THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Beijing Media Corporation Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Beijing Media Corporation Limited.

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)

MAJOR AND CONNECTED TRANSACTION
AND
PRINCIPAL CONTINUING CONNECTED TRANSACTIONS

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

China Everbright Capital Limited

A letter from the Board is set out on pages 5 to 22 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on page 23 of this circular. A letter from China Everbright Capital Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 24 to 43 of this circular.

A notice convening the EGM to be held at 2 p.m. on Friday, 18 December 2009 at 21st Floor, Beijing Youth Daily Agency Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC is set out on pages 57 to 59 of this circular. Whether or not you are able to attend the EGM in person, please complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjournment thereof should you so desire.

30 October 2009

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

"Advertising Agreements"	collectively the Today Sunshine Advertising Agreement and the Beiqing Advertising Agreement
"Advertising Business Agreement"	the advertising business agreement dated 7 December 2004 entered into between the Company and the Parent
"Announcements"	the announcements of the Company dated 25 April 2006, 10 August 2006 and 4 December 2006
"Arrangement"	has the meaning ascribed thereto under the section headed "Equity Transfer Agreement – Counter-guarantee arrangement" in this circular
"associates"	has the meaning ascribed to it in the Listing Rules
"Beijing Youth Daily Agency Building"	the Beijing Youth Daily Agency Building situated at Building A, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing, the PRC
"Beiqing Advertising"	Beijing Beiqing Advertising Limited (北京北青廣告有限公司), a limited liability company incorporated under the laws of the PRC, and a subsidiary of the Parent
"Beiqing Advertising Agreement"	the advertising framework agreement dated 1 January 2006 entered into between the Company and Beiqing Advertising
"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, and a subsidiary of the Company
"BYD Papers"	4 newspapers which consist of Beijing Youth Daily (北京青年報), Beijing Children's Weekly (北京少年報), Middle School Times (中學時事報) and Beijing Today (今日北京)
"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 and the Principal Continuing Connected Transactions
"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
"Gehua Sunshine"	Beijing Gehua Sunshine Advertising Co., Ltd (北京歌華陽光廣告有限公司), a limited liability company incorporated under the laws of the PRC, and a jointly controlled entity of the Parent
"Gehua Sunshine Advertising Agreement"	the advertising agreement dated 8 December 2004 entered into between the Company and Gehua Sunshine
"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 and the Principal Continuing Connected Transactions, namely Messrs. Tsang Hing Lun, Wu Changqi and Liao Li
"Independent Financial Adviser" or "China Everbright"	China Everbright Capital Limited, a licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders as to the terms of the Disposal and the Principal Continuing Connected Transactions
"Independent Shareholders"	shareholders of the Company who are not required to abstain from voting on the resolutions to be proposed at the EGM to approve the Disposal and the Principal Continuing Connected Transactions under the Listing Rules

"Independent Valuer"	Jones Lang LaSalle Sallmanns Limited, a firm of qualified valuers
"Latest Practicable Date"	28 October 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Original Printing Agreement"	the printing agreement dated 7 December 2004 entered into between BYD Logistics and the Parent
"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
"Parent Group"	the Parent and its subsidiaries (excluding the Group)
"PRC"	The People's Republic of China, which for the purposes of this circular 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
"Principal Continuing Connected Transactions"	the transactions under the Advertising Business Agreement, the Printing Framework Agreement and the Advertising Agreements
"Printing Framework Agreement"	the printing framework agreement dated 15 October 2009 entered into between BYD Logistics and the Parent
"Prospectus"	the prospectus of the Company dated 13 December 2004
"RMB"	renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Supervisor(s)"	the supervisor(s) of the Company
"Today Sunshine"	Beijing Today Sunshine Advertising Co., Ltd (北京今日陽光廣告有限公司), a limited liability company incorporated under the laws of the PRC, and a subsidiary of the Parent
"Today Sunshine Advertising Agreement"	the advertising framework agreement dated 8 December 2004 entered into between the Company and Today Sunshine
"Valuation Date"	31 August 2009, being the assessment date adopted by the Independent Valuer in the valuation report

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)

Executive Directors:	*Registered office:*
Zhang Yanping	Beijing Youth Daily Agency
Zhang Yabin	Building A, No.23 Baijiazhuang Dongli
Sun Wei	Chaoyang District
He Pingping	Beijing 100026
Du Min	PRC

Non-executive Directors:
Liu Han
Xu Xun
Li Yigeng

Independent non-executive Directors:
Tsang Hing Lun
Wu Changqi
Liao Li

30 October 2009

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION AND PRINCIPAL CONTINUING CONNECTED TRANSACTIONS

I. INTRODUCTION

Reference is made to the announcements of the Company dated 15 October 2009 in relation to the Disposal and the Principal Continuing Connected Transactions.

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 Company expects to continue the Principal Continuing Connected Transactions and proposes to renew the annual caps for the transactions contemplated under the Principal Continuing Connected Transactions for the three years ending 31 December 2012.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider the terms of the Disposal and the Principal Continuing Connected Transactions and their respective annual caps. China Everbright Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Disposal and the Principal Continuing Connected Transactions and their respective annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The purpose of this circular is to provide you with (i) further information in relation to the Disposal and the Principal Continuing Connected Transactions; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) the notice convening the EGM.

II. THE DISPOSAL

On 15 October 2009, the Company and the Parent entered into the 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 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 the asset-based approach of valuation. To the best of the 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 PRC Accounting Standards, the audited net liabilities value at COL was RMB191,866,977.66 as at 31 December 2008

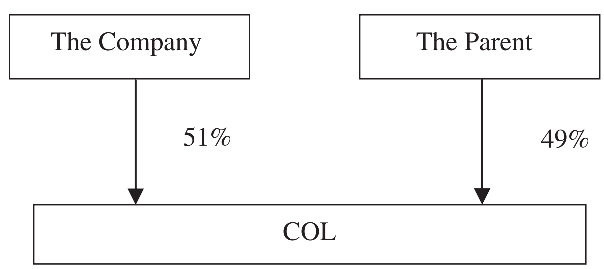
Under PRC Accounting Standards, the audited loss before and after taxation and extraordinary items of COL for the two financial years ended 31 December 2007 and 2008 respectively, were as follows:

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

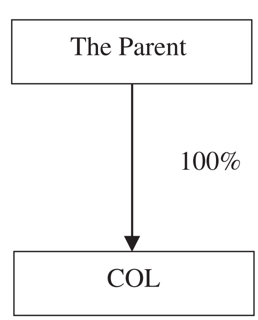
Shareholding structure of COL

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 circular, 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 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 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). At the same time, the total assets and liabilities increases RMB109,211,000 and RMB19,031,000 respectively.

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.

III. PRINCIPAL CONTINUING CONNECTED TRANSACTIONS

(A) Advertising Business Agreement

Date

7 December 2004

Parties

a) the Company; and

b) the Parent

Continuing transactions

Pursuant to the Advertising Business Agreement:

a) the Company has been granted by the Parent the exclusive right to sell all of the advertising space in the BYD Papers and is entitled to all revenue derived from such sales;

b) the Company is responsible for the printing, including printing costs and the choice of newsprint of the BYD Papers; and

c) the Company is required to allocate up to 360 pages per year of advertising space in respect of each of the BYD Papers to the Parent for publicity announcements and notices (provided that the advertising space allocated will not exceed 9% of the total advertising space of each paper per issue), for which no fee will be payable.

Term and termination

The Advertising Business Agreement is for a term commencing from 1 October 2004 and ending on 30 September 2033. Upon expiry, the Advertising Business Agreement will, subject to compliance with the requirements of the Listing Rules, be automatically renewed.

Consideration

The consideration for the transactions contemplated under the Advertising Business Agreement (i) shall be settled by the Company from internal resources on a monthly basis to the Parent; and (ii) is equal to 16.5% of the total advertising revenue generated from the BYD Papers or such figure or formula as the parties may agree in the future.

Annual Caps

The historical transaction values and the relevant annual caps for the transactions under the Advertising Business Agreement for the two years ended 31 December 2007 and 2008 respectively, and the year ending 31 December 2009 are as follows:

Transactions	Year ended 31 December 2007 *(RMB)*	Year ended 31 December 2008 *(RMB)*	Year ending 31 December 2009 *(RMB)*
Fees paid by the Company to the Parent (actual value)	68,700,000	79,820,000	38,265,448 (for the 8 months ended 31 August 2009)
Fees paid by the Company to the Parent (annual cap)	127,050,000	145,200,000	145,200,000

As at the Latest Practicable Date, the annual cap for the transactions contemplated under the Advertising Business Agreement for the year ending 31 December 2009 has not been exceeded.

The proposed annual caps for the transactions contemplated under the Advertising Business Agreement for the three years ending 31 December 2012 are as follows:

Transactions	Year ended 31 December 2010 *(RMB)*	Year ended 31 December 2011 *(RMB)*	Year ending 31 December 2012 *(RMB)*
Fees paid by the Company to the Parent (proposed annual cap)	132,000,000	145,200,000	145,200,000

In arriving at the proposed annual caps in respect of provision of advertising services to the Parent by the Company, the Directors have taken into account, among other matters, (i) the historical figures of the actual value of the transactions under the Advertising Business Agreement for the two years ended 31 December 2007 and 2008 respectively, and the eight months ended 31 August 2009; and (ii) reasonable room for growth from 2010 in the advertising industry bearing in mind an anticipated recovery of the national economy from the most severe effects of the financial crisis.

