THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you have sold or transferred all your shares in **Beijing Media Corporation Limited**, you should at once hand this circular and the accompanying form of proxy and the reply slip to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

BEIJING MEDIA CORPORATION LIMITED

北青傳媒股份有限公司

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

(Stock code: 1000)

CONTINUING CONNECTED TRANSACTIONS
PROPOSED ANNUAL CAPS
FOR THE THREE YEARS ENDING 31 DECEMBER 2018
PROPOSED APPOINTMENT OF THE NON-EXECUTIVE DIRECTOR
AND
NOTICE OF EGM

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

WALLBANCK BROTHERS
Securities (Hong Kong) Limited

A letter from the Board is set out on pages 4 to 32 of this circular, and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 33 to 34 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 35 to 93 of this circular.

A notice convening the EGM to be held at 2:30 p.m on Tuesday, 26 January 2016 at 21st Floor, Beijing Youth Daily Agency, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC is set out on pages 99 to 102 of this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H shares registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so desire.

11 December 2015

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Advertising Agency Framework Agreement"	the advertising agency framework agreement entered into between the Company and the Parent on 22 October 2015
"Advertising Business Agreement"	the advertising business agreement dated 7 December 2004 and the supplemental agreement to the advertising business agreement dated 9 April 2010 entered into between the Company and the Parent
"Announcements"	the announcements of the Company dated 9 April 2010, 31 October 2012, 22 October 2015, and 7 December 2015, respectively
"associate(s)"	has the meaning ascribed under the Listing Rules
"Beijing Youth Daily"	a newspaper named Beijing Youth Daily（北京青年報）
"Board"	the board of directors of the Company
"BYD Logistics"	Beijing Youth Daily Logistics Company Limited（北京青年報現代物流有限公司）, a limited liability company incorporated under the laws of the PRC and a subsidiary of the Company
"Company"	Beijing Media Corporation Limited（北青傳媒股份有限公司）, a joint stock limited company incorporated under the laws of the PRC and whose H shares are listed and traded on the Hong Kong Stock Exchange
"controlling shareholder"	has the meaning ascribed under the Listing Rules
"Director(s)"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for approving, among others, (i) the Non-exempt Continuing Connected Transactions and the proposed annual caps for the three years ending 31 December 2018 thereof; and (ii) the proposed appointment of the non-executive Director
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Independent Board Committee"	an independent board committee of the Board comprising all of the independent non-executive Directors, who have no material interest in the Non-exempt Continuing Connected Transactions, namely Mr. Song Jianwu, Mr. Cui Baoguo, Mr. Wu Tak Lung, Mr. Cui Enqing and Mr. Chen Ji, which was established to advise the Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions as well as the proposed annual caps for the three years ending 31 December 2018 thereof
"Independent Financial Adviser" or "Wallbanck Brothers"	Wallbanck Brothers Securities (Hong Kong) Limited, a licensed corporation under the SFO to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and Independent Shareholders in relation to the Non-exempt Continuing Connected Transactions and the proposed annual caps for the three years ending 31 December 2018 thereof
"Independent Shareholders"	shareholders of the Company who are not required to abstain from voting on the resolutions in relation to the Non-exempt Continuing Connected Transactions to be proposed at the EGM under the Listing Rules and the proposed annual caps for the three years ending 31 December 2018 thereof
"Latest Practicable Date"	7 December 2015, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"LEPA"	Legal Evening Post Agency (法制晚報社), a subsidiary of the Parent
"LEPA Advertising Agency Framework Agreement"	the advertising agency framework agreement and the supplemental advertising agency framework agreement entered into between the Company and LEPA on 27 February 2013 and 2 December 2014, respectively
"LEPA Group"	LEPA and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Non-exempt Continuing Connected Transactions"	the transactions under the Advertising Business Agreement, the 2015 Printing Framework Agreement, and the Advertising Agency Framework Agreement
"Parent"	Beijing Youth Daily Agency (北京青年報社), a wholly state-owned enterprise incorporated under the laws of the PRC and the controlling shareholder of the Company
"Parent Group"	the Parent and its subsidiaries (excluding the Group)
"PRC"	the People's Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus of the Company dated 13 December 2004
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shareholders"	the shareholders of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"2012 Printing Framework Agreement"	the printing framework agreement entered into between BYD Logistics and the Parent on 31 October 2012
"2015 Printing Framework Agreement"	the printing framework agreement entered into between BYD Logistics and the Parent on 22 October 2015

BEIJING MEDIA CORPORATION LIMITED
北青傳媒股份有限公司

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

Executive Directors:
Zhang Yanping
Yu Haibo
He Xiaona

Non-Executive Directors:
Li Shiheng
Liu Han
Wu Peihua
Li Xiaobing
Wang Lin
Xu Xun

Independent Non-Executive Directors:
Song Jianwu
Cui Baoguo
Wu Tak Lung
Cui Enqing
Chen Ji

Registered Office:
Building A,
No.23 Baijiazhuang Dongli
Chaoyang District
Beijing 100026
the PRC

11 December 2015

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
PROPOSED ANNUAL CAPS
FOR THE THREE YEARS ENDING 31 DECEMBER 2018
PROPOSED APPOINTMENT OF THE NON-EXECUTIVE DIRECTOR
AND
NOTICE OF EGM**

1. INTRODUCTION

Reference is made to the Prospectus and Announcements in relation to the (i) Non-exempt Continuing Connected Transactions and the proposed annual caps for the three years ending 31 December 2018 thereof; and (ii) the proposed appointment of the non-executive Director.

The purpose of this circular is to provide you with, among other things, (i) the Non-exempt Continuing Connected Transactions between the Group and the Parent Group; (ii) the proposed appointment of the non-executive Director; and (iii) a notice convening the EGM.

2. ADVERTISING BUSINESS AGREEMENT

Reference is made to the Prospectus and the announcements of the Company dated 9 April 2010 and 31 October 2012, respectively.

The Parent is the publisher and distributor of Beijing Youth Daily. Pursuant to the Advertising Business Agreement, the Parent has granted to the Company the exclusive right to operate the advertising business of Beijing Youth Daily.

Date

7 December 2004 and 9 April 2010

Parties

(i) the Company

(ii) the Parent

Continuing transactions

Pursuant to the Advertising Business Agreement:

a) the Company has been granted by the Parent the exclusive right to sell all of the advertising space in the Beijing Youth Daily and is entitled to all revenue derived from such sales;

b) the Company is responsible for the printing, including printing costs and the choice of newsprint of the Beijing Youth Daily; and

c) the Company is required to allocate up to 360 pages per year of advertising space in respect of the Beijing Youth Daily to the Parent for publicity announcements and notices (provided that the advertising space allocated will not exceed 9% of the total advertising space of each paper per issue), for which no fee will be payable.

Term and termination

The Advertising Business Agreement is for a term commencing from 1 October 2004 and ending on 30 September 2033. Upon expiry, the Advertising Business Agreement will, subject to compliance with the requirements of the Listing Rules, be automatically renewed.

Price determination

The consideration for the transactions contemplated under the Advertising Business Agreement is equal to 16.5% of the total advertising revenue generated from the Beijing Youth Daily or such figure or formula as the parties may agree in the future.

The percentage of the fees payable to the Parent was determined through arm's length negotiations between the Company and the Parent taking into account factors including, the costs of provision of the editorial content by the Parent for Beijing Youth Daily and a reasonable profit margin, which is determined after taking into account of various factors including but not limited to operation costs and historical transaction conditions. There is no same or similar arrangement in the advertising industry, as such the percentage of the fees payable under the Advertising Business Agreement is not comparable to the market rate. Please also refer to the Prospectus for details.

Payment

The consideration under the Advertising Business Agreement are payable by cash on a monthly basis according to the Advertising Business Agreement and funded by the Company's internal resources. The Directors are of view that such payment terms are in line with the market practice.

Annual caps

Actual transaction value

The actual transaction value under the transactions contemplated under the Advertising Business Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 are set out below:

Transactions	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Eight months ended 31 August 2015** *(RMB)*
Fees payable by the Company to the Parent	44,496,184.82	46,496,123.71	16,669,715.13

Historical annual caps

The historical annual caps for the transactions under the Advertising Business Agreement for the three years ending 31 December 2015 are set out below:

Transactions	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Year ending 31 December 2015** *(RMB)*
Fees payable by the Company to the Parent	100,000,000	100,000,000	100,000,000

The Directors have been monitoring the transaction amount contemplated under the Advertising Business Agreement and for the two years ended 31 December 2014, the annual cap for each year has not been exceeded. As at the Latest Practicable Date and for the year ending 31 December 2015, the annual cap for the transactions contemplated under the Advertising Business Agreement for the year ending 31 December 2015 has not been and is not expected to be exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the Advertising Business Agreement for the three years ending 31 December 2018 are set out below:

Transactions	**Year ending 31 December 2016** *(RMB)*	**Year ending 31 December 2017** *(RMB)*	**Year ending 31 December 2018** *(RMB)*
Fees payable by the Company to the Parent	55,000,000	55,000,000	55,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

(i) the historical figures of the actual value of the transactions under the Advertising Business Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015. The decrease of the actual transaction values for the eight months ended 31 August 2015 as compared to the same period of last year is largely attributable to the decline of market share of print media in the PRC during the first half of 2015 caused by the macroeconomic growth slowdown in the PRC. However, considering the influence of the seasonality and payback period of advertising placement (i.e. the advertising peak season is from September to December in each year, and the settlement time-points for certain advertising placement is at the end of the year), and the fact that the Group, with the establishment of advertising resource display platform and the other measures, has facilitated the sales of its advertising resources since September, the Company expects that the advertising placement fee of Beijing Youth Daily will increase significantly from September to December in 2015 as compared to that from January to August in this year, and the fee payable by the Company to the Parent for the year ending 31 December 2015 will be up to RMB41 million;

(ii) According to the figures provided by ZenithOptimedia, the global print advertising spending has continued to decline since 2008, the market share of which has dropped from 39.4% in 2007 to 19.6% in 2015, and it is expected to decline to 16.7% in 2017.

Though according to the ranking list in terms of the advertising placement value of periodicals in the PRC from 2013 to 2014, Beijing Youth Daily ranked No.6 amongst the metropolitan newspapers in the PRC, and ranked No.1 in Beijing for six consecutive years. However, due to the macroeconomic downturn of the PRC in the recent years, the increasing impact on traditional media from emerging media, and the year-on-year decrease of the total placement of the print media of Beijing metropolitan newspapers, the Company's total advertising revenue for the year of 2013 and 2014, being RMB339,805,000 and RMB360,187,000, respectively, decreased to some extent as compared with RMB361,299,000, RMB450,331,000, and RMB474,269,000 for the year of 2012, 2011, and 2010;

(iii) With the confidence in maintaining the stability of advertising business, the Company will adopt a series of measures to actively cope with the difficulties in the future. With the development of forms of media and modes of transmission, more and more advertisers tend to adopt media mix, a combination of different advertising channels, for their advertising marketing. The Group has established the media resources supermarket as the unified marketing platform of the its advertising resources, and will integrate the media advertising resources in the possession of or represented by the Group, including, among others, the print media resources, the online media resources, the outdoor media resources, and various social events resources in relation to sport events, cultural activities, and etc., as well as form the diversified portfolio for sale (including the Parent Group's media resources represented by Group pursuant to the Advertising Agency Framework Agreement. For detailed information, please refer to the part headed "4. Advertising Framework Agreement – Provision of advertising agency service by the Group to the Parent Group" in this circular). Accordingly, the Group will provide tailor-made advertising portfolio containing different types of advertising resources such as traditional media, emerging media, and outdoor media to the clients in order to satisfy the clients' diversified demands.

In accordance with the industry practice, an advertiser will set out an advertising placement budget and determine the specific proportion of the print media, emerging media and outdoor media in such amount of budget if a large-scale promotion is planned to be carried out. According to the Company's previous business mode, the Company will compete with the other print media with the expectation to obtain a part of the print media advertising placement. However, with the Group's media resource supermarket, the Group could offer to the client with a convenient one-stop advertising resource sales platform, which will enable the client to select different types of media resources pursuant to their actual demands, form the tailor-made advertising portfolio, and obtain the preferential price (all media in each advertising portfolio will offer an unified discount ratio). With the convenient one-stop sales mode, the Group will therefore enhance its competitiveness and obtain all or most of the advertising budget of this promotion activity, and form or consolidate the long-term client base.

The aforesaid operating mode (a) will build an all-round on-line display platform and an overall sales network for the media resources of the Group, so as to make the promotion of Beijing Youth Daily's advertising space resource more effective, efficiency, and attract more advertisers; (b) could enhance Group's competitiveness in the market and enable the Group to respond to the competition from the print media, new media, and outdoor media simultaneously, so that to obtain more business opportunities and increase the advertising placement volume of Beijing Youth Daily; (c) will enable the Group to obtain more portion of the advertising placement in the advertisers' large-scale marketing campaigns in order to increase the sales amount of Beijing Youth Daily's advertising space; and (d) will form and consolidate the long-term loyal client base. The Company expects that the aforesaid operating mode will bring a significant increase to the advertising sales income of Beijing Youth Daily in 2016, the estimated increase of the fees payable by the Group to the Parent Group under the Advertising Business Agreement is approximately RMB9 million in 2016, and such increase will remain stable in 2017 and 2018; and

(iv) The advertising center of the Company has set up the resource integration center, the emerging media center and the new products development center, focusing on the resources of Beijing Youth Daily and developing new forms of advertising, events and other related products. At present, these departments have already carried out the research and development of various media products, as well as events with different scales and themes such as public welfare, children, sports, beauty makeup, etc.. Sales of all types of media products and activity products will become increasingly important in the Company's business structure, which may lead to an increase of the advertising income of the Company. The Company expects that the increase of the fees payable by the Group to the Parent Group under the Advertising Business Agreement will be approximately RMB1 million in 2016, and such increase will remain stable in 2017 and 2018.

Internal control measures

(a) in determining the above-mentioned pricing policies, the advertising department of Company is responsible for proposing the price, which will be reviewed by Board office of the Company to ensure that the price is fair and reasonable as well as on normal commercial terms, and is subject to the final approval by the head of the advertising department of the Company;

(b) the Board office of the Company is responsible for monitoring, collecting and evaluating the detailed information of the continuing connected transactions of the Group, including but not limited to the pricing terms, payment arrangements and actual transaction amount under the Advertising Business Agreement on a monthly basis to ensure it does not exceed any applicable caps;

(c) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanism and the requirements;

(d) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions contemplated under the Advertising Business Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(e) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the Advertising Business Agreement, the Directors (including the independent non-executive Directors) are of the view that such methods and procedure can ensure that the transactions contemplated under the Advertising Business Agreement will be conducted on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Reasons for entering into the Advertising Business Agreement

The Company is of the view that the Advertising Business Agreement will (i) secure a stable and exclusive platform for the advertising business, the core business of the Group; and (ii) reduce the risks which the Company might incur during the course of operation of the Company.

Listing Rules implications

The Parent is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the respective transactions under the Advertising Business Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the proposed annual caps under the Advertising Business Agreement for the three years ending 31 December 2018 exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3. 2015 PRINTING FRAMEWORK AGREEMENT

On 22 October 2015, BYD Logistics and the Parent entered into the 2015 Printing Framework Agreement to renew the 2012 Printing Framework Agreement for another term of three years with effect from 1 January 2016 to 31 December 2018.

Date

22 October 2015

Parties

(i) BYD Logistics, a subsidiary of the Company

(ii) the Parent

Continuing transactions

Pursuant to the 2015 Printing Framework Agreement, BYD Logistics has agreed to provide printing services and printing materials to the Parent in respect of the relevant newspapers and magazines of the Parent (excluding Beijing Youth Daily) and other newspapers and magazines of the Parent which may be introduced by it from time to time.

Term and termination

The 2015 Printing Framework Agreement is for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Upon expiry, the 2015 Printing Framework Agreement will, subject to the compliance with the relevant requirements under the Listing Rules and the agreement of the parties, be renewed for a further term of three years.

Price determination

Under the 2015 Printing Framework Agreement, the price shall be determined in accordance with the following pricing principles:

1) the relevant market price, which is determined by reference to the prevailing market prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas thereof; and

2) where there is no relevant market price, then the contracted price agreed by both parties, which shall be determined on the basis of reasonable cost plus reasonable profit margin:

    a) the reasonable cost shall be determined by reference to the operation cost and labor cost of the products and/or services provided by BYD Logistics, as well as the payback period (the capital cost of BYD Logistics will increase if the clients' actual payback period is too long, therefore BYD Logistics takes into account of the previous actual payback period of each client when determining the reasonable cost under the 2015 Printing Framework Agreement); and

    b) the expected profit margin is from 2.5% to 7%, which is line with the industry and not lower than the profit rate charged to independent third parties by BYD Logistics. The above-mentioned range of profit is determined by reference to the profit margin of the prevailing market and the then market for the products and/ or services as contemplated thereunder, the average profit margin in the related industry, and/or the overall profit margin of the BYD Logistics in the past years.

Payment

The consideration under the 2015 Printing Framework Agreement are payable by installments pursuant to the agreed payback period (the payback period is generally one month according to the industry practice and the previous experience of BYD Logistics) and according to the specific and separate implementation agreements and funded by the relevant party's internal resources. The Directors are of view that such payment terms are in line with the market practice.

Annual caps

Actual transaction value

The actual transaction values of the transactions contemplated under the 2012 Printing Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 are set out below:

Transactions	Year ended 31 December 2013 *(RMB)*	Year ended 31 December 2014 *(RMB)*	Eight months ended 31 August 2015 *(RMB)*
Fees payable by the Parent to the BYD Logistics	9,115,435.72	38,550,090.92	15,152,103.09

The significant increase of the transaction value in 2014 under the 2012 Printing Framework Agreement as compared to the transaction value in 2013 was due to that BYD Logistics resumed the business relationship with and provided printing service and printing materials to LEPA, the subsidiary of the Parent. The implementation of such business led to an increase BYD Logistics' s income from printing business amounted to approximately RMB20 million to RMB30 million as compared with that of 2014. The decrease of the actual transaction values for the eight months ended 31 August 2015 as compared to the same period of last year is mainly attributable to the decrease of printing volume of LEPA as compared to the same period of last year.

Historical annual caps

The historical annual caps for the transactions under the 2012 Printing Framework Agreement for the three years ending 31 December 2015 are set out below:

Transactions	Year ended 31 December 2013 *(RMB)*	Year ended 31 December 2014 *(RMB)*	Year ending 31 December 2015 *(RMB)*
Fees payable by the Parent to the BYD Logistics	100,000,000	100,000,000	100,000,000

The Directors have been monitoring the transaction amount contemplated under the 2012 Printing Framework Agreement and for the two years ended 31 December 2014, the annual cap for each year has not been exceeded. As at the Latest Practicable Date and for the year ending 31 December 2015, the annual cap for the transactions contemplated under the 2012 Printing Framework Agreement for the year ending 31 December 2015 has not been and is not expected to be exceeded.

Proposed annual caps

The proposed annual caps for the transactions contemplated under the 2015 Printing Framework Agreement for the three years ending 31 December 2018 are set out below:

Transactions	Year ending 31 December 2016 *(RMB)*	Year ending 31 December 2017 *(RMB)*	Year ending 31 December 2018 *(RMB)*
Fees payable by the Parent to the BYD Logistics	40,000,000	40,000,000	40,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

(i) the historical figures of the actual value of the transactions under the 2012 Printing Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015;

(ii) it is expected that the price of raw materials such as paper, and the print volume of relevant newspapers will remain stable in the next three years as compared to the year of 2015, therefore the Company expects that the transaction value in the next three years will maintain stable growth; and

(iii) the expected possible new newspaper printing business and material printing business to be brought by the Parent in the next three years, such as the printing of tickets, souvenirs and brochures, etc. to be brought by the sports, cultural and other media companies under the Parent. It is expected that such printing business will bring an increase of RMB1 million to RMB5 million of BYD Logistics' revenue in each year of the next three years.

