



BEIJING MEDIA CORPORATION LIMITED

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

(Stock Code: 1000)

ANNOUNCEMENT OF INTERIM RESULT FOR THE SIX MONTHS ENDED 30 JUNE 2008

FINANCIAL HIGHLIGHTS

1. Turnover increased by 42.47% to RMB534,389,000 (corresponding period of 2007: RMB375,097,000)
2. Profit before income tax increased by 88.52% to RMB19,346,000 (corresponding period of 2007: RMB10,262,000)
3. Earnings per share increased by 95.43% to RMB0.0641 (corresponding period of 2007: RMB0.0328)
4. Proposed interim dividend per share remain unchanged is nil (corresponding period of 2007: nil)

The Board of Directors of Beijing Media Corporation Limited (the "Company", together with its subsidiaries, the "Group") hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2008 (the "First Half of 2008") and the comparative results of the Group for the corresponding period in 2007.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)*For the six months ended 30 June 2008*

		For the six months ended 30 June	
		2008	2007
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Turnover	5	534,389	375,097
Costs of sales		(485,609)	(337,729)
Gross profit		48,780	37,368
Other gains – net		21,712	30,590
Selling and distribution expenses		(7,346)	(6,547)
Administrative expenses		(16,865)	(20,434)
Finance costs		(11,327)	(25,049)
Share of loss of jointly controlled entities		(15,267)	(5,666)
Share of loss of an associate		(341)	–
Profit before income tax	6	19,346	10,262
Income tax expenses	7	(2,755)	(3,529)
Profit for the period		16,591	6,733
Attributable to:			
Equity holders of the Company		12,641	6,463
Minority interest		3,950	270
		16,591	6,733
Earnings per share for profit attributable to the equity holders of the Company (RMB per share), basic	8	0.0641	0.0328
Dividends	9	13,812	39,462

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

As at 30 June 2008

		30 June 2008 <i>RMB'000</i> (Unaudited)	31 December 2007 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
ASSETS			
Non-current assets			
Property, plant and equipment	10	16,922	17,467
Prepayment for land use rights		31,011	31,455
Intangible assets		25,374	25,844
Investments in jointly controlled entities	11	(89,595)	(87,082)
Investments in an associate		—	341
Available-for-sale financial assets		488	757
Trade receivables	12	8,295	10,582
		<u>(7,505)</u>	<u>(636)</u>
Current assets			
Inventories		79,177	41,804
Trade receivables	12	283,447	194,663
Other receivables, prepayment and deposits		30,115	43,448
Restricted bank deposits		291,256	333,053
Short-term bank deposits		836,983	820,893
Cash and cash equivalents		149,836	174,726
		<u>1,670,814</u>	<u>1,608,587</u>
LIABILITIES			
Current liabilities			
Trade payables	13	138,496	119,787
Other payables and accruals		138,752	154,160
Dividend payable		14,533	3,206
Taxation payables		1,375	1,430
Short-term bank loans		84,500	46,500
		<u>377,656</u>	<u>325,083</u>
Net current assets		<u>1,293,158</u>	<u>1,283,504</u>
Total assets less current liabilities		<u><u>1,285,653</u></u>	<u><u>1,282,868</u></u>

	30 June 2008 <i>RMB'000</i> (Unaudited)	31 December 2007 <i>RMB'000</i> (Audited)
EQUITY		
Capital and reserves		
Share capital	197,310	197,310
Reserves	1,031,247	1,031,241
Retained earnings		
– Proposed final dividend	–	13,812
– Others	13,587	946
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Equity attributable to equity holders of the Company	1,242,144	1,243,309
Minority interests	43,509	39,559
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Total equity	<u>1,285,653</u>	<u>1,282,868</u>

The accompanying notes are an integral part of these unaudited condensed consolidated interim financial information.

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

For the six months ended 30 June 2008

(Unaudited)							
Attributable to equity holders of the Company							
	Share Capital	Capital reserve	Statutory Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2007	197,310	896,163	132,349	46,310	1,272,132	39,595	1,311,727
Profit for the period	—	—	—	6,463	6,463	270	6,733
Dividend relating to 2006	—	—	—	(39,462)	(39,462)	—	(39,462)
Dividend paid to minority interests	—	—	—	—	—	(386)	(386)
Balance at 30 June 2007	<u>197,310</u>	<u>896,163</u>	<u>132,349</u>	<u>13,311</u>	<u>1,239,133</u>	<u>39,479</u>	<u>1,278,612</u>

(Unaudited)							
Attributable to equity holders of the Company							
	Share Capital	Capital reserve	Statutory Surplus reserve	Retained earnings	Sub-total	Minority interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2008	197,310	896,163	135,078	14,758	1,243,309	39,559	1,282,868
Share of share premium of a jointly controlled entity	—	6	—	—	6	—	6
Profit for the period	—	—	—	12,641	12,641	3,950	16,591
Dividend relating to 2007	—	—	—	(13,812)	(13,812)	—	(13,812)
Balance at 30 June 2008	<u>197,310</u>	<u>896,169</u>	<u>135,078</u>	<u>13,587</u>	<u>1,242,144</u>	<u>43,509</u>	<u>1,285,653</u>

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)*For the six months ended 30 June 2008*

	Six months ended 30 June	
	2008	2007
	<i>RMB'000</i>	RMB'000
	(Unaudited)	(Unaudited)
Net cash outflow used in operating activities	(92,340)	(8,705)
Net cash inflow from investing activities	33,779	11,004
Net cash inflow from (used in) financing activities	33,671	(34,348)
Net decrease in cash and cash equivalents	(24,890)	(32,049)
Cash and cash equivalents at beginning of the period	174,726	286,923
Effect of exchange rate changes	—	(1,504)
Cash and cash equivalents at end of the period	149,836	253,370

The accompanying notes are an integral part of this unaudited condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2008

1. COMPANY ORGANISATION AND PRINCIPAL ACTIVITIES

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 was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 20 December 2004.

