests in land use rights represented prepaid operating lease payments and their carrying values are analysed as follows:

	2008 *RMB'000*	2007 *RMB'000*
Outside Hong Kong held on:		
Leases of between 10 to 50 years	**30,567**	31,455

15. INTANGIBLE ASSETS

	Goodwill *RMB'000*	Operating right *RMB'000*	Computer software *RMB'000*	Trademarks *RMB'000*	Total *RMB'000*
COST					
Balance at 1 January 2007	5,306	20,000	892	–	26,198
Additions	–	799	712	–	1,511
Balance at 31 December 2007 and 1 January 2008	5,306	20,799	1,604	–	27,709
Additions	–	–	397	5	402
Disposal of a subsidiary	–	–	(4)	–	(4)
Balance at 31 December 2008	5,306	20,799	1,997	5	28,107
ACCUMULATED AMORTISATION					
Balance at 1 January 2007	–	445	290	–	735
Charge for the year	–	667	463	–	1,130
Balance at 31 December 2007 and 1 January 2008	–	1,112	753	–	1,865
Charge for the year	–	779	610	1	1,390
Disposal of a subsidiary	–	–	(2)	–	(2)
Balance at 31 December 2008	–	1,891	1,361	1	3,253
CARRYING VALUES					
Balance at 31 December 2008	5,306	18,908	636	4	24,854
Balance at 31 December 2007	5,306	19,687	851	–	25,844

15. INTANGIBLE ASSETS *(Continued)*

(a) Goodwill arose from acquisition of assets and liabilities from BYDA in 2001 and is assessed for impairment at least annually.

For the purpose of impairment testing, goodwill has been allocated to a cash generating unit, being the Company and a subsidiary of the Group whose assets and liabilities were acquired from BYDA in 2001 ("CGU").

During the year ended 31 December 2008, management of the Group determined that the CGU containing goodwill had not suffered any impairment. The basis of the recoverable amount of the above CGU and the major underlying assumptions are summarised below:

The recoverable amount of the CGU has been determined based on value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-years period and a discount rate of 8%. Other key assumption for the value in use calculation relate to the estimation of cash inflows/outflows which included budgeted sales and gross margin, such estimation is based on the management's past performance and expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the recoverable amount of the CGU to fall below its carrying amount.

(b) Operating rights represents the exclusive rights of selling advertising space in Hebei Youth Daily as well as its printing and distribution. They are acquired from HYDA by the Group's subsidiary, Hebei Heqing Media Corporation Limited ("Heqing Media") for a term of 30 years.

Under the acquisition agreement, Heqing Media should reserve in a total of 20 advertising spaces per annum for HYDA as part of consideration for acquiring the exclusive operating rights. During the year ended 31 December 2007, HYDA and Heqing Media entered into a supplementary agreement that HYDA transfer such reserved advertising spaces back to Heqing Media at the consideration of RMB799,000.

The operating rights are amortised on a straight-line basis over the terms of 30 years.

(c) Computer software are amortised on a straight-line basis over their estimated useful life with the range of 3 years.

(d) Trademarks are amortised on a straight-line basis over the estimated useful life of 2.5 years.

16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	2008	2007
	RMB'000	*RMB'000*
Unlisted investment, at cost	**15,300**	2,550
Share of post acquisition reserves	**2**	2
Share of share premium of a jointly controlled entity	**6**	–
Share of post acquisition loss	**(112,056)**	(89,634)
	(96,748)	(87,082)

16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Particulars of jointly controlled entities as at 31 December 2008 are as follows:

Name of company	Form of business structure	Country of operation/ incorporation	Class of shares held	Effective interests held Directly	Effective interests held Indirectly	Principal activities
COL *(Note a)*	Incorporated	PRC	Contributed capital	51%	–	Organising and promoting China Open Tennis Tournaments
Swidon Enterprises Limited ("Swidon") *(Note b)*	Incorporated	BVI	Ordinary shares	–	51%	Holding of Weman Tennis Association (WTA) Membership
Champion Will International Limited ("Champion") *(Note b)*	Incorporated	BVI	Ordinary shares	–	51%	Holding of Association of Tennis Professionals (ATP) Membership
Beiqing Ceci Advertising (Beijing) Limited ("Beiqing Ceci") *(Note c)*	Incorporated	PRC	Contributed capital	51%	–	Provision of advertising services

Note:

(a) COL was a joint venture. The Company and the other party had joint control over the board of directors of COL and such board was responsible for determining the financial and operating policies of COL in the ordinary course of business.

