BEIJING MEDIA CORPORATION LIMITED

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

(Stock Code: 1000)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2007

FINANCIAL HIGHLIGHTS

1. Turnover increased by 5.7% to RMB 837,676,000 (2006: RMB 792,492,000)
2. Profit before income tax decreased by 42.2% to RMB 17,617,000 (2006: RMB30,479,000)
3. Earnings per share are decreased by 54.5% to RMB 0.05 (2006: RMB 0.11)
4. Proposed final dividend per share decreased by 65% to RMB 0.07 (2006: RMB 0.20)

The Board of Directors (the "Board") of Beijing Media Corporation Limited (the "Company" or, including its subsidiaries, the "Group") announces the consolidated results of the Group for the year ended 31 December 2007 which have been prepared in accordance with Hong Kong Financial Reporting Standards.

CONSOLIDATED INCOME STATEMENT

	NOTES	For the year ended 31 December **2007** *RMB'000*	2006 *RMB'000*
Turnover	*2*	**837,676**	792,492
Cost of sales		**(762,706)**	(730,968)
Gross profit		**74,970**	61,524
Other income	*3*	**50,049**	82,421
Selling and distribution expenses		**(13,615)**	(11,359)
Administrative expenses		**(41,049)**	(58,545)
Gain on deemed disposal of a subsidiary		**90**	–
Share of loss of a jointly controlled entity		**(4,629)**	(10,943)
Share of result of an associate		**60**	–
Finance costs	*4*	**(48,259)**	(32,619)
Profit before income tax	*5*	**17,617**	30,479
Income tax expense	*6*	**(6,732)**	(8,504)
Profit for the year		**10,885**	21,975
Attributable to:			
Equity holders of the Company		**10,639**	21,917
Minority interests		**246**	58
		10,885	21,975
Dividends	*7*	**39,462**	49,328
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share), basic	*8*	**0.05**	0.11

CONSOLIDATED BALANCE SHEET

	NOTES	As at 31 December 2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment		**17,467**	20,737
Prepayments for land use rights		**31,455**	32,317
Intangible assets		**25,844**	25,463
Investment in a jointly controlled entity		**(87,082)**	(82,453)
Investment in an associate		**341**	–
Available-for-sale financial assets		**757**	2,069
Trade receivables	*9*	**10,582**	13,851
		(636)	11,984
Current assets			
Inventories		**41,804**	38,602
Trade receivables	*9*	**194,663**	126,282
Other receivables, prepayments and deposits		**43,448**	21,359
Restricted bank deposits		**333,053**	217,953
Short-term bank deposits		**820,893**	890,606
Cash and cash equivalents		**174,726**	286,923
		1,608,587	1,581,725
Current liabilities			
Trade payables	*10*	**119,787**	74,463
Other payables and accruals		**157,366**	180,165
Taxation payable		**1,430**	(646)
Short-term bank loans		**46,500**	28,000
		325,083	281,982
Net current assets		**1,283,504**	1,299,743
Total net assets		**1,282,868**	1,311,727
Capital and reserves			
Share capital		**197,310**	197,310
Reserves		**1,045,999**	1,074,822
Equity attributable to equity holders of the Company		**1,243,309**	1,272,132
Minority interests		**39,559**	39,595
Total equity		**1,282,868**	1,311,727

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are either effective for accounting periods beginning on or after 1st January 2007. The adoption of the new HKFRSs had no material effect on how the results and for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendment or interpretations that have been issued but are not yet effective as at 31st December 2007. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[5]
HKFRS 2 (amendment)	Share-based payment: vesting conditions and interpretations[1]
HKFRS 3 (Revised)	Business Combination[5]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions[2]
HK(IFRIC)-INT 12	Service Concession Arrangements[3]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[4]
HK(IFRIC)-INT 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction[3]

[1] Effective for annual periods beginning on or after 1st January 2009.
[2] Effective for annual periods beginning on or after 1st March 2007.
[3] Effective for annual periods beginning on or after 1st January 2008.
[4] Effective for annual periods beginning on or after 1st July 2008.
[5] Effective for annual periods beginning on or after 1st July 2009.

