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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE DISPOSAL OF 51% EQUITY INTEREST IN COL

On 15 October 2009, the Company and the Parent entered into an Equity Transfer Agreement, pursuant to which the Company has agreed to sell and the Parent has agreed to purchase the Company's 51% equity interest in COL for cash consideration RMB765,000 (equivalent to approximately HKD868,430). Upon completion of the Equity Transfer Agreement, COL will become a wholly-owned subsidiary of the Parent.

The Parent is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. The Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Listing Rules) in respect of the Disposal exceed 2.5%, the Disposal is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one or more the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Disposal exceed 25% but below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

An Independent Board Committee has been formed to advise the Independent Shareholders on the Disposal and the Independent Board Committee has approved the appointment of China Everbright Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Disposal in accordance with the Listing Rules.

A circular containing, among other things, further details of the Disposal, the letter from the Independent Board Committee and the recommendation from the independent financial adviser on the terms of the Disposal, together with a notice convening the EGM, will be despatched to the Shareholders within 21 days after the publication of this announcement.

INTRODUCTION

On 15 October 2009, the Company and the Parent entered into an Equity Transfer Agreement, pursuant to which the Company has agreed to sell and the Parent has agreed to purchase the Company's 51% equity interest in COL for cash consideration of RMB765,000 (equivalent to approximately HKD868,430). Upon completion of the Equity Transfer Agreement, COL will become a wholly-owned subsidiary of the Parent.

THE EQUITY TRANSFER AGREEMENT

Date: 15 October 2009

Parties: (i) the Company (as the transferor)

(ii) the Parent (as the transferee), the controlling shareholder and a connected person of the Company

Transaction

Pursuant to the Equity Transfer Agreement, the Company has agreed to sell and the Parent has agreed to purchase the Company's 51% equity interest in COL for cash consideration of RMB765,000 (equivalent to approximately HKD868,430). Upon completion of the Equity Transfer Agreement, COL will become a wholly-owned subsidiary of the Parent.

Consideration

The consideration for the Disposal of RMB765,000 will be fully payable by the Parent to the Company in cash within five days upon the satisfaction of the conditions precedent of the Equity Transfer Agreement as set out below.

The Consideration was determined by the Company and the Parent after arm's-length negotiations taking into account, among other factors, (i) the unaudited net liabilities assets value of COL of RMB212,634,000 (equivalent to approximately HKD241,218,378) as of 30 June 2009; (ii) the business prospects of COL, and (iii) the appraised value of COL in the amount of RMB1,100,000 as at the Valuation Date. Such appraisal was prepared by the Independent Valuer, an independent firm of qualified valuers, based on asset-based approach. To the best of Directors' knowledge, information and belief, having made all reasonable enquires, the Independent Valuer is a third party independent of the Group and its connected persons.

Conditions Precedent

The completion of the Equity Transfer Agreement will be conditional upon the fulfillment of, among other things, the following conditions precedent:

- (a) the approval of the Equity Transfer Agreement by the Board and the Independent Shareholders in general meeting and compliance with all the reporting, announcement and independent shareholders approval requirements under the Listing Rules; and
- (b) the approval of the Equity Transfer Agreement by the board of directors of the Parent.

Counter-guarantee arrangement

Pursuant to the Equity Transfer Agreement, the Parent has agreed to provide a counter-guarantee arrangement for the guarantees provided by the Company to COL for the term loans granted to COL by various banks for a maximum outstanding balance of RMB224,700,000 (comprising a maximum principal amount of RMB209,100,000 and estimated accrued interest of RMB15,600,000) for a period from 25 September 2009 to 30 September 2010 without any security over the assets of the Company (the “Arrangement”).

FINANCIAL INFORMATION

Under the PRC Accounting Standards, the audited net liabilities assets value of COL was RMB191,866,977.66 as at 31 December 2008.

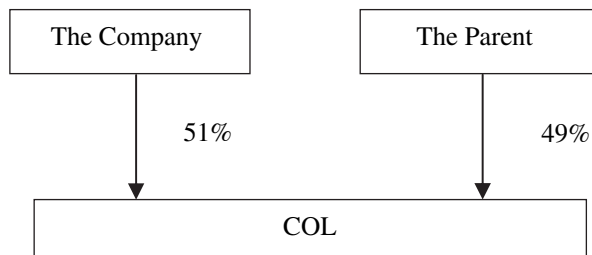
Under the PRC Accounting Standards, the audited loss before and after taxation and extraordinary items of COL for the two financial years ended 31 December 2007 and 2008 respectively, were as follows:

	For the financial year ended 31 December 2008 (audited) <i>RMB'000</i>	For the financial year ended 31 December 2007 (audited) <i>RMB'000</i>
Loss before taxation and extraordinary items	21,436	13,146
Loss after taxation and extraordinary items	21,436	13,146

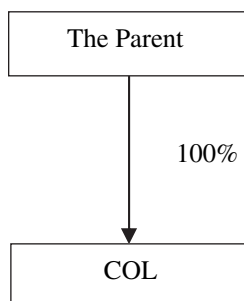
SHAREHOLDING STRUCTURE OF COL

The shareholding structure of COL before and upon the completion of the Equity Transfer Agreement is set out below:

Before Completion



After Completion



REASONS FOR THE EQUITY TRANSFER AGREEMENT

The Company is of the view that the Disposal will (i) allow the Company to focus on its existing principal areas of business namely, the production of newspapers, printing and trading of print-related materials; and (ii) generate higher returns to the Group in future.