On 18 March 2007, the other venturer of COL disposed 49% equity interests in COL to the Company's ultimate holding company, BYDA. However, such changes in the shareholdings of COL did not have any impact on the constituent of the board of directors of COL. In the opinion of directors, the Company still maintains joint control over the board of directors of COL and therefore COL is continued to be classified as jointly controlled entity and accounted for using equity method of accounting.

(b) During the year ended 31 December 2008, COL acquired 100% equity interests in Swidon and Champion at consideration of RMB67,861,000 (Equivalent to USD9,302,325) and RMB45,241,000 (Equivalent to USD6,201,550). COL together with Swidon and Champion are collectively referred to as "COL Group".

(c) During the year ended 31 December 2008, the Company established Beiqing Ceci with an independent foreign venturer. Beiqing Ceci is a Sino-foreign investment equity joint venture. The Company and the foreign venturer have joint control over the board of directors of Beiqing Ceci and such board is responsible for determining the financial and operating policies of Beiqing Ceci in the ordinary course of business. Accordingly, Beiqing Ceci is accounted for as a jointly controlled entity using equity method of accounting.

(d) The Company has agreed to provide financial assistance to COL for the operating costs of COL for the organization of the China Open Tennis Tournaments, in the event that COL requires financing for such costs, the Company and its another shareholder, BYDA, have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL.

As at 31 December 2008, the Group has provided guarantees of RMB173,000,000 (2007: RMB293,053,000) to banks for the bank loans granted to COL (more details are set out in Note 35).

16. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Note: (Continued)

(e) Summarised financial information of the jointly controlled entities is as follows:

	Year ended 31 December 2008			Year ended 31 December 2007
	COL Group *RMB'000*	**Beiqing Ceci** *RMB'000*	**Total** *RMB'000*	*RMB'000*
Turnover	**58,150**	**2,646**	**60,796**	50,440
Other revenue	**20,528**	**–**	**20,528**	27,585
Expenses	**(100,327)**	**(24,961)**	**(125,288)**	(87,101)
Loss for the year	**(21,649)**	**(22,315)**	**(43,964)**	(9,076)
Group's share of loss for the year	**(11,041)**	**(11,381)**	**(22,422)**	(4,629)

	As at 31 December 2008			As at 31 December 2007
	COL Group *RMB'000*	**Beiqing Ceci** *RMB'000*	**Total** *RMB'000*	2007 *RMB'000*
Assets				
Non-current assets	**113,452**	**1,560**	**115,012**	760
Current assets	**227,613**	**3,481**	**231,094**	371,440
	341,065	**5,041**	**346,106**	372,200
Liabilities				
Current liabilities	**80,492**	**2,344**	**82,836**	542,949
Non-current liabilities	**452,967**	**–**	**452,967**	–
	533,459	**2,344**	**535,803**	542,949
Net (liabilities) assets	**(192,394)**	**2,697**	**(189,697)**	(170,749)
Group's share of net (liabilities) assets	**(98,123)**	**1,375**	**(96,748)**	(87,082)

17. INVESTMENT IN AN ASSOCIATE

	2008 *RMB'000*	2007 *RMB'000*
Unlisted shares in the PRC		
Cost of investment in an associate	**281**	281
Share of post-acquisition results	**(281)**	60
	–	341

17. INVESTMENT IN AN ASSOCIATE *(Continued)*

The Group's associate is an entity established and operated in the PRC, the details as at 31 December 2008 are as follows:

Name of entity	Form of business structure	Class of shares held	Proportion of registered capital held by the Group	Proportion of voting power held	Principal activity
Beijing Leisure Trend Advertising Company ("Leisure Trends")	Limited liability company	Registered capital	49%	49%	Provision of advertising services

The summarised financial information in respect of the Group's associate for the year ended 31 December 2008 is set out below:

	2008 **RMB'000**	2007 *RMB'000*
Revenue	**3,643**	36,139
(Loss) profit for the year	**(1,883)**	2,676
Group's share of (loss) profit of associate for the year	**(341)**	60
Total assets	**688**	2,781
Total liabilities	**(1,876)**	(2,086)
Net (liabilities) assets	**(1,188)**	695
Share of net assets of associate	**–**	341

The Group has discontinued recognition of its share of losses of the associate. The amounts of unrecognised share of the associate, extracted from the management accounts of the associate, both for the year and cumulatively, are as follows:

	2008 **RMB'000**	2007 *RMB'000*
Unrecognised share of loss of associate for the year	**(582)**	–
Accumulated unrecognised share of losses of associate	**(582)**	–

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008	2007
	RMB'000	*RMB'000*
Unlisted shares in the PRC, at cost	**2,069**	2,069
Less: Impairment loss	**(1,933)**	(1,312)
	136	757

The above unlisted investment represents investment in unlisted equity security issued by a private entity incorporated in the PRC. They are measured at cost less impairment at each balance sheet date because the range of reasonable fair value estimates is so significant that the directors of the Group are of the opinion that their fair values cannot be measured reliably.

