

CONTINUING CONNECTED TRANSACTIONS

We have entered into a number of transactions with certain parties, which constitute our connected persons under the Listing Rules, in our ordinary course of business.

A. Exempt Continuing Connected Transactions

After completion of the Global Offering, the following transactions will be regarded as continuing connected transactions exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33 of the Listing Rules.

1. Vehicle Maintenance Agreement

Nature of Transaction

Pursuant to a Vehicle Maintenance Agreement dated 1 January 2008 entered into by the Beijing branch of CTV Media (Shanghai) and Beijing Xinchangda Vehicle Maintenance Plant (北京市鑫昌達汽車修理廠), the latter agreed to provide various types of vehicle maintenance and repair services to the Beijing branch of CTV Media (Shanghai).

Parties and relationship

Ms. Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. As Mr. Liu Daxin (劉達鑫) and Ms. Shang Xiaoxia (商曉霞), the nephew and sister-in-law of Ms. Liu hold 70% and 30% equity interests in Beijing Xinchangda Vehicle Maintenance Plant respectively, the Vehicle Maintenance Agreement is considered to be effectively a transaction between the Company and Mr. Liu Daxin (劉達鑫) and Ms. Shang Xiaoxia (商曉霞) (both being associates (as defined under the Listing Rules) of Ms. Liu and connected persons of the Company) and hence, would constitute a continuing connected transaction of the Company under the Listing Rules.

Pricing Basis

Such services have been and will be provided for a maintenance fee, which would be determined by factors such as the time spent on providing such services, the cost of materials and tax expense. Beijing Xinchangda Vehicle Maintenance Plant will provide a fee quotation to us for its services.

Term

The Vehicle Maintenance Agreement is for a term of three years from 1 January 2008 to 31 December 2010. The Vehicle Maintenance Agreement may be terminated by either party prior to the expiry date in events of default of the other party.

Historical figures

The aggregate annual values of the transaction under the Vehicle Maintenance Agreement were RMB75,500, RMB85,400 and RMB87,330, respectively, for the three years ended on 31 December 2007.

Annual Caps

The Directors expect the annual caps for the three years ending 31 December 2010 not to exceed RMB200,000 (equivalent to approximately HK\$213,584) for each year. Such annual caps are determined with reference to the historical figures and the required fees for the maintenance of our vehicles. With the increase in the number of vehicles purchased by the Group and the number of years that the relevant vehicles have been used, we will incur more fees for the maintenance of our vehicles.

Listing Rules Implication

As each of the applicable percentage ratio(s) (as defined in Rule 14.07 of the Listing Rules) (other than the profits ratio) with respect to the transaction contemplated under the Vehicle Maintenance Agreement is on an annual basis equal to or less than 0.1%, the transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules.

2. Non-Competition Deed

We have entered into a Non-Competition Deed (the “**Non-Competition Deed**”) with Mr. Chen and Ms. Liu on 27 May 2008. Mr. Chen and Ms. Liu have agreed not to compete with us in our businesses and have granted us an option and a right of first refusal pursuant to the Non-Competition Deed.

The Non-Competition Deed was entered into prior to, and solely for the purpose of, the Global Offering. Further, such transaction does not involve any monetary consideration. Accordingly, the Non-Competition Deed constitutes a de minimis transaction exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

B. Non-Exempt Continuing Connected Transactions

After completion of the Global Offering, the following transactions will be regarded as continuing connected transactions exempt from independent shareholders' approval requirements under Rule 14A.34 of the Listing Rules, but are still subject to the reporting and announcement requirements under the Listing Rules (the “**Non-Exempt Continuing Connected Transactions**”).

1. Xintian Lease Agreement with CTV Culture and Communication

Nature of Transaction

Pursuant to a Xintian Lease Agreement dated 31 December 2007 entered into by CTV Media (Shanghai) and CTV Culture and Communication, the latter agreed to lease to CTV Media (Shanghai) premises with an area of 395.51 square meters situated at Xintian International Building, 450 Fushan Road, Pudong New Area, Shanghai for office use.

Parties and Relationship

Ms Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. As Ms. Liu holds 100% equity interests in CTV Culture and Communication, CTV Culture and Communication is an associate (as defined under the Listing Rules) of Ms Liu and is a connected person of the Company. Hence, the Xintian Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

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Pricing Basis

The annual rent is approximately RMB577,500 (excluding utility fees) and is payable biannually in advance.