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 transactions contemplated under the Advertising Business Agreement constitute continuing connected transactions 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 proposed annual cap of the Advertising Business Agreement for each of the three years ending 31 December 2012 respectively, exceed 2.5%, the transactions contemplated under the Advertising Business Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(B) Printing Framework Agreement

Date

15 October 2009

Parties

a) BYD Logistics, a subsidiary of the Company; and

b) the Parent

Continuing transactions

Pursuant to the Printing Framework Agreement:

BYD Logistics and the Parent have agreed to cooperate in relation to the provision of printing services and printing materials from 2010 to 2012.

In addition, BYD Logistics has agreed to provide printing services and printing materials to the Parent in respect of the relevant newspapers and magazines of the Parent (other than BYD Papers) and other newspapers and magazines of the Parent which may be introduced by it from time to time.

Consideration

The consideration for the transactions contemplated under the Printing Framework Agreement (i) shall be settled by the Parent on a monthly basis; (ii) shall be conducted on normal commercial terms, being on terms which a party could obtain if the transactions were on arm's length basis or on terms no less favorable to BYD Logistics than terms available to or from third parties; and (iii) is calculated based on the actual volume of the newsprint printed and the quality of the printing services and printing materials.

Term and termination

Three years commencing from 1 January 2010 and ending on 31 December 2012.

Price determinations

Under the Printing Framework Agreement, the price shall be determined in accordance with the following pricing principles:

(a) relevant market price; and

(b) where there is no relevant market price, then the contract price agreed by both parties.

Implementation Agreements

BYD Logistics and the members of the Parent Group have entered into and will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Printing Framework Agreement during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

As the implementation agreements provide for the supply of services as contemplated under the Printing Framework Agreement, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Printing Framework Agreement and the relevant annual caps, if exceeded, the Company will comply with the relevant Listing Rules accordingly.

Annual Caps

The historical transaction values and the relevant annual caps for the transactions under the Original Printing Agreement for the two years ended 31 December 2007 and 2008 respectively, and the year ending 31 December 2009 are as follows:

Transactions	**Year ended 31 December 2007** *(RMB)*	**Year ended 31 December 2008** *(RMB)*	**Year ending 31 December 2009** *(RMB)*
Fees paid by the Parent to the BYD Logistics (actual value)	125,790,000	107,140,000	8,942,463 (for the 8 months ended 31 August 2009)
Fees paid by the Parent to the BYD Logistics (annual cap)	150,000,000	190,000,000	220,000,000

As at the Latest Practicable Date, the annual cap for the transactions contemplated under the Original Printing Agreement for the year ending 31 December 2009 has not been exceeded.

The proposed annual caps for the transactions contemplated under the Printing Framwork Agreement for the three years ending 31 December 2012 are as follows:

Transactions	**Year ended 31 December 2010** *(RMB)*	**Year ended 31 December 2011** *(RMB)*	**Year ending 31 December 2012** *(RMB)*
Fees paid by the Parent to the BYD Logistics (proposed annual cap)	100,000,000	120,000,000	140,000,000

In arriving at the proposed annual caps in respect of provision of printing services to the Parent by BYD Logistics, the Directors have taken into account, among other matters, (i) the historical figures of the actual value of the transactions under the Original Printing Agreement for the two years ended 31 December 2007 and 2008 respectively, and the eight months ended 31 August 2009; and (ii) the decrease in general costs through cost controls and printing capacity in recent years.

Listing Rules Implications

As BYD Logistics is a subsidiary of the Company and the Parent is the controlling shareholder of the Company, the Parent is a connected person of the Company under the Listing Rules. The transactions contemplated under the Printing Framework Agreement constitute continuing connected transactions 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 proposed annual cap of the Printing Framework Agreement for each of the three years ending 31 December 2012 respectively, exceed 2.5%, the transactions contemplated under the Printing Framework Agreement are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(C) Advertising Agreements

(1) Today Sunshine Advertising Agreement

Date

8 December 2004

Parties

a) the Company; and

b) Today Sunshine, a subsidiary of the Parent

Continuing transactions

Pursuant to the Today Sunshine Advertising Agreement, Today Sunshine, as one of the advertising agents of the Company, has agreed to arrange for placement of advertisements on Beijing Youth Daily.

Consideration

The consideration for the transactions contemplated under the Today Sunshine Advertising Agreement (i) shall be settled by Today Sunshine before publication of the advertisement on a monthly basis; and (ii) is calculated based on a unit price agreed between the parties from time to time, which was determined by reference to, among other matters, the actual amount of the advertisement placed, the size of the advertisements and the page on which the advertisements will be published.

Term and termination

Three years commencing from 1 January 2010 and ending on 31 December 2012.

Price determinations

Under the Today Sunshine Advertising Agreement, the price shall be determined in accordance with the following pricing principles:

a) state-prescribed price;

b) where there is no state-prescribed price, then according to relevant market price; and

c) where there is no state-prescribed price or relevant market price, then the price which is favorable to the Company.

Implementation Agreements

The Company and Today Sunshine have entered into and will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under Today Sunshine Advertising Agreement during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

As the implementation agreements provide for the supply of services as contemplated under the Today Sunshine Advertising Agreement, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Today Sunshine Advertising Agreement and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

(2) Beiqing Advertising Agreement

Date

1 January 2006

Parties

a) the Company; and

b) Beiqing Advertising, a subsidiary of the Parent

Continuing transactions

Pursuant to the Beiqing Advertising Agreement, Beiqing Advertising, as one of the advertising agents of the Company, has agreed to arrange for placement of advertisements on the Beijing Youth Daily.

Consideration

The consideration for the transactions contemplated under the Beiqing Advertising Agreement (i) shall be settled by Beiqing Advertising on the date of making the relevant booking of the advertising space on a monthly basis; and (ii) was calculated based on a unit price set out in the standard advertising price list, which price list is also issued to the relevant customers of the Company, subject to applicable discounts.

Term and termination

Three years commencing from 1 January 2010 and ending on 31 December 2012.

Price determinations

Under the Beiqing Advertising Agreement, the price shall be determined in accordance with the following pricing principles:

a) state-prescribed price;

b) where there is no state-prescribed price, then according to relevant market price; and

c) where there is no state-prescribed price or relevant market price, then the price which is favorable to the Company.

Implementation Agreements

The Company and Beiqing Advertising have entered into and will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under Beiqing Advertising Agreement during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

As the implementation agreements provide for the supply of services as contemplated under the Beiqing Advertising Agreement, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Beiqing Advertising Agreement and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

Annual Caps

The historical transaction values and the relevant annual caps for the transactions under the Advertising Agreements for the two years ended 31 December 2007 and 2008, respectively, and the year ending 31 December 2009 are as follows:

Transactions	Year ended 31 December 2007 *(RMB)*	Year ended 31 December 2008 *(RMB)*	Year ending 31 December 2009 *(RMB)*
advertising fee paid by Today Sunshine to the Company (actual value)	240,000	200,000	101,050 (for the 8 months ended 31 August 2009)
advertising fee paid by Gehua Sunshine to the Company (actual value) *(Note 1)*	1,190,000	540,000	0
advertising fee paid by Beiqing Advertising to the Company (actual value)	8,350,000	6,270,000	7,635,900 (for the 8 months ended 31 August 2009)
Total (actual value)	9,780,000	7,010,000	7,736,950 (for the 8 months ended 31 August 2009)
Total (annual cap)	28,000,000	31,000,000	32,100,000

Note:

1. Gehua Sunshine ceased its business operations in 2009 since when the Company ceased its operation with Gehua Sunshine. The Company will not therefore extend the term of Gehua Sunshine Advertising Agreement.

As at the Latest Practicable Date, the annual cap for the transactions contemplated under the Advertising Agreements for the year ending 31 December 2009 has not been exceeded.

The proposed annual caps for the transactions contemplated under the Advertising Agreements for the three years ending 31 December 2012 are as follows:

Transactions	Year ended 31 December 2010 *(RMB)*	Year ended 31 December 2011 *(RMB)*	Year ending 31 December 2012 *(RMB)*
advertising fee paid by Today Sunshine to the Company (proposed annual cap)	500,000	1,000,000	1,400,000
advertising fee paid by Beiqing Advertising to the Company (proposed annual cap)	21,500,000	26,000,000	30,600,000
Total (proposed annual cap)	22,000,000	27,000,000	32,000,000

In arriving at the proposed annual caps in respect of provision of advertising agency services to the Company by Today Sunshine and Beiqing Advertising, the Directors have taken into account, among other matters, (i) the historical figures of the actual value of the transactions under the Advertising Agreement for the two years ended 31 December 2007 and 2008 respectively, and the eight months ended 31 August 2009; (ii) the adjusted mode of its agency business of the Company which may increase its revenues; and (iii) the potential enlarged sales group from Beiqing Advertising and Today Sunshine notwithstanding the fact that the Company will no longer cooperate with Gehua Sunshine since it ceased business in 2009.

Aggregation and Listing Rules Implications

The Parent is the controlling shareholder of the Company and Today Sunshine and Beiqing Advertising are subsidiaries of the Parent, each of the above entities is, accordingly, a connected person of the Company under Rule14A.11 of the Listing Rules. Accordingly, the transactions contemplated under the Advertising Agreements constitute continuing connected transactions.

Given that both the Today Sunshine Advertising Agreement and the Beiqing Advertising Agreement were entered into between the Company and the subsidiaries of the Parent Group, the transactions contemplated under the Today Sunshine Advertising Agreement would have to be aggregated with the transactions contemplated under the Beiqing Advertising Agreement pursuant to Rule14A.25 of the Listing Rules.