Internal control measures

(a) in determining the above-mentioned pricing policies, the manager of BYD Logistics' printing business department is responsible for proposing the price, which will be reviewed by the vice president in charge of BYD Logistics' printing business department to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties, and is subject to the final approval by the general manager of BYD Logistics;

(b) the manager of BYD Logistics' printing business department is responsible for monitoring, collecting and evaluating the market data, including but not limited to the prevailing market, the then market price for comparable services in the related industry (the relevant market price is not publicly available, and is determined by reference to the prevailing prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas thereof), and the terms available to independent parties on a monthly basis, which is subject to the final review by the general manager of BYD Logistics. Under the circumstances such as the then market price for the comparable services increases or decreases by more than 5% as compared with the price of the specific service under the 2015 Printing Framework Agreement, the manager of BYD Logistics' printing business department will put forward the proposal of price adjustment and carry out the preliminary review, which is subject to the final approval by the general manager of BYD Logistics to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties;

(c) the Board office of the Company is responsible for monitoring, collecting and evaluating the detailed information of the continuing connected transactions under the 2015 Printing Framework Agreement, including but not limited to the pricing terms, payment arrangements and actual transaction amount under each of the specific implementation agreements on a monthly basis to ensure it does not exceed any applicable caps;

(d) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanism and the requirements, to specify that the subsidiaries of the Company shall comply with the above-mentioned pricing policies in respect of the continuing connected transactions contemplated under the 2015 Printing Framework Agreement;

(e) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions contemplated under the 2015 Printing Framework Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(f) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the 2015 Printing Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that such methods and procedure can ensure that the transactions contemplated under the 2015 Printing Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Implementation agreements

BYD Logistics and the members of the Parent Group have entered into and will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the 2015 Printing Framework Agreement during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

As the implementation agreements provide for the supply of printing services and printing materials as contemplated under the 2015 Printing Framework Agreement, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the 2015 Printing Framework Agreement and the relevant annual caps, if exceeded, the Company will comply with the relevant Listing Rules accordingly.

Reasons for entering into the 2015 Printing Framework Agreement

The Company is of the view that the 2015 Printing Framework Agreement will enable the Group to have the Parent Group as a stable customer of the relevant services in its ordinary course of business.

Listing Rules implications

As the Parent is the controlling shareholder of the Company, the Parent and its subsidiaries are therefore connected persons of the Company under the Listing Rules. Accordingly, the respective transactions under the 2015 Printing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect the proposed annual caps under the 2015 Printing Framework Agreement for the three years ending 31 December 2018 exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. ADVERTISING AGENCY FRAMEWORK AGREEMENT

In order to make better use of the media resources and the industry influence of the Parent, on 22 October 2015, the Company and the Parent entered into the Advertising Agency Framework Agreement to regulate the transactions in relation to the mutual advertising agency service between the Group and the Parent Group.

The Company and LEPA have entered into the LEPA Advertising Agency Framework Agreement dated 27 February 2013 in relation to the mutual supply of advertising agency service between the Group and the LEPA Group which will be expired on 31 December 2015. The agreement will not be renewed upon expiry, and will be replaced and covered by the Advertising Agency Framework Agreement.

Date

22 October 2015

Parties

(i) the Company

(ii) the Parent

Continuing transactions

Pursuant to the Advertising Agency Framework Agreement, (1) the Parent shall authorize the Group to act as the advertising agent of the Parent Group to sell advertising space in the journals or media and the emerging media resources in the possession of or represented by the Parent Group (excluding Beijing Youth Daily) and to provide related services (including commercial promotion, event planning, event execution and consultation service, etc.); (2) the Company shall authorize the Parent Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media and the emerging media resources in the possession of or represented by the Group and to provide related services (including commercial promotion, event planning, event execution and consultation service, etc.).

As mentioned above, pursuant to the Advertising Business Agreement, the Parent is the publisher and distributor of the Beijing Youth Daily, and the Parent has granted to the Company the exclusive right to operate the advertising business of Beijing Youth Daily. Accordingly, the Company is entitled to the exclusive right to operate the advertising business of Beijing Youth Daily, therefore, pursuant to the Advertising Agency Framework Agreement, the Group can be authorized as the advertising agent of the Parent Group to sell advertising space in the journals or media in the possession of or represented by the Parent Group, excluding Beijing Youth Daily; and as the advertising agent of the Group, when receiving advertisement placing orders from the customers, the Parent Group can choose to purchase certain advertising space in the Beijing Youth Daily and sell such advertising space to the customers. Accordingly, the

Parent Group shall receive the advertising agent fee from its clients and pay the advertising placement fee to the Company based on the Company's standard price list. Pursuant to the Advertising Business Agreement, the Company is entitled to all revenue derived from sales of the advertising space in the Beijing Youth Daily, but 16.5% of the total amount of the aforesaid advertising income shall be paid to the Parent.

Term and termination

The Advertising Agency Framework Agreement is for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Upon expiry, the Advertising Agency Framework Agreement will, subject to, compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of three years.

Payment

The consideration under the Advertising Agency Framework Agreement are payable by cash in a lump sum or by installments according to the specific and separate implementation agreements and funded by the relevant party's internal resources. The Directors are of view that such payment terms are in line with the market practice.

Provision of advertising agency service by the Parent Group to the Group

Price determination

In respect of the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement, the price shall be determined in accordance with the contract price agreed by the Company and the Parent, which shall be no less favorable to the Company than those available to independent third parties. The contract price shall be determined after arm's length negotiations between the Company and the Parent according to unit price set out in the standard advertising price lists of the Company (subject to applicable discounts: generally at around 30%-50% discount which is also applicable to independent third parties and thus no less favorable than available to independent third parties, and such discount is determined with reference to the industry nature, market circumstances, placement position and publishing time, etc.), actual placement quantity, size and other factors.

The standard price lists of the Company are determined with reference to the placement size, placement position and the placement color (color or black and white) and are disclosed on the advertising rate card formulated and published by the Company in that year, respectively. The aforesaid standard price lists of the Company are also applicable to advertising agency agreements with other independent third parties. The Company believes that the standard price list are fair and reasonable, and on normal commercial terms.

Annual caps

Actual transaction value

The actual transaction values of the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 are set out below:

Transactions	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Eight months ended 31 August 2015** *(RMB)*
Advertising placement fee payable by LEPA to the Company	25,985,757.37	29,759,605.65	699,747

In respect of the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group, the actual transaction value for the eight months ended 31 August 2015 is significant lower than the annual cap for the year of 2015, on one hand, is attributable to the influence of the seasonality and payback period of advertising placement (the settlement time-points for certain advertising placement is at the end of the year), on the other hand, is due to that the promotional advertising of certain electric automotive corporations, which are in cooperation with the LEPA Group, has not been decided in this year. It is expected that certain electric automotive corporations will initiate the advertising placement in February 2016. In addition, as the cooperative partner of the Winter Olympic Committee, LEPA planned to start communicating with clients in fields of, among others, real estate and automobile in respect of various activities, and carry out the various promotional activities in 2015. However, upon the successful bidding of the Beijing Winter Olympic Games, the establishment and operation of the organizing committee have not been realized, a variety of activities and advertising placement with the theme of the Winter Olympics are still in the suspended status. It is believed that the organizing committee of the 2022 Beijing Winter Olympics Games will be formally established and put into operation before the end of December 2015, and all the cooperation matters will be fully operational in 2016. It is expected that the LEPA Group will bring the advertising income of approximately RMB28 million to the Group in 2016.

Proposed annual caps

The proposed annual caps for the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 are set out below:

Transactions	**Year ending 31 December 2016** *(RMB)*	**Year ending 31 December 2017** *(RMB)*	**Year ending 31 December 2018** *(RMB)*
Advertising placement fee payable by the Parent to the Company	50,000,000	50,000,000	50,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

(i) the actual transaction value of the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group under the LEPA Advertising Agency Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015.

With the increase of advertisement placing demand by the LEPA Group's customers from the Group, it is expected that the LEPA Group's demand of advertising agency from the Group will increase and will contribute more sales amount of the advertising placement for the Group. The Board therefore proposed to adjust the 2015 annual cap for the continuing connected transactions contemplated in relation to the LEPA Group being authorised to act as the advertising agent of the Group from RMB32 million to RMB50 million, and such proposal has been passed by the independent Shareholders of the Company at the 2015 annual general meeting of the Company;

(ii) the LEPA Group have entered into cooperation agreements with certain electric automotive corporations, and the electric automotive corporations are expected to initiate the advertising placement in February 2016. In addition, as the cooperative partner of the Winter Olympic Committee, LEPA has started to communicate with clients in fields of, among others, real-estate and automobile in respect of various activities, and planned to carry out the various promotional activities. The organizing committee of the 2022 Beijing Winter Olympics Games will be formally established and put into operation before the end of December 2015, and all the cooperation matters will be fully operational in 2016. It is expected that the LEPA Group will bring the advertising income of approximately RMB28 million to the Group in 2016 and such figure will remain stable in 2017 and 2018;

(iii) pursuant to the LEPA Advertising Agency Framework Agreement, the Company shall authorize the LEPA Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media in the possession of or represented by the Group and to provide related services. In order to establish the Group's media resources supermarket, comprehensively integrate Beijing Youth Daily and the media as well as relevant resources under the Company, and introduce the diversified portfolio formed by integrating the print media, the online media, and the outdoor media advertising resources (especially emerging media advertising resources and activities) to the clients so that to satisfy the clients' diversified demands, the Company proposes to enter into the Advertising Agency Framework Agreement with the Parent Group to expand the service scope in respect of the Parent Group being authorised to act as the advertising agent of the Group. The detailed information in relation to the above-mentioned expansion of service scope is set out below:

The newly added advertising agency service providers under the Parent Group	**The estimated transaction value for the coming three years** *(RMB)*
The Parent	3,000,000
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	4,000,000
Beijing Beiqing Culture and Arts Company	2,000,000
Beijing Science and Technology News Agency	2,000,000
Beijing Youth Journal Agency	2,000,000
China Open Promotion Company Limited	2,000,000
Beijing Education Media Co., Ltd.,	2,000,000
Beijing Youth Weekend Media Co., Ltd.	2,000,000
XiaoHongMao Corporation	1,000,000

In addition to sell the advertising space in Beijing Youth Daily and the other journals or media in the possession of or represented by the Group as agreed under the advertising agency framework agreement entered into between the Company and LEPA, such as Beiqing Community Daily (北青社區報), Chongqing Youth Daily (重慶青年報), and CéCi magazine (茜茜姐妹CéCi), more media resources of the Group will be represented by the Parent Group:

The Group's newly added media resources to be represented by the Parent Group

Emerging media resources under Beiqing Community Daily

Emerging media resources under "Qingyou Online"

Outdoor media resources under Beijing Beiqing Outdoor Advertising Co., Ltd.

Therefore, the Company expects that the transaction values of the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement for the next three years will increase significantly as compared with the historical transaction amount in respect of the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group;

(iv) with the development of media technology, the emerging media under the Parent, such as the Wechat public accounts such as "Tuanjiehu Reference" (團結湖參考), "Zhengzhiju" (政知局), and "Education Roundtable" (教育圓桌), grows rapidly. It is expected to bring the advertising income of approximately RMB3 million to the Group in 2016 and remain stable in 2017 and 2018; and

(v) the Company expect that the above-mentioned members under the Parent Group, including Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd., Beijing Beiqing Culture and Arts Company, Beijing Science and Technology News Agency, China Open Promotion Company Limited, and Beijing Education Media Co., Ltd., etc., being authorised to act as the advertising agents of the Group will bring the advertising placement fee of approximately RMB17 million to the Group in each year from 2016 to 2018.

Internal control measures

(a) in determining the above-mentioned pricing policies regarding the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement, the operating department of the Company's advertising center is responsible for proposing the price, which will be reviewed by Board office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties, and is subject to the final approval by the head of the advertising department of the Company;

(b) the operating department of the Company's advertising center is responsible for monitoring, collecting and evaluating the market data, including but not limited to the prevailing market for comparable services in the related industry, the standard advertising price lists of the Company, and the prevailing prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas, on a monthly basis, which is subject to the final review by the Board office of the Company. Under the circumstances such as the increase of the standard advertising price of the Company or the then market price for the comparable services increases by more than 15% as compared with the price of the specific service of the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement, the operating department of the Company's advertising center will put forward the proposal of price adjustment and carry out the preliminary review, which is subject to the final approval by the Board office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties;

(c) the Board office of the Company is responsible for monitoring, collecting and evaluating the implement condition of the pricing terms, payment arrangements and actual transaction amount under each of the specific implementation agreements on a monthly basis to ensure it does not exceed any applicable caps;

(d) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanism and the requirements, to specify that the subsidiaries of the Company shall comply with the above-mentioned pricing policies in respect of the continuing connected transactions regarding the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement;

(e) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(f) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the Advertising Agency Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that such methods and procedure can ensure that the proposed transactions the in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Provision of advertising agency service by the Group to the Parent Group

Price determination

In respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement, the price shall be determined in accordance with the contract price agreed by the Company and the Parent, which shall be no less favorable to the Company than those available to independent third parties. The contract price shall be determined after arm's length negotiations between the Company and the Parent according to unit price set out in the standard advertising price lists of the Parent (subject to applicable discounts: generally at around 30%-50% discount which is also applicable to independent third parties and thus no less favorable than available to independent third parties, and such discount is determined with reference to the industry nature, market circumstances, placement position and publishing time, etc.), actual placement quantity, size and other factors.

The standard price lists of the Parent are determined with reference to the placement size, placement position and the placement color (color or black and white) and are disclosed on the advertising rate card formulated and published by Parent in that year, respectively. The aforesaid standard price lists of the Parent are also applicable to advertising agency agreements with other independent third parties. The Company believes that the standard price list are fair and reasonable, and on normal commercial terms.

Annual caps

Actual transaction value

The actual transaction values of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 are set out below:

Transactions	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Eight months ended 31 August 2015** *(RMB)*
Advertising placement fee payable by the Company to LEPA	464,435.84	869,811.32	0

In respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group, the actual transaction value for the eight months ended 31 August 2015 is significant lower than the annual cap for the year of 2015 is mainly attributable to the following reasons: Firstly, most of the advertising placement in respect of the Group being authorized to act as the advertising agent of the Legal Evening Post is from real-estate industry, however, the real-estate industry, which takes the largest proportion among the advertising placement of print media, continues to decline, and the cost for the media promotion of various real estate projects has been significant reduced since the beginning of 2015 till now due macroeconomic downturn of the PRC. Secondly, the Group has not reached an agreement with the clients from real-estate industry in relation to the relevant cooperation mode in 2015, and accordingly no advertisement business in real-estate industry has been placed on the space of Legal Evening Post through the Group. Thirdly, the Company has started to adjust its strategic focus, proposed to expand the scope of advertising agency services, integrate the media resources under the Parent Group and the Group, and build the media resources supermarket, which led to rapid decrease in the business regarding the Group being authorized to act as the advertising agent of the LEPA Group during the transition period. Moreover, in respect of the advertising placement for other industries in the Legal Evening Post conducted by the Group as the advertising agent of the LEPA Group, due to that the cooperation period is relatively long and the final settlement of the year has not been completed, the carrying amount of the actual transaction value is still nil.

Proposed annual caps

The proposed annual caps for the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 are set out below:

Transactions	**Year ending 31 December 2016** *(RMB)*	**Year ending 31 December 2017** *(RMB)*	**Year ending 31 December 2018** *(RMB)*
Advertising placement fee payable by the Company to the Parent	50,000,000	50,000,000	50,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

(i) the actual transaction value of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group under the LEPA Advertising Agency Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015;

(ii) pursuant to the LEPA Advertising Agency Framework Agreement, LEPA shall authorize the Group to act as the advertising agent of the LEPA Group to sell advertising space in Legal Evening Post and the other journals or media in the possession of or represented by the LEPA Group and to provide related services. In order to establish the Group's media resources supermarket, comprehensively integrate Beijing Youth Daily and the media as well as relevant resources under the Company, and introduce the diversified portfolio formed by integrating the print media, the online media, and the outdoor media advertising resources (especially emerging media advertising resources and activities) to the clients so that to satisfy the clients' diversified demands, the Company proposes to enter into the Advertising Agency Framework Agreement with the Parent to expand the service scope in respect of the Group being authorised to act as the advertising agent of the Parent Group, and the Group will represent the media resources of the following members of the Parent Group:

The newly added members under the Parent Group authorized to be represented by the Group	**The estimated transaction value for the coming three years** *(RMB)*
The Parent (excluding Beijing Youth Daily)	3,000,000
Beijing Youth Daily Newspaper Internet Communication Technology Co., Ltd.	2,500,000
Beijing Beiqing Culture and Arts Company	3,500,000
Beijing Science and Technology News Agency	1,000,000
Beijing Youth Journal Agency	1,000,000
China Open Promotion Company Limited	20,000,000
Beijing Education Media Co., Ltd.,	1,000,000
Beijing Youth Weekend Media Co., Ltd.	500,000
XiaoHongMao Corporation	500,000

Therefore, the Company expects that the transaction value of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement for the next three years will increase significantly as compared with the historical transaction amount in respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group;

(iii) as mentioned above, in respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement, the Group will also be authorized to act as the agent of the other media resources under the Group besides the journals or media in the possession of or represented by the LEPA Group, and it is expected to bring the advertising placement fee of approximately RMB33 million to the Parent Group in each year from 2016 to 2018, among which, the transaction in relation to the Group being authorised as the advertising agent of the China Open（中國網球公開賽）and the provision of relevant service by the Group will be approximately RMB20 million; and

(iv) At present, the advertising center of the Company has set up the resource integration center, the emerging media center and the new products development center, focusing on the media resources in the possession of or represented by the Group and developing new forms of advertising, events and other related products. At present, these departments have already carried out the research and development of various media products, as well as events with different scales and of themes such as public welfare, children, sports, beauty makeup, etc.. Sales of all types of media products and activity products will become increasingly important in the Company's business structure, it is expected to bring the income of approximately RMB5 million to the Parent Group in 2016 and remain stable in 2017 and 2018.

Internal control measures

(a) in determining the above-mentioned pricing policies regarding the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement, the operating department of the Company's advertising center is responsible for proposing the price, which will be reviewed by Board office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties, and is subject to the final approval by the head of the advertising department of the Company;

(b) the operating department of the Company's advertising center is responsible for monitoring, collecting and evaluating the market data, including but not limited to the prevailing market for comparable services in the related industry, the standard advertising price lists of the Parent, and the prevailing prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas, on a monthly basis, which is subject to the final review by the Board office of the Company. Under the circumstances such as the decrease of the standard advertising price of the Parent or the then market price for the comparable services decreases by more than 15% as compared with the price of the specific service under the Advertising Agency Framework Agreement regarding the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group, the operating department of the Company's advertising center will put forward the proposal of price adjustment and carry out the preliminary review, which is subject to the final approval by the Board office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties;

(c) the Board office of the Company is responsible for monitoring, collecting and evaluating the implement condition of the pricing terms, payment arrangements and actual transaction amount under each of the specific implementation agreements on a monthly basis to ensure it does not exceed any applicable caps;

(d) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanism and the requirements, to specify that the subsidiaries of the Company shall comply with the above-mentioned pricing policies in respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement;

(e) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(f) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

Taking into account of: (i) the above methods and procedures comprise necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the Advertising Agency Framework Agreement, the Directors (including the independent non-executive Directors) are of the view that such methods and procedure can ensure that the proposed transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement will be conducted on normal commercial terms and are in the interests of the Company and its Shareholders as a whole.

Implementation agreements

Members of the Group and the Parent Group have entered into and will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Advertising Agency Framework Agreement during its term thereof. Each implementation agreement will set out the detailed services, the specifications, quantities, prices, payment method, date and other relevant terms.

