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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)

PROPOSED REVISION OF THE 2015 ANNUAL CAP FOR THE CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE ADVERTISING AGENCY FRAMEWORK AGREEMENT

The Board has resolved on 14 May 2015 to propose the revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group, and will further seek approval from the Shareholders at the AGM.

LEPA is a wholly owned subsidiary of the Parent, the controlling Shareholder of the Company, and therefore LEPA is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Advertising Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Revised Annual Cap exceed 5%, such proposed revision of the 2015 annual cap is subject to independent shareholders' approval in addition to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Parent and its associates, who directly and indirectly, hold 124,839,974 shares of the Company (represent approximately 63.27% of the issued share capital of the Company), control or are entitled to control over the voting right in respect of their shares in the Company. Therefore, the Parent and its associates shall abstain from voting in respect of the relevant resolution at the AGM.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the independent Shareholders in relation to the proposed revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group, and Wallbanck Brothers has been appointed as an Independent Financial Advisor to advise the Independent Board Committee and the independent Shareholders in this regard.

A circular containing, among others, further details of the Revised Annual Cap, a letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, together with a supplemental notice convening the AGM, will be despatched to the Shareholders on or before 4 June 2015.

The Board has resolved on 14 May 2015 to propose the revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group, and will further seek approval from the Shareholders at the AGM.

I. BACKGROUND

As disclosed in the announcements of the Company dated 27 February 2013 and 2 December 2014, the Company and LEPA have entered into the Advertising Agency Framework Agreement on 27 February 2013 and have entered into a supplemental agreement to the Advertising Agency Framework Agreement on 2 December 2014 so as to expand the scope of the continuing connected transactions contemplated thereunder, pursuant to which (i) LEPA shall authorize the Group to act as the advertising agent of the LEPA Group to sell advertising space in the Legal Evening Post and other journals or media in the possession of or represented by the LEPA Group and to provide related services; (ii) the Company shall authorize the LEPA Group to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media in the possession of or represented by the Group and to provide related services.

The Advertising Agency Framework Agreement is for a term commencing on 27 February 2013 and ending on 31 December 2015, and is renewable upon mutual agreement between parties thereto, subject to compliance with the relevant requirements under the Listing Rules. The original annual caps for the continuing connected transactions contemplated thereunder in relation to the LEPA Group being authorised to act as the advertising agent of the Group for the three years ending 31 December 2015 are set as follows:

Original Annual Caps

	Year ended 31 December 2013 (RMB)	Year ended 31 December 2014 (RMB)	Year ending 31 December 2015 (RMB)
Advertising placement fee payable by LEPA to the Company	32,000,000	32,000,000	32,000,000

II. PROPOSED REVISION OF THE 2015 ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS CONTEMPLATED UNDER THE ADVERTISING AGENCY FRAMEWORK AGREEMENT

Historical Transaction Value

The historical transaction value for the continuing connected transactions under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group for the two years ended 31 December 2014 as known to the Directors are set out below:

Historical Transaction Value

Transactions	Year ended 31 December 2013 (RMB)	Year ended 31 December 2014 (RMB)
Advertising placement fee payable by LEPA to the Company	25,985,757.37	29,759,605.65

The Directors have been monitoring the transaction amount contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group and for the two years ended 31 December 2014, the annual cap for each year has not been exceeded. As at the date of this announcement, the original annual cap for the year ending 31 December 2015 for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group has not been exceeded.

Proposed Revision of Annual Cap for the Year Ending 31 December 2015

With the increase of LEPA Group's demand as the advertising agent of the Group, it is expected that the advertising delivery demand of LEPA Group's customers in the Group will increase and will contribute more sales amount of the advertising placement for the Group. The Directors expect that the original 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group will not be sufficient for the LEPA Group's requirements.

