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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)*

### **CONTINUING CONNECTED TRANSACTIONS**

#### **THE RENEWAL OF THE LOGISTICS SERVICES AGREEMENT**

The Board announces that, on 1 July 2009, BYD Logistics and XHM Logistics agreed to renew the Logistics Services Agreement for the period from 1 July 2009 to 31 December 2010, pursuant to which XHM Logistics has agreed to provide logistics services in respect of paper and printing materials and storage services to BYD Logistics.

Reference is also made to the announcement of the Company dated 11 September 2008 in relation to the COL Services Agreement entered into between COL (one of subsidiaries of the Company) and XHM Logistics pursuant to which XHM Logistics agreed to provide logistics services in respect of tennis tournament-related products and storage services to COL for a term commencing from 11 September 2008 and ending on 31 July 2010.

#### **LISTING RULES IMPLICATIONS**

COL and BYD Logistics are both subsidiaries of the Company. XHM Logistics is an indirect subsidiary of BYD, the controlling shareholder of the Company and therefore XHM Logistics is a connected person of the Company under Rule 14A.11 of the Listing Rules. Accordingly, the transactions under the COL Services Agreement and the renewal of the Logistics Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

#### **AGGREGATION**

Given that COL Services Agreement and the renewal of the Logistics Services Agreement were both entered into between XHM Logistics and subsidiaries of the Company (being COL and BYD Logistics, respectively) within a 12-month period, the transactions contemplated under COL Services Agreement should be aggregated with the transactions contemplated under the renewal of the Logistics Services Agreement pursuant to Rule 14A.27 of the Listing Rules.

Such aggregation would result in the percentage ratios (as defined under Rule 14A.10 of the Listing Rules) for transactions contemplated under the COL Services Agreement and the renewal of the Logistics Services Agreement exceeding 0.1%, but being lower than 2.5%. Therefore the transactions thereunder are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the requirement of independent shareholders' approval under Rule 14A.48 of the Listing Rules. The Directors are of the view that the renewal of the Logistics Services Agreement was entered into and carried out 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 RENEWAL OF THE LOGISTICS SERVICES AGREEMENT**

Reference is made to the announcement of the Company dated 27 June 2007.

BYD Logistics and XHM Logistics entered into the Logistics Services Agreement on 27 June 2007, pursuant to which XHM Logistics agreed to provide logistics services in respect of paper and printing materials and warehouse storage services to BYD Logistics, and BYD Logistics agreed to pay the consideration to XHM Logistics subject to the terms and conditions therein.

The Logistics Services Agreement expired on 30 June 2009 and was renewed upon mutual agreement between BYD Logistics and XHM Logistics on 1 July 2009 for the period from 1 July 2009 to 31 December 2010.

### **Date**

1 July 2009

### **Parties**

- (i) BYD Logistics, a non-wholly owned subsidiary of the Company
- (ii) XHM Logistics, an indirect subsidiary of BYD

### **Continuing transactions**

Pursuant to the renewal of 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 renewal of the Logistics Services Agreement is for a term commencing from 1 July 2009 and ending on 31 December 2010, and is renewable upon mutual agreement between parties thereto, subject to compliance with 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 RMB12 per month per square meter. BYD Logistics will settle the logistics service fees and storage fee to XHM Logistics on a monthly basis. The price mechanism under the renewal of the Logistics Services Agreement is comparable to the fees charged by other service providers.

## **Historical Transaction Values**

The actual values of the transactions under the Logistics Services Agreement for the six months ended 31 December 2007, the year ended 31 December 2008 and the five months ended 31 May 2009 were RMB752,311, RMB1,900,000 and RMB460,000 respectively (equivalent to approximately HKD852,863, HKD2,153,951 and HKD521,838).

## **Annual Caps**

With the continued development of the business of the Group and based on internal estimates of demand and operation conditions, the Company expects that annual caps under the renewal of the Logistics Services Agreement would not exceed RMB2,000,000 and RMB3,000,000, respectively (equivalent to approximately HKD2,268,860 and HKD3,403,290) for the six months ending 31 December 2009 and for the year ending 31 December 2010, respectively.

In arriving at the annual caps, the Company has taken into account (i) the historical transaction values under the Logistics Services Agreement for the year ended 31 December 2008 and for the five months ended 31 May 2009, respectively; (ii) the estimated growth of the market prices of logistics services under the Logistics Services Agreement during the six months ending 31 December 2009 and the year ending 31 December 2010, respectively.

As at the date of this announcement, the actual transaction values under the Logistics Services Agreement for the year ended 31 December 2008 and for the five months ended 31 May 2009 had not been exceeded.

## **Reasons for renewal of the Logistics Services Agreement**

The Company believes the renewal of such agreement on a continuing basis will (i) provide greater certainty during the course of operation; and (ii) enable the Group to secure comparatively favourable terms for logistics services.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Logistics Services Agreement (i) have been negotiated on an arm's length basis; (ii) have been 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; (iv) are fair and reasonable and in the interests of the Shareholders as a whole; and (v) that the revised annual caps for the six months ending 31 December 2009 and the year ending 31 December 2010, mentioned above are fair and reasonable.

### **The Listing Rules implications**

COL and BYD Logistics are both subsidiaries of the Company. XHM Logistics is an indirect subsidiary of BYD, the controlling shareholder of the Company and therefore XHM Logistics is a connected person of the Company under Rule 14A.11 of the Listing Rules. Accordingly, the transactions under the COL Services Agreement and the renewal of the Logistics Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **Aggregation**

Reference is made to the announcement of the Company dated 11 September 2008 in relation to the COL Services Agreement entered into between COL (one of subsidiaries of the Company) and XHM Logistics pursuant to which XHM Logistics agreed to provide logistics services in respect of tennis tournament-related products and storage services in respect of a 400 square-meter warehouse to COL for a term commencing from 11 September 2008 and ending on 31 July 2010.

Given that COL Services Agreement and the renewal of the Logistics Services Agreement were both entered into between XHM Logistics and subsidiaries of the Company (being, COL and BYD Logistics, respectively) within a 12-month period, the transactions contemplated under COL Services Agreement should be aggregated with the transactions contemplated under the renewal of the Logistics Services Agreement pursuant to Rule 14A.27 of the Listing Rules.

Such aggregation would result in the percentage ratios (as defined under Rule 14A.10 of the Listing Rules) for the transactions contemplated under COL Services Agreement and the renewal of the Logistics Services Agreement exceeding 0.1% but being lower than 2.5%. Therefore the transactions thereunder are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the requirement of independent shareholders' approval under Rule 14A.48 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, there is no other continuing transaction entered into between any member of the Group and XHM Logistics and its ultimate beneficial owner(s) or otherwise related, which would be, together with the transactions under the COL Services Agreement and the renewal of the Logistics Services Agreement, aggregated under Rules 14A.27 of the Listing rules.

## **INFORMATION RELATING TO THE COMPANY, XHM LOGISTICS AND BYD LOGISTICS**

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

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

BYD Logistics is a 50.5%-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.

## **DEFINITIONS**

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

“Board”	the board of directors of the Company;
“BYD”	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;
“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;
“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 established under PRC laws;
“COL Services Agreement”	the logistics services agreement dated 11 September 2008 entered into between COL and XHM Logistics;
“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 Hong Kong Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“HKD”	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 dated 27 June 2007 entered into between BYD Logistics and XHM Logistics;
“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;
“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;
“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 BYD.

By Order of the Board  
**Zhang Yanping**  
*Chairman*

Beijing, PRC, 1 July 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](http://www.bjmedia.com.cn)*