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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)

DISCLOSEABLE TRANSACTION CAPITAL INCREASE AGREEMENT

On 12 December 2013, the Board announces that the Company entered into the Capital Increase Agreement with BQTM and Other Shareholders, pursuant to which the Company has agreed to make the capital contribution to BQTM in the amount of RMB95,600,000 in cash.

Upon completion of the Capital Increase, i) the registered capital of BQTM shall be RMB266,071,451; and ii) BQTM shall be owned as to 36.12%, 27.12%, 19.06%, 12.88%, 3.05% and 1.77% by the Company, Trans-media, Tianjin Lande, Jianyin Cultural Fund, Tianjin Sikai and the Individual Shareholder, respectively.

As one or more applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) for the transactions contemplated under the Capital Increase Agreement exceed 5% but below 25%, the transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Hong Kong Listing Rules.

INTRODUCTION

On 12 December 2013, the Company entered into the Capital Increase Agreement with BQTM and Other Shareholders, pursuant to which the Company has agreed to make the capital contribution to BQTM in the amount of RMB95,600,000 in cash.

Upon completion of the Capital Increase, i) the registered capital of BQTM shall be RMB266,071,451; and ii) BQTM shall be owned as to 36.12%, 27.12%, 19.06%, 12.88%, 3.05% and 1.77% by the Company, Trans-media, Tianjin Lande, Jianyin Cultural Fund, Tianjin Sikai and the Individual Shareholder, respectively.

CAPITAL INCREASE AGREEMENT

- Date** : 12 December 2013
- Parties** : a) the Company;
b) BQTM; and
c) Other Shareholders
- Transactions** : Pursuant to the Capital Increase Agreement, the Company has agreed to make the capital contribution to BQTM in the amount of RMB95,600,000 in cash, among which RMB29,057,751 will be recognized as the registered capital, while the remaining RMB66,542,249 will be recognized as the capital reserve.

After the completion of the Capital Increase, the BQTM will continue being an associated company of the Company.

There is no capital commitment to be contributed by Other Shareholders under the Capital Increase Agreement.

There is no further capital commitment that is required to be contributed by the Company under the Capital Increase Agreement other than the investment by the Company towards the Capital Increase set out above.

- Consideration, Determination and Payment** : The total consideration for the Capital Increase in an amount of RMB95,600,000 will be settled in full by the Company in cash on the delivery date (within three (3) business days upon the fulfilment of all conditions precedent).

The consideration under the Capital Increase Agreement was determined by arm's length commercial negotiations among the parties with reference to the appraised net assets value of BQTM in the amount of RMB780,000,000 as at the Valuation Date, which was set out in the Valuation Report.

The Valuation Report of BQTM was prepared by the independent Valuer based on the income approach. To the best of the Directors' knowledge, information and belief, having made all reasonable enquires, such Valuer is a third party independent from the Group and its connected persons.

- Completion** : The completion of the Capital Increase will be on the date of filing of changes in registration with the relevant local industry and commerce authorities.
- Conditions Precedent** : The completion of the Capital Increase Agreement will be conditional upon the fulfilment of, among other matters, the following conditions precedent:
- 1) the general meeting of BQTM approved the resolution on the increase in the registered capital of RMB29,057,751, which is subscribed for unilaterally by the Company at the consideration of RMB95,600,000 in cash. Each of Other Shareholders unconditionally waives the right to subscribe for the Capital Increase;
 - 2) there are no changes that are not conducive to the interests of the Company in the business, finance, operation assets, credit, debt including contingent debt and other debt, or staffs of BQTM and its subsidiaries as at the delivery date;
 - 3) the Capital Increase and the Company's subscription have obtained all necessary ratification, approval, permits from or the completion of the filing in the relevant regulatory authorities;
 - 4) the approval of the Capital Increase Agreement by the Board and compliance with all relevant disclosure requirements under the Hong Kong Listing Rules;
 - 5) the approval of the Capital Increase Agreement by the internal decision making body of parties thereto; and
 - 6) BQTM has completed the valuation of assets in accordance with the requirements of relevant regulatory authorities.