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

The unaudited condensed consolidated interim financial information are presented in Renminbi ("RMB"), which is the same as 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.

The unaudited condensed consolidated interim financial information was approved for issue on 4 September 2008.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2008 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting' and with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

3. ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2007.

In the current period, the Group has applied, for the first time, a number of interpretations to the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are either effective for accounting periods beginning on or after 1 March 2007 or 1 January 2008. The adoption of the interpretations had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no 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 30 June 2008. The directors of the Company anticipate that the application of these standard, 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 ³
HKFRS 2(amendment)	Share-based payment vesting conditions and cancellation ¹
HKFRS 3(Revised)	Business Combination ³
HKFRS 8	Operating Segments ¹
HK(IFRIC)-INT 13	Customer Loyalty Programmes ²

1 Effective for annual periods beginning on or after 1st January 2009.

2 Effective for annual periods beginning on or after 1st July 2008.

3 Effective for annual periods beginning on or after 1st July 2009.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Allowance for doubtful debts

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

(b) Useful lives of property, plant and equipment

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

(c) Intangible assets

The Group tests annually whether goodwill has suffered any impairment. Intangible assets other than goodwill that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of cash-generating units have been determined based on value-in-use calculation. These calculations require the use of estimates and judgements including estimating future cash flows, determining appropriate discount rates, estimating the applicable tax rates, foreign exchange rates and interest rates, projecting the future industry trends and market conditions, and making other assumptions. Changes in these estimates and assumptions could affect the determination of the recoverable amount of cash-generating units.

5. SEGMENT INFORMATION

(a) Primary reporting format – business segments

For the six months ended 30 June 2008 and 2007, the Group is organized into four main business segments:

Advertising	Sales of the advertising spaces in the media or events operated by BYDA and Hebei Youth Daily Agency (“HYDA”). Sales of the advertising spaces in the Civil Aviation Administration of China Newspaper exclusively by Beijing Beiqing Top Advertising Ltd.
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 organized 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 segment information are as follows:

	For the six months ended 30 June 2008					
	Advertising	Printing	Trading of print-related materials	Distribution	Others	Group
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Turnover (including inter-segment)	260,302	184,578	200,801	3,468	–	649,149
Less: Inter-segment sales	–	(114,760)	–	–	–	(114,760)
Turnover to external customers	<u>260,302</u>	<u>69,818</u>	<u>200,801</u>	<u>3,468</u>	<u>–</u>	<u>534,389</u>
Segment results	<u>25,899</u>	<u>3,695</u>	<u>6,708</u>	<u>(10,484)</u>	<u>–</u>	<u>25,818</u>
Unallocated other income, net						20,463
Finance costs						(11,327)
Share of loss of jointly controlled entities	(5,124)				(10,143)	(15,267)
Share of loss of an associate	(341)					(341)
Profit before income tax						19,346
Income tax expenses						(2,755)
Profit for the period						<u>16,591</u>
Capital expenditure	1,188	3	3	80	–	1,274
Depreciation	1,070	210	220	76	–	1,576
Amortisation charges	<u>1,128</u>	<u>3</u>	<u>3</u>	<u>7</u>	<u>–</u>	<u>1,141</u>

(b) The segment information is as follows:

For the six months ended 30 June 2007						
	Advertising	Printing	Trading of printed materials	Distribution	Others	Group
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Turnover (including inter-segment)	216,154	156,378	99,685	1,753	–	473,970
Less: Inter-segment sales	–	(98,873)	–	–	–	(98,873)
Turnover to external customers	<u>216,154</u>	<u>57,505</u>	<u>99,685</u>	<u>1,753</u>	<u>–</u>	<u>375,097</u>
Segment results	<u>8,937</u>	<u>6,310</u>	<u>4,022</u>	<u>(1,672)</u>	<u>–</u>	17,597
Unallocated other income, net						23,380
Finance costs						(25,049)
Share of loss of jointly controlled entities					(5,666)	<u>(5,666)</u>
Profit before income tax						10,262
Income tax expenses						<u>(3,529)</u>
Profit for the period						<u>6,733</u>
Capital expenditure	1,094	–	483	–	–	1,577
Depreciation	2,486	–	232	–	–	2,718
Amortisation charges	<u>991</u>	<u>–</u>	<u>2</u>	<u>–</u>	<u>–</u>	<u>993</u>

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

6. PROFIT BEFORE INCOME TAX

Profit before income tax in the unaudited condensed consolidated interim income statement for the six months ended 30 June 2008 was determined after charging of the following items:

	For the six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Exchange loss	9,483	24,229
Interest expenses	1,844	820
Depreciation of property, plant and equipment	1,576	2,718
Amortisation charges	1,141	993
Allowance for doubtful debts	(4,630)	169
Printing costs	67,586	84,968
Cost of inventories	317,622	169,558
and after crediting:		
Bank interest income	18,480	21,485

7. INCOME TAX EXPENSES

The Group is not subject to Hong Kong profits tax since it has no estimated assessable income arising in or derived from Hong Kong for the both periods.

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 enterprise income tax for five years starting from 1 January 2004.

All of the subsidiaries of the Company in the PRC are subject to enterprise income tax at the rate of 25% (2007: 33%).

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 period.

