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BEIJING MEDIA CORPORATION LIMITED

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

CONTINUING CONNECTED TRANSACTIONS

At the time of the Company's listing in December 2004, the Stock Exchange granted a waiver to the Company from strict compliance with the relevant requirements of the Listing Rules in respect of the Continuing Connected Transactions. The waiver will expire on 31 December 2006.

The Company expects to continue the Continuing Connected Transactions after the expiry of the waiver.

The Company will seek the approvals of Independent Shareholders in respect of the Major Connected Transactions. A circular containing details of the Continuing Connected Transactions, a letter from the independent Directors, an opinion of the independent financial adviser, Kingsway Capital Limited, together with a notice to convene the Extraordinary General Meeting, will be dispatched to the shareholders shortly.

1. CONTINUING CONNECTED TRANSACTIONS

1.1 Background

In preparation for its listing, the Company and BYD entered into a number of agreements in 2004 to govern and manage the Continuing Connected Transactions between them. These agreements include the Today YangGuang Advertising Agreement, the Tenancy Agreement, the Advertising Business Agreement, the Gehua YangGuang Advertising Agreement and the Printing Agreement. At the time of the Company's listing in December 2004, the Stock Exchange granted a waiver to the Company from strict compliance with the relevant requirements of the Listing Rules in respect of the Continuing Connected Transactions. The waiver will expire on 31 December 2006.

On 1 January 2006, the Company and Beiqing Advertising entered into the Beiqing Advertising Agreement. The Beiqing Advertising Agreement will expire on 31 December 2006. An announcement was made on the agreement on 25 April 2006.

At the Company's extraordinary general meeting held on 20 June 2006, the Independent Shareholders approved the revision of the annual cap in respect of the Printing Agreement as a result of a significant increase in the publication of the Legal Evening Post which led to an increase in the printing services provided by the Group to BYD. A circular to shareholders was issued on 17 May 2006.

On 10 August 2006, as a result of an internal office restructuring and reallocation, the Company and BYD entered into the New Tenancy Agreement under which the Company leased certain office premises in the Beijing Youth Daily Agency Mansion. Please refer to the announcement of the Company dated 10 August 2006.

The Company expects to continue the Continuing Connected Transactions after the expiry of the waiver.

1.2 The Continuing Connected Transactions

The Continuing Connected Transactions are summarised below:

(a) ***Continuing connected transactions exempted from independent shareholders' approval requirement only***

The following transactions are continuing connected transactions exempted from independent shareholders' approval requirements only under Rule 14A.34 of the Listing Rules by reason that the transactions are on normal commercial terms and the total amount of each transaction expected to be incurred each year during the duration of the relevant agreement will not exceed 2.5% of the relevant percentage ratios:

(i) ***Tenancy Agreement***

Under the Tenancy Agreement entered into between the Company and BYD, BYD leased from the Company the whole of the 8th, 19th and 23rd floors of the Beijing Youth Daily Agency Mansion amounting to a total floor area of 2,340 m². The duration of the Tenancy Agreement ends on 9 August 2009. Upon the expiry of the Tenancy Agreement, BYD has the right to extend the tenancy of the office premises by giving two months' written notice to the Company before the expiry date. Details of the Tenancy Agreement were disclosed in the announcement of the Company dated 10 August 2006.

The Company intends to streamline the expiry date of the Tenancy Agreement with terms of the other connected transaction agreements and has, therefore, revised the term of agreement to end on 31 December 2009 pursuant to a supplemental agreement dated 29 November 2006. Other provisions of the agreement have remained unchanged.

The annual rental payable by BYD under the Tenancy Agreement throughout the tenancy will remain to be RMB3,843,450. The annual rental is calculated based on RMB4.50 per m² per day. The annual rental will constitute the annual cap for the 3 years ending 31 December 2009 for the purposes of the Listing Rules.