19. DEFERRED TAX ASSETS

	Provision for impairment loss of assets
	RMB'000
At 1 January 2007 and 2008	–
Credit to consolidated income statement	1,132
At 31 December 2008	1,132

20. HELD-TO-MATURITY FINANCIAL ASSETS

	2008	2007
	RMB'000	*RMB'000*
Investment funds, at amortised cost	**56,050**	–

The investment funds is charged at fixed interest rate of 1.47% to 2.99% per annum and with the terms of 4 to 6 months.

21. INVENTORIES

	2008	2007
	RMB'000	*RMB'000*
Raw materials	**50,992**	41,804

22. TRADE RECEIVABLES

	2008 RMB'000	2007 RMB'000
Trade receivables		
– Due from Ultimate Holding Company	**96,285**	67,742
– Due from other related parties	**53,124**	31,110
– Due from third parties	**140,840**	125,242
	290,249	224,094
Less: Impairment loss recognised	**(6,281)**	(18,849)
Trade receivables – net	**283,968**	205,245
For reporting purposes, analysis as:		
Non-current assets	**6,579**	10,582
Current assets	**277,389**	194,663
	283,968	205,245

The balance of trade receivables from third parties as at 31 December 2007 includes bills receivables of RMB745,000.

The aging analysis of trade receivables, based on invoice date, is as follows:

	2008 RMB'000	2007 RMB'000
Within 3 months	**133,350**	136,856
4 months to 6 months	**70,272**	45,757
7 months to 12 months	**57,567**	3,043
1 year to 2 years	**897**	520
Over 2 years	**28,163**	37,918
	290,249	224,094

The Group normally granted credit period of 1 week to 3 months from the date of invoice to customers (including related parties but except for certain advertising agents of classified advertisements).

The Company entered into arrangements with certain of the advertising agents allowing them to settle their outstanding balances with fixed repayment schedules in the next 2 to 6 years.

The Company has assessed these customers' repayment history and ability to repay before entering into these arrangements. The Group recorded the outstanding balances with maturities greater than 12 months as non-current trade receivables, which were measured at amortised cost using the effective interest method.

22. TRADE RECEIVABLES *(Continued)*

Movement in the impairment loss for trade receivables:

	2008	2007
	RMB'000	*RMB'000*
Balance at beginning of the year	**18,849**	17,762
Impairment loss (written back) recognised	**(12,568)**	1,087
Balance at end of the year	**6,281**	18,849

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB163,023,000 (2007: RMB98,814,000) which were past due at the reporting date and for which the Group has not provided for impairment loss.

At the balance sheet date, the aging analysis of trade receivables that were past due but not impaired are as follows:

	2008	2007
	RMB'000	*RMB'000*
Within 3 months	**72,091**	47,802
4 months to 6 months	**43,389**	21,734
7 months to 12 months	**35,976**	921
1 year to 2 years	**1,312**	618
Over 2 years	**10,255**	27,739
	163,023	98,814

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

23. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2008 **RMB'000**	2007 RMB'000
Interest receivable from bank deposits and investment funds	**16,112**	21,800
Prepayment	**1,804**	14,181
Other receivables	**5,008**	7,896
	22,924	43,877
Less: Impairment loss for other receivables recognised	**(213)**	(429)
	22,711	43,448
For reporting purposes, analysis as:		
Non-current assets *(Note 36)*	**247**	–
Current assets	**22,464**	43,448
	22,711	43,448

Movement in the impairment loss for other receivables:

	2008 **RMB'000**	2007 RMB'000
Balance at beginning of the year	**429**	–
Impairment loss written back	**(216)**	–
Impairment loss recognised	**–**	429
Balance at end of the year	**213**	429

24. RESTRICTED BANK DEPOSITS

As at 31 December 2008, restricted bank deposits represent deposits pledged to secure banking facilities and entrust loans granted to the Group. The pledged bank deposits will be released upon the settlement of relevant facilities and borrowings. All restricted deposits were denominated in RMB.

