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BEIJING MEDIA CORPORATION LIMITED

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

NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL AND CONNECTED TRANSACTION

The Board announces that the Company has decided not to exercise the right of first refusal granted by BYDA under the Advertising Business Agreement in respect of a dilution in the BYDA's equity interest in one of its subsidiaries.

The non-exercise of the right of first refusal constitutes a connected transaction of the Company under Rule 14A.70(3) of the Listing Rules and is subject to the reporting and announcement requirements but exempt from the requirement of independent shareholders' approval.

The Directors are of the opinion that it is not appropriate and is not in the best interests of the Company and the shareholders of the Company as a whole for the Company to exercise such right of first refusal at the current time.

BACKGROUND

Under the Advertising Business Agreement entered into between the Company and BYDA, the controlling shareholder of the Company, on 7 December 2004, BYDA granted a right of first refusal to the Company in respect of its entire holding in, among other things, the equity capital of XHM. Under the terms of the right of first refusal, BYDA is required first to offer for sale the above assets and businesses to the Company if it intends to dispose of them to a third party on terms no less favourable to us than those proposed by the third party. BYDA is only entitled to dispose of the above assets to the third party if we do not accept the offer. No exercise price for the right of first refusal was previously determined under the Advertising Business Agreement. In addition, BYDA has undertaken not to permit a change of control in the business of XHM until the Company is permitted under PRC law to acquire such business. The duration of the right of first refusal is 30 years from the date of the Advertising Business Agreement, extendable upon expiry.

NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL

XHM, a subsidiary of BYDA, informed the Company that it is proposed that XHM's registered capital will be increased from RMB50 million to RMB76.5 million by the injection of additional registered capital of RMB26.5 million ("**Additional Registered Capital**") solely contributed by a new investor ("**New Investor**"). Upon the increase in the registered capital, XHM, which is currently owned as to 82% by BYDA and 18% by four other shareholders, will be owned as to 69.7% by BYDA, 15.3% by four

other shareholders and 15% by the New Investor. Such dilution of BYDA's interest in XHM is being treated as a deemed disposal by BYDA under the Advertising Business Agreement and subject to the right of first refusal granted to the Company thereunder.

As at 30 June 2007, the book value of the assets attached to the 15% equity interest in XHM was approximately RMB21.6 million. For the two years ended 31 December 2005 and 2006 and the six months ended 30 June 2007, the net profit attributable to the said assets was approximately RMB1.1 million, RMB1.0 million and RMB256,000, respectively.

On 1 August 2007, XHM issued a letter to the Company to seek the Company's decision on its exercise of the right of first refusal over the Additional Registered Capital under the Advertising Business Agreement. The exercise price offered by XHM was RMB26.5 million for a 15% equity interest in XHM, which is the same price as that offered to the New Investor by XHM.

Having taken into account the principal factors and considerations set out below, the Directors (including independent non-executive Directors) are of the opinion that it is not appropriate and is not in the best interests of the Company and the shareholders of the Company as a whole for the Company to exercise such right of first refusal at the current time.

- XHM is to use the Additional Registered Capital to expand its business scope to certain business areas which are not in line with the Company's long-term business development strategy; and
- the exercise price for the 15% equity interest in XHM offered by XHM is far higher than that estimated by the Company.

Accordingly, the Board issued a letter of non-exercise of the right of first refusal on 28 September 2007 (**"Letter"**).

LISTING RULES IMPLICATIONS

XHM is a subsidiary of BYDA and regarded as a connected person of the Company. Accordingly, the issuing of the Letter would constitute a connected transaction for the Company under the Listing Rules. The transaction values under the Letter would 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 transaction thereunder would be subject to the reporting and announcement requirement, but exempt from shareholders' approval requirement under the Chapter 14A of the Listing Rules.

GENERAL INFORMATION

The Company is a leading media company in the PRC principally engaged in production of the newspapers, 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.

DEFINITION

“Advertising Business Agreement”	the advertisement business and call option agreement entered into between the Company and BYDA dated 7 December 2004;
“Board”	the board of Directors;
“BYDA”	北京青年報社 (Beijing Youth Daily Agency), the controlling shareholder of the Company;
“Company”	Beijing Media Corporation Limited;
“Directors”	the directors of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“RMB”	the lawful currency of the People’s Republic of China;
“Shareholder(s)”	the shareholder(s) of the Company; and
“XHM”	小紅帽發行股份有限公司 (XiaoHongMao Corporation), a limited liability company established in the PRC and a subsidiary of BYDA.

By order of the Board
Zhang Yanping
Chairman

Beijing, the PRC, 28 September 2007

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