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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)

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 4 to 13 of this circular and a letter from the Independent Board Committee containing its recommendations to the Independent Shareholders is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 27 of this circular.

A supplemental notice convening the AGM to be held at 2:00 p.m. on Friday, 13 May 2011 at 21st Floor, Beijing Youth Daily Agency, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC is set out on pages 33 to 34 of this circular. Whether or not you are able to attend the AGM, please complete and return the enclosed revised 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 AGM or any adjournment thereof, and deposit it with Computershare Hong Kong Investor Services Limited, the H shares registrar and transfer office of the Company in Hong Kong, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the revised form of proxy will not preclude you from attending and voting at the AGM or any adjournment thereof should you so desire.

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DEFINITION

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

“Advertising Services Agreements”	the advertising services agreement and any supplemental agreement entered into between BQTM and Trans-media on 9 August 2010
“AGM”	the annual general meeting of the Company to be convened at 2:00 p.m. on Friday, 13 May 2011 at 21st Floor, Beijing Youth Daily Agency, Building A, No. 23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the PRC
“associate(s)”	has the meaning ascribed under the Listing Rules
“Beiqing Top”	Beijing Beiqing Top Advertising Co., Ltd. (北京北青鼎力傳媒廣告有限公司), a limited liability company incorporated under the laws of the PRC on 6 November 2007 and a subsidiary of the Company
“BQTM”	Beiqing Transmedia Co., Ltd. (北青航媒廣告有限公司), a limited liability company incorporated under the laws of the PRC on 9 August 2010 and a subsidiary of the Company
“Board”	the board of Directors
“CAAC Newspaper-Top Media”	Civil Aviation Administration of China Newspaper-Top Media (《中國民航報Top時空》) operated by Beiqing Top
“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
“controlling shareholder”	has the meaning ascribed under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITION

“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors who have no material interests in the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement, 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 Advertising Services Agreements and the Top Exclusive Advertising Services Agreement
“Independent Shareholders”	shareholders other than any person and its associates which has a material interest in the transaction contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement
“Latest Practicable Date”	19 April 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)
“Parent” or “BYDA”	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 and, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong

DEFINITION

“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisors of the Company
“Top Exclusive Advertising Services Agreement”	the exclusive advertising services agreement dated 12 April 2011 entered into between Beiqing Top and Trans-media
“Trans-media”	Beijing Trans-media Co., Ltd. (北京終端廣告傳媒有限責任公司), a limited liability company incorporated under the laws of the PRC on 28 January 2006

LETTER FROM THE BOARD



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:

Zhang Yanping
Zhang Yabin
Sun Wei

Registered Office:

Building A, No.23 Baijiazhuang Dongli
Chaoyang District
Beijing 100026
PRC

Non-executive Director:

Liu Han
Xu Xun
Li Yigeng
Li Shiheng
Wu Peihua

Independent non-executive Directors:

Tsang Hing Lun
Wu Changqi
Liao Li

26 April 2011

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

I. INTRODUCTION

Reference is made to the announcement of the Company dated 12 April 2011 in relation to the continuing connected transactions of the Company.

LETTER FROM THE BOARD

Pursuant to the latest published figures of the asset value, revenue and profits as shown in the announcement of annual result for the year ended 31 December 2010, as the value of BQTM's total assets, profits and revenue represents more than 10% under the relevant percentage ratios as defined under Rule14.04(9) for the period since the incorporation of BQTM, the continuing connected transactions between the Group and Trans-media (who is the substantial shareholder of BQTM and a person only connected at the subsidiary level) no longer meet the requirement in Rule14A.31(9), the Company is required to comply with all applicable reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule14A.33(5).

On 9 August 2010, BQTM entered into the Advertising Services Agreements with Trans-media, pursuant to which Trans-media shall i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport; and ii) provide certain supporting services to BQTM in relation to the placement of commercial advertisements on such LED displays, for a term commencing on 9 August 2010 to 8 August 2012.

On 12 April 2011, Beiqing Top entered into the Top Exclusive Advertising Services Agreement with Trans-media, pursuant to which Trans-media shall act as the exclusive advertising services provider of Beiqing Top to provide certain supporting services for commercial advertisements which are not self-operated by Beiqing Top on the CAAC Newspaper-Top Media.

The purpose of this circular is to provide you with, among other things, (i) further details of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement; (ii) a letter of advice from the Independent Board Committee to the Independent Shareholders in relation to the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement; and (iv) a supplemental notice convening the AGM.

II. CONTINUING CONNECTED TRANSACTIONS

(A) Advertising Services Agreements

Date

9 August 2010

Parties

- (i) BQTM;
- (ii) Trans-media

LETTER FROM THE BOARD

Continuing transactions

Pursuant to the Advertising Services Agreements, Trans-media has agreed to i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport (“**Advertising Agent**”); and ii) provide certain supporting services to BQTM in relation to the commercial advertisements on such LED displays (“**Advertising Services**”).

