
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ACTION

If you are in doubt as to any aspect of this Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Beijing Media Corporation Limited**, you should at once hand this Circular together with the accompanying form of proxy and reply slip to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for delivery to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this Circular, makes 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 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)

CONTINUING CONNECTED TRANSACTIONS

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



MasterLink Securities (Hong Kong) Corporation Limited

A letter from the independent board committee of Beijing Media Corporation Limited is set out on pages 8 to 9 of this Circular. A letter from MasterLink Securities (Hong Kong) Corporation Limited containing its advice to the Independent Board Committee is set out on pages 10 to 17 of this Circular.

A notice convening an extraordinary general meeting of Beijing Media Corporation Limited to be held at 10th Floor, Beijing Youth Daily Agency Building, No. 23 Baijiazhuang Dongli, Changyang District, Beijing the People's Republic of China on 1 July 2008 at 2:00 p.m. is set out on pages 23 to 25 of this Circular. Whether or not you are able to attend the meeting, 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 holding the meeting.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

15 May 2008

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DEFINITIONS

In this Circular, unless otherwise indicated in the context, the following expressions have the meaning set out below:

“associate(s)”	has the meaning ascribed to it in the HK Listing Rules
“Board”	the board of Directors
“BYDA”	Beijing Youth Daily Agency (北京青年報社), a state-owned enterprise incorporated in PRC
“COL”	Beijing China Open Promotion Company Limited (北京中國網球公開賽體育推廣有限公司), a limited liability company established under PRC laws.
“Company”	Beijing Media Corporation Limited
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for Independent Shareholders to consider and approve the Guarantee Agreement and its annual caps
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement entered into between the Company and COL
“HK\$”	the lawful currency of Hong Kong, the Special Administrative Region of PRC
“Independent Board Committee”	an independent committee of the Board comprising Messrs. Tsang Hing Lin, Wu Changqi and Liao Li
“Independent Shareholders”	shareholders of the Company who are not required by the Stock Exchange to abstain from voting in respect of the Guarantee Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Practicable Date”	means 15 May 2008, being the latest practicable date for the purpose of ascertaining certain information contained in the Circular prior to its publication

DEFINITIONS

“MasterLink”	Masterlink Securities (Hong Kong) Corporation Limited, a corporation licensed to carry on Type 1 (securities dealing), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Guarantee Agreement
“PRC”	the People’s Republic of China (for the purpose of this Circular, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan)
“RMB”	the lawful currency of the People’s Republic of China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE CHAIRMAN



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

Zhang Yabin

Sun Wei

He Pingping

Du Min

Non-executive Directors

Liu Han

Xu Xun

Li Wenqing

Independent non-executive Directors

Tsang Hing Lun

Wu Changqi

Liao Li

15 May 2008

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

1. Introduction

Reference is made to the Company's announcement dated 22 April 2008.

Since 2004 the Company has been providing guarantees for bank facilities granted to COL, a subsidiary of the Company, to facilitate COL's business operations. The guarantee agreement entered into between the Company and COL on 10 April 2007 (the "2007 Agreement") expired on 30 March 2008. During the term of the 2007 Agreement, the Company has provided guarantees to term loans amounting to RMB206,520,000 granted to COL, all of which will be expired in succession after 30 March 2008 but in any event no later than 30 March 2009, among which part of the term loans will be continuously guaranteed by the Company. To regulate the relationship between the Company and COL in

LETTER FROM THE CHAIRMAN

respect of the future provision of guarantees by the Company, the Company and COL entered into the Guarantee Agreement on 22 April 2008. As COL is also a connected person of the Company, the transactions under the Guarantee Agreement will constitute continuing connected transactions of the Company and be subject to reporting, announcement and independent shareholders' approval requirements under the Chapter 14A of the Listing Rules.

MasterLink has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Guarantee Agreement and its annual cap.

The purpose of this circular is to provide, among other things, the details of the Guarantee Agreement, a letter from the Independent Board Committee, a letter of advice from MasterLink and a notice to Shareholders convening the EGM.

2. Guarantee Agreement

On 22 April 2008, the Company and COL entered into the Guarantee Agreement pursuant to which the Company agreed to provide guarantees, upon request from COL, to banks for loans and facilities granted to COL in an aggregate principal amount not exceeding RMB209.1 million (equivalent to approximately HK\$232 million) together with accrued interests thereof, for the purpose of COL's utilization of the loans and facilities for its operational needs. The Company expects that the total amount of accrued interests under the Guarantee Agreement will not exceed RMB15.6 million, as the current interest rates for the loans to be guaranteed by the Company will be around 7.47% per annum, subject to the adjustment issued by People's Bank of China from time to time. The term ("Guarantee Term") of the Guarantee Agreement is two years commencing from the date that is approved by the Independent Shareholders at the EGM.