(ii) ***New Tenancy Agreement***

Under the New Tenancy Agreement entered into between the Company and BYD, the Company leased from BYD whole of the 7th floor of the Beijing Youth Daily Agency Mansion amounting to a total floor area of 830 m². The duration of the Tenancy Agreement ends on 9 August 2009. Upon the expiry of the New Tenancy Agreement, the Company has the right to extend the tenancy of the office premises by giving two months' written notice to BYD before the expiry date. Details of the New Tenancy Agreement were disclosed in the announcement of the Company dated 10 August 2006.

The Company intends to streamline the expiry date of the New Tenancy Agreement with terms of the other connected transaction agreements and has, therefore, revised the term of agreement to end on 31 December 2009 pursuant to a supplemental agreement dated 29 November 2006. Other provisions of the agreement have remained unchanged.

The annual rental payable by the Company under the New Tenancy Agreement throughout the tenancy will remain to be RMB1,363,275. The annual rental is calculated based on RMB4.50 per m² per day. The annual rental will constitute the annual cap for the 3 years ending 31 December 2009 for the purposes of the Listing Rules.

The annual cap and the annual rental under the Tenancy Agreement and the New Tenancy Agreement is set out below:

	Annual cap (RMB)	Annual rental (RMB)
Tenancy Agreement	3,843,450	3,843,450
New Tenancy Agreement	1,363,275	1,363,275

(b) ***Non-exempt continuing connected transactions***

The following transactions are continuing connected transactions which must comply in full with the reporting, announcement and independent shareholders' approval requirements under Rule 14A.35 of the Listing Rules:

(i) ***Advertising Business Agreement***

Under the Advertising Business Agreement entered into between the Company and BYD, BYD has agreed to grant an exclusive right to the Company to operate the Advertising Business in respect of the BYD Papers, including editions on other media such as the Internet. The advertising business is one of the Company's core businesses and derives a substantial portion of the Company's income.

BYD is the publisher and distributor of, among other things, the BYD Papers. The BYD Papers are circulated mainly in Beijing.

Under the Advertising Business Agreement, the Company was granted the exclusive right to operate the advertisement business in respect of the BYD Papers for a duration of 30 years from 1 October 2004, which duration will automatically be extended upon expiry. The right granted includes the right to sell all of the advertising space in the BYD Papers, and the Company is entitled to all revenue derived from such sales. In consideration, the Company will (a) be responsible for the printing, including printing costs and the choice of newsprint, of the BYD Papers, (b) pay BYD a fee representing 16.5% of the total advertising revenue generated from the BYD Papers or such figure or formula as the parties may agree in the future and (c) allocate up to 360 pages per year of advertising space in respect of each of the BYD Papers to BYD 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 fee payable by the Company will be settled on a monthly basis.

During the years ended 31 December 2004, 31 December 2005 and the six-month period ended 30 June 2006, the 16.5% fees amounted to approximately RMB138,116,000, RMB96,582,000 and RMB39,288,000, respectively.

The agreement will expire on 30 September 2033 which will be automatically extended. The Company expects that the transactions under the Advertising Business Agreement will continue after 31 December 2006. For details relating to the arrangement before the Advertising Business Agreement was entered into, please refer to the Company's prospectus dated 13 December 2004.

It is proposed that the annual cap for transactions under the Advertising Business Agreement for each of the three years ending on 31 December 2007, 2008 and 2009 will be RMB127,050,000, RMB145,200,000 and RMB145,200,000, respectively. As the advertising business right vested under this agreement form the core part of the Company's business, the Company believes flexibility should be built into the annual cap to minimize disruption to the Company's day-to-day operation. As 2005 and 2006 have been quiet years for newspaper advertising, the Company believes the usage of the 2004 level is an appropriate starting point for determining the annual caps for the three years ending 31 December 2009 with an increment of approximately 15 percent between 2007 and 2008.