Under the business model of the Advertising Agent, Trans-media has acted or shall act as an advertising agent of BQTM to purchase the time slots of the advertisements on the LED displays from BQTM and resell to its end customers at the specific preferential price based on the advertising list price used by BQTM in accordance with the sales agency policy of BQTM. Trans-media will be responsible for the sales and production of all the advertisements on the LED displays.

Under the business model of the Advertising Services, Trans-media has provided or shall provide supporting services to BQTM, including advertising placement and client marketing services for its commercial advertisements on the LED displays.

Trans-media has also undertaken that the annual advertising fee for advertisement placement on the LED displays by advertisers introduced by Trans-media will reach certain amount agreed by BQTM and Trans-media. If the fee of the advertisements to be placed on the LED displays by the advertisers has exceeded certain amount, Trans-media shall have the right to place advertisements on the LED displays with no charge on the certain time slots which have not been sold by BQTM according to the sales agency policy of BQTM.

Trans-media has been agreed to resell the time slot of advertisements at a price less than the specific preferential price to which Transmedia entitled with the prior approval of BQTM.

Consideration

The considerations for the transactions under the Advertising Services Agreements was determined after arm’s-length negotiations between the BQTM and Trans-media by reference to the market practice in the advertising industry and the new-media characteristic of the LED displays.

LETTER FROM THE BOARD

Under the business model of the Advertising Agent, Trans-media shall pay the advertising fee for the scheduled time slot to BQTM according to normal commercial terms which are similar to those available to BQTM from independent third parties. The said advertising fee shall be determined from time to time by BQTM and Trans-media according to unit price, actual placement quantity of advertisement, size of advertisement and time slot of advertisement under the terms of the Advertising Services Agreements and its implementation agreements. Trans-media will settle the corresponding advertising fee to BQTM within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to Trans-media.

Under the business model of the Advertising Services, BQTM shall pay the corresponding advertising service fee to Trans-media according to normal commercial terms which are similar to those available to independent third parties from BQTM and according to the current sales agency policy of BQTM. BQTM will settle the corresponding service fee with Trans-media within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to BQTM.

Term and termination

The Advertising Service Agreement is for a term commencing on 9 August 2010 and ending on 8 August 2012.

Implementation Agreements

BQTM and Trans-media 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 Advertising Services Agreements 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 Advertising Services Agreements, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Advertising Services Agreements and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

LETTER FROM THE BOARD

Annual cap

Actual Transaction Value

Since it is approximately five months period that BQTM has cooperated with Trans-media under the Advertising Services Agreements, the actual transaction value under the Advertising Services Agreements for approximately five months ended 31 December 2010 are set out below:

	Approximately five months ended on 31 December 2010 (RMB)
Advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent	56,896,886
Services fee settled by BQTM to Trans-media under the business model of the Advertising Services	—

Proposed Annual Cap

Each of the proposed annual caps in respect of the transactions contemplated under the Advertising Services Agreements for the year ending 31 December 2011 and the period from 1 January 2012 to 8 August 2012, are set out below:

	Year ending 31 December 2011 (RMB)	Period from 1 January 2012 to 8 August 2012 (RMB)
Advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent	150,000,000	96,250,000
Services fee settled by BQTM to Trans-media under the business model of the Advertising Services	20,000,000	12,833,000

In arriving at the proposed annual caps in respect of transactions contemplated under the Advertising Services Agreements, the Company has taken into account (i) the historical actual transaction value under the Advertising Services Agreements for the approximately five months ended on 31 December 2010; (ii) the estimated development of the LED displays advertising business; (iii) a reasonable profit margin and (iv) the market practice and current market conditions.

LETTER FROM THE BOARD

Reasons for the entering into the Advertising Services Agreements

The Group has maintained a steady cooperation relationship with Trans-media since 2007 and Trans-media has the rich experience for new media promotion and wide client base with its comprehensive services of advertising agency, market developing, public consulting and client maintaining.

The Company is of the view that the transactions contemplated under the Advertising Services Agreements will (i) facilitate the operation of the LED displays advertising business and growth of the Company; and (ii) reduce unnecessary risks which might incur during the course of operation.

(B) Top Exclusive Advertising Services Agreement

Date

12 April 2011

Parties

- (i) Beiqing Top;
- (ii) Trans-media

Continuing transactions

Pursuant to the Top Exclusive Advertising Services Agreement, Trans-media shall act as the exclusive advertising services provider of Beiqing Top to provide certain supporting services, including advertising placement and client marketing services for commercial advertisements which are not self-operated by Beiqing Top on the CAAC Newspaper-Top Media.

Consideration

The considerations for the transactions under the Top Exclusive Advertising Services Agreement was determined after arm's-length negotiations between Beiqing Top and Trans-media by reference to the market practice in the advertising industry.

Beiqing Top shall pay the advertising service fee to Trans-media according to normal commercial terms which are similar to those available to independent third parties from Beiqing Top and according to the current sales agency policy of Beiqing Top. Beiqing Top will settle the corresponding advertising service fee to Trans-media within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to Beiqing Top.