Under the Guarantee Agreement, the Company will provide guarantees for the facilities utilised by COL in proportion to the Company's equity interest in COL. BYDA, which holds the remaining 49% equity interest of COL, will provide guarantees to the loans and facilities utilised by COL in proportion to its equity interest in COL pursuant to an agreement to be entered into between BYDA and COL. As COL expects to raise funds in an amount of approximately RMB410 million during the term of the Guarantee Agreement, the Company expects the maximum amount of principal of the loans and facilities to be granted to COL, guaranteed by the Company, would not exceed RMB209.1 million during the same period.

The Directors expect that facilities amounting to approximately RMB168.3 million (equivalent to approximately HK\$187million) to be guaranteed under the Guarantee Agreement will be utilised for: (a) the renewal of the loans which were mainly incurred from the operations of the China Open tennis tournaments during the period from 2004 to 2007, in an amount of approximately RMB107.1 million; and (b) the renewal of loans which were utilised for paying the consideration for COL's acquisition of the 100% equity interest in Champion Will International Limited and Swidon Enterprises Limited in 2007 in an amount of approximately RMB61.2 million. The remaining facilities amounting to approximately RMB40.8 million (equivalent to approximately HK\$45 million) will be

LETTER FROM THE CHAIRMAN

utilised to facilitate the operations of the China Open tennis tournaments in 2008, including the payment for WTA and ATP tournament licence fees, player invitation fees, tournament prizes, and promotional expenditure.

The Guarantee Agreement will become effective immediately upon approval of the Independent Shareholders at the EGM. Pursuant to the Guarantee Agreement, the Company will enter into several guarantee agreements with various banks to provide guarantees to loans and facilities to be granted to COL by the said banks. The term of each of the loans or facilities granted to COL to be guaranteed by the Company under the Guarantee Agreement will be within the Guarantee Term.

For the four years ended 31 December 2004, 2005, 2006 and 2007, the amount guaranteed by the Company to COL was approximately RMB72.55 million, RMB56 million, RMB167.47 million and RMB214.61 million, respectively.

3. Reasons for the guarantees provided and to be provided by the Company to COL

The Directors consider that the Company's provision of guarantees for loans and facilities granted to COL is in the interests of the Company in that such financial support will facilitate the business operations of COL which is one of Company's subsidiaries.

The Directors are of the view that the Guarantee Agreement was entered into on normal commercial terms following arm's-length negotiations between the parties thereto and the terms thereof are fair and reasonable, and in the interests of the shareholders of the Company as a whole.

4. Listing Rules Implications

COL is held by the Company and BYDA as to 51% and 49%, respectively. BYDA and its associates hold in aggregated an approximate 63.72% equity interest in the Company and is also entitled to exercise more than 10% of the voting power at any general meeting of COL, a subsidiary of the Company. As such, COL is a connected person of the Company pursuant to Rule 14A.11(5) of the Listing Rules.

As the maximum transaction value under the Guarantee Agreement is expected to be more than 2.5%, on an annual basis, of the relevant percentage ratios (other than the profit ratio) under the Listing Rules, the transactions under the Guarantee Agreement will constitute continuing connected transactions of the Company and will be subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

5. Information on the Company, COL and BYDA

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

LETTER FROM THE CHAIRMAN

COL is a 51%-owned subsidiary of the Company while BYDA holds the remaining 49% equity interest of COL. COL is treated as a jointly controlled entity and accounted for by the Company under the equity accounting method from an accounting perspective. COL is principally engaged in marketing and organising the China Open tennis tournaments.

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

6. Recommendation of the Board of Directors

The Board considers that the terms of Guarantee Agreement is based on normal commercial terms, are fair and reasonable so far as its Independent Shareholders are concerned and are in the interests of the Company and the shareholders as a whole.

7. Recommendation of the Independent Board Committee

MasterLink has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Guarantee Agreement and its annual caps. The members of the Independent Board Committee are Messrs. Tsang Hing Lun, Wu Changqi and Liao Li.

The Independent Board Committee, having taken into account the advice of MasterLink, considers that the terms under the Guarantee Agreement are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders vote in favour of the ordinary resolutions in relation to the above which will be proposed at the EGM.

The text of the letter from Independent Board Committee is set out on pages 8 to 9 of this Circular and the text of the letter from MasterLink containing its advice is set out on pages 10 to 17 of this Circular.

