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BEIJING MEDIA CORPORATION LIMITED

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

(StockCode:1000)

CONTINUING CONNECTED TRANSACTION

The Board announces that, on 4 July 2008, the Company and XHM entered into the Services Agreement pursuant to which XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of BYD.

The transactions under the Services Agreement constitute continuing connected transactions of the Company and are subject to the reporting and announcement requirements, but exempt from the requirement of independent shareholders' approval under the Listing Rules.

The Directors are of the view that the Services Agreement was entered into in the ordinary and usual course of business and on normal commercial terms which are fair and reasonable and are in the interests of the Shareholders as a whole.

The Services Agreement

Date: 4 July 2008
Term: from 4 July 2008 to 31 December 2010
Contracting parties: the Company; and
XHM, a subsidiary of BYDA and a connected person of the Company

Transactions contemplated under the Services Agreement

The Company and XHM entered into the Services Agreement on 4 July 2008. Under the terms of the Services Agreement, XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of BYD. The level of distribution fee will be determined according to market conditions, but in any event shall fall within the range of RMB0.08 and RMB0.20 per page for advertisement to be distributed.

Under the Services Agreement, a distribution fee is payable by the Company to XHM on a monthly basis. The Company believes that the pricing under the Services Agreement is comparable to the fees charged by the PRC public postal services. The Services Agreement will terminate on 31 December 2010 and be extended automatically for a further one year unless the parties agree in writing to the contrary. The company will ensure its re-compliance with the Listing Rules when the Service Agreement is renewal.

Annual cap

There is no cap fixed under the Services Agreement. The Company estimates that the aggregate maximum amount of services to be rendered under the Services Agreement will not exceed RMB5 million, RMB9 million and RMB9 million (equivalent to approximately HK\$5.7 million, HK\$10.2 million and HK\$10.2 million), for the three years ending 31 December 2008, 2009 and 2010, respectively. As it is the first time for the Company and XHM to cooperate on the distribution of wrap-around BYD, there are no historical transaction amounts available for comparison with the anticipated annual maximum transaction values. In arriving at the estimation of the annual maximum transaction amount, the factors taken into account by the Company included current market conditions and prospective expansion of the advertisement business resulting from the Beijing Olympic Games and Paralympics Games in 2008

The Listing Rules implications

XHM is a non-wholly owned subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under rule 14A.11 of the Listing Rules. Accordingly, the transactions under the Services Agreement constitute continuing connected transactions of the Company.

The transaction value under the Services Agreement is expected to be more than 0.1%, but less than 2.5% of the relevant percentage ratios (other than the profit ratio) under the Listing Rules. Therefore the transactions thereunder shall be subject to the reporting and announcement requirements, but exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

Reasons for entering into the Services Agreement

BYD is one of the most widely circulated newspapers distributed and sold in Beijing, PRC. Since 2003, besides the publication of traditional advertisements in BYD, the Company has been providing direct mail advertising services as an additional advertising channel. Considering the successful arrangement with XHM for its provision of distribution services on direct mail advertising services over the last few years, the Board is of the view that the entering into the Services Agreement on a continuing basis will be beneficial to the Company and provide greater certainty of the Company's operations.

The Services Agreement was entered into following arm's length negotiations among the parties thereto. The Directors (including independent non-executive Directors) are of the view that the Services Agreement has been entered into on normal commercial terms and in the interests of the Shareholders as a whole, and the terms thereunder and the estimated annual maximum transaction amounts are fair and reasonable and in the interests of the Shareholders as a whole.

Information Relating To the Company and XHM

The Company is 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.

XHM is a limited liability company incorporated in PRC which is principally engaged in the distribution of newspapers and other goods.

Definitions

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

“Board”	the board of Directors;
“BYD”	北京青年報 (Beijing Youth Daily);
“BYDA”	北京青年報社 (Beijing Youth Daily Agency);
“Company”	Beijing Media Corporation Limited;
“Directors”	the directors of the Company;
“HK\$”	the lawful currency of Hong Kong, Special Administrative Region;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purposes of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	the lawful currency of the People’s Republic of China;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Services Agreement”	the distribution services agreement dated 4 July 2008 which was entered into between the Company and XHM;
“XHM”	小紅帽發行股份有限公司 (XiaoHongMao Corporation), a subsidiary of BYDA.

By Order of the Board
Zhang Yanping
Chairman

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, Li Wenqing, 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 on the Company's website at www.bjmedia.com.cn.