(ii) *Printing Agreement*

Under the Printing Agreement entered into between BYD Logistics and BYD, BYD Logistics agreed to provide printing services in respect of (Beijing Sci-Tech Report), (Middleschool Science Post) and (Legal Evening Post) and other newspaper and magazines of BYD which may be introduced by BYD. However, the terms of the Printing Agreement shall not be applicable to the BYD Papers. Under this agreement, BYD Logistics is responsible for the printing of the three newspapers and the provision of paper for the printing. The printing fee charged by the Company will be based on the actual volume of the newsprint printed and the quality of the printing and the paper. The quality of printing and paper will be pre-agreed between the parties. The fee payable will be settled on a monthly basis. The term of the agreement will end on 31 December 2006. Pursuant to the Printing Agreement, BYD Logistics or any of its subsidiaries may only provide the printing service to BYD on the basis that the fees payable under the printing agreement are settled on normal commercial terms, that being on terms which a party could obtain if the transaction were on arm's length basis or on terms no less favourable to BYD Logistics than terms available to or from third parties.

During the years ended 31 December 2004, 31 December 2005 and the six-month period ended 30 June 2006, printing fees paid to the Company were approximately RMB31,400,000, RMB79,795,000 and RMB43,176,000, respectively.

At the Company's extraordinary general meeting held on 20 June 2006, the Independent Shareholders approved the extension of the terms of the Printing Agreement for a further 3 years expiring on 31 December 2009 and the annual cap for 2006, 2007 and 2008 of RMB125,000,000, RMB150,000,000 and RMB190,000,000 respectively.

It is proposed that the annual cap for transactions under the Printing Agreement for the year ending on 31 December 2009 will be RMB220,000,000. The estimates have been arrived at based on the historical strong growth in the circulation of Legal Evening Post which resulted in higher printing costs, the caps approved for 2007 and 2008, the projected growth of circulation of the three newspapers and the expected increase in printing charges due to an expected increase in the costs of printing, in particular the growth in circulation of the Legal Evening Post.

(iii) *Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beiqing Advertising Agreement*

Today YangGuang Advertising Agreement

The Company has the exclusive right to sell advertising space in the BYD Papers. Under the Today YangGuang Advertising Agreement entered into between the Company and Today YangGuang, the Company agreed to sell advertising space in the BYD Papers to Today YangGuang based on the following framework terms set out in the agreement. The advertising fee charged by the Company will be calculated based on an unit price agreed between the parties from time to time in accordance with the provisions of the agreement and taking into account the actual amount of the advertisements placed, the size of the advertisements and the page on which the advertisements will be published. The fee is payable before publication of the advertisements. The term of the Today YangGuang Advertising Agreement will expire on 31 December 2006.

During the years ended 31 December 2004, 31 December 2005 and the six-month period ended 30 June 2006, sales fees paid by Today YangGuang to the Company were approximately RMB2,244,000, RMB108,800 and RMB338,000, respectively.

The Company expects that the transactions under the Today YangGuang Advertising Agreement will be required after 31 December 2006 and has, therefore, extended the term of agreement for a further 3 years expiring on 31 December 2009 pursuant to a supplemental agreement dated 29 November 2006. Other provisions of the agreement have remained unchanged.

Gehua YangGuang Advertising Agreement

The Company has the exclusive right to sell advertising space in the BYD Papers. Under the Gehua YangGuang Advertising Agreement entered into between the Company and Gehua YangGuang, the Company agreed to sell advertising space in the BYD Papers to Gehua YangGuang based on the following framework terms set out in the agreement. The advertising fee charged by the Company will be calculated based on an unit price agreed between the parties from time to time in accordance with the provisions of the agreement and taking into account the actual amount of advertisements placed, the size of the advertisements and the page on which the advertisements will be published. The fee is payable before the publication of the advertisements. The term of this agreement will end on 31 December 2006.