LETTER FROM THE BOARD

Term and termination

The Top Exclusive Advertising Services Agreement is for a term commencing on 12 April 2011 and ending on 31 December 2013. Upon expiry, the Top Exclusive Advertising Services Agreement will be renewed automatically for one year upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules.

Implementation Agreements

Beijing Top and Trans-media will enter into, from time to time and as necessary, separate implementation agreements for each of the specific transactions contemplated under the Top Exclusive Advertising Services 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 Top Exclusive Advertising Services Agreement, they do not constitute new categories of connected transactions. Any such implementation agreements will be within the ambit of the Top Exclusive Advertising Services Agreement and the relevant annual caps, and if exceeded, the Company will comply with the relevant Listing Rules accordingly.

Proposed Annual Cap

The proposed annual caps in respect of provision of advertising services to Beijing Top by Trans-media contemplated under the Top Exclusive Advertising Services Agreement for the three years ending 31 December 2013 are set out below:

	Year ending 31 December		
	2011	2012	2013
	(RMB)	(RMB)	(RMB)
Provision of advertising services by Trans-media	24,000,000	32,000,000	48,000,000

In arriving at the proposed annual caps in respect of transactions contemplated under the Top Exclusive Advertising Services Agreement, the Company has taken into account (i) the current publication amount of CAAC Newspaper-Top Media; (ii) the estimated development of the advertising business on CAAC Newspaper-Top Media; (iii) a reasonable profit margin and (iv) the market practice and current market conditions.

LETTER FROM THE BOARD

Reasons for entering into the Top Exclusive Advertising Services Agreement

The Group has maintained a steady cooperation relationship with Trans-media since 2007 and Trans-media has the rich experience for advertising promotion and wide client base with its comprehensive services of advertising agency, market developing, public consulting and client maintaining.

The Company is of the view that the transactions contemplated under the Top Exclusive Advertising Services Agreement will (i) facilitate the operation of the advertising business on CAAC Newspaper-Top Media and growth of the Company; and (ii) reduce unnecessary risks which might incur during the course of operation.

(C) Listing Rules Implications

Pursuant to the latest published figures of the asset value, revenue and profits as shown in the announcement of annual result of the Company for the year ended 31 December 2010, as the value of BQTM's total assets, profits and revenue represents more than 10% under the relevant percentage ratios as defined under Rule 14.04(9) for the period since the incorporation of BQTM, the continuing connected transactions between the Group and Trans-media (who is the substantial shareholder of BQTM and a person only connected at the subsidiary level) no longer meet the requirement in Rule 14A.31(9), the Company is required to comply with all applicable reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(5).

Given that the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement were both entered into between the subsidiaries of the Company and Trans-media within a 12-month period, the transactions contemplated under the Advertising Services Agreements should be aggregated with the transactions contemplated under the Top Exclusive Advertising Services Agreement pursuant to 14A.27 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 aggregated proposed annual caps for the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement exceed 5% and the proposed annual cap thereunder is more than HK\$10,000,000. Therefore, the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement are subject to reporting, announcement, annual review and independent shareholders' approval requirements under the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement (i) have been negotiated on an arm's length basis; (ii) have been or will be conducted on normal commercial terms, or on terms no less favourable than those available to or from independent third parties under prevailing local market conditions; (iii) are entered into in the ordinary and usual course of business of the Group; (iv) are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (v) that the proposal annual cap in respect of the transactions under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The Company confirms that there is not any Director has a material interest in the transactions under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, there is no other connected transaction entered into between any member of the Group and Transmedia and its ultimate beneficial owner(s) or otherwise related, which would be aggregated with the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement under Rule 14A.27 of the Listing Rules.

(D) General Information

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

BQTM is a limited liability company incorporated in the PRC which is mainly engaged in the provision of LED displays advertising services and is a 51%-owned subsidiary of the Company. BQTM is owned as to 51%, 46% and 3% by the Company, Trans-media and an independent third party (natural person), respectively.

Beiqing Top is a limited liability company incorporated in the PRC which is mainly engaged in designing, production, acting as agency and placement of advertisements, information consulting and marketing planning and is a subsidiary of the Company.

Trans-media is a limited liability company incorporated in PRC which is principally engaged in designing, production and placement of advertisements.

III. AGM

A supplemental notice convening the AGM is set out on pages 33 to 34 of this circular. The AGM will be held at 2:00 p.m. on Friday, 13 May 2011 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, among other matters, the transactions contemplated under the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement.

Votes on the resolutions to be considered at the AGM shall be taken by way of poll.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, no connected person of the Company, Shareholder and their respective associates with a material interest in the transaction contemplated under the Advertising Services Agreements or the Top Exclusive Advertising Services Agreement is required to abstain from voting for such resolutions at the AGM.

LETTER FROM THE BOARD

Whether or not you are able to attend the AGM, please complete and return the enclosed revised 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 AGM 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the revised form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

IV. RECOMMENDATION

Your attention is also drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement; 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 Advertising Services Agreements and the Top Exclusive Advertising Services Agreement 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 Advertising Services Agreements and the Top Exclusive Advertising Services Agreement (a) have been negotiated on an arm's length basis; (b) will be conducted on normal commercial terms; (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.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolutions to approve the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement to be proposed at the AGM.

