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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009**

#### **FINANCIAL HIGHLIGHTS**

1. Turnover decreased by 29.35% to RMB377,526,000 (corresponding period of 2008: RMB534,389,000)
2. Profit before income tax decreased by 9.73% to RMB17,464,000 (corresponding period of 2008: RMB19,346,000)
3. Profit attributable to owners of the parent decreased by 23.7% to RMB9,645,000 (corresponding period of 2008: RMB12,641,000)
4. Earnings per share decreased by 23.71% to RMB0.0489 (corresponding period of 2008: RMB0.0641)
5. Proposed interim dividend per share remain unchanged is RMB nil (corresponding period of 2008: RMB nil)

The board (the “**Board**”) of directors (the “**Directors**”) of Beijing Media Corporation Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2009 (the “**First Half of 2009**”) and the comparative results of the Group for the corresponding period in 2008.

# CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2009

		Six months ended 30 June	
		2009	2008
			Restated
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Turnover	3	377,526	534,389
Costs of sales		(343,548)	(485,609)
Gross profit		33,978	48,780
Other income		23,693	21,712
Selling and distribution expenses		(6,611)	(7,346)
Administrative expenses		(16,559)	(26,348)
Finance costs		(2,963)	(1,844)
Share of loss of jointly controlled entities		(14,074)	(15,267)
Share of loss of an associate		–	(341)
Profit before tax	4	17,464	19,346
Income tax expense	5	(7,486)	(2,755)
Profit for the period		<u>9,978</u>	<u>16,591</u>
Attributable to:			
Owners of the parent		9,645	12,641
Minority interests		<u>333</u>	<u>3,950</u>
		<u>9,978</u>	<u>16,591</u>
Earnings per share			
Basic, for profit for the period attributable to ordinary owners of the parent	6	<u>0.0489</u>	<u>0.0641</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b><i>RMB'000</i></b>	<b>Restated</b>
	<b>(Unaudited)</b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>
Profit for the period	<u><b>9,978</b></u>	<u>16,591</u>
Other comprehensive income:		
Share of share premium of a jointly controlled entity	–	6
Income tax relating to component of other comprehensive income	<u>–</u>	<u>–</u>
Other comprehensive income for the period, net of tax	<u>–</u>	<u>6</u>
Total comprehensive income for the period, net of tax	<u><b>9,978</b></u>	<u><b>16,597</b></u>
Attributable to:		
Owners of the parent	<b>9,645</b>	12,647
Minority interests	<u><b>333</b></u>	<u>3,950</u>
	<u><b>9,978</b></u>	<u><b>16,597</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AT 30 JUNE 2009

		30 June 2009	31 December 2008
			Restated
	Notes	RMB'000 (Unaudited)	RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	8	16,487	18,116
Prepayments for land use rights		30,122	30,567
Intangible assets		24,180	24,854
Investments in jointly controlled entities	9	(110,822)	(96,748)
Investments in an associate		—	—
Available-for-sale financial assets		—	136
Trade receivables	10	4,820	6,579
Other receivables		255	247
Deferred tax assets		915	1,132
		<u>(34,043)</u>	<u>(15,117)</u>
<b>Current assets</b>			
Held-to-maturity financial assets		—	56,050
Inventories		60,737	50,992
Trade receivables	10	275,200	277,389
Other receivables, prepayments and deposits		36,549	22,464
Restricted bank deposits		85,224	61,489
Short-term bank deposits		1,071,155	998,945
Cash and cash equivalents		147,732	225,640
		<u>1,676,597</u>	<u>1,692,969</u>
<b>Current liabilities</b>			
Trade payables	11	138,035	146,934
Other payables and accruals		119,536	117,446
Deferred revenue		20,104	24,587
Dividends payable		41,178	2,213
Taxation payable		2,871	2,858
Short-term bank loans		71,500	105,000
		<u>393,224</u>	<u>399,038</u>
Net current assets		<u>1,283,373</u>	<u>1,293,931</u>
Net assets		<u><u>1,249,330</u></u>	<u><u>1,278,814</u></u>
<b>Equity attributable to owners of the parent</b>			
Share capital		197,310	197,310
Reserves		1,019,158	1,048,975
		<u>1,216,468</u>	<u>1,246,285</u>
Minority interest		<u>32,862</u>	<u>32,529</u>
<b>Total equity</b>		<u><u>1,249,330</u></u>	<u><u>1,278,814</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2009 (RESTATED)**

	Attributable to owners of the parent						
	Share Capital	Capital reserve	Statutory surplus reserve	Retained Earnings	Sub-total	Minority interest	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2009, as previously stated	197,310	896,169	136,637	39,696	1,269,812	32,529	1,302,341
Changes in accounting policies ( <i>note 2</i> )	—	—	—	(23,527)	(23,527)	—	(23,527)
At 1 January 2009, as restated	197,310	896,169	136,637	16,169	1,246,285	32,529	1,278,814
Total comprehensive income – Profit for the period	—	—	—	9,645	9,645	333	9,978
2008 final dividend paid	—	—	—	(39,462)	(39,462)	—	(39,462)
At 30 June 2009 (unaudited)	<u>197,310</u>	<u>896,169</u>	<u>136,637</u>	<u>(13,648)</u>	<u>1,216,468</u>	<u>32,862</u>	<u>1,249,330</u>
At 1 January 2008, as previously stated	197,310	896,163	135,078	14,758	1,243,309	39,559	1,282,868
Changes in accounting policies ( <i>note 2</i> )	—	—	—	(23,527)	(23,527)	—	(23,527)
At 1 January 2008, as restated	197,310	896,163	135,078	(8,769)	1,219,782	39,559	1,259,341
Profit for the period	—	—	—	12,641	12,641	3,950	16,591
Other comprehensive income	—	6	—	—	6	—	6
Total comprehensive income	—	6	—	12,641	12,647	3,950	16,597
2007 final dividend paid	—	—	—	(13,812)	(13,812)	—	(13,812)
At 30 June 2008 (unaudited)	<u>197,310</u>	<u>896,169</u>	<u>135,078</u>	<u>(9,940)</u>	<u>1,218,617</u>	<u>43,509</u>	<u>1,262,126</u>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<u><b>RMB'000</b></u>	<u>Restated</u>
	<b>(Unaudited)</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>
Cash used in operations	<b>(19,763)</b>	(90,703)
Tax paid	<u><b>(3,728)</b></u>	<u>(1,637)</u>
Net cash used in operating activities	<b>(23,491)</b>	(92,340)
Net cash (used in)/from investing activities	<b>(17,420)</b>	33,779
Net cash (used in)/from financing activities	<u><b>(36,997)</b></u>	<u>33,671</u>
Net decrease in cash and cash equivalents	<b>(77,908)</b>	(24,890)
Cash and cash equivalents at 1 January	<u><b>225,640</b></u>	<u>174,726</u>
Cash and cash equivalents at 30 June	<u><b>147,732</b></u>	<u>149,836</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**1. BASIS OF PREPARATION**

