BEIJING MEDIA
北青传媒

BEIJING MEDIA CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1000)

2007 INTERIM RESULT

The Board of Directors of Beijing Media Corporation Limited (the "Company", together with its subsidiaries, the "Group") hereby announces the unaudited consolidated results of the Group for the six months ended 30 June 2007 (the "First Half of 2007") and the comparative results of the Group for the corresponding period in 2006.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT (UNAUDITED)
For the six months ended 30 June 2007

		Six months ended 30 June	
	Notes	**2007** *RMB'000* **(Unaudited)**	2006 *RMB'000* (Unaudited)
Turnover	*5*	**375,097**	366,629
Costs of sales		**(337,729)**	(346,947)
Gross profit		**37,368**	19,682
Other gains – net		**30,590**	21,872
Selling and distribution expenses		**(6,547)**	(3,918)
Administrative expenses		**(20,434)**	(19,150)
Finance costs		**(25,049)**	(10,244)
Share of (loss) profit of a jointly controlled entity		**(5,666)**	3,766
Profit before income tax	*6*	**10,262**	12,008
Income tax expenses	*7*	**(3,529)**	(4,142)
Profit for the period		**6,733**	7,866
Attributable to:			
Equity holders of the Company		**6,463**	5,662
Minority interest		**270**	2,204
		6,733	7,866
Earnings per share for profit attributable to the equity holders of the Company (RMB per share), basic	*8*	**0.0328**	0.0287
Dividends	*9*	**39,462**	49,328

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

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET (UNAUDITED)

As at 30 June 2007

	Notes	As at 30 June 2007 RMB'000 (Unaudited)	As at 31 December 2006 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	*10*	**19,215**	20,737
Prepayment for land use rights		**31,868**	32,317
Intangible assets		**25,300**	25,463
Investment in a jointly controlled entity	*11*	**(88,119)**	(82,453)
Available-for-sale financial assets		**2,069**	2,069
Trade receivables	*12*	**11,974**	13,851
		2,307	11,984
Current assets			
Inventories		**57,787**	38,602
Trade receivables	*12*	**182,720**	126,282
Other receivables, prepayment and deposits		**22,749**	21,359
Tax receivables		**731**	646
Restricted bank deposits		**164,105**	217,953
Short-term bank deposits		**926,969**	890,606
Cash and cash equivalents		**253,370**	286,923
		1,608,431	1,582,371
LIABILITIES			
Current liabilities			
Trade payables	*13*	**100,245**	74,463
Other payables and accruals		**198,381**	180,165
Short-term bank loans		**33,500**	28,000
		332,126	282,628
Net current assets		**1,276,305**	1,299,743
Total assets less current liabilities		**1,278,612**	1,311,727

	As at 30 June 2007 *RMB'000* (Unaudited)	As at 31 December 2006 *RMB'000* (Audited)
EQUITY		
Capital and reserves		
Share capital	**197,310**	197,310
Reserves	**1,028,512**	1,028,512
Retained earnings		
– Proposed final dividend	**–**	39,462
– Others	**13,311**	6,848
Equity attributable to equity holders of the Company	**1,239,133**	1,272,132
Minority interests	**39,479**	39,595
Total equity	**1,278,612**	1,311,727

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

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2007

	Unaudited Attributable to equity holders of the Company								
	Share capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Statutory public welfare fund *RMB'000*	Discretionary surplus reserve fund *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Minority interest *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2006	197,310	896,163	64,491	63,377	–	78,202	1,299,543	33,635	1,333,178
Capital held by minority shareholders of the acquired subsidiary	–	–	–	–	–	–	–	12,000	12,000
Transfer to discretionary surplus reserve fund	–	–	–	(63,377)	63,377	–	–	–	–
2005 dividend paid	–	–	–	–	–	(49,328)	(49,328)	–	(49,328)
Dividend paid to minority shareholders of subsidiaries	–	–	–	–	–	–	–	(6,098)	(6,098)
Profit for the period	–	–	–	–	–	5,662	5,662	2,204	7,866
Balance at 30 June 2006	197,310	896,163	64,491	–	63,377	34,536	1,255,877	41,741	1,297,618

