

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **BEIJING MEDIA CORPORATION LIMITED**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1000)**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **THE RENEWAL OF THE BMC DISTRIBUTION SERVICES AGREEMENT**

The Board announces that, on 11 February 2010, the Company and XHM agreed to renew the BMC Distribution Services Agreement for a further one-year term from 1 January 2010 to 31 December 2010, pursuant to which XHM was engaged by the Company to distribute its direct mail advertisements, pamphlets and magazines.

#### **LISTING RULES IMPLICATIONS**

XHM is a non wholly-owned subsidiary of the Parent, the controlling shareholder of the Company, and therefore XHM is a connected person of the Company under Rule 14A.11 of the Listing Rules. Accordingly, the transactions contemplated under the renewed BMC Distribution Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

#### **AGGREGATION**

Reference is made to the announcements dated 4 July 2008 and 20 January 2009, respectively, 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 for a term commencing from 4 July 2008 and ending on 31 December 2010.

Given that both the renewal of the BMC Distribution Services Agreement and the Services Agreement were entered into between the Company and XHM within a 12-month period, the transactions contemplated under the Services Agreement would have to be aggregated with the transactions contemplated under the renewed BMC Distribution Services Agreement pursuant to Rule 14A.25 of the Listing Rules.

Such aggregation would result in the applicable percentage ratios (as defined under Rule 14A.10 of the Listing Rules) for transactions contemplated under the renewed BMC Distribution Services Agreement and the Services Agreement exceeding 0.1%, but being less than 2.5%. Therefore the transactions contemplated under the renewed BMC Distribution Services Agreement are subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the independent shareholder's approval requirement under Rule 14A.48 of the Listing Rules.

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

## **CONTINUING CONNECTED TRANSACTIONS**

### **1. INTRODUCTION**

Reference is made to the announcements of the Company dated 27 June 2007, 28 March 2008 and 20 January 2009, respectively.

The Company and XHM entered into the BMC Distribution Services Agreement on 27 June 2007, and renewed the same on 28 March 2008 and 20 January 2009, respectively, pursuant to which, XHM was engaged by the Company to distribute its direct mail advertisements, pamphlets and magazines. The BMC Distribution Services Agreement expired on 31 December 2009 and was renewed upon mutual agreement between the Company and XHM on 11 February 2010 for a term of one year from 1 January 2010 to 31 December 2010, and all terms under the BMC Distribution Services Agreement remain unchanged.

### **2. THE RENEWAL OF THE BMC DISTRIBUTION SERVICES AGREEMENT**

#### **Date**

11 February 2010

#### **Parties**

- (i) the Company
- (ii) XHM

## **Continuing transactions**

Pursuant to the renewed BMC Distribution Services Agreement, XHM was engaged by the Company to distribute its direct mail advertisements to subscribers of the BYD as an insert of the BYD.

## **Term and termination**

The BMC Distribution Services Agreement is renewed for a term of one year commencing from 1 January 2010 and ending on 31 December 2010, and is renewable upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules.

## **Price determination**

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

## **Annual cap**

The actual transaction value and the historical annual cap for the transactions under the BMC Distribution Services Agreement for the three years ended 31 December 2009 are set out below:

<b>Transactions</b>	<b>Year ended 31 December</b>		
	<b>2007 (million RMB)</b>	<b>2008 (million RMB)</b>	<b>2009 (million RMB)</b>
Actual transaction value	3.8	3.5	2.66
Historical annual cap	9	5	5

## **Proposed Annual Cap**

With the continuing development of the business of the Group and based on internal estimates of demand and operation conditions, the Company estimates that the annual cap for the transactions contemplated under the renewed BMC Distribution Services Agreement will not exceed RMB5 million (equivalent to approximately HKD5.69 million) for the year ending 31 December 2010.

In arriving at the proposed annual cap, the Company has taken into account (i) the historical actual transaction value of the transactions under the BMC Distribution Services Agreement for the three years ended 31 December 2009; (ii) the estimated growth of the demand for provision of services of distribution and delivery of direct mail advertisements; and (iii) the economic outlook of the PRC during the year ending 31 December 2010.

### **3. REASONS FOR THE RENEWAL OF THE BMC DISTRIBUTION SERVICES 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 renewal of the BMC Distribution Services Agreement on a continuing basis will (i) be beneficial to the Company; (ii) provide greater certainty to the Company's operations; and (iii) enable the Group to secure comparatively favourable terms for distribution services.

The Directors (including independent non-executive Directors) are of the view that (i) the terms of the renewed BMC Distribution Services Agreement a) have been negotiated on an arm's length basis, b) have been conducted on normal commercial terms or on terms no less favourable than those available from independent third parties under prevailing local market conditions, c) are entered into in the ordinary and usual course of business of the Group and d) are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (ii) the proposed annual cap for the year ending 31 December 2010 is fair and reasonable.

### **4. THE LISTING RULES IMPLICATIONS**

XHM is a non wholly-owned subsidiary of the Parent, the controlling shareholder of the Company, and therefore XHM is a connected person of the Company under Rule 14A.11 of the Listing Rules. Accordingly, the transactions contemplated under the renewed BMC Distribution Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **5. AGGREGATION**

Reference is made to the announcements dated 4 July 2008 and 20 January 2009, respectively, 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 for a term commencing from 4 July 2008 and ending on 31 December 2010.

Given that both the renewal of the BMC Distribution Services Agreement and Services Agreement were entered into between the Company and XHM within a 12-month period, the transactions contemplated under the Services Agreement would have to be aggregated with the transactions contemplated under the renewed BMC Distribution Services Agreement pursuant to Rule 14A.25 of the Listing Rules.

Such aggregation would result in the applicable percentage ratios (as defined under Rule 14A.10 of the Listing Rules) for transactions contemplated under the renewed BMC Distribution Services

Agreement and the Services Agreement exceeding 0.1%, but being less than 2.5%. Therefore the transactions contemplated under the renewed BMC Distribution Services Agreement and the Services Agreement are subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the independent shareholder's approval requirement under Rule 14A.48 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, there is no other transaction entered into between any member of the Group and XHM and its ultimate beneficial owner(s), within a 12-month period from the date of this announcement or otherwise related, which would be, together with transactions under the renewed 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.27 of the Listing Rules.

## **6. 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 limited liability company incorporated in PRC which is principally engaged in the distribution of newspapers and other goods.

## **7. 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 entered into between the Company and XHM;
“Board”	the board of Directors;
“BYD”	Beijing Youth Daily (北京青年報);
“Company”	Beijing Media Corporation Limited (北青傳媒股份有限公司), a joint stock limited company incorporated under the laws of the PRC and the H shares of which are listed and traded on the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;

“HKD”	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;
“Parent”	Beijing Youth Daily Agency (北京青年報社), a wholly state-owned enterprise incorporated under the laws of the PRC, the controlling shareholder of the Company;
“PRC”	the People’s Republic of China, which for the purposes of this announcement only excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	the lawful currency of the People’s Republic of China;
“Services Agreement”	the distribution services agreement dated 4 July 2008 entered into between the Company and XHM;
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“XHM”	XiaoHongMao Corporation (小紅帽發行股份有限公司), a joint stock limited company incorporated under the laws of the PRC on 18 August 2004 and a subsidiary of the Parent.

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

Beijing, PRC, 11 February 2010

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

*Please also refer to the published version of this announcement on the Company’s website at [www.bjmedia.com.cn](http://www.bjmedia.com.cn).*