BEIJING MEDIA CORPORATION LIMITED

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

(Stock Code: 1000)

2005 ANNUAL RESULTS

FINANCIAL HIGHLIGHTS

1. Turnover decreased by 28.0% to RMB857,607,000
2. Profit before income tax decreased by 89.4% to RMB23,595,000
3. Earnings per share are RMB0.05
4. Proposed final dividend per share is RMB0.25

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

CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 31 December **2005** ***RMB'000***	 2004 *RMB'000* Restated
Turnover	*2*	**857,607**	1,190,306
Cost of sales		**(762,126)**	(848,059)
Gross profit		**95,481**	342,247
Other gains – net	*3*	**31,264**	28,515
Selling and distribution expenses	*4*	**(5,335)**	(56,872)
Administrative expenses	*4*	**(43,027)**	(45,250)
Loss on sale of discontinued operations		**–**	(3,210)
Finance costs	*5*	**(21,021)**	(2,894)
Share of profits and losses of			
A jointly controlled entity		**(33,767)**	(40,293)
Associated companies		**–**	39
Profit before income tax		**23,595**	222,282
Income tax expenses	*6*	**(7,252)**	(16,734)
Profit for the year		**16,343**	205,548
Attributable to:			
Equity holders of the Company		**10,087**	194,180
Minority interests		**6,256**	11,368
		16,343	205,548
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share), basic			
– Earnings per share of continuing operations		**0.05**	1.32
– Loss per share of discontinuing operations		**–**	(0.01)
	7	**0.05**	1.31
Dividends	*8*	**76,951**	171,535

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2005** *RMB'000*	**2004** *RMB'000* Restated
ASSETS			
Non-current assets			
Property, plant and equipment		**16,836**	18,130
Prepayment for land use rights		**33,202**	34,087
Intangible assets		**5,387**	5,306
Investment in a jointly controlled entity		**(71,510)**	(37,743)
Available-for-sale financial assets		**2,069**	2,069
		(14,016)	21,849
Current assets			
Inventories		**59,998**	54,623
Trade receivables	*9*	**117,015**	83,999
Other receivables, prepayment and deposits		**12,102**	86,242
Restricted bank deposits		**56,000**	56,000
Short-term bank deposits		**1,073,933**	43,030
Cash and cash equivalents		**284,733**	1,308,107
		1,603,781	1,632,001
Total assets		**1,589,765**	1,653,850
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**197,310**	197,310
Reserves		**1,024,031**	1,009,546
Retained earnings			
– Proposed final dividend		**49,328**	76,951
– Others		**28,874**	82,750
		1,299,543	1,366,557
Minority interests		**33,635**	26,934
Total equity		**1,333,178**	1,393,491
LIABILITIES			
Non-current liabilities			
Long-term liabilities		**–**	5,280
Current liabilities			
Trade payables	*10*	**65,525**	54,833
Other payables and accruals		**157,919**	177,577
Taxation payables		**5,123**	9,929
Short-term bank loan		**20,000**	10,000
Current portion of long-term liabilities		**8,020**	2,740
		256,587	255,079
Total liabilities		**256,587**	260,359
Total equity and liabilities		**1,589,765**	1,653,850
Net current assets		**1,347,194**	1,376,922
Total assets less current liabilities		**1,333,178**	1,398,771

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

NOTES TO THE ACCOUNTS

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The adoption of new/revised HKFRS

In 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combinations
HKFRS 4	Insurance Contracts

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28, 31, 33 and 38 and HKFRS 4 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected the presentation of minority interests, share of net after-tax results of a jointly controlled entity and associates and other disclosures.
- HKASs 2, 7, 8, 10, 16, 23, 27, 28, 31, 33 and 38 and HKFRS 4 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities use Renminbi ("RMB") as their functional currency as well as presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and some other related party disclosures.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of land use rights from fixed assets to operating leases. The up-front prepayments made for land use rights are expensed in the income statement on a straight line basis over the period of the lease or when there is impairment, the impairment is expensed in the income statement. In prior years, the land use rights were accounted at cost less accumulated depreciation.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

The adoption of HKFRS 3 and HKAS 36 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

- Amortized on a straight line basis over a period of 10 years; and
- Assessed for an indication of impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3:

- The Group ceased amortization of goodwill from 1 January 2005;
- Accumulated amortization as at 31 December 2004 has been eliminated with a corresponding decrease in the cost of goodwill;
- From the year ended 31 December 2005 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards, wherever applicable. All standards adopted by the Group require retrospective application other than:

– HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of property, plant and equipment is accounted at fair value prospectively;
– HKAS 39 – prospectively after 1 January 2005;
– HKFRS 3 – prospectively after 1 January 2005; and
– HKFRS 4 – prospective application of the disclosure requirements of this standard except for disclosure required about accounting policies, recognized liabilities and expenses.