8. EGM

You will find on pages 23 to 25 of this Circular a notice of the EGM to be held at 10th Floor, Beijing Youth Daily Agency Building, No. 23 Baijiazhuang Dongli, Changyang District, Beijing, the People's Republic of China on 1 July 2008 at 2:00 p.m.

A form of proxy for use in connection with the EGM has already been provided to the shareholders. Whether or not you are able to attend the meeting, please complete and return the 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 holding the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish. As at the Latest Practicable Date, BYDA and its associates together hold approximately 63.72% of the issued share capital of the Company and are entitled to exercise control over the voting rights in respect of their shares in the Company. BYDA and its associates will be required to abstain

LETTER FROM THE CHAIRMAN

from voting at the EGM in respect of the resolution as set out in the notice of the EGM. The voting in respect of the resolution on the Guarantee Agreement will be conducted by poll at the EGM.

9. General Information

Your attention is drawn to the texts of the letter from the Independent Board Committee and the letter from MasterLink containing their recommendations regarding the Guarantee Agreement.

By order of the Board
Zhang Yanping
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

Members of the Independent Board Committee

15 May 2008

Tsang Hing Lun

Wu Changqi

Liao Li

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to the circular (the “Circular”) dated 15 May 2008 issued by the Company to its shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We are writing to you to set out our recommendation whether or not the Guarantee Agreement is fair and reasonable so far as the Independent Shareholders are concerned. Details, including the reasons, relating to the above are summarised in the letter from the Chairman set out on pages 3 to 7 of the Circular. In considering the fairness and reasonableness, the Independent Board Committee have been advised by MasterLink. You are strongly urged to read the letter from MasterLink to the Independent Board Committee which is set out on pages 10 to 17 of the Circular.

RECOMMENDATION

We have discussed with the management of the Company the reasons for the Guarantee Agreement and the basis upon the Guarantee Agreement has been determined. We have also considered the key factors taken into account by MasterLink in arriving at its opinion as set out in their letter on pages 10 to 17 of the Circular, which we urge you to read carefully.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee concurs with the views of MasterLink and considers that entering into the Guarantee Agreement is in the best interest of the Company and the terms thereunder are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee unanimously recommends the Independent Shareholders vote in favour of the ordinary resolutions in relation to the above which are set out in the notice of the EGM at the end of the Circular.

Yours faithfully

Tsang Hing Lun Wu Changqi Liao Li
Independent Non-Executive Directors

LETTER FROM MASTERLINK

The following is the full text of a letter of advice from MasterLink, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in connection with the Guarantee Agreement and its annual cap, which has been prepared for the purpose of incorporation into this circular.



MasterLink Securities (Hong Kong) Corporation Limited

Unit 2603, 26th Floor, The Center

99 Queen's Road Central

Central

Hong Kong

15 May 2008

*To the independent board committee and the independent shareholders of
Beijing Media Corporation Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Guarantee Agreement and its annual cap, details of which are set out in the letter from the chairman (the "Letter from the Chairman") contained in the circular to the Shareholders dated 15 May 2007 (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 otherwise.

As disclosed in the announcement of the Company dated 22 April 2008, the Company and COL entered into the Guarantee Agreement on 22 April 2008. Pursuant to the Guarantee Agreement, the Company agreed to provide guarantees, upon request from COL, to banks for bank loans and facilities granted to COL in an aggregate principal amount not exceeding RMB209.1 million (equivalent to approximately HK\$232 million) together with accrued interests thereof, for the purpose of COL's utilization of the bank loans and facilities for its operational needs. The term of the Guarantee Agreement is two years commencing from the date that is approved by the Independent shareholders at the EGM.

COL is held by the Company and BYDA as to 51% and 49%, respectively. BYDA and its associates hold in aggregate an approximate 63.72% equity interest in the Company and is also entitled to exercise more than 10% of the voting power at any general meeting of COL, a subsidiary of the Company. As such, COL is a connected person of the Company pursuant to Rule 14A.11(5) of the Listing Rules.

LETTER FROM MASTERLINK

As the maximum transaction value under the Guarantee Agreement is expected to be more than 2.5%, on an annual basis, of the relevant percentage ratios (other than the profit ratio) under the Listing Rules, the transactions under the Guarantee Agreement will constitute continuing connected transactions of the Company and will be subject to the Independent Shareholders' approval by way of poll at the EGM. BYDA and its associates will be required to abstain from voting on the relevant resolution(s) approving the Guarantee Agreement and the transactions contemplated therein at the EGM.