As the implementation agreements provide for the services as contemplated under the Advertising Agency Framework Agreement, as such, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Advertising Agency Framework Agreement and the relevant annual cap, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

Reasons for entering into the Advertising Agency Framework Agreement

The Company is of the view that entering into the Advertising Agency Framework Agreement will (i) provide wider advertising platform and offer richer services to the clients of the Company; (ii) facilitate the development of more clients by the Company; (iii) generate higher return from the Company's advertising agent and related services business as well as from the Company's advertising business; (iv) establish the one-stop procurement platform, and optimize the resources purchasing process available to the clients; (v) integrate the resources of the Group, and enhance the Group's overall market competitiveness by the systematic development of all areas of the Group's internal resources as well as products packaging; and (vi) gradually shift the business focus from traditional media to emerging media by following the demand of market development and the rapid growth of emerging media resources platform.

Listing Rules implications

As the Parent is the controlling shareholder of the Company, the Parent and its subsidiaries are therefore connected persons of the Company under the Listing Rules. Accordingly, the respective transactions under the Advertising Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect the proposed annual caps for the transactions contemplated under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. GENERAL INFORMATION ON THE PARTIES TO THE TRANSACTIONS

The Company

The Company is a leading media company in the PRC and is principally engaged in production of newspapers and magazines, printing and trading of print-related materials.

The Parent

The Parent is a state-owned enterprise and ultimately controlled by the Beijing Municipal Government. The Parent is principally engaged in the holding of twelve newspapers, two magazines and four online media. The Parent is a controlling shareholder of the Company.

BYD Logistics

BYD Logistics is a non-wholly owned subsidiary of the Company and is involved in the business of providing storage, transportation, logistics and printing services and the trading of print-related materials.

6. APPOINTMENT OF THE NON-EXECUTIVE DIRETCTOR

On 7 December 2015, Mr. Liu Hong was nominated as a non-executive director of the Company with effect from the date of approval by the shareholders of the EGM and until the expiration of the term of the current session of the Board.

Biographical Details of Mr. Liu Hong

Mr. Liu Hong, aged 42, is currently serving as the director and deputy general manager of Leshi Internet Information and Technology Corp., Beijing (300104.SZ) and the executive director of Coolpad Group Limited (02369.HK). Mr. Liu Hong served as a reporter in China Radio International from 1997 to 2004, served as the deputy general manager in Leshi Internet Information and Technology Corp., Beijing from 2004 to 2008, and served as the vice-chairman and deputy general manager of Leshi Internet Information and Technology Corp., Beijing from February 2009 to October 2015. Mr. Liu Hong graduated and obtained a Bachelor's Degree in Mechanical Manufacturing Technology and Equipment from Nanchang Institute of Aeronautical Technology in July 1995; graduated and obtained a Bachelor's Degree in Journalism from Beijing Broadcasting Institute in July 1997; and graduated and obtained a Master's degree in Law from the University of International Business and Economics in January 2003.

Save as disclosed above and as at the Latest Practicable Date, Mr. Liu Hong has not held any directorship in other listed companies in the past three years.

As at the Latest Practicable Date, Mr. Liu Hong has no relationship with any directors, senior management or substantial or controlling shareholder(s) of the Company.

As at the Latest Practicable Date, Mr. Liu Hong does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

Upon due appointment as a non-executive director of the Company, Mr. Liu Hong will enter into a service contract with the Company for a term commencing from the date of appointment and ending on the expiration of the term of the current session of the Board. Pursuant to the articles of association of the Company, Mr. Liu Hong will be subject to retirement by rotation and re-election upon the expiry of his term of office.

Mr. Liu Hong's remuneration package will be determined by the remuneration committee of the Board as authorized by the shareholders of the Company at the EGM by taking into account, among other matters, his terms of reference, his duties and responsibilities in the Company.

Save as disclosed above, the Board is not aware of any other matters in relation to Mr. Liu Hong's appointment as a non-executive Director that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

7. EGM

A notice convening the EGM to be held at 21st Floor, Beijing Youth Daily Agency, Building A, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC, at 2:30 p.m. on Tuesday, 26 January 2016, is set out on pages 99 to 102 of this circular.

Votes on the resolutions to be proposed at the EGM shall be taken by way of poll. As at the Latest Practicable Date, the Parent and its associates, who directly and indirectly, hold 124,839,974 shares of the Company (represent approximately 63.27% of the issued share capital of the Company), control or are entitled to control over the voting right in respect of their shares in the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, other than the Parent and its associates, no other connected person of the Company, Shareholder and their respective associates with a material interest in the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof and is required to abstain from voting on the relevant resolutions at the EGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no other continuing transaction entered into between any respective members of the Group and the Parent Group and its ultimate beneficial owner(s) or otherwise related, which would be, together with the transactions contemplated under any of the Non-exempt Continuing Connected Transactions, aggregated under Rule 14A.81 of the Listing Rules.

Whether or not you are able to attend the EGM, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

8. RECOMMENDATION

The Directors (excluding the independent non-executive Directors) are of the view that the terms of the Non-exempt Continuing Connected Transactions (i) have been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favorable than those available to or from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; and (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and the annual caps for the three years ending 31 December 2018, mentioned above are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Directors believe that the resolution in respect of the proposed appointment of Mr. Liu Hong as the non-executive Director is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

Your attention is also drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders in relation to proposed transactions under the Non-exempt Continuing Connected Transactions; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to proposed transactions under the Non-exempt Continuing Connected Transactions, the annual caps contemplated thereof, and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

Mr. Zhang Yanping, Mr. Yu Haibo, Ms. He Xiaona, Mr. Li Shiheng, Mr. Liu Han, Ms. Wu Peihua, Mr. Li Xiaobing and Mr. Wang Lin, also directors or senior management of the Parent, are deemed to have material interests in the transactions under the Non-exempt Continuing Connected Transactions and have abstained from voting on the relevant Board resolutions. Other than those Directors mentioned above, none of the other Directors has or is deemed to have a material interest in the transactions under the Non-exempt Continuing Connected Transactions.

By order of the Board
Beijing Media Corporation Limited
Zhang Yanping
Chairman

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions and the proposed annual caps thereof, which has been prepared for the purpose of inclusion in this Circular.

BEIJING MEDIA CORPORATION LIMITED
北青傳媒股份有限公司

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

11 December 2015

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS PROPOSED ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2018

We refer to the circular of the Company dated 11 December 2015 (the "**Circular**") of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the Independent Board Committee to consider and advise you as to whether, in our opinion, the Non-exempt Continuing Connected Transactions and the proposed annual caps for the three years ending 31 December 2018 thereof (details of which are set out in the letter from the Board) is fair and reasonable so far as the Independent Shareholders are concerned.

Wallbanck Brothers has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders on the fairness and reasonableness of the Non-exempt Continuing Connected Transactions and the proposed annual caps for the three years ending 31 December 2018 thereof. Details of the advice from Wallbanck Brothers, together with the principal factors taken into consideration in arriving at such advice, are set out on pages 35 to 93 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 4 to 32 of the Circular and the additional information set out in the appendix to the Circular.

Having considered (i) the terms and conditions of the agreements of the Non-exempt Continuing Connected Transactions, (ii) the discussion with the management of the Company about the background to and nature of the Non-exempt Continuing Connected Transactions, (iii) the reasons for the proposed annual caps and the basis upon which the proposed annual caps have been determined, (iv) the business and financial effects of the Non-exempt Continuing Connected Transactions to the Company, and (v) the advice given by the Independent Financial Advisor and the principal factors and reasons taken into consideration by them in arriving at their advice, we are of the view that the Non-exempt Continuing Connected Transactions (i) have been negotiated on an arm's length basis; (ii) will be conducted on normal commercial terms, or on terms no less favorable than those available to or from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; (iv) are fair and reasonable and in the interests of Company and the Shareholders as a whole; and (v) that the proposed annual caps for those agreements for the three years ending 31 December 2018, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM so as to approve the Non-exempt Continuing Connected Transactions and the proposed annual caps for the three years ending 31 December 2018 thereof.

Yours faithfully,
For and on behalf of the Independent Board Committee of
Beijing Media Corporation Limited
Song Jianwu
Cui Baoguo
Wu Tak Lung
Cui Enqing
Chen Ji
Independent Non-executive Directors

The following is the full text of a letter of advice from Wallbanck Brothers, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Non-exempt Continuing Connected Transaction for the purpose of incorporation into this circular.

WALLBANCK BROTHERS
Securities (Hong Kong) Limited
1312, Tower 1, Lippo Centre,
89 Queensway, Central,
Hong Kong

11 December 2015

To the Independent Board Committee and the
Independent Shareholders of Beijing Media Corporation Limited

Dear Sir or Madam,

PROPOSED ANNUAL CAPS FOR
THE CONTINUING CONNECTED TRANSACTION
IN RELATION TO
1) THE ADVERTISING BUSINESS AGREEMENT
2) 2015 PRINTING FRAMEWORK AGREEMENT AND
3) ADVERTISING AGENCY FRAMEWORK AGREEMENT

1. INTRODUCTION

We refer to our appointment as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders of Beijing Media Corporation Limited (the "**Company**") in respect of the respective proposed annual caps for the continuing connected transactions under the 1) Advertising Business Agreement; 2) 2015 Printing Framework Agreement; and 3) Advertising Agency Framework Agreement for the three years ending 31 December 2018 (the "**Non-exempt Continuing Connected Transactions**"), details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular to the Shareholders dated 11 December 2015 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires the otherwise.

1) Advertising Business Agreement

Pursuant to the Advertising Business Agreement, a) the Company has been granted by the Parent the exclusive right to sell all of the advertising space in the Beijing Youth Daily and is entitled to all revenue derived from such sales; b) the Company is responsible for the printing, including printing costs and the choice of newsprint of the Beijing Youth Daily; and c) the Company is required to allocate up to 360 pages per year of advertising space in respect of the Beijing Youth Daily to the Parent for publicity announcements and notices (provided that the advertising space allocated will not exceed 9% of the total advertising space of each paper per issue), for which no fee will be payable.

2) 2015 Printing Framework Agreement

Pursuant to the 2015 Printing Framework Agreement, BYD Logistics has agreed to provide printing services and printing materials to the Parent in respect of the relevant newspapers and magazines of the Parent (excluding Beijing Youth Daily) and other newspapers and magazines of the Parent which may be introduced by it from time to time.

3) Advertising Agency Framework Agreement

Pursuant to the Advertising Agency Framework Agreement, (1) the Parent shall authorize the Group to act as the advertising agent of the Parent Group to sell advertising space in the journals or media and the emerging media resources in the possession of or represented by the Parent Group (excluding Beijing Youth Daily) and to provide related services (including commercial promotion, event planning, event execution, and consultation services, etc); (2) the Company shall authorize the Parent Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media and the emerging media resources in the possession of or represented by the Group and to provide related services (including commercial promotion, event planning, event execution, and consultation services, etc).

According to the Letter from the Board, the Directors have been monitoring the transactions contemplated under the Advertising Business Agreement and the 2012 Printing Framework Agreement respectively.

As the Parent is the controlling shareholder of the Company, the Parent and its subsidiaries are therefore connected persons of the Company under the Listing Rules. Accordingly, the respective transactions under the Advertising Business Agreement, the 2015 Printing Framework Agreement and the Advertising Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the respective proposed annual caps under the Advertising Business Agreement, the 2015 Printing Framework Agreement and the Advertising Agency Framework Agreement for the three years ending 31 December 2018 exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules for the Company.

The Company will seek approval from the Independent Shareholders by way of poll on the Non-exempt Continuing Connected Transactions at the forthcoming EGM.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in relation to the annual caps for the continuing connected transactions contemplated under the Advertising Business Agreement, the 2015 Printing Framework Agreement and the Advertising Agency Framework Agreement respectively.

2. BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations provided to us by the Directors and the management of the Company (the "Management"), and have assumed that all information, opinions and representations contained or referred to in this Circular were true and accurate at the time when they were made and will continue to be accurate at the Latest Practicable Date. We have also assumed that all statements of belief, opinion and intention made by the Directors in this Circular were reasonably made after due enquiry. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have received sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this Circular to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in this Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company.

In formulating our opinion, we have relied on the financial information provided by the Company, particularly, on the accuracy and reliability of financial statements and other financial data of the Company. We have not audited, compiled nor reviewed the said financial statements and financial data. We shall not express any opinion or any form of assurance on them. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. The Directors have also advised us that no material facts have been omitted from the information to reach an informed view, and we have no reason to suspect that any material information has been withheld. We have not carried out any feasibility study on any past, and forthcoming investment decision, opportunity or project undertaken or be undertaken by the Company. Our opinion has been formed on the assumption that any analysis, estimation, forecast, anticipation, condition and assumption provided by the Company are valid and sustainable. Our opinions shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Company.

In formulating our opinion, we have not considered the taxation implications on the Independent Shareholders arising from the Non-exempt Continuing Connected Transactions as these are particular to the individual circumstances of each Independent Shareholder. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her decision to the Non-exempt Continuing Connected Transactions. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, and if in any doubt, should consult their own professional advisers.

Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date.

Our opinions are formulated only and exclusively for the purpose of the Non-exempt Continuing Connected Transactions and shall not be used for any other purpose in any circumstance nor for any comparable purpose with any other opinions.

Our opinions are based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the transactions contemplated under the Advertising Business Agreement, the 2015 Printing Framework Agreement and the Advertising Agency Framework Agreement respectively.

Our opinions are based on the Directors' confirmation of receipt of our advice that the Directors and the management of the Company are responsible to take all reasonable steps to ensure that the information and representations provided in any press announcement, circular and prospectus concerning Non-exempt Continuing Connected Transactions are true, accurate, complete and not misleading, and that no material information or facts have been omitted or withheld.

Our opinions and their validity are subject to the views of the Board and to the risk factors set out in this letter concerning the Non-exempt Continuing Connected Transactions.

We take no responsibility for the contents of the Letter from the Board, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this letter.

3. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions, we have taken into consideration the following principal factors and reasons:

Business and financial review of the Group

According to the Letter from the Board, the Group is principally engaged in production of newspapers and magazines, printing and trading of print-related materials.

Set out below is a summary of the financial information of the Group for the three years ended 31 December 2014:

	For the year ended 31 December 2012 *RMB'000*	For the year ended 31 December 2013 *RMB'000*	For the year ended 31 December 2014 *RMB'000*
Total operating revenue	690,276	667,428	680,769
Profit for the year	63,459	17,273	4,896
Net profit attributable to Shareholders of the Company	64,987	20,377	10,506
Advertising sales	361,299	339,805	360,187

According to the annual report of the Group for the year ended 31 December 2013, total operating revenue of the Group for 2013 was RMB667,428,000 (2012: RMB690,276,000), representing a decrease of 3.31% as compared with 2012. Such decrease was caused by the decrease in advertising sales from the automobile industry and the luxury industry.

According to the annual report of the Group for the year ended 31 December 2014, the total operating revenue of the Group for the year ended 31 December 2014 was approximately RMB680,769,000 (2013: approximately RMB667,428,000), representing an increase of approximately 2% as compared with 2013. Such small increase in sales revenue was due to increasingly intense competition in the industry.

According to the annual report of the Group for the year ended 31 December 2013, the profit after tax for 2013 was approximately RMB17,273,000 (2012: approximately RMB63,459,000), representing a decrease of 72.78% as compared with 2012. Of which, net profit attributable to shareholders of the Company was RMB20,377,000 (2012: approximately RMB64,987,000), representing a decrease of 68.64% as compared with 2012.

According to the annual report of the Group for the year ended 31 December 2014, the profit after tax was approximately RMB4,896,000 (2013: approximately RMB17,273,000, representing a decrease of 71.66% as compared with 2013. Of which, net profit attributable to shareholders of the Company was RMB10,506,000 (2013: approximately RMB20,377,000), representing a decrease of 48.44% as compared with 2013. Such decrease was attributable to various factors, including the macroeconomic downturn, persistently strict control over real estate and automobile markets and slide in luxury product industry.

According to the annual report of the Group for the year ended 31 December 2013, revenue from advertising sales was approximately RMB339,805,000 (2012: approximately RMB361,299,000), representing a decrease of 5.95% as compared with 2012. Such decrease was directly attributed to the more stringent vehicle control policy implemented in 2013 by the Beijing Municipal Government.

According to the annual report of the Group for the year ended 31 December 2014, revenue from advertising sales was approximately RMB360,187,000 (2013: approximately RMB339,805,000), representing an increase of 6% as compared with 2013. Such increase in advertising sales was attributable to an increased focus and adjustment of the approach by the Company on advertising sales in the automobile industry.

4. PROPOSED ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE ADVERTISING BUSINESS AGREEMENT

Reference is made to the Prospectus and the announcements of the Company dated 9 April 2010, 31 October 2012 and 22 October 2015 respectively in relation to, among other things, the continuing connected transactions contemplated under the Advertising Business Agreement.

A. Historical Business Relationships between the Group and the Parent

The Parent is a state-owned enterprise and ultimately controlled by the Beijing Municipal Government. The Parent is principally engaged in the holding of twelve newspapers, two magazines and four online media.

The Company is a leading media company in the PRC and is principally engaged in production of newspapers and magazines, printing and trading of print-related materials. According to the representation by the Board, the advertising business is one of the core businesses of the Company and derives a substantial portion of the income of the Company. The principal advertising medium of the Company is Beijing Youth Daily.

As set out in the prospectus (the "Prospectus") of the Company dated 13 December 2004, on 7 December 2004, the Advertising Business Agreement was entered into between the Company and Parent, pursuant to which the Company was granted the exclusive right to operate the advertisement business in respect of Beijing Youth Daily for a duration of 30 years from 1 October 2004 to 30 September 2033, of which duration will automatically be extended upon expiry. The rights granted include the right to sell all of the advertising space in Beijing Youth Daily, and the Company is entitled to all revenue derived from such sales.

B. Principal terms of the Advertising Business Agreement

Pursuant to the Advertising Business Agreement:

a) the Company has been granted by the Parent the exclusive right to sell all of the advertising space in the Beijing Youth Daily and is entitled to all revenue derived from such sales;

b) the Company is responsible for the printing, including printing costs and the choice of newsprint of the Beijing Youth Daily; and

c) the Company is required to allocate up to 360 pages per year of advertising space in respect of the Beijing Youth Daily to the Parent for publicity announcements and notices (provided that the advertising space allocated will not exceed 9% of the total advertising space of each paper per issue), for which no fee will be payable.

The consideration for the transactions contemplated under the Advertising Business Agreement (i) shall be settled by the Company by cash from internal resources on a monthly basis to the Parent; and (ii) is equal to 16.5% (the "Fixed Fee Rate") of the total advertising revenue generated from the Beijing Youth Daily or such figure or formula as the parties may agree in the future.

As the terms of the Advertising Business Agreement will expire in 2033, the Directors confirm that all the terms of the Advertising Business Agreement will remain the same for the three years ending 31 December 2018.

According to the representation by the Board, it is an acceptable business practice to enter into agreement of prolonged duration when it is essential to the businesses of parties to the agreement, as justified by the followings:

- the Parent produces the editorial content for Beijing Youth Daily, an area of business which is currently restricted from foreign ownership under the PRC law. The Advertising Business Agreement provides the important legal framework for the Group to obtain the exclusive right in operating the advertising business of Beijing Youth Daily. The revenue generated from the Advertising Business Agreement has been, and is expected in the foreseeable future to be, the principal revenue of the Group. The extended duration gives assurance to the Group's position to maintain its long term revenue stream which is crucial to the smooth operation and performance of the Group and in turn enhance Shareholders' value;

- such duration is consistent to the call option granted under the Advertising Business Agreement, details of which have been disclosed in the Prospectus, and which, among other things, allows the Company to acquire the publishing, operation and editorial rights in respect of Beijing Youth Daily, exercisable from such date it becomes permissible under the PRC laws and regulations for the Company to acquire and operate Beijing Youth Daily up to 30 years (subject to automatic renewal) from the date of the Advertising Business Agreement or the date of its termination, if earlier; and

- the Advertising Business Agreement can be terminated by the Company by giving no less than six months' prior written notice or upon the exercise of the call option as mentioned earlier, the Advertising Business Agreement will be terminated automatically. These give appropriate rights and protection to the Company and its shareholders as a whole.