The adoption of revised HKAS 17 resulted in:

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Decrease in property, plant and equipment	**33,202**	34,087
Increase in prepayment for land use rights	**33,202**	34,087

The adoption of HKFRS 3 resulted in:

	As at 31 December 2005
	RMB'000
Increase in intangible assets	**827**

	For the year ended 31 December 2005
	RMB'000
Decrease in administrative expenses	**827**
Increase in basic earnings per share	**0.004**

New accounting standard pronouncements

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised HKFRSs and HKFRS Interpretations ("HKFRS-Ints"), and HKAS and HKAS Interpretations ("HKAS-Ints") as set out below which are effective for accounting periods beginning on or after 1 January 2006. The Group has not early adopted these new and revised standards and interpretations in the financial statements for the year ended 31 December 2005. The Group has commenced an assessment of the impact of these new and revised standards and interpretations, but is not yet in a position to state whether these new and revised standards and interpretations would have a significant impact on its results of operations and financial positions.

– HKFRS 7 – Financial Instruments: Disclosure
– HKAS 1 (amendment) – Capital Disclosure
– HKAS 39 (amendment) – The Fair Value Option
– HKAS 39 (amendment) and HKFRS 4 (amendment) – Financial Guarantee Contracts
– HKAS-Ints 4 – Determining whether an Arrangement Contains A Lease

2. Segment information

(a) Primary reporting format – business segments

For the year end 31 December 2005, the Group is organised into three main business segments:

Advertising: Sales of the advertising spaces in the newspapers published by Beijing Youth Daily Newspaper Agency (the "Ultimate Holding Company").

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.

The following business segments have been disposed of in August 2004:

Distribution: Distribution of newspapers and magazines mainly published by the Ultimate Holding Company.

Others: Provision of information and web transmission technology services.

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.

(b) Segment results

The segment results for the year ended 31 December 2005 are as follows:

	Advertising *RMB'000*	**Printing** *RMB'000*	**Trading of print-related materials** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
Turnover (including inter-segment)	**590,203**	**388,779**	**176,910**	**–**	**1,155,892**
Less: Inter-segment sales	**–**	**(298,285)**	**–**	**–**	**(298,285)**
Turnover to external customers	**590,203**	**90,494**	**176,910**	**–**	**857,607**
Segment results	**25,119**	**11,974**	**10,026**	**–**	**47,119**
Unallocated other gain, net					**31,264**
Finance costs					**(21,021)**
Share of losses of a jointly controlled entity	**–**	**–**	**–**	**(33,767)**	**(33,767)**
Profit before income tax					**23,595**
Income tax expenses					**(7,252)**
Profit for the year					**16,343**
Capital expenditure	**1,005**	**–**	**419**	**–**	**1,424**
Depreciation	**2,077**	**–**	**661**	**–**	**2,738**
Amortization charges	**966**	**–**	**–**	**–**	**966**
Other non-cash expenses	**8,439**	**–**	**3**	**–**	**8,442**
As at 31 December 2005					
Segment assets	**1,524,741**	**47,295**	**87,170**	**–**	**1,659,206**
Interests in a jointly controlled entity	**–**	**–**	**–**	**(71,510)**	**(71,510)**
Available-for-sale financial assets	**–**	**–**	**2,069**	**–**	**2,069**
Total assets					**1,589,765**
Segment liabilities	**152,791**	**46,611**	**57,185**	**–**	**256,587**

The segment results for the year ended 31 December 2004 are as follows:

	Advertising *RMB'000*	Printing *RMB'000*	Distribution *RMB'000*	Trading of print-related materials *RMB'000*	Others *RMB'000*	Group *RMB'000*
Turnover (including inter-segment) *(Note 11)*	898,843	403,814	84,840	153,988	27,961	1,569,446
Less: Inter-segment sales	–	(367,122)	(12,018)	–	–	(379,140)
Turnover to external customers	898,843	36,692	72,822	153,988	27,961	1,190,306
Segment results	185,517	18,940	21,093	9,988	4,587	240,125
Government grant	–	–	–	–	21,500	21,500
Unallocated other gain, net *(Note 11)*						7,015
Loss on sale of discontinued operations						(3,210)
Finance costs						(2,894)
Share of losses of a jointly controlled entity	–	–	–	–	(40,293)	(40,293)
Share of profits and losses of associated companies	–	–	–	–	39	39
Profit before income tax						222,282
Income tax expenses						(16,734)
Profit for the year						205,548
Capital expenditure	996	69	229	34	474	1,802
Depreciation *(Note 11)*	1,986	467	1,726	230	328	4,737
Amortization charges *(Note 11)*	2,940	–	–	–	–	2,940
Other non-cash (income)/expenses	(10)	–	46	–	–	36
As at 31 December 2004						
Segment assets	1,595,524	53,251	–	40,749	–	1,689,524
Interests in a jointly controlled entity	–	–	–	–	(37,743)	(37,743)
Available-for-sale financial assets	–	–	–	2,069	–	2,069
Total assets						1,653,850
Segment liabilities	184,799	51,940	–	23,620	–	260,359

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.

3. Other gains – net

	Year ended 31 December **2005** *RMB'000*	2004 *Note 11* *RMB'000*
Government grant[(i)]	**–**	21,500
Interest income	**26,264**	6,211
Rental income	**1,865**	764
Others	**3,135**	40
	31,264	28,515

Note (i): The amount represented the government grant to the Company in connection with the 2004 China Open Tennis Tournament.

4. **Expenses by nature**

Expenses included in cost of sales, selling and distribution expenses and administrative expenses are analyzed as follows:

	Year ended 31 December	
	2005	2004
		Restated
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**2,738**	4,737
Amortization charges	**966**	2,940
Provision for doubtful debts	**9,613**	–
Loss of disposal of property, plant and equipment	**10**	36
Employee benefit expenses	**28,440**	46,628
Printing costs	**155,378**	169,002
Cost of inventories		
– printing	**216,080**	206,675
– trading	**161,160**	138,932
Operating leases rental in respect of buildings	**1,793**	3,794
Auditors' remuneration	**5,059**	2,539

5. **Finance costs**

	Year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Interest expense on bank loans	**749**	543
Exchange loss	**20,272**	–
Others	**–**	2,351
	21,021	2,894

6. **Income tax expenses**

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 2005 (2004: Nil).

The income tax expenses represents:

	Year ended 31 December	
	2005	2004
		Restated
	RMB'000	*RMB'000*
Current income tax expenses – PRC	**7,252**	12,236
Deferred taxation relating to the reversal of temporary differences	**–**	4,498
	7,252	16,734

7. **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.

	For the year ended 31 December	
	2005	2004
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company		
– Profit of continuing operations	**10,087**	195,944
– Loss of discontinuing operations	**–**	(1,764)
	10,087	194,180
Weighted average number of ordinary shares in issue *(thousands)*	**197,310**	148,627
Basic earnings per share *(RMB per share)*		
– Earnings per share of continuing operations	**0.05**	1.32
– Loss per share of discontinuing operations	**–**	(0.01)
	0.05	1.31

For the year ended 31 December 2005, as there are no potentially dilutive shares outstanding, there is no difference between basic and diluted earnings per share

8. Dividend

In the annual general meeting held on 15 June 2005, the shareholders approved the final dividends of RMB0.39 per ordinary share amounting to a total of RMB76,951,000 in respect of the year ended 31 December 2004. The amount was accounted for as an appropriation of retained earnings for the year ended 31 December 2005.

At a board meeting held on 23 April 2006, the directors proposed a final dividend of RMB0.25 per ordinary share amounting to a total of RMB49,328,000. This proposed dividend is subject to shareholders' approval in their next 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 2006.

9. Trade receivables

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Trade receivables	**126,985**	84,356
Less: provision for doubtful debts	**(9,970)**	(357)
Trade receivables – net	**117,015**	83,999

The aging analysis of trade receivables is as follows:

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Within 3 months	**68,619**	47,292
4 months to 6 months	**14,177**	30,720
7 months to 12 months	**6,374**	5,757
1 year to 2 years	**37,238**	85
Over 2 years	**577**	502
	126,985	84,356

The normal credit period 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.