During the years ended 31 December 2004, 31 December 2005 and the six-month period ended 30 June 2006, sales fees paid by Gehua YangGuang to the Company were approximately RMB26,842,000, RMB8,043,000 and RMB1,382,000, respectively.

The Company expects that the transactions under the Gehua YangGuang Advertising Agreement will be required after 31 December 2006 and has, therefore, extended the term of agreement for a further 3 years expiring on 31 December 2009 pursuant to a supplemental agreement dated 29 November 2006. Other provisions of the agreement have remained unchanged.

Beiqing Advertising Agreement

Under the Beiqing Advertising Agreement entered into between the Company and Beiqing Advertising, Beiqing Advertising is engaged by the Company to act as one of the advertising agents pursuant to which Beiqing Advertising is required to arrange for placement of advertisements in the Beijing Youth Daily with the Company. The advertising fee charged by the Company is calculated based on an unit price set out in the standard advertising price list, which price list is also issued to the relevant customers of the Company, subject to applicable discount. Different prices will be applicable depending on the size of the advertisements and the pages on which the advertisements will be published. Payment of the advertising fees will be settled on the date of making the relevant booking of the advertising space. The Beiqing Advertising Agreement will expire on 31 December 2006.

In consideration for the agency services provided, Beiqing Advertising is allocated complementary advertising space on the Beijing Youth Daily. The volume of the complementary advertising space allocated is determined based on the amount of advertising fee arranged by Beiqing Advertising throughout the year. The volume of the complementary advertising space provided to Beiqing Advertising is comparable with that allocated to independent third party advertising agents engaged by the Company.

During the year ended 31 December 2005 and the six-month period ended 30 June 2006, the total amount of advertisements arranged by Beiqing Advertising on Beijing Youth Daily was approximately RMB23,610,000 and RMB11,268,000, respectively. An equivalent of approximately 26 and 2 full pages of complementary advertising space was allocated to Beiqing Advertising during the year ended 31 December 2005 and the six-month period ended 30 June 2006, respectively.

The Company expects that the transactions under the Beiqing Advertising Agreement will be required after 31 December 2006 and has, therefore, extended the term of agreement for a further 3 years expiring on 31 December 2009. Other provisions of the agreement have remained unchanged.

To ensuring that transactions under each of the Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and the Beiqing Advertising Agreement will be conducted on normal commercial terms, each of the agreements stipulates that the fees charged by the Company thereunder shall be:

1. based on the price stipulated by the government;
2. if there is no government stipulated price, based on market price; and
3. if there is no governmental stipulated price or market price, price which is favourable to the Company.

It is proposed that the annual caps for transactions under the Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beiqing Advertising Agreement for each of the three years ending on 31 December 2007, 2008 and 2009 will be RMB28,000,000, RMB31,000,000 and RMB32,100,000, respectively. The annual caps for the transactions under the aforementioned agreements are aggregated pursuant to rules 14A.25 and 14A.26 of the Listing Rules. The estimates have been arrived at taking into account the amount of transactions conducted in the past 3 years (where applicable), the fact that advertising sales were negatively affected in the years 2005 and 2006 due to macro-economic measures implemented in the PRC and the latest advertising volume forecast for 2007 with mild annual upward adjustments of approximately 10 percent.

1.3 Historial data

The annual caps applicable for 2005 and 2006, representing the two years after listing, and the value of the transactions for 2004, 2005 and 2006 are summarised below.

	Annual cap for 2005 (RMB)	Annual cap for 2006 (RMB)	Value for 2004 (RMB) <i>approximately</i>	Value for 2005 (RMB) <i>approximately</i>	Value for first six months of 2006 (RMB) <i>approximately</i>
Today YangGuang Advertising Agreement	7,200,000	8,700,000	2,244,000	108,800	338,000
Gehua YangGuang Advertising Agreement	33,120,000	39,750,000	26,842,000	8,043,000	1,382,000
Beiqing Advertising Agreement	N/A ¹	21,000,000	N/A	23,610,000	11,268,000
Sub-total for Today YangGuang Advertising Agreement, Gehua YangGuang Advertising Agreement and Beiqing Advertising Agreement	40,320,000	69,450,000	29,086,000	31,761,800	12,988,000
Advertising Business Agreement	188,000,000	230,000,000	138,116,000 ²	96,582,000	39,288,000
Printing Agreement	53,800,000 ³	125,000,000	31,400,000	79,795,000	43,176,000

¹ There was no annual cap for 2005. Please refer to the announcement of the Company made on 25 April 2006.