The Group's unaudited condensed interim financial information has been prepared in accordance with the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

**2. PRINCIPAL ACCOUNTING POLICIES**

The consolidated condensed interim financial information has been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the consolidated condensed interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008, except as described below.

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2009.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008
HKFRSs (Amendments)	Improvements to HKFRSs April 2009
HKFRS 2	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7	Financial Instruments: Disclosures
HKFRS 8	Operating Segments
HKAS 1	Revised Presentation of Financial Statements
HKAS 23	Borrowing Costs (Revised)
HKAS 32	Financial Instruments: Presentation and HKAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC) 13	Customer Loyalty Programmes
HK(IFRIC) 9	Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement
HK(IFRIC) 16	Hedges of a Net Investment in a Foreign Operation

## HK(IFRIC) 13 Customer Loyalty Programmes

This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. The Group has a customer loyalty program for certain of its advertising customers whereby if the customers post advertising in the Group's media for certain amounts within a time period, they will be awarded with one coupon or one advertising space for free of charge. The award credits are measured at the fair value. The Group previously 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. HK(IFRIC) 13 has no specific provisions on transition. Therefore, the Group has followed HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, applying the changes retrospectively. The prior period financial information has therefore been restated.

As a result of the adoption of HK(IFRIC) 13, the following adjustments were made to the 2008 financial information:

	<u>RMB'000</u>
As of 1 January 2008:	
Net increase in liabilities:	23,527
Net decrease in opening retained earnings:	23,527
As of 31 December 2008:	23,527
Net increase in liabilities:	23,527
Net decrease in retained earnings:	

There was no effect on earnings per share related to 2008.

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 May 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs April 2009 <sup>2</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>3</sup>
HKAS 39 (Amendment)	Eligible hedged items <sup>3</sup>
HKFRS 1 (Revised)	First-time Adoption of HKFRSs <sup>3</sup>
HKFRS 2 (Amendments)	Share-based Payment – Group Cash-settled Share-based Payment Transactions <sup>4</sup>
HKFRS 3 (Revised)	Business Combinations <sup>3</sup>
HK(IFRIC) – Interpretation (“Int”) 9 and HKAS 39 (Amendments)	Embedded Derivatives <sup>5</sup>
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners <sup>3</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>6</sup>

<sup>1</sup> Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010 as appropriate.

<sup>3</sup> Effective for annual periods beginning on or after 1 July 2009.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2010.

<sup>5</sup> Effective for annual periods ending on or after 30 June 2009.

<sup>6</sup> Effective for transfers of assets from customers received on or after 1 July 2009.



The application of HKFRS 3 (Revised) may affect the accounting for business combinations 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. The Directors anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

### 3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

Advertising	Sales of advertising spaces in the media or events operated by Beijing Youth Daily Agency ("BYDA") and Hebei Youth Daily Agency ("HYDA").
Printing	Provision of printing services.
Trading of print-related materials	Sales of paper, ink, lubricants, films, PS boards and rubber sheets for printing and other print-related materials.
Distribution	Distribution of newspapers mainly published by HYDA.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs and finance revenue) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's-length basis in a manner similar to transactions with third parties.

## Operating segments

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008, respectively.

Six months ended 30 June 2009 (Unaudited)	Advertising	Printing	Trading of print-related materials	Distribution	Adjustments and eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE						
Third party	192,644	25,187	155,614	4,081	–	377,526
Inter-segment	–	80,677	–	–	(80,677)	–
<b>Total revenue</b>	<b>192,644</b>	<b>105,864</b>	<b>155,614</b>	<b>4,081</b>	<b>(80,677)</b>	<b>377,526</b>
RSEULTS						
<b>Segments profit before tax</b>	<b>12,552</b>	<b>3,319</b>	<b>3,635</b>	<b>(8,690)</b>	<b>–</b>	<b>10,816</b>
Unallocated other income						23,693
Unallocated corporate expenses						(8)
Finance costs						(2,963)
Share of loss of jointly controlled entities						(14,074)
<b>Profit before tax</b>						<b>17,464</b>
Six months ended 30 June 2008 (Unaudited)	Advertising	Printing	Trading of print-related materials	Distribution	Adjustments and eliminations	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
REVENUE						
Third party	260,302	69,818	200,801	3,468	–	534,389
Inter-segment	–	114,760	–	–	(114,760)	–
<b>Total revenue</b>	<b>260,302</b>	<b>184,578</b>	<b>200,801</b>	<b>3,468</b>	<b>(114,760)</b>	<b>534,389</b>
RSEULTS						
<b>Segments profit before tax</b>	<b>25,899</b>	<b>3,695</b>	<b>6,708</b>	<b>(10,484)</b>	<b>–</b>	<b>25,818</b>
Unallocated other income						20,463
Unallocated corporate expenses						(9,483)
Finance costs						(1,844)
Share of loss of jointly controlled entities						(15,267)
Share of loss of an associate						(341)
<b>Profit before tax</b>						<b>19,346</b>

The following table presents segment assets of the Group's operating segments as at 30 June 2009 and 31 December 2008:

	<b>Advertising</b>	<b>Printing</b>	<b>Trading of print-related materials</b>	<b>Distribution</b>	<b>Total</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 30 June 2009 (Unaudited)					
<b>Segment assets</b>	<b><u>179,458</u></b>	<b><u>73,831</u></b>	<b><u>164,383</u></b>	<b><u>25,947</u></b>	<b>443,619</b>
Unallocated corporate assets					<b><u>1,198,935</u></b>
<b>Total assets</b>					<b><u>1,642,554</u></b>
At 31 December 2008 (Audited)					
<b>Segment assets</b>	<b><u>133,822</u></b>	<b><u>49,562</u></b>	<b><u>212,859</u></b>	<b><u>30,624</u></b>	<b>426,867</b>
Unallocated corporate assets					<b><u>1,250,985</u></b>
<b>Total assets</b>					<b><u>1,677,852</u></b>

#### 4. PROFIT BEFORE TAX

Profit before tax is arrived at after charging (crediting):

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Exchange (gain)/loss	<b>(33)</b>	9,483
Interest expenses	<b>2,963</b>	1,844
Depreciation of property, plant and equipment	<b>1,872</b>	1,576
Amortisation charges	<b>1,122</b>	1,141
Reversal of allowance for bad debts and doubtful debts	<b>(1,165)</b>	(4,630)
Reversal of impairment loss on inventories (included in cost of inventories)	<b>(856)</b>	—
Cost of inventories	<b>237,995</b>	317,622
Bank interest income	<b>(20,683)</b>	(18,480)
Gain on disposal of held-to-maturity financial assets	<b>(334)</b>	—
Impairment loss of available-for-sale financial assets	<b>136</b>	269
Loss on disposal of property, plant and equipment	<b><u>28</u></b>	<b><u>6</u></b>

## 5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Current income tax</b>		
Current income tax charge	7,269	2,755
<b>Deferred income tax</b>		
Relating to origination and reversal of temporary difference	217	—
<b>Income tax expense</b>	<b>7,486</b>	<b>2,755</b>

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

The Company is an enterprise engaged in providing newspaper advertising services in the People's Republic of China ("PRC"). In accordance with the approval document issued by the Beijing Local Tax Bureau, Chaoyang Branch, the Company is exempted from enterprise income tax for five years starting from 1 January 2004. The Company is subject to enterprise income tax at the rate of 25% from 1 January 2009.

All of the subsidiaries of the Company in the PRC are subject to enterprise incomes tax at the rate of 25% (2008: 25%).

## 6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to ordinary owners of the Parent by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit attributable to ordinary owners of the Parent	9,645	12,641
Weighted average number of ordinary shares in issue (thousands)	197,310	197,310
Earnings per share (RMB)	0.0489	0.0641

As there were no potential dilutive shares outstanding for both periods, no diluted earnings per share is presented.

## 7. DIVIDENDS

- (a) The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2009 (2008: nil).
- (b) Dividends attributable to the previous financial year, approved during the interim period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Final dividend in respect of the financial year ended 31 December 2008, approved during the interim period, of RMB0.20 per share (year ended 31 December 2007: RMB0.07 per share)	<b><u>39,462</u></b>	<b><u>13,812</u></b>

## 8. PROPERTY, PLANT AND EQUIPMENT

### Acquisitions and disposals

During the six months ended 30 June 2009, the Group acquired assets with a cost of RMB274,000 (2008: RMB1,047,000).

Assets with a net carrying value of RMB31,000 were disposed of by the Group during the six months ended 30 June 2009 (2008:RMB16,000), resulting in a net loss on disposal of RMB28,000 (2008:RMB6,000).

## 9. INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Unlisted investments, at cost	<b>15,300</b>	15,300
Share of post acquisition reserves	<b>2</b>	2
Share of share premium of a jointly controlled entity	<b>6</b>	6
Share of post acquisition loss	<b><u>(126,130)</u></b>	<b><u>(112,056)</u></b>
	<b><u>(110,822)</u></b>	<b><u>(96,748)</u></b>

Particulars of jointly controlled entities as at 30 June 2009 are as follows:

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

*Note:*

- (a) COL is a joint venture. The Company and the other party had joint control over the board of directors of COL and such board was responsible for determining the financial and operating policies of COL in the ordinary course of business. Accordingly, COL is accounted for as a jointly controlled entity using the equity method of accounting.
- (b) During the year ended 31 December 2008, COL acquired a 100% equity interest in Swidon and Champion for consideration of RMB67,861,000 (Equivalent to USD9,302,325) and RMB45,241,000 (Equivalent to USD6,201,550). COL together with Swidon and Champion are collectively referred to as the "COL Group".
- (c) During the year ended 31 December 2008, the Company established Beiqing CeCi with an independent foreign venturer. Beiqing CeCi is a Sino-foreign equity joint venture. The Company and the foreign venture partner have joint control over the board of directors of Beiqing CeCi and such board is responsible for determining the financial and operating policies of Beiqing CeCi in the ordinary course of business. Accordingly, Beiqing Ceci is accounted for as a jointly controlled entity using the equity method of accounting.
- (d) The Company has agreed to provide financial assistance to COL for the operating costs of COL for the organization of the China Open Tennis Tournaments. In the event that COL requires financing for such costs, the Company and its ultimate controlling shareholder, BYDA, have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL.

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

	Six months ended 30 June 2009			Six months ended 30 June 2008
	COL Group <i>RMB'000</i> (Unaudited)	Beiqing CeCi <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Turnover	–	2,629	2,629	420
Other revenues	19,578	5	19,583	36,584
Total revenue	19,578	2,634	22,212	37,004
Loss for the period	(20,241)	(7,356)	(27,597)	(29,940)
Group's share of loss for the period	(10,323)	(3,751)	(14,074)	(15,267)
	30 June 2009			31 December 2008
	COL Group <i>RMB'000</i> (Unaudited)	Beiqing CeCi <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Audited)
<b>Assets</b>				
Non-current assets	113,255	1,292	114,547	115,012
Current assets	207,212	6,330	213,542	231,094
	320,467	7,622	328,089	346,106
<b>Liabilities</b>				
Current liabilities	83,758	12,281	96,039	82,836
Non-current liabilities	449,343	–	449,343	452,967
	533,101	12,281	545,382	535,803
Net liabilities assets	212,634	4,659	217,293	189,697
Group's share of net liabilities	108,446	2,376	110,822	96,748

