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BEIJING MEDIA CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1000)

CONTINUING CONNECTED TRANSACTION

THE SECOND SUPPLEMENTARY AGREEMENT

The Board announces that, on 20 January 2009, the Company and XHM entered into the Second Supplementary Agreement to renew the BMC Distribution Services Agreement for a further one-year term from 1 January 2009 to 31 December 2009, pursuant to which XHM was engaged by the Company to distribute its direct mail advertisements, pamphlets and magazines.

The renewal of the BMC Distribution Services Agreement constitutes a continuing connected transaction of the Company and is subject to the reporting and announcement requirements, but is exempted from the requirement of independent shareholders' approval.

The Directors are of the view that the Second Supplementary Agreement was entered into and carried out in the ordinary and usual course of business and on normal commercial terms which are fair and reasonable and are in the interests of the Shareholders as a whole.

THE SERVICES AGREEMENT AND REVISION OF ANNUAL CAP

Reference is made to the announcement dated 4 July 2008 in relation to the Services Agreement entered into between the Company and XHM pursuant to which XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of BYD.

Due to the reasons that the advertisement business has not been expanded as expected resulting from the Beijing Olympic Games and Paralympics Games in 2008 as well as the current financial crisis, the Company is of the view that the annual maximum transaction value for the year ending 31 December 2009 and 2010 will not reach the previous annual maximum transaction value of RMB9 million (equivalent to approximately HK\$10.2 million) and RMB9 million (equivalent to approximately HK\$10.2 million) respectively, and therefore proposes that the annual maximum transaction value be revised.

AGGREGATION

Given that both the Second Supplementary Agreement and Services Agreement were entered into between the Company and XHM, the transactions contemplated under the Second Supplementary Agreement would have to be aggregated with the transactions in respect of the Services Agreement pursuant to Rule 14A.25 of the Listing Rules.

Such aggregation would result in the applicable percentage ratios for transactions contemplated under the Second Supplementary Agreement and Services Agreement exceeding 0.1% but being less than 2.5%. Pursuant to Rule 14A.34 of the Listing Rules, the transactions contemplated under the Second Supplementary Agreement and Services Agreement are subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, but are exempted from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

1. CONTINUING CONNECTED TRANSACTIONS

1.1 The Second Supplementary Agreement

Background

Reference is made to the announcements of the Company dated 27 June 2007 and 28 March 2008 (the “**Announcements**”).

The Company and XHM entered into the BMC Distribution Services Agreement on 27 June 2007. Under the terms of the BMC Distribution Services Agreement, XHM was engaged by the Company to distribute its direct mail advertisements to subscribers of the BYD as an insert of the BYD.

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

The Company and XHM entered into the First Supplementary Agreement on 28 March 2008 to extend the BMC Distribution Services Agreement for a one-year term from 1 January 2008 to 31 December 2008, provided that all terms thereunder remain unchanged.

The First Supplementary Agreement was terminated on 31 December 2008 and should be renewable upon mutual agreement between parties thereto. On 20 January 2009, the Company and XHM entered into the Second Supplementary Agreement to renew the BMC Distribution Services Agreement by extending the BMC Distribution Services Agreement for a further one-year term from 1 January 2009 to 31 December 2009, provided that all terms thereunder should remain unchanged.

XHM has been providing the services of delivering direct mail advertisements for the Company since the beginning of 2005. For the years ended 31 December 2006, 2007 and 2008, the total delivery fees paid by the Company to XHM for the delivery services were approximately RMB1.0 million, RMB3.8 million and RMB3.5 million (equivalent to approximately HK\$0.97 million, HK\$3.90 million and HK\$3.92 million), respectively.

Annual cap

Although there is no cap fixed under the BMC Distribution Services Agreement, the Company estimates that the aggregate maximum value under the BMC Distribution Services Agreement will not exceed RMB5 million in 2009 (equivalent to approximately HK\$5.67 million) based on the historical transaction values, assumed growth of the Group, the economic outlook of the PRC, the potential expansion of advertising business and the expected economic downturn in 2009.

1.2 The Services Agreement and revision of annual caps

Background

Reference is made to the announcement of the Company dated 4 July 2008.

The Company and XHM entered into the Services Agreement on 4 July 2008. Under the terms of the Services Agreement, XHM was engaged by the Company to distribute its wrap-around advertisements to the subscribers of BYD. The level of distribution fee will be determined according to market conditions, but in any event shall fall within the range of RMB0.08 and RMB0.20 per page for advertisement to be distributed.

Under the Services Agreement, a distribution fee was payable by the Company to XHM on a monthly basis. The Company believes that the pricing mechanism under the Services Agreement is comparable to the fees charged by the PRC public postal services. The Services Agreement will terminate on 31 December 2010 and be extended automatically for a further one year unless the parties agree in writing to the contrary. The Company will ensure its re-compliance with the Listing Rules when the Service Agreement is renewed.

The revised annual cap and the rationale

There is no cap fixed under the Services Agreement. For the year ended 31 December 2008, the total amount of services rendered under the Services Agreement was RMB2.28 million (equivalent to approximately HK\$2.56 million).