SHAREHOLDING STRUCTURE OF BQTM

The shareholding structure of BQTM before and after completion of the Capital Increase is set out below:

Shareholders	Capital contribution before completion of the Capital Increase (Registered capital)	Equity interest before completion of the Capital Increase	Capital contribution after completion of the Capital Increase (Registered capital)	Equity interest after completion of the Capital Increase
The Company	RMB67,059,050	28.29%	RMB96,116,801	36.12%
Trans-media	RMB72,154,200	30.44%	RMB72,154,200	27.12%
Tianjin Lande	RMB50,704,995	21.39%	RMB50,704,995	19.06%
Jiayin Cultural Fund	RMB34,272,150	14.46%	RMB34,272,150	12.88%
Tianjin Sikai	RMB8,117,505	3.43%	RMB8,117,505	3.05%
The Individual Shareholder	RMB4,705,800	1.99%	RMB4,705,800	1.77%
Total	<u>RMB237,013,700</u>	<u>100.00%</u>	<u>RMB266,071,451</u>	<u>100.00%</u>

FINANCIAL INFORMATION OF BQTM

As at the date of this announcement, the registered capital of BQTM is RMB237,013,700.

Under the PRC Accounting Standards, the audited net assets of BQTM was RMB418,511,346.26 as at 31 August 2013.

Under the PRC Accounting Standards, the audited profit (loss) before and after taxation of BQTM for the two years ended 31 December 2011 and 2012 respectively, were as follows:

	For the year ended 31 December 2011 (RMB)	For the year ended 31 December 2012 (RMB)
Profit (Loss) before taxation	37,480,115.67	70,088,115.97
Profit (Loss) after taxation	31,516,019.41	59,162,203.34

DISCLOSURE IN RELATION TO RULES 14.61 AND 14.62 OF THE HONG KONG LISTING RULES

Profit Forecast of BQTM

The appraised value of BQTM is based on the income approach, and constitutes profit forecast under Rule 14.61 of the Hong Kong Listing Rules (the “**Profit Forecast of BQTM**”), and accordingly, the requirements under 14.60A and 14.62 of the Hong Kong Listing Rules are applicable.

The reporting accountants of the Company, RSM, has confirmed that they have reviewed the accounting policies and calculations for the Profit Forecast of BQTM on which the appraisal prepared by the Valuer is based. The Board has reviewed the principal assumptions upon which the Profit Forecast of BQTM is based and is of the view that the Profit Forecast of BQTM has been made after due care and enquiry.

The principal assumptions upon which the Profit Forecast of the BQTM is based are as follows:

In case of any events inconsistent with the following assumptions, the appraised value of BQTM will generally become invalid:

1. The specific goal of the appraisal set out in the Valuation Report is the prerequisite of the appraisal, namely to provide reference regarding the value for the economic behaviour of Capital Increase contemplated in the equity interest of BQTM by the Company;
2. The appraisal assumes that there will be no unforeseen changes that are material in the external economic environment after the Valuation Date;
3. The appraisal assumes that the operating business of BQTM is legitimate and there will be no unforeseen elements that will lead to failure of on-going business and assumes that the current way of use of appraised assets remains the same, which are used in the current places continuously;
4. The financial statements, transaction data and others of the comparative companies referred to by the valuer are all true and reliable;
5. Unless otherwise specified, the appraisal has not taken into account of the impacts on the valuation from possible mortgage or guarantee related to the shares or underlying assets of BQTM, or the impacts on the price of the assets from the changes in national macroeconomic policies as well as the occurrence of natural events and other force majeure;
6. The appraisal assumes that shareholders will obtain the net cash flow evenly within the year; and
7. The forecast in the income approach of the appraisal is based on BQTM’s current coverage scale in the airports, without considering the impacts on the result of the appraisal from the increase in the coverage in airports.