2. TURNOVER AND SEGMENT INFORMATION

Turnover represents invoiced value of 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.

Advertising:	Sales of the advertising spaces in the newspapers published by Beijing Youth Daily Agency ("BYDA") and Hebei Youth Daily Agency ("HYDA").
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 ("China Open") event organised by Beijing China Open Promotion Co., Ltd. ("COL").

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 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.

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

	Advertising	Printing	Trading of print-related materials	Distribution	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*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						50,049
Finance costs						(48,259)
Gain on deemed disposal of a subsidary						90
Share of loss of a jointly controlled entity						(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
Capital expenditure	882	–	981	1,719	–	3,582
Depreciation	2,872	–	990	506	–	4,368
Amortisation charges	1,221	–	58	713	–	1,992
Impairment losses on trade receviabeles	(154)	1,241	–	–	–	1,087
As at 31 December 2007						
Segment assets	1,091,886	94,154	147,016	27,826	–	1,360,882
Interest in an associate						341
Interest in a jointly controlled entity	–	–	–	–	(87,082)	(87,082)
Available-for-sale financial assets	–	–	757	–	–	757
Restricted bank deposits					333,053	333,053
Total assets						1,607,951
Segment liabilities	166,158	105,220	–	7,205	–	278,583
Short-term bank loan						46,500
Total liabilities						325,083

The segmental information for the year ended 31 December 2006 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)	509,076	369,284	186,205	1,181	–	1,065,746
Less: inter-segment sales	–	(273,254)	–	–	–	(273,254)
Turnover to external customers	509,076	96,030	186,205	1,181	–	792,492
Segment results	(30,194)	16,155	10,036	(4,377)	–	(8,380)
Government grant	–	–	–	–	35,000	35,000
Unallocated other income						47,421
Finance costs						(32,619)
Share of loss of a jointly controlled entity	–	–	–	–	(10,943)	(10,943)
Profit before income tax						30,479
Income tax expense						(8,504)
Profit for the year						21,975
Capital expenditure	26,081	–	2,045	–	–	28,126
Depreciation	2,773	–	615	5	–	3,393
Amortisation charges	1,528	–	3	7	–	1,538
Impairment losses on trade receivables	9,313	1,884	–	–	–	11,197
As at 31 December 2006						
Segment assets	1,293,124	88,707	67,675	6,634	–	1,456,140
Interest in a jointly controlled entity	–	–	–	–	(82,453)	(82,453)
Available-for-sale financial assets	–	–	2,069	–	–	2,069
Restricted bank deposits	–	–	–	–	217,953	217,953
Total assets						1,593,709
Segment liabilities	163,149	72,565	42,661	3,607	–	281,982

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

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

3. OTHER INCOME

	2007	2006
	RMB'000	*RMB'000*
Government grant *(note a)*	**–**	35,000
Gain on disposal of property, plant and equipment	**304**	155
Interest income	**43,523**	45,937
Rental income	**3,843**	1,080
Effective interest income from non-current trade receivables	**340**	–
Others	**2,039**	249
	50,049	82,421

Note:

(a) The amount represented the government grant to the Company in connection with the 2006 China Open.

4. FINANCE COSTS

	2007	2006
	RMB'000	*RMB'000*
Interest expense on bank loans	**2,098**	1,188
Exchange losses	**46,161**	31,431
	48,259	32,619

5. PROFIT BEFORE INCOME TAX

	2007	2006
	RMB'000	RMB'000
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**4,368**	3,393
Amortisation charges	**1,992**	1,538
Impairment on trade receivables	**1,087**	11,197
Impairment loss of available-for-sale financial asset	**1,312**	–
Employee benefit expenses	**39,797**	47,109
Printing costs	**119,074**	154,171
Cost of inventories	**550,169**	360,498
Operating leases rental in respect of buildings	**1,363**	3,319
Auditors' remuneration	**2,020**	4,115

6. TAXATION

(a) Enterprise income tax ("EIT")

The Group is not subject to Hong Kong profits tax since it has no assessable profit arising in or derived from Hong Kong for the year ended 31 December 2007 (2006: Nil).