The Board therefore proposed to revise the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group as follows:

Transactions	Year ending 31 December 2015 (RMB)
Advertising placement fee payable by LEPA to the Company	50,000,000

In arriving at the Revised Annual Cap, the Directors have taken into account, among other matters:

- (i) As the PRC government has strengthened the support to new energy industry, the LEPA Group is expected to cooperate with certain number of electric automotive corporations and launch advertisements for electric automotive on the platform of Beijing Youth Daily in 2015. The advertising placement fee receivable by the Company is expected to be approximately RMB12 million in 2015;
- (ii) The LEPA Group will concentrate on the development of overall marketing in 2015 by centering on resource planning and integrating the needs of customers with the LEPA Group's resources through print media, Winter Olympic bid (such as fitness long-distance running activities, promotional activities on green travel as well as the later stage recruitment of Winter Olympics volunteers, etc.) and other channels. In the meantime, the LEPA Group will introduce its three-dimensional promotion planning program to the customers, and focus on attracting relatively high-end and young customers with Beijing Youth Daily as its promotion platform, so as to expand the influence on its activities and its sales effectiveness and to drive the customers to increase their advertising deliveries. The advertising placement fee receivable by the company is therefore expected to increase by approximately 15%; and
- (iii) In recent years, the customer amount of the LEPA Group increases by 5% per year. With accumulation of customers over the years, it is expected that the customer amount that the LEPA Group brings to the Group will increase, and the advertising placement fee receivable by the Company brought by the LEPA Group is expected to increase by approximately 5% in 2015.

The Directors (excluding the independent non-executive Directors whose view will be given after receiving the advice from the Independent Financial Adviser) are of the view that the above-mentioned proposed revision of the 2015 annual cap is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole.

III. PRICE DETERMINATION

Under the Advertising Agency Framework Agreement, the price of all advertising agency agreements in relation to the LEPA Group being authorised to act as the advertising agent of the Group shall be determined in accordance with the following pricing principles:

- a) state-prescribed price;
- b) where there is no state-prescribed price, then according to relevant market price by reference to the market practice in the advertising industry; and
- c) where there is no state-prescribed price or relevant market price, then the contract price agreed by the Company and LEPA, which shall be no less favourable to the Company than those available from independent third parties. The contract price shall be determined after arm's length negotiations between the Company and LEPA according to unit price set out in the standard advertising price lists of the Company (subject to applicable discounts), actual placement quantity, size and other factors.

All advertising agency agreements in relation to the LEPA Group being authorised to act as the advertising agent of the Group have been and will be based on the standard price list of the Company, which is disclosed on the advertising rate card formulated and published by the Company in that year, and the standard price list of the Company is also applicable to advertising agency agreements with other independent third parties. Meanwhile, the advertising placement fee payable by the LEPA to the Company is not less than the price payable by the other independent third parties to the Company in relation to the advertising placement provided by the Group. The Company believes that the standard price list are fair and reasonable, and on normal commercial terms.

IV. INTERNAL CONTROL MEASURES

To ensure the Group's conformity with the above-mentioned pricing policies in relation to the continuing connected transactions contemplated under the Advertising Agency Framework Agreement, and to ensure the Revised Annual Cap will not be exceeded by the amount of related transactions, the Company will adopt the following internal control policies for its daily operation:

- (i) The Board office of the Company continuously monitors the transaction amount of the continuing connected transactions contemplated under the Advertising Agency Framework Agreement, in order to ensure that the advertising placement fee payable by the LEPA to the Company is not less than the price payable by the other independent third parties to the Company in relation to the advertising placement provided by the Group.
- (ii) Pursuant to the connected transaction management rules of the Company, the Company will implement, amend and improve the relevant mechanism and the requirements, to specify that the subsidiaries of the Company shall comply with the above-mentioned pricing policies in respect of the continuing connected transactions contemplated under the Advertising Agency Framework Agreement.

- (iii) The Board office of the Company regularly monitors the relevant transaction amount to ensure it does not exceed any applicable cap.
- (iv) The independent non-executive Directors have reviewed and will continue to review the continuing connected transactions contemplated under the Advertising Agency Framework Agreement to ensure that the related agreements are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements.
- (v) The auditors of the Company will also conduct an annual review on the pricing and annual cap of such continuing connected transactions.

Since the Company has established adequate and appropriate internal control procedures to review the transactions, the Directors consider that such methods and procedures can ensure and safeguard the transactions contemplated under the Advertising Agency Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

V. LISTING RULES IMPLICATIONS

LEPA is a wholly owned subsidiary of the Parent, the controlling Shareholder of the Company, and therefore LEPA is a connected person of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the Advertising Agency Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Revised Annual Cap exceed 5%, such proposed revision of the 2015 annual cap is subject to independent shareholders' approval in addition to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

The Company will seek approval from the independent Shareholders at the AGM for the proposed revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group.