The Independent Board Committee, comprising Messrs. Tsang Hing Lun, Wu Changqi and Liao Li, all being independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the terms and conditions of the Guarantee Agreement and its annual cap are fair and reasonable so far as the Independent Shareholders generally are concerned and whether the terms and conditions of the Guarantee Agreement and its annual cap are in the interests of the Company and the Independent Shareholders in general.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the accuracy of the information and facts supplied, and the opinions and representations expressed, to us by the Directors, the Company and its management. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Circular were reasonably made after due and careful enquiry and are based on honestly-held opinions. We have no reasons to doubt the truth, accuracy and completeness of the information and representations referred to in the Circular and provided to us by the Company and the Directors, and have been advised by the Directors that no material facts have been omitted from the information provided to us and referred to in the Circular. We have also assumed that all statements of intention of the Company or its Directors as set out in the Circular will be implemented.

We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have assumed that all information and representations made or referred to in the Circular and provided to us by the Company and the Directors, for which they were solely and wholly responsible, were true, complete and accurate at the time they were made and continue to be true, complete and accurate at the date of the EGM. We have not, however, carried out any independent verification of the information and representations provided to us nor have we conducted any form of independent in-depth investigation into the businesses and affairs, financial position or the future prospects of the Group.

LETTER FROM MASTERLINK

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee in respect of the Guarantee Agreement and its annual cap, we have taken into consideration the following principal factors and reasons:

1. Background of the Guarantee Agreement

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

As stated in the Letter from the Chairman, COL is a 51%-owned subsidiary of the Company while BYDA holds the remaining 49% equity interest of COL. COL is principally engaged in marketing and organising the China Open tennis tournaments. BYDA is a state-owned enterprise and ultimately controlled by the Beijing Municipal Government. BYDA is principally engaged in the holding of nine newspapers, two magazines and two online media. BYDA is a controlling shareholder of the Company.

With reference to the Letter from the Chairman dated 15 May 2008 and the Company's announcement dated 22 April 2008, the Company has been providing guarantees for bank facilities granted to COL, a subsidiary of the Company since 2004, to facilitate COL's business operations. The guarantee agreement entered into between the Company and COL on 10 April 2007 and expired on 30 March 2008. During the period of the aforesaid agreement, the Company has provided guarantees to term loans amounting to RMB206,520,000 granted to COL, all of which will be expired in succession after 30 March 2008 but in any event no later than 30 March 2009, among which part of the term loans will be continuously guaranteed by the Company. To regulate the relationship between the Company and COL in respect of the future provision of guarantees by the Company, the Company and COL entered into the Guarantee Agreement on 22 April 2008.

2. The Guarantee Agreement

Date

22 April 2008

Parties

The Company as the guarantor; and
COL as the borrower

LETTER FROM MASTERLINK

Maximum amount of guarantee

Pursuant to the Guarantee Agreement, the Company agreed to provide guarantees, upon request from COL, to banks for bank loans and facilities granted to COL in an aggregate principal amount not exceeding RMB209.1 million (equivalent to approximately HK\$232 million) together with accrued interests thereof, for the purpose of COL's utilization of the bank loans and facilities for its operational needs.

Guarantee term

Two years commencing from the date that is approved by the Independent Shareholders at the EGM. The management of the Company represented that the two-year period is needed to support the business operations of COL.

Other terms of the Guarantee Agreement are set out as follows:

- the Company will provide guarantees for the facilities utilized by COL in proportion to the Company's equity interest in COL, being 51% as at the date of the Guarantee Agreement; and
- the Company will enter into several guarantee agreements with various banks for providing guarantees to bank loans and facilities granted to COL whereby they are all within the term of the Guarantee Agreement.

As stated in the Letter from the Chairman, the Company expects that the total amount of accrued interests under the Guarantee Agreement will not exceed RMB15.6 million, as the current interest rates for the bank loans to be guaranteed by the Company will be around 7.47% per annum, subject to the adjustment issued by People's Bank of China from time to time.

3. *Creditworthiness of COL*

With reference to the Letter from the Chairman, COL expects to raise fund of approximately RMB410 million during the term of the Guarantee Agreement and notwithstanding that the guarantees to be provided by the Company during the same period would be in proportion to the Company's equity interest in COL, being RMB209.1 million in maximum, in order to determine whether the transaction contemplated thereunder is in the interests of the Company and the Shareholders as a whole, we need to assess the risks in association with the provision of guarantees by the Company to COL pursuant to the Guarantee Agreement and hence, we have assessed the creditworthiness of COL.