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

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

All of the subsidiaries of the Company are subject to EIT at the rate of 33%.

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

	2007	2006
	RMB'000	RMB'000
Current taxation – PRC EIT	**6,732**	8,504

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

	2007	2006
	RMB'000	RMB'000
Profit before income tax	**17,617**	30,479
Calculated at the statutory rate of 33%	**5,813**	10,058
Effect of EIT exemption applicable to the Company	**(7,538)**	(12,584)
Expenses not deductible for taxation purposes	**2,630**	4,810
Utilisation of tax losses previously not recognised	**(842)**	–
Tax losses for which no deferred income tax asset was recognised	**6,669**	7,179
Other	**–**	(959)
Income tax expense	**6,732**	8,504

The Group did not recognise deferred income tax assets in respect of losses amounting to RMB39,413,000 (2006:RMB21,755,000) due to uncertainty surrounding its realisation. No deferred income taxes had been provided at each of the balance sheet dates as no significant temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

On 16 March 2007, the National People's Congress approved the PRC Corporate Income Tax Law (the "New CIT Law"), which became effective from 1 January 2008. The New CIT Law introduces a wide range of changes which include, but are not limited to, the unification of the income tax rate for domestic-invested and foreign-invested enterprises at 25%. The tax rate of the Company will change from 33% to 25% from 1 January 2008.

(b) Business tax ("BT")

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

(c) Value Added Tax

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

7. DIVIDENDS

	2007	2006
	RMB'000	RMB'000
Dividends recognised as distribution during the year:		
Final dividend paid RMB0.20 per shares (2006: RMB0.25)	**39,462**	49,328

The final dividend of RMB 0.07 per share totalling RMB 13,811,700 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 2008.

In the annual general meeting held on 20 April 2007, the shareholders approved the final dividends of RMB0.20 per ordinary share amounting to a total of RMB39,462,000 in respect of the year ended 31 December 2006. The amounts have been reflected as an appropriation of retained earnings for the year ended 31 December 2007.

8. 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.

	2007	2006
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	**10,639**	21,917
Weighted average number of ordinary shares in issue (thousands)	**197,310**	197,310
Basic earnings per share (RMB per share)	**0.05**	0.11

For the year ended 31 December 2007 and 2006, as there were no potentially dilutive shares outstanding, there is no difference between basic and diluted earnings per share.

9. TRADE RECEIVABLES

	2007	2006
	RMB'000	RMB'000
Trade receivables		
– Due from Ultimate Holding Company	**67,742**	39,282
– Due from other related parties	**31,110**	20,041
– Due from third parties	**125,242**	98,572
	224,094	157,895
Less: Impairment loss recognised	**(18,849)**	(17,762)
Trade receivables-net	**205,245**	140,133
Less: Non-current portion	**(10,582)**	(13,851)
Current portion	**194,663**	126,282

The balance of trade receivables from third parties as at 31 December 2007 includes bills receivables of RMB745,000 (2006: NIL).

The aging analysis of trade receivables is as follows:

	2007	2006
	RMB'000	RMB'000
Within 3 months	**136,856**	84,217
4 months to 6 months	**45,757**	24,711
7 months to 12 months	**3,043**	3,834
1 year to 2 years	**520**	14,881
Over 2 years	**37,918**	30,252
	224,094	157,895

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).

In 2004, the Group extended the credit terms to certain advertising agents of classified advertisements which allowed them to settle the outstanding balance by 31 December 2006. After expiry of the above credit terms, the Company entered into agreements with certain of the aforementioned agents individually in connection with fixed repayment schedules which effectively allow them to settle the outstanding balances as at 31 December 2006 in the next 2 to 5 years.