FINANCIAL EFFECT OF THE EQUITY TRANSFER AGREEMENT

As at the date of this announcement, COL is owned as to 51% and 49% by the Company and the Parent respectively, and is a subsidiary of the Company under the Listing Rules. Upon the completion of the Equity Transfer Agreement, COL will be wholly-owned by the Parent and will cease to be a subsidiary of the Company. As a result, the financial results of COL will no longer be equity accounted in the accounts of the Company.

The Directors expect that the Company will realize a profit from the Disposal. The gain is calculated with reference to the Consideration and the Company's share of net liabilities assets of the 51% equity interest in COL at the Disposal date. The fair value of financial guarantee granted to COL will be charged at the same time. With reference to the Consideration and the Company's share of net liabilities assets of the 51% equity interest in COL at 30 June 2009 and the fair value of financial guarantee determined according to the valuation report issued by a professional valuer not connected with the Group, the Company realises an estimated gain of approximately RMB109,211,000 (approximately HKD123,976,615) and recognises financial guarantee expenses of approximately RMB19,031,000 (approximately HKD21,604,041).

The sale proceeds arising from the Disposal will be used as the working capital of the Group.

LISTING RULES IMPLICATIONS

The Parent is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. The Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (as defined under Rule 14A.10 of the Listing Rules) in respect of the Disposal exceed 2.5%, the Disposal is subject to the reporting, announcement and independent shareholder approval requirements under Chapter 14A of the Listing Rules.

As one or more the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Disposal exceed 25% but are below 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and shareholder approval requirements under Chapter 14 of the Listing Rules.

As the Arrangement constitutes financial assistance provided by the Parent, which is a connected person of the Company, for the benefit of the Company on normal commercial terms where no security over the assets of the Company is granted in respect of the Arrangement, the Arrangement is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A.65(4) of the Listing Rules.

The Company confirms that there is no other transaction entered into between any member of the Group and the Parent or its associates within a 12-month period from the date of this announcement or otherwise related, which should be, together with the Equity Transfer Agreement, regarded as a series of transactions and treated as if they are one transaction under Rule 14.22 or Rule 14A.25 of the Listing Rules.

The Directors (excluding the independent non-executive Directors who will express their views after receiving advice from the independent financial adviser) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GENERAL INFORMATION ON THE COMPANY, THE PARENT AND COL

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

The Parent is a state-owned enterprise and ultimately controlled by the Beijing Municipal Government. The Parent is principally engaged in the holding of ten newspapers, four magazines and two online media. The Parent is a controlling shareholder of the Company.

COL is a 51%-owned subsidiary of the Company while the Parent holds the remaining 49% equity interest in COL. COL is also treated as a jointly controlled entity and accounted for by the Company under the equity accounting method from an accounting perspective. COL is principally engaged in marketing and organising the China Open tennis tournaments.

GENERAL INFORMATION

An Independent Board Committee has been formed to advise the Independent Shareholders on the Disposal and the Independent Board Committee has approved the appointment of China Everbright Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Disposal in accordance with the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, none of the members of the Independent Board Committee has any material interest in the transactions contemplated under the Equity Transfer Agreement

A circular containing, among other things, further details of the Disposal, the letter from the Independent Board Committee and the recommendation from the independent financial adviser on the terms of the Disposal, together with a notice convening the EGM, will be despatched to the Shareholders within 21 days after the publication of this announcement. As at the date of this announcement, the Parent and its associates, who directly and indirectly, hold 124,839,974 domestic shares, (represent approximately 63.27% of the issued share capital of the Company), control or are entitled to control over the voting right in respect of their shares in the Company. Therefore, the Parent and its associates will abstain from voting on the resolution to be proposed at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other than the Parent and its associates, no connected person of the Company, Shareholder and their respective associates with a material interest in the transaction contemplated under the Equity Transfer Agreement is required to abstain from voting at the EGM.

DEFINITIONS

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

“Arrangement”	has the meaning ascribed thereto under the section headed “Equity Transfer Agreement – Counter-guarantee arrangement” in this announcement
“Board”	the board of Directors
“COL”	Beijing China Open Promotion Company Limited (北京中國網球公開賽體育推廣有限公司), a limited liability company incorporated under the laws of the PRC, and a non-wholly owned 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
“Disposal”	the proposed disposal of a 51% equity interest in COL by the Company to the Parent under the Equity Transfer Agreement
“EGM”	an extraordinary general meeting of the Company to be convened for Independent Shareholders to consider and, if thought fit, to approve the Disposal
“Equity Transfer Agreement”	an equity transfer agreement dated 15 October 2009 between the Parent and the Company in relation to the disposal of a 51% equity interest in COL
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors who have no material interest in the Disposal, namely Messrs. Tsang Hing Lun, Wu Changqi and Liao Li
“Independent Shareholders”	shareholders of the Company who are not required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal under the Listing Rules
“Independent Valuer”	Jones Lang LaSalle Sallmanns Limited, a firm of qualified valuers
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Accounting Standards”	means the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006.

“RMB”	renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Date”	31 August 2009, being the assessment date adopted by the Independent Valuer in the valuation report

By Order of the Board
Zhang Yanping
Chairman

Beijing, PRC, 15 October 2009

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 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.