## 10. TRADE RECEIVABLES

Included in trade receivables are debtors receivables (net of allowance for bad debt and doubtful debts) with the following ageing analysis:

	<b>30 June 2009</b>	31 December 2008
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 3 months	<b>146,252</b>	133,350
4 months to 6 months	<b>43,729</b>	70,272
7 months to 12 months	<b>74,186</b>	57,567
1 year to 2 years	<b>6,134</b>	830
Over 2 year	<b>9,719</b>	21,949
	<hr/>	<hr/>
Total debtors receivables, net of allowance for bad debt and doubtful debts	<b><u>280,020</u></b>	<b><u>283,968</u></b>
For reporting purpose, analysis as:		
Non-current assets	<b>4,820</b>	6,579
Current assets	<b><u>275,200</u></b>	<b><u>277,389</u></b>
	<b><u>280,020</u></b>	<b><u>283,968</u></b>

The Group normally allows a credit period of 1 week to 3 months from the date of invoice to its customers (including related parties but excluding 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 over 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 balance with maturities greater than 12 months as non-current trade receivables which are measured at amortised cost using the effective interest rate.

## 11. TRADE PAYABLES

Included in trade payables are creditors and bills payables with the following ageing analysis:

	<b>30 June 2009</b>	31 December 2008
	<i><b>RMB'000</b></i>	<i><b>RMB'000</b></i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within 3 months	<b>114,847</b>	124,429
4 months to 6 months	<b>13,597</b>	18,035
7 months and 12 months	<b>9,217</b>	3,853
1 year to 2 years	<b>360</b>	470
Over 2 years	<b>14</b>	147
	<hr/>	<hr/>
Total creditors and bills payables	<b><u>138,035</u></b>	<b><u>146,934</u></b>



## 12. COMMITMENTS UNDER OPERATING LEASES

### The Group as lessee

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

	<b>30 June 2009</b>	31 December 2008
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one year	<b>1,593</b>	2,556
In the second to fifth years inclusive	<b>3,566</b>	1,133
	<b><u>5,159</u></b>	<u>3,689</u>

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

### The Group as lessor

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

	<b>30 June 2009</b>	31 December 2008
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within one year	<b><u>1,922</u></b>	<u>3,843</u>

The properties are expected to generate rental yields of 14.2% on an on-going basis. The properties have committed tenants for the next 6 months.

### 13. RELATED PARTY TRANSACTIONS

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

<b>Name of related parties</b>	<b>Nature of relationship</b>
BYDA	Ultimate Holding Company
Beijing BeiQing Advertising Limited	A subsidiary of BYDA
Beijing XiaoHongMao Corporation	A subsidiary of BYDA
Beijing Today Sunshine Advertising Co., Ltd.	A subsidiary of BYDA
Beijing Gehua Sunshine Advertising Co., Ltd.	A jointly controlled entity of BYDA
COL	A jointly controlled entity of the Company
Beiqing CeCi	A jointly controlled entity of the Company
Joonng Ang M&B Ltd.	A venturer of Beiqing CeCi
Beijing Leisure Trend Advertising Ltd.	An associate of the Company
Xin Hua Net Printery	A minority shareholder
Workers Daily	A minority shareholder
Beijing Min Yi Printing Technology Services Company	A minority shareholder
Beijing Ke Yin Printing Technology Services Company	A minority shareholder
HYDA	A minority shareholder
State-owned enterprises	Related parties of the Company

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

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

In addition to the related party information shown elsewhere in the unaudited condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between members of the Group and their related parties during the period and balances arising from related party transactions at the end of the period.

**(a) Balances with related parties:**

	<b>30 June 2009</b>	<b>31 December 2008</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
BYDA		
Trade receivables	<b>50,490</b>	96,285
Other receivables, prepayments and deposits	<b>149</b>	825
Trade payables	<b>6,141</b>	6,102
Other payables and accruals	<b>421</b>	2,327
Subsidiaries of BYDA		
Trade receivables	<b>12,178</b>	13,899
Trade payables	<b>4,809</b>	5,022
Associate of the Company		
Trade receivables	<b>2,975</b>	244
Minority shareholders		
Trade receivables	<b>1,118</b>	1,631
Trade payables	<b>–</b>	431
Other payables and accruals	<b>124</b>	75
Dividends payable	<b>1,716</b>	2,213
Other State-owned enterprises		
Trade receivables	<b>26,435</b>	37,350
Other receivables, prepayments and deposits	<b>17,995</b>	4,006
Trade payables	<b>57,314</b>	60,627
Other payables and accruals	<b>748</b>	2,499

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

**(b) Transactions with related parties:**

		Six months ended 30 June	
		2009	2008
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
BYDA			
Exclusive advertising right expenses	(i)	27,675	38,773
Provision of advertising services		–	358
Provision of printing services		11,912	60,480
Rental income	(ii)	1,906	1,916
Rental expenses	(iii)	676	680
Subsidiaries of BYDA			
Provision of advertising services		5,898	3,626
Payment of delivery and logistics services		1,956	2,655
A jointly controlled entity of BYDA			
Provision of advertising services		–	540
An associate of the Company			
Provision of advertising services		3,876	420
Minority shareholders of subsidiaries			
Sales of print-related materials		17,096	18,898
Payment for printing services		–	5,475

- (i) Pursuant to the advertising space operating rights and options subscription agreement entered into between the Company and BYDA on 7 December 2004, the Company has agreed to pay 16.5% of the advertising revenue to BYDA for the period from 1 October 2004 to 30 September 2033.
- (ii) The Company rented certain offices situated in the Beijing Youth Daily Agency Building to BYDA from 10 August 2006 to 31 December 2009 with an annual rental fee of RMB3,843,000.
- (iii) The Company rented certain offices situated in the Beijing Youth Daily Agency Building from BYDA from 10 August 2006 to 31 December 2009 with an annual rental fee of RMB1,363,000.