² For illustration purposes only. In deriving the figure for the year ended 31 December 2004, it is assumed that the provisions of the Advertising Business Agreement were effectively from 1 January 2004.

³ The initial cap for 2005 was exceeded and the cap for 2006 was revised with the approval of independent shareholders. An announcement was made on 25 April 2006.

2. THE LISTING RULES REQUIREMENTS

As BYD is the controlling shareholder of the Company and Gehua YangGuang, Today YangGuang and Beiqing Advertising are subsidiaries of BYD, each of the above entities is, accordingly, a connected person to the Company under rule 14A.11 of the Listing Rules. Accordingly, the transactions referred to in 1.2 above will constitute continuing connected transactions for the Company.

Pursuant to rule 14A.34 of the Listing Rules, the annual amount of each of the transactions under 1.2 (a) above are less than 2.5% the percentage ratios (other than the profit ratio), and as such, these transactions will be exempted from the independent shareholders approval requirement pursuant to rule 14A.34 of the Listing Rules. The Company will still be subject to reporting and announcement requirements under Chapter 14A of the Listing Rules.

The transactions under 1.2 (b) above will be subject to the reporting, announcement and independent shareholders approval requirements in accordance with rule 14A.35 of the Listing Rules.

The Company will convene an extraordinary general meeting for the Independent Shareholders to consider the approval of the extension of and the annual caps for the Major Continuing Connected Transactions. BYD and its associates will abstain from voting at the Extraordinary General Meeting in respect of the ordinary resolution to approve the above. The notice of the Extraordinary General Meeting, and the circular providing other figures regarding the Continuing Connected Transactions and containing the advice of an independent financial adviser to the independent non-executive directors in relation to the Major Continuing Connected Transactions and the recommendation from the independent non-executive directors, will be dispatched to the shareholders shortly.

3. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

As BYD and/or its associates have operated with the Company as an integrated organisation prior to the restructuring of BYD and the establishment of the Company, and in particular owing to PRC legal restrictions on non-PRC wholly-owned enterprises in engaging in newspaper editorial business, a number of internal transactions are being conducted every year. After the restructuring and the listing of the shares of the Company on the Stock Exchange, a number of transactions conducted or to be conducted between the Company and BYD and/or its associates will constitute continuing connected transactions under the Listing Rules.

The Continuing Connected Transactions of the Company 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 BYD and the need for quality editorial content for the BYD Papers, the Board is of the opinion 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 and will facilitate the business operation and growth of the Company and reduce the unnecessary risks which might incur during the course of operation.

4. INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board considers that the terms of each of the Continuing Connected Transactions are based on normal commercial terms, are fair and reasonable to its Independent Shareholders and are in the interests of the Company and the shareholders as a whole. The independent non-executive directors of the Company also consider that the terms of the Continuing Connected Transactions which fall under the exemption of rule 14A.34 of the Listing Rules are based on normal commercial terms, are fair and reasonable to its Independent Shareholders and are in the interests of the Company and shareholders as a whole. According to the requirements of the Listing Rules, the independent non-executive directors of the Company will advise the Independent Shareholders in connection with the Major Continuing Connected Transactions and the new caps for the Major Continuing Connected Transactions. An independent financial adviser has been appointed to advise the independent non-executive directors in respect of the fairness and reasonableness of the Major Continuing Connected Transactions and, the new caps for the Major Continuing Connected Transactions.