	Unaudited Attributable to equity holders of the Company								
	Share Capital *RMB'000*	Capital reserve *RMB'000*	Statutory surplus reserve *RMB'000*	Statutory public welfare fund *RMB'000*	Discretionary surplus reserve fund *RMB'000*	Retained Earnings *RMB'000*	Sub-total *RMB'000*	Minority interest *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2007	197,310	896,163	132,349	–	–	46,310	1,272,132	39,595	1,311,727
2006 dividend paid	–	–	–	–	–	(39,462)	(39,462)	–	(39,462)
Dividend paid to minority shareholders of subsidiaries	–	–	–	–	–	–	–	(386)	(386)
Profit for the period	–	–	–	–	–	6,463	6,463	270	6,733
Balance at 30 June 2007	197,310	896,163	132,349	–	–	13,311	1,239,133	39,479	1,278,612

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

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT (UNAUDITED)
For the six months ended 30 June 2007

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net cash outflow from operating activities	**(8,705)**	(2,229)
Net cash inflow from investing activities	**11,004**	44,086
Net cash outflow from financing activities	**(34,348)**	(1,819)
Net (decrease) increase in cash and cash equivalents	**(32,049)**	40,038
Cash and cash equivalents at beginning of the period	**286,923**	284,733
Effect of exchange rate changes	**(1,504)**	(9,692)
Cash and cash equivalents at end of the period	**253,370**	315,079

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

For the six months ended 30 June 2007

1. COMPANY ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated in the People's Republic of China (the "PRC") on 28 May 2001 as a joint stock company with limited liability under the PRC Company Law. The Company and its subsidiaries are hereinafter referred to as the "Group". The Group is principally engaged in the provision of newspaper advertising services, printing and trading of print-related materials in the PRC.

The address of the registered office and principal place of business of the Company are Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, PRC.

The unaudited condensed consolidated interim financial information are presented in Renminbi ("RMB") which is also the functional currency of the Group.

The directors consider that Beijing Youth Daily Agency (the "Ultimate Holding Company") is the parent and ultimate holding company of the Company.

The Company is listed on the Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated interim financial information was approved for issue on 3 September 2007.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, 'Interim financial reporting' and with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

3. ACCOUNTING POLICIES

The accounting policies used in the unaudited condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006.

In the current period, the Group had applied for the first time, new standards, amendment and interpretations (hereinafter collectively referred to as "new HKFRs"), issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for accounting period beginning on or after 1 January 2007. The adoption of new HKFRSs had no material effect on the results and financial position of the Group for the current or prior accounting periods as prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The directors of the Company are currently assessing the impact of these HKFRSs but are not yet in a position to state whether they would have material financial impact on the Group's results and financial position.

HKAS 23 (revised)	Borrowing costs [1]
HKFRS 8	Operating Segments [2]
HK(IFRIC)-Interpretation 11	Group and Treasury Share Transactions [2]
HK(IFRIC)-Interpretation 12	Service Concession Arrangements [3]

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 March 2007
[3] Effective for annual periods beginning on or after 1 January 2008

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(a) Allowance for doubtful debts

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

(b) Useful lives of property, plant and equipment

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

(c) Intangible assets

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

5. SEGMENT INFORMATION

(a) Primary reporting format – business segments

For the six months ended 30 June 2007 and 2006, the Group is organized into four main business segments:

Advertising:	Sales of the advertising spaces in the newspapers and magazines, mainly published by the Ultimate Holding Company and Hebei Youth Daily Agency.
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 Hebei Youth Daily Agency.