Expert and Consent

The Board wishes to disclose that the following are the qualifications of the experts who have given opinions or advices:

Name	Qualification
Valuer	an independent professional valuer
RSM	certified public accountants

As at the date of this announcement, each of the Valuer and RSM does not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

To the best of the Director's knowledge, information and belief, each of the Valuer and RSM is a third party independent of and not connected with the Company or the connected persons (as defined in the Hong Kong Listing Rules) of the Group.

The opinions of the Valuer and RSM are also contained in this announcement. Each of the Valuer and RSM has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letter and report and references to its name in the form and context in which it appears.

REASONS FOR AND BENEFITS OF THE CAPITAL INCREASE

The Company is of the view that the Capital Increase will generate higher returns to the Group in future, should BQTM become more profitable in future. In the first half of the year of 2013, relying on its wide coverage of 15 airports and operation of 70 large LED/LCD screens in the airports, BQTM further consolidated its current position as the largest airport LED operator in China. It has launched a full range cooperation in business and capital with several big domestic aviation media operators. In May 2013, BQTM and China Aviation Media Advertising Company (中國航空傳媒廣告公司) entered into the contract to jointly operate the television programs on the aircrafts of Air China Limited (the "Air China", 中國國際航空股份有限公司), pursuant to which BQTM obtained the exclusive general agent rights of all television programs in the aircrafts of Air China as well as the right to participate in and make suggestions to the contents of the television programs on the aircrafts of Air China. Substantive progress of BQTM is expected by the Directors for implementation of the current strategy in the future.

HONG KONG LISTING RULES IMPLICATIONS

As one or more applicable percentage ratios (as defined under Rule 14.04(9) of the Hong Kong Listing Rules) for the transactions contemplated under the Capital Increase Agreement exceed 5% but below 25%, the transactions contemplated thereunder constitute discloseable transactions of the Company under Chapter 14 of the Hong Kong Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, Trans-media, Tianjin Lande, Jianyin Cultural Fund, Tianjin Sikai and the Individual Shareholder and their respective ultimate beneficial owner(s), are third parties independent of the Group and its connected persons (as defined in the Hong Kong Listing Rules).

The Company confirms that there is no other transaction entered into between the Company and each of BQTM, Trans-media, Tianjin Lande, Jianyin Cultural Fund, Tianjin Sikai and the Individual Shareholder and their respective associates, which should be, together with the Capital Increase, regarded as a series of transactions and treated as if they were one transaction under Rule 14.22 of the Hong Kong Listing Rules.

The Directors are of the view that the terms of the Capital Increase Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

The Company

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

BQTM

BQTM is a limited liability company incorporated in the PRC and is principally engaged in the designing, production, agency and placement of advertisements.

Trans-media

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

Tianjin Lande

Tianjin Lande is a limited partnership established under the laws of the PRC and is principally engaged in investments.

Jianyin Cultural Fund

Jianyin Cultural Fund is a limited liability company incorporated in the PRC and is principally engaged in the investment in non-listed companies, the investment in the non-public offering stocks of listed companies and relevant consulting services.

Tianjin Sikai

Tianjin Lande is a limited partnership established under the laws of the PRC and is principally engaged in investments.