In 2004, the Group extended the credit terms to certain advertising agents of classified advertisements, which allow them to settle the outstanding balances by 31 December 2006.

10. Trade payables

The aging analysis of trade payables is as follows:

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
Within 3 months	**61,772**	33,584
4 months to 6 months	**2,969**	8,012
7 months and 12 months	**91**	12,893
1 year to 2 years	**350**	-
Over 2 years	**343**	344
	65,525	54,833

11. Comparative figures

Certain comparative figures presented in these financial statements were adjusted for the impact of the relevant new HKFRS, as set out in Note 1.

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

RESULTS AND DIVIDENDS

In 2005, the Group realized a turnover of RMB857,607,000, a profit before income tax of RMB23,595,000 and a profit attributable to equity holders of the Company of RMB10,087,000. 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.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be close from 22 May 2006 (Monday) to 20 June 2006 (Tuesday) (both days inclusive) during which period no transfer of shares will be registered.

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.

Total turnover of the Group for 2005 was approximately RMB857,607,000, representing a decrease of approximately 28% from 2004. Profit attributable to equity holders of the Company was approximately RMB10,087,000, representing a decrease of approximately 94.8%.

The recession in overall performance of the Group in 2005 was primarily attributable to a significant drop in the Group's advertising revenue, particularly that relating to the real estate sector, as a result of the slow-down in the development of the real estate market in the PRC and a delay in project approvals and sales activities of real estate in the PRC, and also due to the poorer than expected financial performance of the Second China Open Tennis Tournament.

Industry Review

In 2005, the overall advertising sector in the PRC slowed down drastically as a consequence of the slow-down in the development of the real estate market in the PRC and a delay in project approvals and sales activities of real estate in the PRC. Many sectors, especially sectors which many major newspaper advertisers come from such as the real estate industry recorded a substantial decrease in their print media advertising expenditures. Geographically, advertising expenditures on most print media in the prime economic regions such as Beijing, Guangzhou, Shanghai and Shenzhen exhibited sluggish growth. The recession in newspaper advertisement was primarily resulted from a substantial decline in the number of advertisements placed by clients in the real estate sector.

Due to the significant 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 2005. Turnover of the advertising businesses of "Beijing Youth Daily" recorded a year-on-year drop of approximately 34.3% for 2005.

In 2006, 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 2005, turnover from advertising sales of the Group amounted to approximately RMB590,203,000, accounting for approximately 68.8% of the total turnover and representing a decrease of approximately 34.3% from 2004. The Group's revenue generated from advertising was mainly attributable to "Beijing Youth Daily". In 2005, due to a slow-down in the development of the real estate market in the PRC and a delay in project approvals and sales activities of real estate in the PRC, revenue from real estate advertising received by "Beijing Youth Daily" decreased by approximately 38.3% from the corresponding period of 2004 to approximately RMB256,347,000. Apart from "Beijing Youth Daily", the Group also publishes other newspapers and magazines, including "Beijing Today", "Beijing Children's Weekly", "Middleschool Times" and "Leisure Trend" 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 2005, turnover from the printing business and trading of print-related materials amounted to approximately RMB90,494,000 and RMB176,910,000 respectively, representing an increase of approximately 146.6% and 14.9% respectively from 2004.

Organisation of Large-Scale Events

China Open Promotion Company Limited ("COL"), a jointly controlled joint venture established by the Company, organized the second China Open tournament in 2005, which attracted world-renowned tennis players such as Roger Federer, the Williams sisters and Maria Sharapova. The 16-day tournament attracted an audience of approximately 210,000. The China Open was broadcast by TV stations in approximately 38 countries and regions and over 20 central, provincial and municipal TV stations in the PRC, including CCTV-5, with an aggregate airtime of approximately 77,100 minutes.