As at 31 December 2007, restricted bank deposits represent deposits pledged to banks to secure the loan facilities and entrust loans granted to COL by Minsheng Banking Corp. Limited. The pledged bank deposits were released upon the settlement of relevant loan facilities in 2008. The restricted bank deposits included RMB150,944,000 denominated in HKD.

The restricted bank deposits carry fixed interest rates which ranges from 0.36% to 6.723% (2007: 2.88% to 4.27%) per annum.

25. SHORT-TERM BANK DEPOSITS

Short-term bank deposits represent fixed deposits with original maturities ranging from over three months to one year and carry fixed interest rates which ranges from 2.25% to 4.14% (2007: 2.34% to 4.6%) per annum.

As at 31 December 2008, all short-term bank balances were denominated in RMB.

As at 31 December 2007, the short-term bank balances included RMB336,235,000 denominated in HKD.

26. CASH AND CASH EQUIVALENTS

The Group's bank balances and cash were deposited with banks in the PRC and carry interest at market rates which ranges from 0.36% to 1.98% (2007: 0.72% to 2.34%) per annum.

As at 31 December 2008, all bank balances and cash were denominated in RMB.

As at 31 December 2007, the bank balances included RMB20,244,000 denominated in HKD.

27. TRADE PAYABLES

	2008	2007
	RMB'000	*RMB'000*
Trade payables		
– Due to the Ultimate Holding Company	**6,102**	7,091
– Due to other related parties	**66,080**	43,743
– Due to third parties	**74,752**	68,953
	146,934	119,787

The balance of trade payables to related parties as at 31 December 2008 includes bills payables of RMB32,437,000 (2007: RMB26,903,000).

The following is an aged analysis of trade payables at the balance sheet date, based on payment due date:

	2008	2007
	RMB'000	*RMB'000*
Within 3 months	**124,429**	114,775
4 months to 6 months	**18,035**	3,815
7 months to 12 months	**3,853**	845
1 year to 2 years	**470**	340
Over 2 years	**147**	12
	146,934	119,787

The average credit period for payment of purchases of goods is from 30 to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

28. OTHER PAYABLES AND ACCRUALS

As at 31 December 2008, included in other payables and accruals is an amount of approximately RMB78,374,000 (2007:RMB83,216,000) denominated in HKD88,870,000 (2007: HKD88,870,000) which represents the proceeds from the sale of shares in Global Offering by three shareholders ("Selling Shareholders") which are PRC state-owned enterprises, such proceeds were received by the Company on behalf of the Selling Shareholders. Pursuant to the relevant PRC government requirement, such proceeds will be remitted to the national social security fund.

29. TAXATION PAYABLES

	2008	2007
	RMB'000	*RMB'000*
Enterprise Income Tax	**1,884**	210
Value Added Tax	**(3,035)**	(2,955)
Business Tax	**2,152**	2,265
City Construction Tax	**224**	178
Individual Income Tax	**265**	196
Others	**1,368**	1,536
	2,858	1,430

30. SHORT-TERM BANK LOANS

	2008	2007
	RMB'000	*RMB'000*
Bank loans – unsecured	**50,000**	6,500
Bank loans – secured	**55,000**	40,000
	105,000	46,500

As at 31 December 2008, the unsecured short-term bank loans bore fixed interest rates at the range of 6.318% to 8.217% (2007: 5.265% to 5.589%) per annum and were repayable within one year.

Included in the short-term bank loans as at 31 December 2008 are entrusted loans of RMB55,000,000 (2007: RMB40,000,000) granted by banks which is secured by the same amount of restricted bank deposits. The entrust loans were charged at fixed interest rate at the ranges from 6.318% to 6.723% (2007: 6.318% to 6.561%).

31. SHARE CAPITAL

	2008 RMB'000	2007 RMB'000
Ordinary shares of RMB1.00 each		
Registered, issued and fully paid:		
– Domestic shares	**142,409**	142,409
– H shares	**54,901**	54,901
	197,310	197,310

All the domestic shares and H shares rank pari passu in all material respects.

There were no movements in the Company's share capital during the both years.

32. 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 a 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.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the year.

The capital structure of the Group consists of debt, which includes the bank borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings.