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

The segment information are as follows:

	For the six months ended 30 June 2007				
	Advertising	**Printing**	**Trading of print-related materials**	**Distribution**	**Group**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Turnover (including inter-segment)	**216,154**	**156,378**	**99,685**	**1,753**	**473,970**
Less: Inter-segment sales	**–**	**(98,873)**	**–**	**–**	**(98,873)**
Turnover to external customers	**216,154**	**57,505**	**99,685**	**1,753**	**375,097**
Segment results	**8,937**	**6,310**	**4,022**	**(1,672)**	**17,597**
Unallocated other gains, net					**23,380**
Finance costs					**(25,049)**
Share of loss of a jointly controlled entity					**(5,666)**
Profit before income tax					**10,262**
Income tax expenses					**(3,529)**
Profit for the period					**6,733**
Capital expenditure	**1,094**	**–**	**483**	**–**	**1,576**
Depreciation	**2,486**	**–**	**232**	**–**	**2,718**
Amortisation charges	**991**	**–**	**2**	**–**	**993**

The segment information are as follows:

	For the six months ended 30 June 2006			
	Advertising *RMB'000*	Printing *RMB'000*	Trading of print-related materials *RMB'000*	Group *RMB'000*
Turnover (including inter-segment)	235,072	182,635	85,763	503,470
Less: Inter-segment sales	–	(136,841)	–	(136,841)
Turnover to external customers	235,072	45,794	85,763	366,629
Segment results	(15,360)	7,417	4,557	(3,386)
Unallocated other gains, net				21,872
Finance costs				(10,244)
Share of profit of a jointly controlled entity				3,766
Profit before income tax				12,008
Income tax expenses				(4,142)
Profit for the period				7,866
Capital expenditure	22,037	–	58	22,095
Depreciation	1,002	–	270	1,272
Amortisation charges	565	–	2	567

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

6. PROFIT BEFORE INCOME TAX

Profit before income tax in the unaudited condensed consolidated interim income statement for the six months ended 30 June 2007 was determined after charging of the following items:

	Six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Exchange loss	**24,229**	9,680
Interest expenses	**820**	564
Depreciation of property, plant and equipment	**2,718**	1,272
Amortisation charges	**993**	567
Allowance for doubtful debts	**169**	7,792
Printing costs	**84,968**	77,076
Cost of inventories		
– printing	**80,440**	97,627
– trading	**89,118**	78,668
and after crediting:		
Bank interest income	**21,485**	22,969

7. INCOME TAX EXPENSES

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

PRC income tax has been provided on the estimated assessable profit for the period at their prevailing rates of taxation.

8. EARNINGS PER SHARE

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

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**6,463**	5,662
Weighted average number of ordinary shares in issue (thousands)	**197,310**	197,310
Earnings per share (RMB)	**0.0328**	0.0287

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

9. DIVIDENDS

In the annual general meeting on 20 June 2007, the shareholders approved the final dividend of RMB0.20 per ordinary share amounting to a total of RMB39,462,000, in respect of the year ended 31 December 2006. The amounts have been reflected as an appropriation of retained earnings for the six months ended 30 June 2007.

The directors do not recommend the payment of interim dividend for the period ended 30 June 2007.

10. PROPERTY, PLANT AND EQUIPMENT

	As at	
	30 June	31 December
	2007	2006
	RMB'000	*RMB'000*
Net carrying amounts at beginning of period/year	**20,737**	16,836
Additions	**1,196**	7,397
Depreciation	**(2,718)**	(3,036)
Disposals	**–**	(460)
Net carrying amounts at end of period/year	**19,215**	20,737

11. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	As at	
	30 June	31 December
	2007	2006
	RMB'000	*RMB'000*
Share of net liabilities	**(88,119)**	(82,453)

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

	For the six months ended 30 June	
	2007	2006
	RMB'000	*RMB'000*
Turnover	**–**	–
Other revenues	**–**	–
(Loss) profit for the period	**(11,114)**	7,384

	As at	
	30 June	31 December
	2007	2006
	RMB'000	*RMB'000*
Assets		
Non-current assets	**48,629**	48,144
Current assets	**5,883**	14,078
	54,512	62,222
Liabilities		
Current liabilities	**175,207**	177,991
Non-current liabilities	**52,087**	45,904
	227,294	223,895
Net liabilities	**(172,782)**	(161,673)

The Company has agreed to provide financial assistance to the jointly controlled entity, China Open Promotion Company Limited ("COL") for the financing of the payment of the licence fee for tennis tournaments.