As at the date of this announcement, the Parent and its associates, who directly and indirectly, hold 124,839,974 shares of the Company (represent approximately 63.27% of the issued share capital of the Company), control or are entitled to control over the voting right in respect of their shares in the Company. Therefore, the Parent and its associates shall abstain from voting in respect of the relevant resolution at the AGM.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no other continuing transaction entered into between any respective members of the Group and the Parent Group and its ultimate beneficial owner(s) or otherwise related, which would be, together with the transactions contemplated under any of the Advertising Agency Framework Agreement, aggregated under Rule 14A.25 of the Listing Rules.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the independent Shareholders in relation to the proposed revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group, and Wallbanck Brothers has been appointed as an Independent Financial Advisor to advise the Independent Board Committee and the independent Shareholders in this regard.

A circular containing, among others, further details of the Revised Annual Cap, a letter from the Independent Board Committee and the recommendation from the Independent Financial Adviser to the Independent Board Committee and the independent Shareholders, together with a supplemental notice convening the AGM, will be despatched to the Shareholders on or before 4 June 2015.

As Mr. Zhang Yanping, Mr. Yu Haibo, Ms. He Xiaona, Mr. Li Shiheng, Mr. Liu Han, Ms. Wu Peihua, Mr. Li Xiaobing and Mr. Wang Lin, being Directors, also members of the decision-making body of the Parent, are deemed to have material interest in the proposed revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group and have thus abstained from voting on the relevant resolution at the Board meeting. Save as mentioned above, none of the other Directors has a material interest in the above-mentioned proposed revision of the annual cap.

VI. GENERAL INFORMATION ON THE PARTIES

The Company

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

LEPA

LEPA is a wholly state-owned public institution incorporated under the laws of the PRC and is principally engaged in operating and publishing of legal related newspaper.

VII. DEFINITIONS

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

“Advertising Agency Framework Agreement”	the advertising agency framework agreement and the supplemental advertising agency framework agreement entered into between the Company and LEPA on 27 February 2013 and 2 December 2014, respectively
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“AGM”	the 2014 annual general meeting of the Company to be convened at 2:00 p.m. on Friday, 19 June 2015
“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Youth Daily”	a newspaper named Beijing Youth Daily (北京青年報)
“Board”	the board of directors of the Company
“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 whose H shares are listed and traded on the Hong Kong Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors, namely Mr. Song Jianwu, Mr. Cui Baoguo, Mr. Wu Tak Lung, Mr. Cui Enqing and Mr. Chen Ji, has been established to advise the independent Shareholders in relation to the proposed revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group
“Independent Financial Adviser” or “Wallbanck Brothers”	Wallbanck Brothers Securities (Hong Kong) Limited, a licensed corporation under the SFO to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities, and the independent financial adviser appointed to advise the Independent Board Committee and the independent Shareholders in the proposed revision of the 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group
“Legal Evening Post”	a newspaper named Legal Evening Post (法制晚報)
“LEPA”	Legal Evening Post Agency (法制晚報社), a subsidiary of the Parent

“LEPA Group”	LEPA and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Parent”	Beijing Youth Daily Agency (北京青年報社), a wholly state-owned enterprise incorporated under the laws of the PRC and the controlling Shareholder of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Revised Annual Cap”	the revised 2015 annual cap for the continuing connected transactions contemplated under the Advertising Agency Framework Agreement in relation to the LEPA Group being authorised to act as the advertising agent of the Group to sell advertising space in the Beijing Youth Daily and other journals or media in the possession of or represented by the Group and to provide related services
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the shareholder(s) of the Company

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

Beijing, the PRC
14 May 2015

As at the date of this announcement, the Board comprises: the executive directors of the Company, Zhang Yanping, Yu Haibo and He Xiaona, the non-executive directors of the Company, Li Shiheng, Liu Han, Wu Peihua, Li Xiaobing, WangLin and Xu Xun, 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.