The aggregation of the Advertising Agreements would result in the applicable percentage ratios in respect of the transactions contemplated under the Advertising Agreements exceeding 2.5%, the Advertising Agreements are subject to the reporting, announcement and independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, save for disclosed above, there is no other transaction entered into between any member of the Group and Today Sunshine and Beiqing Advertising or their respective associates within a 12-month period from the date of this circular or otherwise related, which would be, together with the Advertising Agreements, regarded as a series of transactions and treated as if they are one transaction under Rule 14A.25 of the Listing Rules.

Reasons for the entering into the Principal Continuing Connected Transactions

The Principal Continuing Connected Transactions of the Group are conducted in the ordinary and usual course of business of the Company. Such transactions will continue to be conducted on an arm's length basis and on terms that are fair and reasonable to the Company. The Company is of the view that the Principal Continuing Connected Transactions (i) enable the Group to secure a stable source of certain services from the Parent Group in its ordinary course of business; (ii) facilitate the business operation and growth of the Company; and (iii) reduce risks which the Company might incur during the course of operation of the Company.

IV. INFORMATION ON THE PARTIES TO THE DISPOSAL AND THE PRINCIPAL CONTINUING CONNECTED TRANSACTIONS

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 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.

BYD Logistics is a subsidiary of the Company, in which the Company is the holder of 50.5% of its equity interest. BYD Logistics is involved in the business of providing storage, transportation, logistics, printing services and trading of print related material.

Today Sunshine is a subsidiary of the Parent owned as to 55%. Today Sunshine is engaged in outdoor billboard advertising.

Beiqing Advertising is a PRC incorporated company which business includes the provision of advertising agency services. Beiqing Advertising is a subsidiary of the Parent owned as to 55%.

V. EGM

The EGM will be held for the purpose of considering and approving by the Independent Shareholders the Disposal and the Principal Continuing Connected Transactions and their respective annual caps for the three years ending 31 December 2012.

Votes on the resolutions to be considered at the EGM shall be taken by way of poll. In accordance with the Listing Rules, the Parent and its associates will abstain from voting on the resolutions to be proposed at the EGM. As of the Latest Practicable Date, the Parent and its associates, directly and indirectly, hold 124,839,974 domestic shares (representing approximately 63.27% of the issued share capital of the Company), control or are entitled to control over the voting rights in respect of their Shares in the Company.

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 transactions contemplated under the Disposal and the Principal Continuing Connected Transactions is required to abstain from voting at the EGM.

A notice convening the EGM is set out on pages 57 to 59 of this circular. The EGM will be held at 2 p.m. on Friday, 18 December 2009 at 21st Floor, Beijing Youth Daily Agency, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC, at which resolutions will be proposed to approve the transactions contemplated under the Disposal and the Principal Continuing Connected Transactions and their respective annual caps for the three years ending 31 December 2012.

Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong at Rooms 1806-1807, 18th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

VI. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposal and the Principal Continuing Connected Transactions; and (ii) the letter from the Independent Financial Adviser set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the Disposal, the Principal Continuing Connected Transactions and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice.

The Directors are of the view that the terms of the Disposal and the Principal Continuing Connected Transactions are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to approve the Disposal and the Principal Continuing Connected Transactions and their respective annual caps for the three years ending 31 December 2012 at the EGM as set out in the notice of EMG on pages 57 to 59 of this circular.

By order of the Board
Zhang Yanping
Chairman

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)

Members of the Independent Board Committee
Tsang Hing Lun
Wu Changqi
Liao Li

30 October 2009

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION AND PRINCIPAL CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 30 October 2009 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the Disposal and the Principal Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the Disposal and the Principal Continuing Connected Transactions and the advice of the Independent Financial Adviser in relation thereto as set out on pages 24 to 43 of the Circular, we are of the opinion that the terms of the Disposal and the Principal Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Disposal and the Principal Continuing Connected Transactions and their respective annual caps for the three years ending 31 December 2012 by way of poll.

Yours faithfully,
Tsang Hing Lun **Wu Changqi** **Liao Li**
Independent Board Committee

The following is the text of the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.

光大控股
EVERBRIGHT

30 October 2009

To the Independent Board Committee and
the independent Shareholders of Beijing Media Corporation Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION AND PRINCIPAL CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendation to the Independent Board Committee and the Independent Shareholders as to whether the terms of transactions contemplated under (i) the Equity Transfer Agreement; (ii) the Advertising Business Agreement; (iii) the Printing Framework Agreement; and (iv) the Advertising Agreements (collectively, "**Agreements**") are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The details of the Agreements are set out in the Letter from the Board in the circular to the Shareholders dated 30 October 2009 (the "**Circular**"), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As referred to in the Letter from the Board, on 15 October 2009, the Company and the Parent entered into the Equity Transfer Agreement, pursuant to which the Company has agreed to sell and the Parent has agreed to purchase the Company's entire equity interests in COL ("**Sale Shares**") for cash consideration of RMB765,000. Upon the completion (the "**Completion**") of the Equity Transfer Agreement, the Company will cease to be interested in COL.

The Parent is the controlling shareholder of the Company and is therefore a connected person of the Company under the Listing Rules. As a result, the Disposal constitutes connected transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, the transactions contemplated under the Advertising Business Agreement, the Printing Framework Agreement and the Advertising Agreements constitute non-exempt continuing connected transactions for the Company pursuant to the Listing Rules. Therefore, the Advertising Business Agreement, the Printing Framework Agreement and the Advertising Agreements are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management (the "**Management**") of the Company and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Directors that no material factors have been omitted from the information supplied and opinions expressed to us. However, we have not conducted any independent investigation into the business, operations or financial condition of the Group, the Parent and COL. We have assumed that all statements and presentations made or referred to in the Circular were accurate at the time when they were made and are true at the Latest Practicable Date.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby China Everbright will receive any benefits from the Group, the Parent, COL or any of their respective associates.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our view on the transactions contemplated under the Agreements, we have taken into consideration the principal factors and reasons as set out below. In reaching our conclusion, we have considered the results of the analysis in light of each other and ultimately reached our opinion based on the results of all analysis taken as a whole.

(I) THE DISPOSAL

(a) Past performance and future prospects of the Company and COL

The Company is a PRC media company principally engaged in the sale of advertising space, production of newspapers, printing, trading of print-related materials and event organizing business.

The net profit before and after taxation and extraordinary items of the Company for (i) the two financial years ended 31 December 2007 and 2008; and (ii) the six months ended 30 June 2009, respectively, were as follows:

	Year ended 31 December 2007 (Audited) *RMB('000)*	Year ended 31 December 2008 (Audited) *RMB('000)*	Six months ended 30 June 2009 (Unaudited) *RMB('000)*
Net profit before taxation and extraordinary items	17,617	41,870	17,464
Net profit after taxation and extraordinary items	10,885	37,463	9,978

COL is principally engaged in marketing and organising the China Open Tennis Tournament. COL successfully organized five tennis tournaments during the period from 2004 to 2008, which attracted participation of internationally renowned tennis players. Each of the tournaments attracted an audience from approximately 20 countries and regions through broadcasting by the CCTV sports channel. Since 2009, China Open Tennis Tournament has been upgraded to hold women's WTA tournament and the ATP500 Series men's tournament, by then it has become one of the eight highest world-class tournaments (including the four Grand Slams).

As at the Latest Practicable Date, COL, a jointly controlled entity of the Company, was held by the Company and the Parent as to 51% and 49% respectively.

The key financial figures of COL for the two financial years ended 31 December 2007 and 2008 (prepared in accordance with the PRC GAAP) were as follows:

	Year ended 31 December 2007 *RMB ('000)*	Year ended 31 December 2008 *RMB ('000)*
Revenue	50,440	58,150
Audited net loss before taxation and extraordinary items	13,146	21,436
Audited net loss after taxation and extraordinary items	13,146	21,436
Net liabilities	170,431	191,867

We noted that COL continued to make net losses in recent years. As advised by the Management, such net losses were generally due to the increasing finance expenses arising from the rise in bank loans. We were informed that COL generally finances its operations through, to a substantial extent, borrowing from banks. As at 31 December 2007 and 2008, the bank borrowings of COL amounted to approximately RMB324.6 million and approximately RMB370 million respectively. As a result of the rise in bank borrowings, the finance expenses of COL increased from approximately RMB10.3 million in 2007 to approximately RMB26.2 million in 2008, respectively representing approximately 20.4% and 45.1% of the revenue of COL in 2007 and 2008.

After taking into account that (i) COL incurred consecutive net losses in recent years and was unable to generate net cash inflow from its business operation; and (ii) COL will continue to rely on bank borrowings to support its business operation which will inevitably result in the continuous increase in finance expenses, the Management considers that it is difficult to turn around the loss-making situation of COL in short to medium term even if great effort is devoted by Management.

In addition, we were advised that, since 2004, the Company has been providing guarantees for bank facilities granted to COL for the purpose of facilitating COL's business operations and development. According to a framework guarantee agreement dated 22 July 2009 and entered into between the Company and COL in relation to the provision of guarantees to COL by the Company, the maximum principal amount of guarantees provided by the Company was RMB209.1 million.