The Company and Tennis Tournaments Holdings Limited ("TTHL"), another venturer of COL, have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL for the operating costs for the organization of the China Open Tennis Tournaments, if required.

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

12. TRADE RECEIVABLES

	As at	
	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
Trade receivables		
– Due from Ultimate Holding Company	**48,818**	39,282
– Due from related parties	**16,082**	8,395
– Due from third parties	**147,725**	110,218
	212,625	157,895
Less: Allowance for doubtful debts	**(17,931)**	(17,762)
Trade receivables – net	**194,694**	140,133
Less: non-current portion	**(11,974)**	(13,851)
Current portion	**182,720**	126,282

The aging analysis of trade receivables is as follows:

	As at	
	30 June 2007	31 December 2006
	RMB'000	*RMB'000*
Within 3 months	**122,976**	84,217
4 months to 6 months	**34,539**	24,711
7 months and 12 months	**11,091**	3,834
1 year to 2 years	**7,795**	14,881
Over 2 years	**36,224**	30,252
	212,625	157,895

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

13. TRADE PAYABLES

	As at 30 June 2007 RMB'000	As at 31 December 2006 RMB'000
Trade payables		
– Due to the Ultimate Holding Company	**5,717**	5,451
– Due to the related parties	**143**	91
– Due to third parties	**94,385**	68,921
	100,245	74,463

The aging analysis of trade payables is as follow:

	As at 30 June 2007 RMB'000	As at 31 December 2006 RMB'000
Within 3 months	**97,995**	72,254
4 months to 6 months	**320**	1,474
7 months and 12 months	**1,212**	5
1 year to 2 years	**718**	627
Over 2 years	**–**	103
	100,245	74,463

14. POST BALANCE SHEET EVENTS

(a) The Ultimate Holding Company and TTHL entered into an agreement on 18th March 2007. Pursuant to the agreement, the Ultimate Holding Company agreed to acquire 49% equity interest in COL held by TTHL at a consideration of RMB1.00.

The transfer has been completed and business registration has been completed on 1 August 2007.

(b) On 11 May 2007, the Ultimate Holding Company entered into an agreement with vendors that it will acquire 100% equity interests in Champion Will International Limited ("Champion") and 100% equity interests in Swidon Enterprises Limited ("Swidon") at consideration of US$6,201,550 and US$9,302,325 (equivalent to approximately RMB48,479,000 and RMB72,718,000).

Under the supplementary agreement, the rights and obligations in Champion and Swidon acquired by Ultimate Holding Company were transferred to and assumed by COL at no consideration. Under this arrangement, COL is obliged to pay the consideration of US$6,201,550 and US$9,302,325 to the vendors of the Champion and Swidon respectively.

The transactions were approved by the shareholders of the company at the extraordinary general meeting held on 16 July 2007. Up to the date of this report, the acquisitions have not been completed.

(c) On 10 April 2007, the Company and COL entered into a guarantee agreement (the "Guarantee Agreement") under which the Company will provide guarantees, upon request by COL, to a bank for the bank loans and facilities granted to COL in the aggregate amount not exceeding RMB307.23 million.

The facilities amounting to RMB148.35 million will be utilized for the renewal of the guarantees that the Company provided to COL. The remaining facilities amounting to RMB158.88 million will be utilised to facilitate the operation of the China Open Tennis Tournaments in 2007, settle the consideration payable for COL's acquisition of the 100% equity interests in Champion and Swidon and the related upgrade fees payable to the Women Tennis Association ("WTA").

As at 30 June 2007, the acquisition of Champion and Swidon has not been completed.

The terms of the Guarantee Agreement will be commenced from the date of the completion of the acquisitions as mentioned above to 30 March 2008.