During the year the Company entered into a Debt Settlement Agreement under which the amount due from a trade debtor is to be repaid in 24 monthly instalments until November 2009.

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.

Movement in the impairment for trade receivables:

	2007	2006
	RMB'000	RMB'000
Balance at beginning of the year	**17,762**	9,970
Impairment loss recognised	**1,087**	7,792
Balance at end of the year	**18,849**	17,762

10. TRADE PAYABLES

	2007	2006
	RMB'000	RMB'000
Trade payables		
– Due to the Ultimate Holding Company	**7,091**	5,451
– Due to other related parties	**43,743**	38,952
– Due to third parties	**68,953**	30,060
	119,787	74,463

The balance of trade payables to related parties as at 31 December 2007 includes bills payables of RMB26,903,000 (2006: RMB18,722,000).

The aging analysis of trade payables is as follows:

	2007	2006
	RMB'000	RMB'000
Within 3 months	**114,775**	72,254
4 months to 6 months	**3,815**	1,474
7 months to 12 months	**845**	5
1 year to 2 years	**340**	627
Over 2 years	**12**	103
	119,787	74,463

11. COMPARATIVE FIGURES

Certain prior year comparative figures have been classified to conform to the current year's presentation.

RESULTS AND DIVIDENDS

In 2007, the Group realized a turnover of RMB 837,676,000, a profit before tax of RMB 17,617,000 and a profit attributable to shareholders of RMB 10,639,000. The Directors may determine at their discretion as to the distribution of any dividend of the Company and the amount thereof as described in the prospectus of the Company despatched in December 2004.

The Company held its annual Board meeting on 22 April 2008 to propose resolutions recommending distribution of final dividend for approval at the 2007 annual general meeting to be held on 20 June 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 21 May 2008 (Wednesday) to 20 June 2008 (Friday) (both days inclusive) during which period no transfer of shares will be registered. The final dividend distributable to H Shareholders will be paid to H Shareholders whose names appear on the register of members on 21 May 2008. In order to qualify for attending the Annual General Meeting and receiving the dividends, all transfer documents in respect of H Shares must be lodged at our Share Register for H Shares at Hong Kong, computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on 20 May 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2007 was approximately RMB837,676,000 (2006: RMB792,492,000), representing an increase of approximately 5.7% as compared with 2006. Profit attributable to equity holders of the Company for the year was approximately RMB10,639,000 (2006: RMB21,917,000), representing a decrease of approximately 51.5% as compared with 2006.

2007 was a difficult and challenging year for the Group. During the year, the advertisement sector of the PRC paper media recorded an overall slowdown in growth as a result of the emergence of new media like the internet and mobile phone, as well as the diversification of advertising volume by alternatives like outdoor and building advertisements. In particular, intensified competition within the Beijing newspaper market, together with enhanced macroeconomic adjustments on real estate market by the Chinese government resulted in a drop in advertising revenue which is the primary income stream of Beijing Media's core business. Advertising revenue of the Group for 2007 was approximately RMB455,955,000 (2006: RMB509,076,000), representing a decrease of approximately 10.4% as compared with 2006.

INDUSTRY REVIEW

In 2007, PRC government enhanced implementation of austerity financial policies and tightened macroeconomic adjustments on the real estate market, with 5 increases in interest rate and 10 increases in deposit reserve, together with various measures to combat the growth in real estate loans. Such policies significantly affected the scale and frequency of real estate advertisements. In accordance with data from HC International Information Co., Ltd., advertising on four major newspapers in Beijing slowed down in 2007. The continued shrinkage in real estate advertisements, a major player in plane advertisements in Beijing caused material difficulties for advertising operation of the Group in 2007. However, we remained top ranked in real estate, automobile, financial, insurance and other areas of advertisements, with significant increase in advertisements of financial, insurance and luxurious products, thus optimized our internal advertising structure. Furthermore, we experienced increases in other businesses of the Group.