Due to the reasons that the advertisement business has not been expanded as expected resulting from the Beijing Olympic Games and Paralympics Games in 2008 as well as the current financial crisis, the Company is of the view that the annual maximum transaction value for the year ending 31 December 2009 and 2010 will not reach the previous annual maximum transaction value of

RMB 9 million (equivalent to approximately HK\$ 10.2 million) and RMB 9 million (equivalent to approximately HK\$ 10.2 million) respectively, and therefore proposes that the annual maximum transaction value be revised.

The Company proposes that the new maximum value be revised to RMB4 million (equivalent to approximately HK\$ 4.54 million) for the year ending 31 December 2009 and 2010 based on the historical figures, assumed growth of the Group, the economic outlook of the PRC, the expected expansion of advertising business and current market conditions.

1.3 Aggregation

Given that both the Second Supplementary Agreement and Services Agreement were entered into between the Company and XHM, the transactions contemplated under the Second Supplementary Agreement would have to be aggregated with the transactions in respect of the Services Agreement pursuant to Rule 14A.25 of the Listing Rules.

Such aggregation would result in the applicable percentage ratios for transactions contemplated under the Second Supplementary Agreement and Services Agreement exceeding 0.1% but being less than 2.5%. Pursuant to Rule 14A.34 of the Listing Rules, the transactions contemplated under the Second Supplementary Agreement and Services Agreement are subject to reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules, but are exempted from the independent shareholder's approval requirement under Chapter 14A of the Listing Rules.

1.4 Reasons for the renewal of the BMC Distribution Services Agreement and revision of annual caps of the Service Agreement

BYD is one of the most widely circulated newspapers distributed and sold in Beijing, PRC. Since 2003, besides the publication of traditional advertisements in BYD, the Company has been providing direct mail advertising services as an additional advertising channel involving BYD. In consideration of the successful arrangement with XHM for its provision of distribution services over the last few years, the Board is of the view that the entering into the arrangement under the BMC Distribution Services Agreement on a continuing basis will be beneficial to the Company and provide greater certainty to the Company's operations.

The Second Supplementary Agreement and the Service Agreement were entered into following arm's length negotiations among the parties thereto. The Directors (including independent non-executive Directors) are of the view that the Second Supplementary Agreement and the Service Agreement were entered into on normal commercial terms which are fair and reasonable and in the interests of the Shareholders as a whole.

1.5 The Listing Rules implications

XHM is a non-wholly owned subsidiary of BYDA, the controlling shareholder of the Company, and therefore is a connected person of the Company under Rule 14A.11 of the Listing Rules.

Accordingly, the transaction referred to under the renewal of the BMC Distribution Services Agreement and the Services Agreement above constitutes continuing connected transactions of the Company.

The relevant percentage ratios (other than the profit ratio) of the aggregation of the transaction value for the renewal of the BMC Distribution Services Agreement and the Services Agreement are expected to be more than 0.1%, but less than 2.5% under the Listing Rules. Therefore the transactions thereunder shall be subject to the reporting and announcement requirements, but exempted from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no other transaction entered into between the Group and BYDA and its associates, within a 12 months period from the date of this announcement or otherwise related, which would be, together with transactions under the renewal of the BMC Distribution Services Agreement and the Services Agreement, regarded as a series of transactions and treated as if they are one transaction under Rule 14A.25 of the Listing Rules.

2. INFORMATION RELATING TO THE COMPANY AND XHM

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

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

3. DEFINITIONS

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

“BMC Distribution Services Agreement”	the distribution services agreement dated 27 June 2007 which was entered into between the Company and XHM;
“Board”	the board of Directors;
“BYD”	Beijing Youth Daily (北京青年報);
“BYDA”	Beijing Youth Daily Agency (北京青年報社);
“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 on 22 December 2004, the H shares of which are listed on The Stock Exchange of Hong Kong Limited;

“Directors”	the directors of the Company;
“First Supplementary Agreement”	the agreement indicating the renewal of the BMC Distribution Services Agreement for a one-year term from 1 January 2008 to 31 December 2008 which was entered into on 28 March 2008;
“HK\$”	the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which for the purposes of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	the lawful currency of the People’s Republic of China;
“Second Supplementary Agreement”	the agreement indicating the renewal of the BMC Distribution Services Agreement for a further one-year term from 1 January 2009 to 31 December 2009 which was entered into on 20 January 2009;
“Services Agreement”	the distribution services agreement dated 4 July 2008 which was entered into between the Company and XHM;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“XHM”

XiaoHongMao Corporation (小紅帽發行股份有限公司), a joint stock limited company incorporated under the laws of the PRC on 18 August 2004 and a subsidiary of BYDA.

By Order of the Board

Zhang Yanping

Chairman

Beijing, PRC, 20 January 2009

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Zhang Yabin, Sun Wei, He Pingping, Du Min, the non-executive directors of the Company, Liu Han, Xu Xun, and the independent non-executive directors of the Company, Tsang Hing Lun, Wu Changqi and Liao Li.

Please also refer to the published version of this announcement on the Company's website at www.bjmedia.com.cn.