The Guarantee Agreement was approved by the shareholders of the Company at the extraordinary general meeting held on 16 July 2007.

15. COMPARATIVE FIGURES

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

INTERIM DIVIDEND

The board of directors of the Company ("the Board") did not recommend the distribution of any interim dividend for the six months ended 30 June 2007.

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 2007:

Proposed Use of Proceeds	**Amounts Proposed to be Used** *HK$*	**Actual Amounts Used** *HK$*
Developing weekend newspapers	Approximately 100 million	not used
Developing a number of topic-focused magazines on personal wealth management, lifestyle and cultural activities	Approximately 80 million	Approximately 9.24 million
Investing in the television industry in Beijing	Approximately 250 million	not used
Acquisition of other media businesses	Approximately 360 million	Approximately 17.5 million
General working capital	Approximately 80 million	Approximately 80 million

As at 30 June 2007, a substantial part of the proceeds of the Company had not been utilized, which was mainly 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 our development in such industry has been slower than expected accordingly;

- The Company has spent considerable time on negotiation concerning a number of acquisitions because media industries, particularly newspapers and other media are subject to relatively more restrictions imposed by the relevant government authorities in the PRC.

Nevertheless, during the First Half of 2007, the Company strived to seek opportunities to fulfill the objectives set forth in its Prospectus. The Company believes that the proceeds will be utilized continually for business development in the later half of 2007 and in subsequent years.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is principally engaged in three core business (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.

For the First Half of 2007, total turnover of the Group was approximately RMB375,097,000, representing a rise of approximately 2.3% from the corresponding period of 2006. Profit attributable to shareholders was approximately RMB6,463,000, representing an increase of approximately 14.1% from the corresponding period of 2006.

The total turnover of the Group for the First Half of 2007 experienced a moderate rise, primarily due to an increase in printing revenue as well as increase in trading of print-related materials, as a result of increase activities in printing and trading. Profit attributable to shareholders experienced an increase as well, primarily due to the decrease in the cost of sales, as a result of the Group's active control on the cost.

Industry Review

For the First Half of 2007, the overall growth of advertising sales in newspapers and magazines continued to slow down due to severe competition in the media industry and drops of advertising revenue in real estate and automotive markets.

In the second half of 2007, the Group will continue to focus on its core business of providing newspaper advertising services. In addition, the Group will also be committed to multi-media platform operations, which include seeking to engage in the business of topic-focused magazines and the development of outdoor advertising business. Moreover, the Group will continue to take full advantage of its established media connections in Beijing and Hebei, and to organize large-scale events such as the China Open tennis tournaments.

Advertising Business

For the First Half of 2007, approximately RMB216,154,000, or approximately 57.6%, of the total turnover of the Group was derived from advertising sales, representing a decline of approximately 8.0% from the corresponding period of 2006.

The Group's revenue generated from advertising was mainly attributable to Beijing Youth Daily. For the First Half of 2007, revenue from real estate advertising generated by Beijing Youth Daily decreased sharply by approximately 33.0% from the corresponding period of 2006 to approximately RMB50,959,000 as a result of new media's diversifying the advertising shares of newspaper and magazine as well as limited new building projects launched.

However, the Company has achieved a positive result in restructuring its advertising portfolio as the advertising from certain weak industries such as finance and insurance as well as domestic electrical appliances sectors recorded growth.

Apart from Beijing Youth Daily, the Group also publishes other newspapers and magazines, including "Beijing Today", "Beijing Children's Weekly", "Middle School Times", "Leisure Trend" direct mail magazine, "39.2 Degree" youth magazine and "Hebei Youth Daily".

Printing Business and Trading of Print-related Materials

The Group engages in the printing business and trading of print-related materials through BYD Logistics. For the First Half of 2007, turnover from the printing business amounted to approximately RMB57,505,000, representing an increase of approximately 25.6% and trading of print-related materials amounted to approximately RMB99,685,000, representing an increase of approximately 16.2% from the corresponding period of 2006.