Due to the continuous decrease in the number of advertisements placed by major clients in the real estate sector in Beijing, the advertising business of the Group encountered serious challenges in 2007. Turnover of the advertising businesses of "Beijing Youth Daily" recorded a year-on-year drop of 18.9% for 2007.

In 2008, 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, which include seeking to engage in the business of topic-focused magazines and the development of outdoor advertising business. 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.

ADVERTISING BUSINESS

For 2007, turnover from advertising sales of the Group amounted to approximately RMB455,955,000 (2006: RMB509,076,000, accounting for 64.2% of the total turnover), accounting for 54.4% of the total turnover and representing a decrease of 10.4% from 2006.

The Group's revenue generated from advertising was mainly attributable to Beijing Youth Daily. For 2007, revenue from real estate advertising generated by Beijing Youth Daily decreased by 29.47% from 2006 to approximately RMB122,777,000 (2006: RMB174,076,000) as a result of the austerity measures and relevant policies continuously reinforced by the PRC government and the new media's diversifying the advertising shares of newspaper and magazine. However, in the previous year, with the rapid development of capital markets in China, together with the robust securities market, advertisements from finance and insurance industries increased significantly. At the same time, through expanding the Company's exploration in other advertising industries, together with its privilege at providing multi-media platform, the revised incentives and control system in management and adjustment of its advertising structure, the Group achieved a satisfactory result. The downward trend of revenue from advertisement in 2007 has been slower over the previous year.

In 2007, the average daily publication volume of Hebei Youth Daily remained above 90,000 (2006: above 50,000), with more than 100,000 in hot seasons. For the retail market, full coverage has been achieved for Shijiazhuang area, and brought substantial increase in sales volume over 2006 at newspaper stands and mobile distributors.

Beijing Beiqing Top Advertising Limited operated Civil Aviation Administration of China Newspaper (Airplane Version), the only plane media in the civil aviation market in China covering airplanes of all aviation companies and civil airports in major cities. The reformed version of the Journal has developed rapidly since 2007, and become one of the major aviation media.

Moreover, the Company has been successful in the bidding of LED screens at No. 3 terminal of the Capital Airport, the most valuable advertising carrier at the Airport.

Therewith, the Company achieved major breakthroughs in areas of airplane plane media, new vision media and outdoor media, so as to enjoy the high speed growth in both volume and value of the aviation media market 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", "Leisure Trend" direct mail 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.

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 2007, turnover from the printing business and trading of print related materials amounted to approximately RMB134,437,000 and RMB242,928,000 (2006: RMB96,030,000 and RMB186,205,000) respectively, representing an increase of approximately 40% and 30.46% respectively from 2006.

ORGANISATION OF LARGE-SCALE EVENTS

COL, a jointly controlled entity established by the Company, successfully organized the forth China Open tournament in 2007, which attracted world-renowned tennis players such as Rafael Nadal, Marat Safin, David Ferrer, Nikolay Davydenko, Maria Sharapova, the Williams sisters, Lindsay Davenport, Svetlana Kuznetsova, Martina Hingis, Amelie Mauresmo and Maria Kirilenko. The 14-day tournament attracted an audience of approximately 1,000,000 and was broadcasted via CCTV sports channel to approximately 20 countries and regions.

After the successful third China Open tournament in 2006, COL entered into an agreement with TOM Group Limited ("TOM") and Tennis Management Limited ("TML") on 11 May 2007, thereupon, COL acquired 100% interests in Swidon and Champion, both of them are members of ATP and WTA. Thus enhanced the possibility of China Open being held by COL, and such upgraded China Open may become one of the leading tournaments in the world and bring better income for the Group. The agreement has been effective upon the approval of independent shareholders on 23 August 2007. For details, please refer to our announcement dated 10 April 2007 and our announcement on resolutions of EGM dated 14 July 2007.

The financial results of China Open in the year 2004 to 2007 have been unsatisfactory. The Company believes, upon the successful acquisition of 100% interests in Champion and Swidon, COL may pay less tournament license fees to third parties, and enhance the possibility of China Open being held by COL in the future. The Company is also of the opinion that through ATP and WTA, the tournament has been successfully upgraded, and ATP and WTA tennis tournaments operated by COL in China may well become one of the leading tournaments in the world.