By order of the Board
Beijing Media Corporation Limited
Zhang Yanping
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the continuing connected transactions, which has been prepared for the purpose of inclusion in this circular.



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)

26 April 2011

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to the circular to the Shareholders dated 26 April 2011 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meanings given to them in the definition section of the Circular.

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 Advertising Services Agreements and the Top Exclusive Advertising Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the Advertising Services Agreement and the Top Exclusive Advertising Services Agreements and the advice of the Independent Financial Adviser in relation thereto as set out on pages 16 to 27 of the Circular, we are of the opinion that the terms of the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement 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.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter of advice from the Independent Financial Adviser set out on pages 16 to 27 of the Circular. We have also considered, amongst others, the various factors contained in such letter.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Advertising Services Agreements and the Top Exclusive Advertising Services Agreement by way of poll.

Yours faithfully,
For and on behalf of
the Independent Board Committee of
Beijing Media Corporation Limited
Tsang Hing Lun, Wu Changqi, Liao Li
Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of the “Letter from China Everbright” to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



26 April 2011

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

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement (the “**Continuing Connected Transactions**”).

The details of the Continuing Connected Transactions are set out in the Letter from the Board in the circular to the Shareholders dated 26 April 2011 (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.

On 9 August 2010, BQTM, a non-wholly-owned subsidiary of the Company, entered into the Advertising Services Agreement with Trans-media, pursuant to which Trans-media shall i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport and ii) provide certain supporting services to BQTM in relation to placement of the commercial advertisements on such LED displays, for a term commencing on 9 August 2010 to 8 August 2012.

On 12 April 2011, Beiqing Top, a non-wholly-owned subsidiary of the Company, entered into the Top Exclusive Advertising Services Agreement with Trans-media, pursuant to which Trans-media shall act as the exclusive advertising services provider of Beiqing Top to provide certain supporting services for commercial advertisements which are not self-operated by Beiqing Top on the CAAC Newspaper-Top Media.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the latest published figures of the asset value, revenue and profits as shown in the announcement of annual result for the year ended 31 December 2010, as the value of BQTM's total assets, profits and revenue represents more than 10% under the relevant percentage ratios as defined under Rule 14.04(9) for the period since the incorporation of BQTM, the continuing connected transactions between the Group and Trans-media (who is the substantial shareholder of BQTM and a person only connected at the subsidiary level) no longer meet the requirement in Rule 14A.31(9), the Company is required to comply with all applicable reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33(5). Given that the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement were both entered into between the subsidiaries of the Company and Trans-media within a 12-month period, the transactions contemplated under the Advertising Services Agreement should be aggregated with the transactions contemplated under the Top Exclusive Advertising Services Agreement pursuant to Rule 14A.27 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 caps for the transactions contemplated under the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement exceed 5% and the proposed annual cap ("**Annual Caps**") thereunder is more than HK\$10,000,000, therefore, the transactions contemplated under the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement are subject to reporting, announcement, independent shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Tsang Hing Lun, Mr. Wu Changqi and Mr. Liao Li, has been formed to consider whether (i) the terms of the Continuing Connected Transactions are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) the Continuing Connected Transactions, including the annual caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole, and to make recommendations to the Independent Shareholders in respect thereof. We, China Everbright Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby we will receive any fees and benefits from the Group, Trans-media or any of their respective associates. We are independent from and not connected with the Group's Trans-media or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and are accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Continuing Connected Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management (“**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 facts 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 and Trans-media. We have assumed that all statements and representations made or referred to in the Circular were accurate at the time when they were made and are true at the date of the Circular.

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.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our views on the Continuing Connected Transactions, 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.

1. Background of and reasons for the Continuing Connected Transactions

The Group is principally engaged in three core businesses: (1) advertising business, which contributed most of the turnover of the Group; (2) printing business, the turnover in which is principally derived from the revenue generated from the printing services provided by BYD Logistics; and (3) trading business of print-related materials, which involves the supply and trading of, among other things, newsprint, ink, lubricants, films, PS boards and rubber sheets to third parties (including commercial printers etc.).