According to the management of the Company, the Company had reviewed the audited financial statements of COL for the three years ended 31 December 2006 and the unaudited management accounts of COL for the year ended 31 December 2007. With respect to the previous bank borrowings of COL which the Company has provided guarantees, the Company has not been requested by any bank to honour its guarantee obligations and repay the borrowings on behalf of COL. Furthermore, the management of the Company represented that COL has been strongly supported by the Beijing Municipal Government

LETTER FROM MASTERLINK

since year 2004 including a direct financial assistance of approximately RMB70 million during the year 2007 and an approximately US\$32 million was drawn from a fund, specifically setup for promoting sports by the Beijing Municipal Government, to COL. As such, the bank of COL is satisfactory to provide bank loans and facilities to COL notwithstanding its current loss-making status.

In order to assess the creditworthiness of COL, we have carried out the following works including but not limited to:

1. reviewing the financial information of COL, including but not limited to its audited accounts for the three years ended 31 December 2006 and its latest unaudited management accounts for the year ended 31 December 2007; and
2. discussing with the management of the Company concerning the strategic position and expansion plan of COL in year 2008.

Based on the information provided by the Company and the information obtained from our discussion with the management of the Company as mentioned above, we understand that although COL incurred an audited accumulated loss after tax of approximately RMB162 million up to the end of year 2006, such initial operating loss has been reduced during the year 2007. Set out below is the financial information of COL for the two years ended 31 December 2007:

	For the year ended 31 December 2007 (unaudited) RMB'000	For the year ended 31 December 2006 (audited) RMB'000
Turnover	49,540	40,743
Loss after tax	<u>14,017</u>	<u>38,169</u>
	As at 31 December 2007 (unaudited) RMB'000	As at 31 December 2006 (audited) RMB'000
Cash and bank balance	253,194	13,335
Net current liabilities	172,061	157,582
Net liabilities	171,301	157,284
Gearing (long-term debt to equity)	Nil	Nil

In year 2007, COL recorded an unaudited turnover of approximately RMB50 million, representing an increase of approximately 21.95% from approximately RMB41 million in year 2006. Loss after tax was reduced from approximately RMB38 million in year 2006 to approximately RMB14 million in year 2007, representing a decrease of approximately 63.16% due to the aforesaid governmental support. As at 31 December 2007, COL had unaudited cash and bank balance of approximately RMB253.2 million of which approximately RMB213 million would be utilized in upgrading the WTA tournaments from

LETTER FROM MASTERLINK

year 2008 to year 2010 and thus, the remaining RMB40.2 million represents approximately 3 times of the audited cash and bank balance of approximately RMB13.3 million as at 31 December 2006. Notwithstanding that COL had unaudited net current liabilities of approximately RMB172 million as at 31 December 2007, taking into account of (i) the aforesaid governmental support; (ii) the substantial improvement in COL's cash position; (iii) zero long-term debt position as at 31 December 2007; and (iv) the relevant bank loan and facilities granted will facilitate COL's business operations and hence improve COL's liquidity position, we consider, in the absence of unforeseen circumstances, the creditworthiness of COL would not abruptly deteriorate significantly.

In addition, as a monitoring measure, the Directors indicated that the Company will review the financial information of COL and discuss with its management from time to time so as to monitor and assess the risk that may arise from the guarantee. As such, we consider that such procedures would enable the Company to assess the creditworthiness of COL from time to time.

4. Reasons for entering into the Guarantee Agreement

As stated from the Letter from the Chairman, the Directors consider that the Company's provision of guarantees for bank loans and facilities granted to COL with a maximum amount of approximately RMB209.1 million will facilitate business operations of COL whereby the Directors expect that facilities amounting to approximately RMB168.3 million (equivalent to approximately HK\$187 million) to be guaranteed under the Guarantee Agreement will be utilized for: (a) the renewal of the loans which were mainly incurred from the operations of the China Open tennis tournaments during the period from 2004 to 2007, in an amount of approximately RMB107.1 million; and (b) the renewal of loans which were utilised for paying the consideration for COL's acquisition of the 100% equity interest in Champion Will International Limited and Swidon Enterprises Limited in 2007 in an amount of approximately RMB61.2 million. The remaining facilities amounting to approximately RMB40.8 million (equivalent to approximately HK\$45 million) will be utilised to facilitate the operations of the China Open tennis tournaments in 2008, including the payment for WTA and ATP tournament licence fees, player invitation fees, tournament prizes, and promotional expenditure.

The Directors are of the view that the Guarantee Agreement was entered into on normal commercial terms following arm's-length negotiations between the parties thereto and the terms thereof are fair and reasonable, and in the interests of the shareholders of the Company as a whole.

5. Financial effects of the Guarantee Agreement

The provision of guarantees for bank loans and facilities granted to COL will not have any direct impact on the liquidity position the Group but will constitute a contingent obligation to the Company. In the event that COL fails to meet its obligation to repay the relevant bank loans and facilities granted together with the interest thereon, the Company shall, by virtue of the provision of the guarantees, assume the obligation thereof.