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

(c) **Financial guarantees and security**

During the six months ended 30 June 2009, the Company provided financial guarantees of RMB209,100,000 to banks for securing the loan facilities of COL. As at 30 June 2009 and 31 December 2008, the outstanding amount of the loan facilities was RMB173,000,000. The fair value of the guarantees at the balance sheet date is not material and is not recognised in the financial statements.

During the six months ended 30 June 2009, the Company pledged its bank deposits of RMB10,000,000 as security over the loan facility granted to Beijing Ceci by a bank. As at 30 June 2009, the outstanding amount of the loan facility was RMB10,000,000 (2008: Nil).

(d) **Key management compensation**

	Six months ended 30 June	
	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	<u>2,508</u>	<u>2,113</u>

**14. EVENTS AFTER REPORTING PERIOD**

- (a) On 27 June 2007, BYD Logistics entered into an agreement with an indirect subsidiary of BYDA, XiaoHongMao Logistics Company Limited (“**XHM Logistics**”) (“**the Logistics Services Agreement**”). Pursuant to the Logistics Services Agreement, XHM Logistics agreed to provide logistics services in respect of paper and printing materials and warehouse storage services to BYD Logistics. The Logistics Services Agreement expired on 30 June 2009.

On 1 July 2009, BYD Logistics and XHM Logistics agreed to renew the Logistics Services Agreement for the period from 1 July 2009 to 31 December 2010, pursuant to which XHM Logistics has agreed to provide logistics services in respect of paper and printing materials and storage services in respect of 3,700 square-meter warehouse to BYD Logistics. BYD Logistics will pay XHM Logistics a fee based on the actual volume of paper and printing materials, and a storage fee of RMB12 per month per square meter. The Company expects that the annual caps under the renewed Logistics Services Agreement will not exceed RMB2,000,000 and RMB3,000,000 for the six months ending 31 December 2009 and for the year ending 31 December 2010 respectively, based on internal estimates of demand and operation conditions.

- (b) On 22 July 2009, the Company and COL entered into a guarantee agreement (the “**Framework Guarantee Agreement**”) under which the Company will provide guarantees for term loans granted to COL by various banks to a maximum outstanding balance of RMB224,700,000, comprising a maximum principle amount of RMB209,100,000 and estimated accrued interest of RMB15,600,000.

The Directors expected that the facilities guaranteed amounting approximately to RMB147,900,000 and RMB61,200,000 will be utilised for the renewal of term loans which were mainly incurred in previous years for the operation of the China Open tennis tournaments and the renewal of term loans incurred in 2008 for other operational needs of COL and the renewal of term loans which were utilised for paying the consideration for COL’s acquisition in 2008 of the 100% issued share capital of Champion and Swidon.

## 15. COMPARATIVE FIGURES

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

### INTERIM DIVIDEND

The Board do not recommend the distribution of any interim dividend for the six months ended 30 June 2009.

### BUSINESS REVIEW OF THE GROUP

The Group is principally engaged in three core businesses: (1) advertising sales, which contribute the largest portion of turnover from the Company, Hebei Heqing Media Corporation Limited (“**Heqing Media**”) and Beijing Beiqing Top Advertising Limited (“**Beiqing Top**”); (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, inter alia, newsprint, ink, lubricants, films, PS boards and rubber sheets to third parties, including commercial printers.

The Group is principally engaged in the sales of advertising space, the printing and production of newspapers and the trading of print-related materials. The Group’s principal plane advertising medium is the Beijing Youth Daily Agency Papers, including “Beijing Youth Daily”.

In the first half of 2009, the operating results of the Group reflected a period of tough challenges. According to statistics available from third parties, the total business volume of Beijing’s plane media market was steeply hampered by adversities arising from the financial crisis. Beijing Media’s experience over the period was no exception, as it posted a decrease in operating revenue. Nevertheless, despite of gloomy and grim sentiment, Beijing Media managed to secure an increasing market share. In terms of market share in the segment of Beijing’s major metropolitan newspapers, Beijing Media improved from number two position in 2008 to number one position in the first half of 2009.

In the first half of 2009, the Group registered a total turnover of RMB377,526,000, representing a drop of 29.35% over the corresponding figure of 2008 (corresponding period of 2008: RMB534,389,000). Profit attributable to owners of the parent declined by about 23.70% to RMB9,645,000 from the figure for the corresponding period of 2008 (RMB12,641,000).

## **ADVERTISING BUSINESS**

In the first half of 2009, total turnover from advertising sales of the Group, mainly derived from Beijing Media, amounted to RMB192,644,000, representing a decrease of 25.99% when compared with the figure for the corresponding period of 2008 (RMB260,302,000).

Hindered by the devastating financial crisis, the total advertising volume of plane media in the first half of 2009 recorded an overall fall, resulting in a year-on-year decrease in the advertising revenue of Beijing Youth Daily. Despite this, Beijing Youth Daily's market share in advertising ranked first amongst Beijing's major metropolitan newspapers. It is well poised to become a dominant leader amongst peer newspapers. To weather the adversity of diminishing plane media advertising volume, Beijing Media has expanded into diversified operations. Beijing Media launched a number of real estate display fairs and automobile exhibitions, which brought significant economic returns and were well responded in the industry. Through a recent release of "SUNSHINE", a new advertising-focused magazine, the Company marked an important step for its move into luxury advertising. To fully tap into other market resources in addition to Beijing, in the first half of the year, the Company released "Qionghai Supplement" and "Qinhuangdao Supplement", both of which produced notable returns.

Heqing Media, a subsidiary of Beijing Media established in Hebei Province, is principally engaged in the publication of "Hebei Youth Daily" and the sale of advertising space. In the first half of 2009, "Hebei Youth Daily" reported a steady growth in distribution volume, and continued to lead in sales volume in retail markets in the Shijiazhuang area. In addition, sales volume of advertising business recorded a dramatic growth compared to the corresponding period of 2008.

Since its first release a year ago, a female magazine "Ceci" has been well received by white collar groups in different cities and has been widely recognized within the industry. On top of strong sales volumes since its release, "Ceci" magazine achieved significant growth in advertising sales volume in the first half of 2009.