The management reviews the capital structure regularly by considering the cost of capital and the risks associated. In view of this, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

34. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

	2008 ***RMB'000***	2007 *RMB'000*
Financial assets		
Available-for-sale financial assets	**136**	757
Loans and receivables (including cash and bank deposits)		
– Trade receivables	**283,968**	205,245
– Other receivables	**20,907**	29,267
– Restricted bank deposits	**61,489**	333,053
– Short term bank deposits	**998,945**	–
– Cash and cash equivalents	**225,640**	174,726
Held-to-maturity financial assets		
– Investment funds	**56,050**	–
– Short term bank deposits	**–**	820,893
Financial liabilities		
Amortised cost		
– Trade payables	**146,934**	119,787
– Other payables	**102,781**	105,783
– Short term bank loans	**105,000**	46,500

Financial risk management objectives and policies

The Group's major financial instruments include equity investments, held-to-maturity financial assets, trade receivables, other receivables, bank balances, trade payables, other payables and bank loans. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Currency risk

The Group's functional currency is RMB is which most of the transactions are denominated. However, certain bank balances and other payables of the Group are denominated in foreign currencies.

The following table shows the Group's exposure at the balance sheet date to currency risk arising from transactions or recognised assets or liabilities denominated in a currency other than the function currency of the entity to which they relate.

	2008	2007
	HKD'000	*HKD'000*
Assets	**–**	541,900
Liabilities	**88,870**	88,870

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group's sensitivity to a reasonably possible change of 5% in exchange rate of RMB against Hong Kong Dollars while all other variables are held constant. 5% (2007:5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at each balance sheet date for a 5% change in foreign currency rates.

	2008	2007
	RMB'000	*RMB'000*
Increase (decrease) in profit for the year		
– if RMB weakens against foreign currencies	**(3,919)**	25,386
– if RMB strengthens against foreign currencies	**3,919**	(25,386)

A change of 5% in exchange rate of RMB against Hong Kong Dollars does not affect other components of equity.

In management's opinion, the sensitivity analysis is not necessarily of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Interest rate risk

The Group exposed to fair value interest rate risk through the fixed interest-bearing bank deposits and bank loans (see Note 24, 25 and 30 for details respectively). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to variable interest-bearing bank balances (see Note 26 for details) due to the fluctuation of the prevailing market interest rate. The directors consider the Group's exposure of the bank balances to interest rate risk is not significant as interest bearing bank balances are within short maturity period. The management will continuously monitor interest rate fluctuation and will consider hedging significant interest rate risk should the need arise.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of base rate published by People's Bank of China arising from the Group's RMB bank balances.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the balance sheet date. For variable-rate bank balances, the analysis is prepared assuming the financial assets outstanding at the balance sheet date were outstanding for the whole year and the stipulated change taking place at the beginning of the financial year and held constant throughout the financial year. A 25 (2007:100) base point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The management adjusted the sensitivity rate from 100 basis points to 25 basis points for assessing interest rate risk after considering the impact of the volatile financial market conditions after the third quarter of 2008.

If interest rates had been 25 (2007:100) base point higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2008 would decrease/increase by RMB298,000 (2007: RMB1,345,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank balances.

In management's opinion, the sensitivity analysis is not necessarily of the inherent interest rate risk as the year end exposure does not reflect the exposure during the year.

Credit risk

As at the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 35.

In order to minimise the credit risk, the Group's management continuously monitor the level of exposure to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

34. FINANCIAL INSTRUMENTS *(Continued)*

Financial risk management objectives and policies *(Continued)*

Credit risk *(Continued)*

The credit risk on liquid funds is limited because majority of the counterparties are banks with good reputation.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Liquidity Table

	Total undiscounted cash flow payable on demand or less than 1 year		**Carrying amount at 31 December**	
	2008	2007	**2008**	2007
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**146,934**	119,787	**146,934**	119,787
Other payables	**102,781**	105,783	**102,781**	105,783
Short-term bank loans	**112,528**	49,412	**105,000**	46,500
	362,243	274,982	**354,715**	272,070

Fair values

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices and ask prices respectively; and

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments as input.

- the fair value of financial guarantee contracts is determined by professional valuer by reference to the market rates of the financial guarantee contracts with similar terms.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated balance sheet approximate their fair values.

35. CONTINGENT LIABILITIES

	2008	2007
	RMB'000	*RMB'000*
Guarantees for bank loans for a jointly controlled entity	**173,000**	214,610

On 10 April 2007, the Company and COL entered into the Guarantee Agreement under which the Company will provide guarantees, upon request by COL, to banks for the bank loans and facilities granted to COL in the aggregate amount not exceeding RMB307.23 million. The facilities amounting to RMB148.35 million will be utilised for the renewal of the guarantees that the Company provided to COL previously. The remaining facilities amounting to RMB158.88 million will be utilised to facilitate the operation of the China Open Tennis Tournaments in 2007, pay consideration for COL's acquisition of the 100% equity interests in Champion and Swidon and the related upgrade fees payable to the WTA. The terms of the Guarantee Agreement will commence from the date of the completion of the equity transfer of Champion and Swidon mentioned above until 30 March 2008.