PROSPECTS AND FUTURE PLANS

The Group experienced one of its most difficult periods in 2007 as a result of the diversification of advertising volume with evolvement of new media such as internet and outdoor advertisements. Looking forward into 2008, we expect that the PRC advertising industry will maintain a healthy growth. In light of the impending 2008 Olympic Games in Beijing, we expect that opportunities for the advertising business will arise from the anticipated growing demand for advertising services during the preparation and holding period of the 2008 Olympic Games. Adhering to its objective of developing into a successful cross media enterprise, the Group will strengthen its cooperation with media of outdoor advertisements and internet and at the same time endeavor to diversify its income streams, such as through expansion into operations of new newspapers, topic focused magazines, outdoor billboards, large-scale events and outdoor advertisements.

In 2008, the Group will extend, through Beijing Beiqing Top Advertising Limited, coverage of Civil Aviation Administration of China Newspaper (Airplane Version) among airplanes and airports, and take advantage of Beijing Olympic and other market opportunities to improve media standard, establish the Journal as one of the leading newspapers in the aviation media market, and make further developments in the aviation media area.

In the first quarter of 2008, the No. 3 terminal of the Capital Airport has officially commenced operation, the 3 LED screens located in the arrival hall of the terminal started broadcasting at the same time. On top of these, the Group will continue to attend to outdoor media at other airports and other LED screen media opportunities in the market.

In 2007, upon the approval of the Board, the Group jointed JoongAng M&B of Korea to establish a jointly controlled advertising company, the company is expected to be officially established in 2008, to engage in advertising dealership for international trendy magazines in China.

In 2007, related government authorities in Beijing conducted strict reorganization of outdoor advertisements and resulted in even fewer opportunities for the development of outdoor advertisement market. In 2008, the government will gradually commence tendering process for operation of outdoor advertisements in compliance with laws and regulations. The Group will provide ample fund for such tendering, breakthroughs are expected in 2008 for road plate advertisements.

Leveraging our experience in organizing large scale activities, the Group will also explore our potential thereof.

With the commencement of commercial application of 3G technology, new operation models have also been explored by the Company for new media with mobile phone as their platform and studied the feasibility of fusing the contents and technologies of the traditional and new media, so as to further expand our advertising market into new arenas.

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. Though the Group experienced a setback in results in 2007 as compared with the previous year, the Group and all our staff at various levels will strive to develop more income sources, build a multimedia platform of the Group, so as to become a leading cross-media corporation in the PRC, and optimize returns for Shareholders.

USE OF PROCEEDS FROM LISTING

The Company raised net proceeds of about HK$889,086,000 from the 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 2007:

Proposed use of Proceeds	**Amounts Proposed to be Used** *HK$*	**Actual Amounts Used** *HK$*
Developing weekend newspapers	Approximately 100 million	not used
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 80 million	Approximately 9.24 million
Investing in the television industry in Beijing	Approximately 250 million	not used
Acquisition of other media businesses	Approximately 360 million	Approximately 44.44 million
General working capital	Approximately 80 million	Approximately 80 million

As at 31 December 2007, 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 avoid depreciation of the raised fund, the Company exchanged the remaining fund of HK$387,041,000 in to RMB374,635,000 in 2007. Nevertheless, during 2007, the Company strived to seek opportunities to fulfill the objectives set forth in its Prospectus. The Company believes that the proceeds will be utilized for business development in 2008.

FINANCIAL POSITION AND BUSINESS RESULTS

Turnover

Turnover of the Group for 2007 was approximately RMB837,676,000 (2006: RMB792,492,000), representing an increase of approximately 5.7% from 2006. Revenue from advertising dropped by approximately RMB53,121,000 or approximately 10.4%, mainly due to a drop in advertising income of the Group, real estate advertisements in particular, arising from the diversification of advertising volume of newspaper and magazine advertisements with evolvement of new media such as internet, the intensified competition within the Beijing newspaper market, and the reinforced macroeconomic adjustments of the PRC government. Revenue from printing business increased by about RMB38,407,000, representing an increase of 40% from 2006, while revenue from the trading of print-related materials increased by about RMB56,723,000, representing an increase of 30.46% from 2006.

