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BEIJING MEDIA CORPORATION LIMITED

(a joint stock limited company incorporated in the PRC with limited liability)

(Stock Code: 01000)

CONTINUING CONNECTED TRANSACTIONS

As part on an administrative and office restructuring, the Company and BYD have decided to streamline and relocate their respective office premises within the BYD Building. As both the Company and the BYD respectively own various parts of the BYD Building, as a result, the Company and BYD have entered into the Supplemental Agreement and the New Tenancy Agreement.

Supplemental Agreement

On 10 August 2006, the Company, as landlord and BYD, as tenant, entered into the Supplemental Agreement under which the Original Tenancy Agreement will be supplemented to the effect that BYD will lease from the Company alternative parts of the BYD Building which are owned by the Company. This will result in BYD leasing additional office premises from the Company. All other terms, including the rent per unit, of the Original Tenancy Agreement will remain unchanged. The total floor area of office premises to be leased to BYD amounts to 2,340 square metres and the total rent payable by BYD per annum is RMB3,843,450. Details of the terms of the Original Tenancy Agreement have been disclosed in the Company's prospectus dated 17 December 2004.

New Tenancy Agreement

On 10 August 2006, the Company, as tenant, and BYD, as landlord, entered into the New Tenancy Agreement under which the Company will lease from BYD office premises of the whole 7th floor of the BYD Building. Apart from the different capacities of the parties, the subject leased premises and the commencement and expiry of the tenancy, the terms of the New Tenancy Agreement are identical to those in the Original Tenancy Agreement. The total floor area of office premises to be leased to the Company amounts to 830 square metres and the total rent payable by the Company per annum is RMB1,363,275.

Continuing Connected Transactions

BYD is the controlling shareholder of the Company. As at the date hereof, BYD is the holder of approximately 63.27 percent of the total issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the entering into the Supplemental Agreement and the New Tenancy Agreement between the Company and BYD constitutes continuing connected transactions under the Listing Rules. As the annual rental under the Original Tenancy Agreement (as supplemented) and the New Tenancy Agreement, respectively, is less than 2.5% of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), such continuing connected transactions are, pursuant to Rule 14A.34(1) of the Listing Rules, only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules but not the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

The board of directors (the "Board") of the Company announces that, as part on an administrative and office restructuring, the Company and Beijing Youth Daily Newspaper Agency ("BYD") have decided to streamline and relocate their respective office premises within the Beijing Youth Daily Agency Mansion at No.23 Bai Jia Zhuang Dongli, Chaoyang District Beijing (the "BYD Building"). As both the Company and the BYD respectively own various parts of the BYD Building, as a result, on 10 August 2006, the Company and BYD entered into a supplemental agreement (the "Supplemental Agreement") to the tenancy agreement dated 1 August 2004 (the "Original Tenancy Agreement") and a new tenancy agreement (the "New Tenancy Agreement"). Pursuant to the Original Tenancy Agreement, BYD leased from the Company various office premises in the BYD Building amounting to a total floor area of 2,086 square metres. The term of the Original Tenancy Agreement is three years ending on 31 July 2007 and the annual rental payable by BYD to the Company under the Original Tenancy Agreement throughout the tenancy will be RMB3,426,255, calculated on the basis of an unit rent of RMB4.5 per square metre per day. Details of the Original Tenancy Agreement were disclosed in the Company's prospectus dated 17 December 2004.

Details of the Supplemental Agreement and the New Tenancy Agreement set out below.

1. SUPPLEMENTAL AGREEMENT

Date

10 August 2006

Parties

- (i) the Company, the landlord; and
- (ii) BYD, the tenant

Major Terms

The Supplemental Agreement supplements the Original Tenancy Agreement, under which BYD will lease from the Company alternative parts of the BYD Building which are owned by the Company. This will result in BYD leasing additional office premises from the Company. All other terms, including the rent per unit, of the Original Tenancy Agreement will remain unchanged. The following are the material terms of the Original Tenancy Agreement (as supplemented):