On 18 March 2006, Media Serv Asia Pacific Limited ("MSAP"), the Company and COL entered into an agreement ("Termination Deed") to terminate all existing agreements and arrangements relating to the organisation of the China Open. On the same date of the Termination Deed, the Company, COL, TOM Group Limited ("TOM"), Champion Will International Limited ("Champion"), Swidon Enterprises Limited ("Swidon") and Tennis Tournaments Holdings Limited ("TTHL") entered into an authorization agreement (the "Authorization Agreement") regarding the organization of future China Open events. Under the Authorization Agreement, COL will be entitled to all the commercial rights pertaining to the organisation of the China Open, including the right to receive sponsorships, broadcasting fees, ticket sales and related product sales. In consideration, COL will be responsible for the payment of an aggregate ATP and WTA licence fee of US$1,200,000 per year to Champion and Swidon. Media Serv Limited ("MSL").

The financial performance of the 2004 and 2005 China Open tennis tournaments was poorer than had been anticipated. Moreover, as a result of certain internal management changes in MSL and MSAP, the Company, MSL and MSAP have agreed to change the existing arrangements. The Company believes the Authorisation Agreement will provide for reduced licence fees payable and clarify the Company's and TTHL's obligations in the financing of COL's future funding requirements. The Company also believes the signing of the Authorization Agreement and the Termination Deed will provide an effective and efficient platform for COL to organize future China Open tennis tournaments. Under the Authorization Agreement, COL will no longer exclusively engage other parties to manage the events. The Company expects that the Authorization Agreement will provide for better return to the Company. Neither the Termination Deed nor the Authorization Agreement envisages a change in the shareholding structure of COL.

Prospects and Future Plans

The Group experienced one of its most difficult periods in 2005 as a result of the slow-down in the development of the real estate market in the PRC and a delay in project approvals and sales activities of real estate in the PRC. Looking forward into 2006, we are of the belief 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 continue to diversify its income stream, such as through expansion into operations of new newspapers, topic-focused magazines, outdoor billboards, large-scale events and outdoor advertisements.

Since its listing on the Main Board of the Stock Exchange on 22 December 2004, the Company has been committed to fulfilling its undertakings to its shareholders.

In respect of the development of topic-focused magazines, the Group launched "Leisure Trend", a direct mailing advertising magazine, and "39.2 Degree", a youth magazine, in April 2005 and January 2006 respectively. The Company also plans to launch other topic-focused magazines with market and profit potential in 2006.

As for the newspaper segment, the Company entered into an agreement with 河北青年報社 (Hebei Youth Daily Newspaper Agency) on 13 February 2006 in respect of the establishment of 河青傳媒有限責任公司 (Heqing Media Corporation Limited, "Heqing Media"), which principally involved in the advertising, printing and distribution business of 河北青年報 ("Hebei Youth Daily"). After considering its intension and expansion plans, the Company will seek to acquire the advertising businesses of "Legal Evening Post" and other publications of Beijing Youth Daily Newspaper Agency ("BYD") as it thinks fit.

The Company is seeking to diversify its income stream by placing outdoor billboards along main roads. Backed by its experience in the organization of large-scale events, the Group will also explore the potential of this business segment.

In addition, the Company has been paying close attention to emerging media such as the Internet and mobile phones, and is studying the feasibility of fusing the contents and technologies of the traditional and new media, so as to further expand its advertising market.

The Company is seeking to establish a more extensive and diversified media platform by the above development plans. Despite a contraction in its revenue for 2005 when compared with the previous year, the Group and its staff as a whole will continue their effort to develop and establish more diversified income stream and build up a cross-media platform for the Group, so as to establish the Group as a leading cross-media corporation in the PRC and maximise the return to shareholders.

Capitalising on the staunch support of the Beijing Municipal Government and the concerted efforts of the staff, the Group will further expand its cross-media platform with the aim of becoming a leading cross-media corporation in the PRC.

Latest Business Developments in 2005

In May 2005, the Company invested RMB2,550,000 to acquire 51% of the equity interests in Beijing Leisure Trend Advertisement Company ("Beijing Leisure Trend"), a company principally engaged in the publication and distribution of a direct mailing advertising magazine entitled "Leisure Trend" targeting higher-income readers. Leisure Trend's advertisers mainly comprise property developers, high-end consumer goods merchants and financial institutions, etc.

Use of Proceeds from Listing

The Company raised 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 31 December 2005:

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 2.383 million
Investing in the television industry in Beijing	Approximately 250 million	not used
Acquisition of other media businesses	Approximately 275 million	not used
General working capital	Approximately 73 million	not used

As at 31 December 2005, 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 many limitations imposed by the relevant authorities in the PRC.

Nevertheless, during 2005, 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 2006.