LETTER FROM MASTERLINK

Based on the Company's latest annual report, the Group's audited consolidated net assets and audited consolidated net tangible assets as at 31 December 2007 amounted to approximately RMB1.28 billion and RMB1.26 billion respectively. In the event that the entire amount of the guarantees are called upon, the Company will have to bear in full the liabilities relating to the relevant bank loan and facilities granted up to RMB209.1 million and the expected accrued interests at maximum of approximately RMB15.6 million, representing approximately 17.55% and 17.83% of the Group's audited consolidated net assets and audited consolidated net tangible assets as at 31 December 2007 respectively. Accordingly, the Shareholders should note that any default of repayment by COL on the relevant bank loan and facilities granted would have an adverse impact on the liquidity position of the Group if the guarantees continue to be provided. However, the aforesaid impact may vary based on different maturities of the loans as stipulated under each of the loan agreements entered or will be entered into between COL and the bank.

RECOMMENDATION

While the liquidity position of the Company may be adversely affected in case of default of repayment by COL on the relevant bank loan and facilities granted, having considered the principal factors and reasons and Directors' representations as discussed above and as summarized below:

- (i) the RMB410 million fund to be raised by COL in year 2008 would be guaranteed by proportion to the Company's equity interest in COL, being approximately RMB209.1 million in maximum;
- (ii) the assessment on creditworthiness of COL based on the audited accounts for the year ended 31 December 2006 and its latest unaudited management account for the year ended 31 December 2007;
- (iii) COL's operation has been improved in year 2007 due to the strong support from the Beijing Municipal Government since year 2004;
- (iv) the provision of the guarantees does not involve any cash outflow of the Company unless the guarantee is enforced by the independent third party;
- (v) the 2-year term of the Guarantee Agreement is needed to support COL's business operations;
- (vi) the relevant bank loan and facilities granted will facilitate COL's business operations including the operations of the China Open tennis tournaments in 2008;
- (vii) COL is owned as to 51% by the Company and the use of the facilities is under the control of the Company for the benefit of COL;
- (viii) it might be difficult for COL to give security over a part only of its fixed assets to match the size of the facilities, and giving security over all its assets may result in over-collateralization which may not be in the best interests of COL; and

LETTER FROM MASTERLINK

- (ix) the Directors are confident that COL will be able to fulfill their repayment obligations when the relevant banking facilities become due,

we are of the opinion that the terms and conditions of the Guarantee Agreement and its annual cap are fair and reasonable so far as the Independent Shareholders are concerned and the Guarantee Agreement and its annual cap are in the interest of the Company and the Shareholders in general. We also consider the Guarantee Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company. Accordingly, we advise the Independent Shareholders, and also recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Guarantee Agreement and its annual cap at the EGM.

Yours faithfully,

For and on behalf of

MasterLink Securities (Hong Kong) Corporation Limited

Bernard Wu

Director

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date:

- (i) none of the directors, supervisors or senior management of the Company had any interest in any shares of the Company;
- (ii) none of the directors, supervisors and senior management of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong)) which are required to be notified to the Company and the Stock Exchange pursuant to 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 are required, pursuant to section 352 of the SFO, to be entered in the register of members of the Company, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules;
- (iii) the Company has not granted its Directors, chief executives or their respective spouses or children below 18 any rights to subscribe for its equity securities or debt securities;
- (iv) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Company and which was significant in relation to the business of the Company taken as a whole;
- (v) the Directors do not have had any direct or indirect interest in any assets which have been, since 31 December 2007, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (vi) the Directors confirm that there was not any Director had, as at the Latest Practicable Date, any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would require disclosure under the Listing Rules.

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the interests or short positions of substantial shareholders who are entitled to exercise or control the exercise of 10% or more of the voting power at any of the Company's general meetings and other persons who are required to disclose their interests pursuant to Part XV of the SFO (including those who are entitled to exercise or control the exercise of 5% or more of the voting power at any of the Company's general meetings, but excluding the Directors and Supervisors) in the shares and underlying shares of equity derivatives of the Company as recorded in the register required to be kept under Section 336 of the SFO are as follows:

Information disclosed by the shareholders of H shares according to the Securities and Futures Ordinance.