	For the six months ended 30 June	
	2008	2007
	RMB'000	RMB'000
Profit attributable to equity holders of the Company	12,641	6,463
Weighted average number of ordinary shares in issue (thousands)	197,310	197,310
Earnings per share (RMB)	0.0641	0.0328

As there were no potential dilutive shares outstanding, there is no difference between basic and diluted earnings per share.

9. DIVIDENDS

In the annual general meeting on 20 June 2008, the shareholders approved the final dividend of RMB0.07 per ordinary share amounting to a total of RMB13,811,700, in respect of the year ended 31 December 2007. The amounts have been reflected as an appropriation of retained earnings for the six months ended 30 June 2008.

The directors do not recommend the payment of interim dividend for the period ended 30 June 2008.

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2008 RMB'000	31 December 2007 RMB'000
Net carrying amounts at beginning of period/year	17,467	20,737
Additions	1,047	2,071
Depreciation	(1,576)	(4,368)
Disposals of a subsidiary	—	(637)
Disposals	(16)	(336)
Net carrying amounts at end of period/year	<u>16,922</u>	<u>17,467</u>

11. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	30 June 2008 RMB'000	31 December 2007 RMB'000
Unlisted investment, at cost	15,300	2,550
Share of post acquisition reserves	—	2
Share of share premium of a jointly controlled entity	6	—
Share of post acquisition loss	(104,901)	(89,634)
	<u>(89,595)</u>	<u>(87,082)</u>

Particulars of jointly controlled entities as at 30 June 2008 are as follows:

<u>Name of company</u>	<u>Country of operation/ incorporation</u>	<u>Effective interests held</u>		<u>Form of business structure</u>	<u>Principal activities</u>
		<u>Directly</u>	<u>Indirectly</u>		
Beijing China Open Promotion Co., Limited (“COL”)	PRC	51%	–	Incorporated	Organising and promoting China Open Tennis Tournaments
Swidon Enterprises Limited (“Swidon”) (Note a)	BVI	–	51%	Incorporated	Holding of Women’s Tennis Association (WTA) Membership
Champion Will International Limited (“Champion”) (Note a)	BVI	–	51%	Incorporated	Holding of Association of Tennis Professionals (ATP) Membership
Beiqing CeCi Advertising (Beijing) Limited (“Beiqing CeCi”) (Note b)	PRC	51%	–	Incorporated	Provision of advertising services

Note:

- (a) During the six months ended 30 June 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).
- (b) During the six months ended 30 June 2008, the Company established Beiqing CeCi with an independent 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.

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

	Six months ended 30 June 2008			Six month ended 30 June 2007
	COL RMB’000	Beiqing CeCi RMB’000	Total RMB’000	RMB’000
Turnover	–	420	420	–
Other revenues	36,584	–	36,584	–
Total revenue	36,584	420	37,004	–
Loss for the period	(19,893)	(10,047)	(29,940)	(11,114)

	COL	30 June 2008	Total	31 December
	RMB'000	Beiqing CeCi	RMB'000	2007
		RMB'000		RMB'000
Assets				
Non-current assets	113,852	1,686	115,538	760
Current assets	241,148	24,188	265,336	371,440
	355,000	25,874	380,874	372,200
Liabilities				
Current liabilities	338,932	10,908	349,840	542,949
Non-current liabilities	206,704	–	206,704	–
	545,636	10,908	556,544	542,949
Net (liabilities) assets	(190,636)	14,966	(175,670)	(170,749)

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 ultimate controlling shareholder, BYDA, have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL.

The management anticipates that no material liability will result from the above guarantees and financial assistance arising in the ordinary course of business.

12. TRADE RECEIVABLES

	30 June	31 December
	2008	2007
	RMB'000	RMB'000
Trade receivables		
– Due from BYDA	97,455	67,742
– Due from related parties	38,741	31,110
– Due from third parties	170,386	125,242
	306,582	224,094
Less: Impairment loss recognised	(14,840)	(18,849)
Trade receivables-net	291,742	205,245
Less: non-current portion	(8,295)	(10,582)
Current portion	283,447	194,663

12. TRADE RECEIVABLES (Continued)

The aging analysis of trade receivables is as follows:

	30 June 2008 RMB'000	31 December 2007 RMB'000
Within 3 months	170,523	136,856
4 months to 6 months	59,741	45,757
7 months to 12 months	39,097	3,043
1 year to 2 years	1,136	520
Over 2 years	36,085	37,918
	<u>306,582</u>	<u>224,094</u>

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

13. TRADE PAYABLES

	30 June 2008 RMB'000	31 December 2007 RMB'000
Trade payables		
– Due to BYDA	7,812	7,091
– Due to related parties	32,811	43,743
– Due to third parties	97,873	68,953
	<u>138,496</u>	<u>119,787</u>

The aging analysis of trade payables is as follow:

	30 June 2008 RMB'000	31 December 2007 RMB'000
Within 3 months	129,359	114,775
4 months to 6 months	5,507	3,815
7 months to 12 months	3,342	845
1 year to 2 years	185	340
Over 2 years	103	12
	<u>138,496</u>	<u>119,787</u>

14. 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 Today Sunshine Advertising Co.,Ltd.	A subsidiary of BYDA
Beijing Beiqing Advertising Limited	A subsidiary of BYDA
Beijing Youth & Ynet Advertising Co.,Ltd.	A subsidiary of BYDA
Beijing XiaoHongMao Corporation	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 Advertising (Beijing) Ltd	A jointly controlled entity of the Company
Joonng Ang m&b Ltd	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
ShangHai ShengLian Printing Technology Services Company	A minority shareholder
Hebei Youth Daily Agency	A minority shareholder
State-owned enterprise	Related parties of the Company

The Group operates in an economic environment currently predominated by entities directly or indirectly owned or controlled by the PRC government (“state-owned entities”). In addition, BYDA itself is a state-owned 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-owned 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 unaudited condensed consolidated interim financial information, 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 period and balances arising from related party transactions at the end of the period.

