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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)**

### **ANNOUNCEMENT**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **RENEWAL OF THE BMC DISTRIBUTION SERVICES AGREEMENT AND ENTERING INTO THE SERVICES AGREEMENT AND LOGISTICS SERVICES AGREEMENT**

The Board announces that, on 14 December 2010,

- i) the Company and XHM renewed the BMC Distribution Services Agreement for a further one-year term with effect from 1 January 2011 to 31 December 2011, pursuant to which XHM is engaged by the Company to distribute its direct mail advertisements to the subscribers of Beijing Youth Daily;
- ii) the Company and XHM entered into the Services Agreement for a term of two years with effect from 1 January 2011 to 31 December 2012, pursuant to which XHM is engaged by the Company to distribute its wrap-around advertisements to the subscribers of Beijing Youth Daily; and
- iii) BYD Logistics and XHM Logistics entered into the Logistics Services Agreement for a term of one year term with effect from 1 January 2011 to 31 December 2011, 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 Rule 14A.11 of the Listing Rules. Therefore, the transactions under each of the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the renewed BMC Distribution Services Agreement and the Services Agreement were both entered into between the Company and XHM within a 12-month period, the transactions contemplated under the renewed BMC Distribution Services Agreement should be aggregated with the transactions contemplated under the Services Agreement pursuant to 14A.27 of the Listing Rules.

Such aggregation would result in the applicable percentage ratios of the proposed annual caps of the transactions contemplated under the renewed BMC Distribution Services Agreement and the Services Agreement exceeding 0.1% but being lower than 5%. Therefore, the transactions contemplated under the renewed BMC Distribution Services Agreement and the Services Agreement are subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent shareholders' approval of the Listing Rules.

As the applicable percentage of the proposed annual cap of the transactions contemplated under the Logistics Services Agreement exceeding 0.1% but being lower than 5%, the transaction contemplated under the Logistics Services Agreement is subject to reporting, announcement and annual review requirements but is exempt from the requirement of independent shareholders' approval of the Listing Rules.

## **A. RENEWED BMC DISTRIBUTION SERVICES AGREEMENT**

### **Introduction**

Reference is made to the announcements of the Company dated 27 June 2007, 27 March 2008, 20 January 2009 and 11 February 2010 in relation to the BMC Distribution Services Agreement.

### **Date**

14 December 2010

### **Parties**

- (i) the Company
- (ii) XHM

### **Continuing transactions**

Pursuant to the renewed 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 expire on 31 December 2010 and is renewed for a term of one year with effect from 1 January 2011 to 31 December 2011, and is renewable upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules.

## Price determination

Under the renewed 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 renewed 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 2009, respectively and for the year ending 31 December 2010 are set out below:

Transactions	Year ended 31 December		Year ending
	2008	2009	31 December
	(RMB)	(RMB)	(RMB)
Annual Caps	7,000,000.00	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 2009, respectively and for the ten months ended 31 October 2010 are set out below:

Transactions	Year ended 31 December		Ten months ended
	2008	2009	31 October
	(RMB)	(RMB)	(RMB)
Actual Transaction Value	3,477,856.40	2,660,213.60	2,143,308.80

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 2010 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 renewed BMC Distribution Services Agreement will not exceed RMB5,000,000 for the year ending 31 December 2011.

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 2009, respectively and for the ten months ended 31 October 2010; 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 2011.

### **Reasons for entering into the renewed BMC Distribution Services Agreement**

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

## **B. SERVICES AGREEMENT**

### **Introduction**

Reference is made to the announcements of the Company dated 4 July 2008, 20 January 2009 and 11 February 2010 in relation to the Previous Services Agreement.

### **Date**

14 December 2010

### **Parties**

- (i) the Company
- (ii) XHM

### **Continuing transactions**

Pursuant to the Services Agreement, XHM is engaged by the Company to distribute its wrap-around advertisements to the subscribers of Beijing Youth Daily.

## Term and termination

The Previous Services Agreement will expire on 31 December 2010. The Services Agreement is for a term of two years with effect from 1 January 2011 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 Services Agreement, the level of distribution fee will be determined according to the market conditions, but in any event shall fall within the range of RMB0.08 and RMB0.20 per page for advertisements to be distributed. The distribution fee is payable by the Company to XHM on a monthly basis. The pricing mechanism under the Services Agreement is comparable to the fees charged by the PRC public postal services.

## Annual caps

The annual caps for the transactions under the Previous Services Agreement for the two years ended 31 December 2009, respectively and for the year ending 31 December 2010 are set out below:

Transactions	Year ended 31 December		Year ending
	2008	2009	31 December
	(RMB)	(RMB)	(RMB)
Annual Caps	5,000,000.00	4,000,000.00	4,000,000.00

## Actual Transaction Value

The actual transaction value under the Previous Services Agreement for the two years ended 31 December 2009, respectively and for the ten months ended 31 October 2010 are set out below:

Transactions	Year ended 31 December		Ten months ended
	2008	2009	31 October
	(RMB)	(RMB)	(RMB)
Actual Transaction Value	2,284,196.00	1,799,889.50	1,504,777.00

As at the date of this announcement, the annual cap for the transactions under the Previous Services Agreement for the year ending 31 December 2010 have not been exceeded.