In light of the Group's disposal of its entire equity interest in COL under the Equity Transfer Agreement, the Parent has agreed to provide a counter-guarantee arrangement ("**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 RMB224.7 million (comprising a maximum principal amount of RMB209.1 million and an estimated accrued interest of RMB15.6 million) for a period from 25 September 2009 to 30 September 2010 without any security over the assets of the Company.

As set out in the Letter from the Board, the Director consider 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; (ii) generate higher returns to the Group in future.

Having taken into account the above factors, in particular the consecutive net losses of COL in recent years, we concur with the views of the Directors and consider that the Disposal represents an opportunity for the Group to realize its investment in COL such that the Group can direct the sale proceeds and the management resources to its existing principal areas of business namely, the production of newspapers, printing and trading of print-related materials, and hence is in the interest of the Company and the Independent Shareholders as a whole.

(b) Principal terms of the Equity Transfer Agreement

Pursuant to the Equity Transfer Agreement, the Company has agreed to sell and the Parent has agreed to purchase the Sale Shares for cash consideration ("**Consideration**") of RMB765,000. Upon Completion, the Company will cease to be interested in COL.

The Consideration 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 in the Letter from the Board.

(c) Evaluation of the Consideration

As stated in the Letter from the Board, 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 of COL of RMB212,634,000 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.

To assess the fairness and reasonableness of the valuation of the Sale Shares, we have reviewed the valuation report ("**Valuation Report**") prepared by the Independent Valuer. Pursuant to the Valuation Report, assets-based approach was used by the Independent Valuer to arrive at the market value estimates for the Sale Shares.

Given the assets-based approach applied by the Independent Valuer is normal and usual among professional assets valuers, we are of the opinion that the basis for determining the valuation of the Sale Shares by the Independent Valuer is appropriate and is fair and reasonable so far as the Company and its Independent Shareholders are concerned.

(d) Financial effects of the Disposal on the Group

Net assets value and earnings

As at the Latest Practicable Date, COL was treated as a jointly controlled entity and accounted for by the Company under the equity accounting method. Upon the Completion, the Group will cease to be interested in COL.

In light of COL's net liabilities as at 30 June 2009 and its consecutive net losses in recent years, the Company's net assets value and earnings would be enhanced as a result of the exclusion of financial results of COL.

According to the unaudited pro forma consolidated statement of financial position of the Group as at 30 June 2009 as set out in Appendix I to the Circular, the net assets value of the Company, as if the Disposal had been completed on 30 June 2009, was approximately RMB1,339.5 million, representing an increase of approximately RMB90.2 million as compared with the net assets value of the Company of RMB1,249.3 million as at 30 June 2009.

As stated in the Letter from the Board, 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 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 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 realizes an estimated gain of approximately RMB109.2 million and recognizes financial guarantee expenses of approximately RMB19.0 million.

Working capital

We understand from the Management that the Company intends to use the net proceeds from the Disposal as working capital. In view of the net proceeds to be available to the Group after the Disposal, we are of the view that the working capital of the Group would be strengthened as a result of the Disposal.

As a result of the Counter-guarantee Arrangement provided by the Parent under the Equity Transfer Agreement, the Group can eliminate its exposure to credit risk arising from the financial guarantees provided by the Group to COL.

Taking into account the above, we consider that the Disposal is, from a financial standpoint, in the interests of the Company and the Shareholders as a whole.

(II) THE PRINCIPAL CONTINUING CONNECTED TRANSACTIONS

(A) Background

(1) Historical business relationships between the Group and the Parent

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 Group is a PRC media company principally engaged in the sale of advertising space, production of newspapers, printing, trading of print-related materials and event organizing business. We were advised that the advertising business is one of the Company's core businesses and derives a substantial portion of the Company's income. Its principal advertising medium is the Beijing Youth Daily ("**BYD Papers**").

Prior to the establishment of the Company in May 2001, the advertising, printing and distribution businesses of the BYD Papers were carried out by departments within the Parent.

Transactions contemplated under the Advertising Business Agreement

As set out in the prospectus ("**Prospectus**") of the Company dated 13 December 2004, on 7 December 2004, the Advertising Business Agreement was entered into between the Company and Parent, pursuant to which the Company was granted the exclusive right to operate the advertisement business in respect of the BYD Papers for a duration of 30 years from 1 October 2004 to 30 September 2033, which duration will automatically be extended upon expiry. The right granted includes the right to sell all of the advertising space in the BYD Papers, and the Company is entitled to all revenue derived from such sales.

Transactions contemplated under the Printing Framework Agreement

According to the Printing Framework Agreement entered into between BYD Logistics, a subsidiary of the Company, and the Parent on 7 December 2004, BYD Logistics agreed to provide printing services and printing materials in respect of Beijing Sci-Tech Report (北京科技報), Middle School Science Post (中學生科學報) and Legal Evening Post (法制晚報) and other newspaper and magazines of the Parent which may be introduced by the Parent from time to time. However, the terms of the Printing Framework Agreement shall not be applicable to the BYD Papers. Under this agreement, BYD Logistics is responsible for the printing of the three newspapers and the provision of paper for the printing.

Transactions contemplated under the Advertising Agreements

Today Sunshine Advertising Agreement

The Company has the exclusive right to sell advertising space in the BYD Papers. On 8 December 2004, the Company and Today Sunshine, a subsidiary of the Parent, entered into the original Today Sunshine Advertising Agreement, pursuant to which the Company agreed to sell advertising space in the BYD Papers to Today Sunshine.

Beiqing Advertising Agreement

On 1 January 2006, the Company and Beiqing Advertising, a subsidiary of the Parent, entered into the original Beiqing Advertising Agreement, pursuant to which Beiqing Advertising is required to arrange for placement of advertisements in the Beijing Youth Daily with the Company.

In preparation for the listing, the Company and the Parent entered into a number of agreements in 2004 to govern and manage the continuing connected transactions between them. At the time of the Company's listing in December 2004, the Stock Exchange granted a waiver to the Company from strict compliance with the relevant requirements of the Listing Rules in respect of the continuing connected transactions.

The waivers ("**Original Waivers**") with respect to the Principal Continuing Connected Transactions, which were subsequently approved by the then Independent Shareholders in December 2006, will expire on 31 December 2009. The Management expects the Principal Continuing Connected Transactions will continue after the expiry of the Original Waivers. In compliance with the continuing connected transaction requirements under the Listing Rules, the Directors propose to seek Independent Shareholders' approval to renew the Principal Continuing Connected Transactions for a term up to 31 December 2012.

(2) Reasons for, and benefits of, the Principal Continuing Connected Transactions

As set out in the interim report of the Group for the first six months ended 30 June 2009, total turnover (i) from advertising sales of the Group, mainly derived from advertising business of BYD Papers; and (ii) from printing business amounted to RMB192,644,000 and RMB25,187,000, representing approximately 51.0% and 6.7% of the Group's total revenue during the first half of 2009, respectively.

We were advised that BYD Papers are the principal advertising medium of the Group. As the Parent produces the editorial content for the BYD Papers, an area of business which is currently restricted from foreign ownership under the PRC law, the Management considers that the Advertising Business Agreement is an agreement whereby the Group benefits from the exclusive right to operate the advertising business of the BYD Papers. The revenue generated from Advertising Business Agreement has been, and is expected in the foreseeable future to be, the principal revenue of the Group. In addition, through the Advertising Agreements, the Group is able to generate revenue through the sales of advertising space in the BYD Papers to Today Sunshine and Beiqing Advertising, which in turn enhance the Group's earnings and profitability.

One of the principal businesses of BYD Logistics is the provision of printing services, including the printing of newspapers. We were advised that the Parent is BYD Logistics' key customer in respect of its printing business. As the Parent is one of the largest newspaper agencies in the PRC, the consolidated bulk printing orders from the Parent not only ensures a large quantity of business and revenue inflow to BYD Logistics on a stable basis, but also allows BYD Logistics to enjoy the advantage of economies of scale and lower average printing costs.

As stated in the Letter from the Board, the Principal Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company. Such transactions will continue to be conducted on an arm's length basis and on terms that are fair and reasonable to the Company. Owing to the long-term co-operation relationship between the Company and the Parent and the need for quality editorial content for the BYD Papers, the Board is of the opinion that the entering into of such transactions on a continuing basis is essential to the continuation of the Company's business and will be beneficial to the Company as the Principal Continuing Connected Transactions facilitate the business operation and growth of the Company and reduce risks which the Company might incur during the course of operation.

Due to the above, we concur with the Directors' view that the entering into the Advertising Business Agreement, the Printing Framework Agreement and the Advertising Agreements fall within the ordinary and usual course of business of the Group; and it is in the interests of the Group and its Shareholders as a whole.

(B) Key Terms of the Advertising Business Agreement, the Printing Framework Agreement and the Advertising Agreements

The Advertising Business Agreement

As the terms of the Advertising Business Agreement will expire in 2033, the Directors confirm that all the terms of the Advertising Business Agreement will remain the same for the three years ending 31 December 2009. We noted the Advertising Business Agreement has a term of more than three years, which does not comply with the requirement under rule 14A.35 (1) of the Listing Rules. We believe that it is an acceptable business practice to enter into agreement of prolonged duration when it is essential to the businesses of parties to the agreement. These circumstances and relevant justifications are as follows:

- the Parent produces the editorial content for the BYD Papers, an area of business which is currently restricted from foreign ownership under the PRC law. The Advertising Business Agreement provides the important legal framework for the Group to obtain the exclusive right in operating the advertising business of the BYD Papers. The revenue generated from the Advertising Business Agreement has been, and is expected in the foreseeable future to be, the principal revenue of the Group. The extended duration gives assurance to the Group's position to maintain its long term revenue stream which is crucial to the smooth operation and performance of the Group and in turn enhance Shareholders' value;

- such duration is consistent to the call option granted under the Advertising Business Agreement, details of which have been disclosed in the Prospectus, and which, among other things, allows the Company to acquire the publishing, operation and editorial rights in respect of the BYD Papers, exercisable from such date it become permissible under the PRC law and regulation for the Company to acquire and operate the BYD Papers up to 30 years (subject to automatic renewal) from the date of the Advertising Business Agreement or the date of its termination, if earlier; and

- the Advertising Business Agreement can only be terminated by the Company by giving no less than six month's prior written notice or upon the exercise of the call option as mentioned earlier, the Advertising Business Agreement will be terminated automatically. These give appropriate rights and protection to the Company and its shareholders as a whole.