Financial Position and Business Results

1. *Turnover*

   Turnover of the Group for 2005 was approximately RMB857,607,000 (2004: RMB1,190,306,000), representing a decrease of approximately 28.0% from 2004. Revenue from advertising dropped by approximately RMB308,640,000 or approximately 34.3%, mainly due to a slow-down in the development of real estate market in the PRC and a delay in project approvals and sales activities of real estate in the PRC. As a result, revenue from real estate advertisements, the Company's major source of income fell. Revenue from printing business increased by about RMB53,802,000, representing an increase of about 146.6% from 2004, while revenue from the trading of print-related materials increased by about RMB22,922,000, representing an increase of about 14.9% from 2004. The Company transferred all business operations of Beijing XiaoHongMao Newspapers and Periodicals Distribution Services Co., Ltd. and Media Online, Beijing Youth Daily ("BYD Net") to Xiashongmao Corporation and BYD (the "ultimate holding company") respectively on 31 August 2004. As such, the Company did not record any related distribution and other revenue for 2005 (2004: RMB100,783,000).

2. *Cost of Sales and Operating Expenses*

   The Group's cost of sales for 2005 was approximately RMB762,126,000 (2004: RMB848,059,000), representing a decrease of about 10.1% from 2004. Operating expenses were approximately RMB48,362,000 (2004: RMB102,122,000), representing a decrease of approximately 52.6% from 2004. Operating expenses represented about 5.6% (2004: 8.6%) of the Group's turnover for 2005, comprising mainly sales and distribution expenses and administrative expenses.

   In view of the decrease in advertising revenue resulting primarily from adverse market conditions, the Company has implemented active cost control and savings policies and measures. Costs and expenses relating to advertising revenue for 2005 decreased by approximately RMB148,242,000, representing a decrease of approximately 20.8%, from 2004. Due to the increase in volume of printing activities, costs and expenses relating to printing revenue increased by approximately RMB60,768,000, representing an increase of approximately 342.3%, from 2004. 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 RMB22,884,000, representing an increase of approximately 15.9%, from 2004. Costs and expenses relating to distribution and other operations decreased by approximately RMB75,103,000, representing a decrease of 100%, from 2004.

3. *Gross Profit*

   For 2005, the Group's gross profit amounted to approximately RMB95,481,000 (2004: RMB342,247,000), representing a decrease of approximately 72.1% from 2004. Gross profit margin decreased to 11.1% (2004: 28.8%).

4. *Profit Attributable to Equity Holders of the Company*

   For 2005, the profit attributable to equity holders of the Company was about RMB10,087,000 (2004: RMB194,180,000), representing a decrease of about 94.8% from 2004.

5. *Final Dividend*

   The Board of Directors of the Company (the "Board") recommends the distribution of a final dividend of RMB0.25 per share (2004: RMB0.39 per share).

6. *Non-current Assets*

   As at 31 December 2005, the non-current assets of the Group amounted to approximately negative RMB14,016,000 (31 December 2004: RMB21,849,000) which mainly comprised of fixed assets, prepayment for land use rights, and intangible assets of approximately RMB16,836,000 (31 December 2004: RMB18,130,000), RMB33,202,000 (31 December 2004: RMB34,087,000), and RMB5,387,000 (31 December 2004: RMB5,306,000) respectively. Share of net liabilities of a jointly controlled entity amounted to approximately RMB71,510,000 (31 December 2004: RMB37,743,000) and available-for-sale financial assets amounted to approximately RMB2,069,000 (31 December 2004: RMB2,069,000) are also included.

7. *Net Current Assets*

As at 31 December 2005, the Group's net current assets amounted to approximately RMB1,347,194,000 (31 December 2004: RMB1,376,922,000). Current assets mainly comprised of cash and cash equivalents of approximately RMB284,733,000 (31 December 2004: RMB1,308,107,000), short-term bank deposits of approximately RMB1,073,933,000 (31 December 2004: RMB43,030,000), restricted bank deposits of approximately RMB56,000,000 (31 December 2004: RMB56,000,000), inventory of approximately RMB59,998,000 (31 December 2004: RMB54,623,000) as well as trade receivables and other receivables, prepayments and deposits of approximately RMB129,117,000 (31 December 2004: RMB170,241,000). Current liabilities mainly comprised of unsecured short-term bank loan of approximately RMB20,000,000 (31 December 2004: RMB10,000,000), trade payables, other payables and accruals of approximately RMB65,525,000 (31 December 2004: RMB54,833,000) and RMB157,919,000 (31 December 2004: RMB177,577,000) respectively, and taxation payable of approximately RMB5,123,000 (31 December 2004: RMB9,929,000).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2005, the Group's cash and cash equivalents and short-term bank deposits were totaling approximately RMB1,358,666,000 (31 December 2004: RMB1,351,137,000). 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 approximately 1.5% (31 December 2004: 0.7%) as at 31 December 2005.