### *Proposed Annual Caps*

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 caps for the transactions contemplated under the Services Agreement would not exceed RMB4,000,000 and RMB4,000,000 for the two years ending 31 December 2011 and 2012.

In arriving at the proposed annual caps, the Company has taken into account (i) the historical transaction value under the Previous Services Agreement for the two years ended 31 December 2009, respectively and for the ten months ended 31 October 2010; (ii) the anticipated growth of demand for provision of services of distribution of wrap-around advertisements; and (iii) the economic outlook of the PRC in year 2011 and 2012.

### **Reasons for entering into the Services Agreement**

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

## **C. LOGISTICS SERVICES AGREEMENT**

### **Introduction**

Reference is made to the announcements of the Company dated 27 June 2007 and 1 July 2009 in relation to the Previous Logistics Services Agreement.

### **Date**

14 December 2010

### **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 in respect of a 3,700 square-meter warehouse to BYD Logistics.

## Term and termination

The Previous Logistics Services Agreement will expire on 31 December 2010. The Logistics Services Agreement is for a term of one year with effect from 1 January 2011 to 31 December 2011, 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 a fee based on the actual volume of paper and printing materials, and a storage fee of RMB13 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 Previous Logistics Services Agreement for the two years ended 31 December 2009, respectively and for the year ending 31 December 2010 are set out below:

Transactions	Year ended 31 December		Year ending
	2008	2009	31 December
	(RMB)	(RMB)	(RMB)
Annual Caps	3,000,000.00	2,000,000.00	3,000,000.00

## Actual Transaction Value

The actual transaction value under the Previous Logistics Services Agreement for the two years ended 31 December 2009, respectively and for the ten months ended 31 October 2010 are set out below:

Transactions	Year ended 31 December		Ten months ended
	2008	2009	31 October
	(RMB)	(RMB)	(RMB)
Actual Transaction Value	2,111,369.15	1,443,379.40	1,418,603.77

As at the date of this announcement, the annual cap for the transactions under the Previous Logistics Services Agreement for the year ending 31 December 2010 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 2011.

In arriving at the proposed annual cap, the Company has taken into account (i) the historical actual transaction value under the Previous Logistics Services Agreement for the two years ended 31 December 2009, respectively and for the ten months ended 31 October 2010; (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 2011.

### **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.

## **D. 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 under the each of the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the renewed BMC Distribution Services Agreement and the Services Agreement were both entered into between the Company and XHM within a 12-month period, the transactions contemplated under the renewed BMC Distribution Services Agreement should be aggregated with the transactions contemplated under the Services Agreement pursuant to 14A.27 of the Listing Rules.

Such aggregation would result in the applicable percentage ratios of the proposed annual caps of the transactions contemplated under the renewed BMC Distribution Services Agreement and the Services Agreement exceeding 0.1% but being lower than 5%. Therefore, the transactions contemplated under the renewed BMC Distribution Services Agreement and the Services Agreement are subject to reporting, announcement and annual review requirements but are exempt from the requirement of independent shareholders' approval of the Listing Rules.



As the applicable percentage of the proposed annual cap of the transactions contemplated under the Logistics Services Agreement exceeding 0.1% but being lower than 5%, the transaction contemplated under the Logistics Services Agreement is subject to reporting, announcement and annual review requirements but is exempt from the requirement of independent shareholders' approval of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the renewed BMC Distribution Services Agreement, the 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 to or 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, have material interests in the transactions under the Agreements 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 under the Agreements. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, 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 renewed BMC Distribution Services Agreement, the Services Agreement and the Logistics Services Agreement, aggregated under Rule 14A.25 of the Listing rules.

## **E. 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 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.

## **F. DEFINITIONS**

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

“Agreements”	the renewed BMC Distribution Services Agreement, the Services Agreement and the Logistics Services Agreement
“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 27 June 2007
“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)
“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
“HKD”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“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 14 December 2010
“Parent”	Beijing Youth Daily Agency (北京青年報社), a wholly state-owned enterprise incorporated under the laws of the PRC, the controlling shareholder of the Company

“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
“Previous Logistics Services Agreement”	the logistics services agreement entered into between BYD Logistics and XHM Logistics on 27 June 2007
“Previous Services Agreement”	the distribution services agreement entered into between the Company and XHM on 4 July 2008
“RMB”	Renminbi, the lawful currency of the PRC
“Services Agreement”	the distribution 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 18 August 2004 and a subsidiary of the Parent
“XHM Logistics”	XiaoHongMao Logistics Company Limited (北京小紅帽物流有限責任公司), a limited liability company incorporated under the laws of the PRC, an indirect subsidiary of the Parent

On behalf of the Board  
**Beijing Media Corporation Limited**  
**Zhang Yanping**  
*Chairman*

Beijing, 14 December 2010

*As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Zhang Yabin, Sun Wei, the non-executive directors of the Company, Liu Han, Xu Xun, Li Yigeng, Li Shiheng and Wu Peihua 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](http://www.bjmedia.com.cn).*