Cost of Sales and Operating Expenses

The Group's cost of sales for 2007 was approximately RMB762,706,000 (2006: RMB730,968,000), representing an increase of 4.34% from 2006. Operating expenses were approximately RMB54,664,000 (2006: RMB69,904,000), representing a decrease of 21.8% from 2006. Operating expenses represented 6.5% (2006: 8.8%) of the Group's turnover for 2007, comprising mainly selling and distribution expenses and administrative expenses.

In view of the decrease in advertising revenue resulting primarily from adverse market condition, the Company has implemented active cost control and savings policies and measures. Costs and expenses relating to advertising revenue for 2007 decreased by approximately RMB94,971,000, representing a decrease of approximately 22.04%, from 2006. Due to the decrease in volume of printing activities, costs and expenses relating to printing revenue decreased by approximately RMB41,946,000, representing a decrease of 11.57%, from 2006. Due to the increase in volume of trading of print-related materials activities, costs and expenses relating to the trading of print-related materials increased by approximately RMB71,329,000, representing an increase of 45.49%, from 2006.

Gross Profit

For 2007, the Group's gross profit amounted to approximately RMB74,970,000 (2006: RMB61,524,000), representing an increase of 21.9% from 2006. Gross profit margin increased to 8.9% (2006: 7.8%).

Profit Attributable to Shareholders

For 2007, the profit attributable to shareholders was about RMB10,639,000 (2006: RMB21,917,000), representing a decrease of 51.5% from 2006.

Final Dividend

The Board of Directors of the Company (the "Board") recommends the distribution of a final dividend of RMB0.07 per share (2006: RMB0.20 per share).

Non-current Assets

As at 31 December 2007, the non-current assets of the Group amounted to approximately negative RMB636,000 (31 December 2006: RMB11,984,000) which mainly comprised of property, plant and equipment, prepayments for land use rights, and intangible assets of approximately RMB17,467,000 (31 December 2006: RMB20,737,000), RMB31,455,000 (31 December 2006: RMB32,317,000), and RMB25,844,000 (31 December 2006: RMB25,463,000) respectively. Share of net liabilities of a jointly controlled entity amounted to approximately RMB87,082,000 (31 December 2006: RMB82,453,000) and share of net assets of associate amounted to approximately RMB341,000 (31 December 2006: Nil). Available-for-sale financial assets amounted to approximately RMB757,000 (31 December 2006: RMB2,069,000). Long-term receivables amounted to approximately RMB10,582,000 (31 December 2006: RMB13,851,000).

Net Current Assets

As at 31 December 2007, the Group's net current assets amounted to approximately RMB1,283,504,000 (31 December 2006: RMB1,299,743,000). Current assets mainly comprised of cash and cash equivalents of approximately RMB174,726,000 (31 December 2006: RMB286,923,000), short-term bank deposits of approximately RMB820,893,000 (31 December 2006: RMB890,606,000), restricted bank deposits of approximately RMB333,053,000 (31 December 2006: RMB217,953,000), inventory of approximately RMB41,804,000 (31 December 2006: RMB38,602,000) as well as trade receivables and other receivables, prepayments and deposits of approximately RMB238,111,000 (31 December 2006: RMB147,641,000). Current liabilities mainly comprised of unsecured short-term bank loans of RMB46,500,000 (31 December 2006: RMB28,000,000), trade payables, other payables and accruals and taxation payable of approximately RMB119,787,000 (31 December 2006: RMB74,463,000), RMB157,366,000 (31 December 2006: RMB180,165,000) and RMB1,430,000 (31 December 2006: negative RMB646,000) respectively.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group has maintained a stable cash flow. The Group's cash and cash equivalents and short term bank deposits were totaling approximately RMB995,619,000 (31 December 2006: RMB1,177,529,000). 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 3.7% as at 31 December 2007 (31 December 2006: 2.2%).

