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BEIJING MEDIA CORPORATION LIMITED

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

(Stock Code: 1000)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL HIGHLIGHTS:

1. Turnover increased by 29.06% to RMB1,081,116,000 (2007: RMB837,676,000)
2. Profit before income tax increased by 137.67% to RMB41,870,000 (2007: RMB17,617,000)
3. Earnings per share are increased by 300% to RMB0.20 (2007: RMB0.05)
4. Proposed final dividend per share increased by 185.71% to RMB0.20 (2007: RMB0.07)

The Board of Director (the "**Board**") of Beijing Media Corporation Limited (the "**Company**" or, including its subsidiaries, the "**Group**") announces the consolidated results of the Group for the year ended 31 December 2008 which have been prepared in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Rules Governing the listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Hong Kong Companies Ordinance.

CONSOLIDATED INCOME STATEMENT
For the Year Ended 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Turnover	2	**1,081,116**	837,676
Cost of sales		**(1,001,829)**	(762,706)
Gross profit		**79,287**	74,970
Reversal of provision for impairment losses of trade receivables and other receivables		**12,784**	–
Other income	3	**46,339**	50,049
Selling and distribution expenses		**(16,403)**	(13,615)
Administrative expenses		**(54,645)**	(87,210)
(Loss) gain on disposal/deemed disposal of a subsidiary		**(129)**	90
Share of loss of jointly controlled entities		**(22,422)**	(4,629)
Share of result of an associate		**(341)**	60
Finance costs	4	**(2,600)**	(2,098)
Profit before income tax	5	**41,870**	17,617
Income tax expense	6	**(4,407)**	(6,732)
Profit for the year		**37,463**	10,885
Attributable to:			
Equity holders of the Company		**40,309**	10,639
Minority interests		**(2,846)**	246
		37,463	10,885
Dividends	7	**13,812**	39,462
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share), basic	8	**0.20**	0.05

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	NOTES	2008 RMB'000	2007 RMB'000
Non-current assets			
Property, plant and equipment		**18,116**	17,467
Prepayments for land use rights		**30,567**	31,455
Intangible assets		**24,854**	25,844
Investments in jointly controlled entities		**(96,748)**	(87,082)
Investment in an associate		**–**	341
Available-for-sale financial assets		**136**	757
Trade receivables	9	**6,579**	10,582
Other receivables		**247**	–
Deferred tax assets		**1,132**	–
		(15,117)	(636)
Current assets			
Held-to-maturity financial assets		**56,050**	–
Inventories		**50,992**	41,804
Trade receivables	9	**277,389**	194,663
Other receivables, prepayments and deposits		**22,464**	43,448
Restricted bank deposits		**61,489**	333,053
Short-term bank deposits		**998,945**	820,893
Cash and cash equivalents		**225,640**	174,726
		1,692,969	1,608,587
Current liabilities			
Trade payables	10	**146,934**	119,787
Other payables and accruals		**118,506**	154,160
Dividends payable		**2,213**	3,206
Taxation payable		**2,858**	1,430
Short-term bank loans		**105,000**	46,500
		375,511	325,083
Net current assets		**1,317,458**	1,283,504
Total net assets		**1,302,341**	1,282,868
Capital and reserves			
Share capital		**197,310**	197,310
Reserves		**1,072,502**	1,045,999
Equity attributable to equity holders of the Company		**1,269,812**	1,243,309
Minority interests		**32,529**	39,559
Total equity		**1,302,341**	1,282,868

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

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION

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

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

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

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

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

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

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

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

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

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

HK(IFRIC) – INT 12 – Service Concession Arrangements

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

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

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

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

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

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

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

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

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

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

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

2. TURNOVER AND SEGMENT INFORMATION

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

Business segments

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

Principal activities are as follows:

Advertising:	Sales of the advertising spaces in the media or events operated by the Group, Beijing Youth Daily Agency ("**BYDA**") and Hebei Youth Daily Agency ("**HYDA**") and Beiqing Ceci Advertising (Beijing) Limited ("**Beiqing Ceci**").
Printing:	Provision of printing services.
Trading of print-related materials:	Sales of paper, ink, lubricants, films, PS boards and rubber sheets for printing and other print-related materials.
Distribution:	Distribution of newspapers mainly published by HYDA.
Others:	It represents the China Open Tennis Tournaments event organised by Beijing China Open Promotion Co., Ltd. ("**COL**").

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

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

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

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

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

The Group's inter-segment transactions mainly consist of provision of printing services. These transactions were entered into on similar terms as those contracted with third parties. The inter-segment sales were carried on by reference to market rates.