According to the Letter from the Board, the Fixed Fee Rate payable to the Parent was determined through arm's length negotiations between the Company and the Parent taking into account factors including, the costs of provision of the editorial content by the Parent for Beijing Youth Daily and a reasonable profit margin. There is no same or similar arrangement in the advertising industry, as such the percentage of the fees payable under the Advertising Business Agreement is not comparable to the market rate.

According to the representation by the Board, the Advertising Business Agreement has mapped out a co-operative environment for both the Company and the Parent and is consistent with the strategic rationale of listing of the Company.

According to the representation by the Board, there is a provision in the Advertising Business Agreement allowing both parties to mutually agree on other payment amounts or computation methodologies. This serves a fair platform for both the Company and the Parent to negotiate should there be a variation in the business environment of the Company or the Parent which may affect the fairness of the Fixed Fee Rate.

As confirmed by the Board, the Fixed Fee Rate has not been changed since the Advertising Business Agreement was entered in December 2004. As mentioned above, the Fixed Fee Rate is directly related to the Parent's expenses in relation to the provision of the editorial content for Beijing Youth Daily, which was under rising cost pressure during the past few years. According to the statistics published by the National Bureau of Statistics of the PRC, consumer price index, a key inflation indicator, rose by an average of 3.01% annually during the period from 2004 to 2014. During the first nine months of 2015, consumer price index rose by 1.43% on year-over-year basis. Therefore, it is commercially favourable and viable to the Group to keep the Fixed Fee Rate unchanged.

Based on the aforementioned, the Board holds the view that the terms of the Advertising Business Agreement are reasonably determined and are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned as a whole.

C. Proposed annual caps for the three years ending 31 December 2018 under the Advertising Business Agreement

The continuing connected transactions under the Advertising Business Agreement are subject to Listing Rules requirements and conditions as particularly discussed under the section headed "Listing Rules Implications" below. In particular, the said continuing connected transactions are subject to the annual caps as discussed below.

Sets out below are the proposed annual caps for the said continuing connected transactions and reasons thereof:

According to the Letter from the Board, (i) the annual caps for the three years ending 31 December 2015, (ii) the proposed annual caps for the three years ending 31 December 2018; and (iii) the audited historical transactions amounts for the two years ended 31 December 2014 and the latest available unaudited transaction amount for the eight months ended 31 August 2015 are as follows:

Fees payable by the Company to the Parent	**2013** *(RMB)*	**2014** *(RMB)*	**2015** *(RMB)*	**2016** *(RMB)*	**2017** *(RMB)*	**2018** *(RMB)*
Annual Caps	100,000,000	100,000,000	100,000,000	55,000,000 (proposed)	55,000,000 (proposed)	55,000,000 (proposed)
Historical values	44,496,184.82	46,496,123.71	16,669,715.13 (up to 31 August 2015)	n/a	n/a	n/a

As shown above, the proposed annual caps under the Advertising Business Agreement during the three years ending 31 December 2018 are RMB55,000,000 each year, which are substantially lower than the existing annual caps for the three years ending 31 December 2015. According to the Letter from the Board, the above annual caps are arrived with reference to the followings:

(i) The historical figures of the actual value of the transactions under the Advertising Business Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015. The decrease of the actual transaction values for the eight months ended 31 August 2015 as compared to the same period of last year is largely attributable to the decline of market share of print media in the PRC during the first half of 2015 caused by the macroeconomic growth slowdown of the PRC. However, considering the influence of the seasonality and payback period of advertising placement (i.e. the advertising peak season is from September to December in each year, and the settlement time-points for certain advertising placement is at the end of the year), and the fact that the Group, with the establishment of advertising resource display platforms and the other measures, has facilitated the sales of its advertising resources since September 2015, the Company expects that the advertising placement fee of Beijing Youth Daily will increase significantly from September to December in 2015 as compared to that from January to August in this year, and the fee payable by the Company to the Parent for the year ending 31 December 2015 will be up to RMB41 million;

(ii) According to the figures provided by ZenithOptimedia, the global print advertising spending has continued to decline since 2008, the market share of which has dropped from 39.4% in 2007 to 19.6% in 2015, and it is expected to decline to 16.7% in 2017.

Though according to the ranking list in terms of the advertising placement value of periodicals in the PRC from 2013 to 2014, Beijing Youth Daily ranked No.6 amongst the metropolitan newspapers in the PRC, and ranked No.1 in Beijing for six consecutive years. However, due to the macroeconomic downturn of the PRC in the recent years, the increasing impact on traditional media from emerging media, and the year-on-year decrease of the total placement of the print media of Beijing metropolitan newspapers, the Company's total advertising revenue for the year of 2013 and 2014 being RMB339,805,000 and RMB360,187,000 respectively decreased to some extent as compared with RMB361,299,000, RMB450,331,000 and RMB474,269,000 for the year of 2012, 2011 and 2010 respectively;

(iii) With the confidence in maintaining the stability of advertising business, the Company will adopt a series of measures to actively cope with the difficulties in the future. With the development of forms of media and modes of transmission, more and more advertisers tend to adopt media mix, a combination of different advertising channels, for their advertising marketing. The Group has established the media resources supermarket as the unified marketing platform of the its advertising resources, and will integrate the media advertising resources in the possession of or represented by the Group, including, among others, the print media resources, the online media resources, the outdoor media resources, and various social events resources in relation to sport events, cultural activities, and etc., as well as form the diversified portfolio for sale (including the Parent Group's media resources represented by Group pursuant to the Advertising Agency Framework Agreement. For detailed information, please refer to the part headed "4. Advertising Agency Framework Agreement – Provision of advertising agency service by the Group to the Parent Group" in this circular). Accordingly, the Group will provide tailor-made advertising portfolio containing different types of advertising resources such as traditional media, emerging media, and outdoor media to the clients in order to satisfy the clients' diversified demands.

In accordance with the industry practice, an advertiser will set out an advertising placement budget and determine the specific proportion of the print media, emerging media and outdoor media in such amount of budget if a large-scale promotion is planned to be carried out. According to the Company's previous business mode, the Company will compete with the other print media with the expectation to obtain a part of the print media advertising placement. However, with the Group's media resource supermarket, the Group could offer to the client with a convenient one-stop advertising resource sales platform, which will enable the client to select different types of media resources pursuant to their actual demands, form the tailor-made advertising portfolio, and obtain the preferential price (all media in each advertising portfolio will offer an unified discount ratio). With the convenient one-stop sales mode, the Group will therefore enhance its competitiveness and obtain all or most of the advertising budget of this promotion activity, and form or consolidate the long-term client base.

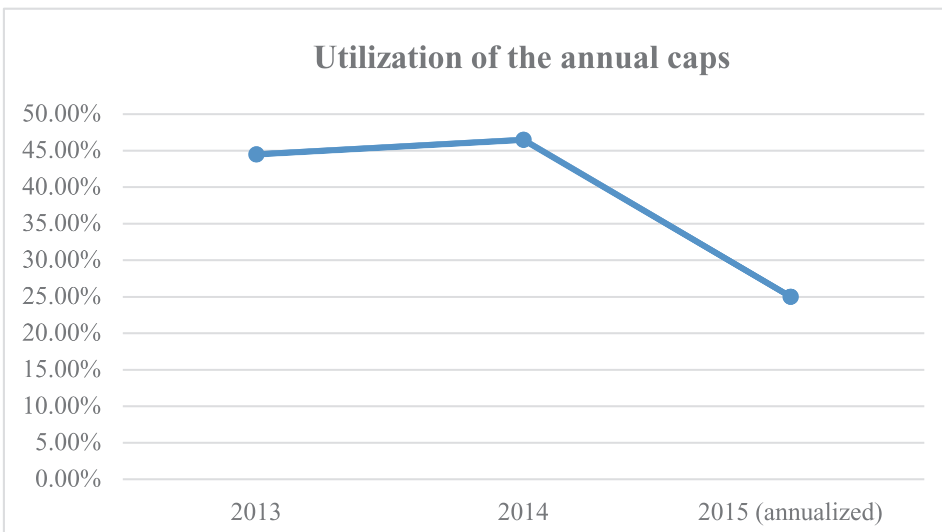
The aforesaid operating mode (a) will build an all-round on-line display platform and an overall sales network for the media resources of the Group, so as to make the promotion of Beijing Youth Daily's advertising space resource more effective, efficiency, and attract more advertisers; (b) could enhance the Group's competitiveness in the market and enable the Group to respond to the competition from the print media, new media, and outdoor media simultaneously, so that to obtain more business opportunities and increase the advertising placement volume of Beijing Youth Daily; (c) will enable the Group to obtain more portion of the advertising placement in the advertisers' large-scale marketing campaigns in order to increase the sales amount of Beijing Youth Daily's advertising space; and (d) will form and consolidate the long-term loyal client base. The Company expects that the aforesaid operating mode will bring a significant increase to the advertising sales income of Beiqing Youth Daily in 2016, the estimated increase of the fees payable by the Group to the Parent Group under the Advertising Business Agreement is approximately RMB9 million in 2016, and such increase will remain stable in 2017 and 2018; and

(iv) The advertising center of the Company has set up the resource integration center, the emerging media center and the new products development center, focusing on the resources of Beijing Youth Daily and developing new forms of advertising, events and other related products. At present, these departments have already carried out the research and development of various media products, as well as events with different scales and themes such as public welfare, children, sports, beauty makeup, etc.. Sales of all types of media products and activity products will become increasingly important in the Company's business structure, which may lead to an increase of the advertising income of the Company. The Company expects that the increase in the fees payable by the Group to the Parent Group under the Advertising Business Agreement will be approximately RMB1 million in 2016, and such increase will remain stable in 2017 and 2018.

In the assessment of the Management's rationale in determining the proposed annual caps for the three years ending 31 December 2018, the following factors are hereby considered:

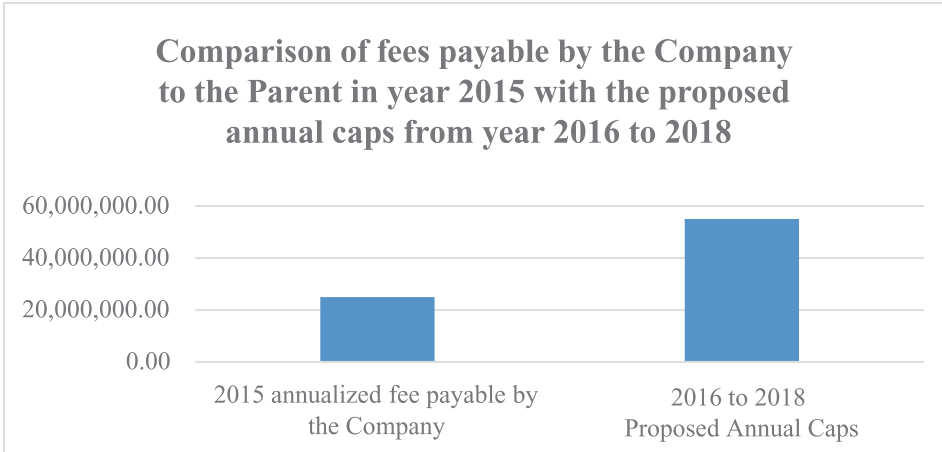
i. ***Comparison of the actual fees payable by the Company to the Parent with the annual caps for the years from 2013 to 2015***

According to the Letter from the Board, the actual fees payable by the Company to the Parent for the years from 2013 to 2014 were approximately RMB44,496,185 and RMB46,496,124 respectively, utilising approximately 44.50% and 46.50% of the existing annual caps of RMB100,000,000 and RMB100,000,000 in 2013 and 2014 respectively. Based on the actual fees payable by the Company to the Parent for the eight months of 2015, the annualized fees payable by the Company to the Parent for the year ending 31 December 2015 would be approximately RMB25,004,573, utilizing approximately 25.00% of the 2015 annual cap as RMB100,000,000.



ii. ***Comparison of the actual fees payable by the Company to the Parent for the year 2015 with the proposed annual caps for the years from 2016 to 2018***

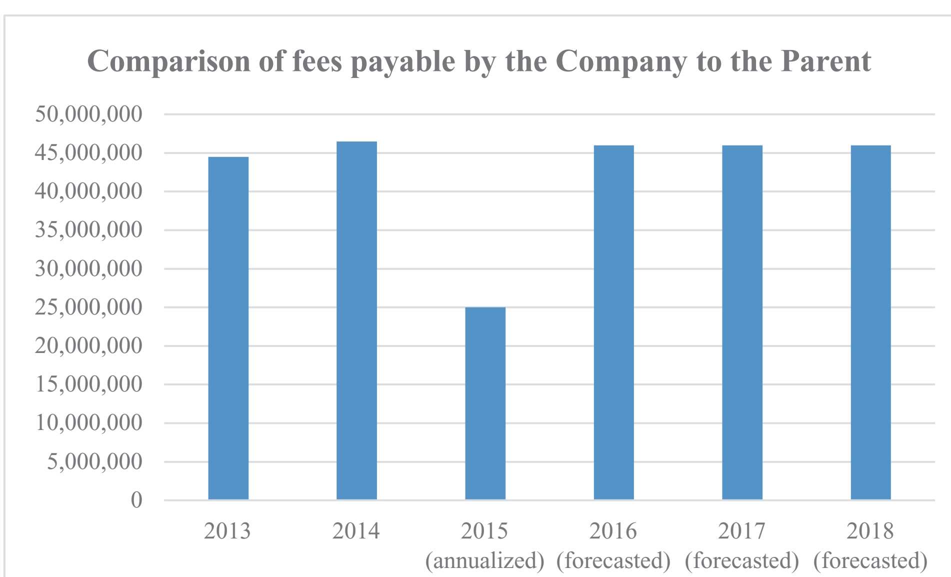
Based on the actual fees payable by the Company to the Parent in the eight months of 2015 as indicated in the Letter from the Board, the annualized fees payable by the Company to the Parent for the year ending 31 December 2015 would be approximately RMB25,004,573, which will utilize approximately 45.46% of the annual caps for each of the years from 2016 to 2018 as RMB55,000,000 each year.



iii. Comparison of the actual fees payable by the Company to the Parent for the years from 2013 to 2015 with the forecasted fees payable by the Company to the Parent for the years from 2016 to 2018

According to the Letter from the Board, the actual fees payable by the Company to the Parent for the years from 2013 to 2014 were approximately RMB44,496,185 and RMB46,496,124 respectively. Based on the actual fees payable by the Company to the Parent for the eight months of 2015, the annualized fees payable by the Company to the Parent for the year ending 31 December 2015 would be approximately RMB25,004,573.

	2013	**2014**	**2015 (annualized)**	**2016 (forecast)**	**2017 (forecast)**	**2018 (forecast)**
Fees payable by the Company to the Parent	44,496,184	46,496,124	25,004,573	46,000,000	46,000,000	46,000,000



iv. Fierce competition in Beijing metropolitan newspapers industry

As stated in the interim report of the Group for the first six months ended 30 June 2015 (the "2015 Interim Report"), in the first half of year 2015, the general macro-economic condition experienced a downturn, driving recession in various industries and resulted in a decrease in advertising expenditure. Total advertising placement volume in the market of print media of Beijing metropolitan newspapers decreased by 38.67% as compared with the same period of year 2014. Due to the increasingly fierce competition in print media of Beijing metropolitan newspapers, the total revenue of the Company decreased as compared to the corresponding period of year 2014 as a result of the decrease in advertising income from several industries to different extent.

v. Macro environment on development of the real estate and automobiles industries

According to the representation by the Board, among the various advertiser industry category of advertising income, real estate market and automobiles market together accounted for approximately half of the total advertising revenue of Beijing Youth Daily. In the past years, the real estate industry and automobile industry, major advertisement sources of the Company, was subject to the restrictive policies on real estate purchase and the restrictive policies on automobile purchase in Beijing, respectively. Therefore, the advertising revenue of Beijing Youth Daily was seriously affected. According to the 2015 Interim Report, the advertising revenue of the Group for the first half of 2015 amounted to approximately RMB143,093,000, representing a drop of approximately 21.02% as compared to the same period of year 2014 (same period of year 2014: approximately RMB181,171,000).

Taking into account the above factors for the assessments on the basis considered by the Company giving rise to the proposed annual caps for the continuing connected transactions contemplated under the Advertising Business Agreement for three years ending 31 December 2018, the Board holds the view that the proposed annual caps are fair and reasonable.

D. Reasons for, and benefits of, the Continuing Connected Transactions

In assessing the Company's assumptions in determining the 2016 to 2018 annual caps, the following due diligence works have been performed:

(i) the comparison of the historical figure with the forecasted values of the transactions under the Advertising Business Agreement;

(ii) the comparison of the historical figure with the proposed annual caps of the transactions under the Advertising Business Agreement;

(iii) the review of record(s) of advertisement placement concerning services provided by the Company;

(iv) the review of public welfare, sports, beauty makeup and parent-child events held by the Company concerning media products and activity products provided by the Company;

(v) in-depth discussions with the management of the Company regarding the following factors for the period from year 2016 to 2018:

(a) business model of the advertising business;

(b) industry review of the advertising business;

(c) market price trend of the advertising business;

(d) pricing strategy of the Company;

(e) pricing strategy of competitors;

(f) business growth projection of the advertising business;

(g) basis of growth projection of the advertising business;

(h) competitive advantage of the Company;

(i) competition issues of the Company;

(j) new products and/or services to be provided by the Company;

(k) effect of downturn of China economy;

(l) consumer behavior on printed and emerging media in Beijing; and

(m) interest of consumer (reader) of printed and emerging media.

As set out in the 2015 Interim Report, total revenue generated from advertising sales amounted to RMB143,093,000, representing approximately 53.00% of the Group's total revenue as RMB269,949,000 during the first half of year 2015.

According to the representation by the Board, the market of advertising business in traditional printed media is shrinking and facing increasing competition from emerging media. In the light of such market trend, the Company has established the media resources supermarket to integrate the printed media resources, online media resources, outdoor media resources and various social event resources in order to provide one-stop, total and flexible integrated marketing solutions to advertisers.

The integrated marketing approach can promote products and services in a more effective and efficient way as compared with traditional printed media. This enables the Company to carry out all-rounded large-scale marketing campaign and enhances the competitive advantage of the Company.

According to the representation by the Board, Beijing Youth Daily is the principal advertising medium of the Company. As the Parent produces the editorial content for Beijing Youth Daily, an area of business which is currently restricted from foreign ownership under the PRC law, the Management considers that the Advertising Business Agreement is an agreement whereby the Group benefits from the exclusive right to operate the advertising business of Beijing Youth Daily. The revenue generated from Advertising Business Agreement has been, and is expected in the foreseeable future to be, the principal revenue of the Group.

According to the Letter from the Board, the Company is of the view that the Advertising Business Agreement will (i) secure a stable and exclusive platform for the advertising business, the core business of the Group; and (ii) reduce the risks which the Company might incur during the course of operation of the Company.

From above, the Board holds the view that the continuing connected transactions fall within the ordinary and usual course of business of the Group, and is in the interests of the Group and its Shareholders as a whole.

E. Internal Control Measures

According to the representation by the Board, the following internal control measures have been established and implemented by the Company:

(a) in determining the above-mentioned pricing policies, the advertising department of Company is responsible for proposing the price, which will be reviewed by Board Office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, and is subject to the final approval by the head of the advertising department of the Company;

(b) the Board Office of the Company is responsible for monitoring, collecting and evaluating the detailed information of the continuing connected transactions of the Group, including but not limited to the pricing terms, payment arrangements and actual transaction amount under the Advertising Business Agreement on a monthly basis to ensure it does not exceed any applicable caps;

(c) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanism and the requirements;

(d) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions contemplated under the Advertising Business Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(e) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

In reviewing the Company's internal control measures concerning the 2016 to 2018 annual caps, the following due diligence works have been performed:

(i) review of part of monthly summary of relevant historical connected transaction concerning the Advertising Business Agreement;

(ii) review of board resolution concerning the Advertising Business Agreement;

(iii) review of independent non-executive Directors' report for year 2014 concerning the Advertising Business Agreement;

(iv) review of auditor's report for year 2014 concerning the Advertising Business Agreement; and

(v) review of connected transaction management rules of the Company.