As stated in the 2010 interim report of the Company, the Group continued to press forward its business shifting from traditional media to new media in 2010. In August 2010, BQTM was established by the Company and Trans-media for the development of LED displays advertising business at Terminal 3 of the Beijing capital international airport. As informed by the Management, Trans-media has developed and operating LED displays advertising business at Beijing capital international airport since 2008, and has established business relationship with several large cooperate clients. As LED displays advertising business is a new business to the Group and Trans-media has proven track record in LED displays advertising business, BQTM entered into the Advertising Services Agreement with Trans-media on 9 August 2010, pursuant to which Trans-media shall i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport and ii) provide certain supporting services to BQTM in relation to placement of the commercial advertisements on such LED displays, for a term commencing on 9 August 2010 to 8 August 2012. As stated in the Letter from the Board, the Directors are of the view that the transactions contemplated under the Advertising Services Agreement will (i) facilitate the operation of the LED displays advertising business and growth of the Company; and (ii) reduce unnecessary risks which might incur during the course of operation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Beijing Top, a non-wholly-owned subsidiary of the Company, is responsible for operating aviation media business by publishing CAAC Newspaper-Top Media which has limited coverage in the media market. As advised by the Management, apart from airlines of various domestic aviation companies, the coverage of CAAC Newspaper-Top Media includes around 20 waiting rooms in airports of major and second-tier cities nationwide, and the average circulation of CAAC Newspaper-Top Media is less than 300,000 copies. In order to improve the coverage and circulation of CAAC Newspaper-Top Media, on 12 April 2011, Beijing Top entered into the Top Exclusive Advertising Services Agreement with Trans-media, pursuant to which Trans-media shall act as the exclusive advertising services provider of Beijing Top to provide certain supporting services for commercial advertisements which are not self-operated by Beijing Top on the CAAC Newspaper-Top Media. As stated in the Letter from the Board, the Directors are of the view that the transactions contemplated under the Top Exclusive Advertising Services Agreement will (i) facilitate the operation of the advertising business on CAAC Newspaper-Top Media and growth of the Company; and (ii) reduce unnecessary risks which might incur during the course of operation.

Having taken into account of the above and (i) the Group has maintained a steady business cooperation relationship with Trans-media since 2007; (ii) the transactions contemplated under the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement are ordinary and usual course of business of the Group; (iii) through the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement, the Group is able to utilize Trans-media's solid experience and expertise in advertising agency, market developing, public consulting and client maintaining for the development of the Group's LED displays advertising business and improvement of the coverage and circulation of CAAC Newspaper-Top Media; and (iv) Trans-media has undertaken that the annual advertising fee for advertisement placement on the LED displays by advertisers introduced by Trans-media will reach certain amount agreed by BQTM and Trans-media, we are of the view that the Continuing Connected Transactions are in the interest of the Group and the Independent Shareholders as a whole.

2. The major terms of the Continuing Connected Transactions

The Advertising Services Agreement

The Advertising Service Agreement is for a term commencing on 9 August 2010 and ending on 8 August 2012.

Pursuant to the Advertising Services Agreement, Trans-media has agreed to i) act as an advertising agent of BQTM to sell commercial advertisements on the LED displays installed at Terminal 3 of the Beijing capital international airport ("**Advertising Agent**"); and ii) provide certain supporting services to BQTM in relation to the placement of commercial advertisements on such LED displays ("**Advertising Services**").

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the business model of the Advertising Agent, Trans-media shall act as an advertising agent of BQTM to purchase the time slots of the advertisements on the LED displays from BQTM and resell to its end customers at the specific preferential price based on the advertising list price used by BQTM in accordance with the sales agency policy of BQTM. Trans-media will be responsible for the sales and production of all the advertisements on the LED displays. Trans-media shall pay the advertising fee for the scheduled time slot to BQTM according to normal commercial terms which are similar to those available to BQTM from independent third parties. The said advertising fee shall be determined from time to time by BQTM and Trans-media according to unit price, actual placement quantity of advertisement, size of advertisement and time slot of advertisement under the terms of the Advertising Services Agreement and its implementation agreements. Trans-media will settle the corresponding advertising fee with BQTM within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to Trans-media.

Under the business model of the Advertising Services, Trans-media shall provide supporting services to BQTM, including advertising placement and client marketing services for its commercial advertisements on the LED displays. Trans-media has also undertaken that the annual advertising fee for advertisement placement on the LED displays by advertisers introduced by Trans-media will reach certain amount agreed by BQTM and Trans-media. If the fee of the advertisements to be placed on the LED displays paid by the advertisers has exceeded certain amount, Trans-media shall have the right to place advertisements on the LED displays with no charge on certain time slots which have not been sold by BQTM according to the sales agent policy of BQTM. Trans-media has been agreed to resell the time slot of advertisements at a price less than the specific preferential price to which Trans-media entitled with the prior approval of BQTM. BQTM shall pay the corresponding advertising service fee to Trans-media according to normal commercial terms which are similar to those available to independent third parties from BQTM and according to the current advertising sales policy of BQTM. BQTM will settle the corresponding service fee with Trans-media within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to BQTM.

BQTM and Trans-media 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 Advertising Services Agreement during its term. Each implementation agreement will set out the detailed services, the specifications, quantities, prices and other relevant terms.