14. RELATED PARTY TRANSACTIONS (Continued)

(a) Balances with related parties:

	30 June 2008 RMB'000	31 December 2007 RMB'000
BYDA		
Trade receivables	97,455	67,742
Other receivables, prepayments and deposits	146	825
Trade payables	7,812	7,091
Other payables and accruals	443	2,327
Subsidiaries of BYDA		
Trade receivables	14,301	8,726
Trade payables	91	—
Other payables and accruals	1,103	2,999
A jointly controlled entity of the Company		
Other receivables, prepayments and deposits.	7,375	—
Minority shareholders		
Trade receivables	2,259	3,075
Other receivables, prepayments and deposits	—	1,520
Trade payables	1,334	695
Other payables and accruals	14,627	39
Dividend payable	722	3,206
Other State-Owned Enterprises		
Trade receivables	22,181	19,309
Other receivables, prepayments and deposits	6,039	4,351
Trade payables	31,386	43,048
Other payables and accruals	18,638	3,273

All balances are unsecured, non-interest bearing and receivable or repayable within one year.

14. RELATED PARTY TRANSACTIONS (Continued)

(b) Transactions with related parties:

		For the six months ended 30 June	
		2008	2007
	Notes	RMB'000	RMB'000
BYDA			
Exclusive advertising right expenses	(i)	38,773	31,555
Provision of printing services	(ii)	60,480	49,828
Provision of advertising services		358	—
Rental income	(iii)	1,916	1,906
Rental expenses	(iv)	680	676
Subsidiaries of BYDA			
Provision of advertising services	(vi)	3,626	5,310
Payment for delivery services	(vii)	2,655	519
A jointly controlled entity of BYDA			
Provision of advertising services	(vi)	540	—
An associate of the Company			
Provision of advertising services	(vi)	420	—
Minority shareholders of subsidiaries			
Sales of print-related materials	(v)	18,898	15,784
Payment for printing services	(viii)	5,475	22,606
Purchase of print-related materials	(ix)	—	100

- 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 the Ultimate Holding Company for the period from 1 October 2004 to 30 September 2033.
- ii) Beijing Youth Daily Logistics Co., Ltd. (“BYD Logistics”), the subsidiary of the company provided printing services to Beijing Sec-Tech Report, Legal Evening Post, Beijing Youth Weekend and Beijing Youth Weekly which are operated by BYDA.
- iii) 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.
- iv) 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.
- v) BYD Logistics sold print-related materials to certain minority shareholders.
- vi) The Company provided advertising services to certain subsidiaries and a jointly controlled entity of BYDA and an associate of the Company.

vii) The Company received direct mail advertisement delivery services and BYD Logistics received paper and printing material logistics services from Beijing XiaoHongMao Corporation.

viii) BYD Logistics received printing services from certain minority shareholders.

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

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

(c) Loan guarantees

The Company pledged its fixed-term deposits in the sum of RMB237,309,000 (2007: RMB293,053,000) as security over the loan facilities of RMB162,746,000 (2007: RMB214,610,000) granted to COL by a bank.

(d) Key management compensation

For the six months ended	
30 June	
2008	2007
RMB'000	RMB'000
Salaries and other short-term employee benefits	
2,113	2,246

15. COMMITMENTS UNDER OPERATING LEASES

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

	30 June	31 December
	2008	2007
	RMB'000	RMB'000
Not later than one year	2,949	4,150
Later than one year and not later than five years	2,391	4,609
	5,340	8,759

The future minimum rental receivable under non-cancellable operating leases are as follows:

	30 June	31 December
	2008	2007
	RMB'000	RMB'000
Not later than one year	3,843	3,843
Later than one year and not later than five years	1,922	3,843
	5,765	7,686

16. POST BALANCE SHEET EVENTS

At the extra-ordinary general meeting held on 1 July 2008, the Company passed the resolution that the guarantees be provided by the Company to banks for loans and facilities granted to COL in an aggregate amount of principal not exceeding RMB209.1 million, together with all accrued interest therein, for a period of two years commencing from 1 July 2008.

17. ESTABLISHMENT OF SUBSIDIARY

During the six months ended 30 June 2008, the Company established Legal Evening Media Ltd in the PRC. Legal Evening Media Ltd is a limited company and has no active business since its establishment.

18. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to the current period presentation.

19. REVIEW OF THE INTERIM RESULTS

The interim results for the six months ended 30 June 2008 have been reviewed by the Audit Committee of the Company. The Audit Committee did not have different opinions on the accounts.

INTERIM DIVIDEND

The board of directors of the Company (“the Board”) did not recommend the distribution of any interim dividend for the six months ended 30 June 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in three business segments: (1) advertising sales from, among others, the Company and Hebei Heqing Media Corporation Limited (“Heqing Media”), which contribute the largest portion of the turnover; (2) printing business, 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.

The operation results of the Group rebounded in the First Half of 2008 from a low point in the past two years. Though in the first half of the year, under the impacts of the internet and other new media and outdoor and television media as a whole, as well as the significant price rise of paper, the revenue from global plane media has shown the tendency of slowing down or even falling down generally, however, the Group by consolidating its operation team and its strengths in various aspects, found out new opportunities in the competition and gained success, thus profit of the Group increased by a significant 95.59% over last year during the period, with a continuing positive outlook within the next few reporting periods.