After taking into account (i) the above methods and procedures comprise of the necessary components of an internal control system with designated department and responsible officer, clear approval process and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the detailed and explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the Advertising Business Agreement, it is fair and reasonable to infer that the adoption of the above measures promote good corporate governance practices and therefore safeguards the interests of the Independent Shareholders.

F. Risk Factors

The fees payable by the Company to the Parent in relation to the continuing connected transactions contemplated under the Advertising Business Agreement may not be sustainable and could subject to change and adjustment.

The said expected increases in fees payable by the Group to the Parent Group under the Advertising Business Agreement for years 2016, 2017 and 2018 respectively may not be realized.

G. Listing Rule Implications

The Parent is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. Accordingly, the respective transactions under the Advertising Business Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect of the proposed annual caps under the Advertising Business Agreement for the three years ending 31 December 2018 exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval of the Independent Shareholders by way of poll on the proposed annual caps for the continuing connected transaction under the Advertising Business Agreement for the three years ending 31 December 2018 at the forthcoming EGM.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in relation to the proposed annual caps for the continuing connected transaction under the Advertising Business Agreement for the three years ending 31 December 2018 in relation to the Parent.

H. Recommendations

Having considered the above principal factors and reasons and the Directors' representations, on balance and in general terms, at this stage, we are of the opinion that in such circumstances of the Group, the terms of the Advertising Business Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and the continuing connected transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the forthcoming EGM to approve the continuing connected transactions contemplated under the Advertising Business Agreement.

5. PROPOSED ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE 2015 PRINTING FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 22 October 2015, in relation to, among others, the continuing connected transactions concerning the 2015 Printing Framework Agreement.

A. Historical Business Relationship between the Group and the Parent

On 22 October 2015, BYD Logistics, a non-wholly owned subsidiary of the Company, and the Parent entered into the 2015 Printing Framework Agreement to renew the 2012 Printing Framework Agreement for another term of three years with effect from 1 January 2016 to 31 December 2018.

The Parent is a state-owned enterprise and ultimately controlled by the Beijing Municipal Government. The Parent is principally engaged in the holding of twelve newspapers, two magazines and four online media.

BYD Logistics is a non-wholly owned subsidiary of the Company, engaging in the provision of warehousing, transportation, logistics, printing services and trading of print-related materials.

B. Principal Terms of the 2015 Printing Framework Agreement

Pursuant to the 2015 Printing Framework Agreement, BYD Logistics has agreed to provide printing services and printing materials to the Parent in respect of the relevant newspapers and magazines of the Parent (excluding Beijing Youth Daily) and other newspapers and magazines of the Parent which may be introduced by it from time to time.

According to the representation by the Board, the consideration for the transactions contemplated under the 2015 Printing Framework Agreement (i) shall be settled by the Parent from its internal resources by installments pursuant to the agreed payback period (the payback period is generally one month according to the industry practice and the previous experience of BYD Logistics) and according to the specific and separate implementation agreements; (ii) shall be calculated as based on the relevant market price, which is determined by reference to the prevailing market prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas thereof; and (iii) where there is no relevant market price, then the contracted price agreed by both parties, which shall be determined on the basis of reasonable cost plus reasonable profit margin: a) the reasonable cost shall be determined by reference to the operation cost and labor cost of the products and/or services provided by BYD Logistics, as well as the payback period (the capital cost of BYD Logistics will increase if the clients' actual payback period is too long, therefore BYD Logistics takes into account of the previous actual payback period of each client when determining the reasonable cost under the 2015 Printing Framework Agreement); and b) the expected profit margin is from 2.5% to 7%, which is in-line with the industry and not lower than the profit rate charged to independent third parties by BYD Logistics. The above-mentioned range of profit is determined by reference to the profit margin of the prevailing market and the then market for the products and/or services as contemplated thereunder, the average profit margin in the related industry, and/or the overall profit margin of the BYD Logistics in the past years.

According to the Letter from the Board, the payback period is generally one month according to the industry practice and the previous experience of BYD Logistics. Therefore on balance and in general terms, at this stage it is fair and reasonable to infer that the "agreed payback period" is fair and reasonable.

According to the representation by the Company, the historical profit margin charged by the Company in year 2013, 2014 and the first nine months of year 2015 were approximately 4.83%, 5.27% and 4.57% respectively. The historical profit margin charged by the Company to independent third party in year 2013, 2014 and the first nine months of year 2015 were approximately 4.97%, 5.31% and 4.44% respectively.

Therefore, on balance and in general terms, at this stage it is fair and reasonable to infer that the historical range of profit margin charged by the Company is fair and reasonable.

Shareholders should note that there is no provision in the 2015 Printing Framework Agreement requiring BYD Logistics to provide printing services and printing materials to the Parent exclusively. In order words, it does not restrict BYD Logistics from providing printing services and printing materials to any third parties. Therefore, the Board holds the view that the 2015 Printing Framework Agreement provides commercial flexibility to the Group to transact with other potential customers.

C. The Proposed Annual Caps for the three years ending 31 December 2018 under the 2015 Printing Framework Agreement

The continuing connected transactions in relations to the 2015 Printing Framework Agreement are subject to Listing Rules requirements and conditions as particularly discussed under the section headed "Listing Rules Implications" below. In particular, the said continuing connected transactions are subject to the annual caps as discussed below.

Sets out below are the proposed annual caps for the continuing connected transactions under the 2015 Printing Framework Agreement and reasons thereof:

According to the Letter from the Board, (i) the annual caps for the three years ending 31 December 2015, (ii) the proposed annual caps for the three years ending 31 December 2018; and (iii) the audited historical transactions amounts for the two years ended 31 December 2014 and the latest available unaudited transaction amount for the eight months ended 31 August 2015 are as follows:

Fee payable by the Parent to BYD Logistics	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
Annual Cap	100,000,000	100,000,000	100,000,000	40,000,000 (proposed)	40,000,000 (proposed)	40,000,000 (proposed)
Historical Value	9,115,435.72	38,550,090.92	15,152,103.09 (up to 31 August 2015)	n/a	n/a	n/a

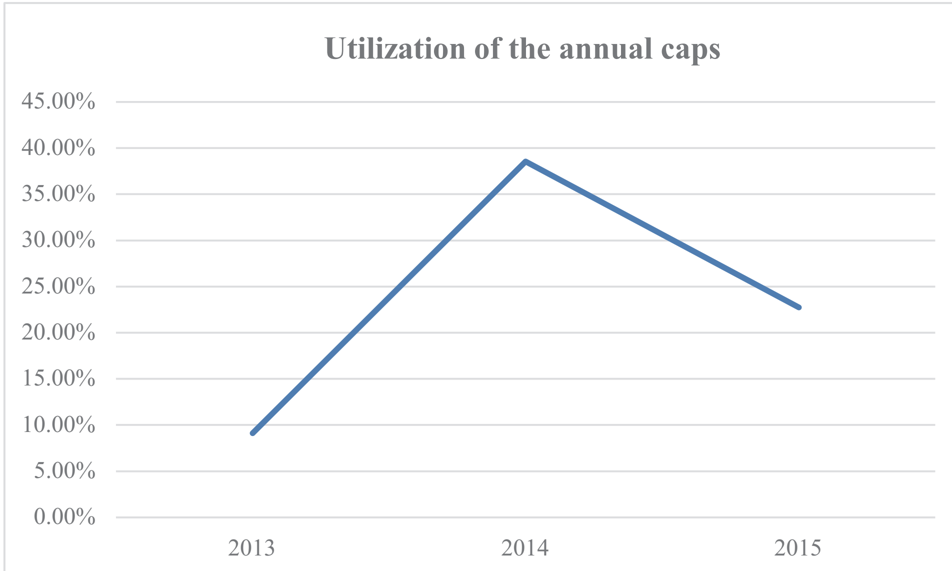
According to the representation by the Board, the significant increase in the transaction value in year 2014 under the 2012 Printing Framework Agreement as compared to the transaction value in year 2013 was due to that BYD Logistics resumed the business relationship with and provided printing service and printing materials to LEPA, a subsidiary of the Parent. The said business relationship commenced with LEPA has led to an increase in approximately RMB20,000,000 to RMB30,000,000 revenue of the printing business of BYD Logistics in year 2014. The decrease of the actual transaction values for the eight months ended 31 August 2015 as compared to the same period of last year is mainly attributable to the decrease of printing volume of LEPA as compared to the same period of last year. The Board expects that the total fee payable by the Parent for the year ending 2015 is approximately RMB30,000,000.

According to the Letter from the Board, the above proposed annual caps are determined with reference to (i) the historical figures of the actual values of the transactions under the 2012 Printing Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 respectively; (ii) it is expected that the price of raw materials such as paper, and the print volume of relevant newspapers will remain stable in the next three years as compared to year 2015, and the Company expects that the transaction values in the next three years will maintain stable growth; and (iii) the expected possible new newspaper printing business and material printing business to be brought by the Parent in the next three years, such as the printing of tickets, souvenirs and brochures, etc. to be brought by the sports, cultural and other media companies under the Parent. It is expected that such printing business will bring an increase of RMB1 million to RMB5 million revenue for BYD Logistics in each of the next three years.

In the assessment of the Management's rationale in determining the proposed annual caps for the three years ending 31 December 2018, the following factors are hereby considered:

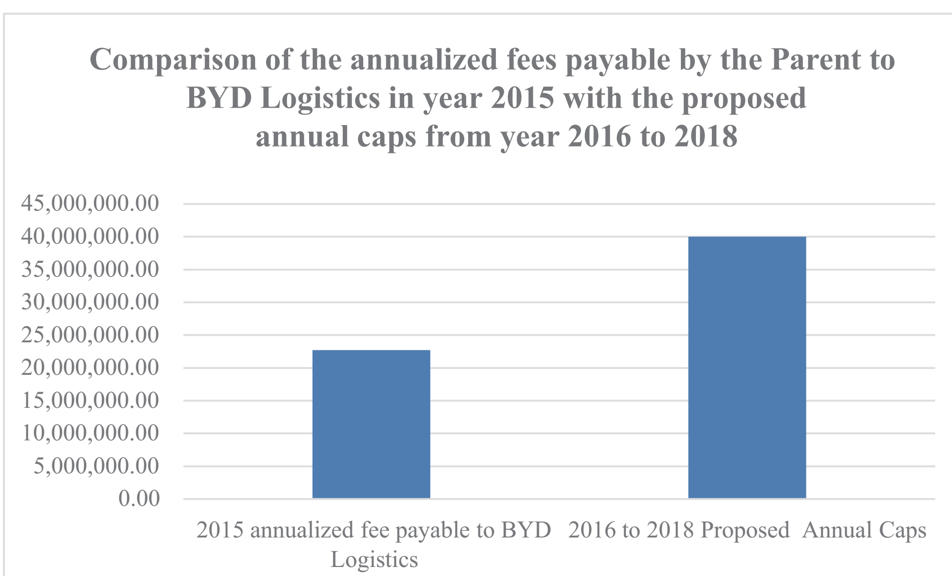
i. Comparison of actual fees payable by the Parent to BYD Logistics with the annual cap for the years from 2013 to 2015

According to the Letter from the Board, the actual fees payable by the Parent to BYD Logistics for the year 2013 and 2014 were approximately RMB9,115,436 and RMB38,550,091 respectively, utilizing approximately 9.12% and 38.55% of the existing annual caps of RMB100,000,000 and RMB100,000,000 in 2013 and 2014 respectively. Based on the actual fees payable by the Parent to BYD Logistics in the eight months of 2015 as indicated in the Letter from the Board, the annualized fees payable by the Parent to BYD Logistics for the year ending 31 December 2015 would be approximately RMB22,728,155, utilizing approximately 22.73% of the 2015 annual cap as RMB100,000,000.



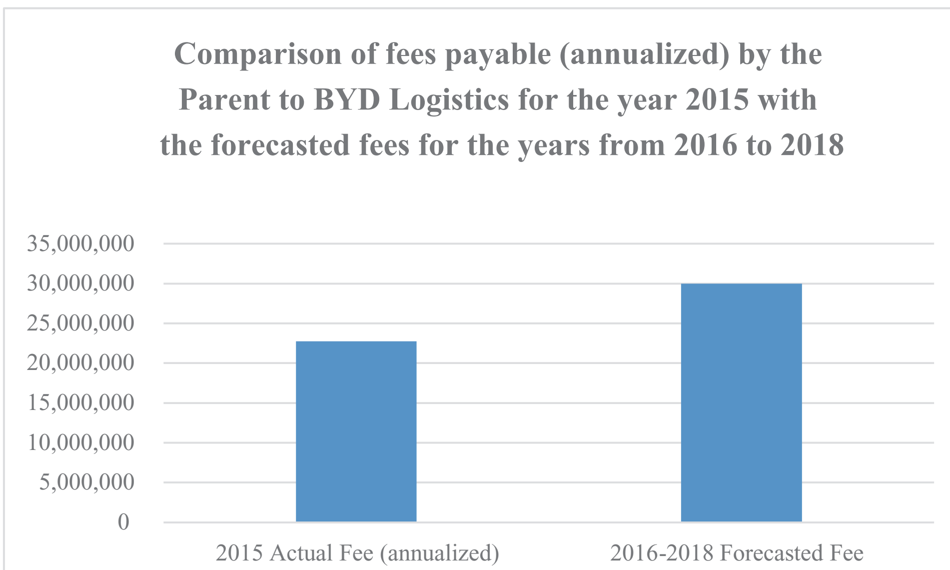
ii. Comparison of the annualized fees payable by the Parent to BYD Logistics for the year 2015 with the proposed annual caps for the years from 2016 to 2018

Based on the actual fees payable by the Parent to BYD Logistics in the eight months of 2015 as indicated in the Letter from the Board, the annualized fees payable by the Parent to BYD Logistics for the year ending 31 December 2015 would be approximately RMB22,728,155. The proposed annual caps for the continuing connected transactions contemplated under the 2015 Printing Framework Agreement for the three years ending 31 December 2018 is RMB40,000,000 each year.



iii. Comparison of actual fees payable by the Parent to BYD Logistics for the year 2015 with the forecasted fees payable by the Parent to BYD Logistics for the years from 2016 to 2018

Based on the actual fees payable by the Parent to BYD Logistics in the eight months of 2015 as indicated in the Letter from the Board, the annualized fees payable by the Parent to BYD Logistics for the year ending 31 December 2015 would be approximately RMB22,728,155 representing approximately 22.73% of the 2015 annual cap as RMB100,000,000. According to the representation by the Board, it is expected that the fees payable by the Parent to BYD Logistics to be RMB30,000,000 for the three years from 2016 to 2018, and the relevant newspapers and magazines under the 2015 Printing Framework Agreement include Beijing Youth Magazine, Middle School Times, Beijing Children's Weekly, Beijing Today, Sci-Tech Report and Legal Evening Post.

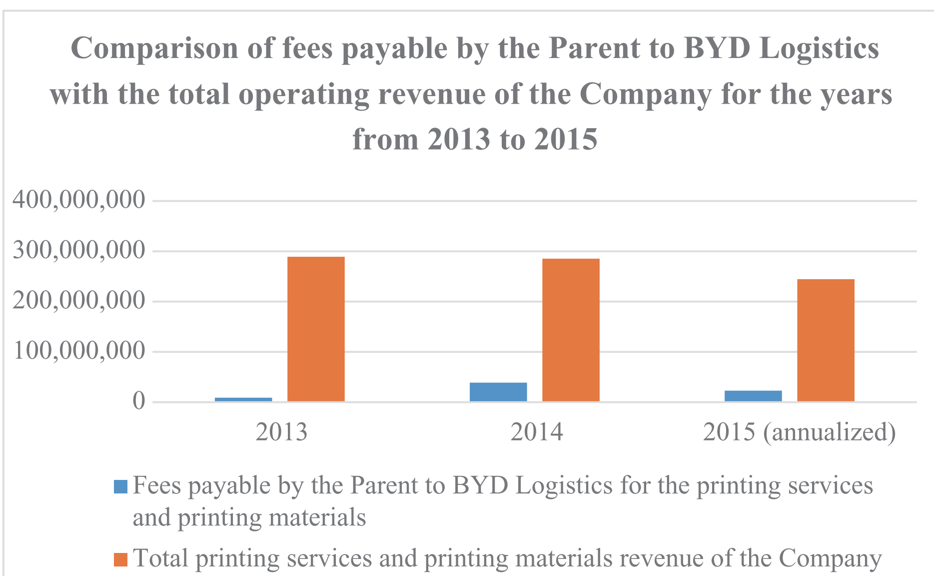


iv. Comparison of the actual fees payable by the Parent to BYD Logistics for the printing services and printing materials for the years from 2013 to 2015 with the total printing services and printing materials revenue of the Company for the years from 2013 to 2015

According to the Letter from the Board, the actual fees payable by the Parent to BYD Logistics for the year 2013 and 2014 were approximately RMB9,115,436 and RMB38,550,091 respectively. Based on the actual fees payable by the Parent to BYD Logistics in the eight months of 2015 as indicated in the Letter from the Board, the annualized fees payable by the Parent to BYD Logistics for the year ending 31 December 2015 would be approximately RMB22,728,155.

According to the 2013 and 2014 annual reports of the Company, the total printing and trading of print-related materials for the years ended 31 December 2013 and 31 December 2014 were approximately RMB289,116,000 and RMB285,225,000 respectively. Based on the revenue of printing and trading of print-related materials of the Company as indicated in the 2015 Interim Report for the six months ended 30 June 2015 as approximately RMB122,304,000, the annualized revenue of printing and trading of print-related materials of the Company for the year ending 31 December 2015 would be approximately RMB244,608,000.

	2013	**2014**	**2015 (annualized)**
Fees payable by the Parent to BYD Logistics for the printing services and printing materials	9,115,435.72	38,550,090.92	22,728,154.64
Total printing services and printing materials revenue of the Company	289,116,000.00	285,225,000.00	244,608,000.00



Taking into account the above factors the assessments on the basis considered by the Company giving rise to the annual caps for three years ending 31 December 2018, the Board holds the view that the proposed annual caps are fair and reasonable.

D. Reasons for, and benefits of, the Continuing Connected Transactions

In assessing the Company's assumption in determining the 2016 to 2018 annual caps, the following due diligence works have been performed:

(i) the comparison of the historical figure with the forecasted values of the transactions under the 2015 Printing Business Agreement;

(ii) the comparison of the historical figure with the proposed annual caps of the transactions under the 2015 Printing Business Agreement;

(iii) in-depth discussion with the management of the Company and BYD Logistics regarding the following factors for the period from year 2016 to 2018:

(a) business model of the printing business;

(b) industry review of the printing business;

(c) market price trend of the printing business;

(d) pricing strategy of the Company;

(e) pricing strategy of competitors;

(f) business growth projection of the printing business;

(g) basis of growth projection of the printing business;

(h) competitive advantage of BYD Logistics;

(i) competition issues of BYD Logistics;

(j) new products and/or services to be provided by BYD Logistics;

(k) effect of downturn of China economy;

(l) consumer behavior on printed and emerging media in Beijing; and

(m) interest of consumer (reader) of printed and emerging media.

According to the representation by the Board, one of the principal businesses of BYD Logistics is the provision of printing services, including the printing of newspapers. The Parent is one of the BYD Logistics' major customers in respect of its printing business. As the Parent is one of the largest newspaper agencies in the PRC, the consolidated bulk printing orders from the Parent not only ensure a large quantity of business and revenue inflow to BYD Logistics on a stable basis, but also allow BYD Logistics to enjoy the advantage of economies of scale and lower average printing costs.

According to the representation by the Board, the continuing connected transactions are conducted in the ordinary and usual course of business of the Company. Such transactions will continue to be conducted on an arm's length basis and on terms that are fair and reasonable to the Company. Owing to the long-term co-operation relationship between the Company and the Parent, the Board holds the view that the entering into of such transactions on a continuing basis is essential to the continuation of the Company's business and will be beneficial to the Company as the continuing connected transactions facilitate the business operation and growth of the Company and reduce risks which the Company might incur during the course of operation.

Due to the above, the Board holds the view that the continuing connected transactions fall within the ordinary and usual course of business of the Group and are in the interests of the Group and its Shareholders as a whole.