Organization of Large-scale Events

China Open Promotion Company Limited ("COL"), a jointly controlled joint venture established by the Company, has organized the first, second and the third China Open tennis tournaments in 2004, 2005 and 2006 in Beijing, and will continue to hold the fourth tournament in September 2007 in Beijing. Leveraging the experience gained from organizing the first, second and the third tournaments, COL expects and believes that the Fourth China Open tennis tournament will attain a higher degree of success. At present, COL is co-ordinating with the relevant government departments and other co-operative associations for the preparation of the fourth tournament.

Prospects and Future Plans

The Group came across many challenges arising from newspaper and magazine advertising segments in the First Half of 2007 as the new media diversified the advertising shares of newspaper and magazine. Looking forward into the second half of 2007, we are of the belief that the PRC advertising industry will still face severe competition. In light of the 2008 Olympic Games in Beijing, we expect that opportunities for the advertising business will arise from the anticipated growing demand for advertising services during the preparation and holding period of the 2008 Olympic Games. Adhering to its objective of developing into a successful cross-media enterprise, the Group will continue to diversify its income stream, such as through expansion into operations of new newspapers, topic-focused magazines, outdoor billboards and large-scale events.

As for the newspaper segment, the Company will consider to acquire the advertising businesses of "Legal Evening Post" and other publications of Beijing Youth Daily Agency ("BYDA") at proper time according to its objective and expansion plans.

In respect of the development of topic-focused magazines, the Company plans to continue the research on the launch of other topic-focused magazines with market and profit potential.

The Company is seeking to acquire businesses of billboard companies, striving for penetrating into billboard business segment before 2008 Olympic Games, so as to further increase its income stream. The Company is currently considering and preparing for the development of direct-mail advertising business. Backed by its experience in the organization of large-scale events, the Group will also explore the potential of this business segment.

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

The Company is seeking to establish a more extensive and diversified media platform by the above development plans. Under the support of the Beijing municipal government, the Group and its staff as a whole will continue their effort to develop and establish more diversified income stream and build up a cross-media platform for the Group, so as to establish the Group as a leading cross-media corporation in the PRC and maximize the return to shareholders.

Financial Position and Business Results

1. *Turnover*

   For the six months ended 30 June 2007, turnover of the Group was approximately RMB375,097,000 (corresponding period of 2006: RMB366,629,000), representing an increase of approximately 2.3% from the corresponding period of 2006. Revenue from advertising decreased by approximately RMB18,918,000, representing a decrease of approximately 8.0% from the corresponding period of 2006, mainly due to the new media's diversifying the advertising shares of newspaper and magazine. As a result, the Company's advertising revenue, especially the revenue from real estate sector, recorded a decline from the corresponding period of 2006 due to limited new building projects launched. Revenue from printing business increased by approximately RMB11,711,000, representing an increase of approximately 25.6% from the corresponding period of 2006, while revenue from the trading of print-related materials increased by approximately RMB13,922,000 representing an increase of approximately 16.2% from the corresponding period of 2006.

2. *Cost of Sales and Operating Expenses*

For the six months ended 30 June 2007, the Group's cost of sales was approximately RMB337,729,000 (corresponding period of 2006: RMB346,947,000), representing a decline of approximately 2.7% from the corresponding period of 2006. Operating expenses were approximately RMB26,981,000 (corresponding period of 2006: RMB23,068,000), representing a increase of approximately 17.0% from the corresponding period of 2006. Operating expenses represented approximately 7.2% (corresponding period of 2006: 6.3%) of the Group's turnover for the First Half of 2007, comprising mainly sales and distribution expenses and administrative expenses.

In view of the decrease in advertising revenue resulting from adverse market conditions, the Company has implemented active cost control and savings policies and measures. Costs and expenses relating to advertising revenue for the First Half of 2007 decreased by approximately RMB43,215,000, representing a decline of approximately 17.3% from the corresponding period of 2006. Due to the growth of printing business, costs and expenses relating to printing revenue increased by approximately RMB12,818,000, representing an increase of approximately 33.4% from the corresponding period of 2006. Due to the increase in the trading volume, costs and expenses relating to the trading of print-related materials increased by approximately RMB14,457,000, representing an increase of approximately 17.8% from the corresponding period of 2006.