Name	Capacity	Nature of interest	Number of share interests held or regarded as held	Approximate percentage of the Company's interests(H share) (%)	Approximate percentage of the issued share capital of the Company (Note)
MIH (BVI) Limited	Corporate interest	Long	19,533,000	35.58%	9.90%
MIH Holdings Limited	Corporate interest	Long	19,533,000	35.58%	9.90%
MIH Investments (PTY) Limited	Corporate interest	Long	19,533,000	35.58%	9.90%
MIH Print Media Holdings Limited	Beneficial owner	Long	19,533,000	35.58%	9.90%
MIH QQ (BVI) Limited	Corporate interest	Long	19,533,000	35.58%	9.90%
Naspers Limited	Corporate interest	Long	19,533,000	35.58%	9.90%
Beijing Beida Founder Group Corporation	Corporate interest	Long	4,939,000	8.99%	2.50%
Beijing University	Corporate interest	Long	4,939,000	8.99%	2.50%
Beijing University Founder Investment Co., Ltd.	Corporate interest	Long	4,939,000	8.99%	2.50%

Name	Capacity	Nature of interest	Number of share interests held or regarded as held	Approximate percentage of the Company's interests(H share) (%)	Approximate percentage of the issued share capital of the Company (Note)
Beijing University New Technology Corporation	Corporate interest	Long	4,939,000	8.99%	2.50%
CITICITI Ltd.	Corporate interest	Long	4,939,000	8.99%	2.50%
Founder Investment (HK) Ltd.	Trustee	Long	4,939,000	8.99%	2.50%
Yue Shan International Limited	Beneficiary of a trust	Long	4,939,000	8.99%	2.50%
Xia Jie	Corporate interest	Long	4,939,000	8.99%	2.50%
Cao Yawen	Corporate interest	Long	4,939,000	8.99%	2.50%

Note: The percentage are calculated based on the total number of Shares in issue as at the Latest Practicable Date, being 197,310,000 Shares.

4. INTERESTS OF DIRECTORS IN COMPETING BUSINESS

BYDA has several subsidiaries mainly engaged in advertising business which is similar to the advertising business of the Company. Mr. Zhang Yanping is currently the president of BYDA and he also holds various positions in certain BYDA's subsidiaries. Mr. Zhang Yabin is the chief editor of BYDA and Mr. Liu Han is the vice president of BYDA.

Beijing Leisure Trend Advertising Company Limited ("BLTA") is an advertising company principally engaged in the operation of the direct mail magazine Leisure Trend which is similar to the advertising business of the Company. Mr. Sun Wei is currently a director of BLTA.

Save as disclosed above, no Director are considered to have interests in any business which is likely to compete directly or indirectly with that of the Group as at the Latest Practicable Date.

5. LITIGATION

No member of the Group is engaged in any litigation or arbitration of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

6. SERVICE CONTRACTS

None of the Directors had entered into any service contract with the Company or any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

7. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Subject to the Listing Rules, a poll may be demanded before or after a show of hands as follows:

- (1) by the Chairman of the meeting; or
- (2) by at least two Shareholders in person or by at least two proxies being entitled to vote; or
- (3) by Shareholder(s) (including their authorised proxies) jointly or individually representing not less than 10% (inclusive) of the total voting rights of all the Shareholders having the right to vote at the meeting.

Unless a poll is demanded, the chairman of the meeting shall declare the passing of a proposal based on the results of show of hands. A demand for poll may be revoked by the person(s) who proposed so.

8. MATERIAL ADVERSE CHANGE

The Directors confirm that there was not any material adverse change in the financial or trading position of the Company since 31 December 2007, being the date of the latest published audited financial statements of the Company.

9. CONSENT

MasterLink has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter of advice, and references to its name in the form and context in which it appear.

As at the Latest Practicable Date, MasterLink has no shareholding interest in any member of the Group nor any right, whether legally enforceable or not, to subscribe for or nominate persons to subscribe for securities of any member of the Group.

As at the Latest Practicable Date, Masterlink had no direct or indirect interests in any assets which has been acquired or disposed of by or leased to any member of the Group since 31 December 2007 (the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be acquired, disposed of or leased to.

10. QUALIFICATIONS OF EXPERT

The following are the qualifications of the professional adviser who has given an opinion or advice contained in this Circular:

Name	Qualifications
MasterLink	Licensed corporation for type 1 (securities dealing), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

11. MISCELLANEOUS

- (a) The Company Secretary and Qualified Accountant is Mr. Edmund SIT, who is a fellow of the Hong Kong Institute of Certified Public Accountants.
- (b) The registered office of the Company is Building A, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing 100026, PRC.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Beijing Youth Daily Agency Building, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing 100026, PRC and the offices of Herbert Smith, 23rd Floor, Gloucester Tower, 15 Queen's Road, Central, Hong Kong during normal business hours on any business day from the date of this Circular until 1 July 2008:

- 1. the Guarantee Agreement dated 22 April 2008;
- 2. the letter from MasterLink to the Independent Board Committee dated 15 May 2008; and
- 3. the letter from the Independent Board Committee to the Independent Shareholders dated 15 May 2008.