## **PRINTING BUSINESS AND TRADING OF PRINT-RELATED MATERIALS**

The Group is engaged in the printing business and the trading of print-related materials through BYD Logistics. In the first half of 2009, turnover from the printing business and the trading of print-related materials amounted to RMB25,187,000 and RMB155,614,000 (corresponding period of 2008: RMB69,818,000 and RMB200,801,000) respectively, representing a decrease of 63.92% and 22.50% over the corresponding figures of 2008 respectively.

In the first half of 2009, the major revenue generators of BYD Logistics changed from revenue from intra-group printing and trading business to revenue from third-party printing and trading business. Notable success were achieved in building up a diversified third-party customer portfolio.

## **ORGANISATION OF LARGE-SCALE EVENTS**

Beijing China Open Promotion Company Limited (“COL”), a jointly controlled entity of the Company, successfully organized five tennis tournaments during the period from 2004 to 2008, which attracted participation of internationally renowned tennis players, such as Rafael Nadal, Andy Roddick, Fernando Gonzalez, Marat Safin, David Ferrer, Nikolay Davydenko, Maria Sharapova, the Williams sisters, Lindsay Davenport, Svetlana Kuznetsova, Martina Hingis, Amelie Mauresmo and Maria Kirilenko. Each of the tournaments attracted an audience from approximately 20 countries and regions through broadcasting by the CCTV sports channel.

In 2009, Beijing Media drew up a series of measures to diversify its business. In May 2009, Beijing Media and Beijing Youth Daily Agency, as the most influential media in Beijing, jointly held the Beijing Automobile Exhibition of 2009 in a newly built exhibition hall at the National Agriculture Exhibition Centre drawing on a display space of 10,000 square metres. Dozens of prestigious domestic automobile manufacturers and distributors participated. During the exhibition period, over 100,000 visits were recorded, with nearly 1,000 automobile vehicles being traded on-the-spot. Accordingly, Beijing Media has significantly strengthened its position in the automobile industry. During the “Labour Day” golden week holiday of 2009, the Company was retained by Qionghai Municipal Government in Hainan Province to hold the “Exclusive Real Estate Exhibition Project of Qionghai, Hainan Province” at the China International Exhibition Centre. The exhibition attracted a large number of visitors from Beijing. Overwhelmingly positive market feedback was received by the Company and the event provided the Company with valuable experience in expanding its advertising into other provinces.

## **PROSPECTS AND FUTURE PLANS**

In relation to its advertising operations in the second half of 2009, the Group will continue to uphold its operating philosophy adopted in the first half of the year. The Group will continue to pursue for a higher profitability by increasing consolidation of internal resources, advancing innovative solutions and introducing fresh approach to diversified advertising operations. At the same time, to bolster its number one market position in mainstream newspaper media, the Group will continue to strive to enhance innovation for advertisers from different industries and to roll out various promotional campaigns.

In the second half of 2009, the Group will, through Beiqing CeCi, continue to establish its new platform for its stylish magazine media. Following the successful release and distribution of the magazine, an established position in mainstream plane media will be sought for the magazine, so as to capitalize on the promising development of the Group’s stylish magazine media.

In the first half of 2008, upon final review and approval, Beijing Media set up Legal Evening Media Limited (“Legal Evening Media”), a 100% controlled subsidiary of the Company, with a registered capital of RMB400,000,000 for the purpose of the acquisition of Legal Evening Post. The acquisition will proceed in the second half of 2009.



In the second half of 2009, the sixth China Open Tennis Tournament will be organized at Beijing Olympic Tennis Court. Given the Group's past experience in running large-scale events, together with the growing popularity of tennis in China and a new venue for the tournament, the Group will endeavour to ensure the success of this open tennis tournament.

Meanwhile, the Group has emerged as one of the leading media corporations in China through its broad strengths, such as the solid platform of Beijing Youth Daily with its wide readership base, successful development of outdoor advertising, new launch of a popular and stylish magazine, strong support of Beijing Municipal Government, ATP and WTA membership, hosting rights for the China Open Tennis Tournament, plus seasoned management of the Group. While maintaining the existing core operations of the Company, the Company intends to diversify its media business through selective acquisitions and collaborations. To boost its development, the Group will aim to bolster its ongoing relationship with Beijing Youth Daily Agency, in order to stand out from its peers as a leading media corporation in China with a cross-media platform.

The Group's business growth is heavily dependent on the concerted efforts of our management and staff in each and every business unit. To capture the many of business opportunities in the market, the outstanding quality of the Group's management and employees is absolutely a critical to our success. I, on behalf of the Group's shareholders and other members of the Board, would like to take this opportunity to express our wholehearted and sincere appreciation to our management and employees in various business units.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Position and Business Results**

#### *1. Turnover*

For the six months ended 30 June 2009, turnover of the Group was RMB377,526,000 (corresponding period of 2008: RMB534,389,000), representing a decrease of 29.35% over the corresponding period of 2008. Revenue from advertising decreased by RMB67,658,000, representing a decrease of 25.99%. Revenue from printing decreased by RMB44,631,000, representing a decrease of 63.92% over the corresponding period of 2008, while revenue from the trading of print-related materials decreased by RMB45,187,000, representing a decrease of 22.5% over the corresponding period of 2008.

#### *2. Cost of Sales and Operating Expenses*

For the six months ended 30 June 2009, the Group's cost of sales was RMB343,548,000 (corresponding period of 2008: RMB485,609,000), representing a decrease of 29.25% over the corresponding period of 2008. Operating expenses were RMB23,170,000 (corresponding period of 2008: RMB33,694,000), representing a decrease of 31.23% over the corresponding period of 2008. Operating expenses represented 6.14% (corresponding period of 2008: 6.31%) of the Group's turnover for the first half of 2009, comprising mainly selling and distribution expenses as well as administrative expenses.

### 3. *Gross Profit*

For the six months ended 30 June 2009, the Group's gross profit amounted to RMB33,978,000 (corresponding period of 2008: RMB48,780,000), representing a decrease of 30.34% over the corresponding period of 2008. Gross profit margin was 9% (corresponding period of 2008: 9.13%).