Shareholders should note that there is no provision in the Advertising Services Agreement requiring BQTM to transact with Trans-media exclusively. In other words, BQTM is not obligated to transact with Trans-media and would only do so if it is in the commercial interests of BQTM, and it does not restrict BQTM from transacting with any advertising agents. Therefore, we consider the Advertising Services Agreement provide commercial flexibility to BQTM to transact with other advertising agents in the event that BQTM might not be able to agree with any terms or pricing with Trans-media.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

After discussion with the Management, we understand that BQTM also engage other independent advertising agents to assist BQTM in promoting and developing its LED displays advertising business. In addition, BQTM has adopted the same sales agency policy to determine the considerations paid by BQTM to Trans-media and other independent advertising agents. We have reviewed sample copies of advertising services agreements between BQTM and (i) Trans-media; and (ii) independent advertising agents during the period ended 31 January 2011, and we noted that the considerations and payment terms under the Advertising Services Agreement are comparable and similar to advertising agency agreements between BQTM and other independent advertising agents.

The Top Exclusive Advertising Services Agreement

The Top Exclusive Advertising Services Agreement is for a term commencing on 12 April 2011 and ending on 31 December 2013. Upon expiry, the Top Exclusive Advertising Services Agreement will be renewed automatically for one year upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules.

Pursuant to the Top Exclusive Advertising Services Agreement, Trans-media shall act as the exclusive advertising services provider of Beiqing Top to provide certain supporting services, including advertising placement and client marketing services for commercial advertisements which are not self-operated by Beiqing Top on the CAAC Newspaper-Top Media.

As stated in the Letter from the Board, the considerations for the transactions under the Top Exclusive Advertising Services Agreement was determined after arm's-length negotiations between Beiqing Top and Trans-media by reference to the market practice in the advertising industry and the market influence of Trans-media. Beiqing Top shall pay the advertising service fee to Trans-media according to normal commercial terms which are similar to those available to independent third parties from Beiqing Top and according to the current advertising sales policy of Beiqing Top. Beiqing Top will settle the corresponding advertising service fee with Trans-media within 3 working days after all or partial of the advertising fee is settled by the corresponding advertisers to Beiqing Top.

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

To evaluate the fairness of the terms of the Top Exclusive Advertising Services Agreement, we have discussed the advertising sales policy of Beiqing Top with the Management and we understand that such policy apply on all advertising services provider engaged by Beiqing Top. According to our review, we noted that the pricing and payment terms of the Top Exclusive Advertising Services Agreement are consistent with the advertising sales policy of Beiqing Top. Therefore, we are of the view that the terms of the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. The Annual Caps

The Advertising Services Agreement

As set out in the Letter from the Board, each of the proposed annual caps in respect of the transactions contemplated under the Advertising Services Agreement for the year ending 31 December 2011 and the period from 1 January 2012 to 8 August 2012, are set out below:

	Year ending 31 December 2011 (RMB'000)	For the period from 1 January 2012 to 8 August 2012 (RMB'000)
Advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent	150,000	96,250
Service fee settled by BQTM to Trans-media under the business model of the Advertising Services	20,000	12,833

The Top Exclusive Advertising Services Agreement

As set out in the Letter from the Board, the proposed annual caps in respect of provision of advertising agency services to Beiqing Top by Trans-media contemplated under the Top Exclusive Advertising Services Agreement for the three years ending 31 December 2013 are set out below:

	Year ending 31 December 2011 (RMB'000)	2012 (RMB'000)	2013 (RMB'000)
Provision of advertising services by Trans-media	24,000	32,000	48,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasonableness of the Annual Caps, we have discussed with the Management regarding the principal assumptions and the basis adopted for the determination of the Annual Caps, and understand that the Company has taken into account the following factors:

- (i) *Historical advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent the five months ended on 31 December 2010*

In August 2010, BQTM was established by the Company and Trans-media for the development of LED displays advertising business at Terminal 3 of the Beijing capital International Airport.

After discussion with the Management, we were advised that the historical advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent during the approximately five months ended on 31 December 2010 amounted to RMB56,896,886.

Based on (i) the above historical transaction amounts between Trans-media and BQTM; and (ii) estimated development of the Group's LED displays advertising business, the Management estimates that the maximum transaction amount in relation to advertising fee settled by Trans-media to BQTM under the business model of the Advertising Agent will amount to RMB150 million and RMB96.25 million during the year ending 31 December 2011 and for the period from 1 January 2012 to 8 August 2012, respectively.

- (ii) *Indications from Trans-media on total advertisements fee placement on the LED displays by advertisers introduced by Trans-media*

After discussion with the Management, we were advised that under the business model of the Advertising Services, Trans-media shall provide supporting services to BQTM in return of advertising service fee. According to the advertising sales policy of BQTM, which is (i) applicable to all advertising services providers engaged by BQTM; and (ii) consistent with the industry practice, Trans-media is entitled to receive advertising services fee, which represents up to approximately 40% of the total advertisements fee placement on the LED displays by advertisers introduced by Trans-media

As advised by the Management, Trans-media indicated to BQTM that total advertisements fee placement on the LED displays by advertisers introduced by Trans-media are estimated to reach approximately RMB50 million in 2011 and approximately RMB33 million for the period from 1 January 2012 to 8 August 2012, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, the Management estimates that the maximum transaction amount in relation to service fee settled by BQTM to Trans-media under the business model of the Advertising Services will amount to RMB20 million and RMB12.83 million during the year ending 31 December 2011 and for the period from 1 January 2012 to 8 August 2012, respectively.