The rent chargeable by CTV Culture and Communication is determined by reference to market rent.

Jones Lang LaSalle Sallmanns Limited, an independent valuer, has confirmed that the rent for the lease reflects the prevailing market rent for similar premises in the area and the terms of the lease are fair and reasonable to us.

Term and Termination

The Xintian Lease Agreement is for a term of three years from 1 January 2008 to 31 December 2010. A right of first refusal was granted to CTV Media (Shanghai) with respect to future sale of the premises within the term of the lease. The Xintian Lease Agreement may be terminated by either party prior to the expiry date in events of default by the other party, after giving proper notice and reasonable time for rectification. It may also be terminated by CTV Media (Shanghai) prior to the expiry date with 30 days' notice.

Historical Figures

The subject property of the Xintian Lease Agreement has been occupied by us with a nominal charge of RMB1.0 for each month during the Track Record Period. Hence, the aggregate annual value of the transaction under the Xintian Lease Agreement for each of the three years ended 31 December 2007 was nil.

Annual Caps

The Directors expect the annual caps for the three years ending 31 December 2010 not to exceed RMB577,500 (equivalent to approximately HK\$616,724) for each year.

2. e-Tower Lease Agreement with Ms. Liu regarding the premises in e-Tower

Nature of Transaction

Pursuant to an e-Tower Lease Agreement dated 31 December 2007 entered into by CTV Media (Shanghai) and Ms. Liu, the latter agreed to lease to CTV Media (Shanghai) premises with an area of 322.79 square meters situated at e-Tower, 12 Guanhua Road, Chaoyang District, Beijing for office use.

Parties and Relationship

Ms Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. The e-Tower Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Pricing Basis

The daily rent for the first year is RMB4.8 per square meter, payable monthly in advance and subject to an upward adjustment of no more than 5% thereafter each year. A deposit equivalent to six months' rental is payable by CTV Media (Shanghai).

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The rent chargeable by Ms. Liu is determined with reference to market rent.

Jones Lang LaSalle Sallmanns Limited, an independent valuer, has confirmed that the rent for the lease reflects the prevailing market rent for similar premises in the area and the terms of the lease are fair and reasonable to us.

Term and Termination

The e-Tower Lease Agreement is for a term of three years from 1 January 2008 to 31 December 2010. It may be terminated by either party prior to the expiry date with 30 days' notice.

Historical Figures

The subject property of the e-Tower Lease Agreement has been occupied by us without any charge during the Track Record Period. Hence, the aggregate annual value of the transaction under the e-Tower Lease Agreement for each of the three years ended 31 December 2007 was nil.

Annual Caps

The Directors expect the annual caps for the three years ending 31 December 2010 not to exceed RMB565,600 (equivalent to approximately HK\$604,015), RMB593,900 (equivalent to approximately HK\$634,238) and RMB623,500 (equivalent to approximately HK\$665,848), respectively.

3. Xinzhou Lease Agreement with Ms. Liu regarding the premises in Xinzhou Commercial Building

Nature of Transaction

Pursuant to a Xinzhou Lease Agreement dated 1 February 2008 entered into by CTV Media (Shanghai) and Ms. Liu, the latter agreed to lease to CTV Media (Shanghai) premises with an area of approximately 1,330 square meters situated at Xinzhou Commercial Building, 58 Fucheng Road, Haidian District, Beijing for office use.

Parties and Relationship

Ms. Liu, being a director of the Company, constitutes a connected person of the Company under the Listing Rules. The above transaction under the Xinzhou Lease Agreement constitutes a continuing connected transaction of the Company under the Listing Rules.

Pricing Basis

The daily rent is RMB2.4 per square meter with the annual rental amounting to approximately RMB1,167,300 and is payable biannually in advance.

The rent chargeable by Ms. Liu is determined with reference to market rent.

Jones Lang LaSalle Sallmanns Limited, an independent valuer, has confirmed that the rent for the lease reflects the prevailing market rent for similar premises in the area and the terms of the lease are fair and reasonable to us.

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Term and Termination

The Xinzhou Lease Agreement is for a term of one year from 1 February 2008 to 31 January 2009. It may be terminated by either party prior to the expiry date in events of default by the other party, after giving proper notice and reasonable time for rectification. It may also be terminated by CTV Media (Shanghai) prior to the expiry date with 30 days' notice.