5. GENERAL INFORMATION

The Company is a PRC media company principally engaged in the sale of advertising space, production of newspapers and trading of print-related materials. The Company has the exclusive right to operate the advertising business of a number of leading newspapers in the PRC, including the Beijing Youth Daily.

BYD Logistics is a subsidiary of the Company, in which the Company is the holder of 50.5% of its equity interest. BYD Logistics is involved in the business of providing storage, transportation, logistics and printing services and trading of print related material.

BYD is the holder of approximately 63.27% of the total issued share capital of the Company. BYD is a newspaper agency in the PRC and publishes, amongst others, the Beijing Youth Daily and the Legal Evening Post.

Beiqing Advertising is a PRC incorporated company which business includes the provision of advertising agency services. Beiqing Advertising is a subsidiary of BYD.

Gehua YangGuang is a jointly controlled entity of BYD owned as to, directly and indirectly, 50%. Gehua YangGuang is engaged in outdoor billboard advertising.

Today YangGuang is a subsidiary of BYD owned as to 55%. Today YangGuang is engaged in outdoor billboard advertising.

6. DEFINITIONS

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

“Advertising Business Agreement”	the advertising business agreement dated 7 December 2004 entered into between the Company and BYD;
“associates”	has the meaning ascribed to it in the HK Listing Rules;
“Beijing Youth Daily Agency Mansion”	the Beijing Youth Daily Agency Mansion situated at Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing, PRC;
“Beiqing Advertising”	北京北青廣告有限公司 (Beijing Beiqing Advertising Limited), a subsidiary of BYD;

“Beiqing Advertising Agreement”	the real estate advertising agreement dated 1 January 2006 entered into between the Company and Beiqing Advertising;
“Board”	the board of directors of the Company;
“BYD”	北京青年報社 (Beijing Youth Daily Press Agency);
“BYD Logistics”	北京青年報現代物流有限公司 (Beijing Youth Daily Logistics Company Limited), a subsidiary of the Company;
“BYD Papers”	newspapers which consist of the 北京青年報 (Beijing Youth Daily), 北京少年報 (Beijing Childred’s Weekly), 中學時事報 (Middleschool Times) and 今日北京 (Beijing Today);
“Company”	Beijing Media Corporation Limited;
“Continuing Connected Transactions”	the transactions under the Tenancy Agreement, the New Tenancy Agreement and the Major Continuing Connected Transactions;
“Extraordinary General Meeting”	the extraordinary general meeting of Beijing Media Corporation Limited to be held for Independent Shareholders to consider and to approve the Major Continuing Connected Transactions and the caps for the Major Continuing Connected Transactions;
“Gehua YangGuang”	北京歌華陽光廣告有限公司 (Beijing Gehua Sunshine Advertising Co., Ltd), a jointly-controlled entity of BYD;
“Gehua YangGuang Advertising Agreement”	the advertising sales agreement dated 8 December 2004 entered into between the Company and Gehua YangGuang;
“Independent Shareholders”	the shareholders of the Company other than BYD and its associates;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Major Continuing Connected Transactions”	the 16.5% fee payable under the Advertising Business Agreement, and transactions under the Printing Agreement, Today YangGuang Advertising Agreement, the Gehua YangGuang Advertising Agreement and the Beiqing Advertising Agreement;
“Printing Agreement”	the printing agreement dated 7 December 2004 entered into between BYD Logistics and BYD;
“RMB”	the lawful currency of the People’s Republic of China;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Today YangGuang”	北京今日陽光廣告有限責任公司 (Beijing Today Sunshine Advertising Co., Ltd), a subsidiary of BYD;
“Today YangGuang Advertising Agreement”	The advertising sales agreement dated 8 December 2004 entered into between the Company and Today YangGuang.

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

Beijing, PRC, 4 December 2006

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

“Please also refer to the published version of this announcement in The Standard.”