E. Internal Control Measures

According to the representation by the Board, the following internal control measures have been established and implemented by the Company:

(a) in determining the above-mentioned pricing policies, the manager of BYD Logistics' printing business department is responsible for proposing the price, which will be reviewed by the vice president in charge of BYD Logistics' printing business department to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties, and is subject to the final approval by the general manager of BYD Logistics;

(b) the manager of BYD Logistics' printing business department is responsible for monitoring, collecting and evaluating the market data, including but not limited to the prevailing market, the then market price for comparable services in the related industry (the relevant market price is not publicly available, and is determined by reference to the prevailing prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas thereof), and the terms available to independent parties on a monthly basis, which is subject to the final review by the general manager of BYD Logistics. Under the circumstances such as the then market price for the comparable services increases or decreases by more than 5% as compared with the price of the specific service under the 2015 Printing Framework Agreement, the manager of BYD Logistics' printing business department will put forward the proposal of price adjustment and carry out the preliminary review, which is subject to the final approval by the general manager of BYD Logistics to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties;

(c) the Board Office of the Company is responsible for monitoring, collecting and evaluating the detailed information of the continuing connected transactions under the 2015 Printing Framework Agreement, including but not limited to the pricing terms, payment arrangements and actual transaction amounts under each of the specific implementation agreements on a monthly basis to ensure it does not exceed any applicable caps;

(d) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanisms and the requirements, to specify that the subsidiaries of the Company shall comply with the above-mentioned pricing policies in respect of the continuing connected transactions contemplated under the 2015 Printing Framework Agreement;

(e) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions contemplated under the 2015 Printing Framework Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(f) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

In reviewing the Company's internal control measures concerning the 2016 to 2018 annual caps, the following due diligence works have been performed:

(i) review of part of monthly summary of relevant historical connected transaction concerning the 2012 Printing Framework Agreement;

(ii) review of board resolution concerning the 2015 Printing Framework Agreement;

(iii) review of independent non-executive Directors' report for year 2014 concerning the 2012 Printing Framework Agreement;

(iv) review of auditor's report for year 2014 concerning the 2012 Printing Framework Agreement;

(v) review of connected transaction management rules of the Company; and

(vi) review of sample connected transaction approval document concerning the 2012 Printing Framework Agreement.

After taking into account of, among other things, the (i) price determination policies will be reviewed by vice president of printing business department of BYD Logistics and approved by general manager of BYD Logistics; and (ii) price adjustment mechanism will be reviewed by manager of printing business department of BYD Logistics and approved by general manager of BYD Logistics, it is fair and reasonable to infer that the adoption of the above measures promote good corporate governance practices and therefore safeguards the interests of the Independent Shareholders.

F. Risk Factors

The fees payable by the Parent to the BYD Logistics in relation to the continuing connected transactions contemplated under the 2015 Printing Framework Agreement may not be sustainable and could subject to change and adjustment.

The said expected increases in revenue of printing business of BYD Logistics for years 2016, 2017 and 2018 respectively under the 2015 Printing Framework Agreement may not be realized.

G. Listing Rule Implications

As the Parent is the controlling shareholder of the Company, the Parent and its subsidiaries are therefore connected persons of the Company under the Listing Rules. Accordingly, the respective transactions under the 2015 Printing Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect the proposed annual caps under the 2015 Printing Framework Agreement for the three years ending 31 December 2018 exceed 5%, the transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval of the Independent Shareholders by way of poll on the proposed annual caps for the continuing connected transaction under the 2015 Printing Framework Agreement for the three years ending 31 December 2018 at the forthcoming EGM.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in relation to the proposed annual caps for the continuing connected transaction under the 2015 Printing Framework Agreement for the three years ending 31 December 2018 in relation to the Parent.

H. Recommendations

Having considered the above principal factors and reasons and the Directors' representations, on balance and in general terms, at this stage, we are of the opinion that in such circumstances of the Group, the terms of the 2015 Printing Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and the continuing connected transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the forthcoming EGM to approve the continuing connected transactions contemplated under the 2015 Printing Framework Agreement.

6. PROPOSED ANNUAL CAPS FOR THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE ADVERTISING AGENCY FRAMEWORK AGREEMENT

A. Historical Business Relationship between the Group and the Parent

According to the Letter from the Board, in order to make better use of the media resources and the industry influence of the Parent, on 22 October 2015, the Company and the Parent entered into the Advertising Agency Framework Agreement to regulate the transactions in relation to the mutual advertising agency service between the Group and the Parent Group. The Company and LEPA have entered into the LEPA Advertising Agency Framework Agreement dated 27 February 2013 in relation to the mutual supply of advertising agency service between the Group and LEPA Group which will be expired on 31 December 2015. The said agreement will not be renewed upon expiry, and will be replaced and covered by the Advertising Agency Framework Agreement.

B. The Continuing Transactions

Pursuant to the Advertising Agency Framework Agreement, (i) the Parent shall authorize the Group to act as the advertising agent of the Parent Group to sell advertising space in the journals or media and the emerging media resources in the possession of or represented by the Parent Group (excluding Beijing Youth Daily) and to provide related services (including commercial promotion, event planning, event execution and consultation service, etc.); (ii) the Company shall authorize the Parent Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media and the emerging media resources in the possession of or represented by the Group and to provide related services (including commercial promotion, event planning, event execution and consultation service, etc.).

According to the Letter from the Board, the Advertising Agency Framework Agreement is for a term of three years commencing from 1 January 2016 and ending on 31 December 2018. Upon expiry, the Advertising Agency Framework Agreement will, subject to, compliance with the relevant requirements under the Listing Rules and agreement of the parties, be renewed for a further term of three years.

According to the Letter from the Board, the consideration under the Advertising Agency Framework Agreement are payable by cash in a lump sum or by installments according to the specific and separate implementation agreements and funded by the relevant party's internal resources. The Directors are of view that such payment terms are in line with the market practice.

C. Provision of advertising agency service by the Parent Group to the Group

According to the Letter from the Board, the price shall be determined in accordance with the contract prices agreed by the Company and the Parent, which shall be no less favorable to the Company than those available to independent third parties. The contract prices shall be determined after arm's length negotiations between the Company and the Parent according to unit price set out in the standard advertising price lists of the Company (subject to applicable discounts: generally at around 30%-50% discount which is also applicable to independent third parties and thus no less favorable than available to independent third parties, and such discount is determined with reference to the industry nature, market circumstances, placement position and publishing time, etc.), actual placement quantity, size and other factors.

The standard price lists of the Company are determined with reference to the placement size, placement position and the placement color (color or black and white) and are disclosed on the advertising rate card formulated and published by the Company in that year, respectively. The aforesaid standard price lists of the Company are also applicable to advertising agency agreements with other independent third parties. The Company believes that the standard price lists are fair and reasonable, and on normal commercial terms.

Annual caps

Actual transaction value

The actual transaction values of the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 are set out below:

Actual transaction value	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Eight Months ended 31 August 2015** *(RMB)*
Advertising placement fee payable by LEPA to the Company	25,985,757.37	29,759,605.65	699,747

Historical annual caps

The historical annual caps for the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement for the three years ending 31 December 2015 are set out below:

Historical annual caps	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Year ending 31 December 2015** *(RMB)*
Advertising placement fee payable by LEPA to the Company	32,000,000.00	32,000,000.00	50,000,000.00

Proposed annual caps

The proposed annual caps for the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 are set out below:

Proposed annual caps	**Year ending 31 December 2016** *(RMB)*	**Year ending 31 December 2017** *(RMB)*	**Year ending 31 December 2018** *(RMB)*
Advertising placement fee payable by the Parent to the Company	50,000,000	50,000,000	50,000,000

In arriving at the above proposed annual caps, the Directors have taken into account of the following factors:

(i) the actual transaction values of the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group under the LEPA Advertising Agency Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 respectively.

With the increase of advertisement placing demand by the LEPA Group's customers from the Group, it is expected that the LEPA Group's demand of advertising agency from the Group will increase and will contribute more sales amount of the advertising placement for the Group. The Board therefore proposed to adjust the 2015 annual cap for the continuing connected transactions contemplated in relation to the LEPA Group being authorised to act as the advertising agent of the Group from RMB32 million to RMB50 million, and such proposal has been passed by the independent Shareholders of the Company at the 2015 annual general meeting of the Company;

(ii) the LEPA Group have entered into cooperation agreements with certain electric automotive corporations, and the electric automotive corporations are expected to initiate the advertising placement in February 2016. In addition, as the cooperative partner of the Winter Olympic Committee, LEPA has started to communicate with clients in fields of, among others, real-estate and automobile in respect of various activities, and planned to carry out the various promotional activities. The organizing committee of the 2022 Beijing Winter Olympics Games will be formally established and put into operation before the end of December 2015, and all the cooperation matters will be fully operational in 2016. It is expected that the LEPA Group will bring the advertising income of approximately RMB28 million to the Group in 2016 and such figure will remain stable in 2017 and 2018 respectively;

(iii) pursuant to the LEPA Advertising Agency Framework Agreement, the Company shall authorize the LEPA Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media in the possession of or represented by the Group and to provide related services. In order to establish the Group's media resources supermarket, the Company will comprehensively integrates Beijing Youth Daily and the media as well as relevant resources under the Company, and introduces the diversified portfolio formed by integrating the print media, the online media, and the outdoor media advertising resources (especially emerging media advertising resources and activities) to the clients so that to satisfy the clients' diversified demands, the Company proposes to enter into the Advertising Agency Framework Agreement with the Parent Group to expand the service scope in respect of the Parent Group being authorised to act as the advertising agent of the Group. The detailed information in relation to the above-mentioned expansion of service scope is set out below:

The newly added advertising agency service providers under the Parent Group	**The estimated transaction value for the years 2016 to 2018** *(RMB)*
The Parent	3,000,000
Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd.	4,000,000
Beijing Beiqing Culture and Arts Company	2,000,000
Beijing Science and Technology News Agency	2,000,000
Beijing Youth Journal Agency	2,000,000
China Open Promotion Company Limited	2,000,000
Beijing Education Media Co., Ltd.,	2,000,000
Beijing Youth Weekend Media Co., Ltd.	2,000,000
XiaoHongMao Corporation	1,000,000

In addition to sell the advertising space in Beijing Youth Daily and the other journals or media in the possession of or represented by the Group as agreed under the advertising agency framework agreement entered into between the Company and LEPA, such as Beiqing Community Daily (北青社區報), Chongqing Youth Daily (重慶青年報), and CéCi magazine (茜茜姐妹CéCi), more media resources of the Group will be represented by the Parent Group:

The Group's newly added media resources to be represented by the Parent Group

(i) Emerging media resources under Beiqing Community Daily

(ii) Emerging media resources under "Qingyou Online"

(iii) Outdoor media resources under Beijing Beiqing Outdoor Advertising Co., Ltd., Therefore, the Company expects that the transaction values of the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement for the next three years will increase significantly as compared with the historical transaction amounts in respect of the continuing connected transactions in relation to the LEPA Group being authorised to act as the advertising agent of the Group;

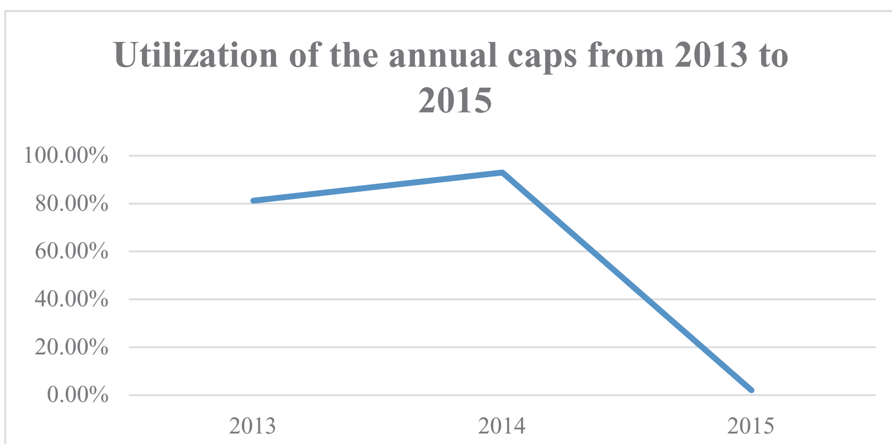
(iv) with the development of media technology, the emerging media under the Parent, such as the Wechat public accounts, the Weibo account of Beijing Youth Daily newspaper, "Tuanjiehu Reference" (團結湖參考), "Zhengzhiju" (政知局), and "Education Roundtable" (教育圓桌), grows rapidly. It is expected to bring the advertising income of approximately RMB3 million to the Group in 2016 and remains stable in 2017 and 2018 respectively; and

(v) the Company expects that the above-mentioned members under the Parent Group, including Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd., Beijing Beiqing Culture and Arts Company, Beijing Science and Technology News Agency, China Open Promotion Company Limited, and Beijing Education Media Co., Ltd., etc., being authorised to act as the advertising agents of the Group, will bring the advertising placement fee of approximately RMB17 million to the Group in each year from 2016 to 2018 respectively.

In the assessment of the Management's rationale in determining the cap amounts for the three years ending 31 December 2018, the following factors are hereby considered:

i. Comparison of historical fees payable by LEPA to the Company with the annual cap for the years from 2013 to 2015

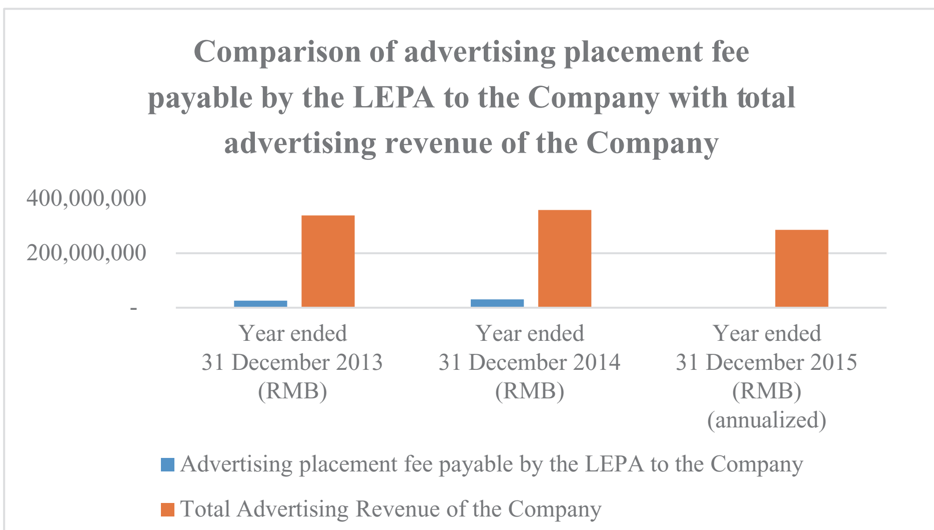
According to the Letter from the Board, the actual fees payable by LEPA to the Company for the years 2013 and 2014 were approximately RMB25,985,757 and RMB29,759,606 respectively, utilizing approximately 81.21% and 93.00% of the annual caps of RMB32,000,000 and RMB32,000,000 for the years ended 31 December 2013 and 31 December 2014 respectively. Based on the advertising placement fee payable by the LEPA to the Company for the eight months ended 31 August 2015 as RMB699,747, the annualized advertising placement fee payable by the LEPA to the Company for year ending 31 December 2015 would be RMB1,049,621, utilizing approximately 2.10% of the existing caps of RMB50,000,000 for the year ended 31 December 2015. According to the representation by the Board, due to the seasonality and settlement period effect, the Board expects that the advertising placement fee payable by LEPA to the Company in the year ending 31 December 2015 would be approximately RMB47,000,000.



ii. Comparison of historical fees payable by the LEPA to the Company with the total advertising turnover of the Company for the year of 2013 to 2015

According to the Letter from the Board, the actual fees payable by LEPA to the Company for the years 2013 and 2014 were approximately RMB25,985,757 and RMB29,759,606 respectively. Based on the advertising placement fee payable by the LEPA to the Company for the eight months ended 31 August 2015 as RMB699,747, the annualized advertising placement fee payable by the LEPA to the Company for year 2015 would be RMB1,049,621. According to the representation by the Board, due to the seasonality and settlement period effect, the Board expects that the advertising placement fee payable by LEPA to the Company in the year ending 2015 would be approximately RMB47,000,000. Based on the revenue of advertising business of the Company as indicated in the 2015 Interim Report for the six months ended 30 June 2015 as approximately RMB143,093,000, the annualized revenue of advertising business of the Company would be approximately RMB286,186,000.

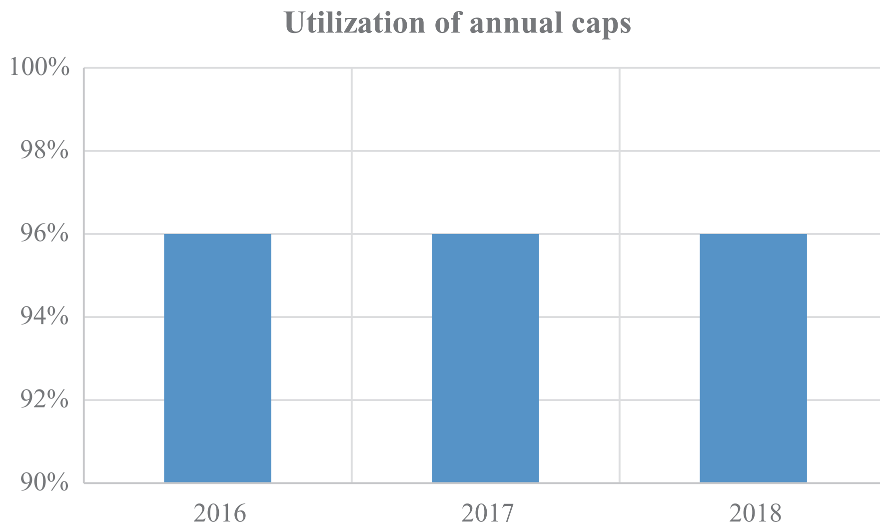
Historical Transaction Value	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Year ending 31 December 2015** *(RMB)* (annualized)
Advertising placement fee payable by the LEPA to the Company	25,985,757	29,759,606	1,049,621
Total Advertising revenue of the Company	339,805,000	360,187,000	286,186,000
Percentage of total advertising revenue of the Company	7.65%	8.26%	0.37%



iii. Comparison of forecasted fees payable by the Parent Group and its subsidiaries to the Company for the year from 2016 to 2018 with the Proposed Annual Caps for the years from 2016 to 2018

According to the representation by the Company, the forecasted fees payable by the Parent Group and its subsidiaries to the Company for the years from 2016 to 2018 are set out below:

	Forecasted Fees payable by the Parent to the Company		
	Year ending 31 December 2016 *(RMB)*	**Year ending 31 December 2017** *(RMB)*	**Year ending 31 December 2018** *(RMB)*
1. Beijing Youth Daily Agency	3,000,000	3,000,000	3,000,000
2. Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd.	4,000,000	4,000,000	4,000,000
3. Beijing Beiqing Culture and Arts Company	2,000,000	2,000,000	2,000,000
4. Beijing Youth Journal Agency	2,000,000	2,000,000	2,000,000
5. Legal Evening Post Agency	28,000,000	28,000,000	28,000,000
6. Beijing Science and Technology News Agency	2,000,000	2,000,000	2,000,000
7. China Open Promotion Company Limited	2,000,000	2,000,000	2,000,000
8. XiaoHongMao Corporation	1,000,000	1,000,000	1,000,000
9. Beijing Education Media Company Limited	2,000,000	2,000,000	2,000,000
10. Beijing Youth Weekend Media Company Limited	2,000,000	2,000,000	2,000,000
Total	48,000,000	48,000,000	48,000,000
Proposed Annual Cap	50,000,000	50,000,000	50,000,000
Utilization of Proposed Annual Cap (%)	96	96	96



Internal control measures

According to the representation by the Board, the following internal control measures have been established and implemented by the Company:

(a) in determining the above-mentioned pricing policies regarding the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement, the operating department of the Company's advertising center is responsible for proposing the price, which will be reviewed by Board Office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties, and is subject to the final approval by the head of the advertising department of the Company;

(b) the operating department of the Company's advertising center is responsible for monitoring, collecting and evaluating the market information and data, including but not limited to the prevailing market information and data for comparable services in the related industry, the standard advertising price lists of the Company, and the prevailing prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas, on a monthly basis, which is subject to the final review by the Board office of the Company. Under the circumstances such as the increase of the standard advertising price of the Company or the then market price for the comparable services increases by more than 15% as compared with the price of the specific service of the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement, the operating department of the Company's advertising center will put forward the proposal of price adjustment and carry out the preliminary review, which is subject to the final approval by the Board Office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties;

(c) the Board office of the Company is responsible for monitoring, collecting and evaluating the implement condition of the pricing terms, payment arrangements and actual transaction amount under each of the specific implementation agreements on a monthly basis to ensure it does not exceed any applicable caps;

(d) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanisms and the requirements, to specify that the subsidiaries of the Company shall comply with the above-mentioned pricing policies in respect of the continuing connected transactions regarding the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement;

(e) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions in relation to the Parent Group being authorised to act as the advertising agent of the Group under the Advertising Agency Framework Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(f) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

In reviewing the Company's internal control measures concerning the 2016 to 2018 annual caps, the following due diligence works have been performed:

(i) review of part of monthly summary of relevant historical connected transaction concerning the LEPA Advertising Agency Framework Agreement;

(ii) review of board resolution concerning the Advertising Agency Framework Agreement;

(iii) review of independent non-executive Directors' report for year 2014 concerning the LEPA Advertising Agency Framework Agreement;

(iv) review of auditor's report for year 2014 concerning the LEPA Advertising Agency Framework Agreement;

(v) review of connected transaction management rules of the Company; and

(vi) review of sample connected transaction approval document concerning the LEPA Advertising Agency Framework Agreement.