  In our assessment on the fairness of the terms of the Advertising Business Agreement, we noted that it is stipulated in the Advertising Business Agreement that the 16.5% fixed fee rate payable to the Parent was agreed between the Company and the Parent on the principle to compensate the Parent's expenses in issuing the BYD Papers. Since the Parent has only engaged the Company to perform the roles under the Advertising Business Agreement and the Company only paid the 16.5% fee to the Parent, their mutual relationship is unique in the industry.

The Advertising Business Agreement has mapped out a co-operative environment for both the Company and the Parent and is consistent with the strategic rationale of listing the Company. We also considered that the provisions in the Advertising Business Agreement have been implemented since the listing of the Company and will remain in force for the three years ending 31 December 2012 and in the future, which are important and crucial to the prospects of the Group.

We noted that there is a provision in the Advertising Business Agreement allowing both parties to mutually agree on other payment amounts or computation methodology. This serves a fair platform for both the Company and the Parent to negotiate should there be a variation in the business environment of the Company or the Parent which may affect the fairness of the 16.5% fixed fee payment term.

Based on the aforementioned, we are of the view that the terms of the Advertising Business Agreement are reasonably determined and are fair and reasonable so far as the interests of the Company and the Independent Shareholders are concerned as a whole.

The Printing Framework Agreement

Pursuant to the Printing Framework Agreement, BYD Logistics has agreed to provide printing services and printing materials to the Parent in respect of the relevant newspapers and magazines of the Parent (other than BYD Papers) and other newspapers and magazines of the Parent which may be introduced by it from time to time. The consideration for the transactions contemplated under the Printing Framework Agreement (i) shall be settled by the Parent on a monthly basis; (ii) shall be conducted on normal commercial terms, being on terms which a party could obtain if the transactions were on arm's length basis or on terms no less favorable to BYD Logistics than terms available to or from third parties; and (iii) is calculated based on the actual volume of the newsprint printed and the quality of the printing services and printing materials.

BYD Logistics and the members of the Parent Group have entered into and will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Printing Framework Agreement during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

The renewal of the terms of the Printing Framework Agreement for the three years ending 31 December 2009 was approved by the Independent Shareholders at the Company's annual general meeting held on 29 December 2006.

Shareholders should note that there is no provision in the Printing Framework Agreement requiring BYD Logistics to provide printing services and printing materials to the Parent exclusively. In order words, BYD Logistics is not obligated to provide printing services and printing materials to the Parent and would only do so if it is in the commercial interests of the Group, and it does not restricts BYD Logistics from providing printing services and printing materials to any third parties. Therefore, we consider the

Printing Framework Agreement provide commercial flexibility to the Group to transact with other potential customers in the event that the Group solicit new customers or BYD Logistics might not be able to agree with any terms with the Parent in relation to the printing services and printing materials.

In view of the above, we consider that the terms of the Printing Framework Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The Advertising Agreements

The Directors confirm that the terms of the respective renewal agreements for the three years ending 31 December 2012 will be the same as those of the original advertising agreements approved by the then Independent Shareholders in December 2006.

Under the Advertising Agreements, the Company agreed to sell advertising space in the BYD Papers to Today Sunshine and Beiqing Advertising based on the following framework terms set out in the agreements:

1. the advertising fee charged by the Company will be calculated based on an unit price agreed between the parties from time to time, which was determined by reference to, among other things, the actual amount of advertisements placed, the size of the advertisements and the pages on which the advertisements will be published; and

2. the fee shall be settled (i) before the publication of the advertisements on a monthly basis (in the case of transactions contemplated under the Today Sunshine Advertising Agreement) or (ii) on the date of making the relevant booking of the advertising space on a monthly basis (in the case of transactions contemplated under the Beiqing Advertising Agreement).

According to the Advertising Agreements, the fees payable under the agreements shall be determined in accordance with the following principles:

(i) state-prescribed price;

(ii) where there is no state-prescribed price, then according to the relevant market price; and

(iii) where there is no state-prescribed price or relevant market price, then the price which is favourable to the Company.

Each of Today Sunshine and Beiqing Advertising has entered into and will enter into, from time to time and as necessary, separate implementation agreements with the Company for each of the specific transactions contemplated under the Advertising Agreements during their term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

Taking into account of the above, we are of the view that appropriate and sufficient pricing mechanism has been in place to govern that the transactions contemplated under the Advertising Agreements will be conducted on normal commercial terms.

For the purpose of evaluating the fairness and reasonableness of the transactions under the Advertising Agreements, we have carried out a review on the terms of agreements with other advertising agents who are independent third party of the Company and found that the terms were similar and comparable with those of the Advertising Agreements.

Similar to the Printing Framework Agreement, there is no provision in the Advertising Agreements requiring the Group to sell advertising space in the BYD Papers to Today Sunshine and Beiqing Advertising exclusively. In order words, the Group is not obligated to sell advertising space in the BYD Papers to Today Sunshine and Beiqing Advertising and would only do so if it is in the commercial interests of the Group, and it does not restricts the Group from selling advertising space in the BYD Papers to any third parties.

Given the terms of the Advertising Agreements have been agreed on commercial terms and fees payable under the agreements were on an arm's length basis or on terms no less favourable to the Company than terms available to or from independent third parties, we are of the view that the terms of the Advertising Agreements are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

(C) The annual caps ("Annual Caps") under the Advertising Business Agreement, the Printing Framework Agreement and the Advertising Agreements

(1) Overview

The Principal Continuing Connected Transactions are subject to Listing Rules requirements and conditions as particularly discussed under the section headed "Requirements of the Listing Rules" below. In particular, the Principal Continuing Connected Transactions are subject to the Annual Caps as discussed below.

Sets out below are the proposed Annual Caps for the Principal Continuing Connected Transactions and reasons thereof:

The Advertising Business Agreement

As set out in the Letter from the Board, we summarise (i) the actual annual caps for the three years ending 31 December 2009, (ii) the proposed annual caps for the three years ending 31 December 2012; and (iii) the audited historical transactions amounts for the two years ended 31 December 2008 and the latest available unaudited transaction amount for eight months ended 31 August 2009 in the following table:

Transactions	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
	(RMB)	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*	*(RMB)*
Annual cap	127,050,000	145,200,000	145,200,000	132,000,000	145,200,000	145,200,000
Historical value	68,700,000	79,820,000	38,265,448 (up to 31 August 2009)	n/a	n/a	n/a

We noted that the historical transaction amount during the eights months ended 31 August 2009 was relatively low, compared with the annual historical transaction amount in 2008. As advised by the Management, it was mainly attributable to the decrease in advertising revenue of BYD Papers during the first half of 2009. According to the 2009 interim report of the Company, the total advertising volume of plane media in the first half of 2009 recorded an overall fall, resulting in a year-on-year decrease in the advertising revenue of BYD Papers as the total business volume of Beijing's plane media market was steeply hampered by adversities arising from the financial crisis.

We understand from the Company that commercial advertisements traditionally accounted for approximately 90% of the total advertising turnover of BYD Papers during the past few years. Among the various advertiser industry category of advertising income, real estate market and automobiles market together accounted for approximately 42% of the total advertising revenue of BYD Papers. As stated in the Letter from the Board, the Directors determined the proposed Annual Caps under the Advertising Business Agreement with reference to, among other matters, (i) the historical figures of the actual value of the transactions under the Advertising Business Agreement for the two years ended 31 December 2007 and 2008 respectively, and the eight months ended 31 August 2009; and (ii) reasonable room for growth from 2010 in the advertising industry bearing in mind an anticipated recovery of the national economy from the most severe effects of the financial crisis.