### 4. *Other Income – Net*

For the six months ended 30 June 2009, the Group's other income – net was approximately RMB23,693,000 (corresponding period of 2008: RMB21,712,000), representing an increase of approximately 9.12% over the corresponding period of 2008.

### 5. *Finance costs*

For the six months ended 30 June 2009, the finance cost of the Group was approximately RMB2,963,000 (corresponding period of 2008: RMB1,844,000), representing an increase in finance cost of approximately 60.68% over the corresponding period of 2008.

### 6. *Profit Attributable to owners of the parent*

For the six months ended 30 June 2009, the profit attributable to owners of the parent was approximately RMB9,645,000 (corresponding period of 2008: RMB12,641,000), representing a decrease of 23.7% over the corresponding period of 2008.

### 7. *Non-current Assets*

As at 30 June 2009, the non-current liabilities of the Group amounted to RMB34,043,000 (31 December 2008: RMB15,117,000) which mainly comprised property, plant and equipment, prepayment for land use rights, and intangible assets of RMB16,487,000 (31 December 2008: RMB18,116,000), RMB30,122,000 (31 December 2008: RMB30,567,000), and RMB24,180,000 (31 December 2008: RMB24,854,000) respectively. Share of net investments liabilities of jointly-controlled entities amounted to RMB110,822,000 (31 December 2008: RMB96,748,000) and share of investment of an associate amounted to RMB0 (31 December 2008: RMB0) and available-for-sale financial assets amounted to RMB0 (31 December 2008: RMB136,000). Non-current trade receivables amounted to RMB4,820,000 (31 December 2008: RMB6,579,000). Other receivables amounted to RMB255,000 (31 December 2008: RMB247,000). Deferred tax assets amounted to RMB915,000 (31 December 2008: RMB1,132,000).

### 8. *Net Current Assets*

As at 30 June 2009, the Group's net current assets amounted to RMB1,283,373,000 (31 December 2008: RMB1,293,931,000). Current assets mainly comprised cash and cash equivalents of RMB147,732,000 (31 December 2008: RMB225,640,000), and short-term bank deposits of RMB1,071,155,000 (31 December 2008: RMB998,945,000), and restricted bank deposits of

RMB85,224,000 (31 December 2008: RMB61,489,000), and held-to-maturity financial assets of RMB0 (31 December 2008: RMB56,050,000), and inventory of RMB60,737,000 (31 December 2008: RMB50,992,000) and trade receivables of RMB275,200,000 (31 December 2008: RMB277,389,000) and other receivables, prepayments and deposits of RMB36,549,000 (31 December 2008: RMB22,464,000). Current liabilities mainly comprised short term bank loan of RMB71,500,000 (31 December 2008: RMB105,000,000), and trade payables of RMB138,035,000 (31 December 2008: RMB146,934,000), and other payables and accruals of RMB119,536,000 (31 December 2008: RMB117,446,000), and deferred revenue of RMB20,104,000 (31 December 2008: RMB24,587,000), and dividends payable of RMB41,178,000 (31 December 2008: RMB2,213,000), and taxation payable of RMB2,871,000 (31 December 2008: RMB2,858,000) respectively.

#### 9. *Liquidity and Financial Resources*

As at 30 June 2009, the Group has maintained a stable cash flow. The Group's cash and cash equivalents and short term bank deposits totaled RMB1,218,887,000 (31 December 2008: RMB1,224,585,000). The equity-to-borrowing ratio (defined as a percentage of net interest-bearing borrowings over capital and reserves attributable to the Company's equity holders) was 5.88% as at 30 June 2009 (31 December 2008: 8.43%).

#### 10. *Equity-to-Debt Ratio*

As at 30 June 2009, the Group's equity-to-debt ratio was 317.71% (31 December 2008: 320.47%) (ratio derived from dividing the Group's total equity by its total liabilities).

#### 11. *Taxation*

For the six months ended 30 June 2009, the Group's taxation expenses were RMB7,486,000 (corresponding period of 2008: RMB2,755,000), representing an increase of 171.72%. However, due to the decrease in profit before tax of the Group, the effective tax rate applicable to the Group increased from 14.24% in the first half of 2008 to 42.87% in the first half of 2009. The taxation authority in the PRC has granted the Company an income tax exemption of five years effective from 1 January 2004 to 31 December 2008.

#### 12. *Bank Borrowings, Overdrafts and other Borrowings*

As at 30 June 2009, short-term bank loans amounted to RMB71,500,000 (31 December 2008: RMB105,000,000). Such bank loans bear interest of 4.374% to 6.723% p.a. (2008: 6.318% to 6.723% p.a.) and are repayable within one year.

#### 13. *Finance Costs*

Finance costs of the Group for the first half of 2009 were RMB2,963,000 (corresponding period of 2008: RMB1,844,000), excluding exchange gain of RMB33,000 (loss in corresponding period of 2008: RMB9,483,000).

## USE OF PROCEEDS FROM LISTING

The Company raised a total net proceeds of about HK\$889,086,000 from the Global Offering in 2004. The following table sets forth a breakdown of the proposed use of proceeds as disclosed in the Prospectus of the Company and the actual use of proceeds as at 30 June 2009:

<b>Proposed Use of Proceeds</b>	<b>Amounts Proposed to be Used HK\$</b>	<b>Actual Amounts Used HK\$</b>
Developing weekend newspapers	Approximately 100 million	not used
Developing a number of theme-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 80 million	Approximately 23.59 million
Investing in the television industry in Beijing	Approximately 250 million	not used
Acquisition of other media businesses	Approximately 360 million	Approximately 360 million
General working capital	Approximately 80 million	Approximately 80 million

As at 30 June 2009, a substantial part of the proceeds of the Company had not been utilized. This was mainly due to the following reasons:

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

The Company believes that proceeds of the Global Offering will continue to be used for business development in the second half of 2009.