As at 31 December 2007, the Company pledged its fixed deposits in sum of RMB233,053,000 as security over the loan facilities of RMB154,610,000 granted to COL by China Minsheng Banking Corp., Limited.

As at 31 December 2007, the Company pledged its fixed deposits in sum of RMB60,000,000 as security over the loan facilities of RMB60,000,000 granted to COL by Hua Xia Bank.

During the year ended 31 December 2008, the Group renewed the Guarantee Agreement under which the Group provided guarantees to banks for loan facilities granted to COL in an aggregate principal amount not exceeding RMB209.1 million and any accrued interest therein for a period of two years commencing from 1 July 2008.

All the pledged deposits were released during the year ended 31 December 2008.

It is not anticipated that any material liabilities will arise from the above guarantees.

Based on historical experience, no claims have been made against the Company and its subsidiaries since the dates of granting the financial guarantees described above.

36. DISPOSAL/DEEMED DISPOSAL OF A SUBSIDIARY

The Group owns 35.35% effective interests in Shanghai Beiqing Printing Machinery Limited ("Shanghai Beiqing") whose parent company is BYD Logistics Company Limited ("BYD Logistics"). The Group entered into an agreement with the minority shareholders of Shanghai Beiqing (the "Agreement"). Pursuant to the Agreement, the minority shareholder obtained the control in the operations of Shanghai Beiqing at an aggregate consideration of RMB286,000. In order to rationalize the management of Shanghai Beiqing, the directors of Shanghai Beiqing appointed from BYD Logistics will no longer participating in the operating and financial activities of Shangjai Beiqing with effect from 1 July 2008. Since then, the Group has had no control over Shanghai Beiqing.

The details of the net assets of Shanghai Beiqing as at date of disposal were as follows:

	RMB'000
Inventories	616
Trade receivables	973
Other receivables and prepayment	131
Cash and cash equivalent	589
Property, plant and equipment	230
Intangible assets	2
Trade payables	(1,258)
Other payables and accruals	(275)
Taxation payables	(121)
Minority interests	(472)
	415
Loss on disposal	(129)
Consideration	286
Satisfied by:	
Other receivables	286
An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiary is as follows:	
Cash consideration	–
Cash and bank balances disposal of	(589)
	(589)

The consideration represents the receivable from the minority shareholder of Shanghai Beiqing discounted with 7.83% p.a.. It is included in other receivable and for reporting purposes the amount receivable after twelve months of approximately RMB247,000 are classified under non-current assets in the consolidated balance sheet (Note 23).

The impact of the disposal of Shanghai Beiqing has no material effect on the Group's results and cash flows for the year ended 31 December 2008.

36. DISPOSAL/DEEMED DISPOSAL OF A SUBSIDIARY *(Continued)*

Details of the deemed disposal of subsidiary for the year ended 31 December 2007 are as follows:

Leisure Trends was accounted for as a subsidiary as at 31 December 2006. In July 2007, the other shareholder of Leisure Trends increased his share of investment by introducing an additional capital of RMB200,000 to Leisure Trends. Thereafter the Group's share of equity interests in Leisure Trends was diluted from 51% to 49.04% and Leisure Trends was accounted for as an associate using equity method of accounting.

The details of the net assets of Leisure Trends as at date of disposal were as follows:

	RMB'000
Other receivables and prepayment	4,641
Cash and cash equivalent	9,264
Property, plant and equipment	637
Other payables and accruals	(14,034)
Taxation payables	(135)
Minority interests	(182)
	191
Gain on deemed disposal	90
	281
Satisfied by:	
Transfer to investment in an associate	281
An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiary is as follows:	
Cash consideration	–
Cash and bank balances disposal of	(9,264)
	(9,264)

The impact of the deemed disposal of Leisure Trends has no material effect on the Group's results and cash flows for the year ended 31 December 2007.

37. OPERATING LEASE COMMITMENTS

The Group as lessee

At the balance sheet date, the group had commitments for future minimum lease payments under non-cancelable operating leases which fall due are as follows:

	2008	2007
	RMB'000	*RMB'000*
Within one year	**2,556**	2,968
In the second to fifth years inclusive	**1,133**	4,609
	3,689	7,577

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 3 years and rentals are fixed for an average of 3 years.

