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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)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF THE BMC DISTRIBUTION SERVICES AGREEMENT AND THE LOGISTICS SERVICES AGREEMENT

The Board announces that, on 29 December 2011,

- i) the Company and XHM renewed the BMC Distribution Services Agreement for a further one-year term with effect from 1 January 2012 to 31 December 2012, pursuant to which XHM is engaged by the Company to distribute its direct mail advertisements to the subscribers of Beijing Youth Daily; and
- ii) BYD Logistics and XHM Logistics renewed the Logistics Services Agreement for a further one-year term with effect from 1 January 2012 to 31 December 2012, pursuant to which XHM Logistics has agreed to provide logistics services in respect of paper and printing materials and storage services to BYD Logistics.

LISTING RULES IMPLICATIONS

XHM and XHM Logistics are both non-wholly owned subsidiaries of the Parent, the controlling shareholder of the Company, and therefore XHM and XHM Logistics are connected persons of the Company under Chapter 14A of the Listing Rules. The transactions under each of the BMC Distribution Services Agreement and the Logistics Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The applicable percentage ratios of the proposed annual caps of the transactions contemplated under the BMC Distribution Services Agreement and the Logistics Services Agreement exceeding 0.1% but less 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

A. THE BMC DISTRIBUTION SERVICES AGREEMENT

Introduction

Reference is made to the announcements of the Company dated 14 December 2010 in relation to the BMC Distribution Services Agreement.

Date

29 December 2011

Parties

(i) the Company

(ii) XHM

Continuing transactions

Pursuant to the BMC Distribution Services Agreement, XHM was engaged by the Company to distribute its direct mail advertisements to the subscribers of Beijing Youth Daily.

Term and termination

The BMC Distribution Services Agreement will be renewed for a term of one year with effect from 1 January 2012 to 31 December 2012, and is renewable upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules.

Price determination

Under the BMC Distribution Services Agreement, a distribution fee of RMB0.08 per page of advertisement is payable by the Company to XHM on a monthly basis. The pricing mechanism under the BMC Distribution Services Agreement is comparable to the fees charged by the PRC public postal services.

Annual caps

The annual caps for the transactions under the BMC Distribution Services Agreement for the two years ended 31 December 2010, respectively and for the year ending 31 December 2011 are set out below:

Transactions	Year ended 31 December		Year ending
	2009	2010	31 December
	(RMB)	(RMB)	2011 (RMB)
Annual Caps	5,000,000.00	5,000,000.00	5,000,000.00

Actual Transaction Value

The actual transaction value under the BMC Distribution Services Agreement for the two years ended 31 December 2010, respectively and for the eleven months ended 30 November 2011 are set out below:

Transactions	Year ended 31 December		Eleven
	2009	2010	months ended
	(RMB)	(RMB)	30 November 2011 (RMB)
Actual Transaction Value	2,660,213.60	2,562,540.80	1,000,873.84

As at the date of this announcement, the annual cap for the transactions under the BMC Distribution Services Agreement for the year ending 31 December 2011 have not been exceeded.

Proposed Annual Cap

With the continuing development of the business of the Group and based on internal estimates of demand and operation conditions, the Company anticipates that the annual cap for the transactions contemplated under the BMC Distribution Services Agreement will not exceed RMB3,500,000 for the year ending 31 December 2012.

In arriving at the proposed annual cap, the Company has taken into account (i) the historical actual transaction value under the BMC Distribution Services Agreement for the two years ended 31 December 2010, respectively and for the eleven months ended 30 November 2011; and (ii) the anticipated growth of the demand for provision of services of distribution of direct mail advertisements; and (iii) the economic outlook of the PRC in year 2012.

Reasons for entering into the BMC Distribution Services Agreement

In consideration of the successful arrangement with XHM for its provision of distribution services over the last eight years, the Company is of the view that the entering into the BMC Distribution Services Agreement on a continuous basis will be beneficial to the Group and provide greater certainty to the Group's operations.

B. THE LOGISTICS SERVICES AGREEMENT

Introduction

Reference is made to the announcements of the Company dated 14 December 2010 in relation to the Logistics Services Agreement.

Date

29 December 2011

Parties

- (i) BYD Logistics
- (ii) XHM Logistics

Continuing transactions

Pursuant to the Logistics Services Agreement, XHM Logistics has agreed to provide logistics services in respect of paper and printing materials and storage services to BYD Logistics.

Term and termination

The Logistics Services Agreement will be renewed for a term of one year with effect from 1 January 2012 to 31 December 2012, and is renewable upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules.

Price determination

BYD Logistics will pay XHM Logistics service fee based on the actual volume of paper and printing materials, and a storage fee of RMB15 per month per square meter. BYD Logistics will settle the logistics service fee and storage fee to XHM Logistics on a monthly basis. The price mechanism under the Logistics Services Agreement is comparable to the fees charged by other service providers.

Annual caps

The annual caps for the transactions under the Logistics Services Agreement for the two years ended 31 December 2010, respectively and for the year ending 31 December 2011 are set out below:

Transactions	Year ended 31 December		Year ending
	2009	2010	31 December
	(RMB)	(RMB)	2011
Annual Caps	2,000,000.00	3,000,000.00	2,000,000.00

Actual Transaction Value

The actual transaction value under the Logistics Services Agreement for the two years ended 31 December 2010, respectively and for the eleven months ended 30 November 2011 are set out below:

Transactions	Year ended 31 December		Eleven
	2009	2010	months ended
	(RMB)	(RMB)	30 November
Actual Transaction Value	1,443,379.40	1,518,551.45	2011
			(RMB)

As at the date of this announcement, the annual cap for the transactions under the Logistics Services Agreement for the year ending 31 December 2011 have not been exceeded.