3. *Gross Profit*

For the six months ended 30 June 2007, the Group's gross profit amounted to approximately RMB37,368,000 (corresponding period of 2006: RMB19,682,000), representing a significant increase of approximately 89.9% from the corresponding period of 2006. Gross profit margin increased to 10.0% (corresponding period of 2006: 5.4%).

4. *Other Gains – Net*

For the six months ended 30 June 2007, the other gains – net of the Group was approximately RMB30,590,000 (corresponding period of 2006: RMB21,872,000), representing an increase of approximately 39.9% from the corresponding period of 2006.

5. *Finance Expenses*

For the six months ended 30 June 2007, the finance expenses of the Group was approximately RMB25,049,000 (finance expenses for the corresponding period of 2006: RMB10,244,000), representing a significant increase in cost of approximately 144.5% from the corresponding period of 2006. The finance expenses mainly comprised of the Group's exchange loss of approximately RMB24,229,000 in First Half of 2007 arising from the Hong Kong Dollar deposits (exchange loss for the corresponding period of 2006: RMB9,680,000) as a result of Renminbi appreciations.

6. *Profit Attributable to Shareholders*

For the six months ended 30 June 2007, the profit attributable to shareholders of the Group was approximately RMB6,463,000 (corresponding period of 2006: RMB5,662,000), representing an increase of approximately 14.1% from the corresponding period of 2006.

7. *Non-current Assets*

As at 30 June 2007, the non-current assets of the Group amounted to approximately RMB2,307,000 (31 December 2006: RMB11,984,000) which mainly comprised of fixed assets, prepayment for land use rights, intangible assets and long-term receivables of approximately RMB19,215,000 (31 December 2006: RMB20,737,000), RMB31,868,000 (31 December 2006: RMB32,317,000), RMB25,300,000 (31 December 2006: RMB25,463,000) and RMB11,974,000 (31 December 2006: RMB13,851,000) respectively. Share of net liabilities of a jointly controlled entity amounted to approximately RMB88,119,000 (31 December 2006: RMB82,453,000) available-for-sale financial assets amounted to approximately RMB2,069,000 (31 December 2006: RMB2,069,000).

8. *Net Current Assets*

As at 30 June 2007, the Group's net current assets amounted to approximately RMB1,276,305,000 (31 December 2006: RMB1,299,743,000). Current assets mainly comprised of cash and cash equivalents of approximately RMB253,370,000 (31 December 2006: RMB286,923,000), short-term bank deposits of approximately RMB926,969,000 (31 December 2006: RMB890,606,000), restricted bank deposits of approximately RMB164,105,000 (31 December 2006: RMB217,953,000), inventory of approximately RMB57,787,000 (31 December 2006: RMB38,602,000), trade receivables and other receivables, prepayments and deposits of approximately RMB205,469,000 (31 December 2006: RMB147,641,000) and taxation receivable of approximately RMB731,000 (31 December 2006: RMB646,000). Current liabilities mainly comprised of unsecured short-term bank loan of approximately RMB33,500,000 (31 December 2006: RMB28,000,000), trade payables, other payables and accruals of approximately RMB100,245,000 (31 December 2006: RMB74,463,000) and RMB198,381,000 (31 December 2006: RMB180,165,000) respectively.

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

	As at 30 June 2007 *RMB'000*	As at 31 December 2006 *RMB'000*
Guarantees for bank loans of a jointly controlled entity	**148,350**	167,468

On 11 August 2005, 11 August 2006 and 11 August 2007, the Company entered into an extended pledge agreements with China Minsheng Banking Corporation Limited ("Minsheng Banking"), pursuant to which the Company pledged fixed-term deposits in the sum of RMB56,000,000 as a security over a loan facility in the sum of RMB48,600,000, granted to COL by Minsheng Banking.