EQUITY-TO-DEBT RATIO

As at 31 December 2007, the Group's equity-to-debt ratio was 394.6% (31 December 2006: 465.2%). (Ratio derived from dividing the Group's total equity by its total liabilities).

TAXATION

For the year ended 31 December 2007, the Group's taxation expenses were approximately RMB6,732,000 (2006: RMB8,504,000), representing a decrease of approximately 20.8%. However, due to the decrease in profit before tax of the Group, the effective tax rate applicable to the Group increased from 27.9% in 2006 to 38.2% in 2007. 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 2007, unsecured short-term bank loans amounted to RMB46,500,000 (31 December 2006: RMB28,000,000), which bears an interest of 6.56% p.a. (2006: 5.42% p.a.) and is repayable within one year.

FINANCE COSTS

Finance costs of the Group for 2007 were approximately RMB48,259,000 (2006: RMB32,619,000), including exchange losses of approximately RMB46,161,000 (2006: RMB31,431,000).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	The Group As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Guarantees for bank loans of a jointly controlled entity	**293,053**	167,468

	The Company As at 31 December	
	2007	2006
	RMB'000	*RMB'000*
Guarantees for bank loans of a jointly-controlled entity	**293,053**	167,468
Guarantees for bank loans of subsidiaries	**40,000**	28,000
Guarantees for credit line facilities of a subsidiary	**40,000**	30,000

During the year ended 31 December 2007, the Company entered into a pledge agreement with China Minsheng Banking Corporation Limited ("Minsheng Banking") to pledge its fixed deposits in sum of RMB233,053,000 as security over the loan facilities of RMB154,610,000 granted to COL by Minsheng Banking.

During the year ended 31 December 2007, the Company entered into a pledge agreement with Hua Xia Bank Co., Ltd. ("Hua Xia Bank") to pledge 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 2007, the Company entered into a authorized loan agreement with China Everbright Bank ("Everbright Bank") to provide a loan guarantee in the amount of RMB20,000,000, in favour of the Everbright Bank on a bank loan to BYD Logistics.

As at 31 December 2007, the Company provided a guarantee in the amount of RMB40,000,000 to provide promisory notes credit line facility to BYD Logistics.

During the year ended 31 December 2007, the Company entered into a authorized loan agreement with Everbright Bank to provide a loan guarantee in the amount of RMB20,000,000, in favour of the Everbright Bank on a bank loan to Heqing Media.

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

FOREIGN EXCHANGE RISKS

Substantially all of the Group's revenues and operating costs were denominated in RMB. 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 2007, the Group had exchange loss of approximately RMB46,161,000 (2006: RMB31,431,000). The Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 31 December 2007.

The Company will closely monitor its exposure arising from changes in exchange rate.

STAFF

As at 31 December 2007, the Group had a total of 756 staff (31 December 2006: 502), whose remuneration and benefits are determined based on market rates, State policies and individual performance. The increase was mainly attributable to the incorporation of distribution staff of Heqing Media.

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 2007 without dissenting opinions.

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. 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.

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.

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.

PUBLICATION OF THE RESULT ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be published on the Company's website (www.bjmedia.com.cn) and the Stock Exchange's website (www.hkex.com.hk). The 2007 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

By order of the Board
Zhang Yanping
Chairman

Beijing, PRC, 22 April 2008

On the date of this notice, the Board comprises: the executive directors of Company, Zhang Yanping, Zhang Yabin, Sun Wei, He Pingping, Du Min, the non-executive directors of the Company, Liu Han, Xu Xun, Li Wenqing, and the independent non-executive directors of the Company, Tsang Hing Lun, Wu Changqi and Liao Li.

Please also refer to the published version of this Announcemnt on the Company's website at www.bjmedia.com.cn