Taking into account, among other things, the (i) price proposed by the Company's advertising center will be reviewed by Board Office; (ii) operating department of the Company's advertising center is responsible for monitoring, collecting and evaluating the market data; (iii) price adjustment and preliminary review will be carried out if the market price for the comparable services increases by more than 15%; and (iv) Board Office is responsible for monitoring, collecting and evaluating the implementation condition of the pricing terms, payment arrangements and actual transaction amount of specific implementation agreements, it is fair and reasonable to infer that the adoption of the above measures promote good corporate governance practices and therefore safeguards the interests of the Independent Shareholders.

D. Provision of advertising agency service by the Group to the Parent Group

According to the Letter from the Board, the price shall be determined in accordance with the contract price agreed by the Company and the Parent, which shall be no less favorable to the Company than those available to independent third parties. The contract price shall be determined after arm's length negotiations between the Company and the Parent according to unit price set out in the standard advertising price lists of the Parent (subject to applicable discounts: generally at around 30%-50% discount which is also applicable to independent third parties and thus no less favorable than available to independent third parties, and such discount is determined with reference to the industry nature, market circumstances, placement position and publishing time, etc.), actual placement quantity, size and other factors.

The standard price lists of the Parent are determined with reference to the placement size, placement position and the placement color (color or black and white) and are disclosed on the advertising rate card formulated and published by Parent in that year, respectively. The aforesaid standard price lists of the Parent are also applicable to advertising agency agreements with other independent third parties. The Company believes that the standard price list are fair and reasonable, and on normal commercial terms.

Annual caps

Actual transaction value

The actual transaction values of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 respectively are set out below:

Actual transaction value	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Eight Months ended 31 August 2015** *(RMB)*
Advertising placement fee payable by the Company to LEPA	464,435.84	869,811.32	0

Historical annual caps

The historical annual caps for the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group under the Advertising Agency Framework Agreement for the three years ending 31 December 2015 respectively are set out below:

Historical annual caps	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Year ending 31 December 2015** *(RMB)*
Advertising placement fee payable by the Company to LEPA	32,000,000.00	32,000,000.00	32,000,000.00

Proposed annual caps

The proposed annual caps for the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 are set out below:

Proposed annual caps	**Year ending 31 December 2016** *(RMB)*	**Year ending 31 December 2017** *(RMB)*	**Year ending 31 December 2018** *(RMB)*
Advertising placement fee payable by the Company to the Parent	50,000,000	50,000,000	50,000,000

In arriving at the above proposed annual caps, the Directors have taken into account the following factors:

(i) the actual transaction values of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group under the LEPA Advertising Agency Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 respectively;

(ii) pursuant to the LEPA Advertising Agency Framework Agreement, LEPA shall authorize the Group to act as the advertising agent of the LEPA Group to sell advertising space in Legal Evening Post and the other journals or media in the possession of or represented by the LEPA Group and to provide related services. In order to establish the Group's media resources supermarket, comprehensively integrate Beijing Youth Daily and the media as well as relevant resources under the Company, and introduce the diversified portfolio formed by integrating the print media, the online media, and the outdoor media advertising resources (especially emerging media advertising resources and activities) to the clients so that to satisfy the clients' diversified demands, the Company proposes to enter into the Advertising Agency Framework Agreement with the Parent to expand the service scope in respect of the Group being authorised to act as the advertising agent of the Parent Group, and the Group will represent the media resources of the following members of the Parent Group:

The newly added members under the Parent Group authorized to be represented by the Group	**The estimated transaction value for the years 2016 to 2018** *(RMB)*
The Parent (excluding Beijing Youth Daily)	3,000,000
Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd.	2,500,000
Beijing Beiqing Culture and Arts Company	3,500,000
Beijing Science and Technology News Agency	1,000,000
Beijing Youth Journal Agency	1,000,000
China Open Promotion Company Limited	20,000,000
Beijing Education Media Co., Ltd.,	1,000,000
Beijing Youth Weekend Media Co., Ltd.	500,000
XiaoHongMao Corporation	500,000

Therefore, the Company expects that the transaction values of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement for the next three years will increase significantly as compared with the historical transaction amount in respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the LEPA Group;

(iii) as mentioned above, in respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement, the Group will also be authorized to act as the agent of the other media resources under the Group besides the journals or media in the possession of or represented by the LEPA Group, and it is expected to bring the advertising placement fee of approximately RMB33 million to the Parent Group in each year from 2016 to 2018 respectively, among which, the transaction in relation to the Group being authorised as the advertising agent of the China Open（中國網球公開賽）and the provision of relevant service by the Group will be approximately RMB20 million; and

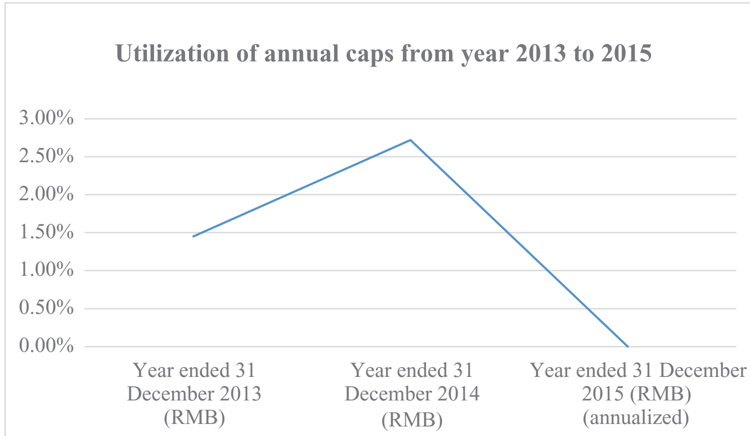
(iv) At present, the advertising center of the Company has set up the resource integration center, the emerging media center and the new products development center, focusing on the media resources in the possession of or represented by the Group and developing new forms of advertising, events and other related products. At present, these departments have already carried out the research and development of various media products, as well as events with different scales and of themes such as public welfare, children, sports, beauty makeup, etc.. Sales of all types of media products and activity products will become increasingly important in the Company's business structure, it is expected to bring the income of approximately RMB5 million to the Parent Group in 2016 and remain stable in 2017 and 2018 respectively.

In the assessment of the Management's rationale in determining the cap amounts for the three years ending 31 December 2018, the following factors are hereby considered:

i. Comparison of historical fees payable by the Company to LEPA with the annual cap for the years from 2013 to 2015

According to the Letter from the Board, the historical fees payable by the Company to LEPA for the years from 2013 to 2014 were approximately RMB464,436 and RMB869,811 respectively, utilizing approximately 1.45% and 2.72% of the existing annual caps of RMB32,000,000 and RMB32,000,000 in 2013 and 2014 respectively. Based on the advertising placement fee payable by the Company to LEPA for the eight months ended 31 August 2015 as RMB0, the annualized advertising placement fee payable by the Company to LEPA for the year ending 31 December 2015 would be RMB0, utilizing 0% of the annual cap as RMB32,000,000.

Historical Transaction Value	**Year ended 31 December 2013** *(RMB)*	**Year ended 31 December 2014** *(RMB)*	**Year ended 31 December 2015** *(RMB)* (annualized)
Utilization of Annual Caps	1.45%	2.72%	0.00%
Advertising placement fee payable by the Company to LEPA	464,436	869,811	–
Annual Caps	32,000,000	32,000,000	32,000,000

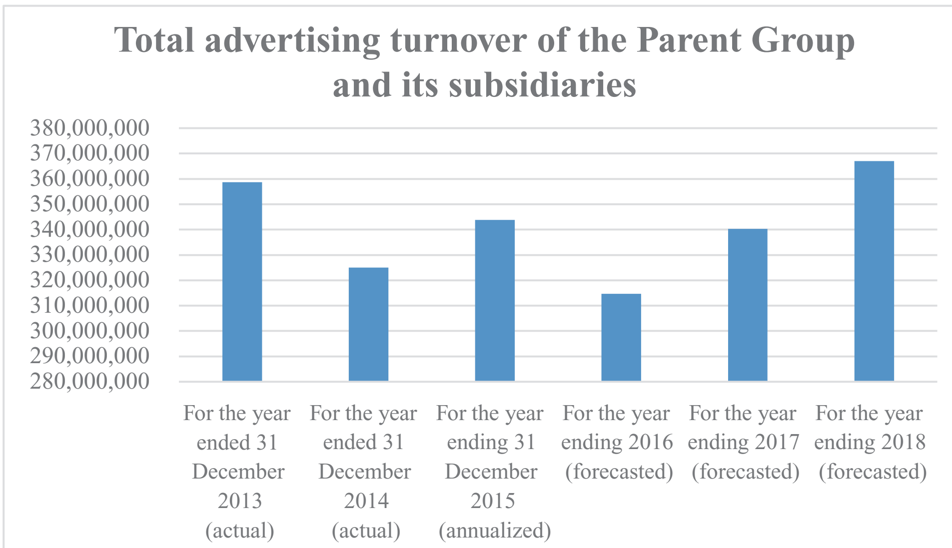

Utilization of annual caps from year 2013 to 2015
3.00%
2.50%
2.00%
1.50%
1.00%
0.50%
0.00%
Year ended 31 December 2013 (RMB)
Year ended 31 December 2014 (RMB)
Year ended 31 December 2015 (RMB) (annualized)

iii. Comparison of historical advertising turnover of the Parent Group and its subsidiaries for the year from 2013 to 2015 with the forecasted advertising turnover of the Parent Group and its subsidiaries for the year from 2016 to 2018

According to the representation by the Board, the historical advertising turnover of the Parent Group and its subsidiaries for the year 2013 and 2014 were approximately RMB358,684,500 and RMB325,084,200 respectively. Based on the advertising turnover of the Parent Group and its subsidiaries for the nine months ended 30 September 2015 as approximately RMB257,857,500, the annualized turnover of the Parent Group and its subsidiaries for the year ending 31 December 2015 would be approximately RMB343,810,000. The forecasted advertising turnover of the Parent Group and its subsidiaries for the year 2016, 2017 and 2018 are approximately RMB314,660,000, RMB340,260,000 and RMB366,980,000 respectively.

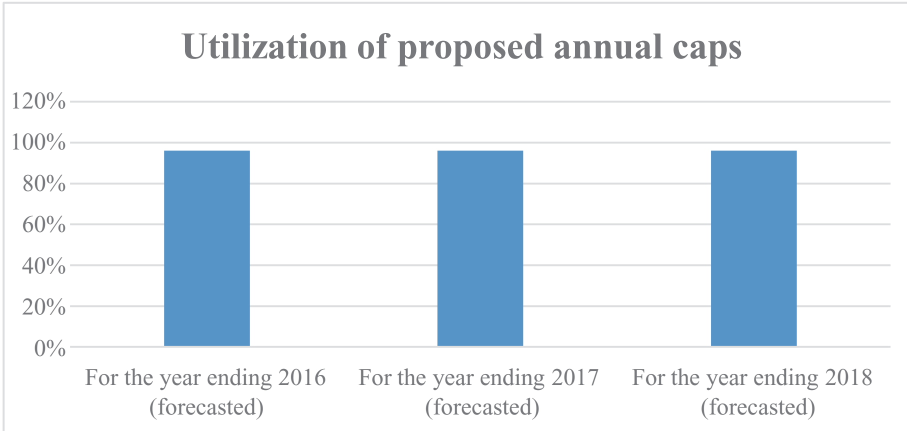
		Historical Total Advertising Turnover			Forecasted Total Advertising Turnover		
		For the year ended 31 December 2013	For the year ended 31 December 2014	For the nine months ended 30 September 2015	For the year ending 31 December 2016	For the year ending 31 December 2017	For the year ending 31 December 2018
1.	Beijing Youth Daily Agency	150,000	500,000	1,744,000	4,000,000	4,300,000	4,400,000
2.	Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd.	16,030,000	16,600,000	2,310,000	21,000,000	30,000,000	40,000,000
3.	Beijing Beiqing Culture and Arts Company	230,000	230,000	230,000	5,000,000	5,000,000	5,000,000
4.	Beijing Youth Journal Agency	34,020,000	20,680,000	8,060,000	10,000,000	10,000,000	10,000,000
5.	Legal Evening Post Agency	159,150,000	135,720,000	110,000,000	130,000,000	140,000,000	150,000,000
6.	Beijing Science and Technology News Agency	5,060,000	8,860,000	7,890,000	7,660,000	7,660,000	7,660,000
7.	China Open Promotion Company Limited	128,730,000	131,940,000	120,000,000	126,000,000	132,300,000	138,920,000
8.	XiaoHongMao Corporation	2,210,000	1,470,000	480,000	3,000,000	3,000,000	3,000,000
9.	Beijing Education Media Company Limited	2,550,000	2,550,000	2,550,000	4,000,000	4,000,000	4,000,000
10.	Beijing Youth Weekend Media Company Limited	10,554,500	6,534,200	4,593,500	4,000,000	4,000,000	4,000,000
	Total	358,684,500	325,084,200	257,857,500	314,660,000	340,260,000	366,980,000

	Actual Total Advertising Turnover			Forecast Total Advertising Turnover		
	For the year ended 31 December 2013 *(actual)*	**For the year ended 31 December 2014** *(actual)*	**For the year ending 31 December 2015** *(annualized)*	**For the year ending 31 December 2016** *(forecasted)*	**For the year ending 31 December 2017** *(forecasted)*	**For the year ending 31 December 2018** *(forecasted)*
Total Advertising Turnover	358,684,500	325,084,200	343,810,000	314,660,000	340,260,000	366,980,000



iv. Comparison of forecasted fees payable by the Company to the Parent Group and its subsidiaries for the year from 2016 to 2018 with the Proposed Annual Caps for the years from 2016 to 2018

		Forecasted Fees payable by the Company to the Parent Group and its subsidiaries		
		Year ending 31 December 2016 *(RMB)*	**Year ending 31 December 2017** *(RMB)*	**Year ending 31 December 2018** *(RMB)*
1.	Beijing Youth Daily Agency	3,000,000	3,000,000	3,000,000
2.	Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd.	2,500,000	2,500,000	2,500,000
3.	Beijing Beiqing Culture and Arts Company	3,500,000	3,500,000	3,500,000
4.	Beijing Youth Journal Agency	1,000,000	1,000,000	1,000,000
5.	Legal Evening Post Agency	15,000,000	15,000,000	15,000,000
6.	Beijing Science and Technology News Agency	1,000,000	1,000,000	1,000,000
7.	China Open Promotion Company Limited	20,000,000	20,000,000	20,000,000
8.	XiaoHongMao Corporation	500,000	500,000	500,000
9.	Beijing Education Media Company Limited	1,000,000	1,000,000	1,000,000
10.	Beijing Youth Weekend Media Company Limited	500,000	500,000	500,000
	Total	48,000,000	48,000,000	48,000,000
	Proposed Annual Cap	50,000,000	50,000,000	50,000,000
	Utilization of Proposed Annual Cap (%)	96	96	96



Internal control measures

According to the representation by the Board, the following internal control measures have been established and implemented by the Company:

(a) in determining the above-mentioned pricing policies regarding the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement, the operating department of the Company's advertising center is responsible for proposing the price, which will be reviewed by Board Office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties, and is subject to the final approval by the head of the advertising department of the Company;

(b) the operating department of the Company's advertising center is responsible for monitoring, collecting and evaluating the market information and data, including but not limited to the prevailing market information and data for comparable services in the related industry, the standard advertising price lists of the Parent, and the prevailing prices for comparable services which are available on an arm's length basis and provided by at least two independent services providers located in the same region or surrounding areas, on a monthly basis, which is subject to the final review by the Board office of the Company. Under the circumstances such as the decrease of the standard advertising price of the Parent or the then market price for the comparable services decreases by more than 15% as compared with the price of the specific service under the Advertising Agency Framework Agreement regarding the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group, the operating department of the Company's advertising center will put forward the proposal of price adjustment and carry out the preliminary review, which is subject to the final approval by the Board Office of the Company to ensure that the price is fair and reasonable, on normal commercial terms, as well as more favorable than terms available to independent parties;

(c) the Board Office of the Company is responsible for monitoring, collecting and evaluating the implement conditions of the pricing terms, payment arrangements and actual transaction amount under each of the specific implementation agreements on a monthly basis to ensure it does not exceed any applicable caps;

(d) pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanism and the requirements, to specify that the subsidiaries of the Company shall comply with the above-mentioned pricing policies in respect of the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement;

(e) the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions in relation to the Group being authorised to act as the advertising agent of the Parent Group under the Advertising Agency Framework Agreement to ensure that such transactions are entered into in the ordinary and usual course of business of the Group, on normal commercial terms, and the terms of the related agreements are fair and reasonable, and in the interest of the Company and the Shareholders as a whole; and

(f) the auditors of the Company will also conduct an annual review on the pricing and annual caps of such continuing connected transactions.

In reviewing the Company's internal control measures concerning the 2016 to 2018 annual caps, the following due diligence works have been performed:

(i) review of part of monthly summary of relevant historical connected transaction concerning the LEPA Advertising Agency Framework Agreement;

(ii) review of board resolution concerning the Advertising Agency Framework Agreement;

(iii) review of independent non-executive Directors' report for year 2014 concerning the LEPA Advertising Agency Framework Agreement;

(iv) review of auditor's report for year 2014 concerning the LEPA Advertising Agency Framework Agreement;

(v) review of connected transaction management rules of the Company; and

(vi) review of sample connected transaction approval document concerning the LEPA Advertising Agency Framework Agreement.

After taking into account of, among other things, as the (i) price proposed by the Company's advertising center will be reviewed by Board office; (ii) operating department of the Company's advertising center is responsible for monitoring, collecting and evaluating the market data; (iii) price adjustment and preliminary review will be carried out if the market price for the comparable services decreases by more than 15%; and (iv) Board Office is responsible for monitoring, collecting and evaluating the implementation condition of the pricing terms, payment arrangements and actual transaction amount of specific implementation agreements, it is fair and reasonable to infer that the adoption of the above measures promote good corporate governance practices and therefore safeguards the interests of the Independent Shareholders.