On 21 March 2006 and 21 March 2007, the Company entered into an extended pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK$79,000,000 as a security over a loan facility of RMB71,000,000 granted to COL by Minsheng Banking.

On 1 June 2006 and 1 June 2007, the Company entered into an extended pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK$14,000,000 as a security over a loan facility of RMB12,500,000 granted to COL by Minsheng Banking.

On 11 August 2006 and 11 August 2007, the Company entered into an extended pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK$8,950,000 as a security over a loan facility of RMB8,050,000 granted to COL by Minsheng Banking.

On 18 August 2006 and 18 August 2007, the Company entered into an extended pledge agreement with Minsheng Banking, pursuant to which the Company pledged fixed-term deposits in the sum of HK$9,000,000 as a security over a loan facility of RMB8,200,000 granted to COL by Minsheng Banking.

The Company has agreed to provide financial assistance to COL for the financing of the payment of the Association of Tennis Professionals ("ATP") and the Women's Tennis Association ("WTA") licence fee. In relation to other operating costs of COL for the organisation of the China Open tennis tournaments, in the event that COL requires financing for such costs, the Company and TTHL have agreed to provide financial assistance to COL in accordance with their respective shareholding percentage ratios in COL.

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

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 short-term bank deposits and restricted bank deposits are denominated in Hong Kong dollars. For the six months ended 30 June 2007, the Group had an exchange loss of approximately RMB24,229,000 (exchange loss for the corresponding period of 2006: RMB9,680,000). The Group's operating cash flow or liquidity is not subject to any exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements as at 30 June 2007 due to strict foreign exchange control in China.

STAFF

As at 30 June 2007, the Group had a total of 487 staff (as at 30 June 2006: 368 staff), whose remuneration and benefits are determined based on market rates, State policies and individual performance. The increase in number of staff was mainly due to the addition of staff from Hebei Media and COL.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from 22 December 2004, the listing date, to the date of this interim report, none of the Company or any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the First Half of 2007.

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

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

CHANGE OF QUALIFIED ACCOUNTANT, COMPANY SECRETARY AND ALTERNATIVE AUTHORISED REPRESENTATIVE

On 1 March 2007, the qualified accountant, company secretary and an alternative authorised representative of the Company, Mr. Lau Wing Kee had tendered his resignation. Thereafter, Mr. Edmund SIT has been appointed as the qualified accountant, company secretary and an alternative authorised representative of the Company with effect from 14 March 2007.

CHANGES IN THE BOARD OF DIRECTORS AND THE SUPERVISORY COMMITTEE

The following resolutions have been considered and approved as ordinary resolutions at the Extraordinary General Meeting of the Company on 23 August 2007:

1. The granting of consent to the resignation of Mr. Abraham Van Zyl as a non-executive director of the Company and the election of Ms. Li Wenqing as a non-executive director of the Company.

2. The granting of consent to the resignation of Mr. Li Shiheng as a supervisor of the Company and the election of Mr. Tian Kewu as a supervisor of the Company.

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

After making adequate enquiries with Directors of the Company, the Company has reasonable grounds to believe that as at 30 June 2007, none of any Director, Supervisor, chief executive officer or senior management of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company and any of its associated corporations (within the meaning of Part XV of the "SFO").

MATERIAL LITIGATION AND ARBITRATION

So far as the Directors are aware, the Company was not involved in any material litigation or arbitration and no litigation or claim was pending or threatened against the Company as at 30 June 2007.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the accounting principles and practices adopted by the Group with the management of the Company. In addition, the Audit Committee has discussed with the Directors matters concerning the internal controls and financial reporting of the Company, including a review of the unaudited condensed consolidated interim financial information of the Group for the 6 months ended 30 June 2007 and the interim report with no disagreement.

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

The Company's interim report for the First Half of 2007 will be published on the Hong Kong Stock Exchange's website (http://www.hkex.com.hk).

By Order of the Board
ZHANG Yanping
Chairman

3 September 2007 Beijing, China

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