NOTICE OF EGM



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 IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of BEIJING MEDIA CORPORATION LIMITED (“Beijing Media” or the “Company”) will be held at the 10th floor, Beijing Youth Daily Agency Building, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC on 1 July 2008 at 2:00 p.m. for the purpose of considering and, if thought fit, to approve the following resolution:

As an Ordinary Resolution:

THAT, the Guarantee Agreement (as defined in the circular of the Company dated 15 May 2008) in relation to the provision of guarantees by the Company to banks for loans and facilities granted to Beijing China Open Promotion Company Limited, a subsidiary of the Company, in an aggregate amount of principal not exceeding RMB209.1 million, together with all accrued interest therein, for a period of two years commencing from the date of the EGM be and is hereby approved.

By order of the Board
Zhang Yanping
Chairman

Beijing, the PRC, 15 May 2008

Notes:

1. Eligibility to Attend the EGM

Holders of H Shares whose names appear on the register of the Company maintained by Computershare Hong Kong Investor Services Limited at the close of business of 30 May 2008 shall be entitled to attend the EGM.

Shareholders of the Company (“Shareholders”) intending to attend and vote at the EGM should lodge all the transfer documents for H Shares with the relevant share certificates with the H Share transfer registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Room 1712-1716, 17/F., Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, at or before 4:00 p.m. on 29 May 2008.

2. Proxy

- (1) Shareholders entitled to attend and vote at the EGM are entitled to 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.

NOTICE OF EGM

- (2) A proxy should be appointed by Shareholders by written instrument signed by the appointor or his attorney duly authorized in writing. If the written instrument is signed by the attorney of the appointor, the written authorization or other authorization documents of such attorney should be notarized.
- (3) To be valid, the notarized power of attorney or other authorization documents and the form of proxy shall be deposited in the registered address of the Company no less than 24 hours before the time of holding the EGM. Holders of Domestic Shares shall deliver relevant documents to the Company while the holders of H Shares lodge relevant documents with Computershare Hong Kong Investor Services Limited.
- (4) A proxy may exercise his voting right by a show of hands or by a poll. If a Shareholder appoints more than one proxy the proxies can 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 persons authorized by its board of directors or other decision-making bodies shall produce a copy of the resolution stating the authorization granted by the Board or other decision-making bodies of the legal person.
- (2) Shareholders intending to attend the meeting shall deliver to the Company the reply slip stating their attendance on or before 11 June 2008.
- (3) A Shareholder may deliver the above reply slip to the Company in person, or by mail or by fax.

4. Registration of Share Register

The register of share transfers of the Company will be closed from 30 May 2008 to 1 July 2008 (both dates inclusive).

5. Procedures for Demanding a Poll by Shareholders

Subject to the listing rules of the securities exchange on which the shares in the Company are listed, a poll may be demanded before or after a show of hands as follows:

- (1) by the Chairman of the meeting; or
- (2) by at least two Shareholders in person or by at least two proxies being entitled to vote; or
- (3) by Shareholder(s) (including their authorized proxies) jointly or individually representing not less than 10% (inclusive) of the total voting rights of all the Shareholders having the right to vote at the meeting.

Unless a poll is demanded, the Chairman of the meeting shall declare the passing of a proposal based on the results of show of hands. A demand for poll may be revoked by the person(s) who proposed so.

6. Independent shareholders' approval

Beijing Youth Daily Agency and its associates will abstain from voting on the resolution.

7. Miscellaneous

- (1) The EGM will be concluded within a half day. Shareholders attending the EGM shall be responsible for their own travel and accommodation expenses.

NOTICE OF EGM

- (2) The Company's Register of Member will be closed from 30 May 2008 to 1 July 2008 (both days inclusive), during which time no transfer of shares will be registered. Transferees of H Shares who wish to attend the meeting must deliver their duly stamped instruments of transfer, accompanied by the relevant share certificates, to Computershare Hong Kong Investor Services Limited by no later than 4:00 p.m. on 29 May 2008 for completion of the registration of the relevant transfer in accordance with the Articles of Association of the Company.
- (3) The address of the Computershare Hong Kong Investor Services Limited the share registrar of H Shares of the Company is Room 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (4) The registered address of the Company is:

Beijing Youth Daily Agency Building,
No. 23 Baijiazhuang Dongli, Chaoyang District,
Beijing
PRC
Zip Code: 100026
Tel: (+86) 10 6590 2615
Fax: (+86) 10 6590 2614