Historical Figures

There is no historical figure for the transaction contemplated under the Xinzhou Lease Agreement as such building was owned by CTV Advertising (Beijing) and was transferred to Ms. Liu during the liquidation process of CTV Advertising (Beijing).

Annual Caps

The Directors expect the annual cap for the year ending 31 December 2008 not to exceed RMB1,167,300 (equivalent to approximately HK\$1,246,583).

Listing Rules Implications

The annual consideration for such transaction is more than HK\$1,000,000 and each of the applicable percentage ratios computed pursuant to Rule 14.07 of the Listing Rules on an annual basis is equal to or more than 0.1% but less than 2.5%. Therefore, the Xinzhou Lease Agreement is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

In relation to the Xintian Lease Agreement and e-Tower Lease Agreement, the annual consideration for each transaction is less than HK\$1,000,000 and each of the applicable percentage ratios computed pursuant to Rule 14.07 of the Listing Rules on an annual basis is equal to or more than 0.1% but less than 2.5%. Therefore, these two leases are exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.33(3)(b) of the Listing Rules.

However, pursuant to Rule 14A.27 of the Listing Rules, the Hong Kong Stock Exchange may aggregate a series of continuing connected transactions with a single connected person. As the Xintian Lease Agreement was entered into with a company wholly owned by Ms. Liu and the e-Tower Lease Agreement and Xinzhou Lease Agreement were entered into with Ms. Liu, these three transactions would be aggregated under Rule 14A.27 of the Listing Rules. As certain applicable percentage ratio(s) (as defined under Rule 14.07 of the Listing Rules) with respect to the aggregated transaction is more than 0.1% but less than 2.5% annually, each of the Xintian, e-Tower and Xinzhou Lease Agreements is subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

C. Scope of Waiver

Under the Listing Rules, transactions carried out under the relevant agreements described in items 1 to 3 in section B are considered to be non-exempt continuing connected transactions and would require compliance with the reporting and announcement requirements set out in Chapter 14A of the Listing Rules. Given their recurring nature and the fact that the respective agreements for each of these Non-Exempt Continuing Connected Transactions were entered into prior to the commencement of dealings in the Shares on the Hong Kong Stock Exchange, the Directors consider that strict compliance

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with the announcement requirement would be impractical and would add unnecessary administrative costs to the Company. Accordingly, the Company has applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has agreed to grant a waiver pursuant to Rule 14A.42(3) of the Listing Rules from strict compliance with the announcement requirement set out in Chapter 14A of the Listing Rules for each of the Non-Exempt Continuing Connected Transactions.

In the event of any future amendment to the Listing Rules imposing more stringent requirements than those as at the date of this prospectus on the continuing connected transactions referred to in this section, including, but not limited to, a requirement that these transactions be made conditional on approval by independent shareholders, the Company will take immediate steps to ensure compliance with such requirement within a reasonable time.

D. Directors' Views

The Directors (including the independent non-executive Directors) consider that all of the continuing connected transactions referred to in this section have been entered into (i) on normal commercial terms; (ii) in the ordinary and usual course of the business of the Company; and (iii) on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Directors (including the independent non-executive Directors) are also of the opinion that the respective terms (including the annual caps and pricing terms) set for the Non-Exempt Continuing Connected Transactions (for which waivers are sought) are fair and reasonable as far as the business operation of the Company is concerned and in the interests of the Shareholders as a whole.

E. Opinion of Joint Sponsors

The Joint Sponsors have reviewed the relevant documents, information and historical figures provided by the Company and have participated in due diligence and discussions with the Company and its legal adviser. Based on the above, the Joint Sponsors are of the view that the Non-Exempt Continuing Connected Transactions have been entered into on normal commercial terms and in the ordinary and usual course of business of the Company and that the terms (including the annual caps and pricing terms) of the Non-Exempt Continuing Connected Transactions are fair and reasonable and in the interests of the Shareholders as a whole.

F. Previous transactions with related parties

We entered into various related party transactions during the Track Record Period which are contained in the section headed "Related Party Transactions" in the Accountants' Report in Appendix I to this prospectus. Our Directors confirmed that these transactions will be discontinued after listing of the Shares on the Stock Exchange, except for the continuing transactions set out in this section. Any connected transactions shall be conducted in compliance with the applicable provisions of the Listing Rules.