In our assessment of the Management's rationale in determining the cap amounts for the three years ending 31 December 2012, we have taken into consideration of the following factors:

Macro environment on development of real estate and automobiles industry

We noted that the annual cap in 2010 of RMB132 million represents an increase of approximately 65.37% compared with the historical value of approximately RMB79.82 million in 2008. As advised by the Management, such significant increase was mainly attributable to the following reasons:

1. According to the 2008 interim report and 2008 annual report of the Company, we noted that the growth rate of the Company's advertising sales decreased remarkably from approximately 20.42% in the first half of 2008 to approximately 15.27% in the second half of 2008. As explained by the Management, such deterioration reflected the negative impacts arising from several exceptional events, including Wenchuan earthquake, traffic control measures taken for the Olympic Games, the Sanlu milk scandal and the global financial crisis, on the advertisement sector of the PRC paper media in the second half of 2008. In light of the above, we believe that it is not reasonable to use the historical transaction value in 2008 as an appropriate and principal starting point for determining the annual caps for the three years ending 31 December 2012;

2. In the first half of 2009, the PRC government introduced a proactive fiscal policy and a moderately loose monetary policy to offset the impact of the global financial crisis. Sustaining growth and facilitating development remain the leading mission of economic revival measures. Since the second quarter of 2009, the nationwide property market has witnessed signs of rebound and has showed steady growth in terms of sales price and volume. Similar to the real estate industry, the PRC automobiles industry is also benefited from a series of favorable policies of PRC government, such as the Plan on Adjusting and Revitalizing the Automotive Industry. As a result, the PRC automotive market has hit the bottom and started to rebound in the first half of 2009. According to the statistics from China Association of Automobile Manufacturers, the number of motor vehicles produced and sold nationwide in the first half of 2009 amounted to approximately 5.9908 million units and 6.0988 million units respectively, representing a growth of 15.22% and 17.69% respectively over the same period of last year;

3. Furthermore, the implementation of the four trillion yuan stimulus package and the revitalization packages for ten key sectors by the PRC government in the first half of 2009 are expected to bring positive effects on sustainable economic growth in the second half of 2009. In addition, the PRC government is expected to continue to introduce more appropriate measures against the domestic and global situation for stimulating economic growth in the next few years; and

4. With the leading position of BYD Papers in attracting commercial advertisements from real estates and automobiles sectors, the Group is set to recover its advertising revenue from these two sectors in the coming three years. As the fee to be paid to the Parent under the Advertising Business Agreement is fixed at 16.5% of the advertisement revenue generated by the BYD Papers, the possible improvement of the advertising business of the Group is directly linked to the fee cap amounts proposed in the table above.

Leading position of BYD Papers

Although the Group's advertising revenue dropped in the first half of 2009, as a result of the Management's continuous effort in expanding its market share, BYD Papers was ranked as the market leader amongst Beijing's major metropolitan newspapers in terms of advertising revenue generated during the first half of 2009.

The Management considers that BYD Papers is well poised to become a dominant leader amongst peer newspapers and to be benefited from the rebound and sustainable growth of the PRC economy.

Taking into account the factors as discussed above and our assessment on the basis considered by the Company giving rise to the Annual Caps for three years ending 31 December 2012, we are of the view that the Annual Caps are fair and reasonable.

The Printing Framework Agreement

As set out in the Letter from the Board, we summarise (i) the actual Annual Caps for the three years ending 31 December 2009, (ii) the proposed Annual Caps for the three years ending 31 December 2012; and (iii) the audited historical transactions amounts for the two years ended 31 December 2008 and the latest available unaudited transaction amount for eight months ended 31 August 2009 in the following table:

Transactions	**2007** *(RMB)*	**2008** *(RMB)*	**2009** *(RMB)*	**2010** *(RMB)*	**2011** *(RMB)*	**2012** *(RMB)*
Annual cap	150,000,000	190,000,000	220,000,000	100,000,000	120,000,000	140,000,000
Historical value	125,790,000	107,140,000	8,942,463 (up to 31 August 2009)	n/a	n/a	n/a

As stated in the Letter from the Board, the Annual Caps under the Printing Framework Agreement are determined with reference to, among other matters, (i) the historical figures of the actual value of the transactions under the Original Printing Agreement for the two years ended 31 December 2007 and 2008 respectively, and the eight months ended 31 August 2009; and (ii) the decrease in general costs through cost controls and printing capacity in recent years.

We noted that the historical transaction amount during the eights months ended 31 August 2009 was relatively low, compared with the annual historical transaction amount in 2008. As advised by the Management, the drop in the transaction amounts during the eight months ended 31 August 2009 was mainly due to the following reasons:

1. As the PRC media market was hampered by adversities arising from the financial crisis, the demand for printing services by the Parent was negatively affected; and

2. The Group ceased to transact with Legal Evening Post (法制晚報) temporarily in 2009 as they were unable to agree on the pricing terms of printing services.

According to the data provided by the Management, the historical transaction amount with Legal Evening Post (法制晚報) during the two years ended 31 December 2008 and the eight months ended 31 August 2009 amounted to approximately RMB110 million, RMB95 million and nil, respectively.

As informed by the Management, they have negotiated with the Legal Evening Post (法制晚報) since August 2009 in relation to the resumption of the provision of printing service. After three formal meetings between the Company and Legal Evening Post (法制晚報), both parties have reached consensus on major terms of the printing services. It is expected by the Management that the provision of printing service to Legal Evening Post (法制晚報) will be resumed by April 2010.

Taking into account the factors as discussed above and our assessment on the basis considered by the Company giving rise to the Annual Caps for three years ending 31 December 2012, we are of the view that the annual caps are fair and reasonable.

The Adverting Agreements

The Annual Caps for the transactions under the Advertising Agreements are aggregated pursuant to rules 14A.25 and 14A.26 of the Listing Rules.

As set out in the Letter from the Board, we summarise (i) the actual Annual Caps for the three years ending 31 December 2009, (ii) the proposed annual caps for the three years ending 31 December 2012; and (iii) the audited historical transactions amounts for the two years ended 31 December 2008 and the latest available unaudited transaction amount for eight months ended 31 August 2009 in the following table:

Transactions	**2007** *(RMB)*	**2008** *(RMB)*	**2009** *(RMB)*	**2010** *(RMB)*	**2011** *(RMB)*	**2012** *(RMB)*
Historical value						
– Today Sunshine	240,000	200,000	101,050 (up to 31 August 2009)	n/a	n/a	n/a
– Beiqing Advertising	8,350,000	6,270,000	7,635,900 (up to 31 August 2009)	n/a	n/a	n/a
– Gehua Sunshine *(note)*	1,190,000	540,000	0	n/a	n/a	n/a
Total	9,780,000	7,010,000	7,736,950 (up to 31 August 2009)	n/a	n/a	n/a
Annual cap	28,000,000	31,000,000	32,100,000	22,000,000	27,000,000	32,000,000

Note: The Group has not transacted with Gehua Sunshine during the year ending 31 December 2009.

We noted that the proposed Annual Caps for the Advertising Agreements during the three years ending 31 December 2012 are smaller than the Annual Caps in 2009. As explained by the Management, such adjustment has mainly reflected (i) the actual transaction amounts in 2007, 2008 and the eight months ended 31 August 2009; and (ii) the discontinuity of business transaction with Gehua Sunshine in 2009.

As illustrated in above table, transaction value for the Beiqing Advertising Agreement has accounted for a substantial portion of the aggregate historical transaction value during the two years ended 31 December 2008 and the eight months ended 31 August 2009.

As stated in the Letter from the Board, the Annual Caps under the Advertising Agreements are determined with reference to, among other matters, (i) the historical figures of the actual value of the transactions under the Advertising Agreements for the two years ended 31 December 2007 and 2008 respectively, and the eight months ended 31 August 2009; (ii) the adjusted mode of its agency business of the Company which may increase its revenues; and (iii) the potential enlarged sales group from Beiqing Advertising and Today Sunshine notwithstanding the fact that the Company will no longer cooperate with Gehua Sunshine since it ceased business in 2009.

Based on the historical transaction amounts during the eight months ended 31 August 2009, it is expected that annual transaction amounts under the Advertising Agreements will increase in 2009, compared with the previous year's figures, even the Group ceased to transact with Gehua Sunshine in 2009. As advised by the Management, such increase is mainly attributable to the increasing advertising income arising from the Beiqing Advertising Agreement during the eight months ended 31 August 2009.

As expected by the Management, advertising income arising from the Beiqing Advertising Agreement will continue to be the largest constituent in the proposed Annual Caps. As stated in the Letter from the Board, the projected annual transaction amounts for the Beiqing Advertising Agreement are RMB21.5 million, RMB26 million and RMB30.6 million during the three years ending 31 December 2012, which represent approximately 97.7%, 96.3% and 95.6% of the proposed Annual Caps for the Advertising Agreements.

Taking into account of the above and the terms of the Advertising Agreements are no less favourable to those offered by the Company to independent third party advertising agents, we are of the view that the proposed Annual Caps for the three years ending 31 December 2012 are fair and reasonable.

Having considered the above, we are of the view that the assumptions and bases adopted by the Management in determining the Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

However, the Shareholders should note that the Annual Caps represent the best estimates by the Directors based on the information currently available. They bear no direct relationships to, nor should be taken to have any direct bearings to, the Group's financial or potential financial performance.