- the subject premises of the Original Tenancy Agreement has been changed from Units 504 and 505 of the 5th floor, the whole of the 8th floor, 19th floor and Units 2309, 2306 and 2307 of 23rd Floor of the BYD Building to the whole of the 8th, 19th and 23rd floor of the BYD Building.
- the total floor areas of office premises which are subject to the tenancy will increase from 2,086 square meters to 2,340 square metres.
- the annual rental payable by BYD will increase from RMB3,426,255 to RMB3,843,450. The annual rental is the cap for each of the financial year ending on 9 August 2007, 2008 and 2009.
- the unit rent will remain the same at RMB4.5 per square meter per day.
- the term of the Original Tenancy Agreement has been extended for a period of three years commencing from 10 August 2006 to 9 August 2009.
- the annual rental is payable in advance.
- other terms and conditions contained in the Original Tenancy Agreement shall remain unchanged and in full force and effect.

2. NEW TENANCY AGREEMENT

Date

10 August 2006

Parties

- (i) BYD, the landlord; and
- (ii) the Company, the tenant

Major Terms

Apart from the different capacities of the parties, the subject leased premises and the commencement and expiry of the tenancy, the terms of the New Tenancy Agreement are identical to those in the Original Tenancy Agreement.

- the subject premises is the whole of 7th floor of the BYD Building.

- the total floor area which is subject to the tenancy is 830 square metres.
- the term of the tenancy is three years starting from 10 August 2006 and expiring on 9 August 2009.
- the annual rent payable by the Company is RMB1,363,275. The rent is calculated on the basis of an unit rent of RMB4.5 per square metre per day. The annual rental is the cap for each of the financial year ending on 9 August 2007, 2008 and 2009.
- the annual rent is payable in advance with the first payment due and payable within 60 days upon signing of the New Tenancy Agreement.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND THE NEW TENANCY AGREEMENT

The Company owns the 5th, 6th, 8th, 11th, 19th and 23rd floors of the BYD Building and BYD owns the remaining parts of the BYD Building. Under the Original Tenancy Agreement, BYD leased from the Company various office premises in different floors and areas of the BYD Building. As various departments of the Company are currently situated at different parts and floor of the BYD Building which have caused great inconvenience for the Company's business operation and management, after arm's length negotiations with BYD, BYD agreed to the Company's restructuring of the office settings to enable the Company to achieve greater efficiency and centralization of employees. After the office restructuring, the Company will move part of its office premises originally situated on the 23rd floor to the whole of the 7th floor of the BYD Building, as a result of such moving, most of the departments of the Company will be centralized on 5th, 6th and 7th floor of the BYD Building. The estimated fee for renovating the new office premises of the Company is around RMB650,000.

One of the directors of the Company, Mr. Xu Xun ("Mr. Xu"), abstained from voting on the written resolutions in respect of entering into the Supplemental Agreement and the New Tenancy Agreement. However, apart from Mr. Xu, the majority of the directors of the Board of the Company, including the independent non-executive directors, believes that both the Supplemental Agreement and the New Tenancy Agreement are entered into in the ordinary and usual course of business of the Company and the term contained therein are normal commercial terms, which are arrived at after arm's length negotiations between BYD and the Company and by reference to open market rent of properties of comparable size and location, and are fair and reasonable and in the interests of the Company's and its shareholders as a whole.

CONTINUING CONNECTED TRANSACTION

BYD is the controlling shareholder of the Company. As at the date hereof, BYD is the holder of approximately 63.27% of the total issued share capital of the Company and is therefore a connected person of the Company. Accordingly, the entering into of the Supplemental Agreement and the New Tenancy Agreement between the Company and BYD constitutes continuing connected transactions of the Company under the Listing Rules. As the annual rental under the Original Tenancy Agreement (as supplemented) and the New Tenancy Agreement, respectively, is less than 2.5% of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules), such continuing connected transactions are, pursuant to Rule 14A.34(1) of the Listing Rules, only subject to the reporting, announcement and annual review requirements set out in Rules 14A.45 to 14A.47 and are exempt from the independent shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

INFORMATION RELATING TO THE COMPANY AND BYD

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

BYD is the holder of approximately 63.27 percent 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.

By Order of the Board
Zhang Yanping
Chairman

Beijing, the PRC, 10 August 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 the Company, 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.”