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 papers run by the Beijing Youth Daily Agency, including "Beijing Youth Daily" and "Hebei Youth Daily" run by the Hebei Youth Daily Agency.

For the First Half of 2008, total turnover of the Group was RMB534,389,000, representing an increase of 42.47% over the corresponding period of 2007 (2007: RMB375,097,000). Profit attributable to shareholders was RMB12,641,000, representing an increase of 95.59% over the corresponding period of 2007 (2007: RMB6,463,000).

Advertising Business

For the First Half of 2008, turnover of the Group derived from advertising sales, mainly from Beijing Media, was RMB260,302,000, representing an increase of 20.42% over the corresponding period of 2007 (2007: RMB216,154,000).

Though the whole media industry suffered from negative impacts caused by the earthquake in Sichuan and the significant price rise of paper in the First Half of 2008, while fully cooperated with social and public advertising initiatives with regard to the Sichuan earthquake relief activities and the Olympic Games, Beijing Media has successfully operated the newspaper and magazine advertising business, mainly for Beijing Youth Daily, in the First Half of 2008, and gradually developed outdoor advertising business. The investment of Beijing Media in LED screens at No. 3 terminal of the Beijing Capital Airport in the end of 2007 achieved expected returns in the First Half of 2008. Moreover, in the First Half of 2008, Beijing Media also acquired a three-year operating right for four large outdoor advertising boards of a total area of more than 1,000 square meters at prestigious positions along the main roads of the fourth ring and the fifth ring of Beijing. In the second half of 2008, Beijing Media will continue to strive to develop multimedia platforms, including but not limited to outdoor advertising media so as to expand the operation scope of the Group into various media fields.

Beijing Media has established a subsidiary in Hebei, Hebei Heqing Media Corporation Limited ("Heqing Media"), mainly for the operation of distribution and advertising sales businesses of "Hebei Youth Daily". In the First Half of 2008, daily distribution volume of "Hebei Youth Daily" has more than doubled that of the corresponding period of the previous year, with also a significant increase in advertising sales amount from 2007.

Beijing Media established Beijing Beiqing Top Advertising Limited ("Beiqing Top") in the end of 2007, to operate Civil Aviation Administration of China Newspaper (Inflight Edition), the only plane media in the civil aviation market in China covering airplanes of all aviation companies in China and domestic airports in major cities in China. By taking the advantage of its sole distribution and specific target audience, the newspaper has become one of the major aviation media of significant influence. Beiqing Top achieved a balance in income and expenditure in the First Half of 2008, with the hope to reach the break even point in the end of 2008. Thereby, the Company has gained a share in the airplane plane media market.

In April 2008, Beijing Media and Joonng Ang m&b of Korea jointly invested \$25,000,000 to establish Beiqing CeCi Advertising (Beijing) Limited (“Beiqing CeCi”), of which Beijing Media holds 51% of the equity. The company is primarily engaged in the operation of advertising pages of the Chinese version of “CeCi” magazine. “CeCi” magazine is a female fashion magazine focusing on trends in Korea. This magazine focus on current social trends with a wide reaching, and it specifically target female audience. It is issued in major cities in China, including Hong Kong, and has achieved good sales record since its launch. Advertising sales from the magazine marks a significant step towards the multimedia platform for the group in its plane media business from newspaper towards magazine.

Printing Business and Trading of Print-related Materials

The Group engages in the printing business and trading of print-related materials through BYD Logistics. For the First Half of 2008, turnover from the printing business and trading of print related materials amounted to RMB69,818,000 and RMB200,801,000 respectively, representing an increase of 21.41% and 101.44% respectively from 2007 (2007: RMB57,505,000 and RMB99,685,000).

In the First Half of 2008, the primary income of BYD Logistics has shifted from internal printing and trading businesses within the Group to third-party printing and trading business. The Company has achieved significant results in developing third-party customers outside the Group, with a hope of continuing improving in the trading of print related materials in 2008.

Organizing of Large-scale Events

Beijing China Open Promotion Company Limited (“COL”), a jointly controlled joint venture established by the Company, organized four consecutive China Open tennis tournaments from 2004 to 2007, which attracted world-renowned tennis players such as Zheng Jie, Yan Zi, Peng Shui, Rafael Nadal, Marat Safin, David Ferrer, Nikolay Davydenko, Maria Sharapova, the Williams sisters, Lindsay Davenport, Svetlana Kuznetsova, Martina Hingis, Amelie Mauresmo and Maria Kirilenko. Each of the tournaments was broadcasted via CCTV sports channel to more than 20 countries and regions.

Upon the successful acquisition of 100% interests in Champion Will International Limited (Champion) and Swidon Enterprises Limited (Swidon) in 2008, COL has become a member of both the Association of Tennis Professionals (ATP) and Women’s Tennis Association (WTA), thus enhancing the certainty of China Open being held by COL in the future, such upgraded China Open operated by COL may well become one of the leading tournaments in the world. In the First Half of 2008, many major sponsors have already extended contracts with COL, and increased their sponsorship amount for COL tournaments in 2008 as compared with 2007. With the Olympic Games successfully held in China and the emergence of world-class Chinese female tennis players, more and more people in China have turned their eyes to tennis. We believe that, with the atmosphere brought by and the facilities constructed for the Olympic Games, COL will bring increasing income and return for the Group.

In the First Half of 2008, Beijing Media successfully co-organized the Beijing International Automotive Exhibition as the sole nationwide metropolitan plane media co-organizer. The Automotive Exhibition had a significant scale and impact, and Beijing Media has gained unprecedented advertising income and organizing experience from the event.