EQUITY-TO-DEBT RATIO

As at 31 December 2005, the Group's equity-to-debt ratio was 519.6% (31 December 2004 to 535.2%). (Ratio derived from dividing the Group's total equity by its total liabilities).

TAXATION

For the year ended 31 December 2005, the Group's taxation expenses were approximately RMB7,252,000 (2004: RMB16,734,000), representing a decrease of approximately 56.7%. Owing to the drop in the Group's profit before income tax, the effective tax rate applicable to the Group rose from approximately 7.5% in 2004 to approximately 30.7% in 2005. The taxation authority in the PRC has granted the Company a tax exemption of five years effective from 1 January 2004.

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2005, unsecured short-term bank loan amounted to RMB20,000,000 (31 December 2004: RMB10,000,000), which bears an interest of 5.58% p.a. (2004: 5.31% p.a.) and is repayable within one year.

FINANCE COSTS

Finance costs of the Group for 2005 were approximately RMB21,021,000 (2004: RMB2,894,000), including exchange losses of approximately RMB20,272,000 (2004: Nil).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	As at 31 December 2005	As at 31 December 2004
	RMB'000	*RMB'000*
Guarantee for bank loans of a jointly controlled entity	56,000	72,553

On 11 August 2005, the Company entered into an extended pledge agreement with China Minsheng Banking Corporation Limited, pursuant to which the Company pledged fixed-term deposits in the sum of RMB56,000,000 as a security over a loan facility of US$6,000,000, or RMB equivalent, granted to COL by China Minsheng Banking Corporation Limited.

The Company entered into a guarantee agreement in favour of Media Serv Limited in respect of COL's performance of the obligations under the co-operation agreement entered into between COL and Media Serv Limited and other borrowings of COL.

The management anticipates that no material liability will arise from the above guarantee which arose in the ordinary 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 2005, the Group had unrealized exchange loss of approximately RMB20,272,000 (2004: Nil). 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 2005.

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

STAFF

As at 31 December 2005, the Group had a total of 159 staff, whose remuneration and benefits are determined based on market rates, State policies and individual performance.

AUDIT COMMITTEE

Pursuant to the requirements of the Listing Rules, the Company has set up an Audit Committee to review, supervise and regulate 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 matters concerning the internal controls and financial reporting of the Company, including a review of the consolidated financial statements of the Group for the year ended 31 December 2005.

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

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. Having made specific enquiry of all Directors, all Directors confirmed they have complied with the required standard under the Model Code for Securities Transactions by Directors set out in Appendix 10 to the Listing Rules.

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 thoroughly complied with the code provisions set out under the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules, except that the Remuneration Committee did not hold any meeting during the year ended 31 December 2005. This was because the bonus and salary of the Directors and senior management had already been approved at the fourth board meeting of the second session of directors meeting on 4 December 2004, at which three independent non-executive directors sitting on the remuneration committee attended and voted in favour of the relevant resolutions. Since then, no change was proposed to the salary or bonus of the directors and senior management between 4 December 2004 and 31 December 2005.

DISCLOSURE OF INFORMATION ON THE HONG KONG STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Listing Rules of will be published on the Hong Kong Stock Exchange's website (http://www.hkex.com.hk) in due course.

By Order of the Board
ZHANG Yanping
Chairman

Beijing, PRC, 23 April 2006

As at the date of this announcement, the board of directors of the Company comprises the executive directors of the Company, namely Zhang Yanping, Zhang Yabin, Sun Wei, He Pingping, Du Min; the non-executive directors of the Company, namely Liu Han, Xu Xun, Johannes Louw Malherbe; and the independent non-executive directors of the Company, namely Tsang Hing Lun, Wu Changqi and Liao Li.

"Please also refer to the published version of this announcement in The Standard."