(D) Requirements of the Listing Rules

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Principal Continuing Connected Transactions are subject to the following annual review requirements:

(a) each year the independent non-executive Directors must review the Principal Continuing Connected Transactions and confirm in the annual report and accounts that the Principal Continuing Connected Transactions have been entered into:

1. in the ordinary and usual course of business of the Group;

2. either on normal commercial terms or, if there are not sufficient comparable continuing connected transaction to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and

3. in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(b) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Principal Continuing Connected Transactions:

1. have received the approval of the Board;

2. are in accordance with the pricing policies of the Group;

3. have been entered into in accordance with the terms of the relevant agreements governing the Principal Continuing Connected Transactions; and

4. have not exceeded the Annual Caps;

(c) the Company shall allow, and shall procure the relevant counterparties to the Principal Continuing Connected Transactions to allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Principal Continuing Connected Transactions as set out in paragraph (b); and

(d) the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

In light of the reporting requirements attached to the Principal Continuing Connected Transactions, in particular, (i) the restriction of the value of the Principal Continuing Connected Transactions by way of the Annual Caps; (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Principal Continuing Connected Transactions and the Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Principal Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of transactions contemplated under (i) the Equity Transfer Agreement; (ii) the Advertising Business Agreement; (iii) the Printing Framework Agreement; and (iv) the Advertising Agreements, including the Annual Caps, are on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Accordingly, we advise the independent board committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Disposal, the Principal Continuing Connected Transactions and their respective Annual Caps for the three years ending 31 December 2012, as detailed in the notice of EGM set out at the end of Circular.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Alvin Kam
Director

信永中和 ShineWing

SHINEWING (HK) CPA Limited
16/F., United Centre
95 Queensway, Hong Kong

30 October 2009

The Board of Directors
Beijing Media Corporation Limited
Building A,
No.23 Baijiazhuang Dongli,
Chaoyang District,
Beijing
The People's Republic of China

Dear Sirs,

We report on the unaudited pro forma financial information of Beijing Media Corporation Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out in Appendix I of the circular dated 30 October 2009 (the "Circular") in connection with the proposed disposal of 51% equity interest in Beijing China Open Promotion Company Limited (the "Disposal"), which has been prepared by the directors of the Company (the "Directors"), for illustrative purpose only, to provide information about how the Disposal might have affected the financial information presented.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

It is the responsibility solely of the Directors to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group had the Disposal actually occurred as at 30 June 2009 or any future date.

OPINION

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Pang Wai Hang
Practising Certificate Number: P05044

Hong Kong

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The accompanying unaudited pro forma consolidated statement of financial position of the Group (the "Unaudited Pro Forma Financial Information") have been prepared to illustrate the effect of the proposed disposal of 51% equity interest in Beijing China Open Promotion Company Limited ("COL") by the Company (the "Disposal") on the financial information of the Group.

For the purpose of the Unaudited Pro Forma Financial Information, COL and its subsidiary are referred to as the "COL Group". The Group immediately after the completion of the Disposal is referred to as the "Remaining Group".

The unaudited pro forma consolidated statement of financial position of the Remaining Group has been prepared based on the interim consolidated statement of financial position of the Group as at 30 June 2009, which has been extracted from the published interim report of the Company for the 6 months ended 30 June 2009 and adjusted in accordance with the pro forma adjustments described in the notes thereto as if the Disposal had been completed at 30 June 2009.

The unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Disposal been taken place as at the respective dates to which it is made up to or at any future dates.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE REMAINING GROUP

	Unaudited consolidated statement of financial position of the Group as at 30 June 2009	Pro forma adjustment	Notes	Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2009
	RMB'000	*RMB'000*		*RMB'000*
Non-current assets				
Property, plant and equipment	16,487			16,487
Prepayments for land use rights	30,122			30,122
Intangible assets	24,180			24,180
Investments in jointly controlled entities	(110,822)	108,446	*3*	(2,376)
Trade receivables	4,820			4,820
Other receivables	255			255
Deferred tax assets	915			915
	(34,043)			74,403
Current assets				
Inventories	60,737			60,737
Trade receivables	275,200			275,200
Other receivables, prepayments and deposits	36,549			36,549
Restricted bank deposits	85,224			85,224
Short-term bank deposits	1,071,155			1,071,155
Cash and cash equivalents	147,732	765	*2*	148,497
	1,676,597			1,677,362
Current liabilities				
Trade payables	138,035			138,035
Other payables and accruals	119,536			119,536
Deferred revenue	20,104			20,104
Dividends payable	41,178			41,178
Taxation payable	2,871			2,871
Short-term bank loans	71,500			71,500
Financial guarantee liability	–	19,031	*4*	19,031
	393,224			412,255
Net current assets	1,283,373			1,265,107
Net assets	1,249,330			1,339,510

	Unaudited consolidated statement of financial position of the Group as at 30 June 2009	Pro forma adjustment	*Notes*	Unaudited pro forma consolidated statement of financial position of the Remaining Group as at 30 June 2009
	RMB'000	*RMB'000*		*RMB'000*
Equity attributable to owners of the parent				
Share capital	197,310			197,310
		109,211	*3*	
Reserves	1,019,158	(19,031)	*4*	1,109,338
	1,216,468			1,306,648
Minority interest	32,862			32,862
Total equity	1,249,330			1,339,510

Notes:

(1) On 15 October 2009, the Company and Beijing Youth Daily Agency (the "Parent") entered into an equity transfer agreement (the "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 (the "Disposal").

The holding of 51% equity interest in COL had been recognised in the consolidated financial statements of the Group as an investment in a jointly controlled entity and had been accounted for using the equity method of accounting. Upon the completion of the Equity Transfer Agreement, COL will be wholly-owned by the Parent and will cease to be a jointly controlled entity of the Group.

(2) The adjustments represent the consideration of the Disposal and the consideration is to be settled in cash.

(3) The adjustment represents the gain on disposal, as if the Disposal had taken place on 30 June 2009, which are calculated as follows:

	RMB'000
Consideration	765
Carrying amount of investment in COL	(108,446)
Gain on disposal	109,211

The gain on disposal would be credited to the profit or loss of the period in which the Disposal took place and completed.

(4) On 22 April 2008, the Company and COL entered into the guarantee agreement (the "Guarantee Agreement") pursuant to which the Company agreed to provide guarantees, upon request from COL, to banks for loans and facilities granted to COL in an aggregate principal amount not exceeding RMB209.1 million together with accrued interests thereof. The term of the Guarantee Agreement is two years commencing from 1 July 2008, when it is approved by the independent shareholders at the extraordinary general meeting on 1 July 2008.

As at 30 June 2009, the utilised amount of the loan facilities was RMB173 million. Upon disposal of COL, the Company would recognise financial guarantee expenses and the financial guarantee liability at fair value of approximately RMB19,031,000. The fair value of the financial guarantee liability has been determined according to a valuation report issued by Jones Lang LaSalle Sallmanns Limited, a professional valuer not connected with the Group.

The financial guarantee liability had not been recognised on 1 July 2008 as the Company has recognised its attributable share of the net liabilities of COL in its investments in jointly controlled entities as included in the Group's consolidated balance sheet, which already included the amount of bank loans covered by the Guarantee Agreement, to avoid duplication in recognition of financial obligation arising from the same amount of loans. The fair value of the financial guarantee liability under the Guarantee Agreement therefore needs to be recognised following the derecognition of the investment in COL upon completion of the Disposal.

(5) In the opinion of the directors, the transaction costs in connection with the Disposal are insignificant and have not been taken into account in the preparation of the Unaudited Pro Forma Financial Information.

(6) No adjustment has been made to reflect any other transactions of the Group entered into subsequent to 30 June 2009.

1. INDEBTEDNESS STATEMENT

As at the close of business on 31 August 2009, being the latest practicable date for the purpose of the statement of indebtedness prior to the printing of this circular, the Group had short-term bank loans of RMB92,000,000.

Security

As at the close of business on 31 August 2009, the Group's short-term bank loans were secured by the pledged bank deposits of RMB 86,000,000.

As at the close of business on 31 August 2009, the Group pledged a fixed-term bank deposit of RMB16,400,000 as security over a short-term bank loan of RMB16,100,000 granted to Beijing China Open Promotion Company Limited ("COL").

As at the close of business on 31 August 2009, the Group pledged the bank deposits of RMB15,000,000 as security over short-term loans of RMB15,000,000 granted to a jointly controlled entity.

Commitment

As at the close of business on 31 August 2009, the Group had total future minimum lease payments under non-cancelable operating leases in respect of rented premises amounting to approximately RMB 4,268,000.

Contingent liabilities

On 22 April 2008, the Company and COL entered into the guarantee agreement (the "Guarantee Agreement") pursuant to which the Company agreed to provide guarantees, upon request from COL, to banks for loans and facilities granted to COL in an aggregate principal amount not exceeding RMB209.1 million together with accrued interests thereof. The term of the Guarantee Agreement is two years commencing from 1 July 2008, when it is approved by the independent shareholders at the Company's extraordinary general meeting on 1 July 2008.

As at the close of business on 31 August 2009, the utilised amount of the loan facilities of COL was RMB169,100,000, including above-mentioned short-term bank loan of RMB16,100,000 secured by a fixed-term bank deposit of the Group.

Disclaimer

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and bills payables, the Group did not have outstanding as at the close of business on 31 August 2009 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

2. WORKING CAPITAL

The Directors are of the opinion that, taking into account its internal resources and the existing available credit facilities of the Group, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

3. GROUP'S FINANCIAL AND TRADING PROSPECTS

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

Upon completion of the Disposal, the Group will cease organizing the China Open Tennis Tournament in Beijing. The Group will concentrate on its principal business which the Company has developed to diversify the revenue income; COL 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.