Prospects and Future Plans

In the First Half of 2008, under various pressures from new media like the internet, outdoor advertising and television media, as well as the rise in paper price, nationwide media suffered also from the impact of the earthquake in Sichuan. Nonetheless, the Group stood out in the market and underwent rigorous tests, not only did it grow up and achieve outstanding results in such market storm, it also developed businesses in outdoor advertising and fashion magazine to form a solid foundation for future developments.

In the First Half of 2008, Beijing Media actively cooperated in organizing the Olympic Games and for the Sichuan earthquake relief activities. In the second half of 2008, with the commencement of the Olympic Games, the Company will, in response with calls from Beijing Municipal Government, strive to cooperate in organizing the Olympic Games. Meanwhile, the Company will proactively develop its plane media business, and make use of its resources to develop other media so as to form a multi-media platform. The Company will also strengthen its cooperation with media of outdoor advertisements and internet, and at the same time endeavor to diversify its income streams. In the second half of 2008, based on the successful trend of outdoor advertising in the First Half of 2008, the Group will continue to develop outdoor advertising business so as to continue to improve the outdoor advertising business of the Group.

In the second half of 2008, the Group will form a brand new female fashion magazine media platform through the newly established Beiqing CeCi. With the successful launch and distribution of the magazine, the Group will establish the position of the magazine in the major plane media market, so as to achieve better development in the female fashion magazine media industry.

In the First Half of 2008, Beijing Media successfully established Legal Evening Media Limited (“Legal Evening Media”), a 100% controlled subsidiary of the Company with a registered capital of RMB400,000,000 with the aim to acquire Legal Evening Post. The acquisition will continue to proceed in the second half of 2008.

In the second half of 2008, the fifth China Open tennis tournament will be held in Beijing, which the Group holds will be a successful event based on our past experience in holding large scaled activities, and the increasing popularity of tennis among the Chinese people.

Meanwhile, based on the platform of Beijing Youth Daily, the broad audience, the successful development of outdoor advertising, the well received launch of the new female fashion magazine, the staunch support of the Beijing Municipal Government, the ATP and WTA membership, the right to hold China Open tennis tournament, and our experienced management team, the Group has become one of the leading media Groups in China. The Group will focus on our present businesses, and diversify the media

business of the Group through selected acquisitions and cooperation. We will continue to strengthen and capitalize on our relationship with Beijing Youth Daily Agency to promote the development of the Group, so as to become a comprehensive leading multi-media group.

Financial Position and Business Results

1. Turnover

For the six months ended 30 June 2008, turnover of the Group was RMB534,389,000 (corresponding period of 2007: RMB375,097,000), representing an increase of 42.47% over the corresponding period of 2007. Revenue from advertising increased by RMB44,148,000, representing an increase of 20.42% over the corresponding period of 2007. Revenue from printing business increased by RMB12,313,000, representing an increase of 21.41% over the corresponding period of 2007, while revenue from the trading of print-related materials increased by RMB101,116,000, representing an increase of 101.44% over the corresponding period of 2007.

2. Cost of Sales and Operating Expenses

For the six months ended 30 June 2008, the Group's cost of sales was RMB485,609,000 (corresponding period of 2007: RMB337,729,000), representing an increase of 43.79% over the corresponding period of 2007. Operating expenses were RMB24,211,000 (corresponding period of 2007: RMB26,981,000), representing a decrease of 10.27% over the corresponding period of 2007. Operating expenses represented 4.53% (corresponding period of 2007: 7.19%) of the Group's turnover for the First Half of 2008, comprising mainly sales and distribution expenses and administrative expenses.

3. Gross Profit

For the six months ended 30 June 2008, the Group's gross profit amounted to RMB48,780,000 (corresponding period of 2007: RMB37,368,000), representing an increase of 30.54% over the corresponding period of 2007. Gross profit margin fell dropped to 9.13% as compared to the corresponding period of 2007 (corresponding period of 2007: 9.96%).

4. Other Gains – Net

For the six months ended 30 June 2008, the other gains – net of the Group was RMB21,712,000 (corresponding period of 2007: RMB30,590,000), representing a decrease of 29.02% over the corresponding period of 2007.

5. Finance Expenses

For the six months ended 30 June 2008, the finance expenses of the Group was RMB11,327,000 (corresponding period of 2007: RMB25,049,000), representing a decrease in financial cost of 54.78% over the corresponding period of 2007. Among which, exchange loss was RMB9,483,000, representing a decrease of RMB14,746,000 over the corresponding period of 2007 (corresponding

period of 2007: RMB24,229,000), and interest cost was RMB1,844,000, representing an increase of RMB1,024,000 over the corresponding period of 2007 (corresponding period of 2007: RMB820,000).

6. *Profit Attributable to Shareholders*

For the six months ended 30 June 2008, the profit attributable to shareholders of the Group was approximately RMB12,641,000 (corresponding period of 2007: RMB6,463,000), representing an increase of 95.59% over the corresponding period of 2007.

7. *Non-current Assets*

As at 30 June 2008, the non-current assets of the Group amounted to negative RMB7,505,000 (31 December 2007: negative RMB636,000) which mainly comprised fixed assets, plant and equipment, prepayment for land use rights, and intangible assets of RMB16,922,000 (31 December 2007: RMB17,467,000), RMB31,011,000 (31 December 2007: RMB31,455,000), and RMB25,374,000 (31 December 2007: RMB25,844,000) respectively. Share of net liabilities of a jointly controlled entity amounted to RMB89,595,000 (31 December 2007: RMB87,082,000) and share of net assets of an associate amounted to RMB0 (31 December 2007: RMB341,000) and available-for-sale financial assets amounted to RMB488,000 (31 December 2007: RMB757,000). In addition, long term receivables amounted to RMB8,295,000 (31 December 2007: RMB10,582,000).