E. Reasons for, and benefits of the Continuing Connected Transactions

In assessing the Company's assumptions in determining the 2016 to 2018 annual caps, the following due diligence works have been performed:

(i) the review of actual transaction values under the Advertising Agency Framework Agreement for the two years ended 31 December 2014 and for the eight months ended 31 August 2015 respectively entered into between the Company and Legal Evening Post Agency;

(ii) the consideration of expansion of service scopes from LEPA to the 10 subsidiaries of the Parent; and

(iii) in-depth discussions with the management of the Company regarding the following factors for the period from year 2016 to 2018:

(a) business model of the advertising business;

(b) industry review of the advertising business;

(c) market price trend of the advertising business;

(d) pricing strategy of the Company;

(e) pricing strategy of competitors;

(f) business growth projection of the advertising business;

(g) basis of growth projection of the advertising business;

(h) competitive advantage of the Company;

(i) competition issues of the Company;

(j) new products and/or services to be provided by the Company;

(k) effect of downturn of China economy;

(l) consumer behavior on printed and emerging media in Beijing; and

(m) interest of consumer (reader) of printed and emerging media.

Information on Beijing Youth Daily Agency

Principal business and name of the media:

The Emerging Media Resources of Beijing Youth Daily was established in year 2015 and is a subsidiary of Beijing Youth Daily Agency. It is principally engaged in operating and maintaining the following WeChat and WeiBo accounts, namely "Beiqing Sports" (體壇叨sir), "Tuanjiehu Reference" (團結湖參考), "Zhengzhiju" (政知局), "Education Roundtable" (教育圓桌) and the official WeChat and WeiBo account of Beijing Youth Daily newspaper.

Content of the media:

i. "Beiqing Sports" (體壇叨sir) is the WeChat public account of the sports section of Beijing Youth Daily newspaper with approximately 15,000 subscribers.

ii. "Tuanjiehu Reference" (團結湖參考) is an influential WeChat public account concerning political and public affairs with approximately 280,000 subscribers.

iii. "Zhengzhiju" (政知局) is a WeChat public account focusing on the original and professional articles concerning political and public affairs with approximately 250,000 subscribers.

iv. "Education Roundtable" (教育圓桌) is a popular and influential WeChat public account in Beijing education sector with approximately 140,000 subscribers.

v. Official WeChat and WeiBo account of Beijing Youth Daily newspaper: there are approximately 3,300,000 subscribers of the official WeiBo account and approximately 40,000 subscribers of the official WeChat account.

Target audience: The target audience covers a wide range of general public.

Channel of communication: WeChat and WeiBo.

Benefit to the Group:

i. Subscribers' interest and behavior can accurately be classified by identifying the WeChat public accounts that they subscribed. This enables the Company to focus and advertise products and services to specific groups of customers easily.

ii. With the support and reputation from Beijing Youth Daily Agency, the general public would perceive the content of the said WeChat public accounts trustworthy and are more inclined to subscribe to the WeChat accounts.

Information on Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd.

Principal business and name of the media:

Beijing Youth Daily Newspaper Internet Communication Technology Co. Ltd. is a subsidiary of Beijing Youth Daily Agency and established in year 2003. It has been the strategic cooperation partner of MSN for its news content since 2005 and is principally engaged in operating YNET.COM.

Content of media:

YNET.COM is an integrated web portal of which the content is mainly based on Beijing Youth Daily newspaper. It provides a wide variety of information covering celebrity, finance, leisure, life, sports, technology and gaming.

Target audience:

The target audience covers a wide range of general public and the average visit per day is approximately 20 million. It has a browsing capacity of approximately 60 million visits.

Channel of communication: Web portal YNET.COM

Benefit to the Group: Well-established online platform with large amount of visits per day.

Information on Beijing Beiqinig Culture and Arts Company

Principal business and name of the media:

Beijing Beiqinig Culture and Arts Company is a subsidiary of Beijing Youth Daily Agency and established in year 1993 and is principally engaged in organizing high quality performance events such as government events, concerts, dramas, musicals as well as international cultural exchange events.

Target audience:

The performance events reach a wide variety of audience across different ages and spending abilities depending on the types of performance.

Benefit to the Group:

Beijing Beiqinig Culture and Arts Company is an experienced performance events organizer and geographically covers the major cities in China.

Information on Beijing Youth Journal Agency

Principal business and name of the media:

Beijing Youth Journal Agency is a subsidiary of Beijing Youth Daily Agency and principally engaged in publishing cultural and fashion magazines Beijing Youth Weekly. Beijing Youth Weekly started its first issue in year 1996. Circulation of Beijing Youth Weekly is approximately 550,000 units.

Content of the media: Cultural and fashion information.

Target audience: it is targeted to the white collar working class in Beijing.

Channel of communication: Weekly magazine.

Benefit to the Group:

The Group can gain access to the white collar high spending power working class in Beijing via advertising placement in the Beijing Youth Weekly.

Information on Legal Evening Post Agency

Principal business and name of the media:

Legal Evening Post Agency is a subsidiary of Beijing Youth Daily Agency and principally engaged in publishing Legal Evening Post and operating web portal www.fawan.com. Legal Evening Post started its first issue in year 2004. Circulation of Legal Evening Post is approximately 700,000 units.

Content of the media:

It is an integrated metropolitan evening post with the slogan of "the newspaper closest to you". Its main focus is the news and events surrounding the daily life of the general public.

Target audience: General public.

Channel of communication: Evening post and web portal www.fawan.com.

Benefit to the Group:

The Group can gain access to the well-established readerships and have deep penetration into the general public.

Information on Beijing Science and Technology News Agency

Principal business and name of the media:

Beijing Science and Technology News Agency is a subsidiary of Beijing Youth Daily Agency and principally engaged in publishing Science Technology Weekly, a popular science and technology magazine. The magazine started its first issue in year 1954 and later renamed to Science Technology Weekly.

Content of the media:

Science and technology information. Its editorial team consists of academicians and science and technology professionals.

Target audience:

It is target to the 40,000 science and technology professionals in Beijing. The Science Technology Weekly is being subscribed in over 30 provinces in China.

Channel of communication: Weekly magazine.

Benefit to the Group:

The Group can gain access to the specific science and technology sectors covering 30 provinces in China via advertising placement in the Science Technology Weekly.

Information on China Open Promotion Company Limited

Principal business and name of the media:

China Open Promotion Company Limited was incorporated in year 2003 and is a subsidiary of Beijing Youth Daily Agency. It is principally engaged in the promotion, organization and management of China Open, the premier tennis tournament in China.

Target audience: Middle class sector in China.

Benefit to the Group:

The Group can gain access to the middle class high spending power sector in China via advertising placement in the China Open. Its principal sponsors includes Mercedes-Benz, Rolex and IBM. The audiences of China Open are mainly middle class people with high spending power.

Information on XiaoHongMao Corporation

Principal business and name of the media:

XiaoHongMao Corporation was incorporated in year 2004 and is a subsidiary of Beijing Youth Daily Agency. It is an integrated service company principally engaged in publishing of printed media, delivery and marketing business.

Channel of communication: Face-to-face direct contact with general public.

Benefit to the Group:

Through the delivery business by XiaoHongMao Corporation, the Group gains the advantage of direct contacts with the general public and enables the Group to carry out effective **online-to-offline** and direct marketing campaigns.

Information on Beijing Education Media Company Limited

Principal business and name of the media:

Beijing Education Media Company Limited was incorporated in year 2008 and is a subsidiary of Beijing Youth Daily Agency. It is principally engaged in publishing several newspapers and magazines, including "Middle School Times" (中學時事報), "Beijing Children's Weekly" (北京少年報), "Beijing Today English Weekly" (《今日北京》英文周報), "Current Affairs Magic Mirror" (時事魔鏡), "Essay Writing Bible" (作文寶典), "Zhongxingxing Pictorial Science Special Issue" (种星星畫報科学特刊).

Content of the media: Educational information

Target audience: It has a wide coverage of the students and education sectors of Beijing.

Channel of communication: Printed newspapers and magazines.

Benefit to the Group:

The Group can gain access to the specific education sectors in Beijing via advertising placement in the said newspapers and magazines.

Information on Beijing Youth Weekend Media Company Limited

Principal business and name of the media:

Beijing Youth Weekend Media Company Limited was incorporated in year 2006 and is a subsidiary of Beijing Youth Daily Agency. It is principally engaged in publishing the airport magazine, Airtime, which is mainly distributed in airports in China, 5-star hotels and golf clubs etc.

Content of the media:

International culture and fashion information. The magazine also contains advertising placement of luxury products such as watches, jewellery, and vehicles.

Target audience: Frequent travelers of high end and high spending power.

Channel of communication: Weekly magazine

Benefit to the Group:

The Group can gain access to the frequent travelers of high end and high spending power in China via advertising placements in the Airtime.

Strategy of entering into the Advertising Framework Agreement

According to the representation by the Board, most of the subsidiaries or the relevant media under the Parent Group were established for more than 10 years and are successful media of the respective sectors with well-established reputation, readership and most importantly, both online and offline advertising platforms. The media in aggregate cover a wide range of population with diverse interests – from youth to adults who are interested in acquiring information concerning culture, current affairs, education, entertainment, fashion, local community, politics, science, sports, and travel etc. The media also cover consumers with high spending power in the young white collar and middle class sectors.

Through entering into the Advertising Framework Agreement the Group is able to widen its revenue stream by utilizing the said reputations as well as to gain access to the high spending power consumers and the online and offline advertising platforms, without the need to invest and setup different media companies and the time to acquire readership and clientele. It also enables the Group to provide one-stop, total and flexible integrated marketing solutions to advertisers who need to have the advertising placement across different media reaching different target groups of customers.

In recent years, due to the shift of reading behavior from printed to online media and the rising popularity of mobile application, the traditional printed media business is facing a severe and difficult operating environment, the entering into the Advertising Framework Agreement enables the Group to transform its advertising business model from traditional printed media to emerging media targeting to diverse consumer groups of different ages and interests. It also enables the Group to carry out online-to-offline marketing and direct marketing campaign which the Group did not have the required resources and network in the past.

F. Risk Factor

The fees payable by the Company to the Parent Group and its subsidiaries, and the fees payable by the Parent Group and its subsidiaries to the Company in relation to the transactions contemplated under the Advertising Agency Framework Agreement may not be sustainable and could be subject to change and adjustment.

The said expected transaction values, advertising incomes and advertising placement fees for years 2015, 2016, 2017 and 2018 respectively under the Advertising Agency Framework Agreement may not be realized.

G. Listing Rule Implications

As the Parent is the controlling shareholder of the Company, the Parent and its subsidiaries are therefore connected persons of the Company under the Listing Rules. Accordingly, the respective transactions under the Advertising Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14A.06 of the Listing Rules) in respect the proposed annual caps for the transactions contemplated under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 exceed 5%, the continuing connected transactions contemplated thereunder are subject to the annual review, reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will seek approval of the Independent Shareholders by way of poll on the proposed annual caps for the continuing connected transaction under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 at the forthcoming EGM.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in relation to the proposed annual caps for the continuing connected transaction under the Advertising Agency Framework Agreement for the three years ending 31 December 2018 in relation to the Parent.

H. Recommendations

Having considered the above principal factors and reasons and the Directors' representations, on balance and in general terms, at this stage, we are of the opinion that in such circumstances of the Group, the terms of the Advertising Agency Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and the continuing connected transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the forthcoming EGM to approve the transactions contemplated under the Advertising Agency Framework Agreement.

Yours faithfully,
For and on behalf of
WALLBANCK BROTHERS
Securities (Hong Kong) Limited
Phil Chan
Chief Executive Officer

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which are required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Hong Kong Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the following persons (other than the Directors, Supervisors and the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO as follows:

Name of Shareholder	Class of Shares	Nature of Shares	Number of Shares	% of Class Issued Share Capital	% of Total Share Capital
Parent	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Co., Ltd.	Domestic	N/A	7,367,000	5.17	3.73
Jia Yueting	H	Long	19,533,000	35.58	9.90

Name of Shareholder	Class of Shares	Nature of Shares	Number of Shares	% of Class Issued Share Capital	% of Total Share Capital
Le Shi Internet Information & Technology (Beijing) Limited (樂視網信息技術(北京)股份有限公司	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 Ya Wen	H	Long	4,939,000	8.99	2.50

Notes:

1. Information disclosed above is based on the data published on the HKExnews website of the Hong Kong Stock Exchange (www.hkexnews.hk) unless otherwise stated in the notes below.

2. Mr. Zhang Yanping, Mr. Yu Haibo, Ms. He Xiaona, Mr. Li Shiheng, Mr. Liu Han, Ms. Wu Peihua, Mr. Li Xiaobing, and Mr. Wang Lin, also directors or employees of the Parent. Save as disclosed above, as at the Latest Practicable Date, there is no other Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, the Supervisors and the chief executive of the Company, there was no other person (other than the Directors, the Supervisors or the chief executive of the Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group were made up.

5. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2014, being the date to which the latest published audited financial statements of the Group was made up or was proposed to be acquired or disposed of by or leased to any member of the Group; and none of the Directors, Supervisors nor their respective associates was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group as a whole.

7. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any existing or proposed service contracts with any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

8. LITIGATION

Reference is made to the inside information announcement of the Company dated 5 August 2015 in relation to the litigation filed by Beijing Capital Airport Advertising Co., Ltd. against the Company regarding relevant contract disputes. Pursuant to the cooperation agreement entered into between the Company and Beiqing Transmedia Co., Ltd. (an associate of the Company in which the Company holds 36.12% of its shares), Beiqing Transmedia Co., Ltd. shall be the exclusive agent of the Company in relation to the LED media advertising operation project of the Terminal 3 of Beijing International Capital Airport. Beiqing Transmedia Co., Ltd. shall undertake all the expenses in respect of advertising facilities and related responsibilities, and pay contract deposit as well as advertising agency fees and management fees to the Company. Accordingly, Beiqing Transmedia Co., Ltd. issued a letter of undertaking to the Company on 4 August 2015, pursuant to which, in the event that the Court rules the Company to bear any legal liability, Beiqing Transmedia Co., Ltd. will undertake all the payable advertising fees and liquidated damages, all the legal costs of the Case and other related expenses. Therefore, the Company does not envisage that the case and the related judgment and order would have a material adverse impact on the business and operation of the Group.

As far as the Directors were aware of, save as disclosed above, none of the members of the Group was engaged in any other litigation or arbitration or claim of material importance and no other litigation or claim of material importance was known to the Directors to be pending or threatening by or against any member of the Group as at the Latest Practicable Date.

9. EXPERT'S QUALIFICATION AND CONSENT

WallBanck Brothers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of WallBanck Brothers who has given its opinions or advices which are contained in this circular:

Name	**Qualification**
WallBanck Brothers	a licensed corporation to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities as defined under the SFO

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, WallBanck Brothers did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group since 31 December 2014, being the date to which the latest audited financial statements of the Group were made up, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, and was not beneficially interested in the shares of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. METHOD OF VOTING AT THE EGM

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to the proposed resolutions at the EGM.

12. MISCELLANEOUS

(a) The joint company secretaries of the Company are Mr. Shang Da and Mr. Yu Leung Fai.

(b) The registered office of the Company is situated at Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC.

(c) The H share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited which is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong at 7th Floor, Hong Kong Trade Centre, 161-167 Des Voeux Road Central, Hong Kong during normal business hours on any business days from the date of this circular up to and including 25 December 2015:

(a) the Advertising Agency Framework Agreement;

(b) the Advertising Business Agreement;

(c) the 2015 Printing Framework Agreement;

(d) the letter from the Independent Board Committee as set out on pages 33 to 34 of this circular;

(e) the letter from WallBanck Brothers as set out on pages 35 to 93 of this circular; and

(f) the written consent from the expert referred to under the paragraph headed "Expert's Qualification and Consent" in this appendix.

BEIJING MEDIA CORPORATION LIMITED
北 青 傳 媒 股 份 有 限 公 司

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

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Beijing Media Corporation Limited (the "**Company**") will be held at 2:30 p.m. on Tuesday, 26 January 2016 at 21st Floor, Beijing Youth Daily Agency, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the People's Republic of China ("**PRC**"), for the purpose of considering and, if thought fit, passing the following resolutions:

As Ordinary Resolutions

1. To consider and, if thought fit, to approve the respective annual caps for the three years ending 31 December 2018 for the transactions contemplated under the agreement (the "**Advertising Business Agreement**") dated 7 December 2004 and its supplement agreement dated 9 April 2010 and entered into between the Company and Beijing Youth Daily Agency (the "**Parent**") in relation to granting by the Parent the exclusive rights to sell all the advertising space in the Beijing Youth Daily.

2. To consider and, if thought fit, to approve:

   "**THAT**

   a. the agreement (the "**2015 Printing Framework Agreement**") dated 22 October 2015 and entered into between the Beijing Youth Daily Logistics Company Limited and the Parent in relation to providing the printing services and printing materials to the Parent, and the respective annual caps for the three years ending 31 December 2018 for the transactions contemplated thereunder;

   b. any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the 2015 Printing Framework Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient."

3. To consider and, if thought fit, to approve:

"**THAT**

a. the agreement (the "**Advertising Agency Framework Agreement**") dated 22 October 2015 and entered into between the Company and the Parent in relation to the mutual supply of advertising agency services between the Company and its subsidiaries and the Parent and its subsidiaries, and the respective annual caps for the three years ending 31 December 2018 for the transactions contemplated thereunder;

b. any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Agency Framework Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient."

4. To consider and, if thought fit, to approve the appointment of Mr. Liu Hong as a non-executive director of the Company, to authorise the remuneration committee of the board of directors of the Company to determine his remuneration, and to authorise any executive director of the Company to execute a service contract or such other documents or supplemental agreements or deeds on behalf of the Company.

By Order of the Board
Beijing Media Corporation Limited
Zhang Yanping
Chairman

Beijing, the PRC, 11 December 2015

As at the date of this notice, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo, and He Xiaona, the non-executive directors of the Company, Li Shiheng, Liu Han, Wu Peihua, Li Xiaobing, WangLin and Xu Xun, and the independent non-executive directors of the Company, Song Jianwu, Cui Baoguo, Wu Tak Lung, Cui Enqing and Chenji.

Notes:

1. ELIGIBILITY FOR ATTENDING THE EGM

Holders of H shares whose names appear on the register of the Company maintained by Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, on Sunday, 27 December 2015 shall be entitled to attend the EGM.

Holders of H shares intending to attend and vote at the EGM to be held on Tuesday, 26 January 2016 shall lodge all the transfer documents for H shares with the relevant share certificates to the H share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 24 December 2015.

2. PROXY

(1) Shareholders entitled to attend and vote at the EGM may appoint one or more proxies in writing to attend and vote at the meeting on his behalf. The proxy need not be a shareholder of the Company.

(2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its director(s) or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.

(3) To be valid, the notarized power of attorney or other document(s) of authorization (if any) and the form of proxy shall be delivered to (i) the registered office address of Company for holders of domestic shares; and (ii) Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, for holders of H shares, no less than 24 hours before the time fixed for convening the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.

(4) If a shareholder appoints more than one proxy, such proxies shall only exercise their voting rights by a poll.

3. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

(1) A shareholder or his proxy shall produce his identification document when attending the EGM. Where a shareholder is a legal person, the legal representative of that shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the resolutions of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

(2) Shareholders intending to attend the EGM shall return to the Company the reply slip stating their attendance on or before Wednesday, 6 January 2016.

(3) A shareholder may return the above reply slip to the Company in person, by post or by facsimile to the office of the Company or Computershare Hong Kong Investor Services Limited.

4. CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Sunday, 27 December 2015 to Tuesday, 26 January 2016 (both days inclusive), during which period no transfer of shares will be registered.

5. METHOD OF VOTING AT THE EGM

Pursuant to Rule 13.39 (4) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to all the proposed resolutions at the EGM.

6. MISCELLANEOUS

(1) The EGM of the Company is expected to be held for less than half a day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.

(2) The address of the Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong is 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(3) The registered office and the contact details of the Company are:

Building A, No. 23 Baijiazhuang Dongli,
Chaoyang District, Beijing 100026,
the PRC
Telephone: (+86) 10 6590 2630
Fax: (+86) 10 6590 2630