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

3. OTHER INCOME

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

4. FINANCE COSTS

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

5. PROFIT BEFORE INCOME TAX

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

6. INCOME TAX EXPENSE

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

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

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

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

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

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

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

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

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

7. DIVIDENDS

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

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

The final dividend of RMB0.20 per share totaling RMB39,462,000 has been proposed by the directors. This proposed dividend is subject to shareholders' approval in the forthcoming general meeting. Therefore, the amount is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2009.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

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

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

9. TRADE RECEIVABLES

	2008	2007
	RMB'000	*RMB'000*
Trade receivables		
– Due from Ultimate Holding Company	**96,285**	67,742
– Due from other related parties	**53,124**	31,110
– Due from third parties	**140,840**	125,242
	290,249	224,094
Less: Impairment loss recognised	**(6,281)**	(18,849)
Trade receivables – net	**283,968**	205,245

For reporting purposes, analysis as:

	2008	2007
Non-current assets	**6,579**	10,582
Current assets	**277,389**	194,663
	283,968	205,245

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

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

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

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

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

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

Movement in the impairment loss for trade receivables:

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

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

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

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

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

10. TRADE PAYABLES

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

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

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

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

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

11. COMPARATIVE FIGURES

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

RESULTS

In 2008, the Group realized a turnover of approximately RMB1,081,116,000, a profit before tax of approximately RMB41,870,000 and a profit attributable to shareholders of RMB40,309,000. The Directors may determine at their discretion as to the distribution of any dividend of the Company and the amount therefore as described in the prospectus of the Company despatched in December 2004.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

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

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

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

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

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

INDUSTRY REVIEW

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

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

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

ADVERTISING BUSINESS

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

The Group's revenue generated from advertising was mainly attributable to Beijing Youth Daily. The actual revenue from advertising in 2008 was RMB480,633,000, representing an increase of RMB63,901,000 or 15.33% on a year-on-year basis. Balance of trade receivables from advertising was RMB45,078,000, a drop of 17.61% on a year-on-year basis.

In 2008, the Company changed the operating mode for its advertising business to adopt a direct sales system for face-to-face communication with clients. The Group integrated its internal resources and provided different distribution platforms and quality value-added services for clients by newspaper alliance and interaction with news sites. The Group also provided all-round planning and crisis solution for advertising clients. Furthermore, by focusing on data monitoring and market research, the Group was able to formulate rightly aimed policies and initiatives, resulting in the highest year-on-year growth rate in actual advertising revenue among other comparable Beijing media in 2008. Advertising revenue from 16 industries recorded different growth among the total of 22 industries.

PRINTING BUSINESS AND TRADING OF PRINT-RELATED MATERIALS

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

ORGANISATION OF LARGE-SCALE EVENTS

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

PROSPECTS AND FUTURE PLANS

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

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

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

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

USE OF PROCEEDS FROM THE LISTING

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

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

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

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

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

FINANCIAL POSITION AND BUSINESS RESULTS

1. Turnover

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

2. Cost of Sales and Operating Expenses

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

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

3. Gross Profit

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

4. Profit Attributable to Shareholders

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

5. Final Dividend

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

6. Non-current Assets

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

7. Net Current Assets

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

LIQUIDITY AND FINANCIAL RESOURCES

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

EQUITY-TO-DEBT RATIO

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

TAXATION

For the year ended 31 December 2008, the Group's taxation expenses were RMB4,407,000 (2007: RMB6,732,000), representing a decrease of 34.54% on a year-on-year basis. However, due to the increase in profit before tax of the Group and PRC enterprise income tax rate decreased from 33% in 2007 to 25% in 2008, the effective tax rate applicable to the Group decreased from 38.2% in 2007 to 10.53% in 2008. The taxation authority in the PRC has granted the Company a tax exemption of five years effective from 1 January 2004 to 31 December 2008.

BANK BORROWINGS, OVERDRAFTS AND OTHER BORROWINGS

As at 31 December 2008, short-term bank loans amounted to RMB105,000,000 (31 December 2007: RMB46,500,000). Such bank loans bear interest of 6.318% to 8.217% p.a. (2007: 5.265% to 5.589% p.a.) and is repayable within one year.

FINANCE COSTS

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

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

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

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

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

For the year ended 31 December 2008, the Company entered into a credit guarantee agreement with Hua Xia Bank to secure a loan of RMB30,000,000 granted to BYD Logistics by Hua Xia Bank.

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

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

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

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

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

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

FOREIGN EXCHANGE RISKS

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

STAFF

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

AUDIT COMMITTEE

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

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

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither of the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2008 and up to the date of this announcement.

DIVIDEND

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

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

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 15 May 2009 to Monday, 15 June 2009 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the Annual General Meeting and voting in the meeting, all transfer documents of the holders of H Shares of the Company must be lodged at our H Shares Registrar at Hong Kong, Computershare Hong Kong Investor Services Limited at rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Thursday, 14 May 2009.

CORPORATE GOVERNANCE

During the year ended 31 December 2008 and up to the date of this announcement, the Company has fully complied with the code provisions of the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 to the Listing Rules.

PUBLICATION OF THE RESULT ANNOUNCEMENT AND ANNUAL REPORT

This result announcement will be published on the Company's website (www.bjmedia.com.cn) and the Stock Exchange's website (www.hkex.com.hk). The 2008 annual report containing all the information required by the Listing Rules will be dispatched to the shareholders and available on the same websites in due course.

By order of the Board
Zhang Yanping
Chairman

Beijing, the PRC, 20 April 2009

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

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