## CAPITAL STRUCTURE

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

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

## INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2009, shareholders holding 5% or more of the issued share capital of the Company, as recorded in the register of shareholder's interest in shares required to be maintained by the Company pursuant to Section 336 of the Securities and Futures Ordinance (cap. 571 "SFO"), are set forth below:

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

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

Save as disclosed above, to the knowledge of the Directors, Supervisors and senior management, as at 30 June 2009, there were no other individuals having interests and/or short positions in shares or underlying shares of the Company that were required to be recorded on the register as indicated thereunder pursuant to Section 336 of Part XV of the SFO.

## CAPITAL EXPENDITURES

Capital expenditures of the Group for the first half of 2009 including expenditure on office equipment were RMB277,000 (corresponding period of 2008: RMB1,274,000). The Group anticipates that capital expenditures for the second half of 2009 will mainly comprise expenditure consistent with business strategies.

## CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	As at <b>30 June 2009</b> <i>RMB'000</i>	As at 31 December 2008 <i>RMB'000</i>
Guarantees for bank loans of a jointly-controlled entity	<b>199,100</b>	173,000
Guarantees for bank loans of subsidiaries	<b>71,500</b>	50,000
Guarantees for credit line facilities of a subsidiary	<b><u>0</u></b>	<b><u>40,000</u></b>

As at 30 June 2009, the Company entered into an entrusted loan agreement with China Everbright Bank (“**Everbright Bank**”) to provide a loan not exceeding RMB26,500,000 in aggregate to Heqing Media.

As at 30 June 2009, the Company entered into an entrusted loan agreement with China Minsheng Banking (“**Minsheng Banking**”) to provide a loan of not more than RMB25,000,000 in aggregate to Heqing Media.

As at 30 June 2009, the Company entered into an entrusted loan agreement with China CITIC Bank (“**CITIC Bank**”) to provide a loan in aggregate not more than RMB20,000,000 to BYD Logistics.

As at 30 June 2009, the Company entered into a credit guarantee agreement with Shenzhen Development Bank to provide a credit guarantee on a loan of RMB20,000,000 to COL, entered into a credit guarantee agreement with Bank of Beijing to provide a credit guarantee on a loan of RMB153,000,000 to COL, and reached a written consent with CITIC Bank to provide a guarantee on a loan of RMB16,100,000 to COL.

As at 30 June 2009, the Company entered into an entrusted loan agreement with Everbright Bank to provide a loan in aggregate not exceeding RMB10,000,000 to Beijing Ceci.

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

As at 30 June 2009, the aggregate amount of financial assistance and guarantees for financing provided to COL by the Company exceeded 8% of total assets of the Company. In accordance with Rule 13.22 of the Listing Rules, the balance sheet of COL as at 30 June 2009 (including major items of the balance sheet) and interests in COL attributable to the Company have been disclosed in note 9 to the financial information in this announcement of results.



## **FOREIGN EXCHANGE RISKS**

Most of the Group's revenues and operating costs were denominated in RMB. As the proceeds from the issue of new shares in December 2004 were received in Hong Kong dollars, the Group is exposed to foreign exchange risks as a substantial portion of cash and cash equivalents are denominated in Hong Kong dollars. For the six months ended 30 June 2009, the Group had an exchange gain of RMB33,000 (loss in corresponding period of 2008: RMB9,483,000). The Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations.

## **STAFF**

As at 30 June 2009, the Group had a total of 675 staff members (as at 30 June 2008: 674 staff members), whose remuneration and benefits are determined based on market rates, State policies and individual performance.

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

As at 30 June 2009, no Director, Supervisor and senior management of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO), which fall to be notified to the Company pursuant to Division 2 and 3 of Part XV of the SFO and to be notified to The Stock Exchange of Hong Kong Limited pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was taken or deemed to have under such provisions of the SFO), or which were to be recorded on the register required to be maintained by the Company pursuant to Section 352 of the SFO, or fall to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

For the six months ended 30 June 2009, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

## **MATERIAL INVESTMENTS**

For the six months ended 30 June 2009, the Group had no material investments.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS**

For the six months ended 30 June 2009, the Company had no items of material transactions of acquisitions and disposals of assets.



## **MATERIAL LEGAL MATTERS**

The Company was not involved in any material litigation or arbitration and, so far as the Company is aware, no material litigation or claim was pending or threatened against the Company for the six months ended 30 June 2009.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied with all the applicable code provisions and, where the Board deems appropriate, the applicable recommended best practices of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009. The Board acknowledges that a properly designed internal control system is one of the key elements to monitor and safeguard the resources of the Group, to produce reliable financial report for shareholders of the Company, and to enhance better corporate governance and compliance in return reduces the possibility of significant errors and irregularities.

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

The Company has formulated the “Model Code for Securities Transaction by Directors of Beijing Media Corporation Limited”, which is largely based on and formulated in accordance with the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as provided in Appendix 10 of the Hong Kong Listing Rules. The Model Code for Securities Transactions by Directors of Beijing Media Corporation Limited is on terms no less exacting than the required standards set out in the Model Code.

Such system requires all securities transactions of the Directors be made in accordance with the Model Code. The system also applies to senior management of the Company.

The Company has made specific enquiries on all Directors, and all Directors have confirmed that they had fully complied with the Model Code for the six months ended 30 June 2009.

Other than the Directors’ working relationships within the Company, none of the Directors, Supervisors or senior management had any financial, business or family relationship or any relationship in other material aspects with each other.

Other than Director’s own service contracts, none of Directors or Supervisors had any actual personal interest, directly or indirectly, in any material contracts made by the Company or any of its subsidiaries in the first half of 2009.

## 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 a non-executive Director.

The Audit Committee of the Company has reviewed the accounting principles and practices to be applied by the Group with the management of the Company, and has also discussed with the Directors on matters concerning the internal controls and financial reporting of the Company, including a review of the financial statements of the Group for the first half of 2009 without dissenting opinions.

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

The Company's interim report for the first half of 2009 will be published on The Stock Exchange of Hong Kong Limited's website (<http://www.hkex.com.hk>) and the Company's website (<http://www.bjmedia.com.cn>).

By Order of the Board

**Zhang Yanping**

*Chairman*

Beijing, PRC, 10 September 2009

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

*Please also refer to the published version of this announcement on the Company's website at [www.bjmedia.com.cn](http://www.bjmedia.com.cn).*