8. *Net Current Assets*

As at 30 June 2008, the Group's net current assets amounted to RMB1,293,158,000 (31 December 2007: RMB1,283,504,000). Current assets mainly comprised cash and cash equivalents of RMB149,836,000 (31 December 2007: RMB174,726,000), and short-term bank deposits of RMB836,983,000 (31 December 2007: RMB820,893,000), and restricted bank deposits of RMB291,256,000 (31 December 2007: RMB333,053,000), and inventory of RMB79,177,000 (31 December 2007: RMB41,804,000) and trade receivables of RMB283,447,000 (31 December 2007: RMB194,663,000) and other receivables, prepayments and deposits of RMB30,115,000 (31 December 2007: RMB43,448,000). Current liabilities mainly comprised short term bank loan of RMB84,500,000 (31 December 2007: RMB46,500,000), and trade payables, other payables and accruals and tax payables of RMB138,496,000 (31 December 2007: RMB119,787,000), RMB153,285,000 (31 December 2007: RMB157,366,000) and RMB1,375,000 (31 December 2007: RMB1,430,000) respectively.

9. *Liquidity and Financial Resources*

As at 30 June 2008, the Group has maintained a stable cash flow. The Group's cash and cash equivalents and short term bank deposits totaled RMB986,819,000 (31 December 2007: RMB995,619,000). The equity-to-borrowing ratio (defined as a percentage of net interest-bearing borrowings over capital and reserves attributable to the Company's equity holders) was 6.80% as at 30 June 2008 (31 December 2007: 3.74%).

10. Equity-to-Debt Ratio

As at 30 June 2008, the Group's equity-to-debt ratio was 340.34% (31 December 2007: 394.63%) (Ratio derived from dividing the Group's total equity by its total liabilities).

11. Taxation

For the year ended 30 June 2008, the Group's taxation expenses were RMB2,755,000 (corresponding period of 2007: RMB3,529,000), representing a decrease of 21.93%. However, due to the increase in profit before tax of the Group, the effective tax rate applicable to the Group decreased from 34.39% in the first half of 2007 to 14.24% in the First Half of 2008. The taxation authority in the PRC has granted the Company an enterprise income tax exemption of five consecutive years effective from 1 January 2004 to 31 December 2008.

12. Bank Borrowings, Overdrafts and other Borrowings

As at 30 June 2008, short-term bank loans amounted to RMB84,500,000 (31 December 2007: RMB46,500,000). Such bank loans bear interest of 6.318% to 8.217% p.a. (2007: 5.27% to 6.56% p.a.) and are repayable within one year.

USE OF PROCEEDS FROM LISTING

The Company raised a total 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 30 June 2008:

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 23.59 million
Investing in the television industry in Beijing	Approximately 250 million	not used
Acquisition of other media businesses	Approximately 360 million	Approximately 360 million
General working capital	Approximately 80 million	Approximately 80 million

As at 30 June 2008, a substantial part of the proceeds of the Company had not been utilized. This was mainly due to the following reasons:

- The preparation period for developing weekend newspapers and topic-focused magazines has been longer than expected. In addition, the Company has adopted a prudent investment strategy, and will not make hasty investments without the benefit of favourable market conditions;
- The PRC government has tightened the limits on the participation of foreign enterprises in the television broadcasting industry, thus slowing down our development in such industry;
- The Company has spent considerable time in negotiations over a number of acquisitions because media industries, particularly newspapers and other media are sensitive industries in China and are subject to relatively more restrictions imposed by the relevant government authorities in the PRC.

Nevertheless, during the First Half of 2008, the Company sought opportunities to fulfill the objectives set forth in its Prospectus. The Company believes that the proceeds will be utilized continually for business development in the later half of 2008 and in subsequent years.

CAPITAL STRUCTURE

Holder of Domestic Shares	Number of Shares	Percentage of total share capital (%)
Beijing Youth Daily Agency	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%
	<hr/>	<hr/>
	142,409,000	72.18%
H Shares in issue	54,901,000	27.82%
	<hr/>	<hr/>
Total share capital	197,310,000	100%
	<hr/> <hr/>	<hr/> <hr/>

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

INTERESTS AND/OR SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY HELD BY SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, as indicated on the register of interests and/or short positions required to be maintained pursuant to Section 336 of Part XV of Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the individuals set forth in the table below had interests and/or short positions in shares or underlying shares of the Company:

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 (L)	87.66%	63.27%
MIH (BVI) Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH Holdings Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH Investments (PTY) Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH Print Media Holdings Limited	H	Long	19,533,000 (L)	35.58%	9.90%
MIH QQ (BVI) Limited	H	Long	19,533,000 (L)	35.58%	9.90%
Naspers Limited	H	Long	19,533,000 (L)	35.58%	9.90%
Beijing Beida Founder Group Corporation	H	Long	4,939,000 (L)	8.99%	2.50%
Beijing University	H	Long	4,939,000 (L)	8.99%	2.50%
Beijing University Founder Investment Co., Ltd.	H	Long	4,939,000 (L)	8.99%	2.50%
Beijing University New Technology Corporation	H	Long	4,939,000 (L)	8.99%	2.50%
CITICITI Ltd.	H	Long	4,939,000 (L)	8.99%	2.50%
Founder Investment (HK) Ltd.	H	Long	4,939,000 (L)	8.99%	2.50%
Yue Shan International Limited	H	Long	4,939,000 (L)	8.99%	2.50%
Xia Jie	H	Long	4,939,000 (L)	8.99%	2.50%
Cao Yawen	H	Long	4,939,000 (L)	8.99%	2.50%

Note: Information disclosed was based on the information provided on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

Save as disclosed above, to the knowledge of the Directors, President and Supervisors, as at 30 June 2008, there were no other individuals having interests and/or short positions in shares or underlying shares of the Company that were required to be recorded on the register as indicated thereunder pursuant to Section 336 of Part XV of Securities and Futures Ordinance, or being the substantial shareholders of the Company.