The Group as lessor

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2008	2007
	RMB'000	*RMB'000*
Within one year	**3,843**	3,843
In the second to fifth years inclusive	**–**	3,843
	3,843	7,686

The properties are expected to generate rental yields of 14.2% on an ongoing basis. The properties have committed tenants for the next 12 months.

38. 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
BYDA	Ultimate Holding Company
Beijing Beiqing Advertising Limited	A subsidiary of BYDA
Beijing XiaoHongMao Corporation	A subsidiary of BYDA
Beijing Today Sunshine Advertising Co., Ltd	A subsidiary of BYDA
Beijing Gehua Sunshine Advertising Co., Ltd	A jointly controlled entity of BYDA
COL	A jointly controlled entity of the Company
Beiqing CeCi	A jointly controlled entity of the Company
Leisure Trend	An associate of the Company
Joonng Ang m&b Limited	A venturer of Beiqing Ceci
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 Services Company	A minority shareholder
HYDA	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 for these companies have been registered.

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government ("state-controlled entities"). In addition, the BYDA itself is a state-controlled enterprise controlled by the PRC government. Apart from the transactions with the above related parties, the Group also conducts business with other state-owned entities. The directors consider those state-controlled entities are independent third parties so far as the Group's business transactions with them are concerned.

In addition to the related party information shown elsewhere in the consolidated 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 and balances arising from related party transactions at the end of the year.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Related party balances

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

	2008	2007
	RMB'000	*RMB'000*
BYDA		
Trade receivables	**96,285**	67,742
Other receivables, prepayments and deposits	**825**	825
Trade payables	**6,102**	7,091
Other payables and accruals	**2,327**	2,327
Subsidiaries of the BYDA		
Trade receivables	**13,899**	8,726
Trade payables	**5,022**	–
Other payables and accruals	**–**	2,999
Associate of the Company		
Trade receivables	**244**	–
Minority Shareholders		
Trade receivables	**1,631**	3,075
Other receivables, prepayments and deposits	**–**	1,520
Trade payables	**431**	695
Other payables and accruals	**75**	39
Dividend payables	**2,213**	3,206
Other State-Owned Enterprises		
Trade receivables	**37,350**	19,309
Other receivables, prepayments and deposits	**4,006**	4,351
Trade payables	**60,627**	43,048
Other payables and accruals	**2,499**	3,273

The balances are unsecured, non interest-bearing and repayable on demand.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions

	Notes	2008 RMB'000	2007 RMB'000
BYDA			
Exclusive advertising right expenses	*(i)*	**79,820**	68,702
Provision of advertising services	*(ii)*	**597**	–
Provision of printing services	*(iii)*	**107,145**	108,049
Rental income	*(iv)*	**3,843**	3,843
Rental expense	*(v)*	**1,363**	1,363
Subsidiaries of BYDA			
Provision of advertising services	*(vi)*	**7,024**	8,591
Payment of delivery and logistics services	*(vii)*	**7,873**	4,754
A joint controlled entity of BYDA			
Provision of advertising services	*(vi)*	**540**	–
Associates of the Company			
Provision of advertising services	*(vi)*	**959**	–
A joint controlled entity of the Company			
Provision of printing services	*(vi)*	**–**	180
Minority Shareholders			
Sales of print-related materials	*(viii)*	**38,433**	23,591
Payment of printing services	*(ix)*	**7,365**	74,000
Purchase of print-related materials	*(x)*	**–**	100
Other State-Owned Enterprises			
Provision of advertising services		**31,739**	3,597
Provision of printing services		**26,279**	–
Sales of print-related materials		**90,683**	83,399
Provision of distribution services		**792**	419
Payment of printing services		**160,527**	54,510
Purchase of inventory		**274,656**	184,903

Notes:

(i) Pursuant to the advertising space operating rights and options subscription agreement entered into between the Company and BYDA on 7 December 2004, the Company would pay 16.5% of the advertising revenue to BYDA for the period from 1 October 2004 to 30 September 2033.

(ii) The Company provided advertising service to BYDA.

(iii) BYD Logistics provided printing services to Beijing Sec-Tech Report, Legal Evening Post, Beijing Youth Weekend and Beijing Youth Weekly which are operated by BYDA.

(iv) The Company rented certain offices situated in the Beijing Youth Daily Agency Building to BYDA from 10 August 2006 to 31 December 2009 with annual rental fee of RMB3,843,000.

38. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Related party transactions *(Continued)*

Notes: (Continued)

(v) The Company rented certain offices situated in the Beijing Youth Daily Agency Building from BYDA from 10 August 2006 to 31 December 2009 with annual rental fee of RMB1,363,000.

(vi) The Company provided advertising services and printing services to certain subsidiaries and a joint controlled entity of BYDA and an associate of the Company.

(vii) The Group received direct mail advertisement delivery services, paper and printing material logistics services from a subsidiary of BYDA, Beijing XiaoHongMao Corporation.

(viii) BYD Logistics sold print-related materials to certain minority shareholders.

(ix) BYD Logistics received printing services from certain minority shareholders.

(x) 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.

In addition, the Group has entered into various transactions, including deposits placement, borrowings and other general banking facilities, with certain banks and financial institutions which are state-owned entities in its ordinary course of business. In view of the nature of those banking transactions, the directors are of the opinion that separate disclosure would not be meaningful.

(c) Financial guarantees

During the year, the Company provided financial guarantee of RMB209,100,000 (2007:RMB293,053,000) to banks for securing the loan facilities of COL. During the year, the maximum amount utilized was RMB193,000,000 (2007: RMB214,610,000). As at 31 December 2008, the outstanding amount of the loan facilities was RMB173,000,000 (2007: RMB214,610,000). The fair value of guarantee at the balance sheet date is not material and is not recognised in financial statement.

(d) Loan settlement arrangement and granting of market entry right

On 29 November 2007, Today Sunshine Advertising Limited ("Today Sunshine"), the advertising agent and the Company entered into the Debt Settlement Agreement under which Today Sunshine agreed to settle the amount of approximately RMB3,726,000 owed by the advertising agent to the Company as at that day. The amount is to be paid to the Company in 24 instalments from December 2007 to November 2009. In consideration of such payment, Today Sunshine obtained a market entry right in relation to the sale of recruitment classified advertisement space in the Beijing Youth Daily and its supplements, Information Industrial Post.

(e) Key management personal compensation

	2008	2007
	RMB'000	*RMB'000*
Salaries and other short-term employee benefits	**5,158**	4,286

39. FINANCIAL INFORMATION OF THE COMPANY

	2008 RMB'000	2007 RMB'000
Non-current assets		
Property, plant and equipment	**15,081**	13,498
Prepayments for land use rights	**30,567**	31,455
Intangible assets	**5,622**	5,828
Investments in subsidiaries	**459,150**	59,150
Investments in jointly controlled entities	**15,300**	2,550
Investment in an associate	**2,550**	2,193
Trade receivables	**6,579**	10,582
	534,849	125,256
Current assets		
Inventories	**1,857**	–
Trade receivables	**38,499**	44,133
Other receivables, prepayments and deposits	**80,914**	51,059
Restricted bank deposits	**55,000**	333,053
Short-term bank deposits	**692,516**	820,893
Cash and cash equivalents	**114,007**	119,847
	982,793	1,368,985
Current liabilities		
Trade payables	**11,123**	7,224
Other payables and accruals	**107,180**	125,918
Taxation payables	**3,381**	18,553
	121,684	151,695
Net current assets	**861,109**	1,217,290
Total net assets	**1,395,958**	1,342,546
Capital and reserves		
Share capital	**197,310**	197,310
Reserves	**1,198,648**	1,145,236
Total equity	**1,395,958**	1,342,546

40. SUBSIDIARIES

The following is a list of the subsidiaries at 31 December 2008:

Company	Country of operation/ establishment and date of incorporation/ establishment	Class of share held	Paid up registered capital	Effective proportion of interest directly held by the Company	Principal activities
			RMB'000	%	
BYD Logistics	The PRC, 15 September 2001	Contributed capital	30,000	50.5	Warehousing logistics, printing and sales of print-related materials
Heqing Media	The PRC, 23 April 2006	Contributed capital	30,000	60	Providing newspaper advertising services, printing and distribution businesses
Beijing Beiqing Top Advertising Limited	The PRC, 6 November 2007	Contributed capital	30,000	86.67	Design, production, agency and distribution of advertisement
Legal Evening Media Limited	The PRC, 25 April 2008	Contributed capital	400,000	100	No active business

None of the subsidiaries had any debt securities subsisting at the end of the year or at any time during the year.

41. COMPARATIVE FIGURES

Certain comparative amounts for the year ended 31 December 2007 have been reclassified to conform with the current year's presentation.