DEFINITIONS

Board	the board of Directors
BQTM	Beiqing Transmedia Co. Ltd. (北青航媒廣告有限公司), a limited company incorporated under the laws of the PRC
Capital Increase	the proposed capital contribution to be made by the Company in the amount of RMB95,600,000 under the Capital Increase Agreement
Capital Increase Agreement	the capital increase agreement entered into between the Company, BQTM and Other Shareholders dated 12 December 2013 in relation to the proposed capital contribution to be made by the Company into BQTM
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 Hong Kong Stock Exchange
Directors	the directors of the Company
Group	the Company and its subsidiaries
Hong Kong Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Individual Shareholder	the individual shareholder holding 1.99% equity interest in BQTM as at the date of this announcement
Jianyin Cultural Fund	Jianyin Cultural Industry Investment Fund (Tianjin) Limited (建銀文化產業股權投資基金(天津)有限公司), a limited liability company incorporated under the laws of the PRC
Other Shareholders	Trans-media, Tianjin Lande, Jianyin Cultural Fund, Tianjin Sikai and the Individual Shareholder, the shareholders of BQTM excluding the Company
PRC	the People's Republic of China, which for the purposes of this announcement only (unless otherwise indicated) excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
PRC Accounting Standards	the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC in 2006

RMB	Renminbi, the lawful currency of the PRC
RSM	RSM Nelson Wheeler Certified Public Accountants
Tianjin Lande	Tianjin Landetianyuan Equity Investment Limited Partnership (天津蘭德天元股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
Tianjin Sikai	Tianjin Sikai Equity Investment Limited Partnership (天津斯凱股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
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
Valuation Date	31 August 2013
Valuation Report	the valuation report issued by the Valuer regarding the valuation of BQTM dated 28 October 2013
Valuer	China Alliance Appraisal Co., Ltd. (北京中同華資產評估有限公司)

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

Beijing, the PRC
12 December 2013

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo, Sun Wei and He Xiaona, the non-executive directors of the Company, Li Shiheng, Liu Han, Wu Peihua, Li Xiaobing, Xu Xun and Li Yigeng, and the independent non-executive directors of the Company, Song Jianwu, Cui Baoguo, Wu Tak Lung, Cui Enqing and Chenji.

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

APPENDIX I – REPORT FROM RSM ON THE PROFIT FORECAST OF BQTM



12 December 2013

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

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have been engaged by Beijing Media Corporation Limited (the “Company”) to review the accounting policies adopted in arriving at and calculations of the underlying profit forecast (the “Profit Forecast”) to the asset valuation dated 28 October 2013 prepared by China Alliance Appraisal Co., Ltd. in respect of the valuation of Beijing Transmedia Co. Ltd. (“BQTM”) in connection with the proposed capital increase in BQTM by the Company as set out in the announcement of the Company dated 12 December 2013 (the “Announcement”).

Responsibilities of directors and RSM Nelson Wheeler

The directors of the Company (the “Directors”) and BQTM are responsible for the preparation of the Profit Forecast and the reasonableness and validity of the assumptions based on which the Profit Forecast is prepared (the “Assumptions”).

It is our responsibility to form an opinion, based on our work on the Profit Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62 of Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work. The Assumptions include hypothetical assumptions about future events and management actions that may or may not necessarily be expected to occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Profit Forecast and the variation may be material. Accordingly we have not reviewed, considered or conducted any work on the reasonableness and validity of the Assumptions and do not express opinion whatsoever thereon.

Basis of opinion

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” with reference to the procedures under Auditing Guideline 3.341 “Accountants’ Report on Profit Forecasts” issued by the Hong Kong Institute of Certified Public Accountants. Our work was performed solely to assist the Directors to evaluate whether the Profit Forecast was compiled properly so far as the accounting policies and calculations are concerned.

Opinion

In our opinion, the Profit Forecast, so far as the accounting policies and calculations are concerned, has been properly compiled in accordance with the Assumptions made by the Directors as set out in the Announcement, and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

Yours faithfully,

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

APPENDIX II – LETTER FROM THE BOARD RELATING TO THE PROFIT FORECAST OF BQTM

The following is the text of a letter prepared for the purpose of incorporation in this announcement, executed by the Board of the Company.



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)

12 December 2013

Dear Sir or Madam,

We refer to the announcement of the Company dated 12 December 2013 (the “**Announcement**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

In accordance with the requirements under Rule 14.62(3) of the Hong Kong Listing Rules, we confirm that the Profit Forecast of BQTM has been made after due and careful enquiry by us.

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