CAPITAL EXPENDITURES

Capital expenditures of the Group for six months ended 30 June 2008 including expenditures on office equipment was RMB1,274,000 (corresponding period of 2007: RMB1,577,000). The Group anticipates that capital expenditures for the second half of 2008 will mainly comprise expenditure consistent with business strategies.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	As at 30 June 2008 RMB'000	As at 31 December 2007 RMB'000
Guarantees for bank loans of a jointly-controlled entity	221,100	293,053
Guarantees for bank loans of subsidiaries	84,500	40,000
Guarantees for credit line facilities of a subsidiary	60,000	40,000

As at 30 June 2008, the Company entered into a pledge agreement with China Minsheng Banking Corporation Limited (“Minsheng Banking”) to pledge its fixed deposits in a sum of RMB161,100,000 as security over loan facilities of RMB141,020,000 granted to COL by Minsheng Banking.

As at 30 June 2008, 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.

As at 30 June 2008, the Company entered into an entrusted loan agreement with China Everbright Bank Co., Ltd. (“Everbright Bank”) to provide a loan guarantee not exceeding RMB10,000,000, in favour of the Everbright Bank on a bank loan to BYD Logistics.

As at 30 June 2008, the Company provided a guarantee in the amount of RMB40,000,000 to provide loan to BYD Logistics.

As at 30 June 2008, the Company entered into an entrusted loan agreement with Everbright Bank to provide a loan guarantee not exceeding RMB28,500,000, in favour of the Everbright Bank on a bank loan to Heqing Media.

As at 30 June 2008, the Company entered into a loan agreement with Everbright Bank to provide a guarantee for a loan in the amount of RMB6,000,000 to Heqing Media.

As at 30 June 2008, the Company provided a guarantee not exceeding RMB60,000,000 to provide promissory notes credit line facility to BYD Logistics.

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

As at 30 June 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. The balance sheet of COL as at 30 June 2008 (including major items of the balance sheet) and interests in COL attributable to the Company have been disclosed in the notes 11 to the financial information in this Interim Report.

FOREIGN EXCHANGE RISKS

Most of the Group's revenues and operating costs were denominated in RMB. As the proceeds from the issue of new shares in December 2004 were received in Hong Kong dollars, the Group is exposed to foreign exchange risks as a substantial portion of cash and cash equivalents are denominated in Hong Kong dollars. For the six months ended 30 June 2008, the Group had an exchange loss of RMB9,483,000 (corresponding period of 2007: RMB24,229,000). Most of the Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations. As at 30 June 2008, the Hong Kong dollar balance of the Group had been completely converted to RMB.

STAFF

As at 30 June 2008, the Group had a total of 674 staff (as at 30 June 2007: 487 staff), whose remuneration and benefits are determined based on market rates, State policies and individual performance. The increase in number of staff was mainly due to the addition of distribution staff of Heqing Media and all the staff of Beiqing CeCi.

DISCLOSURE OF EQUITY INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER

After making adequate enquiries with Directors of the Company, the Company has reasonable grounds to believe that as at 30 June 2008, no Director, Supervisor, the chief executive officer or any member of senior management of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance). Such interests and short positions were as recorded on the register required to be maintained pursuant to Section 352 of Securities and Futures Ordinance or based on the information provided to the Company and the Stock Exchange of Hong Kong by Directors and Supervisors pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

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 report, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the First Half of 2008.

COMPLIANCE WITH “MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS”

The Company has adopted the Standard Code set out in Appendix 10 of the Listing Rules (“Standard Code”) regarding securities transactions of Directors and Supervisors. The Company has made through enquiry of the Directors and Supervisors and all Directors and Supervisors have confirmed with the Company that they have complied with the Standard Code.

MATERIAL INVESTMENTS

For the six months ended 30 June 2008, the Group had not added any material investments items.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

For the six months ended 30 June 2008, no material transactions of acquisitions and disposals of assets had occurred in the Group.

MANAGEMENT OF RELATED PARTY TRANSACTIONS

The Company had formulated the System of Related Party Transactions of Beijing Media Corporation Limited to regulate and strengthen the management of related party transactions of the Company. The Office of the Board of Directors of the Company is responsible for the management of related party transactions. The Company applies strict controls on disclosed related party transactions to ensure that they are conducted in accordance with regulations and the system, and that the aggregate transaction amount does not exceed the annual cap as approved by the Board of the Shareholders’ Meeting.

New related party transactions contemplated to take place are required to fulfil the reporting and disclosure procedures under the applicable listing rules or the approval procedures of independent shareholders before the transactions take place.

MATERIAL LITIGATION AND ARBITRATION

So far as the Directors are aware, the Company was not involved in any material litigation or arbitration and no litigation or claim was pending or threatened against the Company as at 30 June 2008.

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 financial statements of the Group for the First Half of 2008 without dissenting opinions.

DISCLOSURE OF INFORMATION ON THE HONG KONG STOCK EXCHANGE'S AND THE COMPANY'S WEBSITES

The Company's interim report for the First Half of 2008 will be published on The Stock Exchange of Hong Kong Limited's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.bjmedia.com.cn>).

By Order of the Board
ZHANG Yanping
Chairman

4 September 2008 Beijing, China

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