Proposed Annual Cap

With the continuing development of the business of the Group and based on internal estimates of demand and operation conditions, the Company anticipates that the annual cap for the transactions contemplated under the Logistics Services Agreement would not exceed RMB2,000,000 for the year ending 31 December 2012.

In arriving at the proposed annual cap, the Company has taken into account (i) the historical actual transaction value under the Logistics Services Agreement for the two years ended 31 December 2010, respectively and for the eleven months ended 30 November 2011; (ii) the anticipated growth of the market prices of logistics services to be provided by XHM Logistics; and (iii) the economic outlook of the PRC in year 2012.

Reasons for entering into the Logistics Services Agreement

The Company is of the view that the entering into the Logistics Services Agreement on a continuous basis will (i) provide greater certainty during the course of operation of the Group; and (ii) enable the Group to secure comparatively favourable terms for logistics services.

C. LISTING RULES IMPLICATIONS

XHM and XHM Logistics are both non-wholly owned subsidiaries of the Parent, the controlling shareholder of the Company, and therefore XHM and XHM Logistics are connected persons of the Company under Rule 14A.11 of the Listing Rules. Therefore, the transactions thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Reference is also made to the announcement of the Company dated 14 December 2010 in relation to the Services Agreement entered into between the Company and XHM, pursuant to which XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of Beijing Youth Daily for a two-years term commencing on 1 January 2011. Given that the Services Agreement, the BMC Distribution Services Agreement and the Logistics Services Agreement were all entered into between the Group and Parent Group within a 12-month period, the transactions contemplated under the Services Agreement should be aggregated with the transactions contemplated under the BMC Distribution Services Agreement and the Logistics Services Agreement pursuant to 14A.25 of the Listing Rules.

The applicable percentage ratios of the proposed annual caps of the transactions contemplated under the BMC Distribution Services Agreement and the Logistics Services Agreement exceeding 0.1% but less 5%, the transactions contemplated thereunder are therefore subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules. The above mentioned aggregation would not result in any of the percentage ratios changes to the extent that the classification of the transaction is altered.

The Directors (including the independent non-executive Directors) are of the view that the terms of the BMC Distribution Services Agreement and the Logistics Services Agreement (i) have been negotiated on an arm's length basis; (ii) have been conducted and will be conducted on normal commercial terms, or on terms no less favourable than those available from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; and (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Zhang Yanping, Mr. Zhang Yabin, Mr. Li Shiheng, Ms. Wu Peihua and Mr. Liu Han, also members of the decision-making body of the Parent, are regarded to have material interests in the transactions under the BMC Distribution Services Agreement and the Logistics Services Agreement and have abstained from voting on the relevant Board resolution. Other than those Directors mentioned above, none of the other Directors has a material interest in the transactions thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, other than the above disclosure, there is no other continuing transaction entered into between any member of the Group and the Parent and its ultimate beneficial owner(s) or otherwise related, which would be, together with the transactions contemplated under the BMC Distribution Services Agreement and the Logistics Services Agreement, aggregated under Rule 14A.25 of the Listing rules.

D. GENERAL INFORMATION

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

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

BYD Logistics is a non-wholly owned subsidiary of the Company and is involved in the business of providing storage, transportation, logistics and printing services and the trading of print-related materials.

XHM Logistics is a limited liability company incorporated in the PRC which is principally engaged in the transportation storage, logistics and trading of printing related materials.

E. DEFINITIONS

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

“Beijing Youth Daily”	Beijing Youth Daily (北京青年報)
“BMC Distribution Services Agreement”	the distribution services agreement entered into between the Company and XHM on 29 December 2011
“Board”	the board of Directors
“BYD Logistics”	Beijing Youth Daily Logistics Company Limited (北京青年報現代物流有限公司), a limited liability company incorporated under the laws of the PRC, a subsidiary of the Company
“Company”	Beijing Media Corporation Limited (北青傳媒股份有限公司), a joint stock limited company incorporated under the laws of the PRC and the H shares of which are listed and traded on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logistics Services Agreement”	the logistics services agreement entered into between BYD Logistics and XHM Logistics on 29 December 2011
“Parent”	Beijing Youth Daily Agency (北京青年報社), a wholly state-owned enterprise incorporated under the laws of the PRC and the controlling shareholder of the Company
“Parent Group”	Parent and its subsidiaries, excluding the Group
“PRC”	the People’s Republic of China, which for the purposes of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Services Agreement”	the services agreement entered into between the Company and XHM on 14 December 2010
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“XHM”	XiaoHongMao Corporation (小紅帽發行股份有限公司), a joint stock limited company incorporated under the laws of the PRC on 8 August 2004 and a subsidiary of the Parent
“XHM Logistics”	XiaoHongMao Logistics Company Limited (北京小紅帽物流有限公司), a limited liability company incorporated under the laws of the PRC, an indirect subsidiary of the Parent

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

Beijing, PRC,
29 December 2011

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Zhang Yabin and Sun Wei, the non-executive directors of the Company, Li Shiheng, Wu Peihua, Liu Han, Xu Xun and Li Yigeng 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.