(iii) Estimated annual advertising income to be generated by CAAC Newspaper-Top Media by advertisers introduced by Trans-media

We were advised that the Management estimates the maximum annual advertising income and related revenue to be generated by CAAC Newspaper-Top Media by advertisers introduced by Trans-media will amount to approximately RMB60 million, RMB80 million and RMB120 million during the three years ending 31 December 2013, respectively. Such figures were estimated by the Management with reference to the expected growth in the saleable advertising space and advertising list price of CAAC Newspaper-Top Media during the corresponding periods.

According to the advertising sales policy of Beiqing Top, which is (i) applicable to all advertising services providers engaged by Beiqing Top; and (ii) comparable to the industry practice, Trans-media is entitled to receive advertising services fee, which represents up to approximately 40% of the annual advertising income to be generated by CAAC Newspaper-Top Media by advertisers introduced by Trans-media, from Beiqing Top.

Based on the above estimated business development of the CAAC Newspaper-Top Media and the advertising sales policy of Beiqing Top, the Management estimates that the maximum transaction amount in relation to advertising services paid by Beiqing Top to Trans-media under the Top Exclusive Advertising Services Agreement will amount to RMB24 million, RMB32 million and RMB48 million during the three years ending 31 December 2013, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(iv) The growth of the advertising industry in the PRC

According to the National Bureau of Statistics of the PRC, from 2000 to 2009, the PRC's GDP per capita grew from RMB7,858 to RMB25,575, representing a compound annual growth rate of approximately 15.9%. During the same period, the per capita retail sales of consumer goods increased from RMB3,097 in 2000 to RMB9,965 in 2009, representing a compound annual growth rate of approximately 15.7%.

The growth in the PRC's economy and per capita retail sales of consumer goods will continue to underpin the development of the advertising industry in the PRC.

According to the figures released by CTR Market Research, an independent market research company, the PRC's total advertising expenditure rose by 13% to approximately RMB589 billion in 2010. Although the increase of the consumer price inflation may post pressure on the country's overall economic development in 2011, CTR Market Research is cautiously optimistic to forecast that 2011 PRC's advertising market will continue to outpace the GDP growth at the rate of 15%. As estimated by CTR Market Research, in 2010 resources in print media including newspapers and magazines also expanded by 11% and 6% respectively on a year-on-year basis, while the revenue growth rate of newspapers and magazines reached the same level of 19%.

Having considered the above, we are of the view that the basis adopted by the Management in determining the Annual Caps is fair and reasonable so far as the Independent Shareholders are concerned. However, Shareholders should note that the Annual Caps relate to future events and they do not represent a forecast of turnover to be generated from the Continuing Connected Transactions.

4. Requirements of the Listing Rules on the Continuing Connected Transactions

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

- (a) each year the independent non-executive Directors must review the Continuing Connected Transactions and confirm in the annual report and accounts that the Continuing Connected Transactions have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable transactions 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iii) 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 Continuing Connected Transactions:
 - (i) have received the approval of the Board;
 - (ii) are in accordance with the pricing policies of the Group;
 - (iii) have been entered into in accordance with the terms of the relevant agreements governing the Continuing Connected Transactions; and
 - (iv) have not exceeded the Annual Caps;
- (c) the Company shall allow, and shall procure the relevant counter-parties to the Continuing Connected Transactions shall allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the 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/or (b) respectively.

In light of the reporting requirements attached to the Continuing Connected Transactions, in particular, (i) the restriction of the value of the Continuing Connected Transactions by way of the Annual Caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company on the terms of the 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 Continuing Connected Transactions and safeguard the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement, including the Annual Caps and the transactions contemplated thereunder, are on normal commercial terms and in the ordinary and usual course of business of the Group, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests 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 be proposed at the SGM to approve the Advertising Services Agreement and the Top Exclusive Advertising Services Agreement, including the Annual Caps, and the transactions contemplated thereunder, as detailed in the notice of AGM set out at the end of Circular.

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

1. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company had 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 would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and to the Hong Kong Stock Exchange under the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, 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 Hong Kong Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors, the Supervisors and the chief executive of the Company, as at the Latest Practicable Date, the following persons, other than a Director, a Supervisor, or the chief executive 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 interest held or regarded as held	Approximate percentage of the respective class of issued shares (%)	Approximate percentage of the total issued share capital (%)
Parent ^{Note}	Domestic	N/A	124,839,974	87.66	63.27
Beijing Zhijin Science and Technology Investment Co., Ltd	Domestic	N/A	7,367,000	5.17	3.73
MIH (BVI) Limited	H	Long Position	19,533,000	35.58	9.90

Name of shareholders	Class of shares	Nature	Number of share interest held or regarded as held	Approximate percentage of the respective class of issued shares (%)	Approximate percentage of the total issued share capital (%)
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
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
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
Yue Shan International Limited	H	Long Position	4,939,000	8.99	2.50
Xia Jie	H	Long Position	4,939,000	8.99	2.50
Cao Yawen	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, Mr. Li Shiheng and Ms. Wu Peihua, being Directors, are also the president, chief editor, vice president, executive vice president and executive deputy chief editor 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 of the Company, there was no other person (other than the Directors, the Supervisors or the chief executive 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. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors and the Supervisor were not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group was made up.

5. INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and the Supervisors nor their respective associates was interested in any business which competed or was 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 and the Supervisors nor their respective associates was materially interested in any contract or arrangement at the Latest Practicable Date which was significant to the business of the Group taken as a whole.

6. DIRECTORS' AND SUPERVISORS' INTEREST IN ASSETS OR CONTRACTS

As at the Latest Practicable Date, none of the Directors nor the Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited financial statements of the Group were made up or were proposed to be acquired or disposed of by or leased to any member of the Group. None of the Directors nor the Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

7. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors nor the Supervisors had any existing or proposed service contracts with 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).

8. 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 no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group as at the Latest Practicable Date.

9. EXPERT'S QUALIFICATION AND CONSENT

China Everbright has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

The following is the qualification of China Everbright who has given its opinion or advice which is contained in this circular:

Name	Qualification
China Everbright	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

10. EXPERTS' INTERESTS

As the Latest Practicable Date, China Everbright, 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 2010, 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.

11. METHOD OF VOTING AT THE AGM

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

12. MISCELLANEOUS

- (a) The company secretary of the Company is Mr Yu Leung Fai. Mr Yu Leung Fai is a certified public accountant (practicing) of the Hong Kong Institute of Certified Public Accountants and a member of the American 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 situated at the office of the Company's H share registrars, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the principal place of business in Hong Kong on 7th Floor, Hong Kong Trade Center, 161-167 Des Voeux Road Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including 13 May 2011:

- (a) the letter from China Everbright as set out in pages 16 to 27 of this circular;
- (b) the written consent of China Everbright referred to in this Appendix;
- (c) the Advertising Services Agreements; and
- (d) the Top Exclusive Advertising Services Agreement.

SUPPLEMENTAL NOTICE OF THE AGM



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)

SUPPLEMENTAL NOTICE OF THE ANNUAL GENERAL MEETING

Reference is made to the notice of the annual general meeting dated 28 March 2011 (the “**AGM Notice**”) which sets out the ordinary resolutions to be considered by shareholders at the annual general meeting (the “**AGM**”) to be held at 2:00 p.m. on Friday, 13 May 2011 at 21st Floor, Beijing Youth Daily Agency, Building A, No.23 Baijiazhuang Dongli, Chaoyang District, Beijing 100026, the People's Republic of China.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT the AGM, which will be held as originally scheduled, will consider and, if thought fit, pass the following ordinary resolutions in addition to the resolutions set out in the AGM Notice.

As Ordinary Resolutions

1. To consider and, if thought fit, to approve the advertising services agreement and any supplemental agreement thereto dated 9 August 2010 (the “**Advertising Services Agreements**”) entered between Beiqing Transmedia Co., Ltd. and Beijing Trans-media Co., Ltd. and the proposed annual caps for the period from 9 August 2010 to 8 August 2012 for the transactions contemplated thereunder; and any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Advertising Services Agreements and the transactions contemplated therein.
2. To consider and, if thought fit, to approve the exclusive advertising services agreement dated 12 April 2011 (the “**Top Exclusive Advertising Services Agreement**”) entered between Beijing Beiqing Top Advertising Co., Ltd. and Beijing Trans-media Co., Ltd. and the proposed annual caps for the period from 12 April 2011 to 31 December 2013 for the transactions contemplated thereunder; and any one director of the Company be and is hereby authorised on behalf of the Company to execute all such documents, in such final form or with such amendments as that director may deem appropriate, and to do

SUPPLEMENTAL NOTICE OF THE AGM

all such acts or things, as he/she may in his/her absolute discretion consider necessary or desirable, to give effect to the Top Exclusive Advertising Services Agreement and the transactions contemplated therein.

By Order of the Board
Beijing Media Corporation Limited
Zhang Yanping
Chairman

Beijing, 26 April 2011

As at the date of this notice, the board of directors of the Company comprises: the executive directors of the Company, Zhang Yanping, Zhang Yabin and Sun Wei, the non-executive directors of the Company, Liu Han, Xu Xun, Li Yigeng, Li Shiheng and Wu Peihua and the independent non-executive directors of the Company, Tsang Hing Lun, Wu Changqi and Liao Li.

Notes:

- (1) A revised proxy form is enclosed with this notice. The form of proxy dispatched together with the AGM Notice (the "Original Proxy Form") is superseded by this revised proxy form.
- (2) Please refer to the AGM Notice for details in respect of other resolutions to be passed at the AGM, eligibility for attending the AGM, proxy, registration procedures, closure of register of members and other relevant matters.
- (3) Please refer to the AGM Notice of the Company dated 28 March 2011 in respect of the timing and address for attending the AGM and other relevant matters.