As at the latest Practicable Date, the Directors were not aware at any material change in the finance or trading position of the Group since 31 December 2008, being the date of the latest published audited financial statements of the Group.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER

As at the Latest Practicable Date, none of the Directors, the Supervisors nor the chief executive officer of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO), which are required to be notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or were deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register of members of the Company, or which were required, pursuant to the Model Code for Securities Transactions by the Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, the Supervisors and the chief executive officer of the Company, as at the Latest Practicable Date, the following persons (other than a Director, a Supervisor or the chief executive officer of the Company) had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of divisions 2 and 3 of Part XV of the SFO, or, who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name of shareholders	Class of shares	Nature	Number of share interests held or regarded as held	Approximate percentage of the respective class of issued shares *(%)*	Approximate percentage of the total issued share capital *(%)*
Parent[1]	Domestic	N/A	124,839,974	87.66	63.27
MIH (BVI) Limited	H	Long Position	19,533,000	35.58	9.90
MIH Holdings Limited	H	Long Position	19,533,000	35.58	9.90
MIH Investments (PTY) Limited	H	Long Position	19,533,000	35.58	9.90

Name of shareholders	Class of shares	Nature	Number of share interests held or regarded as held	Approximate percentage of the respective class of issued shares *(%)*	Approximate percentage of the total issued share capital *(%)*
MIH Print Media Holdings Limited	H	Long Position	19,533,000	35.58	9.90
MIH QQ (BVI) Limited	H	Long Position	19,533,000	35.58	9.90
Naspers Limited	H	Long Position	19,533,000	35.58	9.90
Beijing Beida Founder Group Corporation	H	Long Position	4,939,000	8.99	2.50
Beijing University	H	Long Position	4,939,000	8.99	2.50
Beijing University Founder Investment Co., Ltd.	H	Long Position	4,939,000	8.99	2.50
Beijing University New Technology Corporation	H	Long Position	4,939,000	8.99	2.50
Cao Yawen	H	Long Position	4,939,000	8.99	2.50
CITICITI Ltd.	H	Long Position	4,939,000	8.99	2.50
Founder Investment (HK) Ltd.	H	Long Position	4,939,000	8.99	2.50
Xia Jie	H	Long Position	4,939,000	8.99	2.50
Yue Shan International Limited	H	Long Position	4,939,000	8.99	2.50

Note: As at the Latest Practicable Date, Mr. Zhang Yanping, Mr. Zhang Yabin, Mr. Liu Han, being Directors, are also the president, chief editor and the vice president of the Parent respectively.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors, the Supervisors and the chief executive officer of the Company, there was no other person (other than the Director, the Supervisors or the chief executive officer of the Company) who had interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of divisions 2 and 3 of Part XV of the SFO, or who is, directly, or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, the Supervisors nor their respective associates is interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would require disclosure under the Listing Rules and none of the Directors, the Supervisors nor their respective associates is materially interested in any contract or arrangement at the Latest Practicable Date which is significant to the business of the Group taken as a whole;

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, none of the Directors nor the Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2008, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors nor the Supervisors had any existing or proposed service contracts with the Company or any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As far as the Directors are aware, none of the members of the Group is engaged in any litigation or arbitration or claim of material importance and there is no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

8. EXPERT'S QUALIFICATION AND CONSENT

Each of China Everbright Capital Limited and SHINEWING (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its respective letters of advice, and respective references to its name in the form and context in which they appears.

The following is the qualification of each of the experts who has given its opinions or advices which are contained in this circular:

Name	Qualifications
China Everbright Capital Limited	a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
SHINEWING (HK) CPA Limited	certified public accountant

9. EXPERT'S INTERESTS

As at the Latest Practicable Date, neither China Everbright Capital Limited and SHINEWING (HK) CPA Limited had not any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group, since 31 December 2008, the date to which the latest audited financial statements of the Group were made up, and was not beneficially interested in the share capital of any member of the Group and did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. METHOD OF VOTING AT THE EGM

According to the Rule 13.39(4) of the Listing Rules, and vote of shareholders at a general meeting must be taken by way of poll. Accordingly the chairman of the EGM will demand a poll in relation to all the proposed resolutions at the EGM.

11. MISCELLANEOUS

(a) The Company Secretary is Mr. Edmund SIT, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is situated at Building A, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC.

(c) The H share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited. at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at Building A, No. 23, Baijiazhuang Dongli, Chaoyang District, Beijing 100026, PRC and the offices of Herbert Smith, 23rd Floor, Gloucester Tower, 15 Queen's Road, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including 18 December 2009:

1 the Equity Transfer Agreement;

2 the Advertising Business Agreement;

3 the Printing Framework Agreement;

4 the Beiqing Advertising Agreement;

5 the Today Sunshine Advertising Agreement;

6 the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out in this circular;

7 the letter from China Everbright Capital Limited to the Independent Board Committee and Independent Shareholders, the text of which is set out in this circular;

8 the letters of consent from the experts referred to in the above paragraph headed "Expert's Qualification and Consent" in this circular;

9 the memorandum and articles of association of the Company;

10 the pro forma financial information of the Group;

11 the auditors' report on the pro forma financial information;

12 the Group's audited accounts for the latest two financial years; and

13 a copy of each circular issued under Chapters 14 and/or 14A since the date of latest published audited accounts of the Group.

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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of BEIJING MEDIA CORPORATION LIMITED ("**Beijing Media**" or the "**Company**") will be held at 2 p.m. on Friday, 18 December 2009 at the 21st floor, Beijing Youth Daily Agency, Building A, No.23 Baijiazhuang Dongi, Chaoyang District, Beijing 100026, the People's Republic of China ("**PRC**") for the purpose of considering and, if thought fit, passing the following resolutions:

As Ordinary Resolutions:

1 **THAT**, the equity transfer agreement dated 15 October 2009 (the "**Equity Transfer Agreement**") and entered into between the Company and Beijing Youth Daily Agency (the "**Parent**") in relation to the disposal of a 51% equity interest in Beijing China Open Promotion Company by the Company to the Parent (the "**Disposal**"), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and THAT any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Equity Transfer Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

2 **THAT**, the annual caps for the three years ending 31 December 2012 for the transactions contemplated under the advertising business agreement dated 7 December 2004 (the "**Advertising Business Agreement**") entered into between the Company and the Parent are hereby approved, ratified and confirmed; and **THAT** any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Business Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

3 **THAT**, the printing framework agreement dated 15 October 2009 (the "**Printing Framework Agreement**") and entered into between Beijing Youth Daily Logistics Co., Ltd ("**BYD Logistics**") and the Parent, and the annual caps for the three years ending 31 December 2012 for the transactions contemplated thereunder are hereby approved, ratified and confirmed; and **THAT** any one director of the Company be and is hereby

authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Printing Framework Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

4 **THAT**, the advertising agreement dated 15 October 2009 and entered into between the Company and Beijing Beiqing Advertising Limited and the advertising agreement dated 15 October 2009 and entered into between the Company and Beijing Today Sunshine Advertising Co., Ltd (the "**Advertising Agreements**"), and the annual caps for the three years ending 31 December 2012 for the transactions contemplated thereunder are hereby approved, ratified and confirmed; and **THAT** any one director of the Company be and is hereby authorized to sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and to do all such things and take all such actions as he may consider necessary or desirable for the purpose of giving effect to the Advertising Agreements and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient.

On behalf of the Board
Zhang Yanping
Chairman

Beijing, the PRC, 30 October 2009

As at the date of this notice, 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.

Notes:

1. Eligibility for Attending the EGM

Holders of H Shares whose names appear on the register of the Company maintained by Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, at the close of business of Wednesday, 18 November 2009 shall be entitled to attend the EGM.

Holders of H Shares intending to attend and vote at the EGM shall lodge all the transfer documents for H Shares with the relevant share certificates to the H Share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:00 p.m. on Tuesday, 17 November 2009.

2. Proxy

(1) Shareholders entitled to attend and vote at the EGM may appoint one or more proxies in writing to attend and vote at the meeting on his behalf. The proxy need not be a shareholder of the Company.

(2) A proxy shall be appointed by a shareholder by a written instrument signed by the appointor or his attorney duly authorized in writing. In case of a corporation, the same must be either under its common seal or under hand of its director(s) or duly authorized attorney(s). If the written instrument is signed by an attorney of the appointor, the power of attorney or other documents of authorization of such attorney shall be notarized.

(3) To be valid, the notarized power of attorney or other document(s) of authorization (if any) and the form of proxy shall be delivered to (i) the registered address of Company for holders of domestic shares; and (ii) Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong, for holders of H shares, no less than 24 hours before the time fixed for convening the EGM or any adjournment thereof (as the case may be). Completion and return of a form of proxy will not preclude a shareholder from attending and voting in person at the meeting if he so desires.

(4) If a shareholder appoints more than one proxy, such proxies shall only exercise their voting rights by a poll.

3. Registration Procedures for Attending the EGM

(1) A shareholder or his proxy shall produce his identification document when attending the EGM. Where a shareholder is a legal person, the legal representative of that shareholder or the person authorized by its board of directors or other governing body shall produce a copy of the resolution of the board of directors or other governing body of such shareholder appointing such person to attend the meeting.

(2) Shareholders intending to attend the EGM shall return to the Company the reply slip stating their attendance on or before Friday, 27 November 2009.

(3) A shareholder may return the above reply slip to the Company in person, by post or by facsimile.

4. Closure of Register of Members

The register of members of the Company will be closed from Wednesday, 18 November 2009 to Friday, 18 December 2009 (both dates inclusive), during which time no transfer of shares will be registered.

5. Method of Voting at the EGM

Pursuant to Rule 13.39 (4) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by way of poll. Accordingly, the chairman of the EGM will demand a poll in relation to all the proposed resolutions at the EGM.

6. Miscellaneous

(1) The EGM of the Company is expected to be held for less than half a day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.

(2) The address of the Computershare Hong Kong Investor Services Limited, the H share registrar and transfer office of the Company in Hong Kong is at Rooms 1806-1807, 18th Floor., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(3) The registered office and the contact details of the Company are:

Beijing Youth Daily Agency,
Building A, No. 23 Baijiazhuang Dongli,
Chaoyang District,
Beijing, 100026
PRC
Tel: (+86) 10 6590 2630
Fax: (+86) 10 6590 2630